

# Bayer ABS Limited



MD		DKC	✓
CS		DPY	ND
RO		DIV	✓
TRA	✓	AC	✓
ACM	✓	SHI	✓
YE	✓		

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24th Annual Report

**96-97**



# Bayer ABS Limited



Secretarial Department :  
7th Floor, Kirti Towers,  
Tilak Road,  
Baroda 390 001.

**PLEASE READ THE FOLLOWING VERY CAREFULLY AND ACT AS ADVISED**

**Sub : EXCHANGE OF SHARE CERTIFICATES WITH NEW COMPANY NAME**

DEAR SHAREHOLDERS,

Consequent upon M/s. Bayer Industries Ltd. acquiring 51% Equity Shares in the Company, effective 1st July 1997 the Company has changed its name to Bayer ABS Ltd. In order to reflect the change the board of directors of the Company have decided to replace the old share certificates by new certificates incorporating the new name and design.

You are requested to take action(s) after 15.12.1997 at your end as explained hereinafter :

1. Please send all the share certificates held by you alongwith details of address change if any, under registered post to the Share Dept. only, at 7th Floor, Kirti Towers, Tilak Road, Baroda 390 001. Do not send the certificates at any other offices of the Company.
2. The share certificates for exchange in person by hand delivery should be lodged on/after 30.12.1997 at the Share Dept. during 10.00 a.m. to 12.30 p.m. and 2.00 p.m. to 3.30 p.m. The Person collecting the certificates must have the due authority to take the certificates.
3. Those Shareholders who have sold their shares in part or full should immediately get in touch with the broker or the purchaser as the case may be, to inform and deal with the new certificates after seeking exchange from the Company.

The despatch of new certificates against old certificates submitted will commence from the last week of December, 1997 by registered post at the address recorded with the Company.

It is in the interest of Shareholder(s)/Investor(s) that they take extra care in completing the above requested transaction in view of the prevailing circumstances in which certificates falling in unwanted hands can create serious complications for both the Company and the Shareholder(s)/Investor(s).

We assure the Shareholders/Investors of our best of services at all times. In case you have any queries in respect of your share account, please write to us immediately.

With Season's Greetings

For Bayer ABS Ltd.

S. M. Vaishnav  
Company Secretary



# Bayer ABS Limited

## Board of Directors

Dr. Alan McGilvray — Chairman  
 Dr. Klaus Seeger — Vice Chairman  
 Mr. Ludolf Von Koenig  
 Dr. Gottfried Zaby  
 Mr. Hans-Jorg Krell  
 Mr. R. S. Agrawal — Managing Director  
 Mr. R. Sethuraman  
 Mr. U. C. Saksena  
 Mr. S. A. Kerkar  
 Mr. John Walker — Alternate to Dr. K. Seeger  
 Mr. K. B. Mistry — Alternate to Mr. Krell  
 Mr. M. J. Joshi — Alternate to Mr. Ludolf Von Koenig

## Company Secretary

Mr. S. M. Vaishnav

## Auditors

M/s. Arvind A. Thakkar & Co, Ahmedabad

## Bankers

Bank of Baroda  
 State Bank of India  
 ICICI Banking Corporation Ltd.

## Registered Office & Works

51, GIDC Industrial Estate, Nandesari 391 340  
 Dist. Baroda Phones : 840319, 840285, 840559 Fax : (0265) 840827

## Katol Plant

Katol, Halol-Katol Road, Taluka Kalol, Dist. Panchmahal, Gujarat  
 Phones : 35980, 35891, 35803  
 Fax : 02676 - 35518 Cable : ABSOLITE

## Corporate Office

11th Floor, Kirti Towers, Tilak Road, Baroda 390 001  
 Phones : 422678, 427719, 427720, 427721 Telex : 0175-6595 ABS IN  
 Fax : 0265-422315, 424050, 424060 Cable : PLASTABS

## Delhi Office

8-A, Gopala Tower, 25-Rajendra Place, New Delhi 110 008  
 Phones : 5712605, 5729515, 5712727 Telex : 031-77028 ABS IN  
 Fax : 011-5737919 Cable : ABSOLITE

## Mumbai Office

Ground Floor, Bayer House, Central Avenue,  
 Hiranandani Garden, Powai, Mumbai - 400 076  
 Phones : 5792192-93-94 Fax : 022-5792195

## Bangalore Office

Unit 4 & 5, 2nd Floor, Ramanashree Arcade No. 18,  
 M. G. Road, Bangalore 560 001  
 Phone : 5596516 Fax : 080-5580508 Telex : 0845-8750 ABS IN

## Ahmedabad Office

404-Satkar, Nr. Swagat Char Rasta, C.G. Road,  
 Ellisbridge, Ahmedabad 380 006  
 Phones : 466877, 466878, 460861

## R & D Centre (Moxi)

Sankarda-Bhadarva Road, Post : Poicha - 391 350 Tal. : Savli, Dist : Baroda  
 Phones : 44350, 44370, 44380 Fax : 02776 - 44340

Members are requested to direct all correspondence relating to share matters to the Company's Share Department, 7th Floor, Kirti Towers, Tilak Road, Baroda 390 001.

Members are requested to bring their copies of the Annual Report to the Annual General Meeting.

## NOTICE

**NOTICE** IS HEREBY GIVEN THAT THE 24TH ANNUAL GENERAL MEETING OF THE MEMBERS OF THE COMPANY WILL BE HELD AT THE REGISTERED OFFICE OF THE COMPANY AT 51, GIDC INDUSTRIAL ESTATE, NANDESARI, DIST BARODA, ON FRIDAY THE 12TH DECEMBER 1997, AT 12.00 NOON TO TRANSACT THE FOLLOWING BUSINESS :

### ORDINARY BUSINESS

- 1 TO RECEIVE, CONSIDER AND ADOPT THE PROFIT & LOSS ACCOUNT FOR THE FINANCIAL YEAR ENDED 30th JUNE, 1997, THE BALANCE SHEET AS AT THAT DATE AND THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON,
2. TO APPOINT A DIRECTOR IN PLACE OF SHRI R SETHURAMAN WHO RETIRES BY ROTATION, BEING ELIGIBLE HAS OFFERED HIMSELF FOR REAPPOINTMENT,
- 3 TO DECLARE A DIVIDEND, IF ANY,
4. TO APPOINT M/S N. M. RAIJI & CO., CHARTERED ACCOUNTANTS, MUMBAI, AS AUDITORS OF THE COMPANY.

### SPECIAL BUSINESS

- 5 TO CONSIDER AND IF THOUGHT FIT TO PASS WITH OR WITHOUT MODIFICATION THE FOLLOWING RESOLUTION AS ORDINARY RESOLUTION :

"RESOLVED THAT Dr. Alan McGilvray who was appointed as an additional director of the company and in respect of whom notice under sec. 257 of the Companies Act, 1956, has been received from some members signifying their intention to propose Dr. Alan McGilvray as candidate for the office of director of the company be and is hereby appointed as director of the company."

- 6 TO CONSIDER AND IF THOUGHT FIT TO PASS WITH OR WITHOUT MODIFICATION THE FOLLOWING RESOLUTION AS ORDINARY RESOLUTION :

"RESOLVED THAT Dr. Klaus Seeger who was appointed as an additional director of the company and in respect of whom notice under sec. 257 of the Companies Act, 1956, has been received from some members signifying their intention to propose Dr. Klaus Seeger as candidate for the office of director of the company be and is hereby appointed as director of the company."

- 7 TO CONSIDER AND IF THOUGHT FIT TO PASS WITH OR WITHOUT MODIFICATION THE FOLLOWING RESOLUTION AS ORDINARY RESOLUTION :

"RESOLVED THAT Mr. Ludolf Von Koenig who was appointed as an additional director of the company and in respect of whom notice under sec.257 of the Companies Act, 1956, has been received from some members signifying their intention to propose Mr. Ludolf Von Koenig as candidate for the office of director of the company be and is hereby appointed as director of the company."

- 8 TO CONSIDER AND IF THOUGHT FIT TO PASS WITH OR WITHOUT MODIFICATION THE FOLLOWING RESOLUTION AS ORDINARY RESOLUTION :

"RESOLVED THAT Dr. Gottfried Zaby who was appointed as an additional director of the company and in respect of whom notice under sec.257 of the Companies Act, 1956, has been received from some members signifying their intention to propose Dr. Gottfried Zaby as candidate for the office of director of the company be and is hereby appointed as director of the company."

- 9 TO CONSIDER AND IF THOUGHT FIT TO PASS WITH OR WITHOUT MODIFICATION THE FOLLOWING RESOLUTION AS ORDINARY RESOLUTION :

"RESOLVED THAT Mr. Hans Jorg Krell who was appointed as an additional director of the company and in respect of whom notice under sec.257 of the Companies Act, 1956, has been received from some members signifying their intention to propose Mr. Hans Jorg Krell as candidate for the office of director of the company be and is hereby appointed as director of the company."

REGD OFFICE :

51, GIDC INDUSTRIAL ESTATE  
NANDESARI 391 340  
DIST BARODA  
DATE : 26TH SEPTEMBER 1997

BY ORDER OF THE BOARD

S. M. VAISHNAV  
COMPANY SECRETARY

**NOTES**

- 1 A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- 2 The Proxy in order to be effective must be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.
- 3 The relevant explanatory statement pursuant to section 173 (2) of the Companies Act, 1956, in respect of item no 5 to 9 is annexed.
- 4 The Share Transfer Books and Register Of Members of the Company will remain closed from 20.11.1997 to 12.12.1997 (both days inclusive).
- 5 Members are requested to notify immediately the change of address, if any, to the company at its Registered/Corporate Office.
- 6 Dividend in respect of equity shares of the company for the year 1996-97 when declared will be made payable to those members whose names stand on the Company's Register of members as on 12th December 1997.

**EXPLANATORY STATEMENT TO THE SPECIAL BUSINESS U/S 173(2) OF THE COMPANIES ACT 1956.****ITEM NO 5 TO 9**

Bayer Industries Limited acquired 50.97% equity shares of your company in February, 1997. Consequent to reconstitution of the board of directors the additional directors were appointed being nominees from Bayer.

Pursuant to proviso of sec 257 of the Companies Act, 1956 the Notice in each case has been received. The Management recommends the same for consideration.

Dr. A.P. McGilvray, Dr. K. Seeger, Mr. L. Von Koenig, Mr. H.J. Krell and Dr. G. Zaby being nominees of Bayer Industries Limited, may be deemed to be interested in the passing of the respective resolution.

## Bayer ABS Limited



## DIRECTORS' REPORT

Dear Members,

## 1 Financial Results

	Rupees in Lacs	
	1996-97	1995-96
Turnover	11375.61	12663.50
PBIDT	2149.47	3359.14
Less : Interest	1154.42	881.52
Net Cash Accruals	995.05	2477.62
Less Depreciation	689.26	514.92
PBT	305.79	1962.70
Provision for Tax	NIL	NIL
Net Profit	305.79	1962.70
Add : Balance brought from Previous year	631.18	519.74
 Amount available for Appropriation	 936.97	 2482.44
 <b>Appropriations :</b>		
Proposed Dividend	141.26	351.26
Tax on Dividend	14.13	—
Transfer to General Reserve	—	1500.00
Balance carried to Balance Sheet	781.58	631.18

During the year M/s. Bayer Industries Ltd. (BID), a 100% subsidiary of Bayer AG Germany, acquired 50.97% Equity Shares, by way of preferential issue of shares and acquisition of existing shares through the open offer. Thus, our Company has become subsidiary of Bayer Industries Ltd.

## 2 Operations

During the second half of financial year, the operations of the Company suffered badly because of heavy price reduction from far-east producers and drop in the anticipated growth in the User Industries viz. Automobiles, Consumer Durables. Sales volumes and the price realisation, both suffered substantially without corresponding decrease in the price of raw materials. An increase in the cost of power and fuel added further cost. Consequently, the margins have come under pressure.

The programme of expanding capacity, setting up R & D and Product Application centre and additional Wind Turbines installations has been carried out whose advantages could not be reflected in the year.

The interest liability due to capital investment as above also increased.

Conditions even after June have not improved very much. It is expected that there should be a better growth during the year starting from October in the consumer durables and automobiles industries with the beginning of festive season.

The Reserve Bank of India Survey indicates a possibility of 7% growth in GDP which is translated into a growth of 20-25% in the consumer durables. With such growth in this sector and in the automobile sector and with the growth in telecommunication system, your Directors are very optimistic about the future of the Company.



The Company is implementing its capacity augmentation, inducting new Bayer technologies, thereby upgrading your Company's products to the international standards and reduction of cost.

Your Company has started marketing Bayer's other engineering thermoplastics like polycarbonate which have good demand in the country. The indenting business is likely to grow substantially during the coming years and is expected to contribute to the bottom line in the coming years.

### 3 Financial Year

The financial year shall hereinafter end on every 31st December, hence next financial year will be for a period from 1st July, 1997 to 31st December, 1997, comprising of six months.

### 4 Environment and Safety

Your Company is fully committed to maintain the standards for environment protection. The Board is aware that social responsibility by a corporate body can never be undermined and the Company is determined to equip itself to meet the changing needs of the times.

In August 1996, the Gujarat High Court on its own motion had initiated show cause action in respect of plant effluent causing pollution. The plant was closed for about ten days due to the high court order against which an appeal has been filed in the Supreme Court. The appeal was upheld staying the Gujarat High Court order. The Company is running to its full slated capacity.

The Company has taken necessary measures including those recommended by the Appointed Expert's Committee to look into various pollution and environment related aspects. Adequate Effluent Treatment Plant is functioning meeting the standards laid down by the Gujarat Pollution Control Board (GPCB). The management reiterates its commitment towards safety, pollution and environment related matters.

### 5 Dividend

In view of the considerable reduction in profit and to conserve the resources, your Directors have proposed a Dividend @10%, i. e. Rs. 1 per Share (Last year 30% i.e. Rs. 3 per share). The equity shares issued against preferential offer shall be paid dividend on pro rata basis.

### 6 Exports

During the year the Company has exported goods valued at FOB mainly to Russia and Iran amounting to Rs. 720 Lacs.

### 7 Public Deposits

The Company does not accept fixed deposits from the public.

### 8 Human Resources

The Management - Employee relations continue to be cordial during the year.

### 9 Directors

Your Directors regret to take note of the sad demise of Mr. J. J. Mehta, Our Ex - Chairman/Director whose long association almost from inception of the Company has left an indelible impression. The Company and the Board of Directors acknowledge the sterling contributions made by Late Mr. Mehta during the period.

Mr. M. D. Rajpal and Mr. Vijay Ranchan, Directors have resigned from the Board effective 24th February 1997. The Board of Directors note the significant contribution made by them during the Company's consolidation period.

Mr. R. Sethuraman, who retires by rotation but being eligible has offered himself for reappointment. The Board recommends the resolution for approval of the shareholders.

# Bayer ABS Limited



Consequent upon Bayer Industries Ltd. acquiring 51% Equity Shares, Bayer have nominated five Directors, who have been appointed on 25th February, 1997. A letter from Bayer Industries Ltd. has been received U/S 257 renominating all the five Directors, Dr. A. P. McGilvray, Dr. G. Zaby, Mr. K. Seeger, Mr. H. J. Krell, Mr. L. Von Koenig, each of them have been separately proposed for reappointment in the notice for the meeting sent alongwith.

## 10 Particulars of Employees

A statement showing particulars of employees as required U/S 217 (2A) of the Companies Act, 1956 appears in Annex A, forming part of this report.

## 11 Consumption of Energy, Technology Absorption and Foreign Exchange Earnings and Out-go

The information required under Section 217 (1) (e) of Companies Act, 1956 read with the Companies (Disclosure of Particulars in respect of Report of Board of Directors) Rules, 1988 with respect to these matters form part of this report and is annexed hereto.

## 12 Auditors

M/s. Arvind A. Thakkar & Co, Auditors of the Company retiring at the ensuing Annual General Meeting have given their consent under the Companies Act, 1956. In view of their retirement, the Board recommends proposal to appoint new auditors.

M/s. N. M. Raiji & Co, Chartered Accountants, Mumbai, are being proposed as statutory auditors from the conclusion of the Proposed Annual General Meeting to the Next Annual General Meeting for the six month period ending 31st December 1997.

## 13 Acknowledgments

The Directors wish to place on record appreciation of the services of all the stakeholders, employees and thank for their support.

For and on behalf of the Board

Mumbai

Dated : 26th September, 1997

Dr. Alan McGilvray  
Chairman