



Diagnostics

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FOR BAYER DIAGNOSTICS INDIA LTD.

A handwritten signature in black ink, appearing to read "A. S. Bhatt".

A. S. BHATT

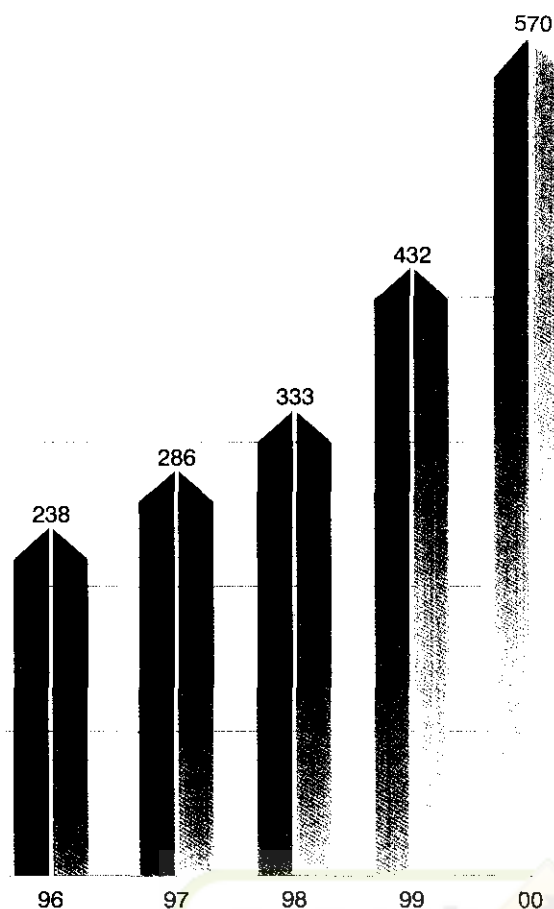
Finance Manager & Company Secretary

26th Annual Report

2000

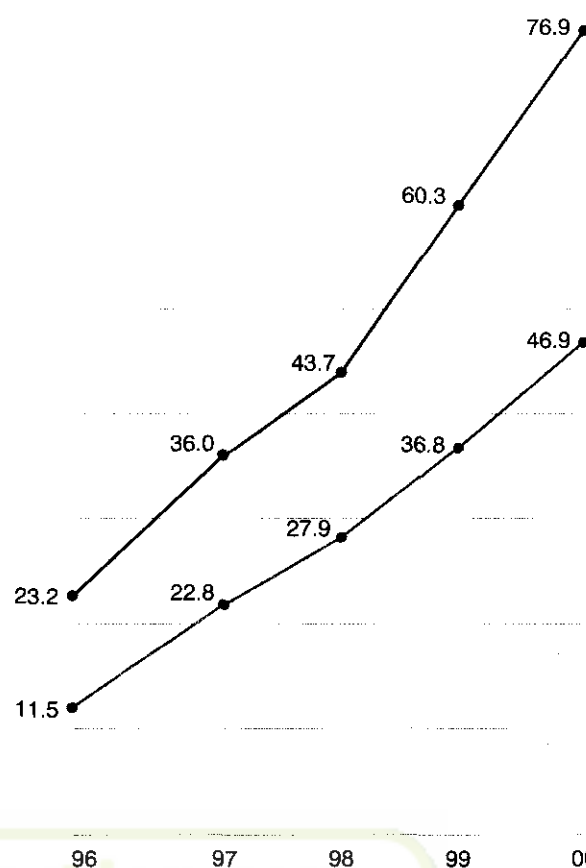
Bayer Diagnostics India Ltd.

SALES & OTHER INCOME (Rs. in Million)



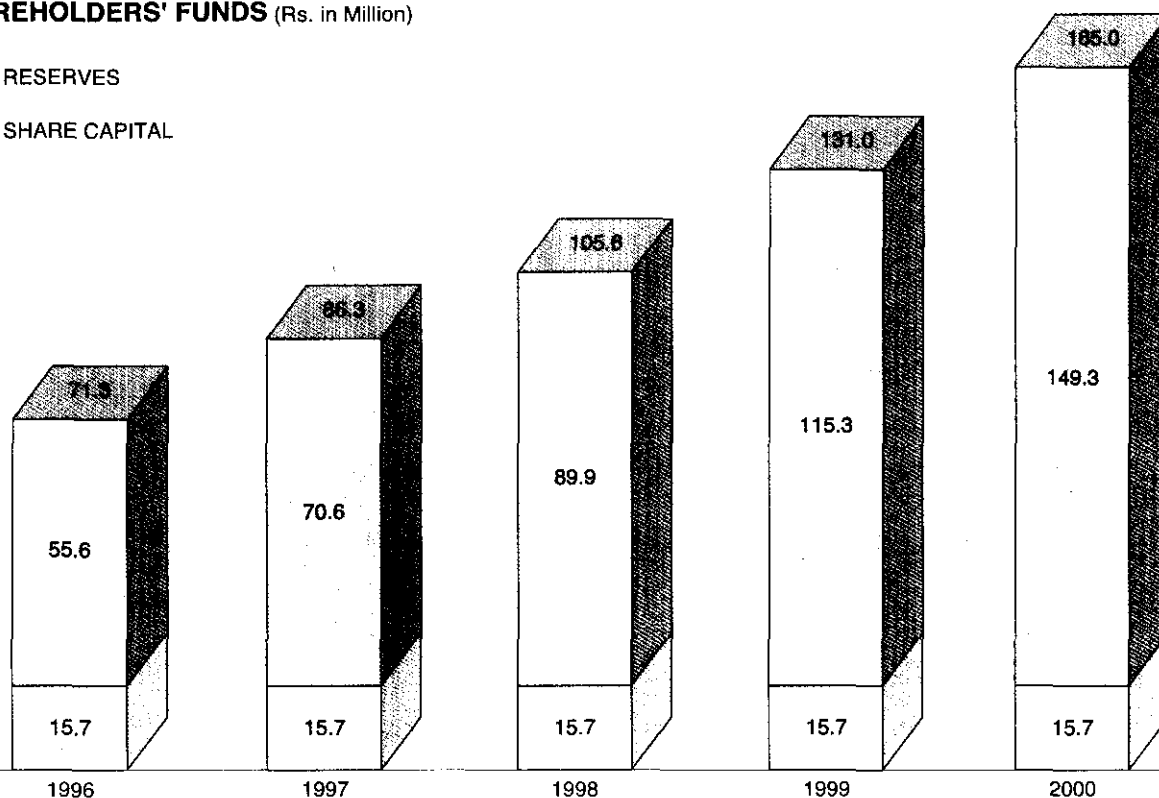
PROFITS (Rs. in Million)

— Profit Before Tax
— Profit After Tax



SHAREHOLDERS' FUNDS (Rs. in Million)

- RESERVES
- SHARE CAPITAL



Board of Directors	Mr. D. Kambeck	<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>
Finance Manager & Company Secretary	Mr. A. S. Bhatt	
Auditors	M/s. A. F. Ferguson & Co., <i>Chartered Accountants</i>	
Registered Office & Plant	589, Sayajipura, Ajwa Road, Baroda-390 019, Gujarat. Phone : (0265) 562720 Fax : (0265) 565103 E-mail : Bayer-Diag-India@Bayer-ag.de	
Collaborators	Bayer Corporation 511, Benedict Avenue, Tarrytown, New York 10591-5097, U.S.A.	
Bankers	Bank of Baroda	
Registrars and Share Transfer Agents	Scrips Financial Services Pvt. Ltd. Satish Chambers, Opp. Railway Police Ground, Near G.P.O., Raopura, Baroda-390 001.	
Solicitors	Crawford Bayley & Co., Mumbai	

Notice

NOTICE is hereby given that the 26th 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 Friday, June 15, 2001 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 December 31, 2000, 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. D. B. Engineer, 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.

As Special Business

- v) To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED THAT subject to the provisions of Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the approval of the Company be and is hereby accorded to the re-appointment of Mr. Praveen Singh as the Managing Director of the Company for a further period of 5 years commencing from January 1, 2001, on the following terms, conditions and remuneration :

- 1) *Salary :*
Rs.80,000 /- per month, beginning 1.1.2001, increments being at the discretion of the Board.
- 2) *Commission :*
50% of the Annual Salary.

3) *Perquisites :*

Perquisites shall be evaluated as per Income Tax Rules as follows :

i) *Housing :*

- a) The expenditure by the Company on hiring unfurnished accommodation for the Managing Director will be restricted to fifty percent of the salary, over and above ten percent payable by the Managing Director.
- b) In case the accommodation is owned by the Company, ten percent of the salary of the Managing Director shall be deducted by the Company.
- c) In case no accommodation is provided by the Company, the Managing Director shall be entitled to House Rent Allowance of fifty percent of the salary.

ii) *Gas, Electricity, Water & Furnishing :*

The expenditure incurred by the Company on Gas, Electricity, Water and Furnishing shall be valued in accordance with the Income Tax Rules, 1962.

iii) *Medical/Accident Benefits & Insurance :*

For self and family in accordance with the rules of the Company.

iv) *Leave Travel Concession :*

For self and family once a year in accordance with the rules of the Company.

For the purpose of iii) & iv) above, family means spouse, dependent children and dependent parents of the Managing Director.

v) *Club Fees :*

Fee of clubs, subject to a maximum of two clubs in accordance with the rules of the Company.

- vi) *Other Benefits :*
Such other benefits and facilities as may be applicable in accordance with the practices and policies of the Company.
- vii) Contribution to Provident fund, Superannuation fund or Annuity fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- viii) *Gratuity :*
As per rules of the Company.
- ix) *Use of Car and Telephone/Fax :*
Provision of Company maintained Car for use on Company's business and telephone/fax at residence will not be considered perquisites.
- x) *Privilege Leave :*
One month Privilege Leave on full pay and allowances for every eleven months service which may be accumulated as per the Rules of the Company.
- xi) *Encashment of Leave :*
Encashment of leave, as per rules of the Company, at the end of the tenure will not be included in the computation of the ceiling on perquisites.
- xii) *Minimum Remuneration :*
Subject to the provisions of Schedule XIII of the Companies Act, 1956, or any amendments thereof, in the event the Company in any financial year has no profits or its profits are inadequate, the above salary, perquisites and commission shall be paid as minimum remuneration to the Managing Director.
- xiii) *Other Terms & Conditions :*
- i) In the event of termination of the appointment by the Company, the appointee shall be entitled to receive compensation in accordance with the provisions of Section 318 of the Companies Act, 1956.
 - ii) In the event of any relaxation made by the Government in the guidelines or ceiling on Managerial Remunerations during the period of this agreement, the remuneration (including "Minimum Remuneration") payable to the Managing Director shall be increased as the Board may deem fit in accordance with the guidelines or ceiling.
 - 4) The Company shall reimburse to the Managing Director entertainment expenses actually and properly incurred on Company's business and such reimbursement shall not form part of the managerial remuneration for the purpose of the Companies Act, 1956.
 - 5) The Managing Director, so long as he functions as such, shall not be paid any sitting fees for attending the meetings of the Board of Directors, or any committee thereof.
 - 6) The Managing Director shall not, so long as he functions as such, become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company in future without the prior approval of the Board of Directors.
- "FURTHER RESOLVED THAT the Board of Directors of the Company be and are hereby authorised to alter or vary the terms and conditions of the said appointment, from time to time in such manner as may be agreed upon between the Company and Mr. Praveen Singh and within the limits prescribed by the Companies Act, 1956 or by the Central Government."

- vi) To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution :

“RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby amended as follows :

- a. The following new Article shall be inserted after the present Article 10 and numbered as Article 10A :

10A. DEMATERIALISATION OF SECURITIES

(A) For the purposes of this Article, unless the context otherwise requires :

Act “Act” means the Companies Act, 1956 including any statutory modification or re-enactment thereof for the time being in force;

Beneficial Owner “Beneficial Owner” means a person whose name is recorded as such with a Depository;

SEBI Board “SEBI Board” means the Securities and Exchange Board of India;

Bye-laws “Bye-laws” means bye-laws made by a Depository under Section 26 of the Depositories Act, 1996;

Depositories Act “Depositories Act” means the Depositories Act, 1996 (22 of 1996) including any statutory modification or re-enactment thereof for the time being in force;

Depository “Depository” means a Company incorporated and registered under the

Companies Act, 1956 (1 of 1956) and which has been granted a Certificate of Registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992);

Record

“Record” includes the records maintained in the form of books or stored in a computer or in such other form or medium as may be determined by regulations made by the SEBI Board;

Regulations

“Regulations” mean the regulations made by the SEBI Board;

Security

“Security” means such security as may be specified by the SEBI Board.

(B) Dematerialisation of Securities

Either on the Company or on the investor exercising an option to hold his securities with a Depository in a dematerialised form, the Company shall enter into an agreement with the Depository to enable the investor to dematerialise the securities, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act.

(C) Option to receive security certificates or hold securities with Depository

Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or hold securities with a Depository. Where a person opts to hold a security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of such information, the Depository shall enter in

its Record the name of the allottee as the Beneficial Owner of such Security.

(D) Securities in Depository to be in Fungible Form

All securities held by a Depository shall be dematerialised and shall be in a fungible form.

Nothing contained in Sections 153, 153A, 153B, 187C and 372A of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owner.

(E) Rights of Depository and Beneficial Owner

- (1) Notwithstanding anything to the contrary contained in the Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the Beneficial Owner.
- (2) Save as otherwise provided in (1) above, the Depository as a registered owner shall not have any voting rights or any other rights in respect of securities held by it.
- (3) Every person holding equity share capital of the Company and whose name is entered as Beneficial Owner in the Records of the Depository shall be deemed to be a member of the Company. The Beneficial Owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of the Securities held by a Depository.

(F) Depository to furnish information

Every Depository shall furnish to the Company information regarding the transfer of Securities in the name of the Beneficial Owners at such intervals and in

such manner as may be specified by the bye-laws and the Company in that behalf.

(G) Option to opt out in respect of any security

If a Beneficial Owner seeks to opt out of a Depository in respect of any Security, the Beneficial Owner shall inform the Depository accordingly.

The Depository shall, on receipt of an intimation as above, make appropriate entries in its Records and shall inform the Company.

The Company shall, within thirty (30) days of the receipt of intimation from the Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the Regulations, issue the certificate of securities to the Beneficial Owner or the transferee, as the case may be.

(H) Section 83 and 108 of the Act not to apply

Notwithstanding anything to the contrary contained in the Articles :

- (1) Section 83 of the Act shall not apply to the shares held with a Depository.
- (2) Section 108 of the Act shall not apply to a transfer of security effected by the transferor and the transferee both of whom are entered as Beneficial Owners in the Records of a Depository.

(I) Service of documents

Notwithstanding anything contained in the Act or these Articles, where securities are held in a Depository, the Records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

(J) Allotment of securities dealt within a Depository

Notwithstanding anything contained in the Act or these Articles where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such Securities.

(K) Distinctive numbers of securities held in a Depository

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to Securities held with a Depository.

(L) Register and Index of Beneficial Owners

The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of Members and Security holders for the purposes of the Act and of these Articles.

b. Article 41 shall commence with the following words :

"In the absence of a nomination recorded in accordance with the Section 109A of the Act, which shall in any event have precedence....." and the first word "The" of the present Article 41 shall be read as "the".

By Order of the Board

March 21, 2001
Mumbai

A. S. Bhatt
*Finance Manager &
Company Secretary*

NOTES :

1. The Share Transfer Books and the Register of Members of the Company will remain closed from June 1, 2001 to June 15, 2001 (both days inclusive).
2. Subject to Section 206A of the Companies Act, 1956, the dividend as recommended by the Board, if approved at the 26th Annual General Meeting, will be paid from June 18, 2001 to those members whose names appear on the Company's Register of Members as on June 15, 2001.
3. Members who have not provided details of their Bankers' name, branch and account number, are requested to send the same latest by June 8, 2001, 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., Satish Chambers, Opp. Railway Police Ground, Near G.P.O., Raopura, Baroda-390 001.**
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. The Company has entered into agreements for seeking connectivity from NSDL & CDSL. Equity Shares of the Company are now available for dematerialisation. Trading of Company's shares has been compulsorily made in dematerialised form for all the investors with effect from May 1, 2001. Physical share transfer activity will be still carried out at M/s. Scrips Financial Services Pvt. Ltd., Baroda.
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.

Annexure to the Notice

Explanatory Statement under Section 173(2) of the Companies Act, 1956.

Item No. v

At the meeting of the Board of Directors held on October 17, 2000, Mr. P. Singh, Managing Director was re-appointed as Managing Director of the Company for a further period of 5 years with effect from January 1, 2001. Mr. P. Singh has been associated with the Company for the last 25 years and has valuable experience in the management of Diagnostics Business. During his last tenure of five years, he has contributed significantly towards the progress and development of the Company. The appointment and the remuneration as detailed in the item v of the resolution are subject to the approval of the members.

This Explanatory Statement together with the Notice should be treated as an abstract under Section 302 of the Companies Act, 1956.

None of the Directors other than Mr. P. Singh is concerned or interested in passing of this resolution.

Item No. vi

- a. With the introduction of the Depositories Act, 1996 and the Depository System, some of the provisions of the Companies Act, 1956 relating to the issue, holding, transfer, transmission of shares and other securities have been amended to facilitate the implementation of the new system. The Depository System of holding securities in an electronic form is a far safer and more convenient method of holding and trading in the securities of a Company. The Company

proposes to join the Depository System so that its securities can be dematerialised. It is, therefore, proposed that the Articles of Association of the Company be suitably amended by inserting Article 10A as set out in the Resolution at item No. vi to enable it to dematerialise its securities and to spell out the rights of the beneficial owner of the securities in such a system.

- b. As per the amended Companies Act, 1956, every shareholder or debenture holder of a Company may at any time nominate in the prescribed manner a person to whom his shares in or debentures of the Company shall vest, in the event of his death. It is, therefore, necessary to amend Article 41 of the Articles of Association as set out in the resolution accordingly.

Your Directors recommend the resolutions as set out in the notice for your approval and acceptance.

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

A copy of the Memorandum and Articles of Association of the Company together with the proposed alterations is available for inspection by the members of the Company at the registered office of the Company between 11.00 a.m. and 1.00 p.m. on any working day of the Company.

By Order of the Board

March 21, 2001
Mumbai

A. S. Bhatt
Finance Manager &
Company Secretary

Directors' Report

The Directors have pleasure in presenting the Twenty Sixth Annual Report of the Company together with the Audited Accounts for the financial year ended December 31, 2000.

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	2000	1999
Sales and Other Income	569579	432447
Gross Profit	87464	64823
Less: Depreciation	10516	4496
Profit Before Tax	76948	60327
Less: Provision for Taxation on income	30000	23500
Profit After Tax	46948	36827
Balance brought forward	14472	9032
Available for Appropriation	61420	45859
Proposed Dividend	11756	10188
Tax on Proposed Dividend	1199	1199
Transfer to General Reserve	30000	20000
Carried Forward	18465	14472
	61420	45859

2. Operations

On a global basis, Bayer Diagnostics faced a challenging time during 2000 and realignment of strategic priorities were initiated to meet future expectations of profits and returns. In India, however, Bayer Diagnostics posted yet another solid performance in 2000.

Sales and Other Income increased by 32% and stood at Rs.5696 lacs for the year ended December 31, 2000. Our Company consolidated the synergies presented by the 1999 integration of the Chiron business and the Critical Care & Lab Testing businesses grew significantly during the year.

Profit Before Tax at Rs.769 lacs and Profit After Tax at Rs.469 lacs grew by 27% each over the previous year.

Earnings Per Share increased to Rs.29.95 from Rs.23.50.

The Company continued to invest in the need based local and international training of employees.

For the fine financial performance and the consistent overall achievement of several other metrics for excellence, the Company was conferred the "Outstanding Performance Award - 2000" by Bayer Diagnostics' top management in USA.

3. Dividend

Your Directors are pleased to recommend a dividend of Rs.7.50/- per Equity Share of Rs.10/- each for the year ended December 31, 2000. The aggregate Equity Dividend amounting to Rs.117.56 lacs, if approved, will be paid to the members on record as of June 15, 2001.

4. Fixed Deposits

Deposits of an aggregate amount of Rs.0.20 lacs which had matured and remained unclaimed as on December 31, 2000. Of these, deposits aggregating Rs.0.10 lacs has been repaid as on the date of this Report.

5. Directors' Responsibility Statement

The Directors confirm that :

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the