

J. L. MORISON (INDIA) LIMITED

The Company that cares

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ANNUAL REPORT
2005-06

J.L. MORISON (INDIA) LTD.

BOARD OF DIRECTORS

RAGHU MODY
BIPIN VENGSAKAR
LT.GEN (RETD) K S BRAR
ATUL TANDAN
HERBERT WIETELMANN
LAWSON LYON
HAR KISHORE KEJRIWAL
VARUNN MODY

EXECUTIVE CHAIRMAN
EXECUTIVE DIRECTOR

ADDITIONAL DIRECTOR

PRESIDENT – CORPORATE AFFAIRS

PALLAWI PODAR

COMPANY SECRETARY

SHOURABH SHARMA

BANKERS

CANARA BANK
BANK OF INDIA
CORPORATION BANK

AUDITORS

HARIBHAKTI & CO.
CHARTERED ACCOUNTANTS,
MUMBAI – 400 021

SOLICITORS

KHAITAN & CO.

REGISTERED OFFICE

‘RASOI COURT’,
20, SIR R N MUKHERJEE ROAD,
KOLKATA – 700 001

HEAD OFFICE

‘CRYSTAL’,
79, DR ANNIE BESANT ROAD, WORLI,
MUMBAI – 400 018

BRANCHES

MUMBAI
KOLKATA
NEW DELHI
CHENNAI

WORKS

E 95/1, MIDC, WALUJ,
AURANGABAD – 431 136
MAHARASHTRA.

J.L. MORISON (INDIA) LTD.

NOTICE FOR THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the 71st ANNUAL GENERAL MEETING of the Members of M/S J L MORISON (INDIA) LIMITED will be held at Kala Kunj, 48 Shakespeare Sarani, Kolkata - 700 017, on Tuesday, the 19th day of September, 2006 at 04.00 P M, to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt the Profit and Loss Account for the year ended on March 31, 2006 and the Balance Sheet as on that date and the Report's of the Directors' and the Auditor's thereon.
2. To declare a Dividend for the year 2005-06.
3. To appoint a Director in the place of Mr. H. K. Kejriwal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr. Lawson Lyon, who retires by rotation and being eligible, offers himself for re-appointment.
5. 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.
6. To reappoint the Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

7. To consider, and if thought fit, to pass with or without modifications the following resolution as ORDINARY RESOLUTION :
"RESOLVED THAT Mr. Varunn Mody be and is hereby appointed as a Director of the Company.
RESOLVED FURTHER THAT Mr. Shourabh Sharma, Company Secretary of the Company, be and is hereby authorised to make necessary applications / take necessary actions in this regard"
8. To consider, and if thought fit, to pass with or without modifications the following resolution as ORDINARY RESOLUTION :
"RESOLVED that pursuant to the provisions of Section 198, 269, 309, 310 and 311 and all other applicable provisions of the Companies Act, 1956 (hereinafter referred to as 'the Act') the Company hereby approves and ratifies the revision in the remuneration of Mr. Bipin Vengsarkar, Executive Director of the Company, with effect from 01.04.2006 as set out in the Supplemental Agreement entered into between the Company and Mr. Vengsarkar. A copy whereof initialed by the Chairman is placed before the meeting.
RESOLVED FURTHER THAT Shri R N Mody, Chairman of the Company and / or anyone of the Director(s) of the Company and / or Mr. Shourabh Sharma, Company Secretary, be and are hereby individually and / or jointly 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 and the Share Transfer Books of the Company will remain closed from September 13, 2006 to September 19, 2006 (both days inclusive).
3. Shareholders are requested to forward all Share Transfers and any other communications to the Registrar & Share Transfer Agents (RTA) of the Company and are further requested to always quote their Folio Number in all correspondences with the Company.
4. The dividend, when declared, will be paid to those Members whose name appears in the Company's Register of Members as on September 19, 2006.
5. The Company has already transferred all Unclaimed Dividend declared upto the Financial year ended on March 31, 1994 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Those shareholders who have so far not claimed or collected their dividend upto the aforesaid financial year may claim their dividend from the Registrar of Companies, West Bengal, "Nizam Palace", II M.S.O. Buildings, 3rd floor, 234/4 Acharya Jagdish Chandra Bose Road, Kolkata - 700 020.
6. Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividend for the financial year ended on March 31, 1995; March 31, 1996, March 31, 1997 and March 31, 1998, have been transferred to the Investor Education and Protection Fund (IEPF).

The details of Dividends paid by the Company and their respective due dates of transfer to Investor Education and Protection Fund, as per the Companies Act, 1956, if they remain unclaimed by the Shareholders are given below:

Date of Declaration of Dividend	Dividend for the year	Due Date for Transfer
August 16, 1999	1998-99	October 17, 2006

7. Shareholders seeking information on accounts published herein are kindly requested to furnish their queries to the Company at least ten days before the date of the Meeting.
8. Shareholders are requested to bring their copies of the Annual Report to the Meeting.
9. Members who hold the shares in dematerialized form are requested to bring their client ID and DPID numbers for easier identification of attendance at the meeting.
10. The shareholders, holding shares in identical order of names in more than one folio, are requested to write to the Company/RTA enclosing their Share Certificates to enable the Company to consolidate their holdings in one folio.
11. Re-appointment of Directors: The brief particulars of the Directors of the Company, retiring by rotation and proposed to be re-appointed at the ensuing Annual General Meeting are furnished under the Corporate Governance Report.

Dated: May 5, 2006

By Order of the Board of Directors

Registered Office :

Rasol Court
20 Sir R N Mukherjee Road,
Kolkata 700 001

SHOURABH SHARMA
COMPANY SECRETARY

J.L. MORISON (INDIA) LTD.

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

ITEM NO.7

Mr. Varunn Mody was appointed by the Board as Additional Director in pursuance of Section 260 of the Companies Act, 1956, at the Board Meeting held on September 7, 2005. Mr. Varunn Mody continues to hold office as Additional Director till the date of ensuing Annual General Meeting and is eligible for appointment. The company has received a notice in writing proposing the candidature of Mr. Varunn Mody for the office of Director.

Mr Varunn Mody who was looking after the business in the capacity of Member – Management Team, has inherent dynamic leadership and management qualities and his appointment, as a Director of the Company would be an asset to the Company.

Mr. Varunn Mody, is the Director, Pallawi Resources Ltd., Hindustan Composites Ltd., Leaders Healthcare Pvt Ltd., Axon Trading & Manufacturing Co. Ltd., Rasoi Express (P) Ltd. and Alipore Consultants Pvt. Ltd. He is also the Member of ASSOCHAM - Managing Committee, ACMA – Young Business Leaders Forum

The Board recommends the resolution for the appointment of Mr. Varunn Mody as the Director of the Company for the approval of the members.

None of the Directors except Mr. Raghu Mody and Mr. Varunn Mody is concerned or interested in this resolution

ITEM NO.8

Considering the valuable services rendered to the company by Mr. Bipin Vengsarkar, the Board of Directors has approved, subject to the approval of the members of the company, the revision in the remuneration of Mr. Bipin Vengsarkar, Executive Director of the Company, with effect from 01.04.2006 in accordance with the following terms and conditions:

PART I

Salary : Rs.6.24 lakhs per annum.

Perquisites :

Mr. Vengsarkar will be entitled to perquisites like House Rent Assistance, Education Assistance, Leave Travel Assistance, Medical Assistance; etc provided the total value of such perquisites should not exceed Rs 7,01,120/- per annum.

The Company will take a Personal Accident Insurance Policy for Mr Vengsarkar, Mediclaim Policy for Mr Vengsarkar and his Family as per the rules of the Company.

PART II

1. Provident Fund : Company's contribution to Provident Fund will not exceed 12% of the salary per annum.
2. Gratuity : Gratuity will be paid as per normal Company's rules.
3. Car : Company's Car will be provided to Mr Vengsarkar.

These facilities will not be considered as Perquisites.

Mr. Vengsarkar will be entitled to leave as per the rules of the Company as are applicable to other staff members of his category.

Whenever Mr Vengsarkar is required to travel outstation within India on Company's duty, he shall be paid in the following manner :

- a) Economy Air Fare / First Class AC Rail Fare.
- b) Actuals to cover stay in hotels and cost of local conveyance.

Leave encashment will be provided as per the normal rules of the Company and encashment of such leave at the end of the tenure of service shall not be included in the computation of ceiling of remuneration or perquisites as aforesaid.

Any period of leave lying to the credit of Mr Vengsarkar in excess of 84 days, during the course of the service or at any point of time during the tenure of this contract/agreement, will automatically lapse, that is, during the course of the service of Mr Vengsarkar or during the tenure or at the termination of this contract/agreement, Mr Vengsarkar will not be allowed any amount of leave encashment for more than 84 days. Moreover, during the course of the service of Mr Vengsarkar or during the tenure of this contract/agreement Mr Vengsarkar cannot encash his leave for more than 15 days in any financial year.

Mr Vengsarkar will be governed by the rules and practices of the Company as are applicable to other staff members of his category.

Further Mr Vengsarkar will perform such duties as will be allotted to him by the Management / Board of Directors from time to time for the Company or for any associates of the Group Companies.

Mr Vengsarkar's services are liable to be transferred at the discretion of the Management / Board of Directors to any such location where the Company's Head Office is shifted to and in which case he shall be reimbursed all such costs of relocating at actuals.

During the course of Mr Vengsarkar's employment with the Company, he would not engage himself in any other business activities either personal or with third party which may lead to diversion of his energy and attention from the assigned responsibilities.

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Further to this, Mr. Vengsarkar will also ensure that the terms and conditions of the licenses obtained for the Company from Overseas Associates are abided by satisfactorily.

Mr Vengsarkar will also make absolutely sure that the Company's product formulation, either of its own or obtained from foreign sources, should be kept under strict confidence and not be divulged or passed on to any third party.

Mr Vengsarkar's designated responsibilities will include all activities discussed with the Chairman of the Company and as advised by the Chairman or the Board of Directors of the Company, henceforth.

Mr Vengsarkar will not make any attempts to establish or contact overseas companies or enter into negotiations with the existing overseas associations of the Company without the written consent of the Management / Board of Directors, except in pursuance of his regular day-to-day responsibilities for ensuring a smooth working relationship with the counterparts in such companies purely on operational issues.

Mr Vengsarkar will be responsible to implement the directions and / or policy decisions of the Board of Directors as may be conveyed to him from time to time during the course of discharge of responsibility.

Mr Vengsarkar for the present will be posted in Mumbai.

The Company has a mutual contract/agreement with Mr Vengsarkar for period of three (3) years (that is, with effect from July 1, 2005 till June 30, 2008). Three (3) months before the expiry of the contract/agreement, the Management at its sole discretion, with/without assigning any reasons, can terminate/renew the contract/agreement for a further period on mutually agreeable terms and conditions. The same condition of notice is applicable to Mr Vengsarkar. During the three (3) years contract period, Mr Vengsarkar will be subjected to the conditions as laid down in this contract/agreement, but with specific reference to the following clauses:

- a) Mr Vengsarkar's services will be subjected to termination by 30 (thirty) days notice on either side or salary in lieu thereof. However in case of resignation, the Company reserves its right to relieve him from the Company's services earlier than the expiry of notice period.
- b) The Company shall be at liberty to terminate Mr. Vengsarkar's employment forthwith without notice or compensation in lieu of notice at time during the period of his employment, if he shall be guilty of any act of indiscipline, insubordination, dishonesty or other serious misconduct or neglect or incompetence in the discharge of duty or breach of any stipulations herein contained or if he becomes incapacitated or is adjudged insolvent or if he compounds with his

creditors. For the purpose of the above, the Company's opinion as to whether any of the events mentioned herein has occurred shall be final and binding on Mr Vengsarkar, and he shall not be entitled to question the same on any ground whatsoever.

- c) Upon the termination of Mr. Vengsarkar's services, he shall handover charge to such person nominated by the Company and shall deliver to him such property and effects of the Company as may be in his possession including diaries, notes, notebooks, correspondence and any other records in whatever form either addressed to him and received by him for and on behalf of the Company, and copies of all communication addressed to him by any persons, institutions, bodies, corporate, etc. on behalf of the Company.

Mr Vengsarkar will give an undertaking to the Company in the prescribed format for the Company's properties such as car for his use during the tenure of his services with the Company. However the car will be duly insured by the Company for all comprehensive risks, such that if it undergoes a theft or damage, or any other loss of any kind, despite the best bonafide efforts to ensure its safety, then Mr Vengsarkar shall not be accountable for the same, subject to his having taken the necessary action / steps for filing a proper claim e.g. filing a police complaint (FIR) within the time limit, informing the Commercial Department of the Company etc., so that the Company can recover maximum of such damage / loss.

Mr Vengsarkar will not be paid any sitting fees for attending the meetings of the Board of Directors or any Committee thereof.

Mr Vengsarkar will be reimbursed the expenses actually incurred for the business of the company subject to such limits as may be fixed by the Board from time to time.

The Board recommends this resolution for the approval of the members.

None of the Directors except Mr Bipin Vengsarkar is concerned or interested in this resolution.

Dated: May 5, 2006

By Order of the Board Of Directors

REGISTERED OFFICE:
RASOI COURT,
20, SIR R N MUKHERJEE ROAD,
KOLKATA 700 001

SHOURABH SHARMA
COMPANY SECRETARY

J.L. MORISON (INDIA) LTD.

DIRECTORS' REPORT

To
The Members
J.L. Morison (India) Ltd.

Your Directors' have pleasure in presenting the 71st Annual Report and Statement of Accounts of the Company for the financial year ended on March 31, 2006.

	Rs in lakhs 2005-06	Rs in lakhs 2004-05
(a) Sales & Other Income	9,373.18	5,066.10
(b) Cost of Sales	8,582.67	4,666.16
(c) Gross Profit	790.50	399.94
(d) Interest (Net)	224.54	39.38
(e) Depreciation	54.47	53.65
(f) Operating Profit	511.50	306.91
(g) Profit on Sale of Investment	4.09	0.30
(h) Profit Before Tax (f + g)	515.59	307.21
(i) Provision for Taxation	145.37	79.52
(j) Net Profit after Tax	370.22	227.69
(k) Dividend @ 25%	34.13	34.13
(l) Dividend Tax	4.79	4.53
(m) Transfer to General Reserve	331.31	189.03

Dividend

Your Directors recommends a Dividend of 25% i.e. Rs.2.50 per share (Previous year - 25%).

Performance

During the year 2005-06, the cosmetics and toiletries market showed double digit growth but this was mostly in the mass-based categories, at lower price points.

Sales of NIVEA Body Lotions showed very good growth (30%+) whereas both the creams – the multi-purpose 'Blue' variant and the lighter soft 'white' variant did record marginal growth. These 2 categories contribute around 60% of the total NIVEA business. Cosmetic categories faced severe competition from both Multinationals as well as the Indian Companies, and the Company countered these pressures through many Consumer offers on various packs to attract consumers. This was also supported by trade-related schemes to keep our trade channel interested.

The Company continues to be haunted by the free availability of cheaper imported goods, which affects the sales of the NIVEA brands in main urban markets.

However, during the year, the company has received Rs 180 million from Beiersdorf AG, Germany (BDF) owner of Nivea Brand, out of which Rs. 100 million were for granting of 'no Objection' and extending other support by us for establishment of a 100% Subsidiary of BDF in India and the balance amount was for repositioning of arrangement with BDF upon termination of old agreements.

Beiersdorf AG has setup its own marketing company, Nivea India Ltd and in the changed circumstances, we shall have to concentrate on our manufacturing division and adopt better marketing and branding strategies to overcome the severe impact on our profit earning apparatus.

During the year the sales of toothpaste for sensitive teeth and gum care, recorded an all-time high growth of 40% in a market segment, which did not show any growth. This was achieved with aggressive dentist promotions in Regions with huge untapped potential, and also due to the smooth functioning of the new European GMP certified manufacturing plant at Raichak, near Kolkata. However, sales on the mouth rinse suffered because of production constraints due to technical reasons.

The Baby care products showed a small growth of around 4% as compared to previous year.

The sales of foot care products suffered during the year 2005-06, mainly because of shortages on Corn removers due to delayed imports. Also, the other foot cares accessories like Insoles and Heel-pads met with limited success as the Indian Consumer is still less involved in this segment. The Corn Removers category is dominated by too many unknown products from the unorganized sector and is sold at less than half the price of our products.

During the year, your Company has entered into new trading business, which includes importing of Crude Palm Oil, Crude Degummed Soya bean Oil and other Crude and Refined Edible Oils and thereafter selling these Oils in the Indian Markets. During the year, the total Turnover of Oil Trading Business is Rs. 3566 lacs. The said new Business has vast potentials of growth in India due to emerging Crude and Refined Edible Oils markets in India in next few years.

The Company introduced an anesthetic which is widely used by dentists in their day-to-day practice. This will reinforce your Company's strength in the Oral care segment and more importantly with the Dentist fraternity. The Company is also evaluating various other products to further enhance our presence in the Oral care segment.

With the health care segment showing promise and with the increasing trend of self-medication, your Company is pleased to announce the introduction of oral-strips meant for reducing Snoring, which affects a large number of Indians. This has been selectively launched in 7 Cities during the year. This is a result of a new tie-up with Passion For Life Healthcare Ltd – A UK based company known for its innovative solutions to common health-related problems.

During the year 2005-06, your Company continues to manufacture products at Waluj, near Aurangabad which has ISO 9001:2000 certification for manufacturing at the factory and logistics/Supply Chain at Head Office. This helps your Company to maintain and achieve International Product Quality.

Public Deposits

As of March 31, 2006 there are no Public Deposits that are claimed and due.

Cost Audit

Pursuant to the provisions of section 233B of the Companies Act, 1956 the Central Government had directed your Company to conduct audit of the Cost Accounts relating to its Cosmetic & Toiletries products. The Company has submitted the Cost Audit Report duly audited by the Cost Auditor of the Company P M Nanabhoy & Company, Mumbai, to the Central Government upto the year 2004-2005.

J.L. MORISON (INDIA) LTD.

Foreign Exchange Earnings And Outgo

During the financial year 2005-06, total foreign exchange used and earned was Rs. 3786 lakhs 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 (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

During the year there were no employees in respect of whom information under section 217(2A) of the Companies Act, 1956 is required to be given in the Director's Report.

Directors

Mr. H. K. Kejriwal, Mr. Lawson Lyon and Lt. Gen. (Retd.) K. S. Brar, Directors of your company, retire from the Board by rotation and are eligible for reappointment.

Mr. Varunn Mody has been appointed as an additional director of the company with effect from 07.09.2005. Pursuant to the Provisions of Section 260 of the Companies Act, 1956 he will hold office up to the date of the ensuing Annual General Meeting. The company has received a notice under section 257 of the Companies Act, 1956 from a member proposing Mr. Varunn Mody as a director of the company.

Auditors

The Auditors of the Company M/s. Haribhakti & Co., Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Re-appointment, if made, will be in accordance with the provision of section 224 (1B) of the Companies Act, 1956.

Stock Exchange(s)

The Company is listed with The Calcutta Stock Exchange, The Stock Exchange - Mumbai and at The Bangalore Stock Exchange and the Annual Listing Fees for the year 2005-2006 has been paid.

JLM Sutures (India) Limited

JLM Sutures (India) Limited, the hundred percent subsidiary of J L Morison (India) Limited, has applied for winding up with the Registrar of Companies, Bangalore, on December 29, 2003, under the Simplified Exit Scheme, 2003; but the Company has not yet received any orders from the Registrar of Companies, Karnataka in this respect.

Secretarial Compliance Certificate

Secretarial Compliance Certificate, as required under section 383A of the Companies Act, 1956, for the financial year 2005-06 is annexed forming part of this Annual Report.

Directors' Responsibility Statement

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, and on the basis of the information placed, the Director's of the Company would like to state that :

- I. the applicable accounting standards have been followed and wherever required, proper explanations relating to material departures have been given.
- II. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates

that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit or Loss of the Company for that period.

- III. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- IV. the Accounts have been prepared on a going concern basis.

Acknowledgement

Your Directors acknowledge the support given by the Shareholders, Bankers, Trade and Employees and looks forward for their continued support.

The Directors would also like to place on record their appreciation and gratitude to Belserdorf AG, Dr. Wild & Company Limited and Cuxson Gerrard & Company for their co-operation and support to your Company.

Dated: May 05, 2006

On Behalf of the Board of Directors

REGISTERED OFFICE:

'RASOI COURT',
20, SIR R N MUKHERJEE ROAD,
KOLKATA - 700 001

RAGHU MODY
CHAIRMAN

ANNEXURE TO THE DIRECTORS' REPORT

CONSERVATION OF ENERGY - YEAR 2005-06 (POWER & FUEL CONSUMPTION)

Particulars	Current Year 2005-06	Current Year 2004-05
1 Electricity		
A Purchase in units (Lakh)	1.93	2.06
Total Amount (Rs. Lakh)	8.07	8.16
Rate/Unit (Rs.)	4.18	3.96
B Own Generation		
Through Diesel Generator in units - Lacs	0.03	0.03
Units / Per Ltr of Diesel oil	2.58	2.44
Cost / Unit (Rs.)	14.42	18.70
2 Furnace Oil / LDO		
Quantity (K Ltrs)	14.50	19.50
Total amount (Rs. Lakhs)	4.28	4.85
Average Rate Rs./ (Ltr)	29.51	24.80

Highlights

- A. Close monitoring helped to keep electricity consumption under control inspite of additional machines put to use and increase in production during the year.
- B. Rate of Diesel has continued to increase during this year also, however total output/units generation per litres of Diesel Oil has improved considerably during the year resulting in lower cost of own generation as compared to previous year. Power Generation is also high due to lesser dependency on the DG set as normal power supply was received from MSEB during the year.
- C. Increase in the rate of LDO has increased the LDO cost although LDO consumption was kept under control.

J.L. MORISON (INDIA) LTD.

R. AGRAWAL & CO.
Company Secretaries

A/102, Gokul Gagan,
Thakur Village,
Kandivli (E),
Mumbai - 400 101.
Tel. 022 - 32919860.

SECRETARIAL COMPLIANCE CERTIFICATE

To, The Members,
J. L. Morison (India) Ltd.,
'Rasoi Court',
20, Sir R N Mukherjee Road, Kolkata 700 001

I have examined the registers, records, books and papers of M/s. J. L. Morison (India) Ltd., as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2006. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

- 1 The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
- 2 The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
- 3 The Company is a public company and therefore the clause of minimum prescribed capital and maximum number of members is not applicable to the Company.
- 4 The Board of Directors duly met Five (5) times on 27.04.2005, 30.07.2005, 07.09.2005, 29.10.2005 and 27.01.2006 in respect of which meetings proper notices were given and the proceedings were properly recorded in the Minutes Books maintained for the purpose.
- 5 The Company has closed its Register of Members from 01.09.2005 to 06.09.2005 (both days inclusive) and necessary compliance of Section 154 of the Act has been made.
- 6 The Annual General Meeting for the financial year ended on March 31, 2005 was held on September 7, 2005 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
- 7 No Extra Ordinary General Meeting was held during the financial year.
- 8 The Company has not advanced any loan to its directors and/or persons or firms or companies referred to under Section 295 of the Act.
- 9 The Company has not entered into the Contracts, which falls within the purview of Section 297 of the Act.
- 10 The Company has maintained the register under section 301 of the Companies Act, 1956.
- 11 As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or the Central Government as the case may be.
- 12 The Company has issued all the duplicate share certificates under approval of the Board of Directors of the Company.
- 13 The Company has:
 - i) delivered all the certificates on lodgment thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act;
 - ii) deposited the amount of dividend declared in a separate Bank Account on 08.09.2005 which is within two days from the date of declaration of such dividend;
 - iii) posted warrants for dividend to all the members within a period of thirty days from the date of declaration and that all unclaimed dividend has been transferred to Unpaid Dividend Account of the Company with Oriental Bank of Commerce, Mumbai;
 - iv) pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, unclaimed dividend for the financial year ended on March 31, 1998, which remained unclaimed or unpaid for a period of seven years, have been transferred to the Investor Education and Protection Fund (IEPF) during the year.
 - v) duly complied with the requirements of section 217 of the Act.
- 14 The Board of Directors of the Company is duly constituted and the appointment of directors, additional directors, alternate directors and directors to fill casual vacancies has been duly made.
- 15 The Company has appointed Executive Director during the financial year after complying the provisions of the Act.
- 16 The Company has not appointed any sole-selling agents during the financial year.
- 17 The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director and Registrar of Companies and / or such other authorities prescribed under the various provisions of the Act.
- 18 The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
- 19 The Company has not issued shares/debentures/other securities during the financial year.
- 20 The Company has not bought back shares during the financial year ending 31st March, 2006.
- 21 There was no redemption of preference shares/debentures during the financial year.
- 22 There were no transactions necessitating the Company to keep in abeyance the rights to dividend, right shares and bonus shares pending registration of transfer of shares.
- 23 The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of section 58A read with Companies (Acceptance of Deposit) Rules, 1975 during the financial year.
- 24 The Company has not made any borrowing in excess of aggregate of the paid up capital of the Company and its free reserves.
- 25 The Company has made loans or advances or given guarantees or provided securities to other bodies corporate and consequently entries have been made in the register kept for the purpose.
- 26 The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.

J.L. MORISON (INDIA) LTD.

- 27 The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
- 28 The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
- 29 The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.
- 30 The Company has not altered its articles of association during the year under scrutiny.
- 31 There was / were no prosecution initiated against or show cause notices received by the Company during the financial year, for offences under the Act.
- 32 The Company has not received any security from its employees during the year under certification.
- 33 The Company has deposited both Employee's and Employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

Place : Mumbai
Date : April 26, 2006

For R. Agrawal & Co.
Company Secretaries

Partner
(Ranjeet Agrawal)
C.P. No.: 5832.

ANNEXURE A:

Registers as maintained by the Company are:

- 1 Register of Members under section 150.
- 2 Register of Directors, Managing Director, Manager & Secretary under section 303.
- 3 Register of Directors' Shareholding under section 307.
- 4 Minutes Books of proceedings of Board and that of shareholders.
- 5 Minutes Books of the proceedings of the Committees.
- 6 Register of Charges under section 143
- 7 Register of Investments under section 49
- 8 Register of Particulars of Contracts in which directors are interested under section 301.

ANNEXURE B:

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2006.

S. No.	Form No./ Return	Filed under Section	For	Date of Filing
1	Annual Return	159	2004-05	07.11.2005
2	Balance Sheet	220	2004-05	21.09.2005
3	Compliance Certificate	383A	2004-05	21.09.2005
4	Form No.25C	269(2)	Return of Appointment of Executive Director	21.09.2005
5	Form No.20A	149(2A)	For Starting the New Business of Importing Oil	21.09.2005
6	Form No. 23	192	Appointment of Mr. Bipin Vengsarkar as Executive Director	21.09.2005
7	Form No. 23	192	Special Business in the AGM	21.09.2005
8	Form No. 32	303	Resignation of Mr. Jimmy Anklesaria as Managing Director	11.07.2005
9	Form No. 32	303	Appointment of Mr. Bipin Vengsarkar as Additional Director	10.08.2005
10	Form No. 29	264	Consent of Mr. Bipin Vengsarkar as Additional Director	10.08.2005
11	Form No. 32	303	Appointment of Mr. Varunn Mody as Additional Director	21.09.2005
12	Form No. 29	264	Consent of Mr. Varunn Mody as Additional Director	21.09.2005

J.L. MORISON (INDIA) LTD.

REPORT ON CORPORATE GOVERNANCE

In compliance with Clause 49 of the Listing Agreement with Stock Exchange (s), the Company submits the report on the matters mentioned in the said clause and on the practices as followed by the Company:

1. Company's Governance Philosophy

Your Company firmly believes in and continues to practice good Corporate Governance. Over the years, your company has complied with the broad principles of Corporate Governance through a strong emphasis on transparency, empowerment, accountability and integrity.

2. Board of Directors

The Board of Directors comprises of a Chairman & Whole-time Director, 1 Executive Director, 1 Non-Executive Director and 5 Independent & Non- Executive Directors.

During the year, Five (5) Board Meetings were held on 27.04.2005, 30.07.2005, 07.09.2005, 29.10.2005 and 27.01.2006

The composition of the Board of Directors and their attendance at the Meetings during the year and at the last Annual General Meeting as also the number of other Directorships / Memberships of Committees' are as follows:

Name of the Director	Designation	Category	No. of Board Meetings attended	Attendance at last AGM	No. of outside Directorships held		No. of outside Committees	
					Public	Private	Member	Chairman
Shri R N Mody	Chairman & Wholetime Director	Executive & Promoter	5	Yes	7	1	3	2
Mr. J R Anklesaria*	Managing Director	Executive & Non Independent	1	Yes	-	-	-	-
Mr. Bipin Vengsarkar	Executive Director	Executive & Non Independent	4	Yes	-	-	-	-
Mr Varunn Mody	Additional Director	Non Executive & Non Independent	2	NA	5	2	6	-
Mr. Lawson Lyon	Director	Non Executive & Independent	-	No	-	-	-	-
Lt. Gen. (Retd.) K S Brar	Director	Non Executive & Independent	4	No	1	1	2	-
Mr. H K Kejriwal	Director	Non Executive & Independent	1	No	1	4	-	-
Mr. H Wietelmann	Director	Non Executive & Independent	1	Yes	-	-	-	-
Mr. Atul Tandan	Director	Non Executive & Independent	5	Yes	2	3	-	-

* Mr. Jimmy R Anklesaria resigned during the year on June 25, 2005 due to their personal commitments

3. Directors' Interest in the Company & Remuneration:

Given below are the details of actual payments made during the financial year 2005 – 06 to the Directors of the Company:

Name of the Director	Relationship with Other Directors	Salaries & Perquisites (Rs. in lacs)	Sitting Fees for Board and Committee Meetings (Rs. in Lacs)
Mr. Raghu Mody	Grandfather of Mr. Varunn Mody	12.51	-
Mr. J R Anklesaria	-	5.93	-
Mr. Bipin Vengsarkar	-	12.62	-
Mr. Varunn Mody	Grandson of Mr. Raghu Mody	-	0.15
Lt. Gen. (Retd.) K S Brar	-	-	0.29
Mr. Atul Tandan	-	-	0.34
Mr. H K Kejriwal	-	-	0.07
Mr. H Wietelmann	-	-	0.05
Mr. Lawson Lyon	-	-	-