



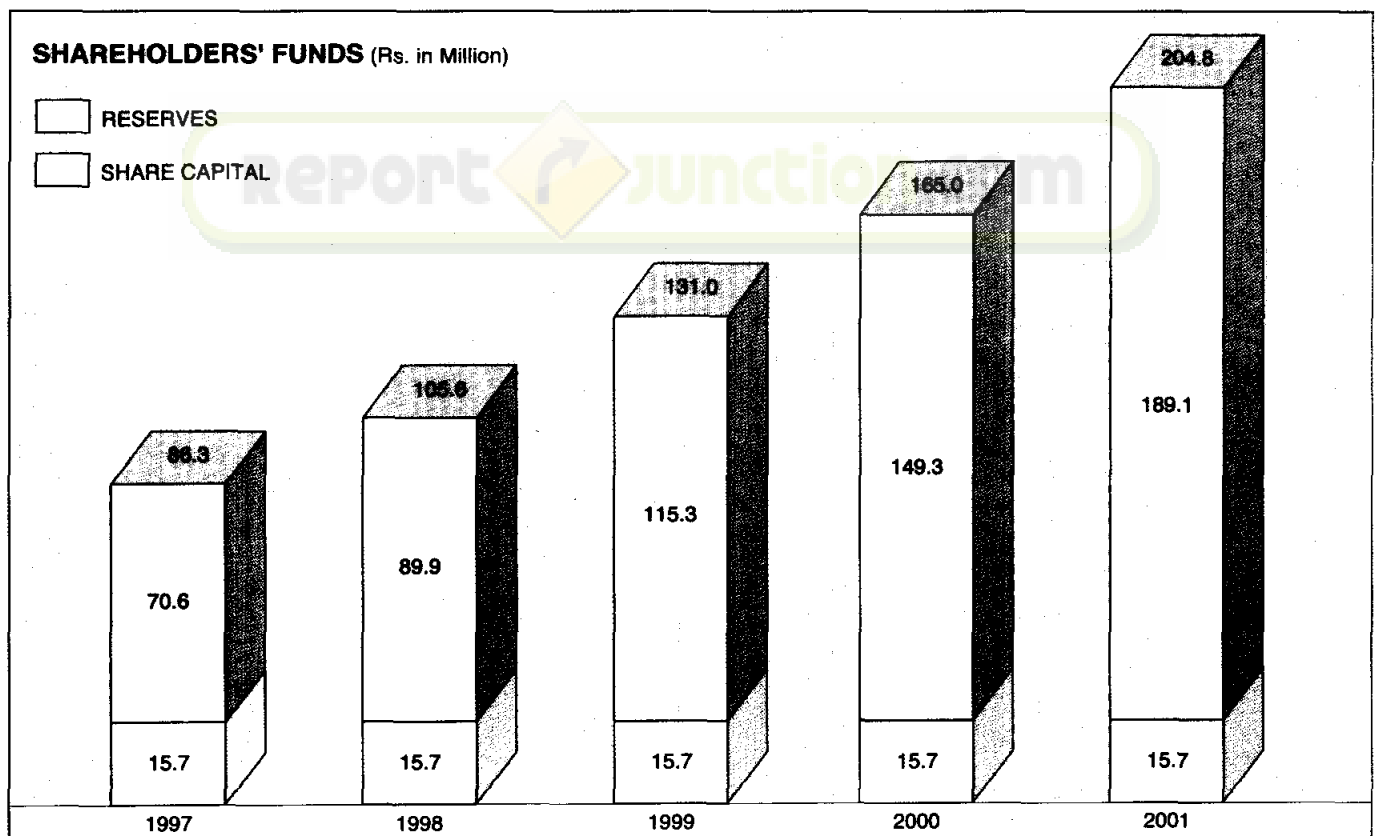
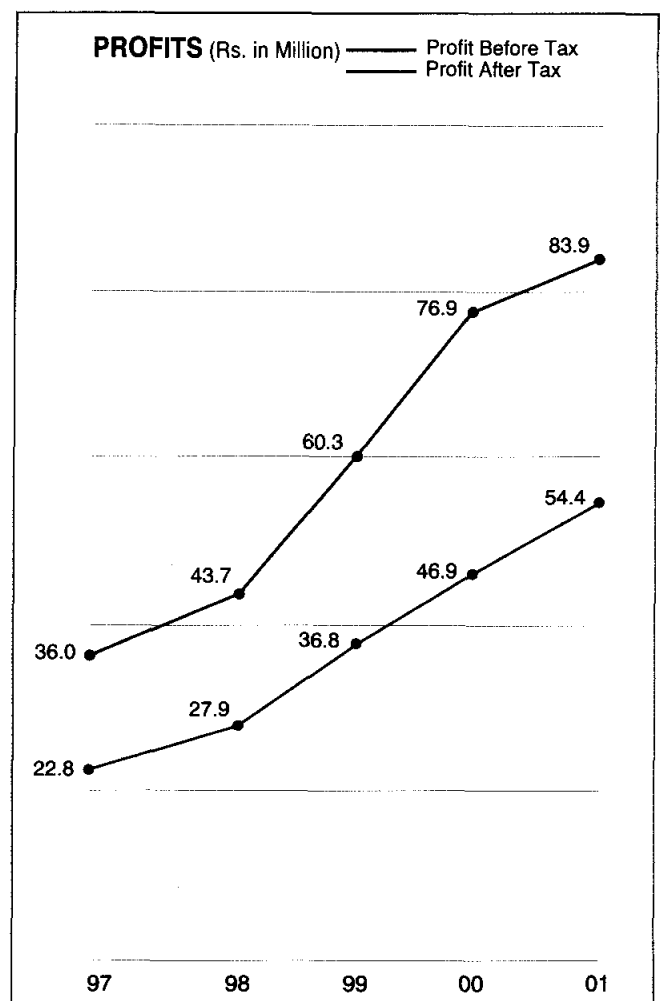
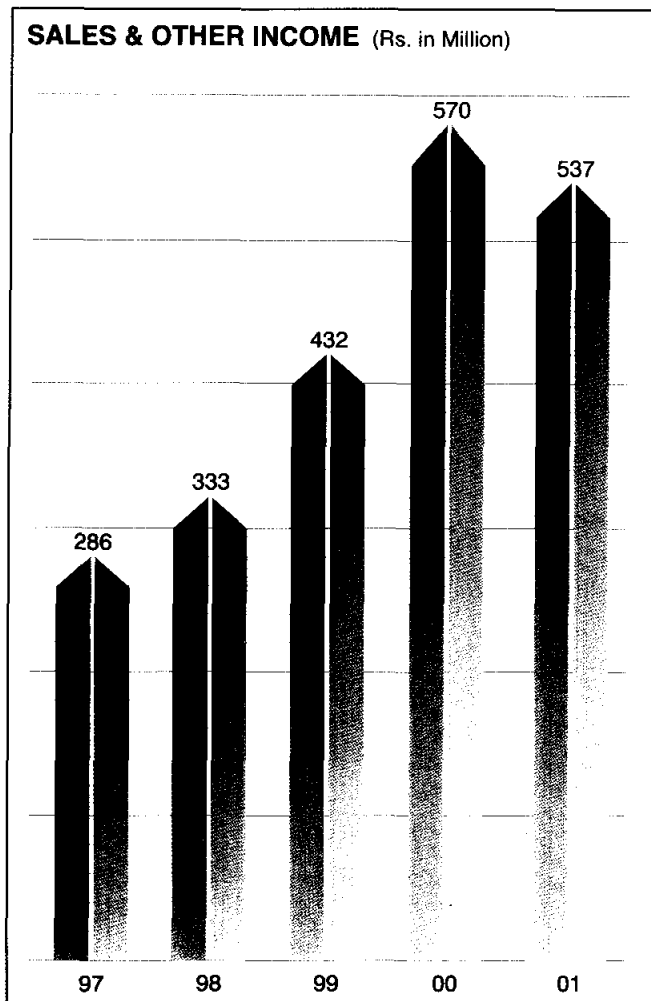
Diagnostics

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Bayer Diagnostics India Ltd.

27th Annual Report

2001



| | | |
|--|--|-------------------------------------|
| 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 27th 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 Tuesday, June 25, 2002 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, 2001, 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. Praveen Singh, who retires by rotation and being eligible, offers himself for re-appointment.
- iv) To appoint Auditors to hold office from conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be decided by the Board of Directors.

As Special Business

- v) 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 3 and numbered as Article 3A under the title "Buy Back of Equity Shares" :

"Buy Back of Equity Shares"

- 3A. Notwithstanding anything contained in Article 3, the Company shall pursuant to Section 77A of the Act have the power to purchase / buy back its own shares and / or other securities, subject to the limits and upon such terms and conditions and subject to such approvals as may be required under the applicable sections of the Act and other provisions, rules, guidelines, regulations and any amendment and modifications thereto.

- b. The following new Article shall be inserted after the present Article 47 and numbered as Article 47A under the title "Equity Share Capital with Differential Rights" :

"Equity Share Capital with Differential Rights"

- 47A. Subject to the provisions of Section 86 of the Act and applicable rules, guidelines and regulations, the Company shall have the power to issue equity shares with differential rights as to dividend, voting or otherwise.

- c. The existing Article No. 57 shall be substituted by the following :

The Board may, from time to time, at its discretion, subject to the provisions of Sections 292 and 293 of the Act, by a resolution passed at a meeting of the Board, accept deposits from members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company. Provided, however, where the moneys to be borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board shall not borrow such moneys without the consent of the Company in General Meeting.

- d. The following new Article shall be inserted after the present Article 76 and numbered as Article 76A under the title "Postal Ballot"

"Postal Ballot"

76A. In the case of resolutions relating to such business as the Central Government may, by notification,

declare to be conducted only by postal ballot, the Company shall get such resolutions passed by means of a postal ballot, instead of transacting such business in the general meeting of the Company. Where the Company is required to, or decides to, as the case may be, get a resolution passed by means of a postal ballot, the provisions of Section 192A of the Act and the rules framed thereunder shall be complied with.

- e. The following new proviso be inserted in Article 142 :

Provided that the Company can also pay the dividend by crediting it directly to the bank account of the shareholders through Electronic Fund Transfer system of the banks or any other mode which, in the opinion of the Board of Directors, is appropriate for payment of dividend to the shareholders.

By Order of the Board

March 28, 2002
Mumbai

A. S. Bhatt
Finance Manager &
Company Secretary

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NOTES :

1. 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.
2. The Share Transfer Books and the Register of Members of the Company will remain closed from June 11, 2002 to June 25, 2002 (both days inclusive).
3. Subject to Section 206A of the Companies Act, 1956, the dividend as recommended by the Board, if approved at the 27th Annual General Meeting, will be paid to those members whose names stand on the Company's Register of Members as on June 25, 2002. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.
4. As members are aware, equity shares of the Company are traded in electronic form for all shareholders. Members who hold equity shares in physical form may dematerialise the same. ISIN allotted to the Company for this purpose is **INE195D01014**.
5. The members are requested to furnish the details of their bank account, as dividend are now required to be distributed through the Electronic Clearing Service (ECS). The details of bank accounts should be furnished to the Company's Registrars and Share Transfer Agent, **M/s. Scrips Financial Services Pvt. Ltd., Satish Chambers, Opp. Railway Police Ground, Near G.P.O., Raopura, Baroda-390 001** on or before June 11, 2002.
6. The equity shares of the Company are listed with The Stock Exchange, Mumbai and Vadodara Stock Exchange Limited, Vadodara. The Company has paid the Listing fees for the year 2002-2003.
7. The Proxy Form duly completed should reach the Company's Registered Office at least 48 hours before the time appointed for the meeting.
8. 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.
9. The members are requested to encash the Dividend Warrants immediately on receipt, as dividends remaining unclaimed for seven years are now required to be transferred to the "Investor Education and Protection Fund" established by the Central Government under the amended provisions of the Companies Act, 1956. Members shall not be able to claim any unpaid dividend from the said fund or the Company thereafter.

Annexure to the Notice

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

Item No. v

The Companies (Amendment) Act, 1999 and 2000 has brought about several changes in the Companies Act, 1956 by inserting provisions, inter alia, relating to buy back of securities, equity share capital with differential voting rights, voting by Postal Ballot etc. Also, the Articles relating to the power of Board to borrow from time to time and payment of dividend through Electronic Clearing Services have been brought in line with the Companies Act, 1956. The consequential changes are proposed to be made in the Article of Association of the Company to ensure conformity with the provisions of the Companies Act, 1956 as amended, rules, guidelines and regulations.

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

None of the Directors are 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 28, 2002
Mumbai

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



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Directors' Report

The Directors have pleasure in presenting the Twenty Seventh Annual Report of the Company together with the Audited Accounts for the year ended December 31, 2001.

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 | 2001 | 2000 |
|--|--------|--------|
| Sales and Other Income | 537025 | 569579 |
| Gross Profit | 93176 | 87464 |
| Less: Depreciation | 9305 | 10516 |
| Profit Before Tax | 83871 | 76948 |
| Less: Provision for Taxation on current income | 29800 | 30000 |
| : Deferred Tax | (341) | — |
| Profit After Tax | 54412 | 46948 |
| Balance brought forward | 18465 | 14472 |
| Available for Appropriation | 72877 | 61420 |
| Proposed Dividend | 11756 | 11756 |
| Tax on Proposed Dividend | — | 1199 |
| Transfer to General Reserve | 40000 | 30000 |
| Carried Forward | 21121 | 18465 |
| | 72877 | 61420 |

2. Operations

The business environment during the year was a challenging one, more so in the latter half. However, in view of the general slowdown of the economy and the healthcare industry, coupled with sharp liquidity constraints in the marketplace, the Company focused on asset management priorities rather than driving turnover growth.

Sales and Other Income at Rs.5370 lacs were 6% below the previous year.

However, Profit Before Tax at Rs.839 lacs and Profit After Tax at Rs.544 lacs grew over the previous year by 9% and 16% respectively.

The improved profits for the year were possible due to cost saving measures wherever possible and by realignment of resource allocations.

Earnings Per Share increased to Rs.34.72 from Rs.29.95.

With increased competition, there are greater pressures on prices and margins. Efforts are under way to redefine strategies amongst the market segment portfolios of the Company.

3. Dividend

Your Directors are pleased to recommend a dividend @ 75% (Rs.7.50/- per Equity Share of Rs.10/- each) for the year ended December 31, 2001, subject to approval of shareholders at the ensuing Annual General Meeting.

4. Fixed Deposits

Deposits of an aggregate amount of Rs.0.18 lacs which had matured and remained unclaimed as on December 31, 2001 and are unclaimed as on date.

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 Company as on December 31, 2001 and of the profit of the Company for that period;
- proper and sufficient care has been taken for the maintenance of adequate accounting

records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- iv) the annual accounts are prepared on a going concern basis.

6. Directors

Mr. Praveen Singh retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

7. Auditors

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

8. 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, 2001 has been provided.

9. 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 year ended December 31, 2001 is set out herein below :

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 28, 2002
Mumbai

D. Kambeck
Chairman

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 |
|--|-----------------------------------|---------------------------------|---|-----------------------|----------------|---|
| Employed throughout the year ended December 31, 2001 and in receipt of remuneration aggregating not less than Rs. 12,00,000/- | | | | | | |
| P. Singh | Managing Director | 28,00,878/- | B.Com. (26) | 01.01.1996 | 46 | 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 fund, 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 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, 2001.

I. Conservation of Energy

- (i) Saving of energy in terms of electricity consumption is our prime concern and have achieved Power Factor upto 0.99. Received rebate of Rs.58,825 from Gujarat Electricity Board. Well planned Preventive Maintenance has improved our operational efficiency.
- (ii) Water and air pollution control measures are optimum and industrial trade effluents are used for gardening after adjusting the pH. Tree plantation at the factory site is maintained properly.

(iii) (A) Power and Fuel Consumption

| | 2001 | 2000 |
|--|---------|---------|
| 1. Electricity | | |
| a. Purchased Unit | 315203 | 353056 |
| Total Amount (Rs.) | 1741560 | 2027567 |
| Rate/Unit (Rs.) | 5.53 | 5.29 |
| b. Own Generation | | |
| i) Through D.G. Unit | 22800 | 5474 |
| Unit generated per litre of diesel oil | 2.73 | 1.84 |
| Cost/Unit (Rs.) | 5.69 | 8.44 |
| ii) Through Steam/Turbine Generator | N.A. | N.A. |
| 2. Coal | N.A. | N.A. |
| 3. Furnace Oil | | |
| Quantity (Litres) | 16644 | 21387 |
| Total Amount (Rs.) | 256650 | 287402 |
| Average Rate (Rs.) | 15.42 | 13.43 |
| 4. Others/Internal Generation | N.A. | N.A. |

(B) Consumption per Unit of Production

| | |
|--|-----------------------|
| Product (Reagent Strips, Kits and Instruments) | |
| Electricity | Cannot be ascertained |
| Furnace Oil | Cannot be ascertained |
| Coal | N.A. |
| Others | N.A. |

II. Technology Absorption and Research and Development

(i) Main areas of emphasis include :

- Performance improvement of the products.
- Design alignment as per customer needs and expectations in existing products.
- Development and adoption of technologies useful to local customers.
- Development and improvement in performance of clinical laboratory analyzers.
- Upgradation of manufacturing facilities for higher throughput with best of accuracy and perfection in the industry.

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

| | |
|--|-------|
| a) Capital | — |
| b) Recurring | 9.64 |
| c) Total | 9.64 |
| d) Total R&D expenditure as a Percentage of turnover | 0.18% |

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

III. Foreign Exchange Earnings and Outgo

- Foreign Exchange earnings through exports and commission aggregated to Rs.542.09 lacs against outgo of Rs.2550.05 lacs, particulars of which are given in Schedule 16 of the Accounts.