



Bayer Polymers

30th Annual Report

January-December 2002

Report  junction.com

Bayer ABS Limited

Bayer Polymers



7th March, 2003

Dear Member,

Since August 2000, your company's equity shares are compulsorily being now traded in the dematerialised form on all the stock exchanges. In view of the number of advantages, it is advisable to hold the shares into electronic form. With a view to have electronic connectivity with the National Depositories and comply the necessary directions of regulatory bodies in this regard, your company had appointed M/s Intime Spectrum Registry Ltd, Mumbai, as Registrar and Transfer (R & T) agent. Recent SEBI directive requires all the companies to have physical and demat transfer work to be carried out by one single agency.

Your Board of Directors have decided that both the physical and demat R & T activities will be carried out by a new R & T agent, M/s MCS Ltd, Vadodara.

Kindly contact for all your shareholding account correspondence/queries to the address :

MCS Limited (Unit) Bayer ABS Limited,
Address : Neelam Apt, 88, Sampatrao Colony,
Above Chhpanbhog Sweetmart, Alkapuri, Vadodara 390 005
Tel: 0265-2339397/2314757 Fax: 0265-2341639
E mail: mcsbaroda@iqara.net

Assuring you of best of services at all times.

Thanking you,
Sincerely yours,
For Bayer ABS Ltd.,

S M Vaishnav
Company Secretary &
GM (Legal)

Bayer ABS Limited



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Board of Directors	Mr. Dieter Kambeck - Chairman	
	Dr. Tony Osselaer - Vice Chairman	
	Mr. R S Agrawal - Managing Director	
	Mr. Johannes Dietsch - Director	
	Mr. Klaus H Dohr - Director	<i>Up to...07.03.03</i>
	Dr. Axel C Heitmann - Director	<i>Appointed on 07.03.03</i>
	Mr. K R V Subrahmanian - Director	
	Mr. S M Kulkarni - Alternate to Dr. Osselaer	
	Mr. Johannes Frick - Alternate to Mr. Dietsch	<i>Appointed on 29.10.02</i>
	Mr. Vishal R Agrawal - Director	
	Dr. A F Hennecken- Director	<i>Up to...29.10.02</i>
Company Secretary & GM (Legal)	Mr. John Walker - Director	<i>Up to...29.10.02</i>
	Mr. S R Chougule - Director	<i>Up to...25.07.02</i>
	Mr. S. M. Vaishnav	
	M/s. N M Rajji & Co., Mumbai	
	State Bank of India	
	ICICI Bank	
	Bank of Baroda	
	ABS Towers, Old Padra Road, Vadodara 390 007.	
	Phones : 2355861-63,2355871-73.	
	Fax : 0265-2341012,2355860, 2355950, 2355960.	
	51, GIDC Industrial Estate, Nandesari 391 340	
Works	Dist. Baroda Phones : 2840319, 2840285, 2840559,2841010	
	Fax : (0265) 2840827	
	Katol, Halol-Kalol Road, Taluka Kalol	
	Dist. Panchmahal, Gujarat	
	Phones : 235980, 235891, 235802, 235803.	
	Fax : 02676 - 235518, Cable : ABSOLITE	
	8-A, Gopala Tower, 25-Rajendra Place	
	New Delhi 110 008	
	Phones : 25712650, 25729515, 25712727	
	Telex : 031-77028 ABS IN	
	Fax : 011-25756494 Cable : ABSOLITE	
Delhi Office	C/o Bayer India Ltd., Thane-Kolshet Road	
	Thane, Mumbai 400 607	
	Phones : 25311175-76, Fax :022-25455072	
	Unit 4 & 5, 2nd floor, Above big kids Kemp,	
	Ramanashree Arcade	
	No. 18, M. G. Road, Bangalore 560 001	
	Phones : 5596516	
	Fax : 080-5580508	
	Telex : 0845-8750 ABS IN	
	404, Satkar, Nr. Swagat Char Rasta, C. G. Rd.	
	Ellisbridge, Ahmedabad 380 006	
Bangalore Office	Phones : 6446877-78, fax:6442013	
	Sankarda-Bhadarva Road, Post : Poicha 391 350	
	Tal.: Savli, Dist.: Baroda	
	Phones : 244350, 244370, 244380,	
	Fax : 02667 - 244340	
Ahmedabad Office		
R & D Centre (Moxi)		

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

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NOTICE

NOTICE is hereby given that the 30th 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 390 007, at 3.30 pm on 25th April, (Friday) 2003 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit & Loss Account for the financial year ended 31st December 2002, the Balance Sheet as at that date and the report of the Directors and Auditors thereon.
2. To declare dividend on ordinary shares.
3. To appoint a Director in place of Mr. Vishal Agrawal who retires by rotation and, being eligible, offers himself for re-election.
4. To appoint a Director in place of Dr. Tony Osselaer who retires by rotation and, being eligible, offers himself for re-election.
5. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

“**RESOLVED** that M/s. N M Raiji & Co., Chartered Accountants, be appointed Auditors of the Company to hold office until conclusion of the next Annual General Meeting, on such remuneration as may be mutually agreed upon between the Board of Directors and the Auditors.”

Reg. Office :
6th floor, ABS Towers,
Old Padra Road,
Vadodara.
7th March, 2003

By order of the board
For Bayer ABS Limited

S M Vaishnav
Company Secretary
& GM (Legal)

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 Company not less than 48 hours before the commencement of the meeting.
2. The share transfer books and register of members of the Company (for Demat & Physical both) will remain closed 18th April, 2003 to 25th April, 2003 (both the days inclusive).
3. Members are requested to note the following :
 - a) Company has appointed M/s. MCS Ltd., Vadodara as R&T agent for both Demat & Physical Share Transfer work. A separate Letter intimating change of R& T agent may please be referred.
 - b) intimate to the Company changes, if any, in their registered address at an early date.

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- c) quote folio numbers in all their correspondence.
- d) The members are advised to avail facilities of electronic clearing services which favours shareholders with speedier credit avoiding fraudulent encashment. Shareholders are requested to send their Bank account details to the Registrars M/s.MCS Ltd. or company's Share department at 6th Floor, ABS Towers, Old Padra Road, Vadodara 390007 on or before 15th April, 2003 so as to enable the Company to directly credit the dividend amount to their respective bank accounts.
- e) Those shareholders holding shares in physical form are once again advised to change their shareholding to dematerialized form.
- f) The new R & T agent Address & Phone Nos.be noted :
MCS Ltd.
Unit : Bayer ABS Ltd.
Neelam Apt., 88, Sampatrao Colony,
Above Chhapanbhog Sweet Mart,
Alkapuri, Vadodara 390 005
Tel. :0265 - 2339397/ 2314757
Fax :0265 - 2341639
e-mail : mcsbaroda@iqara.net



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DIRECTORS' REPORT

Dear Member,

Your Directors have pleasure in presenting herewith the Annual Report for the year ended December 31, 2002 together with audited Statement of Accounts along with the Auditors' Report for the said period.

FINANCIAL HIGHLIGHTS

Rs. In ' 000

	2002	2001
Sales and Other Operating Income	3,472,780	2,793,520
Other Income	10,674	78,339
Total Income	3,483,454	2,871,859
Gross Profit before Interest & Depreciation	516,313	350,008
Less: Interest	41,429	54,599
Gross Profit before Depreciation	474,884	295,409
Less: Depreciation	109,084	99,768
Profit before Taxation	365,800	195,641
Less: Provision for Taxation	126,100	51,500
Less: Provision for Taxation	7,900	1,400
Profit after Taxation	231,800	142,741
Add: Balance of Profit brought forward	204,540	116,970
Amount Available for Appropriation	436,340	259,711
Appropriations:		
Proposed Dividend	43,964	35,171
Tax on Proposed Dividend	5,633	-
Transfer to General Reserve	40,000	20,000
Balance of Profit carried forward	346,743	204,540
	436,340	259,711

Dividend

Your Directors have proposed a dividend @ 25% (Rs.2.50 Per Share) for the year ended 31st December, 2002(previous year 20%) subject to shareholders' approval at the ensuing Annual General Meeting.

Operations

Your Company continues to attain the expected targets in Production/Sales and profits, while maintaining its leadership position by outperforming the industry growth. The styrenic business of the company increased by 19% thus enhancing its market share, as compared to the 10% growth achieved by the industry. Cost control measures taken at all levels in the operations of the Company and an increased focus on the service being provided to customers have resulted in a substantial increase in the Company's turnover. You will be proud to know that your company was awarded the "Best Energy Conservator" for the year 2002 by the Government of Gujarat.



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The Company also achieved an impressive volume growth of 57% in indent products. The Company's turnover registered an increase of 22%. Profit before tax increased by 86%, from Rs.1956.41 lacs to Rs. 3658.00 lacs.

The second half of 2002 witnessed a major growth in the consumer durables segment in India, due to the increased investment plans of many multi-nationals operating in that segment.

The two-wheeler and the optical disc storage industry continued to grow through 2002. All the industry segments in which the Company operates, reflected a healthy growth trend resulting in increased profitability.

Your Company has been enhancing its production capacity in line with increasing demand in the market. The Company continues to be the most preferred supplier for all OEMs and it is expected that in 2003, similar growth will continue in terms of both, volume and profitability.

The 2003-04 Union budget has brought down the customs duty on finished products by 5% i.e. from 30% to 25% without any corresponding reduction in duties on raw materials which continue to be at 15%. This will add pressure on margins. In terms of WTO guidelines, duty reduction will continue for the next 2 years as announced by the Finance Minister. Your Company is making all efforts to increase the consumer base, bring the costs down and prepare itself to integrate in to the new environment.

While the demand for Makrolon (Polycarbonate) continues to grow, the Company is making efforts to further increase its market share.

Research and Development

The R & D team of the Company has developed 'Bayblend', a new series of PC/ABS alloy which is comparable to the one produced at the headquarters, in Germany. The R & D team has been providing complete technical support to the Company's customers to ensure the desired quality of the product and as part of customer service.

Global projects with the Company are progressing satisfactorily. A new collaboration with Bayer Polymers Co. Ltd., Hong Kong for CAD/CAE support has been initiated by the Company in 2002.

Environment and Safety

Your Company is committed to being a socially responsible corporate citizen and makes all efforts to maintain high safety and security standards for environmental preservation. Pollution control norms are adhered to stringently and advance technology systems are implemented to ensure the same.

Directors

Mr. Johannes Frick was appointed as alternate director to Mr. Johannes Dietsch at the Board Meeting held on 29th October 2002.

Mr. Vishal Agrawal & Dr. Tony Van Osselaer retire by rotation and being eligible, offer themselves for reappointment.

In view of the repayment of the loan obligation, ICICI has withdrawn its nominee director Mr. S R Chougule, from the board of directors of the company. Mr. S R Chougule resigned as a Director effective 25th July, 2002.

Mr. John Walker retired from his services with the Bayer Group of Companies in 2002 and consequently, from the Board as an Alternate Director to Dr. Van Osselaer. The Board takes note of the worthy contribution made by Mr. Walker in the integration of the erstwhile ABS Ind. Ltd., with Bayer. The board of directors record their appreciation of Mr. Walker's

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directional effort in the company's growth.

Dr. A F Henneken (Alternate Director to Mr. Dietsch) has moved with new responsibilities to Germany and has therefore resigned from the Board. He took a keen and active interest in integrating the Company into the Bayer systems and contributed substantially towards its growth. The Board places on record its appreciation of the valuable services of Dr. Henneken to the Company.

During the year Mr. S M Kulkarni, ceased to be an alternate director to Mr. Dohr and was re-appointed as alternate director to Dr. Osselaer. Mr. Klaus Dohr has resigned from the directorship and Dr. Axel C Heitmann is being appointed on casual vacancy caused.

Responsible Care & Quality

Post ISO certification, plans are now afoot to secure the ISO 14001 certification in the near future.

Human Resources

Employee relations during the year were cordial. To meet the changing business requirements, the Company has taken various initiatives in the training and development of its employees by organizing training programmes. We appreciate the contributions and initiatives made by all employees towards achieving improved productivity, flexibility in operations and overall business performance of the Company.

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(l)(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 thereof.

Insurance

Your company's assets continue to be fully insured against the risk of fire, riot, earthquake, terrorism etc. and the risk of loss of profits.

In addition to this coverage, a Statutory Public Liability Insurance Policy has been taken to cover public liability arising out of industrial accidents.

Directors' Responsibility Statement Pursuant to section 217 (2AA)

In accordance with the provisions of section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- i in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii they have selected such accounting policies and applied them consistently and made judgments 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 31st December, 2002 and of the profit of the Company for the year ended on that date;
- iii they have taken proper and sufficient care 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.



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Corporate Governance

Pursuant to Clause 49 of the listing agreement with the stock exchanges, a separate detailed Corporate Governance report along with the Management Discussion and Analysis report is attached herewith. Auditors' Certificate confirming compliance of Corporate Governance conditions also form part of the annual report.

Conservation 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 the Report of Board of Directors) Rules, 1988 with respect to these matters forms part of this Report and is annexed hereto.

Auditors

The Auditors M/s. N M Raiji & Co., Chartered Accountants, retire at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

Acknowledgements

Directors would also like to thank the shareholders, customers, dealers, suppliers, bankers, and all other business associates for the continuous support given by them to the Company and their confidence in its management.

For and on behalf of
the Board of Directors

Mumbai
Dated 7th March 2003

Chairman

Bayer Polymers



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 period ended 31st December 2002.

CONSERVATION OF ENERGY

a) Energy conservation measures taken:

1. Additional capacitors of adequate capacities are installed in Moxi & Katol plants to improve and maintain the power factor high.
2. Replacement of standard chokes of tube lights by electronic ballasts and energy efficient tube lights at Nandesari plant.
3. Variable frequency drive installed for boiler blower to reduce and optimize the power consumption.
4. Temperature controller installed for cooling tower fans in Phase 1 & 2 at Nandesari plant.
5. Continued recovery of steam condensate to maintain the boiler feed water temperature high and to reduce the feed water consumption at Nandesari plant.
6. Continued use of appropriate fuel oil additive to maintain the combustion efficiency high
7. Screw air compressor with variable speed drive installed at Katol plant which reduced power consumption
8. Optimization of cooling water requirement at Katol plant by trimming the impeller of the pump
9. One cooling tower fan replaced with FRP blades to reduce energy consumption
10. Screw compressor for chilling system installed at Katol plant.
11. Recycling of treated waste water & introduction of central vacuum system in compounding section has reduced water consumption.

b) Additional investments if any being implemented for reduction of consumption of energy: -

c) Impact of measures at a) & b) above for reduction of energy consumption and consequent impact on the production of goods:

Energy Index has been reduced by 9 % than previous year in Nandesari plant.
Reduction in Specific power consumption, furnace oil and water.

TECHNOLOGY ABSORPTION

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

FOREIGN EXCHANGE EARNING AND OUT GO

	Rs. '000
a) FOB value of exports made	194
b) Exchange Earned	46948
c) Exchange Outgo	1369313