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Bayer ABS Limited



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27th Annual Report

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January-December 1999

## Bayer ABS Limited



<b>Board of Directors</b>	Dr. Alan McGilvray - Chairman Dr. Tony Osselaer - Vice Chairman Mr. R. S. Agrawal - Managing Director Mr. Ludolf Von Koenig Dr. Gottfried Zaby Mr. Hans Jorg Krell Mr. R. Sethuraman Mr. U. C. Saksena Mr. S. R. Chougule Mr. John Walker - Alternate to Dr. Tony Osselaer Mr. A. F. Hennecken - Alternate to Mr. Ludolf Von Koenig
<b>Company Secretary</b>	Mr. S. M. Vaishnav
<b>Auditors</b>	M/s. N. M. Raiji & Co., Mumbai
<b>Bankers</b>	State Bank of India ICICI Bank Bank of Baroda
<b>Registered Office</b>	ABS Towers, Old Padra Road, Vadodara 390 007 Phones : 355861-63, 355871-73. Fax : (0265) 341012, 355860, 355950, 355960
<b>Works</b>	ABS Plant, 51, GIDC Industrial Estate, Nandesari 391 340 Dist. Vadodara. Phones : 840319, 840285, 840559, 841010 Fax : (0265) 840827
<b>Katol Plant</b>	SAN Plant, Katol, Halol-Kalol Road, Taluka Kalol, Dist. Panchmahal, Gujarat Phones : 35980, 35891, 35802, 35803 Fax : 02676 - 35518 Cable : ABSOLITE
<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 : 011-5737919 Cable : ABSOLITE
<b>Mumbai Office</b>	Ground Floor, Bayer House, Central Avenue, Hiranandani Garden, Powai, Mumbai 400 076 Phones : 5702192-94 Fax : 022-5792195
<b>Bangalore Office</b>	Unit 4 & 5, 2nd Floor, Above big kids Kemp, 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 Registered Office & 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.

# Bayer ABS Limited



## NOTICE

NOTICE is hereby given that the 27th Annual General Meeting of the members of the company will be held at the Registered Office of the company at ABS Towers, Old Padra Road, Vadodara on Tuesday the 23rd May, 2000 at 10.30 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 1999, the Balance Sheet as at that date and the report of the Directors and Auditors thereon.
2. To declare dividend, if any.
3. To appoint a director in place of Mr. Ludolf von Koenig who retires by rotation, being eligible has offered himself for reappointment,
4. To appoint a director in place of Mr. R Sethuraman who retires by rotation, being eligible has offered himself for reappointment,
5. To appoint M/s N M Raiji & co., chartered accountants, mumbai, as auditors of the company.

### (B) SPECIAL BUSINESS :

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

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 and the provisions of the other Statutes as applicable, and subject to such approvals, consents, and sanctions as may be necessary from the appropriate authorities, the Articles of Association of the Company be and are hereby altered as follows :

The following new Article shall be inserted after the present Article 16 and numbered as Article 16A :

### 16A. 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) :

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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.

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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.

By Order of the Board  
For Bayer ABS Limited

Mumbai,  
Dated : March 16, 2000

S M Vaishnav  
Company Secretary & DGM (Legal)

# Bayer ABS Limited



**EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956, SETTING OUT THE MATERIAL FACTS RELATING TO BUSINESS UNDER ITEM NO. 6 AS SET OUT IN THE NOTICE.**

## ITEM NO : 6

Consequent upon passing of the Depositories Act, 1996 the SEBI has been taking several steps in the interest of the investors and the market to accelerate the process of dematerialisation, as this will give special benefits to both the investors as well as companies like eliminating the possibilities of fake and forged shares, bad delivery of shares, time consumption in transfer of shares & cost effective. SEBI vide their letter dated February 15, 2000 has advised to the company to enter into an agreement with both the depositories viz. NSDL & CDSL for dematerialisation of the securities of the company and to establish electronic connectivity. In the light of above company has entered into an Agreement with (i) Depositories & (ii) Registrar & Share Transfer Agent (RTA) to have electronic depository facilities.

Certain provisions of the Articles of Association pertaining to issue, holding, transfer, transmissions, and dealing in shares and other securities required to change on the basis of relevant provisions of Depositories Act, 1996. The board therefore recommends above special resolution now put before you for approval.

None of the 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. 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.
2. The share transfer books and register of members of the company will remain closed from 08.05.2000 (Monday) to 12.05.2000 (Friday) (both days inclusive). Members are requested to notify immediately the change of address, if any, to the company at its Registered & Corporate office. The members can also avail facility of nomination in terms of extant legal provisions in this regard.
3. The Company has entered into an agreement for seeking connectivity from Depositories viz. NSDL & CDSL. Equity shares of the company are now available for dematerialisation. Trading of company shares has been compulsorily made in dematerialised form for the Financial Institutions (FIIs, Mutual Fund & Banks) & OCBs, effective from 26th June, 2000.
4. 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 made any default 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 - 400 023.
5. Stock Exchange quotations during the year :

Stock Exchanges	HIGH (Annual)	LOW (Annual)
BSE	76.00	32.70
NSE	77.20	33.50

# Bayer ABS Limited



## DIRECTORS' REPORT

Dear Member,

Your Directors are pleased to present herewith the Annual Report for the period ended December 31, 1999 together with Audited Statement of Accounts along with the Auditors' Report for the said period.

### Financial Results

	1999	(Rs. in lacs) 1998
Turnover	18772.56	14769.93
PBIDT	2893.80	2124.84
Less: Interest	852.47	960.60
Net Cash Accruals	2041.33	1164.24
Less: Depreciation	856.23	763.20
PBT	1185.10	401.04
Provision for Tax	135.90	48.06
Net Profit	1049.20	352.98
Add: Balance brought from Previous Year	254.18	94.65
Amount available for Appropriation	1303.38	447.63
APPROPRIATIONS :		
Proposed Dividend	263.78	175.86
Tax on Dividend	29.02	17.59
Transfer to General Reserve	100.00	-
Balance Carried to Balance Sheet	910.58	254.18

### Dividend

Your Directors have pleasure in recommending a dividend @ 15% (Rs. 1.50 per share) subject to shareholders' approval at the ensuing Annual General Meeting (AGM). A separate resolution forms part of notice circulated along with.

### Operations

Economic conditions in the country showed some improvements in the year 1999. Your company devised innovative strategies to get a larger share of the growth particularly in the second half of the year and improved its performance considerably.

The total sales amounted to Rs.187.7 mio.. The increased capacity of Polybutadiene Rubber (PBR) increased overall capacity of the company's products. The company has also added extrusion capacities by the end of the year which will be available for most part of 2000. Thus the ABS capacity will stand increased by 50% over the current capacity. Polymerisation capacities have already been increased substantially and efforts are being made to further improve developments and quality improvements in line with the company's globalisation programme.

There was extreme volatility in the prices of raw materials particularly in the second half of 1999 which is expected to continue upto the first half of 2000. This has resulted in substantial increase in the production costs. Efforts have been made to pass on such increase to the customers. Your company is quite optimistic in improving its market share and participating in continual growth of the user industries.

### Research and Development

Bayer AG has identified the R & D facilities at Moxi, Dist. Baroda as one of its key centers to take up Engineering Thermoplastics and chemicals related R & D activities for further development resulting into R & D activities having global connectivity earning profit against optimum cost inputs.

# Bayer ABS Limited



## Environment and Safety

The Company continues to put all out efforts to ensure total compliance in respect of pollution prevention, environment and safety in and around the plants' surroundings. Adequate steps are taken to prevent any untoward environment, safety or pollution hazard by continuous process improvement, training of employees and internal checks. The statutory approvals are being monitored regularly.

## Directors

Mr. Ludolf Von Koenig and Mr. R Sethuraman retire by rotation and are eligible for reappointment. A nomination letter from Bayer Industries Ltd. has been received to this effect.

During the year, Dr. A F Hennecken was appointed as alternate director to Mr. Ludolf Von Koenig. Mr. K B Mistry alternate to Mr. H J Krell has resigned, Your directors place on record their appreciation of the services rendered by Mr. K B Mistry.

## Dematerialisation of Equity Shares

The notice for the ensuing Annual General Meeting enclosed along with seeks the shareholders' approval for the amendment of the Articles of the Association of the Company. With this amendments the relevant provisions of the Depository Act, 1996 are reflected such that your Company is in a position to induct the equity shares into the depository system. The details in this regard for shareholders / investors to follow are separately inserted along with.

## Human Resource

Human resource at all the centers of activities continued to be cordial and optimistically gears up for the coming competitive business environment.

The information required under the provisions of Sec 217 (2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) rules, 1975, forms part of this report. As per provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the same is not included in this report. The members desirous of such information may write to the company secretary and seek details thereat.

## 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) Rule, 1988 with respect to these matters form part of this report and is annexed hereto.

## Auditors

M/s. N.M. Rajji & Co., Chartered Accountants, present Statutory Auditors of the Company retiring at the ensuing Annual General Meeting, being eligible offer themselves for reappointment.

## Acknowledgements

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 : 16th March 2000

Chairman

**ANNEXURE B****FORMING PART OF THE DIRECTOR'S REPORT**

**INFORMATION IN ACCORDANCE WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTOR'S REPORT FOR THE PERIOD ENDED 31ST DECEMBER, 1999.**

**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 optimised resulting reduction in consumption.
- (4) Optimization and subsequent replacement of blowers in finishing section reduced the electrical energy consumption.
- (5) Hot insulation work for steam lines carried out resulting in reduction in F.O. consumption.

**(b) Additional investment if any being implemented for reduction of consumption of energy.****(c) Impact of measures at a) and b) above for reduction of energy consumption and consequent impact on the production of goods.**

Energy index has been reduced by 8% when compared with the 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 EARNING AND OUTGO****(a) During the year the Company exported ABS Resin at FOB value of Rs.12.25 lacs. The Company has been registered with EMF scheme of Exim Bank.****(b) Total foreign exchange earned and used ('000)**

Exchange earned	Rs. 21271
Exchange Outgo	Rs. 785769

## Bayer ABS Limited



## ANNEXURE B - I

## FORM - A

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

	Jan.'99 to Dec.'99	Jan.'98 to Dec.'98
<b>Power and Fuel Consumption</b>		
<b>1. Electricity</b>		
(a) Purchased		
Unit Nos.	10670380	10679501
Total Amount Rs. '000	50,495	55,348
Rate/ Unit Rupees	4.73	5.18
(b) Own Generation		
I) Through Diesel Generation		
Units	NIL	NIL
Units per Ltr. of Diesel Oil		
Cost / Unit		
II) Through steam turbine /Generator		
Units	NIL	NIL
Units per Ltr. of Fuel Oil / Gas		
Cost / Unit		
III) Through Wind Turbine Generator		
Units	5855276	7074131
Amount Rs. '000	23,063	30,303
Rate per unit Rupees	3.94	4.28
2. Coal (Specify quality and where used)	NIL	NIL
3. Furnace Oil		
Qty. (Ltrs.)	1948476	1885215
Total Amount Rs. '000	11,744	13,832
Avg. Rate	6.03	7.34
4. Other / Internal Generation (Please give details)		
Qty.	NIL	NIL
Total Cost	NIL	NIL
Rate / Unit		
5. Consumption per Ton		
Electricity Units	581	524
Furnace Oil Ltrs.	68	56