

Bayer Diagnostics



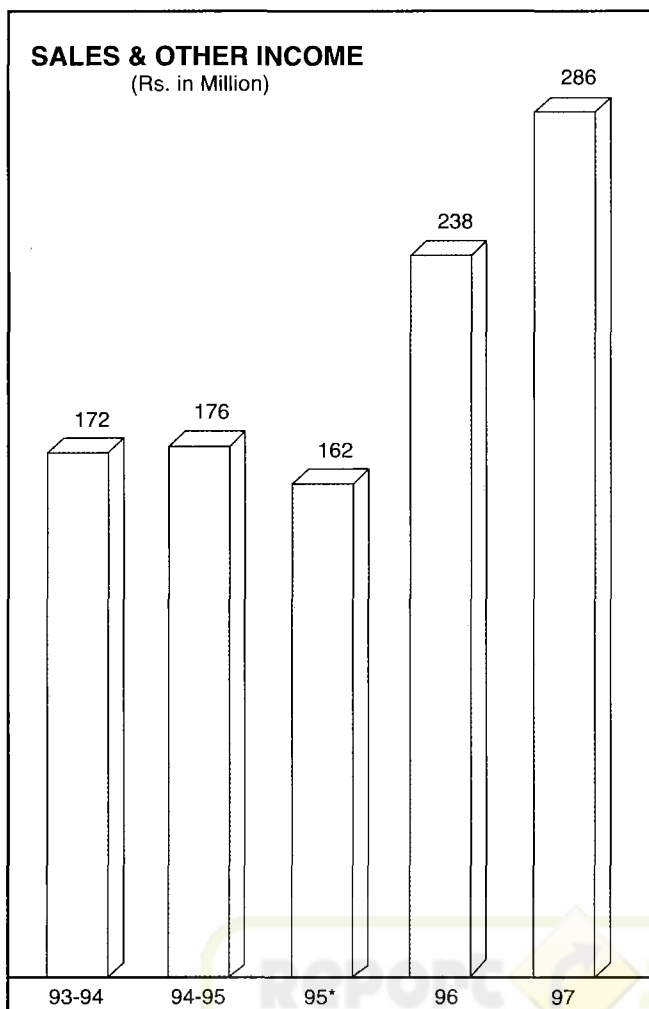
Bayer Diagnostics India Ltd.

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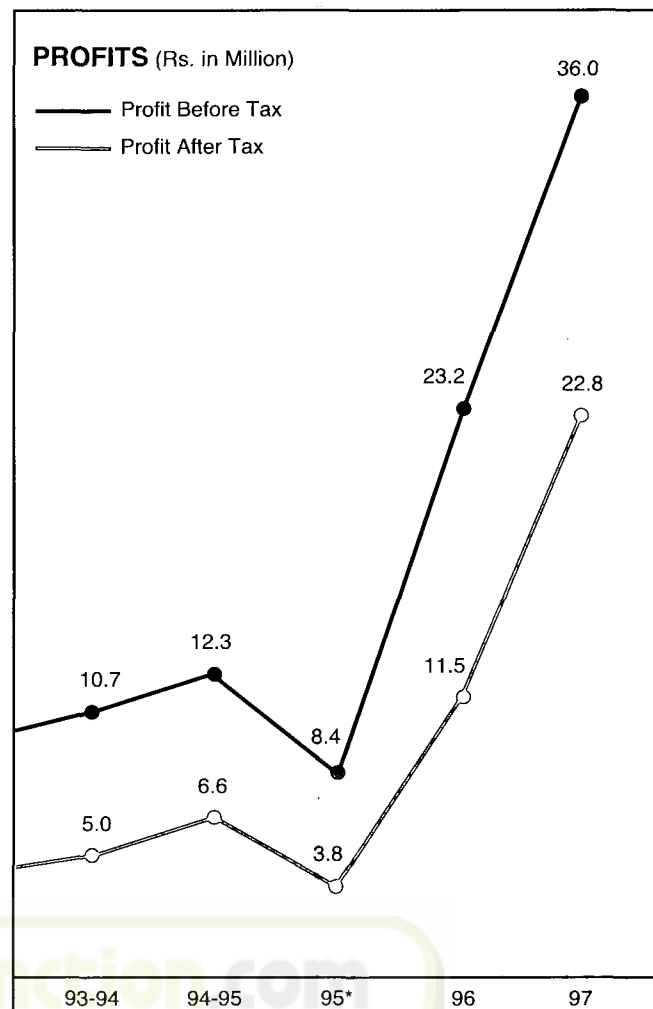
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23rd Annual Report

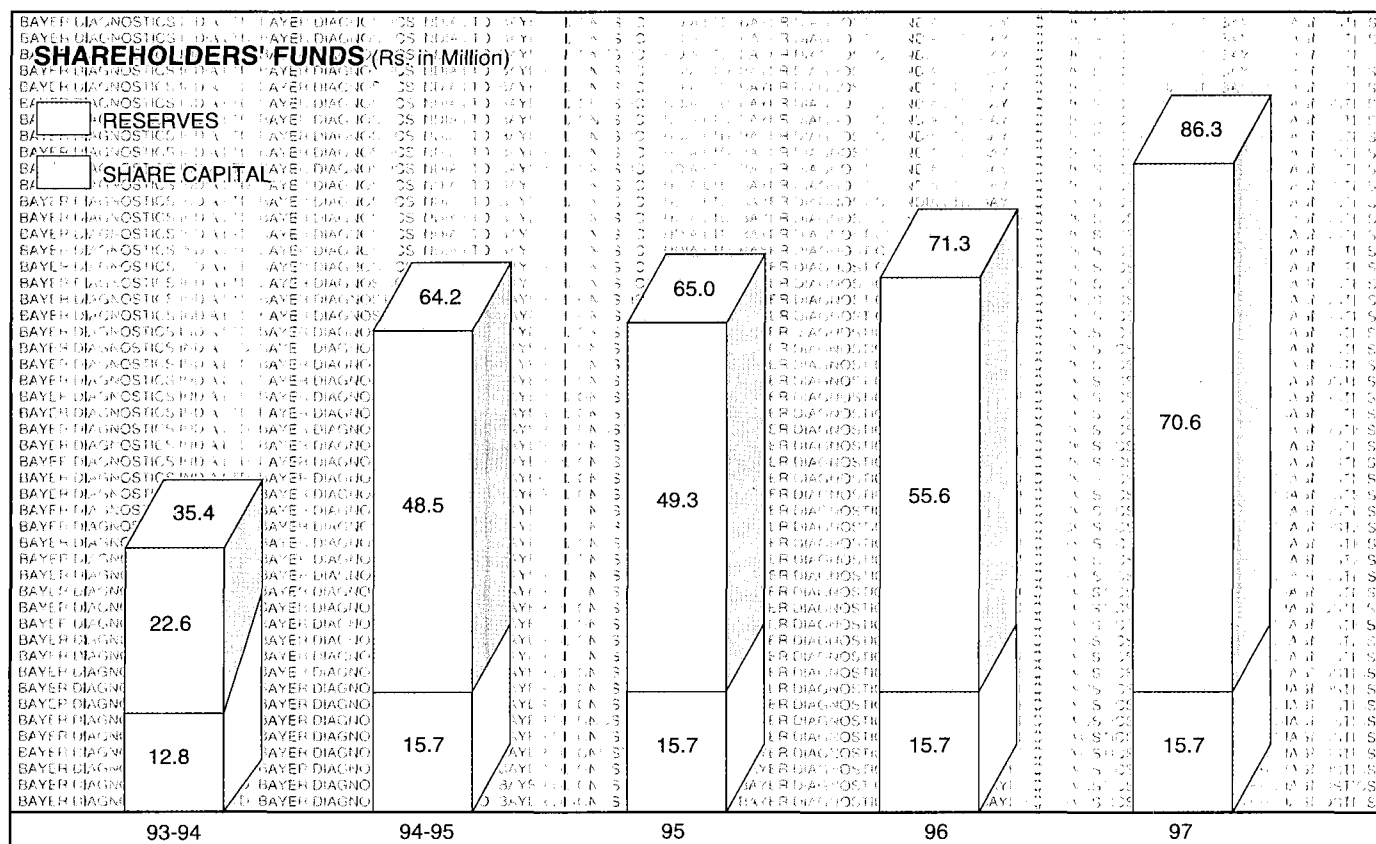
1997



Previous years' data regrouped for comparison



* 1995 Figures are for the nine-month period ended 31-12-95



Board of Directors	Dr. A. P. McGilvray	<i>Chairman</i>
	Mr. R. A. Classon	
	Mr. D. B. Engineer	
	Mr. A. R. Gandhi	
	Mr. K. B. Mistry	<i>Alternate to Mr. R. A. Classon</i>
	Dr. V. J. Patel	<i>Chairman Emeritus</i>
	Mr. P. Singh	<i>Managing Director</i>
Secretary & Legal Manager	Mr. V. M. Patel	
Auditors	M/s. A. F. Ferguson & Co., <i>Chartered Accountants</i>	
Registered Office & Plant	589, Sayajipura, Ajwa Road, Baroda-390 019, Gujarat.	
Collaborators	Bayer Corporation 511, Benedict Avenue, Tarrytown, New York 10591-5097, U.S.A.	
Bankers	Bank of Baroda	
	Bank of India	
Registrars and Share Transfer Agents	Scrips Financial Services Pvt. Ltd. 5, Nutan Bharat Society, Alkapuri, Baroda-390 007.	
Solicitors	Crawford Bayley & Co., Mumbai	

Notice

NOTICE is hereby given that the 23rd Annual General Meeting of the Members of Bayer Diagnostics India Ltd., will be held at the Registered Office of the Company at 589, Sayajipura, Ajwa Road, Baroda-390 019, Gujarat, on Saturday, June 27, 1998 at 4.30 p.m., to transact the following business :

As Ordinary Business

- i) To receive, consider and adopt the audited Profit and Loss Account for the year ended 31.12.1997, the Balance Sheet as at date and the Directors' and Auditors' Reports thereon.
- ii) To declare a dividend.
- iii) To appoint a Director in place of Mr. P. Singh, who was appointed as a Director to fill the casual vacancy caused by the resignation of Mrs. N. V. Patel and who retires by rotation and being eligible, offers himself for re-appointment.
- iv) 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.

By Order of the Board

V. M. Patel

*Company Secretary
& Legal Manager*

March 17, 1998
Mumbai

NOTES :

1. The Share Transfer Books and the Register of Members of the Company will remain closed from June 16 to 27, 1998 (both days inclusive).
2. Subject to Section 206A of the Companies Act, 1956, the dividend as recommended by the Board, if approved at the 23rd Annual General Meeting, will be paid from July 7, 1998, to those members whose names appear on the Company's Register of Members as on June 27, 1998.

3. Pursuant to Rule 4A of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978, members are informed that the particulars of the unpaid/unclaimed dividend transferred to the General Revenue Account of the Central Government are as under :

Dividend for the year	Date of Declaration of Dividend	Date of Transfer/ Proposed Transfer to General Revenue Account
1993-94	12.08.1994	13.10.1997
1994-95	14.08.1995	14.10.1998

4. Members are requested to give details of their Bankers' name, branch and account number latest by June 16, 1998, for incorporation in the dividend warrant. Any change in Bank Account and/or change of address should be notified to the Company's Registrars and Share Transfer Agents M/s. Scrips Financial Services Pvt. Ltd., 5, Nutan Bharat Society, Alkapuri, Baroda-390 007.
5. The Proxy Form duly completed should reach the Company's Registered Office at least 48 hours before the time appointed for the meeting.
6. Members desirous of getting any information in respect of Accounts are requested to send their queries in writing to the Company at the Registered Office so as to reach the Company seven days before the meeting.
7. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING CAN APPOINT ONE OR MORE PROXIES TO ATTEND AND TO VOTE INSTEAD OF HIMSELF/HERSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.

By Order of the Board

V. M. Patel

*Company Secretary
& Legal Manager*

March 17, 1998
Mumbai

Directors' Report

The Directors have pleasure in presenting the Twenty Third Annual Report of the Company together with the Audited Accounts for the financial year ended December 31, 1997.

1. Financial Results

A summarised statement of the financial results of the current year and that of the previous year is given below :

	1997	Rs. '000 1996*
Sales and Other Income	285717	238134
Gross Profit	38158	25489
Less: Depreciation	2182	2303
Profit Before Tax	35976	23186
Less: Provision for taxation on income	13200	11700
Profit After Tax	22776	11486
Balance brought forward	3500	626
Available for Appropriation	26276	12112
Proposed Dividend	7053	4702
Tax on Proposed Dividend	705	470
Transfer to General Reserve	10367	3440
Carried Forward	8151	3500
	26276	12112

* Regrouped for comparison purpose.

2. Operations

Sales, operating income and other income at Rs.2857.17 lacs for the year ended December 31, 1997 increased by 20% over the previous year. All core business segments of the Company exhibited growth during the year.

Profit Before Tax of Rs.359.76 lacs represents an increase of 55% over the previous year. Effective steps taken with regard to Working Capital Management contributed significantly to the profitability achieved.

Profit After Tax amounting to Rs.227.76 lacs, represents 98% increase over the Profit After Tax of Rs.114.86 of the previous year. The Earning Per Share (EPS) for 1997 was, therefore, Rs.14.53 per share in comparison to Rs.7.33 for the previous year.

Net worth of Rs.863.25 lacs represents an increase of 21% over the previous year.

Despite a generally difficult year for the industry, your Company has achieved good results in 1997 and continues to be a major player in the Indian Diagnostics Industry. Plans for the current year are also growth driven and ambitious.

3. Dividend

Your Directors are pleased to recommend a dividend of Rs.4.50 per Equity Share of Rs.10/- for the year ended December 31, 1997. The aggregate Equity Dividend amounting to Rs.70.53 lacs, if approved, will be paid to the members on record as of June 27, 1998.

4. Fixed Deposits

Deposits of an aggregate amount of Rs.1.83 lacs which had matured remained unclaimed as on December 31, 1997. Of these, 24 deposits aggregating Rs.1.61 lacs have been repaid as on the date of this Report.

5. Directors

Mr. P. Singh was appointed as a Director on November 23, 1995 to fill the casual vacancy caused due to the resignation of Mrs. N. V. Patel and will retire by rotation at the next Annual General Meeting to be held on June 27, 1998. He, being eligible, offers himself for re-appointment.

6. Auditors

The Auditors, Messrs A. F. Ferguson & Co., retire and being eligible, offer themselves for re-appointment.

7. Information Pursuant to Section 217(1)(e)

Information pursuant to Section 217(1)(e) 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 for the year ended December 31, 1997 has been provided.

8. Employees

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the financial year ended December 31, 1997, is set out in the Annexure hereto.

Acknowledgement

Your Directors are pleased to place on record their sincere appreciation to the Company's Collaborators and Bankers for their valuable support and co-operation to the Company. Directors also place on record their appreciation to the employees for their dedication and the valuable contribution made by them in achieving the good performance of the Company.

For and on behalf of
the Board of Directors

March 17, 1998
Mumbai

Dr. A. P. McGilvray
Chairman

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Annexure to Directors' Report

Information as per Section 217(1)(e) read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended December 31, 1997.

I. Conservation of Energy

- (i) Conservation of Energy has been our prime concern. The Cooling system of our production area is being converted to water cooling system from air cooling system. This new system is expected to save 50% electrical energy in the summer months. Improved operational methods include automating our labelling and liquid filling operations which has enhanced output. Renovation of production areas has improved the operational time and efficiency. Regular preventive maintenance is undertaken to improve operational efficiency and down time. Changing and remodelling of cooling towers has increased the cooling efficiency and has reduced water wastage.

- (ii) Water and Air Pollution Control measures have been undertaken and periodical monitoring introduced. Periodical water sampling by Gujarat Pollution Control Board is a regular feature and the results indicate that the constituents are much below the permissible limit enabling us to use the water for gardening. Quality of the incinerator exhaust is measured at regular intervals and is found to be much lower than the permissible limits. Similarly air quality around the plant is better than the prescribed criterion.

Several steps to improve and enhance the safety of the plant site were taken during the year.

(iii) (A) Power and Fuel Consumption

	1997	1996
1. Electricity		
a. Purchased Unit	339450	338734
Total Amount (Rs.)	1088513	1087409
Rate/Unit (Rs.)	3.21	3.21
b. Own Generation		
i) Through D.G. Unit	13929	11546
Unit generated per		
litre of diesel oil	2.21	1.91
Cost/Unit (Rs.)	4.17	4.11

ii) Through Steam/		
Turbine Generator	NA	NA
2. Coal	NA	NA
3. Furnace Oil		
Quantity (Litres)	23625	19561
Total Amount (Rs.)	214042	163725
Average Rate (Rs.)	9.06	8.37
4. Others/Internal Generation	NA	NA

(B) Consumption per Unit of Production

Products (Reagent Strips, Kits and Instruments)		
Electricity	Cannot be ascertained	
Furnace Oil	Cannot be ascertained	
Coal	NA	NA
Others	NA	NA

II. Technology Absorption and Research and Development

- (i) Main areas of emphasis include :
- Development of new products, improvement in existing products and adoption of technologies to suit local conditions.
 - Substantial research in Clinical Biochemistry and Medical Electronics.
 - Marketing of new products.
 - Efforts are being made to indigenise diagnostic products as a measure of import substitution.

(ii) Expenditure on R&D (Rs. Lacs)

a) Capital	—
b) Recurring	8.19
c) Total	8.19
d) Total R&D expenditure as a percentage of turnover	0.30%

- (iii) The Company has not imported any technology during the last five years.

III. Foreign Exchange Earnings and Outgo

- Foreign Exchange earnings through export and commission aggregated to Rs.27.39 lacs against the outgo of Rs.1172.66 lacs, particulars of which are given in Schedule : 16 of the Accounts.

Annexure to Directors' Report

Particulars of Employees pursuant to Section 217 (2A) of the Companies Act, 1956.

Name	Designation & Nature of Duties	Remuneration Received Rs.	Qualifications and Experience (in years)	Date of Employment	Age (Years)	Previous Employment Held
Employed throughout the year ended December 31, 1997 and in receipt of remuneration aggregating not less than Rs. 300,000/-						
1. Chitkara P. R.	Manager – Marketing Services	301,203/-	B.Pharm, MBA (18)	15.06.95	40	Marketing Manager Merino Electronics Ltd.
2. Jotwani A. K.	Marketing Manager – Diagnostics	328,407/-	M.Sc. (19)	28.07.80	42	Lab Technician Jaslok Hospital
3. Sastry J. N.	Manager – Group Marketing & Services	353,934/-	M.Sc. (12)	01.07.95	35	Marketing Manager BG-Diagnostics Bayer (India) Limited
4. Singh P.	Managing Director	1,203,805/-	B.Com. (22)	01.01.96	42	Executive Vice President BG-Diagnostics Bayer (India) Limited
5. Vashishth A. K.	Marketing Manager – Instruments	325,793/-	M.Sc., PGDM (15)	21.06.83	39	—
6. Vyas Y. H.	Commercial Manager	326,705/-	B.Com., MBA (25)	04.04.89	47	Assistant Executive National Dairy Development Board

Notes :

1. All appointments are contractual and are subject to the rules and regulations of the Company in force from time to time.
2. Remuneration received includes salary, allowances, medical expenses, leave travel assistance, house rent allowance, expenditure incurred by the Company on accommodation, taxable value of perquisites etc. and Company's contribution to provident, gratuity and superannuation funds.
3. None of these employees are related to any Director of the Company.

Auditors' Report to the Members of Bayer Diagnostics India Limited



We have audited the attached balance sheet of Bayer Diagnostics India Limited as at December 31, 1997 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 (Auditors' 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 to the extent applicable to the Company.

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;

(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 the books;

(c) the balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;

(d) in our opinion and to the best of our information and according to the explanations given to us, the 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 December 31, 1997,

and

(ii) in the case of the profit and loss account, of the profit for the year ended on that date.

For **A. F. Ferguson & Co.**
Chartered Accountants

March 17, 1998
Mumbai

B. P. Shroff
Partner

Annexure referred to in Paragraph 1 of the Auditors' Report on the Accounts of Bayer Diagnostics India Limited for the year ended December 31, 1997.

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets of the Company were physically verified by the management in the year ended March 31, 1995 in accordance with the Company's policy to verify the same once in three years. In our opinion the frequency of verification is reasonable.
2. None of the fixed assets has been revalued during the year.
3. The stocks of finished goods, stores, spare parts and raw materials have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
4. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
5. The discrepancies noticed on verification between the physical stocks and the book records were not material.
6. On the basis of our examination of the stock records, in our opinion, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.
7. The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. According to the information and explanations given to us, there is no Company under the same management as this Company within the meaning of Section 370(1B) of the Companies Act, 1956.
8. The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
9. The parties to whom loans or advances in the nature of loans have been given are repaying the principal amounts as stipulated and are also regular in payment of interest, where applicable.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchases of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.
11. According to the information and explanations given to us, the Company has not entered into any transaction of purchase of goods and materials and sale of goods, material and services in respect of each party made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating Rs.50,000 or more during the year.
12. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods and adequate provision has been made in the accounts for the loss arising on the items so determined.
13. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules, 1975, with regard to the deposits accepted from the public.
14. As explained to us, the Company does not have any realisable by-products and the Company's operations do not generate any significant scrap.
15. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.