

**Bayer Diagnostics**

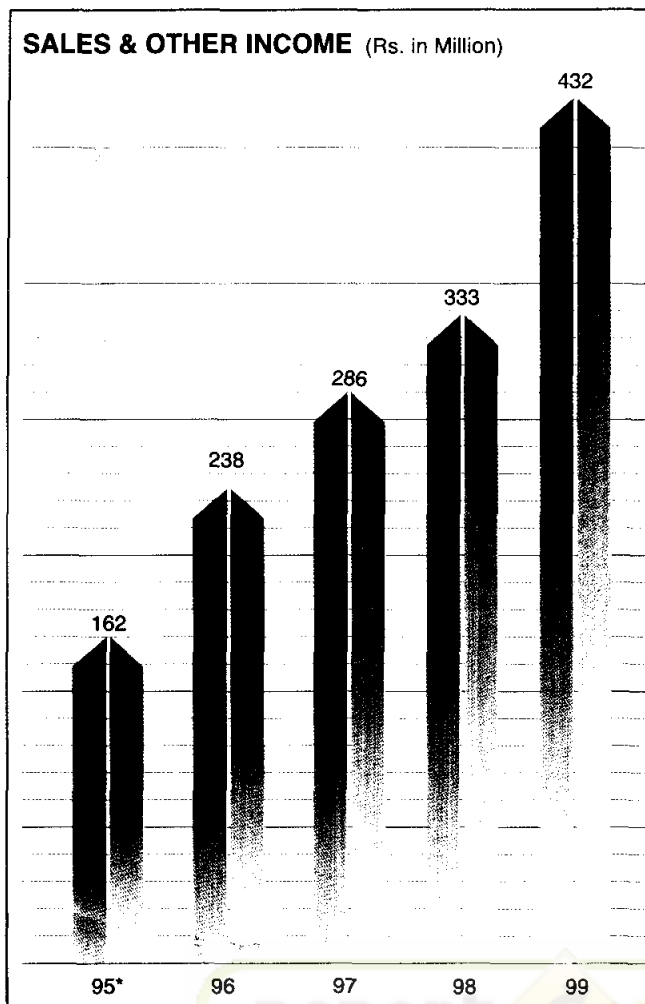


Bayer Diagnostics India Ltd.

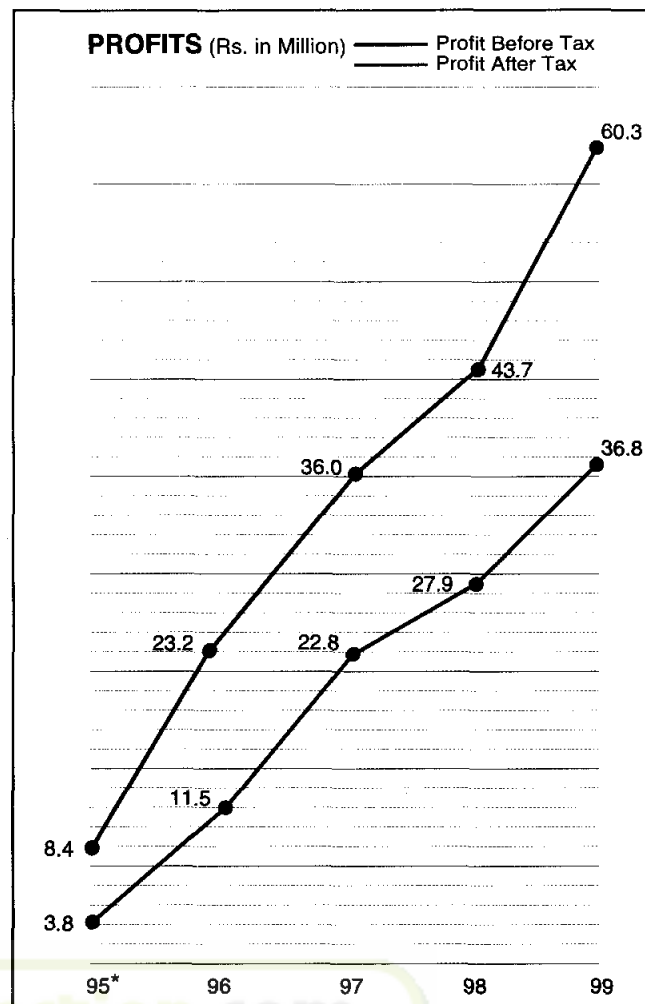


**25th Annual Report**

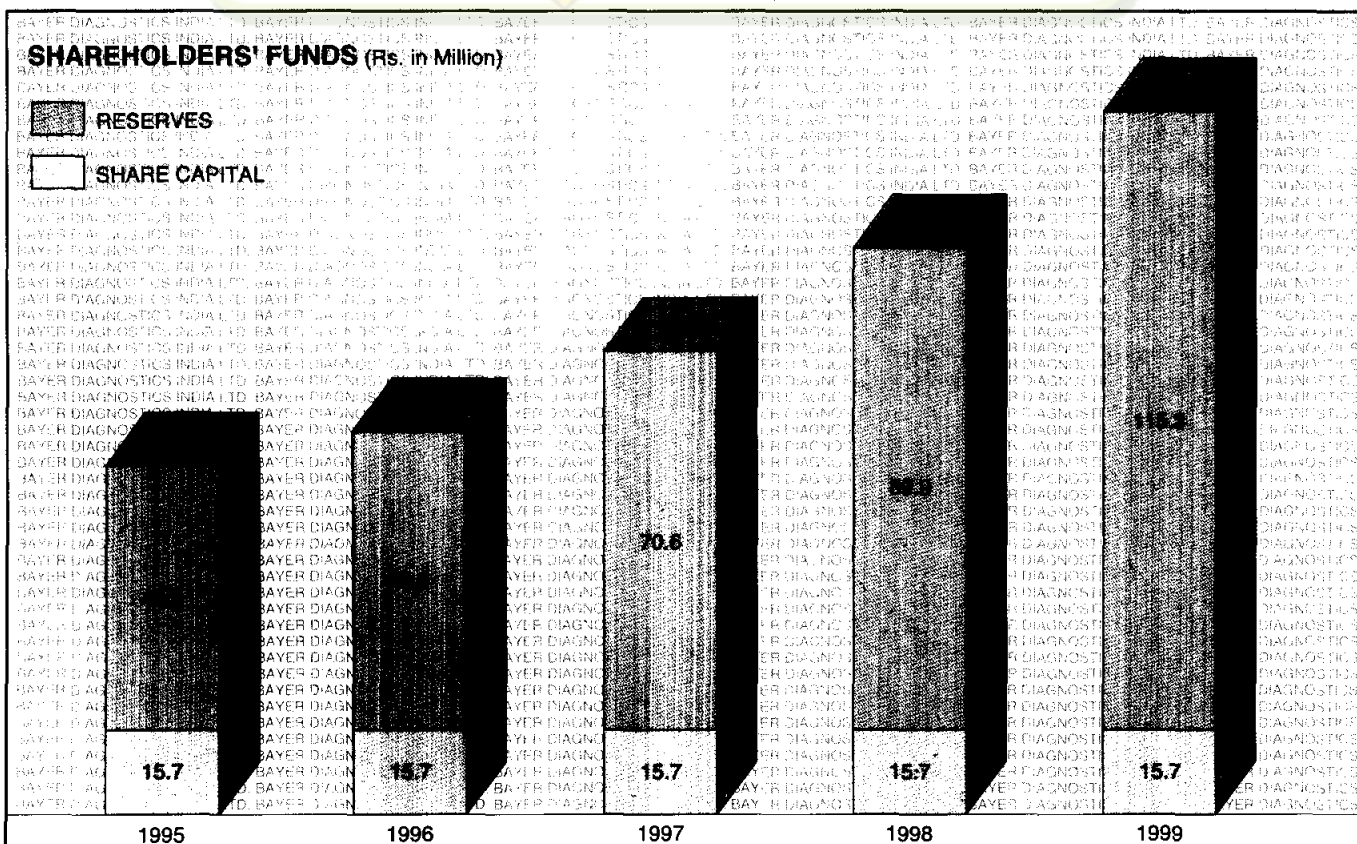
**1999**



Previous years' data regrouped for comparison.



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



<b>Board of Directors</b>	Dr. A. P. McGilvray	<i>Chairman</i>
	Mr. P. Gauthier	
	Mr. D. B. Engineer	
	Mr. A. R. Gandhi	
	Dr. A. F. Hennecken	<i>Alternate to Mr. P. Gauthier</i>
	Dr. V. J. Patel	<i>Chairman Emeritus</i>
	Mr. P. Singh	<i>Managing Director</i>
<b>Secretary &amp; Legal Manager</b>	Mr. V. M. Patel	
<b>Auditors</b>	M/s. A. F. Ferguson & Co., Chartered Accountants	
<b>Registered Office &amp; Plant</b>	589, Sayajipura, Ajwa Road, Baroda-390 019, Gujarat. Phone : (0265) 562720 Fax : (0265) 565103	
<b>Collaborators</b>	Bayer Corporation 511, Benedict Avenue, Tarrytown, New York 10591-5097, U.S.A.	
<b>Bankers</b>	Bank of Baroda	
<b>Registrars and Share Transfer Agents</b>	Scrips Financial Services Pvt. Ltd. 5, Nutan Bharat Society, Alkapuri, Baroda-390 007.	
<b>Solicitors</b>	Crawford Bayley & Co., Mumbai	

## Notice

NOTICE is hereby given that the 25th 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 Monday, May 22, 2000 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 31.12.1999, the Balance Sheet as at date and the Directors' and Auditors' Reports thereon.
- ii) To declare dividend.
- iii) To appoint a Director in place of Mr. A. R. Gandhi, 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.
3. Members who have not provided details of their Bankers' name, branch and account number, are requested to send the same latest by May 15, 2000, 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.
4. The Proxy Form duly completed should reach the Company's Registered Office at least 48 hours before the time appointed for the meeting.
5. 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.
6. 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 23, 2000  
Mumbai

### NOTES :

1. The Share Transfer Books and the Register of Members of the Company will remain closed from May 9, 2000 to May 22, 2000 (both days inclusive).
2. Subject to section 206A of the Companies Act, 1956, the dividend as recommended by the Board, if approved at the 25th Annual General Meeting, will be paid from May 25, 2000 to those members whose names appear on the Company's Register of Members as on May 22, 2000.

## Directors' Report

The Directors have pleasure in presenting the Twenty Fifth Annual Report of the Company together with the Audited Accounts for the financial year ended December 31, 1999.

### 1. Financial Results

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

Rs. '000	1999	1998
Sales and Other Income	<b>432447</b>	332558
Gross Profit	<b>64823</b>	46451
Less: Depreciation	<b>4496</b>	2749
Profit Before Tax	<b>60327</b>	43702
Less: Provision for Taxation on income	<b>23500</b>	15800
Profit After Tax	<b>36827</b>	27902
Balance brought forward	<b>9032</b>	8151
Available for Appropriation	<b>45859</b>	36053
Proposed Dividend	<b>10188</b>	7837
Tax on Proposed Dividend (includes Rs.78,368 on dividend for the year 1998)	<b>1199</b>	784
Transfer to General Reserve	<b>20000</b>	18400
Carried Forward	<b>14472</b>	9032
	<b>45859</b>	36053

### 2. Operations

Worldwide, Bayer Diagnostics achieved the successful integration of the Chiron Diagnostics business in 1999. The speed and success of integration has made a positive impact on Industry Analysts as well as customers. In India too, the Chiron business was integrated into our Company and significant partnerships have been established with leading medical institutions in the areas of Immunodiagnostics, Critical Care & Nucleic Acid Diagnostics.

Sales, operating income and other income increased by 30% and stood at Rs.4324 lacs for the year ended 31st December, 1999. New product launches and the integration of the Chiron business were the drivers of the growth achieved.

Profit before tax of Rs.603 lacs and profit after tax of Rs.368 lacs grew by 38% and 32% respectively over the previous year. Overall synergies and a relatively stable exchange rate during the year complimented this financial performance.

Earnings Per Share increased to Rs.23.50 from Rs.17.80.

The Company also accomplished the ISO 9001 Certification during 1999 and its Y2K preparedness ensured a smooth and flawless transition into the new millennium.

### 3. Dividend

Your Directors are pleased to recommend a dividend of Rs.6.50 per Equity Share of Rs.10/- for the year ended December 31, 1999. The aggregate Equity Dividend amounting to Rs.101.88 lacs, if approved, will be paid to the members on record as of May 22, 2000.

### 4. Fixed Deposits

Deposits of an aggregate amount of Rs.0.32 lacs which had matured remained unclaimed as on December 31, 1999. Of these, deposits aggregating Rs.0.04 lacs has been repaid as on the date of this Report.

### 5. Directors

Mr. K. B. Mistry (alternate director to Mr. P. Gauthier), due to his transfer to Bayer Germany, ceased to be a director with effect from 29.7.99. The Board at its meeting held on 29.7.99 had appointed Dr. A. F. Henneken as an Alternate Director to Mr. Gauthier with effect from 29.7.99.

Mr. A. R. Gandhi retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-election.

## 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, 1999 has been provided.

## 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 sincere appreciation of the valuable contribution made by the employees in achieving the good performance of the Company.

For and on behalf of  
The Board of Directors

March 23, 2000  
Mumbai

**Dr. A. P. McGilvray**  
Chairman

## 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, 1999, is set out herein below :

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

Name	Designation & Nature of Duties	Remuneration Received Rs.	Qualification and Experience (in years)	Date of Employment	Age (Years)	Previous Employment Held
<b>Employed throughout the year ended December 31, 1999 and in receipt of remuneration aggregating not less than Rs. 6,00,000/-</b>						
1. Singh P.	Managing Director	18,53,722/-	B.Com. (24)	01.01.96	44	Executive Vice President BG-Diagnostics Bayer (India) Limited

### Notes :

1. Appointment of Managing Director is contractual.
2. Remuneration received includes salary, commission, allowances, medical expenses, leave travel assistance, taxable value of perquisites etc. and Company's contribution to provident, gratuity and superannuation funds.
3. The above employee is not a relative of any Director of the Company.



**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, 1999.

**I. Conservation of Energy**

- (i) Saving of energy in terms of electricity consumption is our prime concern and have achieved Power Factor above 0.95 and GEB has given us a Power Factor adjustment rebate from May '99 till December '99. Well-planned Preventive Maintenance has improved our operational efficiency and has been audited by the ISO 9001 audit team. Providing split system of Air Condition in certain areas of the factory and office has reduced the wastage of cool air at the time of non-functioning of the area.
- (ii) Water and air pollution control measures are optimum and industrial trade effluents are used for gardening after adjusting the pH. The constituents of this effluent was found to be much below the permissible limit as found from the analysis of the water samples. The surroundings of the factory is provided with gardens which made us proud by getting first prize in the garden competition arranged by Baroda Agri-Horticultural Committee and Horticultural Department of Government of Gujarat. Tree plantation on a large scale was undertaken at the factory site.

**(iii) (A) Power and Fuel Consumption**

	1999	1998
1. Electricity		
a. Purchased Unit	385736	366487
Total Amount (Rs.)	1780962	1276900
Rate/Unit (Rs.)	4.62	3.48
b. Own Generation		
i) Through D.G. Unit	6544	10841
Unit generated per litre of diesel oil	1.98	2.22
Cost/Unit (Rs.)	5.75	4.15
ii) Through Steam/Turbine Generator	NA	NA
2. Coal	NA	NA
3. Furnace Oil		
Quantity (Litres)	22438	29002
Total Amount (Rs.)	231336	265078
Average Rate (Rs.)	10.31	9.14
4. Others/Internal Generation	NA	NA

**(B) Consumption per Unit of Production**

Product (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 and adoption of appropriate technologies, delivering Quality Products which fulfils the local customer's needs and expectations.
- Design and development in Clinical Biochemistry and related instrumentation for cost effective products.
- Marketing and servicing of state-of-art clinical laboratory analyzers.
- Indigenization of products or parts for cost effectiveness and availability with the desired level of quality.
- Technology Absorption for Quality Approval System and Manufacturing Approval System to provide internationally acclaimed products at efficient cost.

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

a) Capital	—
b) Recurring	7.78
c) Total	7.78
d) Total R&D expenditure as a percentage of turnover	0.20%

### (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.478.02 lacs against the outgo of Rs.2195.81 lacs, particulars of which are given in Schedule 16 of the Accounts.



## 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, 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 (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 purposes 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, the profit and loss account and balance sheet complies with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

(e) 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, 1999,

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 23, 2000  
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, 1999.**

1. The Company is maintaining 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 December 31, 1998, 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 financial 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 the nature of its business.
5. The discrepancies noticed on verification between the physical stocks and 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/granted any loans, secured or unsecured from/to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In view of the provisions of Section 370 of the Companies Act, 1956 not being applicable vide the Companies (Amendment) Act, 1999, with effect from October 31, 1998, loans from/to companies under the same management, if any, have not been commented upon.
8. 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.
9. 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 purchases of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.
10. According to the information and explanations given to us, the Company has not entered into any transactions 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.
11. 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.
12. 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.
13. We have been informed that the Company's operations do not generate any realisable by-product. The sale of scrap is not significant.
14. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.