

Bayer ABS Limited



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26th Annual Report

January-December 1998





Bayer ABS Limited

Bayer ABS Limited



<b>Board of Directors</b>	Dr. Alan McGilvray - Chairman Dr. Tony Osselaer - 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. R. Chougule Mr. John Walker - Alternate to Dr. Tony Osselaer Mr. K. B. Mistry- Alternate to Mr. Hans Jorg Krell
<b>Company Secretary</b>	Mr. S. M. Vaishnav
<b>Auditors</b>	M/s. N. M. Raiji & Co., Mumbai
<b>Bankers</b>	Bank of Baroda State Bank of India ICICI Banking Corporation Ltd.
<b>Registered Office &amp; Works</b>	51, GIDC Industrial Estate, Nandesari 391 340, Dist. Baroda Phones : 840319, 840285, 840559, 840998 Fax : (0265) 840827
<b>Katol Plant</b>	Katol, Halol-Kalol Road, Taluka Kalol, Dist. Panchmahal, Gujarat Phones : 35980, 35891, 35803 Fax : 02676 - 35518 Cable : ABSOLITE
<b>Corporate Office</b>	ABS Towers, Old Padra Road, Vadodara 390 007 Phones : 355861-63, 355871-73. Fax : 0265-355860, 355960
<b>Delhi Office</b>	8-A, Gopala Tower, 25-Rajendra Place, New Delhi 110 008 Phones : 5712650, 5729515, 5712727 Telex : 031-77028 ABS IN Fax : 011-5756494 Cable : ABSOLITE
<b>Mumbai Office</b>	Ground Floor, Bayer House, Central Avenue, Hiranandani Garden, Powai, Mumbai 400 076 Phones : 5792192-94 Fax : 022-5792195
<b>Bangalore Office</b>	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
<b>Ahmedabad Office</b>	404, Satkar, Nr. Swagat Char Rasta, C. G. Rd., Ellisbridge, Ahmedabad 380 006 Phones : 6446877-78, 6442013
<b>R &amp; D Centre (Moxi)</b>	Sankarda-Bhadarva Road, Post : Poicha 391 350, Tal.: Savli, Dist.: Vadodara Phones : 44350, 44370, 44380 Fax : 02776 - 44340

Members are requested to direct all correspondence relating to share matters to the Company's Share Department at 6th Floor, ABS Towers, Old Padra Road, Vadodara 390 007. Members are requested to bring their copies of the Annual Report at the Annual General Meeting.

**Shareholders who have still not exchanged their old share certificates should please send their old certificates at the above Corporate Office address and obtain delivery of new certificates against submission of old certificates.**





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**NOTICE**

**NOTICE IS HEREBY GIVEN THAT THE 26TH 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. VADODARA, ON FRIDAY THE 25TH JUNE 1999, AT 11.00 A.M., TO TRANSACT THE FOLLOWING BUSINESS :**

**(A) ORDINARY BUSINESS**

1. To receive, consider and adopt the Profit & Loss Account for the Financial Year ended 31st December, 1998, the Balance Sheet as at that date and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Dr. Gottfried Zaby who retires by rotation, being eligible has offered himself for reappointment.
3. To appoint a Director in place of Mr. Hans Jorg Krell who retires by rotation, being eligible has offered himself for reappointment.
4. To declare a dividend, if any.
5. To appoint M/s. N. M. Raiji & Co., Chartered Accountants, Mumbai, as Auditors of the Company.

**(B) SPECIAL BUSINESS**

5. To consider and if though fit, to pass with or without modification, the following resolution as an ordinary resolution:

"Resolved that pursuant to the provision of sections 269, 198, 309 & 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and in accordance with the Memorandum & Articles of Association of the Company, consent of members, of the Company, be and is hereby accorded to the reappointment of Shri. R. S. Agrawal as a Managing Director, for a further period of five years, commencing from 07-12-1998 to 06-12-2003 (both days inclusive) on such terms & conditions as set out in the draft agreement a copy of which was placed before the Board and initialled by the Chairman for the purpose of identification on major terms & conditions as follows :

I) **SALARY** : A salary of Rs. 50,000 /- per month.

II) **PERQUISITES** :

In addition to salary, perquisites in respect of the following will be allowed to the Managing Director upto an amount equal to the annual salary or Rs. 4,50,000 /- per annum, whichever is less.

- 1) **HOUSING**  
The Managing Director shall be entitled to House Rent Allowance upto 60% of salary. Gas, electricity, water and furnishings to be borne by the Company, subject to 10% of the salary.
- 2) **MEDICAL REIMBURSEMENT**  
Reimbursement of expenses incurred for treatment for self and family, subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- 3) **LEAVE TRAVEL CONCESSION**  
Leave Travel Concession for self and family once in a year incurred in accordance with the rules of the Company.
- 4) **CLUB FEES**  
Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.





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## 5) PERSONAL ACCIDENT INSURANCE

Premium not to exceed Rs. 4,000/- per annum.

## 6) CONTRIBUTION TO PROVIDENT AND OTHER FUNDS

The Company's contributions to Provident Fund, Superannuation Fund or Annuity Fund to the extent not taxable under the Income tax Act and as may be applicable under other laws.

## 7) GRATUITY

Gratuity payable should not exceed half month's salary for each completed year of service.

## 8) LEAVE ENCASHMENT

Encashment of leave at the end of the tenure as per the rules of the Company.

## 9) CAR

Provision of a car with driver for use on Company's business and telephone at residence will be provided. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.

The Managing Director shall be entitled to the aforesaid salary and perquisites, notwithstanding no profits or inadequate profits in any financial year during his tenure.

## III) COMMISSION

Commission in addition to salary and perquisites or both based on the net profits of the Company in a particular year, subject to the overall ceilings laid down in Section 198 and 309 of the Companies Act, 1956.

"Resolved further that the Board of Directors has liberty to alter and vary the same within the limits specified in Schedule XIII of the Companies Act, 1956, as existing or as modified or reenacted in any manner from time to time by the Govt. of India and as may be agreed to between the Board of Directors and Mr. R. S. Agrawal.

Further resolved that the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary, to give effect to this resolution."

## 6. To consider and, if thought fit, to pass with or without modification, the following resolution as special resolution :

"Resolved that the Registered Office of the Company is shifted w.e.f. 1st July 1999 from 51, GIDC Industrial Estate, Nandesari, Dist. : VADODARA to ABS Towers, Old Padra Road, Vadodara."

BY ORDER OF THE BOARD

REGD OFFICE :

51, GIDC INDUSTRIAL ESTATE

NANDESARI 391 340 DIST. BARODA

DATE : 26th February, 1999.

S M VAISHNAV

COMPANY SECRETARY & DGM (LEGAL)





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## EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956, SETTING OUT THE MATERIAL FACTS RELATING TO BUSINESS UNDER ITEM NOS. 5 TO 6 AS SET OUT IN THE NOTICE

### ITEM NO : 5

The shareholders at their 20th Annual General Meeting of the Company held on 30th December, 1993 had approved appointment of Shri. R.S. Agrawal as Managing Director of the Company for a period of 5 years with effect from 7-12-93. The said period of appointment expired on 6-12-98. In order to continue to avail of the benefits of services of Shri. R. S. Agrawal, the Board of Directors of the Company at their Meeting held on 16th October 1998 has reappointed him for a further period of five years with effect from 7-12-98 to 6-12-2003 (both days inclusive) subject to the approval of the shareholders in the General Meeting on the terms & conditions as set out in the notice.

The Company has entered into an agreement with Mr. R. S. Agrawal inter alia detailing the terms and conditions of appointment, powers, duties and remuneration payable to him. An extract as a disclosure required U/Sec 302 of the Companies Act, 1956 has already been circulated to the shareholders. The minimum remuneration payable to the MD in absence of adequate profit as explained in Para II above may be deemed to be an extract under Section 302 of the Act. None of the directors, except Mr. R. S. Agrawal, are interested or concerned in the said resolution.

Your Directors recommend the resolution as set out in Item No. 5 of the notice for your approval.

Agreement relating to appointment of Managing Director is open for inspection on any working day between 11.00 a.m. to 1.00 p.m. at the Registered Office of the Company.

### ITEM NO : 6

The Corporate Office has been shifted to our own spacious modern office premises at ABS Towers, Old Padra Road, Vadodara. In view of the long time desire of the shareholders to have the Registered Office in the city, the Board of Directors recommend the resolution proposing shifting of the Registered Office. None of Directors are interested or concerned in the said resolution.

### 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 Share Transfer Books and Register of Members of the Company will remain closed from 21-06-1999 to 25-06-1999 (both days inclusive).
4. Members are requested to notify immediately the change of address, if any, to the Company at its Registered/Corporate Office.
5. Members may note that the Company's Securities are listed on the following Stock Exchanges and the Company has paid the listing fees to all the Stock Exchanges in time and has never defaulted in the payment of listing fees in past :
  - (1) Vadodara Stock Exchange Limited, 3rd Floor, Fortune Tower, Dalal Street, Sayajigunj, Vadodara - 390 005
  - (2) The Stock Exchange, Ahmedabad, Kamdhenu Complex, Opp. Sahajanand College, Near Panjrapole, Ahmedabad - 380 015
  - (3) The National Stock Exchange of India Limited, Trade World, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013
  - (4) The Stock Exchange, Mumbai, 25th Floor, Sir P J Towers, Dalal Street, Mumbai - 400 001





## DIRECTORS' REPORT

Dear Members,

### 1. Accounting Period

The Annual Report presented herewith includes the Directors' Report and Annual Accounts for the period from 1st January, 1998 to 31st December, 1998. The corresponding figures for the accounting period are of six months hence are not exactly comparable.

### 2. Financial Results

(Rupees in Lacs)

1998 July-Dec 97

Turnover	14769.93	6115.38
PBIDT	2124.84	124.15
Less : Interest	960.60	431.02
Net Cash Accruals	1164.24	(306.87)
Less : Depreciation	763.20	380.06
PBT	401.04	(686.93)
Provision for Tax	48.06	Nil
Net Profit	352.98	(686.93)

Add : Balance brought from Previous Year	94.65	781.58
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Amount Available for Appropriation	447.63	94.65
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#### APPROPRIATIONS :

Proposed Dividend	175.86	-
Tax on Dividend	17.59	-
Transfer to General Reserve	-	-
Balance Carried to Balance Sheet	254.18	94.65

### 3. Operations

When compared to prevalent macro economic scenario, your Company has fared generally better, particularly in the last quarter of the year attaining the targeted sales thereby improving the bottomline. Though growth in the user industries particularly in Automobiles and Consumer Durables have been less than anticipated, your Company could outperform the industry by adopting innovative strategies.

The total sales amounted to Rs.1448 million. The indenting business generated sales amounting to Rs.182 million.

During the year, major improvements in process technology have been undertaken, having direct bearing on cost reduction. During the current year, our capacity will increase to over 50,000 MTS.

The Board of Directors are pleased to inform that the R&D facilities at Moxi (near Baroda) are being developed at par with Bayer's world wide standards and major thrust of improvement activities are being planned during the current year. It is expected that there will be improvement in the quality of products & processes.

### 4. Environment and Safety

The Company continues to take adequate measures to ensure total compliance in respect of pollution prevention, environment and safety in and around the plants' surroundings. The necessary steps are being taken to prevent any untoward environment, safety or pollution hazards by continuous process improvement, training of employees and internal checks. The statutory approvals are being monitored regularly.





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**5. Dividend**

Your Directors have pleasure in recommending a dividend @ 10% (Rs. 1/- per share) subject to shareholders' approval at the ensuing Annual General Meeting (AGM). A separate resolution forms part of notice circulated alongwith.

**6. New Corporate Office and Shifting of Registered Office**

The Vadodara based Corporate Office has been moved to new own spacious modern office at ABS Towers, Old Padra Road, Vadodara.

A separate resolution proposed seeks shareholders' approval in shifting the Registered Office from present Nandesari Plant location to the new Corporate Office address.

Shareholders and the investors are requested to note the new address and send all the mail and communications to the Corporate Office address for quicker and faster response.

**7. Public Deposits**

The Company does not accept Fixed Deposits from the public.

**8. Human Resource**

Human resource at all the centres of activities continued to be cordial and stood to the testing times of economic stagnation with patience and fortitude.

**9. Directors**

Mr. R. S. Agrawal has been reappointed as Managing Director with effect from 7th December, 1998 for a further period of five (5) years. A detailed resolution has been proposed for consideration of the shareholders' approval which interalia authorises the Board of Directors to decide on remuneration, powers to be exercised and other terms of appointment.

During the year ICICI has replaced it's Nominee Director and has nominated Mr. S. R. Chougule, as a Director, in place of Mr. S. A. Kerkar.

Dr. G. Zaby and Mr. H. J. Krell, present Bayer Nominee Directors, are retiring by rotation but being eligible have been proposed to be considered for reappointment. A nomination letter from Bayer Industries Ltd. has been received to this effect.

**10. Particulars of Employees**

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

**11. Consumption of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**

The information required under Section 217(1)(E) of the 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. N. M. Raiji & Co., Chartered Accountants, present Statutory Auditors of the Company retiring at the ensuing Annual General Meeting, being eligible offer themselves for reappointment.

**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

R. S. AGRAWAL

Chairman of the Meeting

Mumbai

Dated : 26th February, 1999





## ANNEXURE A

## FORMING PART OF THE DIRECTORS' REPORT

**INFORMATION U/S 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 ON DECEMBER 31, 1998**

SR. NO.	NAME	AGE (YRS)	DESIGNATION	NATURE OF DUTIES	REMUNERATION (Rupees)	QUALIFICATION	EXPERIENCE (YRS.)	DATE OF COMMENCEMENT OF EMPLOYMENT	PAST POSITION HELD/NAMES OF EMPLOYER	PERIOD (YRS.)
1	Shri A. J. Adhvaryu	49	Vice President (Finance)	Finance	504,445	B.Com., LLB ACA	26	30.10.93	Finance Manager Miles India Ltd.	8
2	Shri R. S. Agrawal	51	Managing Director	Management	1,085,007	M.E. (Chem. Engg.), U.S.A.	25	07.12.73	-	-
3	Shri I.P. Dawar	51	Chief Manager Marketing	Marketing	510,196	B.Com.	27	01.11.75	Quality Control I/C Esona A/S	3
4	Shri M.J. Gandhi	43	DGM (Materials)	Materials	303,445	B.Com, Inter C.A.	20	02.02.81	Acct. Assistant Alembic Chemical Works Co. Ltd.	2
5	Shri P. S. Joshi	52	Exec. Director (Operations)	Operations	439,590	B.Tech., M.E. (Chem. Engg.), USA	25	07.12.73	-	-
6	Shri S. P. Palan	55	Sr. Manager (Marketing)	Marketing	306,811	B.Sc.	30	01.02.94	Self Employed	-
7	Dr. R. S. Parmar	61	Vice President (R & D)	R & D	509,120	B.Sc., Ph.d.	38	02.02.87	General Manager Kankaria Chemicals	1
8	Shri H. R. Patel	38	DGM (Personnel) & HRD	H.R.D.	329,783	B.A., MSW, LLB, DLP, PGIRPM, LLB SPCL	14	25.11.97	Sr. Manager H.R.D Bharat Starch	13
9	Shri K. Ravishankar	43	Dy. Gen. Manager (Production)	Production	359,241	B. Tech. Dip. in Safety	17	18.01.97	Production Manager Risjad Brasali	4 Mths.
10	Shri D. J. Shah	46	DGM (Finance)	Finance	311,829	B.Com. (Hons), A.I.C.W.A.	29	01.09.94	Schlafhorst Engg. India Ltd.	9
11	Shri L. Sundar	47	Vice President (Marketing)	Marketing	516,150	B.E. (Chemical), P.G.D. in B.A.	24	05.04.95	Sr. Mgr. (MKTG) I.P.C.I.	20
12	Shri M. K. Vazirani	47	Sr. Manager (Finance)	Finance	315,927	B.Com.	25	09.10.91	Chief Executive Geetanjali Woollens	1
13	Shri S. N. Vyas**	66	General Manager (Personnel)	Personnel	142,927	B.A., MSW	35	01.04.94	Gen. Manager (HRD) Consolidated Petro Industries Ltd.	1
14	Shri J. M. Zalani	46	Dy. Gen. Manager (Projects)	Projects	398,034	B.E. (Chemical)	23	04.07.95	Manager (Projects) Transpek Indus. Ltd.	18

## Notes :

- 1) Remuneration as above includes Salary, House Rent Allowance, Co.'s contribution to PF, Superannuation, Leave Travel Concession, Medical Reimbursement, Exgratia, Leave encashment etc. and other taxable perquisites valued as per Income Tax Rules but does not include Co's contribution to Gratuity Fund.
- 2) All the employees were in regular employment of the Company except Shri R.S. Agrawal, whose employment is contractual.
- 3) None of the employees is related to any Director of the Company.
- 4) \*\*Employed for part of the year.





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**ANNEXURE B****FORMING PART OF THE DIRECTORS' REPORT**

**INFORMATION IN ACCORDANCE 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 31ST DECEMBER 1998**

**A. CONSERVATION OF ENERGY**

(a) Energy conservation measures taken :

- (1) Flash steam recovery in addition to the condensate recovery from PH II dryer for preheating the boiler feed water.
- (2) Combustion efficiency of boiler is maintained high by the use of appropriate fuel oil additives.
- (3) Water consumption in various departments has been optimized resulting reduction in consumption.

(b) Additional Investments if any being implemented for reduction of consumption of energy :

NIL

- (c) Impact of measures at (a) and (b) above for the reduction of energy consumption and consequent impact on the production of goods.  
Energy index has been reduced by 7% than previous year.  
Reduction in power consumption, furnace oil and water.

**B. TECHNOLOGY ABSORPTION**

Efforts made in technology absorption as per the Annexure B-II

**C. FOREIGN EXCHANGE EARNINGS AND OUT-GO**

(a) During the year, the Company exported ABS Resins at a FOB value of Rs.138 thousand.

The Company has been registered with EMF scheme of Exim Bank.

(b) Total foreign exchange earned and used. ('000)

Exchange earned	Rs. 13,818
Exchange outgo	Rs. 522,771





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## ANNEXURE B - I

## ANNEXURE B - II

## FORM - A

## FORM - B

Form for the disclosure of particulars with respect to conservation of energy.

	Jan.'98	Jul.'97
	to	to
	Dec.'98	Dec.'97

## Power and Fuel Consumption

## 1. Electricity

## (a) Purchased

Unit Nos.

10670380

3978969

Total Amount Rs. '000

50495

17914

Rate/ Unit Rupees

4.73

4.50

## (b) Own Generation

## I) Through Diesel Generation

Units

Units per Ltr. of Diesel Oil

NIL

NIL

Cost / Unit

## II) Through steam turbine /Generator

Units

Units per Ltr. of Fuel Oil / Gas

NIL

NIL

Cost / Unit

## III) Through Wind Turbine Generator

Units

5855276

3740730

Amount Rs. '000

23063

13972

Rate per unit Rupees

3.94

3.73

## 2. Coal (Specify quality and where used)

NIL

## 3. Furnace Oil

Qty. (Ltrs.)

1948476

908537

Total Amount Rs. '000

11744

5627

Avg. Rate

6.03

6.19

## 4. Other / Internal Generation

(Please give details)

Qty.

NIL

NIL

Total Cost

NIL

NIL

Rate / Unit

## 5. Consumption per Ton

Electricity Units

581

845

Furnace Oil Ltrs.

68

99