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**Bayer ABS Ltd.**

Report  junction.com

**29<sup>th</sup> Annual Accounts**

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**31<sup>st</sup> December, 2001**

**Auditors' Report to the Members of Bayer ABS Limited**

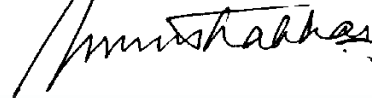
We have audited the attached Balance Sheet of **Bayer ABS Limited** as at December 31, 2001 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
2. Further to our comments in the Annexure referred to in paragraph 1 above:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion proper books of account as required by law have been kept by the Company, so far as appears from our examination of such books;
  - c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account;
  - d) In our opinion, the Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable;
  - e) Based on the representations made by all the Directors of the Company and taken on record by the board, none of the Directors of the Company has prima facie any disqualification as referred to in clause (g) of sub-section (1) of Section 274 of the Act.

**N. M. RAIJI & CO.**

- f) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss Account read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2001; and
  - (ii) in the case of the Profit and Loss Account, of the Profit of the company for the year ended on that date.

**For N. M. Raiji & Co.,**  
Chartered Accountants



**M. N. Thakkar**  
Partner

Mumbai, March 14, 2002.

**ANNEXURE TO THE AUDITORS' REPORT****(Referred to in paragraph (1) of our report of even date)**

- i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. All the fixed assets have not been physically verified by the management during the year but there is a phased program for verification of fixed assets designed to cover all assets over a period of two years, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies between the book records and the physical inventory have been noticed in respect of the assets physically verified.
- ii) None of the fixed assets have been revalued during the year.
- iii) The stocks of finished goods, stores, spare parts and raw materials in possession of the Company have been physically verified by the Management at the close of the year. In respect of stocks lying with third parties, the parties have confirmed the same. In our opinion, the frequency of verification is reasonable.
- iv) In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- v) The discrepancies noticed on verification between the physical stocks and book records were not material, in relation to the operations of the Company.
- vi) On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
- vii) The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301 of Companies Act, 1956. In terms of sub-section 6 of Section 370 of the Companies Act, 1956, provisions of the Section are not applicable to a Company on or after 31<sup>st</sup> October 1998.
- viii) The Company has not granted any loans, secured or unsecured to Companies, firms and other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In terms of sub-section 6 of Section 370 of the Companies Act, 1956, provisions of the Section are not applicable to a Company on or after 31<sup>st</sup> October 1998.



**N. M. RAJI & CO.**

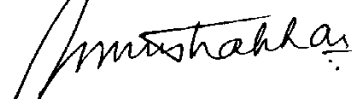
- ix) Except the loans and advances considered doubtful of recovery and written off during the year, in respect of other loans and advances in the nature of loans given by the company, where stipulations have been made, the parties are generally repaying the principal amounts as stipulated and have also been regular in the payment of interest where applicable.
- x) In our opinion, having regard to the explanation that some of the items purchased are of special nature and suitable alternative sources do not exist for obtaining comparable quotations, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, with regard to the purchase of stores, raw materials including components, plant & machinery, equipment and other assets and with regard to the sale of goods.
- xi) There are no transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000 or more in respect of each party.
- xii) The Company has a regular procedure for determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
- xiii) During the year under review the Company has not accepted any deposits from the public.
- xiv) The Company's manufacturing process does not generate any by-products. However, the Company reprocesses the scrap generated while manufacturing.
- xv) The Company has an internal audit system conducted by an independent firm of Chartered Accountants, which in our opinion is commensurate with the size and the nature of its business.
- xvi) The maintenance of cost records has been prescribed by Central Government under Section 209 (1) (d) for petrochemical products. The Company has retained the services of qualified Cost Accountants. The necessary records for the year are under preparation.
- xvii) The Provident Fund and The Employees State Insurance dues have generally been regularly deposited during the financial year with the appropriate authorities.



**N. M. RAIJI & CO.**

- xviii) No undisputed amounts payable in respect of Income-tax, Wealth-tax, Sales-tax, Custom Duty and Excise Duty were outstanding as at December 31, 2001 for a period of more than six months from the date they became payable.
- xix) No personal expenses of employees or directors have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
- xx) The Company is not a sick industrial company within the meaning of Clause (o) of Sub-section (1) of Section (3) of the Sick Industrial Companies (Special Provisions) Act, 1985.
- xxi) In respect of the service activities of the Company, in our opinion and according to the information and explanations given to us:
- a) The Company renders research and development technical consultancy services to certain parties which forms an insignificant part of its overall activities;
  - b) In respect of above service activities, the Company has a reasonable system of recording allocation of man-hours to the relative jobs. In our opinion and according to the information and explanations given to us, there is a reasonable system for authorisation at proper levels with necessary control on the man-hours for the relative jobs and there is a system of internal control commensurate with the size of the Company and the nature of its business.
- xxii) In relation to the trading activities, we are informed that there were no damaged goods.

**For N. M. Raiji & Co.,**  
Chartered Accountants



**M. N. Thakkar**  
Partner

Mumbai,  
March 14, 2002.

**Balance Sheet as at 31st December, 2001**

(Rupees '000)

|                              | Schedule | As at<br>31.12.2001 | As at<br>31.12.2000 |
|------------------------------|----------|---------------------|---------------------|
| <b>SOURCES OF FUNDS :</b>    |          |                     |                     |
| <b>SHAREHOLDERS' FUNDS :</b> |          |                     |                     |
| Share Capital                | 1        | 175,856             | 175,856             |
| Reserves and Surplus         | 2        | 826,199             | 1,004,829           |
|                              |          | 1,002,055           | 1,180,685           |
| <b>LOAN FUNDS :</b>          |          |                     |                     |
| Secured Loans                | 3        | 153,145             | 171,286             |
| Unsecured Loans              | 4        | 322,761             | 281,135             |
|                              |          | 475,906             | 452,421             |
| <b>Total....</b>             |          | <b>1,477,961</b>    | <b>1,633,106</b>    |

**APPLICATION OF FUNDS :**

|  |    |                  |                  |
|--|----|------------------|------------------|
| <b>FIXED ASSETS :</b>                      |    |                  |                  |
|  | 5  |                  |                  |
| Gross Block                                |    | 2,065,859        | 1,924,576        |
| Less: Depreciation                         |    | 706,061          | 609,945          |
| Net Block                                  |    | 1,359,798        | 1,314,631        |
| Capital work-in-progress                   |    | 139,772          | 148,984          |
|  |    | 1,499,570        | 1,463,615        |
| <b>INVESTMENTS</b>                         | 6  | 1,179            | 1,179            |
| <b>CURRENT ASSETS, LOANS AND ADVANCES:</b> |    |                  |                  |
| Inventories                                | 7  | 370,114          | 348,813          |
| Sundry Debtors                             | 8  | 600,925          | 485,886          |
| Cash and Bank Balances                     | 9  | 23,999           | 15,290           |
| Loans and Advances                         | 10 | 81,220           | 88,087           |
|  |    | 1,076,258        | 938,076          |
| Less: Current Liabilities and Provisions   |    |                  |                  |
| (a) Liabilities                            | 11 | 772,245          | 740,695          |
| (b) Provisions                             | 12 | 39,201           | 29,069           |
|  |    | 811,446          | 769,764          |
| <b>NET CURRENT ASSETS</b>                  |    | 264,812          | 168,312          |
| <b>DEFERRED TAX LIABILITY</b>              |    | (287,600)        | -                |
| <b>Total....</b>                           |    | <b>1,477,961</b> | <b>1,633,106</b> |

Notes forming part of the Accounts

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As per our Report attached  
For N.M.Raiji & Co.,  
Chartered Accountants

(M.N.Thakkar)  
Partner

Mumbai, March 14, 2002

Chairman

Managing  
DirectorCompany  
Secretary

Directors

Mumbai, March 14, 2002

**BAYER ABS LIMITED**

**Profit and Loss Account for the year  
ended 31st December,2001**

(Rupees '000)

|  | Schedule | 2001             | 2000             |
|--|----------|------------------|------------------|
| <b>Income :</b>                            |          |                  |                  |
| Sales and Related Income                   | 13       | 2,793,520        | 2,483,405        |
| Other Income                               | 14       | 78,339           | 14,754           |
|  |          | <u>2,871,859</u> | <u>2,498,159</u> |
| <b>Expenditure :</b>                       |          |                  |                  |
| Cost of Materials Consumed                 |          | 1,354,176        | 1,310,866        |
| Cost of Traded Goods Sold                  | 15       | 293,425          | 270,214          |
| Excise Duty                                |          | 340,349          | 303,996          |
| Personnel                                  | 16       | 89,412           | 76,718           |
| Manufacturing and other Expenses           | 17       | 303,647          | 212,856          |
| Distribution Expenses                      | 18       | 184,808          | 115,929          |
| Interest                                   | 19       | 54,599           | 84,749           |
| Depreciation                               |          | 99,768           | 93,955           |
|  |          | <u>2,720,184</u> | <u>2,469,283</u> |
| Less : ( Increase) in Stocks               | 20       | <u>(43,966)</u>  | <u>(38,811)</u>  |
|  |          | 2,676,218        | 2,430,472        |
| <b>PROFIT BEFORE TAXATION</b>              |          |                  |                  |
|  |          | 195,641          | 67,687           |
| Provision for Taxation                     |          | 51,500           | 2,530            |
| Provision for Deferred Taxes               |          | 1,400            | -                |
| (Refer note 5 of Schedule 21)              |          |                  |                  |
| <b>PROFIT AFTER TAXATION</b>               |          |                  |                  |
|  |          | 142,741          | 65,157           |
| Balance brought forward from previous year |          | 116,970          | 91,058           |
| <b>AMOUNT AVAILABLE FOR APPROPRIATION</b>  |          | <u>259,711</u>   | <u>156,215</u>   |
| <b>APPROPRIATIONS:</b>                     |          |                  |                  |
| Proposed Dividend                          |          | 35,171           | 26,378           |
| Provision for Taxation on Dividend         |          | -                | 2,867            |
| Transferred to General Reserve             |          | 20,000           | 10,000           |
| Balance carried to Balance Sheet           |          | 204,540          | 116,970          |
|  |          | <u>259,711</u>   | <u>156,215</u>   |
| <b>Notes forming part of the Accounts</b>  |          |                  |                  |

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Chairman

Managing  
DirectorCompany  
Secretary

Directors

As per our Report attached  
For N.M.Raiji & Co.,  
Chartered Accountants

(M.N.Thakkar)  
Partner

Mumbai, March 14, 2002

Mumbai, March 14, 2002