

Annual Report 2011-2012
BASF India Limited

 **BASF**
The Chemical Company

We create chemistry
for a sustainable future





Message from the Chairman & Managing Director

Dear Shareholders,

Year 2011-12 witnessed huge fluctuations and turbulence in the international capital markets. Debt crisis in Europe, increasing raw material costs and slowing industrial demand have been few areas of concern. But this has not affected BASF's long-term commitment and investment plans in India.

In line with BASF's new global strategy "We create chemistry", where the focus is on emerging markets, your Company is strengthening its local manufacturing activities to create competitive advantages for its customers and facilitate faster growth. The new investment of INR 1000 crores in Dahej, Gujarat, is a step in that direction. The Dahej site, besides offering proximity to raw materials and customers, complements the existing manufacturing set-up of your Company, thus supporting business growth in important northern and western regions of India. Additionally, to build on existing competencies and ensure operational excellence, your Company has also undertaken facility expansion and implemented process enhancement techniques at its Mangalore and Ankleshwar sites during the year.

Your Company's innovation-led business approach and focus on cost-efficiency has helped to gain exposure to high growth markets. With support of Industry Target Groups and implementation of new business initiatives like Base of Pyramid and Business Synergy Group, your Company has been able to organize the sales efforts and improve sales. In FY 2011-12, your Company achieved good growth in sales; Sales reached INR 35159 million and Profit after Tax stood at INR 1009 million.

On the people front, BASF launched the Employee Development programme in 2011. The programme will further unfold this year and pan out as a much more robust and concrete career development platform.

BASF is the Official Partner to the initiative – Germany & India: Infinite Opportunities 2011-12. The highlight of the event is the Indo-German Urban Mela, which started in Mumbai and will further travel across Bangalore, Chennai, Delhi and Pune. Your Company is using the platform to showcase its innovative and technologically advanced solutions in the areas of Mobility, Health & Nutrition and Construction, in line with the theme of the Urban Mela, which addresses issues posed by rapid urbanization. BASF Kids' Lab, with focus on water-related experiments, is also featuring at the Mela.

To ensure sustainable development, BASF is committed to partnering society, in which your Company operates, through various corporate social responsibility projects that benefit the local communities. In 2011, BASF in association with UN-HABITAT and TERI, launched the Water Education Project in Mangalore involving 5000 students from 25 schools in Mangalore. The objective of this project is to promote water education in schools and to improve water quality monitoring in Mangalore.

Despite the current difficult business environment, your Company is well poised to sustain growth in the long term. As we set our sights for the future, on behalf of the Board, the Executive Management Committee and the entire BASF team in India, I thank you for your valuable trust and seek your continued interest and support.

With Best Wishes,

Prasad Chandran

Friday, 24 th August, 2012 at 3.00 p.m. at Yashwantrao Chavan Pratishthan Auditorium, Y. B. Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai-400 021.		Page
	Board of Directors	2
	Directors' Report	3
Agenda	Management Discussion and Analysis Report	10
1. Presentation of Financial Statements and the Directors' & Auditors' Report	Report on Corporate Governance	16
2. Declaration of Dividend	Auditors' Report	28
3-4. Appointment of Directors	Balance Sheet	32
5. Appointment of Auditors	Statement of Profit & Loss	33
6-7. Special Business	Cash Flow Statement	34
The Notice of the Meeting is enclosed.	Notes to Accounts for the year ended March 31, 2012	35
BASF India Limited		
Registered Office: 1 st Floor, VIBGYOR Towers, Plot No. C-62, 'G' Block, Bandra Kurla Complex, Mumbai-400 051. Phone: 6661 8000 www.india.basf.com		

Works**Ankleshwar**

Unit I: Plot No. 6214/6216, GIDC Phase IV
Ankleshwar-393 002, Gujarat.

Unit II: Plot No. 8001, GIDC Phase VI
Ankleshwar-393 002, Gujarat.

Bangalore

Bommasundra Industrial Area,
Anekal Taluka, Bangalore, Karnataka.

Himachal Pradesh

Khasra No. 87/1, Village: Beer Plassis,
Nalagarh, District: Solan, Himachal Pradesh.

Kolkata

Gate No. 3, Jalan Industrial Complex,
46/48/49/53, Jangalpur, Howrah, West Bengal.

Mangalore

Bala/Thokur Village, Surathkal-Bajpe Road,
Mangalore Taluka, Dakshina Kannada District,
Karnataka-575 030.

Navi Mumbai

- (1) Thane-Belapur Road, Turbhe, Navi Mumbai-400 705.
- (2) C-68, MIDC Industrial Area, Thane Belapur Road,
Turbhe, Navi Mumbai-400 613, Maharashtra.

Rajasthan

Plot No. F-218, Industrial Area IID Centre, Khushkera,
Bhiwadi District, Alwar, Rajasthan.

Branches

Ahmedabad, Bangalore, Chennai, Delhi, Hyderabad,
Indore, Kolkata.

Registrar & Share Transfer Agents

Sharepro Services (India) Private Ltd.,
Unit : BASF India Limited,
13AB, Samhita Warehousing Complex,
2nd Floor, Sakinaka Telephone Exchange Lane,
Off. Andheri Kurla Road, Andheri (East), Mumbai-400 072.
Tel. No. : 022-6772 0300, 6772 0400
Fax No. : 022-2859 1568
Email : sharepro@shareproservices.com

Board of Directors

Mr. Prasad Chandran
Chairman and Managing Director

Ms. Saori Dubourg

Mr. Thilo Bischoff
Alternate to Ms. Saori Dubourg

Dr. Rainer Diercks

Mr. R. Y. Vaidya (upto 31st August, 2011)
Alternate to Dr. Rainer Diercks

Dr. G. Ramaseshan (w.e.f. 1st September, 2011)
Alternate to Dr. Rainer Diercks

Mr. Andrew Postlethwaite

Mr. S. Regunathan
Alternate to Mr. Andrew Postlethwaite

Mr. R. A. Shah

Mr. R. R. Nair

Mr. Pradip P. Shah

Mr. Arun Bewoor

Management Committee

Mr. Prasad Chandran

Mr. P. M. Balakrishnan

Mr. Thilo Bischoff

Mr. Pradeep Chandan

Mr. Sandeep Gadre

Mr. Ajay Gupta

Dr. G. Ramaseshan

Mr. S. Regunathan

Mr. P. P. Srees

Mr. Deepak Thuse

Director – Legal & Company Secretary

Mr. Pradeep Chandan

Auditors

Messrs B S R & Co.,
Chartered Accountants
Lodha Excelus
1st Floor, Apollo Mills Compound
N. M. Joshi Marg
Mahalakshmi
Mumbai-400 011

Solicitors

Messrs Crawford Bayley & Co.
Solicitors & Advocates
State Bank Building
N. G. N. Vaidya Marg
Mumbai-400 023.

Messrs Udewadia Udeshi & Argus Partners
Solicitors & Advocates
Elphinstone House, 1st Floor
17, Murzban Road
Mumbai-400 001.

Bankers

Citibank N.A
Deutsche Bank AG
The Hongkong and Shanghai Banking Corporation Limited
HDFC Bank Limited
BNP Paribas

Internal Auditors

Messrs Mahajan & Aibara
Chartered Accountants
1, Chawla House
62, Wodehouse Road
Colaba
Mumbai-400 005.

Cost Auditors

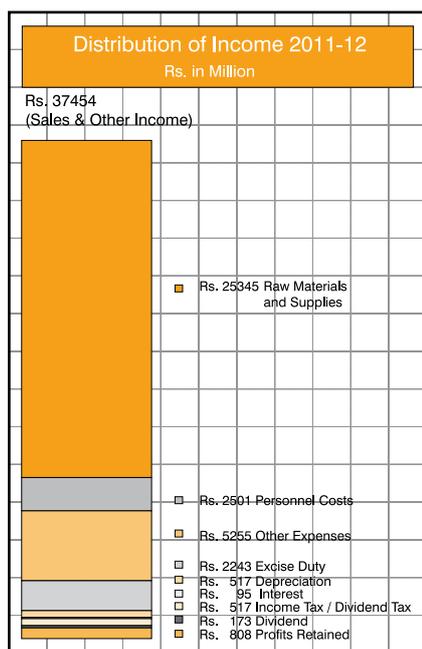
Messrs R. Nanabhoy & Co.
Cost Accountants
Jer Mansion, 70
August Kranti Marg,
Mumbai-400 036.

Directors' Report



On April 11, 2012, BASF announced an investment of INR 1000 crores for setting up of a new chemical production site at Dahej, Gujarat. Seen above from L-R: Mr. Prasad Chandran, Chairman & Managing Director, BASF India Limited; Dr. Martin Brudermueller, Vice Chairman of the Board of Executive Directors, BASF SE and Dr. Albert Heuser, President, Market and Business Development Asia Pacific, at the ground breaking ceremony of the new site at Dahej on the subsequent day.

Your Directors have pleasure in presenting their Report for the financial year ended 31st March, 2012.



Financial Results

	(Rs. in Million)	
	Year ended 31.3.2012	Year ended 31.3.2011*
Sales (net of excise)	35159.4	30638.8
Profit before tax	1497.2	1505.0
Tax	488.6	326.7
Profit after tax	1008.6	1178.3
Balance brought forward	808.0	761.0
Addition on account of amalgamation	—	(194.5)
Available for appropriation	1816.6	1744.8
This has been appropriated as follows:		
Proposed Dividend	173.1	346.3
Corporate Tax on Dividend	28.1	57.5
General Reserve	807.4	533.0
Balance carried forward	808.0	808.0

* Due to change in the format of Schedule VI, previous years' figures have been re-grouped.

Activities

The sales of your Company during the year under report registered good growth over the previous year. Sales, net of excise at Rs. 35,159.4 million, represent an increase of 14.8%, over the previous year. However, profit before tax remained constant at Rs. 1,497.2 million during the year ended 31st March 2012 as compared to Rs. 1,505 million for the previous year.

Profit after tax at Rs. 1,008.6 million during the year ended 31st March, 2012 was lower by 14.4% as compared to the previous year mainly due to benefit of carry forward tax losses of merged entities which was available in the previous year.

The Agricultural Solutions business has shown substantial growth in sales and profits during the year ended 31st March 2012 on account of introduction of new products, adoption of innovative marketing initiatives and extension to new crop geographies.

The Construction Chemicals & Coatings businesses, part of the Functional Solutions business of the Company consequent to the integration, recorded higher turnover & profits, during the year.

Financial Ratios		
	2011-12	2010-11
Equity vs Total Assets (%)	47.81	53.95
Return on Capital Employed (%)	13.60	16.29
before interest and taxes		
Current Ratio	1.51	1.83
current assets :		
short term liabilities and provisions		
Acid Test Ratio	0.80	0.97
short term receivables plus		
cash and cash items:		
short term liabilities and provisions		

Paper Chemicals and Dispersions & Pigments businesses, part of the Performance Products segment, registered an increase in sales and profits, during the year under review.

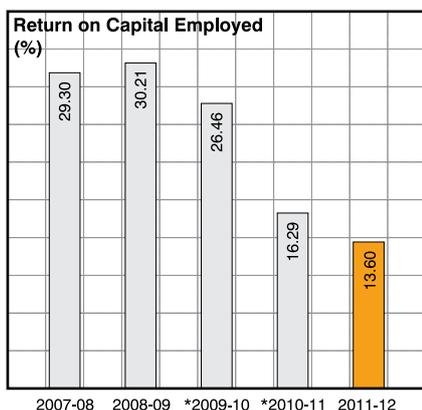
Plastics segment, which comprises of Styropor, Engineering Plastics and Polyurethanes businesses, registered good growth in sales, both in volume and value terms.

The sales of the Chemicals business during the year under review were lower compared to the previous year mainly on account of weak global outlook coupled with reduced price realization in certain segments and exchange rate fluctuations.

Exports sales stood at Rs. 2,230 million during the year under report as compared to Rs. 2,262 million for the previous year.

Acquisition of business of Cognis in India

Consequent upon the world wide acquisition of Cognis Holding GmbH by BASF SE in December, 2010, your Company acquired the business of Cognis Specialty Chemicals Pvt. Ltd (“Cognis”) in India for a lumpsum consideration of Rs. 134 million. The business of Cognis was integrated with your Company with effect from 1st July, 2011. Your Company’s product portfolio was strengthened with the addition of Cognis products, which were complementary to your Company’s existing products. This has provided the customers with a better value proposition.



* Include Figures from amalgamated Companies.

Investment in a new chemical production site in Dahej, India

Your Company will invest Rs. 1,000 crores (Euro 150 million) to set up a new chemical production site at the Dahej Petroleum, Chemicals and Petrochemicals Investment Region, located in Gujarat. The new site will be an integrated hub for polyurethane manufacturing and will also house production facilities for care chemicals and polymer dispersions for coatings and paper. Commencement of production is scheduled during the year 2014 and the project will be financed by the Company through internal accruals and loans.

Dividend

Considering the proposed investment of Rs. 1,000 crores for setting up of a new chemicals production site at Dahej and to augment the future capital requirements of the Company, your Directors recommend a dividend of Rs. 4/- per equity share of Rs. 10/- each (i.e. 40%) for the financial year ended 31st March 2012, subject to the approval of the shareholders at the forthcoming 68th Annual General Meeting of the Company to be held on 24th August, 2012. The dividend will absorb Rs. 173.1 million. The dividend distribution tax borne by the Company would amount to Rs. 28.1 million.

Finance & Accounts

Your Company continued to minimize bank borrowings during the year by focusing on cash flows and working capital management. Internal cash accruals were effectively used for funding working capital needs and capital expenditure requirements of the Company.

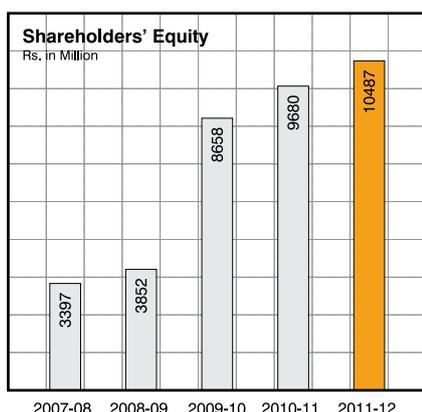
Your Company follows a prudent financing policy & aims to maintain optimum financial gearing at all times. Your Company’s total debt to equity ratio was 0.18 as at 31st March, 2012.

Capital Expenditure

Capital Expenditure incurred during the year aggregated to Rs. 1,798.3 million.

Fixed Deposits

Your Company continued to maintain the highest rating of ‘AAA/Stable/P1+’ awarded by CRISIL on its short term & long term debt programs.



Your Company did not accept any fixed deposits during the year under report. There were no deposits except unclaimed interest on deposits of Rs. 0.26 million as at 31st March 2012.

Management Discussion & Analysis Report

In terms of Clause 49 of the Listing Agreement with the Stock Exchanges, the Management Discussion & Analysis Report is appended to this Report.

Corporate Governance

Your Company is committed to maintaining the highest standards of Corporate Governance. Your Company has complied with the Corporate Governance requirements as per Clause 49 of the Listing Agreements with the Stock Exchanges.

A separate report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement along with a Certificate of Compliance from the Auditors, forms part of this report.

Directors' Responsibility Statement

Your Directors confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) that the Directors 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 your Company at the end of the financial year ended 31st March 2012 and of the profits of your Company for that year;
- (iii) that the Directors 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 your Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:

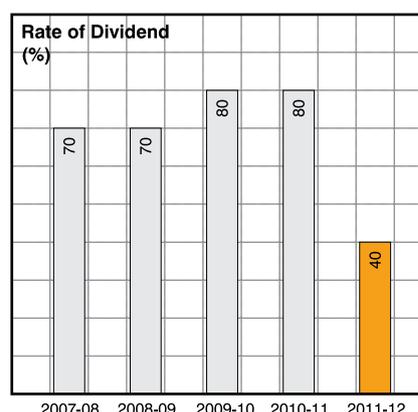
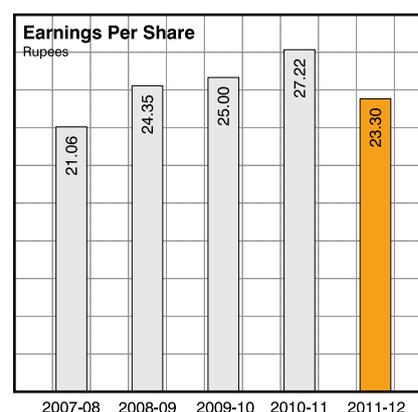
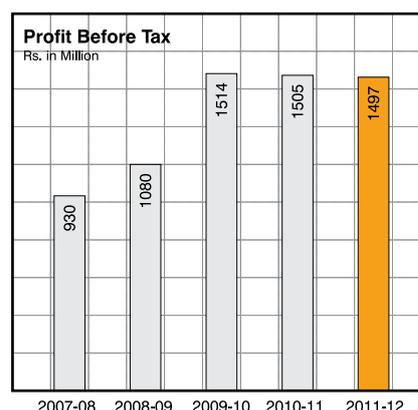
Information pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is given in the annexure to this Report.

Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Pradip P. Shah and Dr. Rainer Diercks retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Mr. R. Y. Vaidya resigned from the Board of the Company w.e.f 31st August, 2011. Your Directors wish to place on record their sincere appreciation of the guidance and valuable contribution made by Mr. Vaidya in the growth and performance of the Company during his tenure as a Director. Consequent to the resignation of Mr. R. Y. Vaidya from the Board, he ceased to be an Alternate Director to Dr. Rainer Diercks w.e.f 31st August, 2011.

Dr. G. Ramaseshan was appointed as a Director of the Company w.e.f 1st September, 2011 in the casual vacancy caused by the resignation of Mr. R. Y. Vaidya in terms of Article 108 of the Articles of Association of your Company and Section 262 of the Companies Act, 1956. Dr. G. Ramaseshan was appointed as an Alternate Director to Dr. Rainer Diercks, effective 1st September, 2011.



As required under Clause 49 of the Listing Agreement with the Stock Exchanges, the details of Directors seeking re-appointment at the ensuing Annual General Meeting are provided in the Corporate Governance Report, forming part of this Annual report.

Auditors

M/s. B S R & Co., Chartered Accountants, Mumbai retire at the forthcoming Annual General Meeting and are eligible for re-appointment.

Cost Audit

The Board of Directors in pursuance to the Orders issued by the Central Government under Section 233B of the Companies Act, 1956, have appointed M/s. R. Nanabhoy & Co., Cost Accountants, Mumbai, for conducting the audit of the cost accounting records maintained by the Company for the products "Insecticides & Dyes", "Paints & Varnishes" and "Chemicals" for the financial year 2012-2013.

Particulars of Employees

The particulars of employees required to be furnished under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Annual Report excluding the Statement of Particulars of Employees, is being sent to all shareholders of the Company. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company.

Personnel and Welfare

Your Directors place on record their sincere appreciation for the contribution made by the employees of the Company at all levels.

Industrial Relations at all our factories remained cordial.

Acknowledgements

The Board of Directors take this opportunity to thank BASF SE, the parent Company, customers, suppliers, bankers, business partners / associates, Central and State Governments and various regulatory authorities for their consistent support and co-operation to the Company. Your Directors thank the shareholders for their confidence in the Company.

On behalf of the Board of Directors

PRASAD CHANDRAN
Chairman & Managing Director

Mumbai

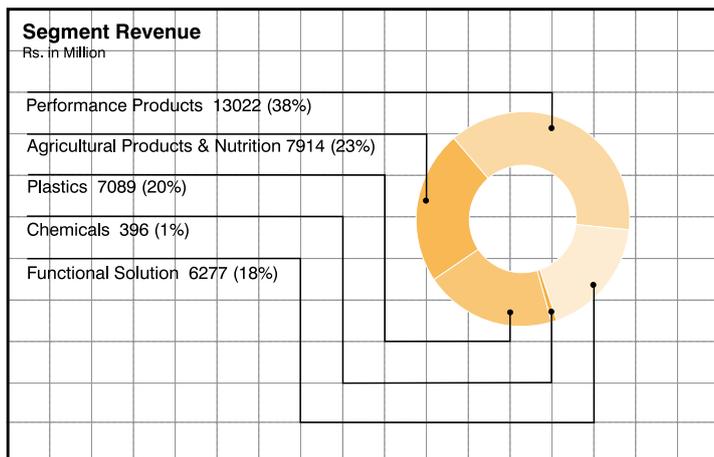
Dated : 25th April, 2012.



India was chosen to host BASF's Asia Pacific Conference in November 2011, where BASF's new global strategy was unveiled for the first time. Seen above from R-L: Dr. Kurt Bock, Chairman of the Board of Executive Directors, BASF SE, Dr. Martin Brudermueller and Mr. Prasad Chandran at the conference held in New Delhi.



At the conference, Mrs. Saori Dubourg, President, Regional Functions & Country Management, BASF Asia Pacific invited opinions on how BASF can live up to its new corporate purpose, "We create chemistry for a sustainable future".



Annexure to the Directors' Report

Statement containing particulars pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report.

A. Conservation of Energy

The Company continued its policy of giving priority to energy conservation measures including regular review of energy generation, distribution and consumption and effective control on utilization of energy, in its manufacturing facilities at Navi Mumbai, Mangalore, Ankleshwar, Bangalore, Howrah (Kolkata), Nalagarh (Himachal Pradesh) and Khushkera (Rajasthan).

During the year under report, various energy saving measures were implemented in the Company's factories, which include:

- Installation of Energy Efficient agitator in reaction vessels to save power.
- Reduction of steam consumption by recovery and reuse of jacket heating hot water.
- Installation of PNG (Piped Natural Gas) connection for consumption in boiler and spray dryer to save fuel and improve the environment.
- Installation of energy efficient burners in steam boilers.
- Optimum utilisation of admixture blenders to save electric energy.
- Installation of energy efficient steam traps to reduce consumption of steam.
- Installation of air diffuser system in Bio aerator to improve performance.
- Reduction of batch cycle time.
- Replacement of old Compressor with new Energy Efficient Air Compressor.
- Installation of eco-friendly central air conditioners to reduce power consumption.
- Reduction of power consumption in plants by incorporating the following measures/carrying out modifications viz.:
 - Optimization of compressor to reduce power consumption.
 - Replacement of motor driven ventilators with gravity ventilators.
 - Segregation of air-conditioned area to reduce load.
- Reduction in process water consumption in plants by:
 - Reducing of Effluent water load from plants to Effluent Treatment Plant (ETP).
 - Recycling of waste water inside the plants to reduce load.
 - Installation of hot water recovery and re-use leading to reduction of cooling water load.

The above measures not only resulted in significant savings in the total energy consumed but also had a positive impact on the environment.

In addition, the Company plans to implement the following energy conservation measures:

- Segregation of dust collectors to recover the powder products.
- Installation of gas train and burners in boiler.
- Installation of waste heat recovery unit to improve efficiency and conserve energy.
- Installation of Solar water heating system for hot water in plants.
- Implement measures to replace fossil fuel with bio fuel in steam generation to achieve fuel conservation and reduce carbon emission.
- Implement measures for rain water harvesting.
- Installation of energy efficient agitators in admixture plant.
- Installation of Variable Frequency Drive (VFD).
- Installation of high capacity air compressors to save electrical energy.

Requisite data in respect of Energy Consumption are given below:

	Current Year 1.4.2011 to 31.3.2012	Previous Year 1.4.2010 to 31.3.2011
(a) Power & Fuel Consumption		
1. Electricity		
(a) Purchased		
Units (in '000 kwh)	29282	26741
Total amount (Rs. in million)	186	153
Rate per unit (Rs.)	6.34	5.73
(b) Own generation		
• Through diesel generator		
Units (in '000 kwh)	896	1531
Units per litre of oil	3.38	3.27
Cost per unit (Rs.)	12.78	10.84
• Through Steam Turbine/Generator units		
Units per litre of fuel oil/gas	N.A.	N.A.
Cost per unit	N.A.	N.A.
2. Coal (specify quality and where used)	N.A.	N.A.
Qty. (tonnes)		
Total cost		
Average rate		
3. Furnace oil/fuels		
Qty. (k. litres)	1993	3624
Total Amount (Rs. in million)	72.92	94.00
Average rate (Rs. /litre)	36.59	25.94
4. Natural Gas		
Qty. (KNCM)	5502	3389
Total Amount (Rs. in million)	151	60
Average rate (Rs. /m3)	27.41	17.59
5. Others/Internal Generation (Qty.)	N.A.	N.A.
Total cost rate/unit		
(b) Consumption per unit of production		
Products		
Expandable polystyrene		
Unit M.T.		
Electricity (kwh)	69	76
Furnace oil/fuels (litres)	23	32
Coal (specify quality)	N.A.	N.A.
Others - Natural Gas (M3)	28	N.A.
Leather chemicals, auxiliaries, pigments tanning and finishing agents including metal complex dyes, acrylic polymers and carboxylated styrene butadiene lattices, coatings & construction chemicals.		
Unit M.T.		
Electricity (kwh)	192	236
Furnace oil/fuels (litres)	N.A.	N.A.
Coal (specify quality)	N.A.	N.A.
Others - Natural Gas (M3)	30	N.A.
Engineering Plastics Compounding Unit		
Unit M.T.		
Electricity (kwh)	470	513
Furnace oil/fuels (litres)	N.A.	N.A.
Coal (specify quality)	N.A.	N.A.
Others (specify)	N.A.	N.A.

B. Technology Absorption

RESEARCH & DEVELOPMENT (R&D):

1. Specific areas in which R&D was carried out by the Company:

During the year, the R&D Centre of the Company was engaged in supporting all the businesses through innovations and undertook multifold research activities including:

- Basic research.
- Introduction of new products in existing production lines.
- Development of new products/formulations.

- Developing cost effective processes and streamlining existing processes in the areas of paper chemicals, leather chemicals, textile chemicals and other specialty chemicals/auxiliaries.
- Optimizing effluent treatment processes.
- Development of new analytical methods.
- Supporting indenting activities.

Work on Global Research projects include:

- Collaborative research with BASF SE, BASF Schweiz AG and BASF Corporation in USA in the areas of performance chemicals, intermediates, agrochemicals and other organic materials, ionic liquids, etc.
- New organic chemical intermediates for specific applications.
- Textile auxiliaries.
- Leather chemicals.
- UV absorbers.
- Isolation of potential pesticides from natural sources.

2. Benefits derived as a result of the above R&D:

In its endeavor to explore and apply new and innovative chemistry for the benefit of customers, the R&D Centre developed new products during the year. Some of these new products were introduced in the market.

- New textile auxiliaries were developed as part of Global Research projects.
- Industry Target Groups worked on cross-functional innovations and came out with innovative products.
- Plant processes have become more efficient and sustainable.
- Processes have been reviewed on various parameters including safety, efficiency, quality, quantity and sustainability.

3. Future plan of action:

Future plan of action of the R&D Centre include:

- Enhancing global collaborative research with BASF SE, BASF Schweiz AG and BASF Corporation, USA.
- Focusing on developmental projects for India and the South-Asian region.
- Further modernization of R&D facilities.
- Development of innovative products and processes.
- Focusing on cross-functional innovations.

4. Expenditure on R&D: Rs. 91.8 million.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. Efforts in brief, towards technology absorption, adaptation and innovation:

The R&D Centre of the Company is recognized by the Ministry of Science and Technology, Government of India. The Centre is ISO 9000 and 9014 certified and undertakes research in several areas including:

- New organic chemical intermediates for various applications.
- Process development and scale-up.
- Agricultural Solutions.
- Textile auxiliaries.
- Leather chemicals.
- Other specialty chemicals.

The Centre is also engaged in developmental activities including new cost effective technologies for existing and new products, reduction in batch cycle time, etc., as also research activities pertaining to the adaptation of process technologies received from BASF SE.

During the year, site optimization activities were initiated at the Styropor and Effluent Treatment Plant.

2. Benefits derived and the results of the above efforts:

New products were developed and commercialized during the year. Efforts in process optimization led to cost reduction. This helped the businesses to remain cost competitive. Batch sizes and cycle times were optimized for better efficiency and manufacturing equipments were modified for overall improved productivity.

3. Imported Technology:

During the last 5 years, the Company entered into agreements with BASF SE for sourcing the following technical know-how:

- In 2006, 2007 & 2009 for manufacture of performance products.
- In 2008 for manufacture of Engineering Plastics.
- In 2010 for activities in special performance products.
- In 2011 for activities in agrochemicals.

The Company has excellent interaction with its parent Company BASF SE and receives on an ongoing basis, valuable technical information and support. As a result, the Company introduced a range of new products in different business segments.

C. Foreign Exchange Earnings and Outgo:

The particulars with regard to foreign exchange earnings and outgo appear on page 45 of the Annual Report and Accounts.

On behalf of the Board of Directors

Mumbai
Dated : 25th April, 2012.

PRASAD CHANDRAN
Chairman & Managing Director

Management Discussion and Analysis Report



BASF held a two-day exclusive sales event themed “Sales drives BASF” in Hyderabad during November 2011 to recognize outstanding achievements of sales teams and share good sales practices. The event had over 150 BASF sales employees participate from South Asia.

A combination of high inflation, tight monetary policy, weak global economic conditions and slow implementation of fiscal policies and reforms weakened India's industrial and economic growth momentum in the fiscal year 2011-2012. After clocking a robust 8.4% growth in the previous two years, India's economic growth slackened and is estimated to grow by 6.9% in 2011-2012. The performance of the industrial sector deteriorated, but on the positive side, the agriculture and services sector recorded steady growth. The service sector continued to be a major contributor to the GDP with an estimated growth rate of 9.4%. Similarly, agriculture sector is expected to achieve a growth rate of 2.5% in 2011-2012. However, the industrial growth moderated as the manufacturing sector grew by 4.4% in the first 10 months of the year as against 8.9% growth in the previous year.

The products manufactured by your Company serve the agriculture as well as several other sectors including paper, pharmaceuticals, consumer durables, electronics, automobiles, construction, leather and textiles. The demand for passenger vehicles in the Indian market grew modestly by 4.7% while consumer durables were expected to grow at about 4%. The growth of the construction industry was also lower compared to the previous year. However, the continued rise in consumer demand boosted the demand for FMCG products, personal care products, paper products, paints and packaging. The pharmaceutical industry continued to demonstrate growth of about 15% spurred by robust demand in both domestic and international markets. The global economic scenario adversely impacted the exports dependent Indian textile industry.

The weakness in economic activity and industrial sector is expected to witness gradual recovery. The Reserve Bank of India has also reduced its key lending rate to support growth, marking the reversal of its monetary policy stance that had focused on controlling inflation in the past three years.

Agricultural Solutions

The Agricultural Solutions business includes agrochemicals like insecticides, herbicides, fungicides and specialties. During the year under review, the Agricultural Solutions business has shown good growth in sales and profits.

India's foodgrain production for 2011-2012 is likely to cross 250 million tonnes against a target of 245 million tonnes. The production of rice and wheat is expected to be higher as compared to the previous year. Cotton exports have grown significantly during the year as compared to the previous year. However, the output price of cotton has dropped, on account of slowdown in the global economy. Pro-farmers policies announced by the Indian Government will boost the rural economy and enhance agricultural productivity.

The Agricultural Solutions business of your Company continued its journey of profitable growth driven by the consistent introduction of new products and adoption of innovative marketing initiatives while building on various strategic measures initiated in the earlier years. The Samruddhi (prosperity) program, where your Company operates as a total solution provider to the farmers, contributed to this growth. During the year, the Samruddhi program was extended to other crops such as onions and potatoes. New Chemistries launched in 2011, owing to farmers' choice of specialty chemicals, in both Herbicides and Fungicides, in which your Company has an edge, has registered good growth.

Your Company continues to launch new products to meet the changing and growing needs of the farmers. Your Company successfully launched its new brand “ODYSSEY” in the Herbicide segment, which will provide the much needed boost to the soyabean growers by further enhancing their farm productivity.

Performance Products

The Performance Products business includes performance chemicals, dispersions & pigments, care chemicals, nutrition and health products and paper chemicals. This business caters to the requirements of a wide spectrum of industries,

including textiles, leather, plastics & coatings, detergent formulators, pharmaceuticals, automobile and oil.

The Leather Chemicals business witnessed a slow recovery as a consequence of the global financial slowdown. However, the demand recovered in the first quarter of 2012. During the year, the sales of most of the product groups of the leather chemicals business of your Company were lower as compared to the previous year. However, significant growth was registered in sales of base coat, dyestuffs and spray dyes. The Leather Chemicals business has recorded higher profits due to the several operational excellence initiatives implemented by the business.

Stringent pollution norms, high input costs, non-availability of raw hides and skins, power shortages in certain leather production areas and lack of manpower in tanneries are major concerns for this business. Medium and small leather chemical manufacturers are taking advantage of the above challenging conditions prevailing in the leather industry and offering cheaper alternative products as against the quality products offered by your Company.

Despite the unfavourable market conditions, with the signs of gradual global recovery, outlook for the leather chemicals business looks optimistic.

The Indian textile industry is one of the major contributors to the Indian industry contributing 4% to GDP and 17% to the manufacturing sector. The Indian textiles chemical market comprises diverse players in terms of size, from single product suppliers to suppliers offering chemicals for the entire value chain, along with additional technical services such as process optimisation, specialised fabric testing and certification. During the year, your Company's Textile Chemicals business witnessed lower growth as compared to previous year due to lower production on account of shutdown of certain textile chemicals manufacturing sites in India owing to stringent pollution norms.

Demand for home textiles and denims continued to grow during the year. Lack of innovation in textiles, shift of textile industry to low cost garments from other countries, stringent pollution control norms are the major concerns for this business.

The outlook for the Textile Chemicals business looks challenging due to rising raw material cost and stiff competition from the domestic market.

The Care Chemicals business of your Company mainly caters to personal care, home care and formulation technology sectors. During the year, significant growth was recorded in the Care Chemicals business as compared to the previous year due to addition of Cognis products into this business, which were complementary to your Company's existing products. Requirement of better performing and higher efficiency products in the home care industry will drive the demand for your Company's polymers, fluorescent whitening agents and surfactants. With the rising disposable income and increasing awareness, the growth in the personal care industry presents a good opportunity for personal care ingredients supplied by your Company.

The Plastics Additives business is categorised into anti-oxidants, light stabilizers and pigments for the plastic industry. The slowdown in the exports to European markets had a negative impact on the demand for plastics additives resulting in lower sales as compared to the previous year.

The Fuel and Lubricants solution caters to automotive and oil industries. This business is influenced mainly by the trends towards motorization and further development of engines designed to cut fuel consumption. The Fuel and Lubricant Solutions business witnessed substantial growth during the year as compared to the previous year due to breakthroughs with certain key customers in the automotive industry for engine coolants & fuel additives.

The Water Solutions business of your Company focuses on water recycling and industrial effluent. Significant growth in the municipal effluent sector is expected to offer good opportunity for our products flocculants and coagulants. Oilfield solutions cater to the service companies that carry out work for oil sector.

The sales performance of water solution, oilfield and mining solutions business was lower as compared to the previous year.

The Nutrition & Health business of your Company comprises of Human Nutrition, Animal Nutrition, Pharma Ingredients, Application Services and Flavours & Fragrances. During the year, this business registered growth in sales as compared to the previous year. Pharma business successfully rebranded its huge excipient portfolio during the year.



BASF's Care Chemicals division participated in HPCI 2012. The BASF booth had an interesting display on the theme of a high definition studio and displayed our personal care and hair care solutions.

The Dispersions & Pigments division of your Company comprises of pigments, resins, dispersions and additives which cater to the needs of adhesives, printing, packaging and construction industries. The Dispersions & Pigments business registered modest growth in sales during the year. The acquisition of Cognis business was one of the growth drivers of this business. Growth in key customers industries like paints & coatings, adhesives & construction material would boost higher demand for Dispersions & Pigments business.

The Paper Chemicals business of your Company has a comprehensive product portfolio and technical expertise. With low per capita paper consumption in India as against global average consumption, there is a good opportunity for Paper Chemicals business in India. The Paper Chemicals business continued to make steady progress by providing better services to customers and optimizing the production footprint to improve competitiveness in the industry.

During the year under review, BASF has relocated its paper dye production from Grenzach in Germany to your Company's plant at Ankleshwar. This will be a high quality direct dyes supply hub for the global paper industry and will enable your Company to serve its customers better. In addition, your Company also established a new paper application centre at Chandivali, which is equipped with specialised equipment's for application and product testing.

Given the positive outlook for manufacturing in the country, the Paper Chemicals business is expected to grow in the coming years.

The Refinery Chemicals and Chemicals Catalysts business caters to petrochemicals industry. This business showed marginal decline in sales for the year under review. In the coming years, your Company expects a moderate growth in this business.

Plastics

The Plastics division comprises of Expandable Polystyrene (EPS), performance polymers (engineering plastics) and polyurethanes businesses.

EPS is primarily used in the areas of packaging and insulation. The major end-users in the packaging segment include consumer electronics, white goods, fruits and vegetable export packaging. Consumer electronics and home appliances sectors are the major segments for the EPS business. During the year, the EPS business of your Company recorded moderate growth in sales. In the white goods area, the refrigerator segment registered moderate growth however, air conditioner segment showed a decline in sales due to extended winter.

Your Company's newly launched initiative "Building envelope concept" for construction of green buildings, steadily expanded across the country.

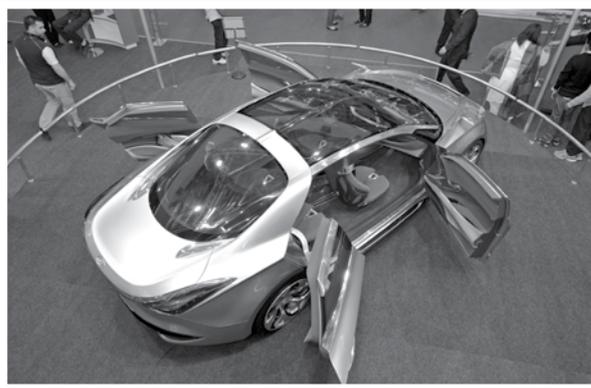
Volatile raw material prices, low import duty barriers and under-utilised capacities in Asia are major concerns for EPS business.

With the expected growth in the consumer durable industry coupled with the rising purchasing power, the outlook for the Plastics business looks positive.

The Performance Polymers (engineering plastics) business of your Company caters to the requirement of automotive and electrical industries. During the year, the engineering plastics business of your Company showed increase in sales as compared to the previous year. With wider market coverage, focus on new market development, higher capacity utilisation and expected export opportunities, the engineering plastics business is poised for higher growth in the coming years.

The Polyurethanes business is largely dependent on the demand for consumer products such as cars, white goods, furniture and footwear. High inflation, increased interest costs and poor consumer confidence dampened, demand across all segments, which in turn affected the polyurethanes business in India. Although Polyurethanes business recorded healthy growth in volume and turnover, high input costs & exchange rate fluctuation impacted the margins, during the year under review.

The growth opportunities for the Polyurethanes business in India looks positive as the current penetration levels are low and there is untapped potential for this business.



At PlastIndia 2012 held in February, BASF, for the first time in India showcased the "HED-7" concept car – a joint development of BASF and Hyundai. It was a huge success with customers and visitors.

Functional Solutions

The Functional Solutions business of your Company comprises of the Coatings and Construction Chemicals businesses.

The Coatings business comprises of three segments viz., automotive OEM coatings, automotive refinish coatings and industrial coatings. The Industrial coatings business includes pre-coatings, which comprises of coil coatings, foil coatings and panel coatings.

Your Company is one of the major players in the automotive coatings industry in India supplying to almost all major car and motorcycle manufacturers. During the year, Technology upgradation measures have been undertaken and implemented by your Company. Your Company has also set up body shop network with car manufacturers for its refinish business. The Coatings business registered good growth, both in volume and value terms, during the year under review.



In May 2012, BASF inaugurated a new Coatings Technical Support Lab in Mangalore, to cater to the needs of automotive customers globally.

The Coatings business has been working jointly with automotive OEM customers to develop innovative coatings processes through its research and development initiatives and also providing technical services. The Coatings business will also be participating in the upcoming wind energy segment for supply of high tech paints.

With the expected growth in the automotive sector in India, the outlook for the Coatings business of your Company looks optimistic.

The Construction Chemicals business of your Company supplies chemical systems and formulations for customers in the construction industry. The Admixture systems business caters to customers from the ready-mix, pre-fabrication, concrete products and underground mining industries.

The Construction systems business offers products for sports and industrial flooring, exterior insulation, facade systems, expansion joints, wood preserving agents and construction and repair products. During the year, the Construction Chemicals business of your Company recorded healthy growth in sales and profits. Introduction of new technology solutions such as UCRETE, Masterpen, Coniroof, MBrace, which were well accepted by the local customers, supported the business growth.

The Admixtures systems business recorded significant growth in turnover and volumes as compared to the previous year due to introduction of new technology products such as Gleninum, high range water reducer, Meyco SA range, Alkali free shotcrete accelerator. However, weakening of the rupee, increasing cement and crude prices and limited availability of raw materials including graded sand are major concerns for this business.

Positive growth in demand is foreseen in the construction chemicals business due to the strong growth in construction industry viz., commercial, residential, infrastructure projects, thermal and hydel power plants, etc.

Chemicals

Your Company's Chemical business includes intermediates, inorganics, petrochemicals and other process chemicals. The chemicals supplied by BASF Group cater to the requirement of a wide range of user industries including coatings, life sciences, construction additives, food and feed, pharmaceuticals, agrochemicals, plastics and fibers, process chemicals and intermediates.

The sales of the Chemicals business during the year under review were lower compared to the previous year mainly on account of weak global outlook coupled with reduced price realisation in certain segments and exchange rate fluctuations.

During the year under review, new growth opportunities were also identified in flavours, fragrances and nutrition intermediates. Textile intermediates also witnessed a strong growth on account of new projects.

Your Company continues to concentrate on customer focused activities to achieve higher growth.

The product portfolio of the petrochemicals business includes acrylics, plasticizers & solvents. During the year, the performance of the petrochemicals business was impacted on account of the difficult market conditions, which prevailed especially during second quarter of 2011. Your Company has been continuing to increase business with key customers in paints, coatings and the plasticizers segments.

The performance of the inorganic chemicals business of your Company was higher as compared to the previous year. New businesses and growth segments were identified with emphasis in solar industry applications, life sciences, textiles and powder injection moulding.

The outlook for Chemicals business is positive.

Technical Management

The efforts to optimize utilisation of assets at all manufacturing sites continued during the year under review. These steps, coupled with energy conservation measures undertaken by your Company, resulted in cost reduction, higher yield, lower batch cycle time, better quality products and enhanced capacities and also had a positive impact on the environment. During the year, a number of technical initiatives and energy conservation measures were implemented at all manufacturing sites of your Company.

Your Company is committed to global climate protection. Your Company has been publishing a comprehensive corporate carbon footprint since 2008 and has been selected for inclusion in the Carbon Disclosure Leadership Index and Carbon Performance Leadership Index, being the only chemical Company to receive this honour.

As part of the several steps undertaken globally in the sphere of climate protection, your Company continued to strive and further reduce emissions and ensure even higher effective utilisation of scarce resources like water and electricity, which led to decrease in emission of air pollutants. Your Company has set up a Multiple Effect evaporator at Ankleshwar plant to reduce waste. A scrubber was also set up at the Mangalore Plant to clean all the identified fugitive emissions emanating out of the storage tanks.

During the year, micro nutrient project, power up-gradation projects and diffused aeration systems were completed and commissioned.

Safety, Health and Environment management continued to receive priority at all sites. The Mangalore plant of your Company was ranked second in the safe factory (medium category) for adopting safe practices in the year 2011. The Navi Mumbai Plant of your Company also received the award for being the Meritorious Performance in Industrial Safety in the Chemical and Fertilizer group in 2011.

Your Company has been working on improving its supply chain through enhanced customer focus and improved processes and tools.

Industrial relations in all the factories continue to remain cordial.

Research and Development

During the year, your Company's Research and Development team was engaged in supporting the technology platforms of BASF, locally as well as globally, with multifold activities which include research in the areas of:

- New organic chemicals intermediates for various applications
- Process development and scale-up
- Agricultural solutions
- Textile auxiliaries
- Leather chemicals
- Other specialty chemicals

During the year, your Company participated in the "National Initiative on Undergraduate Science" programme to strengthen connection with top science graduates across India.

Some of the future R&D plans envisage:

- Further strengthening the collaboration with the global technology platforms
- Integration of the new Indian research activities into the global research network
- Further modernisation of equipment and facilities
- Contribution to the development of new and innovative products within the global network

Internal Control Systems and their Adequacy

Your Company has established proper and adequate system of internal control to ensure that all resources are put to optimum use and are well protected against loss, and all transactions are authorised, recorded and reported correctly and there is proper adherence to policies and guidelines, processes in terms of efficiencies and effectiveness. The Company's internal control systems are supplemented by an extensive program of internal audit by an independent firm of Chartered Accountants. In line with BASF group policies, the group internal auditors also perform audits in specific areas of operations. The principles of risk avoidance, such as segregation of duties and dual control of important process, are the basic foundation of internal monitoring.

The Company's internal control systems are periodically tested and certified by the internal auditors. The Audit Committee constituted by the Board constantly reviews the internal control systems.

Developments in Human Resources and Industrial Relations Front

With the increase in the business growth, the challenge to recruit employees with the right knowledge, skill and competence was immense. The challenge was even more intense during the year under review as the number of new recruitments increased significantly as compared to the previous year.

During the year, your Company also introduced e-recruitment tool to effectively manage the large number of hiring, which led to process involvement. Initiatives to identify and development of leadership talent was taken up intensively.

During the year, your Company implemented the Champion of Internal Career Experience (CHOICE) programme at all the sites of the Company to understand and address the career development needs of the employees of the Company.

Consequent to acquisition of business of Cognis, all the employees of Cognis are now part of your Company.

Industrial Relations were cordial at all the sites of the Company during the year under report.

The Company employed 2012 persons as on 31st March, 2012.

On behalf of the Board of Directors

PRASAD CHANDRAN

Chairman & Managing Director

Mumbai

Dated : 25th April, 2012.



Mr. Prasad Chandran addressing new entrants who have completed six months at BASF, during the bi-annual "Chat with the Leader" programme, which is aimed at greater employee involvement through experience sharing and feedback sessions.



Once in every six months, a Direct Communications meet is held, where the Chairman addresses all employees. Seen above: Employees asking questions to the Chairman, during the first Direct Communication address.



Running for a cause: Offering support to Muktangan, an NGO working towards introducing educational reforms in India, BASF employees participated for the third consecutive time in the annual Mumbai Marathon held on January 11, 2012.



As part of BASF's "Million Minds" initiative, the company organized a Seminar Series on Corporate Governance & Business Ethics at the Indo-German Training Center. Seen above: The top scorer of the programme being felicitated in a special ceremony.

Report on Corporate Governance

The Company has complied with the requirements of Corporate Governance in terms of the revised Clause 49 of the Listing Agreement.

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy on Corporate Governance is aimed at assisting the management in the efficient conduct of its business and in meeting its obligations to its stakeholders and is guided by a strong emphasis on transparency, accountability and integrity.

The commitment to good Corporate Governance is embodied in its Values Statement, comprising of the following:

- Sustainable Profitable Performance
- Innovation for the Success of Customers
- Safety, Health & Environmental Responsibility
- Personal and Professional Competence
- Mutual Respect and Open Dialogue
- Integrity

For several years, the Company has shown a high level of commitment towards effective Corporate Governance and has been at the forefront of benchmarking its internal systems and policies with global standards. The Company maintains highest business ethics and strives to comply with all statutory and regulatory requirements.

The Company's philosophy on Corporate Governance envisages attainment of higher levels of transparency, accountability and equity in all facets of its operations and its interactions with its stakeholders including shareholders, employees, customers, suppliers, government, lenders and the community at large. It aims to increase and sustain its corporate value through growth and innovation.

The Company believes that its operations and actions must serve the underlying goal of enhancing the interests of its stakeholders over a sustained period of time, in a socially responsible way.

All employees are bound by a Code of Conduct that sets forth the Company's policies on important issues.

2. BOARD OF DIRECTORS AS ON 25th April, 2012

A. Composition and category of the Board of Directors are as follows:

EXECUTIVE DIRECTORS

Name	Date of Appointment	Designation	No. of Meetings held during the Last Financial Year	No. of Meetings Attended	Number of Memberships in Boards of Other Companies*	No. of Memberships/ Chairmanships in other Committees
Mr. Prasad Chandran	2 nd April, 2005 (re-appointed on 2 nd April 2010)	Chairman & Managing Director	5	5	1	2
Mr. S. Regunathan (Alternate to Mr. Andrew Postlethwaite)	16 th July, 2010	Vice President– Finance & Corporate Processes, South Asia	5	5\$	NIL	NIL
Mr. Thilo Bischoff (Alternate to Ms. Saori Dubourg)	20 th October, 2010	Vice-President– Business & Markets, South Asia	5	4\$	NIL	NIL
Mr. R. Y. Vaidya (Resigned as Director of the Company and also as Alternate Director to Dr. Rainer Diercks with effect from 31 st August, 2011)	16 th April, 2008	Chief Executive– Manufacturing	5	3\$	NIL	NIL
Dr. G. Ramaseshan (Alternate to Dr. Rainer Diercks)	1 st September, 2011	Chief Executive– Manufacturing	5	4#	NIL	NIL

* Excludes Directorships in Private Limited Companies, Foreign Companies, Section 25 Companies, and Memberships of Managing Committees of various Chambers/Bodies.

\$ Were present at the Meeting held on 26th August, 2011 as invitees.

Dr. G. Ramaseshan was present at the Meetings held on 18th July, 2011 and 26th August, 2011 as an invitee.

NON-EXECUTIVE DIRECTORS

Name	Date of Appointment	Designation	No. of Meetings held during the Last Financial Year	No. of Meetings Attended	Number of Memberships in Boards of Other Companies**	No. of Memberships/ Chairmanships in other Committees
Ms. Saori Dubourg	19 th January, 2010	Director	5	1	NIL	NIL
Dr. Rainer Diercks	23 rd January, 2006	Director	5	1	NIL	NIL
Mr. Andrew Postlethwaite	28 th April, 2011	Director	5	1	NIL	NIL

** Excludes Directorships in Private Limited Companies, Foreign Companies, Section 25 Companies and Bodies Corporate.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Name	Date of Appointment	Designation	No. of Meetings held during the Last Financial Year	No. of Meetings Attended	Number of Memberships in Boards of Other Companies*	No. of Memberships/ Chairmanships in other Committees
Mr. Pradip P. Shah	31 st January, 2000	Director	5	5	12	Membership – 5 Chairmanship – 1
Mr. R. A. Shah	25 th April, 1968	Director	5	4	13	Membership – 4 Chairmanship – 4
Mr. R. R. Nair	30 th March, 2001	Director	5	5	NIL	Membership – Nil Chairmanship – Nil
Mr. Arun Bewoor	19 th January, 2010	Director	5	4	2	Membership – Nil Chairmanship – Nil

* Excludes Directorships in Private Limited Companies, Foreign Companies, Section 25 Companies, Bodies Corporate, Memberships of Managing Committees of various Chambers/Bodies and Alternate Directorships.

- **Number of Board Meetings held during the financial year along with the dates of the meetings:**

Five Board Meetings were held during the year 2011-12.

The dates on which the said Meetings were held are as follows:

- | | |
|---|---|
| (1) Thursday, 28 th April, 2011 | (2) Monday, 18 th July, 2011 |
| (3) Friday, 26 th August, 2011 | (4) Tuesday, 25 th October, 2011 |
| (5) Tuesday, 31 st January, 2012 | |

B. All pecuniary relationship or transactions of the non-executive Directors vis-à-vis, the Company.

Mr. R. A. Shah, Mr. Pradip P. Shah, Mr. R. R. Nair and Mr. Arun Bewoor, non-executive independent Directors of the Company do not have any material pecuniary relationship with the Company other than the commission payable to them. Details of commission paid are given at Serial No. 4 of this report.

Ms. Saori Dubourg, Dr. Rainer Diercks and Mr. Andrew Postlethwaite were not paid any commission during the financial year 2011-12. Ms. Saori Dubourg, Dr. Rainer Diercks and Mr. Andrew Postlethwaite represent BASF SE ("holding Company" of the Company).

3. AUDIT COMMITTEE

The Board of Directors of the Company constituted an Audit Committee on 1st March, 2001. The Chairman of the Audit Committee is a Non-executive and Independent Director. During the financial year 2011-2012, 4 Audit Committee Meetings were held on 28th April, 2011, 18th July, 2011, 25th October, 2011 and 31st January, 2012, respectively.

The present composition of the Audit Committee is as follows:

Name	Date of Appointment	No. of Meetings during FY 2011-12	
		Held	Attended
Mr. R. R. Nair, Chairman	12 th July, 2006	4	4
Mr. R. A. Shah	1 st March, 2001	4	3#
Mr. Pradip P. Shah	1 st March, 2001	4	4
Mr. Arun Bewoor	19 th January, 2010	4	3*

Mr. R. A. Shah, was not present at the Audit Committee meeting held on 28th April, 2011.

* Mr. Arun Bewoor was not present at the Audit Committee Meeting held on 25th October, 2011.

Mr. S. Regunathan, Permanent Invitee was present at all Audit Committee meetings.

Mr. Pradeep Chandan, Director – Legal & Company Secretary, was appointed as Secretary of the Audit Committee on 2nd April, 2010 and was present at all the Audit Committee meetings.

The constitution of Audit Committee also meets with the requirements of Section 292A of the Companies Act, 1956.

The Minutes of the Audit Committee Meetings were noted at the Board Meetings. The Chairman of the Audit Committee, Mr. R. R. Nair, was present at the 67th Annual General Meeting held on 26th August, 2011.

Mr. Thilo Bischoff, Vice President, Business & Markets, South Asia, Statutory Auditors, Internal Auditors and Cost Auditors, as needed, are invitees to the meetings.

The terms of reference stipulated by the Board to the Audit Committee contained under the revised Clause 49 of the Listing Agreement are briefly described below:

- a. Oversight of the Company's financial reporting process and disclosure of the financial information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommend the appointment, reappointment and, if required, replacement or removal of Statutory Auditors, fixation of the audit fees and approving payments for any other services.
- c. Review with Management, the annual and quarterly financial statement before submission to the Board, focusing primarily on:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
 - Changes, if any in accounting policies and practices and reasons for the same.
 - Major accounting entries based on exercise of judgment by the management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing & other legal requirements concerning financial statements.
 - Disclosure of any related party transactions.
 - Qualification in draft audit report.
- d. Review with Management, performance of Statutory and Internal Auditors and adequacy of internal control systems.
- e. Review the adequacy of internal audit function, including if applicable, the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- f. Discussions with the Internal Auditors of any significant findings and follow-up thereon.
- g. Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- h. Discussions with Statutory Auditors before the audit commences, of the nature and scope of audit as well as have post-audit discussion to ascertain any areas of concern.
- i. Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividend) and creditors.
- j. Review the Company's financial and risk management policies.
- k. Review the following information:
 - Management discussion and analysis of financial condition and results of operations;
 - Statement of significant related party transactions;
 - Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
 - Internal audit reports relating to the internal control weaknesses;
 - The appointment, removal and remuneration of the chief internal auditors;

The Audit Committee is vested with the necessary powers, as defined in its Charter, to achieve its objectives.

4. REMUNERATION

- **Remuneration Committee**

As the Remuneration Committee is non-mandatory, the Board decided that the formation of this Committee be taken at an appropriate time.

- **Remuneration of Non-Executive Directors**

The remuneration of Non-Executive Directors is decided by the Board of Directors of the Company within the limits approved by the Members.

- **Criteria for payment of remuneration to the Non-Executive Directors:**

The remuneration to Non-Executive Directors comprises of fixed commission. The criteria for payment of commission is broadly based on the Company's operations, responsibilities of the Non-Executive Directors, the time devoted by them towards the Company's affairs at the Audit Committee and Board Meetings, periodic advice given by these Directors to the management and the commission paid by comparable Companies.

Details of remuneration paid to all the Directors during the year 2011-2012.

(a) EXECUTIVE DIRECTORS

(Amount in Rupees per annum)

Remuneration	Mr. Prasad Chandran	Mr. Thilo Bischoff	Mr. S. Regunathan	Dr. G. Ramaseshan (From 1 st September, 2011)	Mr. R. Y. Vaidya (till 31 st August, 2011)	Total
Salary & Benefits @	1,90,87,257	1,91,52,732	1,27,15,069	62,09,429	84,26,099	6,55,90,586
Performance Linked Incentive#	98,00,525	54,95,435	28,47,950	10,50,413	9,23,328	2,01,17,651
Total	2,88,87,782	2,46,48,167	1,55,63,019	72,59,842	93,49,427	8,57,08,237

@ Salary & Benefits includes Salary, Benefits, Provident Fund and Superannuation but excluding provision for contribution to Gratuity Fund and Group Insurance, leave encashment & long service awards.

Performance Linked Incentive is based on achievements against pre-agreed targets.

The agreement in respect of Mr. Prasad Chandran, Chairman and Managing Director (re-appointed w.e.f from 2nd April 2010) is for a period of 5 years. The agreements in respect of Mr. S. Regunathan, Mr. Thilo Bischoff and Dr. G. Ramaseshan as Wholtime Directors of the Company are for a period from 16th July, 2010 to 31st May, 2014, 20th October, 2010 to 30th April, 2014 and 1st September, 2011 to 1st April, 2015, respectively. Either of the parties to these agreements is entitled to terminate the agreements by giving six months' notice in writing.

Presently, the Company does not have a Scheme for grant of stock options to the Directors / employees.

(b) INDEPENDENT NON-EXECUTIVE DIRECTORS

The Commission due to the Independent Non-Executive Directors for the financial year ended 31st March 2012 is as follows:

Mr. R. A. Shah#	Mr. Pradip P. Shah	Mr. R. R. Nair	Mr. Arun Bewoor
Rs. 8,00,000/-	Rs. 8,00,000/-	Rs. 8,00,000/-	Rs. 8,00,000/-

M/s. Crawford Bayley & Co., one of the Solicitors of the Company in which Mr. R. A. Shah is a Senior Partner renders professional services to the Company.

Independent Non-Executive Directors do not hold any shares in the Company

(c) No remuneration was paid to Non-Executive Foreign Directors during the financial year 2011-12.

5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

The Board of Directors of the Company constituted a Shareholders'/Investors' Grievance Committee on 1st March 2001. The Chairman of the Shareholders'/Investors' Grievance Committee is a Non-Executive and Independent Director. During the financial year 2011-2012, 1 Shareholders'/Investors' Grievance Committee Meeting was held on 25th October, 2011.

The present composition of the Shareholders'/Investors' Grievance Committee is as follows:

Name	Date of Appointment	No. of Meetings during FY 2011-12	
		Held	Attended
Mr. R. R. Nair, Chairman	7 th May, 2008	1	1
Mr. Prasad Chandran	1 st March, 2001	1	1
Mr. Arun Bewoor	19 th January, 2010	1	0*
Mr. S. Regunathan	16 th July, 2010	1	1

* Mr. Arun Bewoor, Member of the Committee, was not present at the Shareholders'/Investors' Grievance Committee meeting held on 25th October, 2011.

The Committee looks into redressal of shareholders' and investors' complaints/grievances. The Committee also looks into complaints concerning transfer of shares, non-receipt of balance sheet, non-receipt of dividends etc. The Committee oversees the performance of the Registrar and Share Transfer Agent and recommends measures for overall improvement in the quality of investor service.

The Company has a Share Transfer Committee comprising of Mr. Prasad Chandran as Chairman, Mr. Arun Bewoor and Mr. S. Regunathan as members which approve all matters related to shares vis-à-vis transfers, deletions, transmissions, dematerialization and rematerialization of shares etc. The Committee meets from time to time and approves the transfers and transmission of shares and deletion of names, issue of duplicate share certificates, etc.

Name, designation and address of the Compliance Officer:

Mr. Pradeep Chandan
Director - Legal & Company Secretary
BASF India Limited
1st Floor, VIBGYOR Towers
Plot No.C-62, 'G' Block, Bandra Kurla Complex, Mumbai-400051.
India

During the year, 4 complaints were received from the shareholders and these have been resolved to date.

Outstanding complaints as on 31st March, 2012 were Nil.

CEO/CFO Certificate:

A certificate from the Chief Executive Officer (Managing Director) and the Chief Financial Officer, on the financial statements and other matters of the Company for the financial year ended 31st March, 2012, was placed before the Board at its meeting held on 25th April, 2012.

6. GENERAL BODY MEETINGS

(a) During the last three years, your Company's Annual General Meetings (AGMs) were held at Yashwantrao Chavan Pratishthan Auditorium, Y. B. Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai - 400 021 on the following dates:

1. Friday 26th August, 2011 at 3.00 p.m.
2. Thursday 12th August, 2010 at 3.00 p.m.
3. Friday 21st August, 2009 at 3.00 p.m.

All resolutions including the special resolutions at AGMs are generally passed by way of show of hands. No postal ballots were used for voting at these meetings.

(b) Attendance of Directors at AGM during the last financial year:

All the Directors of the Company as at 26th August, 2011 were present.

7. DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT

Brief resumes of the Directors seeking appointment or re-appointment are as follows:

- Mr. Pradip P. Shah has been a Director on the Board of the Company since 31st January, 2000. Mr. Shah holds an MBA from the Harvard Business School and a Bachelor's degree in Commerce from Sydenham College, Mumbai. He is a qualified Chartered Accountant and a Cost Accountant and ranked first in India in the Chartered Accountancy examinations.

He is the founder Managing Director of CRISIL, India's first and largest credit rating agency. He has served as a member of various committees of the Government on matters concerning Finance. Mr. Shah is the Chairman of IndAsia Fund Advisors Private Limited, a private equity investment and corporate finance advisory Company.

Presently, Mr. Pradip P. Shah is also the Chairman/Director of the following public limited companies viz.

- | | |
|---|----------|
| 1. Shah Foods Limited | Chairman |
| 2. Sonata Software Limited | Chairman |
| 3. Wyeth Limited | Chairman |
| 4. Godrej & Boyce Mfg. Co. Limited | Director |
| 5. Grindwell Norton Limited | Director |
| 6. Kansai Nerolac Paints Limited | Director |
| 7. KSB Pumps Limited | Director |
| 8. Mukand Limited | Director |
| 9. Panasonic Energy India Co. Limited | Director |
| 10. Pfizer Limited | Director |
| 11. Reid & Taylor (India) Limited | Director |
| 12. Tata Investment Corporation Limited | Director |
- Dr. Rainer Diercks was appointed as a Director of the Company on 23rd January, 2006 in the casual vacancy caused by the resignation of Dr. E. Baumgartner. Dr. Diercks has studied Chemistry at the Universities of Hamburg and Berkeley. Dr. Rainer Diercks has over 25 years of experience in the BASF Group. He was appointed as President, Inorganics Division in 2001 and thereafter President, Chemicals Research & Engineering Division in 2004. In 2007, he was appointed as Member of Board of DECHEMA e.V, Frankfurt. Since 2010, Dr. Diercks is the President of Petrochemicals Division of BASF.

Non-Executive Director seeking re-appointment do not hold any shares in the Company either in his own name or for any other person on a beneficial basis.

8. DISCLOSURES

- (a) There were no materially significant related party transactions made by the Company with its promoters, directors or relatives or the management, their subsidiaries, etc., which have potential conflict with the interests of the Company at large. The register of contracts containing the transactions in which Directors are interested is placed before the Board at every Board Meeting for approval.

Transactions with related parties are disclosed in Note No. 28(18) to the Annual Accounts in the Annual Report.

- (b) The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years. No strictures or penalties have been imposed on the Company either by SEBI or the Stock Exchanges or any other statutory authority for non-compliance of any matter related to the capital market.

- (c) The Company has complied with the mandatory requirements of the Code of Corporate Governance as stipulated under Clause 49 of the Listing Agreement.

- (d) Risk Management

The Company has in place a mechanism to inform the Board about the risk assessment and minimization procedures and periodical review to ensure that management controls risk through means of a properly defined framework.

- (e) The Management Discussion & Analysis Report forms part of this Annual Report.

9. MEANS OF COMMUNICATION

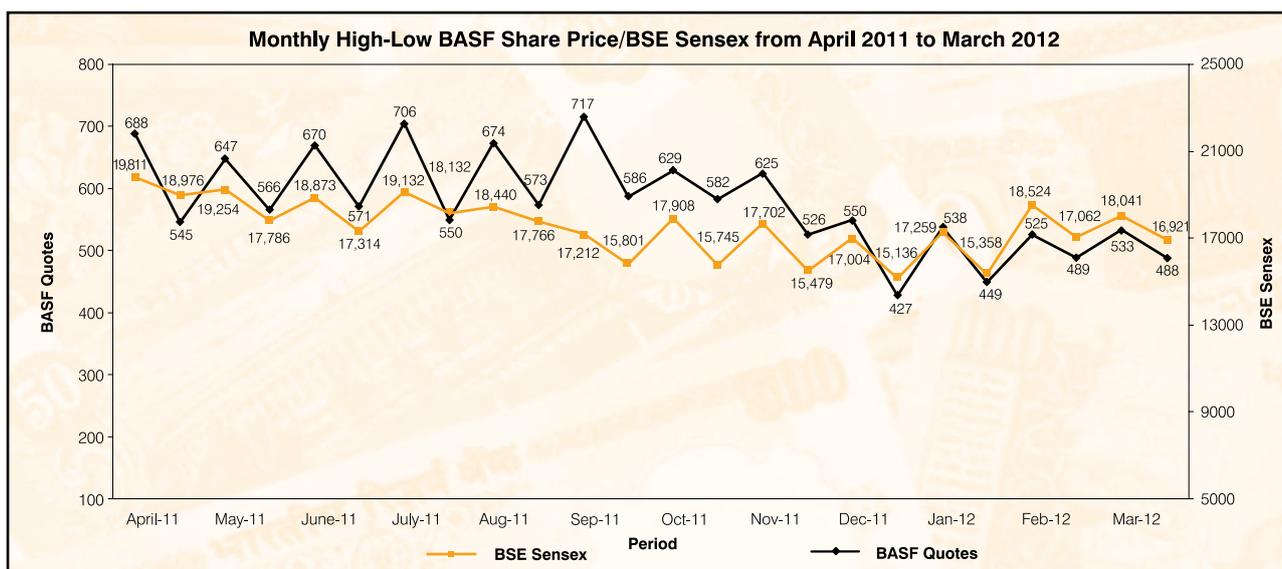
- The Quarterly and Half-yearly Unaudited Financial results are generally published in the widely circulating national and local newspapers such as 'The Economic Times' (in English) and 'Maharashtra Times' (in Marathi). These results are not sent to each household of shareholders.
- The Company's Financial results/official news releases and other important Investor related information are periodically displayed and updated on the Company's web site, viz., www.india.basf.com.

10. GENERAL SHAREHOLDERS INFORMATION

- (a) The Annual General Meeting of the Company will be held on Friday, 24th August, 2012 at 3.00 p.m. at Yashwantrao Chavan Pratishthan Auditorium, Y. B. Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai - 400021.
- (b) The Company's financial year begins on 1st April and ends on 31st March.
- | | | |
|----------------------------------|---|---|
| Financial Calendar — (tentative) | Results for quarter ending June 30, 2012 | 3 rd /4 th week of July 2012 |
| | Annual General Meeting | 24 th August, 2012 |
| | Results for quarter ending September 30, 2012 | 2 nd /3 rd week of October 2012 |
| | Results for quarter ending December 31, 2012 | 3 rd /4 th week of January 2013 |
| | Results for the year ending March 31, 2013 | 3 rd /4 th week of April, 2013 |
- (c) Date of book closure: 18th August, 2012 to 24th August, 2012 (both days inclusive) for the purposes of Annual General Meeting and payment of dividend.
- (d) Dividend payment date: 28th August 2012.
- (e) Listing on Stock Exchanges: The equity shares of the Company are listed on the BSE Ltd. (BSE) and The National Stock Exchange of India Limited (NSE). The Company has paid the annual listing fees for the financial year 2012-13 to both the Stock Exchanges.
- (f) Stock Code : 500042
 SYMBOL : BASF
 Demat ISIN No. in NSDL : INE373A01013
 Demat ISIN No. in CDSL : INE373A01013
- (g) Market Price Data: High/low market price of the Company's equity shares traded on the BSE Ltd. and The National Stock Exchange of India Limited during each month in the last Financial Year ended on 31st March, 2012 is furnished below along with a graph indicating the performance of Company's share price in comparison with the BSE Sensex:

SHARE PRICES (HIGH/LOW) OF BASF INDIA LIMITED FOR THE PERIOD APRIL 2011 TO MARCH 2012

AT BSE			AT NSE		
MONTH	HIGH (DATE)	LOW (DATE)	MONTH	HIGH (DATE)	LOW (DATE)
April	687.80 (25.04.2011)	545.05 (15.04.2011)	April	689.00 (21.04.2011)	579.25 (01.04.2011)
May	647.00 (10.05.2011)	566.05 (27.05.2011)	May	634.85 (12.05.2011)	565.00 (30.05.2011)
June	670.00 (13.06.2011)	571.15 (20.06.2011)	June	671.35 (13.06.2011)	570.00 (20.06.2011)
July	705.70 (12.07.2011)	550.00 (27.07.2011)	July	706.40 (12.07.2011)	597.55 (01.07.2011)
August	674.25 (01.08.2011)	573.05 (09.08.2011)	August	669.90 (01.08.2011)	574.00 (19.08.2011)
September	717.00 (21.09.2011)	585.65 (12.09.2011)	September	642.00 (19.09.2011)	585.00 (12.09.2011)
October	628.95 (24.10.2011)	582.30 (26.10.2011)	October	629.75 (24.10.2011)	582.10 (26.10.2011)
November	625.00 (08.11.2011)	526.10 (29.11.2011)	November	625.00 (08.11.2011)	528.05 (30.11.2011)
December	549.50 (01.12.2011)	427.05 (22.12.2011)	December	549.20 (01.12.2011)	421.50 (23.12.2011)
January	538.00 (27.01.2012)	449.00 (02.01.2012)	January	598.00 (19.01.2012)	422.00 (31.01.2012)
February	525.00 (10.02.2012)	488.65 (27.02.2012)	February	526.50 (10.02.2012)	488.00 (27.02.2012)
March	532.65 (21.03.2012)	488.00 (28.03.2012)	March	530.55 (21.03.2012)	485.00 (28.03.2012)



(h) Registrar & Share Transfer Agent: **Sharepro Services (India) Private Ltd. (Sharepro)**

Registered Office

Sharepro Services (India) Private Ltd.,
Unit : BASF India Limited
 13 AB, Samhita Warehousing Complex,
 2nd Floor, Sakinaka Telephone Exchange Lane,
 Off. Andheri Kurla Road, Andheri (East),
 Mumbai-400 072.

Tel. No. : 022- 6772 0300, 6772 0400,

Fax No. : 022-2859 1568

Email : sharepro@shareproservices.com

Investors Relation Centre

Sharepro Services (India) Private Ltd.,
Unit : BASF India Limited
 912, Raheja Centre, Free Press Journal Road,
 Nariman Point,
 Mumbai-400 021.

Tel. No. : 022- 2282 5163

Email : sharepro@vsnl.com

The details of contact persons of Sharepro are as follows:

Name	Phone Nos.	Fax No.
Mr. G. R. Rao	022-6772 0301/0302	022-2859 1568
Mrs. Indira P. Karkera/Mr. Gopal	022-6772 0360/0337	022-2859 1568

(i) Share Transfer System: Presently, the share transfers which are received in physical form are processed by the Registrar and Share Transfer Agent and approved by the Share Transfer Committee which meets twice in a month and the share certificates are returned within a period of 20 to 25 days from the date of lodgement, subject to the transfer instruments being valid and complete in all respects.

(j) The distribution of shareholdings of the Company as on 31st March, 2012 was as follows:

Category (No. of shares)	No. of shareholders	Percentage	No. of shares	Percentage
1-500	39,189	94.31%	26,50,915	6.13%
501-1000	1,236	2.97%	9,36,001	2.16%
1001-2000	626	1.51%	8,95,623	2.07%
2001-3000	188	0.45%	4,73,300	1.09%
3001-4000	87	0.21%	3,03,253	0.70%
4001-5000	62	0.15%	2,81,199	0.65%
5001-10000	100	0.24%	6,69,775	1.55%
10001 and above	68	0.16%	3,70,75,574	85.65%
Total	41,556	100.00%	4,32,85,640	100.00%

(k) The shareholding pattern of the Company as on 31st March, 2012 was as follows:

Category	No. of shares	% of total capital
Foreign Promoters	3,17,43,220	73.33%
Directors and relatives of Directors	100	0.00%
NRIs, OCBs and FIIs	5,62,768	1.30%
Financial Institutions and Mutual Funds	26,64,876	6.16%
Nationalised and other Banks	6,166	0.02%
Domestic Corporate Bodies/Trusts	19,48,673	4.50%
General Public including shares in transit	63,59,837	14.69%
Total	4,32,85,640	100.00%

(l) Dematerialization of shares: The Company's equity shares are held in dematerialized form by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) under ISIN INE373A01013. As on 31st March, 2012, 4,23,80,325 equity shares, representing 97.91% of the voting capital of the Company have been dematerialized.

(m) As of date, the Company has not issued GDRs/ADRs/Warrants or any convertible instruments.

(n) Plant locations:

Ankleshwar	
Unit I Plot No. 6214/6216, GIDC Phase IV, Ankleshwar-393 002, Gujarat.	Unit II Plot No. 8001, GIDC Phase VI, Ankleshwar-393 002, Gujarat.
Bangalore Bommasundra Industrial Area, Anekal Taluka, Bangalore, Karnataka.	Himachal Pradesh Khasra No. 87/1 Village: Beer Plassis, Nalagarh, District: Solan, Himachal Pradesh.
Kolkata Gate No. 3, Jalan Industrial Complex, 46/48/49/53 Jangalpur, Howrah, West Bengal.	Mangalore Bala/Thokur Village, Surathkal-Bajpe Road, Mangalore Taluka, Dakshina Kannada District, Karnataka-575 030.
Navi Mumbai	
Thane Belapur Road, Turbhe, Navi Mumbai-400 705, Maharashtra.	C-68, MIDC Industrial Area, Thane-Belapur Road, Turbhe, Navi Mumbai-400613.
Rajasthan Plot No. F-218, Industrial Area IID Centre, Khushkera, Bhiwadi District, Alwar, Rajasthan.	

(o) Address for correspondence:

Mr. Manohar Kamath
BASF India Limited,
VIBGYOR Towers, 1st Floor, 'G' Block,
Plot No. C-62,
Bandra Kurla Complex,
Mumbai-400 051.
Tel : 6661 8000 / Fax: 6758 2751
Email : manohar.kamath@basf.com
investor-grievance-india@basf.com

(p) Top Ten Shareholders of the Company as on 31st March 2012

Sr. No.	Name of the shareholder(s)	Holdings	% in the total capital
1.	BASF SOCIETAS EUROPAEA	2,09,39,259	48.37%
2.	BASF Schweiz AG	89,07,900	20.58%
3.	BASF Construction Chemicals GmbH	18,96,061	4.38%
4.	Bajaj Allianz Life Insurance Company	12,18,374	2.81%
5.	Life Insurance Corporation of India	7,35,052	1.70%
6.	General Insurance Corporation of India	6,99,999	1.62%
7.	The New India Assurance Company Limited	2,68,488	0.62%
8.	ATUL Limited	2,61,396	0.60%
9.	LIC of India – Money Plus Growth Fund	2,47,465	0.57%
10.	IDFC Sterling Equity Fund	2,35,759	0.54%

(q) Share price: Rs. 614.70/- per share on the BSE Ltd. as on 25th April, 2012.

11. CODE OF CONDUCT

The Company has established code of conduct for its Board Members and Senior Management personnel.

The code of conduct for the Board Members and Senior Management personnel is posted on the Company's web site, www.india.basf.com.

All the Board members and senior management personnel have complied with the code of conduct.

On behalf of the Board of Directors

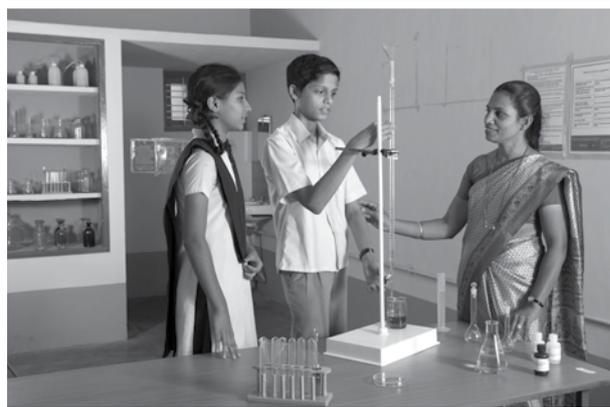
PRASAD CHANDRAN
Chairman & Managing Director

Mumbai

Dated: 25th April, 2012.



In May 2011, BASF in partnership with UN-HABITAT & The Energy and Resources Institute (TERI) launched the "Water Education Project". This unique project targets 5,000 students from 25 schools in Mangalore and aims to promote water education amongst school students on how to handle water responsibly.



Students performing tests to analyze water quality at the water lab in Vidyadahinee High School in Mangalore.

Certificate of compliance with the Corporate Governance requirements under Clause 49 of the Listing Agreement.

To

The Members of BASF India Limited

We have examined the compliance of conditions of Corporate Governance by BASF India Limited (the Company) for the year ended on 31 March 2012, as stipulated in Clause 49 of the Listing Agreements entered into by the Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **B S R & Co.**
Chartered Accountants
Firm's Registration No.: 101248W

Vijay Mathur
Partner
Membership No.: 046476

Mumbai

Dated: 25 April 2012.



BASF Kids' Lab, the global chemistry education programme of BASF was held for the 4th consecutive year at the Pilikula Science Center in Mangalore, Karnataka.



BASF conducted an inter-school essay competition for school students in Trivandrum to celebrate "International Year of Chemistry 2011". Seen above: Winners of the essay competition being felicitated at the hands of Mr. Prasad Chandran.

Auditors' Report to the Members of BASF India Limited

We have audited the attached Balance Sheet of BASF India Limited ('the Company') as at 31 March 2012, and the related Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, we report that:
 - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes 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 those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) on the basis of written representations received from the directors of the Company, as on 31 March 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and
 - (f) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act, in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2012;
 - ii. in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
 - iii. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **B S R & Co.**
Chartered Accountants
Firm's Registration No.: 101248W

Vijay Mathur
Partner
Membership No.: 046476

Mumbai,
Date: 25 April 2012

Annexure to Auditors' Report – 31 March 2012

With reference to the Annexure referred to in our report of even date, we report that:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
(c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
2. (a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained.
(b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories and fixed assets are for the Company's specialised requirements and similarly certain goods sold and services rendered are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rs. 5 lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time, except for purchases of certain items of inventories and fixed assets which are for the Company's specialised requirements and similarly sale of certain goods and services rendered which are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations. However, on the basis of information and explanations provided, the same appear reasonable.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A, Section 58AA or other relevant provisions of the Act, and the rules framed thereunder with regard to deposits accepted from the public. Accordingly, there have been no proceedings before the Company Law Board or National Company Law Tribunal (as applicable) or Reserve Bank of India or any Court or any other Tribunal in this matter and no order has been passed by any of the aforesaid authorities.
7. In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 209(1)(d) of the Act in respect of manufacture of insecticides, dyes and paints and varnishes are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
9. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Customs duty, Excise duty, Investor Education and Protection Fund and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities.
According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Investor Education and Protection Fund and other material statutory dues were in arrears as at 31 March 2012 for a period of more than six months from the date they became payable.
(b) According to the information and explanations given to us, there are no dues of Income-tax, Sales tax, Wealth tax, Service tax, Customs duty and Excise duty which have not been deposited with the appropriate authorities on account of any dispute other than those mentioned in the appendix to this report.

10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any outstanding debentures or dues to financial institutions during the year.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/mutual benefit fund/society.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. According to the information and explanations given to us, the Company has applied the term loans for the purpose for which it was obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
18. The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Act.
19. The Company did not have any outstanding debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **B S R & Co.**

Chartered Accountants

Firm's Registration No.: 101248W

Vijay Mathur

Partner

Membership No.: 046476

Mumbai,

Date: 25 April 2012

Name of the Statute	Nature of the Dues	Amounts (Rs. million)	Period	Forum where the dispute is pending
Central Excise Act, 1944	Duty interest and penalty	3.12	1992-1993	High Court
		2.04	2007-2008	Central Excise & Service Tax Appellate Tribunal
		6.30	2006-2008	Commissioner of Central Excise
		11.12	2005-2006	Supreme Court
The Customs Act, 1962	Duty interest and penalty	41.40	2005-2006	Supreme Court
The Service Tax Act, 1975	Tax, interest and penalty	0.05	2008-2010, 2010-2011	Asst. Commissioner of Central Excise
		16.18	2005-2009, 2005-2010, 2007-2009, 2009-2010	Central Excise & Service Tax Appellate Tribunal
		2.3	2007-2009, 2009-2010	Commissioner (Appeals)
		100.57	1998-2004, 2003-2004, 2005-2010	Commissioner of Central Excise
The Income Tax Act, 1961	Tax, interest and penalty	2.70	AY 2000-2001, 2003-2004, 2006-2007	High Court
		220.17	AY 2000-2001, 2002-2003, 2003-2004, 2004-2005, 2006-2007, 2007-2008	Income Tax Appellate Tribunal
		228.64	AY 2006-2007, 2007-2008, 2008-2009	Commissioner of Income Tax (Appeals)
State and Central Sales Tax Act	Non Submission of forms	59.26	2004-2005, 2005-2006, 2006-2007	Joint Commissioner of Sales Tax
		3.24	1999-2000, 2002-2003, 2004-2005, 2005-2006, 2006-2007, 2007-2008	Deputy Commissioner of Sales Tax
	Tax, interest and penalty	0.1	1993-1994, 1994-1995	Tribunal
		7.8	2004-2005	Joint Commissioner of Sales Tax
		38.93	2002-2003, 2005-2006, 2007-2008, 2010-2011	Deputy Commissioner of Sales Tax

Balance Sheet as at March 31, 2012

Rs. in million

	Notes	March 31, 2012	March 31, 2011
EQUITY & LIABILITIES			
Shareholders' funds:			
Share capital	2	432.9	432.9
Reserves and surplus	3	10,054.3	9,246.9
		10,487.2	9,679.8
Non-current liabilities			
Long term borrowings	4	203.8	360.4
Deferred tax liabilities (net)	5	1.8	—
Other long term liabilities	6	489.9	427.1
Long term provisions	7	201.8	189.6
		897.3	977.1
Current liabilities			
Short term borrowings	8	1,545.1	887.2
Trade payables	9	6,698.6	4,702.8
Other current liabilities	10	2,009.8	1,256.5
Short term provisions	11	297.4	440.1
		10,550.9	7,286.6
Total		21,935.4	17,943.5
ASSETS			
Non-current assets			
Fixed assets:			
Tangible assets	12A	3,873.5	3,490.5
Intangible assets	12B	58.5	—
Capital work-in-progress		838.7	261.1
Intangible assets under development (ERP software)		114.7	—
		4,885.4	3,751.6
Deferred tax assets (net)	13	—	7.4
Long term loans and advances	14	1,071.8	824.0
Other non-current assets	15	39.7	40.2
		5,996.9	4,623.2
Current assets			
Inventories	16	7,455.2	6,220.8
Trade receivables	17	6,248.5	5,309.0
Cash and bank balances	18	339.1	184.5
Short-term loans and advances	19	1,845.5	1,456.0
Other current assets	20	50.2	150.0
		15,938.5	13,320.3
Total		21,935.4	17,943.5

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

For B S R & Co.

Chartered Accountants

Firm's Registration No.: 101248W

Vijay Mathur

Partner

Membership No.: 046476

Mumbai, 25th April 2012

For and on behalf of the Board of Directors

Prasad Chandran

Chairman & Managing Director

Pradeep Chandan

Company Secretary

R. R. Nair

R. A. Shah

Pradip P. Shah

Arun Bewoor

S. Regunathan

Thilo Bischoff

G. Ramaseshan

Directors

25th April 2012

Statement of Profit and Loss for the year ended March 31, 2012

Rs. in million

	Notes	March 31, 2012	March 31, 2011
Revenue from operations:			
Sale of goods		36,011.0	31,180.5
Less: Excise duty		2,243.4	1,691.9
Sale of goods (net)		33,767.6	29,488.6
Service income		1,319.8	1,069.0
Other operating revenues		72.0	81.2
		35,159.4	30,638.8
Other income	21	51.1	258.9
		35,210.5	30,897.7
Expenditure:			
Cost of materials consumed	22	17,626.1	14,408.7
Purchase of traded goods		7,916.6	9,264.7
Changes in inventories	23	(197.5)	(1,282.5)
Employee benefits expenses	24	2,500.6	1,991.4
Finance costs	25	95.3	93.5
Depreciation and amortisation	26	517.3	464.0
Other expenses	27	5,254.9	4,452.9
		33,713.3	29,392.7
Profit before tax		1,497.2	1,505.0
Tax expenses:			
Current tax		479.4	300.6
Deferred tax		9.2	26.1
		488.6	326.7
Profit after tax		1,008.6	1,178.3
Weighted average number of equity shares outstanding during the year		43,284,958	43,284,958
Basic and diluted earnings per share (in Rs.)		23.30	27.22
Face value per share (in Rs.)		10.00	10.00

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

For B S R & Co.
Chartered Accountants
Firm's Registration No.: 101248W

Vijay Mathur
Partner
Membership No.: 046476
Mumbai, 25th April 2012

For and on behalf of the Board of Directors

Prasad Chandran
Chairman & Managing Director

Pradeep Chandan
Company Secretary

R. R. Nair
R. A. Shah
Pradip P. Shah
Arun Bewoor
S. Regunathan
Thilo Bischoff
G. Ramaseshan
Directors

25th April 2012

Cash Flow Statement for the year ended March 31, 2012

Rs. in million

	March 31, 2012		March 31, 2011	
A. Cash flow from operating activities				
Net profit before tax		1,497.2		1,505.0
Adjustments for:				
Depreciation/amortisation	517.3		464.0	
Interest expense	95.3		93.5	
(Profit) on sale of fixed assets (net)	(1.7)		(114.0)	
Interest income	(15.1)		(93.1)	
Unrealised (gain)/loss on foreign exchange (net)	100.6		(20.4)	
Provision for doubtful debts	28.1	724.5	0.6	330.6
Operating profit before working capital changes		2,221.7		1,835.6
(Increase)/decrease in:				
Trade and other receivables	(1,213.6)		(214.6)	
Inventories	(1,234.4)		(1,416.2)	
Trade and other liabilities	2,653.4	205.4	1,594.2	(36.6)
Cash generated from operations		2,427.1		1,799.0
Direct taxes paid (net)		(610.9)		(235.5)
Net cash from operating activities		1,816.2		1,563.5
B. Cash flow from investing activities				
Acquisition of fixed assets		(1,798.3)		(925.1)
Realisation on sale of fixed assets		2.7		121.2
Interest received		15.1		93.1
Net cash used in investing activities		(1,780.5)		(710.8)
C. Cash flow from financing activities				
Proceeds from loan funds		620.3		(2,026.1)
Interest paid		(97.6)		(90.6)
Dividend paid		(346.3)		(326.2)
Tax paid on above dividend		(57.5)		(54.2)
Net cash (used in) financing activities		118.9		(2,497.1)
Net increase/(decrease) in cash and cash equivalents		154.6		(1,644.4)
Opening cash and cash equivalents				
Cash in hand		0.1		0.1
Bank balances		183.4		1,638.3
		183.5		1,638.4
Cash & cash equivalents acquired on amalgamation (Refer note 28(15))		—		189.5
Closing cash and cash equivalents				
Cash in hand		0.1		0.1
Bank balances		338.0		183.4
(Refer note 18 for Cash & cash equivalents)		338.1		183.5
Restricted cash and cash equivalents		7.3		5.9

The amalgamation of BASF Coatings (India) Private Limited, BASF Construction Chemicals (India) Private Limited and BASF Polyurethanes India Limited is a non cash transaction. (Refer note 28(15))

As per our report of even date attached

For B S R & Co.
Chartered Accountants
Firm's Registration No.: 101248W

Vijay Mathur
Partner
Membership No.: 046476
Mumbai, 25th April 2012

For and on behalf of the Board of Directors

Prasad Chandran
Chairman & Managing Director

Pradeep Chandan
Company Secretary

R. R. Nair
R. A. Shah
Pradip P. Shah
Arun Bewoor
S. Regunathan
Thilo Bischoff
G. Ramaseshan
Directors

25th April 2012

Notes to Accounts for the year ended March 31, 2012

1. Accounting Policies

(a) Basis of Accounting

The financial statements are prepared under the historical cost convention, on accrual basis, in accordance with provisions of Companies Act, 1956 and the accounting principles generally accepted in India and comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable. The financial statements are presented in Millions of Indian Rupees.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956.

(b) Use of estimates

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities, revenue and expenses and disclosure of contingent liabilities as on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known/materialise.

(c) Revenue Recognition

Sales of products and Indent Commission are recognised when risk and rewards of ownership of the products are passed on to the customers, which is generally on despatch of goods. Revenue from technical and service charges are recognised as and when the services are provided. Sales include excise duty but exclude trade discounts, rebates and sales tax. Interest income is recognised on a time proportion basis taking into account the amounts invested and the rate of interest.

(d) Fixed assets and depreciation

Fixed Assets are recorded at cost net of Cenvat credit wherever eligible. Cost includes all expenses attributable to the acquisition and installation till the date the asset is ready to use.

Depreciation is charged on straight-line basis at the following rates:

Buildings	—	3.34%
Plant & Machinery	—	10.34% – 20%
Computers	—	25.00%
Vehicles	—	25.00%
Furniture, Fixtures & Equipment	—	12.50%
Assets Individually costing Rs. 5,000 or below	—	100.00%

Depreciation on additions/deletions is calculated on a monthly *pro-rata* basis. Accelerated depreciation is charged on certain assets based on periodic review of estimated useful life.

Leasehold land and Leasehold Improvements are amortised over the period of lease or useful life whichever is lower.

(e) Intangible assets and amortization

Intangible Assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives. Goodwill is being amortized over a period of five years.

(f) Impairment

The carrying amounts of assets are reviewed at each balance sheet date for any indication of impairment based on internal/external factors. Where the carrying value exceeds the estimated recoverable amount, provision for impairment is made to adjust the carrying value to the recoverable amount. The recoverable amount is the greater of the assets estimated net realizable value and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate discounting rate. If at the Balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

(g) Borrowing costs

Borrowing costs that are attributable to the acquisition, construction of qualifying assets are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

(h) Inventories

Inventories are valued at cost or estimated net realisable value, whichever is lower. The costs are worked out on weighted average basis. Fixed production overheads are allocated on the basis of normal capacity of production facilities. Excise duty on goods manufactured by the Company and remaining in inventory is included as a part of valuation of finished goods.

(i) Foreign Currency

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary items in foreign currencies are stated at the closing exchange rate. All forward exchange contracts are backed by underlying transactions, premium or discount arising at inception of such a forward exchange contract is amortised as expense or income over the life of the contract and the difference between the year end rate

and rate on the date of the contract is recognised as exchange difference in the Profit and Loss Account. Gains/losses on conversion/translation are recognised in the Profit and Loss Account.

(j) **Employee Benefits**

(A) Short-Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and are recognized in the Profit and Loss Account as an expense at the undiscounted amount on an accrual basis.

(B) Post Employment Employee Benefits

Company's contributions to defined contribution plans such as Superannuation Fund, Family Pension Fund, Group Medclaim Insurance Policy, Employee State Insurance and Labour Welfare Fund are recognized in the Profit and Loss Account on an accrual basis.

Company's liability towards Gratuity, which is a defined benefit plan, is determined on the basis of valuations, as at balance sheet date, carried out by independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Profit and Loss Account.

Eligible employees receive benefits from a provident fund, which is a defined benefit plan. Both the employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company contributes a part of the contributions to the BASF India Limited Provident Fund Trust. The remaining portion is contributed to the Government administered pension fund. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

(C) Other Long Term Employee Benefits

Company's liabilities towards Compensated Absences & Long Service Awards to employees are determined on the basis of valuations, as at balance sheet date, carried out by independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Profit and Loss Account.

(D) Termination Benefits

Compensation paid to employees under Voluntary Retirement Scheme/Severance payments are recognised as an expense when employees accept the scheme/payments.

(k) **Assets taken on lease**

Lease rentals payable as per agreements for assets taken on operating lease are charged as expenditure on Straight Line basis over the lease term.

(l) **Taxation**

Current tax is determined as the amount of tax payable in respect of taxable income for the year computed in accordance with relevant provisions of Income Tax Act, 1961.

In accordance with the guidance note issued by the Institute of Chartered Accountants of India ('ICAI') on accounting for credit available in respect of Minimum Alternate Tax (MAT) under the Income tax Act, 1961, the Company recognises MAT credit as an asset only when and to the extent there is convincing evidence that the Company will be liable to pay normal income tax during the specified period.

Deferred tax charge or credit and correspondingly deferred tax asset or liability is recognised using tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are not recognised on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount i.e. reasonable/virtually certain (as the case may be) to be realised.

(m) **Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognised only when there is a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Contingent Liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent Assets are not recognised in the financial statements.

(n) **Research & Development Expenditure**

Research expenditure is recognised as an expense in the period in which it is incurred and the expenditure on capital assets is depreciated over the useful lives of the assets.

(o) **Earning per share**

The basic and diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year, by the weighted average number of equity shares outstanding during the year.

Notes to Accounts as at March 31, 2012

2. Share capital

Rs. in million

	March 31, 2012	March 31, 2011
Authorised:		
54,359,715 (Previous Year – 54,359,715) Equity Shares of Rs. 10/- each	543.6	543.6
Issued:		
43,285,640 (Previous Year – 43,285,640) Equity Shares of Rs. 10/- each	432.9	432.9
Subscribed and paid-up:		
43,284,958 (Previous Year – 43,284,958) Equity Shares of Rs. 10/- each fully paid	432.9	432.9
	432.9	432.9

a. Equity shares held by Ultimate Holding Company/Holding Company and/or their associates or subsidiaries

Name of Shareholder	Relationship	March 31, 2012	March 31, 2011
BASF Societas Europaea	Ultimate Holding Company	20,939,259	20,939,259
BASF Schweiz AG	Subsidiary of Ultimate Holding Company	8,907,900	8,907,900
BASF Construction Chemicals GmbH	Subsidiary of Ultimate Holding Company	1,896,061	1,896,061

b. Rights, preferences and restrictions attached to the shares

The Company has one class of equity share having a par value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c. Equity shares in the Company held by each shareholder holding more than 5% shares

Name of Shareholder	Relationship	March 31, 2012		March 31, 2011	
		Number	Percentage	Number	Percentage
BASF Societas Europaea	Ultimate Holding Company	20,939,259	48.37%	20,939,259	48.37%
BASF Schweiz AG	Subsidiary of Ultimate Holding Company	8,907,900	20.58%	8,907,900	20.58%

d. Reconciliation of number of equity shares outstanding as at the beginning and at the end of reporting period

Particulars	March 31, 2012		March 31, 2011	
	Number	Rs. in million	Number	Rs. in million
Shares outstanding at the beginning of the year	43,285,640	432.9	40,769,987	407.7
Shares Issued during the year	—	—	2,515,653	25.2
Shares outstanding at the end of the year	43,285,640	432.9	43,285,640	432.9

e. Information on equity shares allotted without receipt of cash or allotted as bonus shares or shares bought back

- **12,579,839** equity shares were allotted to the erstwhile shareholders of Ciba India Limited and Ciba Research (India) Private Limited consequent to the amalgamation w.e.f. February 1, 2010.
- **2,515,653** equity shares were allotted to the erstwhile shareholders of BASF Coatings India Private Limited and BASF Construction Chemicals India Private Limited consequent to the amalgamation w.e.f. April 1, 2010.

Notes to Accounts as at March 31, 2012

3. Reserves and surplus

Rs. in million

	March 31, 2012	March 31, 2011
Securities premium reserve		
Balance at beginning of the Year	646.5	631.5
Add: Addition on Amalgamation (Refer note 28 (15))	—	15.0
Balance at end of the Year	646.5	646.5
Amalgamation reserve		
Balance at beginning of the Year	371.7	0.5
Add: Addition on Amalgamation (Refer note 28 (15))	—	371.2
Balance at end of the Year	371.7	371.7
General reserve		
Balance at beginning of the Year	7,420.7	6,857.0
Add: Addition on Amalgamation (Refer note 28 (15))	—	30.7
Add: Transfer from surplus	807.4	533.0
Balance at end of the Year	8,228.1	7,420.7
Surplus		
Balance at beginning of the Year	808.0	761.0
Add: Addition on Amalgamation (Refer note 28 (15))	—	(194.5)
Add: Net Profit for the year	1,008.6	1,178.3
Less: Proposed Dividend	(173.1)	(346.3)
Less: Tax on Proposed Dividend	(28.1)	(57.5)
Less: Transfer to General Reserves	(807.4)	(533.0)
Balance at end of the Year	808.0	808.0
	10,054.3	9,246.9

4. Long term borrowings (unsecured)

	March 31, 2012	March 31, 2011
Term Loans from Related parties		
– External commercial borrowings from BASF Construction Chemicals GmbH*	—	179.8
– External commercial borrowings from BASF SE**	203.8	180.6
	203.8	360.4
Terms of repayment		
* Repayable in two equal instalments of USD 2 million due on 14th June 2012 and 2nd November 2012 respectively. Interest is payable half yearly on 31st March and 30th September at LIBOR plus 0.325%.		
**Repayable in two equal instalments of USD 2 million each due on 17th August 2013 and 14th December 2014. Interest is payable half yearly on 31st March and 30th September at LIBOR plus 0.325%.		

5. Deferred tax liabilities (net)

	March 31, 2012	March 31, 2011
Deferred tax liabilities		
Timing differences on account of:		
Fixed assets	204.4	—
Total deferred tax liabilities	204.4	—
Deferred tax assets		
Timing differences on account of:		
Provision for doubtful debts	69.1	—
Expenditure under Voluntary Retirement Scheme	26.2	—
Others (Amounts allowable on a payment basis under the Income Tax Act, 1961)	107.3	—
Total deferred tax assets	202.6	—
Deferred tax liabilities (net)	1.8	—
	1.8	—

Notes to Accounts as at March 31, 2012

6. Other long term liabilities

Rs. in million

	March 31, 2012	March 31, 2011
Deposits from customers	224.3	203.2
Other Payable	265.6	223.9
	489.9	427.1

7. Long term provisions

	March 31, 2012	March 31, 2011
Leave Encashment	177.2	141.2
Long Service Award	24.6	22.7
Gratuity	—	25.7
	201.8	189.6

8. Short term borrowings (unsecured)

	March 31, 2012	March 31, 2011
Bank Overdraft	1,545.1	887.2
	1,545.1	887.2

9. Trade payables

	March 31, 2012	March 31, 2011
Micro & Small Enterprises (Refer note 28 (13))	12.0	3.9
Others	6,686.6	4,698.9
	6,698.6	4,702.8

10. Other current liabilities

	March 31, 2012	March 31, 2011
Current Maturities of long term debts*	203.8	46.0
Interest accrued but not due on borrowings	1.5	3.8
Advances received from customers	1,046.4	704.7
Unpaid Dividends**	7.3	5.9
Unpaid matured deposits and interest accrued thereon**	0.3	0.4
Other payables		
— In the nature of statutory dues	92.9	77.7
— In the nature of accrual of expenses	657.6	418.0
	2,009.8	1,256.5

* represents current maturity of loan taken from BASF Construction Chemicals GmbH.

**there are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.

11. Short term provisions

	March 31, 2012	March 31, 2011
Proposed Dividend	173.1	346.3
Corporate Tax on Dividend	28.1	57.5
Long Service Award	3.5	2.8
Leave Encashment	22.9	20.0
Gratuity	69.8	13.5
	297.4	440.1

Notes to Accounts as at March 31, 2012

12(A) Tangible assets

Rs. in million

	Gross Block					Depreciation					Net Block		Net Block
	As at April 1, 2011	Addition on amalgamation (Refer note 28(15))	Additions	Deductions	As at March 31, 2012	As at April 1, 2011	Addition on amalgamation (Refer note 28(15))	Depreciation for the year	Deductions	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011	
Freehold land	64.2	—	4.4	—	68.6	—	—	—	—	—	68.6	64.2	
Leasehold land	268.8	—	6.8	—	275.6	10.7	—	3.0	—	13.7	261.9	258.1	
Buildings**	1,455.6	—	124.8	—	1,580.4	375.6	—	55.2	—	430.8	1,149.6	1,080.0	
Plant & machinery and computers #	5,306.0	—	794.1	57.6	6,042.5	3,472.6	—	480.9*	57.2	3,896.3	2,146.2	1,833.4	
Furniture and fixtures	313.8	—	26.8	8.0	332.6	165.6	—	33.4	7.6	191.4	141.2	148.2	
Vehicles	63.7	—	17.8	1.2	80.3	25.3	—	14.7	1.2	38.8	41.5	38.4	
Office equipment	152.8	—	11.9	2.0	162.7	84.6	—	15.4	1.8	98.2	64.5	68.2	
Total	7,624.9	—	986.6	68.8	8,542.7	4,134.4	—	602.6	67.8	4,669.2	3,873.5	3,490.5	
Previous year	6,296.2	1,170.5	692.2	534.0	7,624.9	3,863.1	334.1	464.0	526.8	4,134.4	3,490.5	2,433.1	

* Includes Rs. 95.6 million recovered from group company.

** Buildings include **Rs. 0.03 million** (Previous Year Rs. 0.03 million) being the value of shares in various co-operative societies.

Plant & Machinery includes Gross Block **Rs. 73.1 million** (Previous Year Rs. 73.1 million), Accumulated Depreciation — **Rs. 73.1 million** (Previous Year Rs. 73.1 million) and Net Block **Rs. Nil** (Previous Year Rs. Nil) being the Company's share of an asset jointly owned with another company.

12(B) Intangible assets

	Gross Block					Amortisation					Net Block		Net Block
	As at April 1, 2011	Addition on amalgamation	Additions	Deductions	As at March 31, 2012	As at April 1, 2011	Addition on amalgamation	Depreciation for the year	Deductions	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011	
Goodwill (Refer note 28(14))	—	—	68.8	—	68.8	—	—	10.3	—	10.3	58.5	—	
Total	—	—	68.8	—	68.8	—	—	10.3	—	10.3	58.5	—	
Previous year	—	—	—	—	—	—	—	—	—	—	—	—	

Notes to Accounts as at March 31, 2012

13. Deferred tax assets (net)

Rs. in million

	March 31, 2012	March 31, 2011
Deferred tax assets		
Timing differences on account of:		
Provision for doubtful debts	—	60.9
Expenditure under Voluntary Retirement Scheme	—	40.5
Others (Amounts allowable on a payment basis under the Income Tax Act, 1961)	—	91.5
Total Deferred Tax Assets	—	192.9
Deferred tax liabilities		
Timing differences on account of:		
Fixed assets	—	(185.5)
Total Deferred Tax Liabilities	—	(185.5)
Deferred tax assets (net)	—	7.4
	—	7.4

14. Long-term loans and advances (Unsecured, Considered Good)

	March 31, 2012	March 31, 2011
Capital Advances	158.1	107.5
Security Deposits	236.1	208.5
Other loans and advances		
— Other Receivables	90.2	75.5
— Deposit placed with Tax authorities	29.0	5.6
— Balances with Income Tax authorities (Net of Provisions)	558.4	426.9
	1,071.8	824.0

15. Other non-current assets

	March 31, 2012	March 31, 2011
Long Term Trade Receivables		
— Unsecured considered good	39.7	40.2
	39.7	40.2

16. Inventories

(Valued at lower of Cost or Net realisable value)

	March 31, 2012	March 31, 2011
Raw Materials (includes Goods in Transit Rs. 1,494.1 million (Previous year Rs. 876.1 million))	3,503.0	2,486.4
Finished Goods	2,388.1	1,991.2
Traded Goods (includes Goods in transit Rs. 363.3 million (Previous year Rs. 373.7 million))	1,385.7	1,623.3
Stock-in-Process	65.9	27.7
Packing Materials	105.4	83.1
Fuel Oil	7.1	9.1
	7,455.2	6,220.8

Notes to Accounts as at March 31, 2012

17. Trade receivables

Rs. in million

	March 31, 2012	March 31, 2011
Outstanding for a period exceeding six months from the date due for the payment		
Considered good:		
Secured	0.5	1.5
Unsecured	18.2	13.0
	18.7	14.5
Considered doubtful	186.1	162.5
	204.8	177.0
Less: Provision for doubtful receivables*	186.1	162.5
	18.7	14.5
Other debts		
Considered good:		
Secured	112.3	111.8
Unsecured	6,117.5	5,182.7
	6,229.8	5,294.5
Considered doubtful	27.0	20.3
	6,256.8	5,314.8
Less: Provision for doubtful receivables*	27.0	20.3
	6,229.8	5,294.5
	6,248.5	5,309.0

* Includes Rs. Nil (Previous year Rs.104 million) on account of amalgamation (Refer note 28(15))

18. Cash and bank balances

	March 31, 2012	March 31, 2011
Cash and cash equivalents		
Balances with Banks:		
— In Current Accounts	330.7	177.5
— In Unpaid dividend account	7.3	5.9
Cash on hand	0.1	0.1
Other bank balances		
— Deposits with original maturity of more than three months but less than twelve months	1.0	1.0
	339.1	184.5
Of the above		
Restricted cash and cash equivalents (unpaid dividend account)	7.3	5.9

19. Short-term loans and advances (Unsecured, Considered good)

	March 31, 2012	March 31, 2011
Advances recoverable in cash or in kind or for value to be received	321.0	272.3
Loans and advances to related parties-Director*	—	0.6
Prepaid expenses	23.0	24.8
Security deposits	13.7	46.3
Minimum Alternate Tax (MAT) credit	—	63.0
Balances with excise authorities	1,487.8	1,049.0
	1,845.5	1,456.0

* In the case of directors it represents loans given to them before they became directors

20. Other current assets (Unsecured, Considered good)

	March 31, 2012	March 31, 2011
Unamortised premium on forward contracts	50.2	33.4
Advance to trust funds	—	116.6
	50.2	150.0

Notes to Accounts for the year ended March 31, 2012

21. Other income

Rs. in million

	March 31, 2012	March 31, 2011
Interest (net)	15.1	93.1
Profit on sale of fixed assets (net)	1.7	114.0
Miscellaneous income	34.3	51.8
	51.1	258.9

22. Cost of materials consumed

	March 31, 2012	March 31, 2011
Raw materials:		
Stock at commencement	2,486.4	1,574.3
Add: Addition on account of amalgamation	—	821.3
Add: Purchases	18,080.3	13,976.9
Less: Stock at close	(3,503.0)	(2,486.4)
	17,063.7	13,886.1
Packing materials consumed	562.4	522.6
	17,626.1	14,408.7

23. Changes in inventories

	March 31, 2012	March 31, 2011
Stock at close		
Finished goods	2,388.1	1,991.2
Traded goods	1,385.7	1,623.3
Stock-in-process	65.9	27.7
Sub-total	3,839.7	3,642.2
Stock at commencement		
Finished goods	(1,991.2)	(903.6)
Traded goods	(1,623.3)	(944.1)
Stock-in-process	(27.7)	(23.7)
Sub-total	(3,642.2)	(1,871.4)
On account of amalgamation (Refer note 28(15))	—	(488.3)
	197.5	1,282.5

24. Employee benefit expenses

	March 31, 2012	March 31, 2011
Salaries, Wages, Bonus	2,033.6	1,579.4
Contribution to Provident and Other Funds (Refer note 28(16))	197.4	154.8
Staff welfare	269.6	257.2
	2,500.6	1,991.4

Notes to Accounts for the year ended March 31, 2012

25. Finance costs

Rs. in million

	March 31, 2012	March 31, 2011
Interest Expenses		
On Short Term Loans	14.2	32.2
On Overdrafts	61.1	46.8
On Others	20.0	14.5
	95.3	93.5

26. Depreciation and amortisation

	March 31, 2012	March 31, 2011
Depreciation Expense*	507.0	464.0
Amortisation Expense	10.3	—
	517.3	464.0

* Net of Rs. 95.6 Mio. recovered from group company

27. Other expenses

	March 31, 2012	March 31, 2011
Consumption of Stores and Spare Parts	118.2	92.0
Power and Fuel	466.5	420.6
Rent (Refer note 28 (12))	376.7	287.2
Rates and Taxes		
— Excise Duty	36.9	79.2
— Others	29.5	(5.6)
Repairs — Machinery	63.5	63.7
— Buildings	43.9	47.8
— Others	46.5	32.1
Insurance	61.7	66.5
Bad Debts Written off	—	8.4
Provision for Doubtful Debts (net)	28.1	0.6
Service Fees	94.7	90.5
Travelling	541.2	423.8
Freight and Handling Charges	901.5	725.1
Communication/System Expenses	445.5	293.2
Foreign Exchange Loss (net)	275.5	220.7
Sales Promotion Expenses	557.5	292.1
Professional Charges	476.5	624.2
Royalty	304.0	238.9
Voluntary Retirement Scheme	—	38.3
Sundry Expenses (Refer note 28 (5))	387.0	413.6
	5,254.9	4,452.9

28. Notes to accounts for the year ended March 31, 2012

(Amounts are shown in Millions of Rupees, abbreviated as Rs. Mio.)

1. Value of direct import on C.I.F. basis during the year (including in-transit):

Rs. Mio.

	2011-12	2010-11
Raw Materials	11,889.6	8,225.7
Capital Goods	444.2	121.8
Components and Spare Parts	6.4	2.6
Finished Goods	4,373.2	6,151.4
Total	16,713.4	14,501.5

2. Expenses in foreign currencies during the year (on accrual basis):

Rs. Mio.

	2011-12	2010-11
Royalty (net of tax)	269.4	215.0
Communication/System Expenses (net of tax)	411.4	261.7
Foreign Travel	38.8	36.0
Service Fees	14.9	19.5
Professional charges	364.0	470.3
Interest	3.8	2.9
Others	96.4	51.5
Total	1,198.7	1,056.9

3. Amount remitted in foreign currencies during the year on account of dividends (after tax):

	2011-12	2010-11
Equity Shares:		
Amount remitted (Rs. Mio.)	253.9	233.8
Number of non-resident shareholders	3	2
Number of equity shares of Rs. 10/- each held by non-resident on which dividends were due	31,743,220	29,227,567
Year to which dividend relates	2010-2011	2009-2010

4. Earnings in foreign currencies during the year (on accrual basis):

Rs. Mio.

	2011-12	2010-11
Exports of goods calculated on FOB basis (Excludes Rupee Exports to Nepal & Bhutan – Rs. 100.5 Mio. – Previous Year Rs. 57.3 Mio.)	2,129.6	2,204.2
Indent Commission/Technical/Service charges	1,225.3	966.1
Others (Freight/Insurance/Claims)	53.8	54.7
Total	3,408.7	3,225.0

5. Auditors' remuneration (net of service tax):

Rs. Mio.

	2011-12	2010-11
As Auditors	8.8	8.4
In other capacity (limited reviews and certification)	3.9	3.1
Tax audit	1.1	0.9
Reimbursement of out of pocket expenses	1.4	1.2
Total	15.2	13.6

6. Consumption of Raw Materials, Components and Spare Parts:

(a) Raw Materials:

	2011-12		2010-11	
	%	Rs. Mio.	%	Rs. Mio.
Imported	55.0	9,453.2	70.0	9,664.8
Indigenous	45.0	7,610.5	30.0	4,221.3
	100.0	17,063.7	100.0	13,886.1
		Rs. Mio.		Rs. Mio.
Monomer		3,137.4		2,641.1
Napthalene		202.1		191.9
Phenol		96.6		108.7
Lupranol		884.2		636.5
Resins		629.9		728.7
Beta Naphthalene Sulphonate		551.9		462.2
Others		11,561.6		9,117.0
		17,063.7		13,886.1

(b) Components and Spare Parts:

	2011-12		2010-11	
	%	Rs. Mio.	%	Rs. Mio.
Imported	5.4	6.4	2.8	2.6
Indigenous	94.6	111.8	97.2	89.4
Total	100.0	118.2	100.0	92.0

7. Summary of closing stock of work in progress:

Rs. Mio.

Category	2011-12	2010-11
Paints & Coatings	13.1	—
Imaging Agents	11.5	2.7
Polyurethane	8.5	0.9
Optical Brightening Agents	7.9	9.3
Expandable Polystyrene	7.2	2.4
Others	17.7	12.4
Total	65.9	27.7

8. Traded goods purchased:

Rs. Mio.

Category	2011-12	2010-11
Herbicides	1,782.2	1,742.3
Pigments	1,044.3	1,413.7
Polyurethane	862.8	970.0
Fungicides	430.0	511.7
Others	3,797.3	4,627.0
Total	7,916.6	9,264.7

9. Turnover and Stocks:

The Previous year figures are given in light type below each item

Rs. Mio.

Class of Goods	Sales Value	Closing Inventory	Opening Inventory
(a) Manufactured goods:			
Herbicides	3,025.0 1,293.6	1,091.5 775.6	775.6 111.6
Pigments	2,806.3 1,838.3	124.2 63.6	63.6 —
Polyurethane	2,394.5 2,011.9	169.5 139.4	139.4 —
Fungicides	2,284.1 1,940.5	32.5 24.8	24.8 0.9
Others	12,254.2 11,825.9	970.4 987.8	987.8 791.1
Total	22,764.1 18,910.2	2,388.1 1,991.2	1,991.2 903.6

Rs. Mio.

Class of Goods	Sales Value	Closing Inventory	Opening Inventory
(b) Traded goods:			
Herbicides	2,610.9 2,585.0	195.4 261.9	261.9 375.8
Pigments	1,239.7 1,338.9	179.9 213.9	213.9 85.6
Polyurethane	905.7 921.9	105.4 92.0	92.0 —
Fungicides	911.2 891.6	76.3 144.4	144.4 136.3
Others	5,336.0 4,841.0	828.7 911.1	911.1 346.4
Total	11,003.5 10,578.4	1,385.7 1,623.3	1,623.3 944.1

(c) Service Income:

Rs. Mio.

Category	2011-12	2010-11
Indent Commission	860.1	777.8
Technical/Service charges	459.7	291.2
Total	1,319.8	1,069.0

10. Contingent Liabilities

Rs. Mio.

Nature	2011-12	2010-11
Contingent Liabilities not Provided for		
(a) Claim against the Company not acknowledged as debt	22.2	31.1
In respect of which the Company has counterclaim	68.7	67.0
(b) Demand for taxes and duties in respect of which the company has preferred appeals with appropriate authority		
a. Income Tax	18.4	32.0
b. Customs, Excise, Service Tax and Sales Tax	175.9	142.7

11. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided (net of advances) for **Rs. 280.0 million** (Previous Year Rs. 257.2 million).

12. Operating lease

The Company has taken certain assets under operating leases.

(a) Total minimum lease payments in respect of non-cancellable leases are as follows:

Rs. Mio.

	2011-12	2010-11
Due		
Not later than one year	186.4	125.9
Later than one year but not later than five years	572.0	458.7
Later than five years	148.4	235.0
Total	906.8	819.6

(b) Lease rent of **Rs. 376.7 million** (Rs. 287.2 million) has been included under 'Rent' in the Profit and Loss Account.

13. Micro, Small and Medium Enterprises Development Act, 2006

On the basis of information and record available with the Management, the following disclosure pursuant to the above Act are made for the amounts due to the Micro and Small enterprises, who have registered with the competent authorities:

Rs. Mio.

Particulars	2011-12	2010-11
The principal amount and the interest due thereon remaining unpaid to any Micro/Small supplier.	12.0	3.9
The interest paid by the buyer as above, along with the amount of payments made beyond the appointed date during each account year	—	—
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest	1.5	0.4
The amount of interest accrued and remaining unpaid at the end of each accounting year.	—	—
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small/micro enterprise.	2.5	1.0

14. Purchase of specialty chemicals business of Cognis Specialty Chemicals India Private Limited

Pursuant to an Agreement entered into between BASF India Limited ('the Company') and Cognis Specialty Chemicals India Private Limited ('Cognis'), the specialty chemicals business of Cognis was acquired from 1st July, 2011 for consideration of Rs. 134 Mio. The assets and liabilities of Cognis have been taken over at fair value as determined by an independent valuer and the difference between the fair value of the net assets purchased over the consideration paid aggregating to Rs. 68.8 Mio. has been accounted as Goodwill.

15. Amalgamation of BASF Coatings (India) Private Limited (BCIN), BASF Construction Chemicals (India) Private Limited (BCC) and BASF Polyurethanes India Limited (BPIL) with BASF India Limited (BIL or the Company)

Pursuant to the Scheme of Amalgamation ('the scheme') as approved in the court convened shareholder meeting held on 3rd November, 2010 and subsequently sanctioned by the Honourable High Court of Bombay vide its order dated 14th January, 2011, BCIN, BCC, BPIL (wholly owned subsidiary of the Company) (collectively referred to as the amalgamating companies) were merged with the Company. The amalgamating companies were engaged in the business of manufacturing and trading of resins, thinners and varnishes, building & construction materials & polyurethane systems house and polyesterols.

As provided in the Scheme of Amalgamation, 619,589 equity shares of BIL (representing 1.43% of equity share capital as at 31st March, 2011) were issued against 37,175,399 shares of BCIN (representing 100% of equity share capital as at 1st April, 2010) and 1,896,064 equity shares of BIL (representing 4.38% of equity share capital as at 31st March, 2011) were issued against 2,464,885 shares of BCC (representing 100% of equity share capital as at 1st April, 2010). 9,000,000 equity shares (representing 100% of equity share capital as at 1st April, 2010 of BPIL) and BIL's investment in such equity shares held by the Company were cancelled. Accordingly 2,515,653 equity shares of Rs. 10/- each fully paid up were issued to the equity share holders of the BCIN and BCC without payment being received in cash.

As per the Scheme of Amalgamation, the 'Appointed Date' is 1st April, 2010. The amalgamation was accounted under the "pooling of interests" method as prescribed by Accounting Standard 14 on "Accounting for Amalgamations". Accordingly:

- (i) All the assets and liabilities of BCIN, BCC and BPIL were transferred and vested in the Company at book values with effect from 1st April, 2010. The reserves of the amalgamating companies appear in the same form in the financial statements of the Company.
- (ii) As specified in the scheme of amalgamation, the difference between the amount recorded as share capital issued (Rs. 25.2 Mio.) and the amount of share capital of the amalgamating companies (Rs. 396.4 Mio.) aggregating to Rs. 371.2 Mio. was adjusted in amalgamation reserves.
- (iii) The book values of the intercompany balances and holdings were cancelled.

16. Employees benefits:

Defined contribution plans:

Company's contribution to defined contribution funds amounting to **Rs. 82.5 Mio.** (Previous year Rs. 63.7 Mio.) has been charged to the Statement of Profit and Loss.

Defined benefit plans and other long term employee benefits:

Gratuity is payable to all eligible employees of the Company on superannuation, death, permanent disablement and resignation in terms of provisions of the Payment of Gratuity Act, 1972, or as per the Company's scheme whichever is more beneficial. The Company irrevocably contributes funds to a separate Gratuity Trust which is recognised by Income Tax authorities.

Eligible employees can carry forward and encash leave on superannuation, death, permanent disablement and resignation as per Company's policy.

Long Service Awards are payable to employees on completion of specified years of service at the rate of 0.5 month to 1.5 months eligible salary.

Rs. Mio.

	Gratuity Funded	
	2011-12	2010-11
Expenses recognized in the Statement of Profit and Loss for the year ended 31st March		
Current Service Cost	30.6	27.6
Interest Cost	24.8	17.0
Expected Return on plan assets	(22.1)	(19.5)
Net Actuarial (gain)/loss recognised in the year	10.8	1.4
Losses/gains on "Curtailment and Settlements"	—	(0.4)
Expenses recognised in the Statement of Profit and Loss	44.1	26.1
Balance Sheet Recognition as at 31st March		
Present Value of Obligation	320.1	295.1
Fair Value of Plan Assets	250.3	255.9
Net Asset/(Liability) recognised in the Balance Sheet	(69.8)	(39.2)

Rs. Mio.

	Gratuity Funded	
	2011-12	2010-11
Change in obligation during the year ended 31st March		
Present value of obligation Beginning of the Year	295.1	219.1
Addition from Amalgamating Companies	—	41.7
Interest Cost	24.8	17.0
Current Service Cost	30.6	27.6
Benefits Paid	(23.3)	(28.6)
Actuarial (gain)/loss on Obligation	(7.1)	18.4
Liabilities Extinguished on Settlement	—	(0.1)
Present Value of obligation End of the Year	320.1	295.1
Change in fair value of assets during the year ended 31st March		
Fair value of plan Assets Beginning of the Year	255.9	213.9
Addition from Amalgamating Companies	—	28.4
Expected Return on plan assets	22.1	19.5
Contributions	13.4	5.4
Benefits Paid	(23.3)	(28.6)
Actuarial gain/(loss) Plan Assets	(17.8)	17.0
Assets Distributed on Settlements	—	0.3
Fair value of plan Assets End of the Year	250.3	255.9
Total Actuarial gain/(loss) to be recognised	(10.8)	(1.4)
Actual return on Plan Assets		
Expected Return on plan assets	22.1	19.5
Actuarial gain/(loss) plan assets	(17.8)	17.0
Actual return on plan assets	4.3	36.5
Movement in the net liability recognised in the Balance Sheet		
Opening Net Liability	39.2	5.2
Addition from Amalgamating Companies	—	13.3
Expenses	44.1	26.1
Contribution	(13.5)	(5.4)
Closing Net Liability	69.8	39.2

Rs. Mio.

Experience Adjustments	2012	2011	2010	2009	2008
Defined Benefit Obligations	320.1	295.1	219.1	173.3	146.0
Plan Assets	250.3	255.9	213.1	172.2	158.1
Surplus/(Deficit)	(69.8)	(39.2)	(5.2)	(1.1)	12.1
Exp. Adj. on plan Liabilities	(7.1)	(18.4)	(6.5)	18.1	19.7
Exp. Adj. on plan Assets	(17.8)	(17.0)	0.2	7.4	0.9

The contribution expected to be made by the Company during the Financial Year 2012-13 will be Rs. 69.8 Mio.

The plan assets under the Gratuity scheme are deposited under approved securities. The major categories of plan assets as a percentage of total plan assets are provided below:

	2011-12	2010-11
GOI Securities	23%	21%
State Government Securities	19%	15%
PSU Bonds	36%	41%
Private Sector Bonds	7%	6%
Fixed Deposit and others	13%	1%
Special Deposit Scheme	2%	16%
Total	100%	100%

The assumptions used for actuarial valuation as at 31st March, 2012 are as follows:

	2011-12	2010-11
Expected rate of return on plan assets	8.75% p.a.	8.31% p.a.
Discount Rate	8.75% p.a.	8.31% p.a.
Expected salary increase rate	6% – 10% p.a.	6% – 8% p.a.
In-service mortality rates	LIC 1994-96 ultimate table	LIC 1994-96 ultimate table

The expected rate of return on assets is based on the expectation of the average long term rate of return on investment of the fund, during the estimated term of obligation.

The obligations are measured at the present value of estimated future cash flows by using a discount rate that is determined with reference to the market yields at the Balance Sheet date on Government Bonds which is consistent with the estimated terms of the obligation.

The estimate of future salary increase, considered in the actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Provident fund

The Company has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. These administered rates are notified by the Government annually. The Actuarial Society of India has issued the final guidance for measurement of provident fund liabilities during the year ended March 31, 2012. The actuary has accordingly provided a valuation based on the below provided assumptions and there is no shortfall as at March 31, 2012.

The details of fund and plan assets position as at March 31, 2012 is given below:

Rs. Mio.

	2011-12
Plan assets as year end, at fair value	1,388.2
Present value of benefit obligation at year end	1,286.5
Cost of short fall in interest rate guarantee	—
Assumptions used in determining the present value obligation to the interest rate guarantee under the Deterministic approach:	
Discount rate	8.57%
Average remaining tenure of the investment portfolio	8 years
Expected guaranteed interest rate	8.25%

During the year ended 31st March, 2012, amount recognised in profit and loss account for employee provident fund is **Rs. 77.1 Mio.** (Previous year Rs. 62.1 Mio.).

17. Segment Information

(a) PRIMARY SEGMENT INFORMATION (by Business Segments)

The previous year's figures are given in light type below each item

Rs. Mio.

	Agricultural Solution	Performance Products	Plastics	Chemicals	Functional solutions	Others	Un-allocated	Total
Segment Revenue	7,914.1	13,022.3	7,089.0	396.3	6,276.9	460.8	—	35,159.4
	6,309.0	12,683.0	5,803.7	431.7	5,124.3	287.1	—	30,638.8
Less: Inter-segment revenue	—	—	—	—	—	—	—	—
Sales/Income from operations	7,914.1	13,022.3	7,089.0	396.3	6,276.9	460.8	—	35,159.4
	6,309.0	12,683.0	5,803.7	431.7	5,124.3	287.1	—	30,638.8
Segment Result	764.0	984.3	(99.2)	137.5	185.2	24.8	—	1,996.6
	697.0	1,041.1	(145.8)	210.0	31.4	39.3	—	1,873.0
Interest Expense							95.3	95.3
							93.5	93.5
Interest Income							15.1	15.1
							93.1	93.1
Other un-allocable expenditure net of un-allocable income							419.2	419.2
							367.6	367.6
Profit Before Tax								1,497.2
								1,505.0
Tax								488.6
								326.7
Profit After Tax								1,008.6
								1,178.3
OTHER INFORMATION								
Segment Assets	4,464.3	8,482.0	3,671.4	412.5	3,855.7	151.9	897.6	21,935.4
	3,323.4	7,169.5	2,934.5	224.2	3,549.4	72.3	670.2	17,943.5
Segment Liabilities	2,046.3	3,626.3	2,031.3	90.1	1,898.5	—	1,755.7	11,448.2
	1,351.5	2,511.2	1,588.9	38.7	1,484.6	—	1,288.8	8,263.7
Capital Expenditure	118.9	1,112.5	308.8	29.0	229.1	—	—	1,798.3
	60.1	345.5	148.3	8.8	402.9	—	—	965.6
Depreciation	39.7	287.5	72.1	9.0	109.0	—	—	517.3
	27.1	283.3	60.2	6.3	87.1	—	—	464.0

(b) SECONDARY SEGMENT INFORMATION (by Geographic Segments)

Rs. Mio.

	Domestic	Exports	Total
Revenues	31,650.2	3,509.2	35,159.4
	27,356.5	3,282.3	30,638.8
Total Assets	20,849.1	1,086.3	21,935.4
	17,215.0	728.5	17,943.5
Capital Expenditure	1,798.3	—	1,798.3
	965.6	—	965.6

Notes on Segment Information:

- Segments have been identified in accordance with the Accounting Standard on Segment Reporting (AS-17). Business Segments have been considered as primary segments.
- Details of type of products included in each segment —
 - **Agricultural Solution** – includes Agrochemicals. Agricultural Solution is seasonal in nature.
 - **Performance Products** – Tanning agents, Leather Chemicals, Textile Chemicals, Dispersion Chemicals, Specialty Chemicals and high-value fine Chemicals for the food, pharmaceuticals, animal feed and cosmetics industries.
 - **Plastics** – Expandable Polystyrene (EPS), Engineering Plastics and Polyurethanes.
 - **Chemicals** – Chemicals includes inorganic chemicals, intermediates and petrochemicals.
 - **Functional Solution** – Functional Solution includes coatings and construction chemicals.
 - **Others** – includes technical and service charges.
- Un-allocable Corporate Assets include Net Deferred Tax Assets and other un-allocable assets.
- Un-allocable Corporate Liabilities include Proposed Dividend and other un-allocable liabilities.

18. Related Party Disclosure

(a) Parties where control exists

BASF Societas Europaea ('SE') Ultimate holding company

(b) Other related parties with whom transactions have taken place during the year

Fellow Subsidiaries

BASF - YPC Company Limited	BASF Kanoo Polyurethanes LLC
BASF (China) Company Ltd.	BASF Lanka (Private) Limited
BASF (Malaysia) Sdn. Bhd.	BASF Mexicana S.A. DE C.V.
BASF (Thai) Limited	BASF Netherland B.V.
BASF A/S	BASF Oy
BASF Agro B.V.	BASF Pakistan (Private) Ltd.
BASF Agro B.V. Arnhem (NL)	BASF Paper Chemicals (Jiangsu) Co., Ltd.
BASF Agrochemical Products B.V.	BASF Performance Products plc
BASF Antwerpen N.V.	BASF Performance Products Trading (Shanghai) Limited
BASF Asia-Pacific (India) Private Limited	BASF Personal Care and Nutrition GmbH
BASF Asia-Pacific Service Centre Sdn. Bhd.	BASF Peruana S.A.
BASF Australia Ltd.	BASF Petronas Chemicals Sdn. Bhd.
BASF Auxiliary Chemicals Company Ltd.	BASF Pharma (Evionnaz) SA
BASF Bangladesh Ltd.	BASF Philippines Inc.
BASF Beauty Care Solutions France S.A.S.	BASF PJPC Neopentylglycol Co., Ltd.
BASF Belgium Coordination Center	BASF Plant Science Company GmbH
BASF Canada Inc.	BASF PLC
BASF Care Chemicals (Shanghai) Company Ltd.	BASF Poliuretani Italia SpA
BASF Catalysts India Pvt. Ltd.	BASF Polyurethane Licensing GmbH
BASF Chemicals & Polymers Pakistan (Pvt.) Ltd.	BASF Polyurethane Specialties (China) Co., Ltd.
BASF Kanoo Gulf FZE	BASF Polyurethanes (China) Co. Ltd.
BASF Chemicals Company Ltd.	BASF Polyurethanes (Malaysia) Sdn. Bhd.
BASF ChemTrade GmbH	BASF Polyurethanes (Thailand) Ltd.
BASF Coatings Intl Trade (Shanghai) Co. Ltd.	BASF Polyurethanes GmbH
BASF Coatings Spa	BASF Pozzolith Ltd.
BASF Coatings GmbH	BASF Qingdao Pigments Co., Ltd.
BASF Coatings Intl Trade Co., Ltd.	BASF S.A.
BASF Coatings Japan Ltd.	BASF Schweiz AG
BASF Coatings Ltd.	BASF Shanghai Coatings Co. Ltd.
BASF Coatings S.A.	BASF Singapore Pte. Ltd.
BASF Coatings S.A.S.	BASF South Africa (PTY) Ltd.
BASF Color Solutions Germany GmbH	BASF South East Asia Pte. Ltd.

BASF Company Ltd.	BASF Specialty Chemicals Marketing GmbH
BASF Construction Chemical (China) Co., Ltd.	BASF Taiwan Ltd.
BASF Construction Chemicals (UK) Ltd.	BASF Turk Kimya Sanayi Ve Ticaret
BASF Construction Chemicals Espana S.L.	BASF UK Ltd.
BASF Construction Chemicals Europe AG	BASF Vietnam Co. Ltd.
BASF Construction Chemicals France S.A.S.	BASF Vitamins Company Limited
BASF Construction Chemicals GmbH	BASF Yapi Kimyasallari SAN. A.S.
BASF Construction Chemicals Italia Spa	BTC Specialty Chemical Distribution GmbH
BASF Construction Chemicals UAE LLC	Cognis Australia Pty. Ltd.
BASF Construction Polymers GmbH	Cognis Specialty Chemicals Pvt. Ltd.
BASF Construction Systems (China)	Cognis Taiwan Ltd.
BASF Corporation	Construction Research & Technology GmbH
BASF East Asia Regional Headquarters Ltd.	Elastogran Kanoo Polyurethane Systems LLC
BASF Espanola S.L.	K+S Aktiengesellschaft
BASF FZE	P.T. BASF Care Chemicals Indonesia
BASF Gao-Qiao Performance Chemicals (Shanghai) Co., Ltd.	P.T. BASF Indonesia
BASF Grenzach GmbH	PCI Augsburg GmbH
BASF Health and Care Products France S.A.S.	PolyAd Services GmbH
BASF Hong Kong Ltd.	Relius Coatings GmbH & Co. KG
BASF INOAC Polyurethanes Ltd.	Shanghai BASF Polyurethane Co., Ltd.
BASF Iran (PJS) Company	Shanghai Gaoqiao-BASF
BASF IT Services Holding GmbH	Styrolution GmbH
BASF Italia Spa	Styrolution India Private Limited
BASF Italia Srl	Styrolution South East Asia Pte. Ltd.
BASF Japan Ltd.	Watson Bowman ACME Corp

(c) Key Management Personnel

Chairman & Managing Director

Mr. Prasad Chandran

Whole-Time Directors

Mr. S. Regunathan

Mr. R. Y. Vaidya

Dr. G. Ramaseshan

Mr. Thilo Bischoff

(d) Details of transactions of Ultimate holding company and Fellow subsidiaries for the year ended March 31, 2012:

Rs. Mio.

Nature of Transactions	Ultimate holding company		Fellow subsidiaries		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Sale of Goods						
BASF SE	119.4	4.5	—	—	119.4	4.5
BASF South East Asia Pte. Ltd.	—	—	1,442.4	1,680.6	1,442.4	1,680.6
Others	—	—	170.3	210.6	170.3	210.6
Sub-Total	119.4	4.5	1,612.7	1,891.2	1,732.1	1,895.7
Services Rendered (including reimbursements)						
BASF SE	421.6	189.7	—	—	421.6	189.7
BASF South East Asia Pte. Ltd.	—	—	596.3	536.8	596.3	536.8
Others	—	—	471.7	526.7	471.7	526.7
Sub-Total	421.6	189.7	1,068.0	1,063.5	1,489.6	1,253.2
Interest Expense on ICD						
BASF Catalyst India Pvt. Ltd.	—	—	—	10.5	—	10.5
Styrolution India Private Limited	—	—	—	11.6	—	11.6
BASF Asia-Pacific (India) Pvt. Ltd.	—	—	—	4.5	—	4.5
Sub-Total	—	—	—	26.6	—	26.6
Interest Expense on ECB Loan						
BASF SE	1.8	0.8	—	—	1.8	0.8
BASF Construction GmbH	—	—	2.0	1.8	2.0	1.8
Sub-Total	1.8	0.8	2.0	1.8	3.8	2.6
Purchase of Goods/Materials						
BASF SE	1,268.8	1,219.2	—	—	1,268.8	1,219.2
BASF South East Asia Pte. Ltd.	—	—	3,793.5	5,448.2	3,793.5	5,448.2
BASF Agrochemical Products B.V.	—	—	2,432.1	1,729.4	2,432.1	1,729.4
BASF Company Ltd.	—	—	1,659.2	206.7	1,659.2	206.7
Others	—	—	4,910.1	4,023.8	4,910.1	4,023.8
Sub-Total	1,268.8	1,219.2	12,794.9	11,408.1	14,063.7	12,627.3
Services Received						
BASF SE	304.6	459.4	—	—	304.6	459.4
BASF South East Asia Pte. Ltd.	—	—	282.2	185.5	282.2	185.5
Others	—	—	260.1	153.8	260.1	153.8
Sub-Total	304.6	459.4	542.3	339.3	846.9	798.7
Purchase of Assets						
BASF SE	110.6	—	—	—	110.6	—
BASF South East Asia Pte. Ltd.	—	—	158.9	—	158.9	—
BASF Grenzach GmbH	—	—	38.9	—	38.9	—
Others	—	—	54.7	133.9	54.7	133.9
Sub-Total	110.6	—	252.5	133.9	363.1	133.9

Nature of Transactions	Ultimate holding company		Fellow subsidiaries		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Sale of assets						
BASF Corporation	—	—	—	14.0	—	14.0
Royalty and Technical Fees						
BASF SE	76.0	74.7	—	—	76.0	74.7
BASF Polyurethanes Licencing GmbH	—	—	72.2	44.5	72.2	44.5
BASF Coatings GmbH	—	—	46.9	36.0	46.9	36.0
Construction Research & Technology GmbH	—	—	108.9	83.7	108.9	83.7
Sub-Total	76.0	74.7	228.0	164.2	304.0	238.9
Dividend						
BASF SE	167.5	162.5	—	—	167.5	162.5
BASF Schweiz AG	—	—	71.3	71.3	71.3	71.3
BASF Construction Chemicals GmbH	—	—	15.1	—	15.1	—
Sub-Total	167.5	162.5	86.4	71.3	253.9	233.8
ICD Taken						
BASF Catalyst India Pvt. Ltd.	—	—	—	6,491.0	—	6,491.0
Styrolution India Private Limited	—	—	—	4,765.0	—	4,765.0
BASF Asia-Pacific (India) Private Limited	—	—	—	1,066.0	—	1,066.0
Sub-Total	—	—	—	12,322.0	—	12,322.0
ICD Repaid						
BASF Catalyst India Pvt. Ltd.	—	—	—	6,491.0	—	6,491.0
Styrolution India Private Limited	—	—	—	4,765.0	—	4,765.0
BASF Asia-Pacific (India) Private Limited	—	—	—	1,066.0	—	1,066.0
Sub-Total	—	—	—	12,322.0	—	12,322.0
Outstanding Receivables						
BASF SE	200.0	60.0	—	—	200.0	60.0
BASF South East Asia Pte. Ltd.	—	—	635.4	453.5	635.4	453.5
Others	—	—	202.8	153.1	202.8	153.1
Sub-Total	200.0	60.0	838.2	606.6	1,038.2	666.6
Outstanding Payables						
BASF SE	430.3	347.4	—	—	430.3	347.4
BASF South East Asia Pte. Ltd.	—	—	1,474.2	1,046.4	1,474.2	1,046.4
BASF Company Ltd.	—	—	602.1	357.6	602.1	357.6
BASF Agrochemical Products B.V.	—	—	594.2	—	594.2	—
Others	—	—	1,908.6	1,356.5	1,908.6	1,356.5
Sub-Total	430.3	347.4	4,579.1	2,760.5	5,009.4	3,107.9

Rs. Mio.

Nature of Transactions	Ultimate holding company		Fellow subsidiaries		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
ECB Loan Outstanding						
BASF SE	203.8	181.4	—	—	203.8	181.4
BASF Construction GmbH	—	—	203.8	227.6	203.8	227.6
Sub-Total	203.8	181.4	203.8	227.6	407.6	409.0
Business Purchase from Cognis						
Cognis Specialty Chemicals India Pvt. Ltd. (Refer note 28 (14))	—	—	134.0	—	134.0	—
Sub-Total	—	—	134.0	—	134.0	—

(e) Details of transactions of Key management personnel:

Rs. Mio.

Nature of Transactions	Key management personnel	
	2011-12	2010-11
Interest Income on Loans	0.03	0.03
Remuneration	85.7	63.3
Outstanding loan:		
Receivable	—	0.6

19. Transfer pricing regulations:

The management is of the opinion that the Company's international transactions are at an arms length so that aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

20. Foreign currency exposure details:

As on 31st March, 2012, the Company has 67 forward contracts totalling to **USD 73.60 Mio. (Rs. 3,671.00 Mio.)** for the purposes of hedging its foreign currency exposure. The unamortized premium of **Rs. 50.15 Mio.** pertaining to the same will be recognized subsequently. Foreign currency exposure that is not hedged as at 31st March is as follows:

Foreign Currency	2011-2012 Payables		2010-2011 Payables	
	Foreign Currency Amount	Rs. in Mio.	Foreign Currency Amount	Rs. in Mio.
EURO	1,998,400	138.6	1,878,674	120.9
AUD	89,406	4.9	5,862	0.3
USD	29,456,155	1,522.6	16,823,908	759.8
JYP	—	—	549,763	0.3
CHF	49,440	2.9	47,981	2.4
GBP	1,260	0.1	49,689	3.6
CAD	3,789	0.2	3,789	0.2
SGD	5,507	0.2	5,507	0.2
HKD	343,500	2.3	343,500	2.0

Foreign Currency	2011-2012 Receivables		2010-2011 Receivables	
	Foreign Currency Amount	Rs. in Mio.	Foreign Currency Amount	Rs. in Mio.
EURO	1,465,421	98.4	476,975	29.6
AUD	—	—	16,818	0.8
SGD	5,619	0.2	6,318	0.2
USD	18,938,033	956.9	13,976,822	618.9

21. Previous year figures are regrouped/reclassified pursuant to adoption of requirements of revised Schedule VI of Companies Act, 1956.

Signatures to Notes to accounts

For B S R & Co.
Chartered Accountants
Firm's Registration No.: 101248W

Vijay Mathur
Partner
Membership No.: 046476
Mumbai, 25th April 2012

For and on behalf of the Board of Directors

Prasad Chandran
Chairman & Managing Director

Pradeep Chandan
Company Secretary

R. R. Nair
R. A. Shah
Pradip P. Shah
Arun Bewoor
S. Regunathan
Thilo Bischoff
G. Ramaseshan
Directors
25th April 2012



BASF's Mangalore site won the Safe Industry award from the Government of Karnataka for the second consecutive time.



On March 1, 2012, BASF inaugurated a Multi Effect Evaporator (MEE) at the Ankleshwar site. The MEE facilitates recycling and reuse of evaporated wastewater in the manufacturing process and in utilities like cooling tower, thus promoting sustainability. Seen above: Mr. Prasad Chandran and Dr. Ramaseshan Ganapathy, Chief Executive – Manufacturing (extreme left) at the inauguration of the new facility.

BASF is the Official Partner to “Germany and India 2011-2012: Infinite Opportunities”

The highlight of the German Year in India is the Indo-German Urban Mela, a multi-purpose, mobile pavilion that will travel to five cities across India from April 2012 to January 2013.



Dr. Martin Brudermueller, Vice Chairman of the Board of Executive Directors, BASF SE, was part of the panel at the opening press conference at the Indo German Urban Mela held in Mumbai from April 13-22, 2012.



Hon'ble Union Cabinet Minister, Shri Praful Patel on his way to visit the BASF pavilion on the inaugural day of the event.



The German Federal Minister for Transportation and the Mumbai Municipal Commissioner complimented BASF on the display at its pavilion.



The BASF pavilion showcased chemistry in daily life and its role in solving future challenges. It also featured the Company's technologically advanced and innovative solutions in the areas of Mobility, Health & Nutrition and Construction.



BASF Kids' Lab, our global chemistry education programme was an important element of our exhibits in the BASF pavilion. Here, new water experiments were performed in India for the first time.

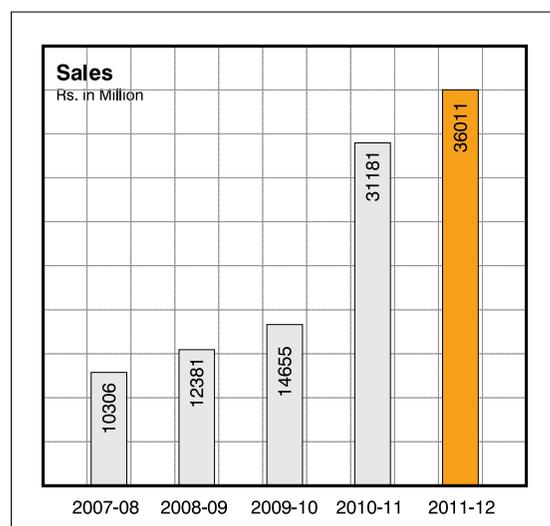
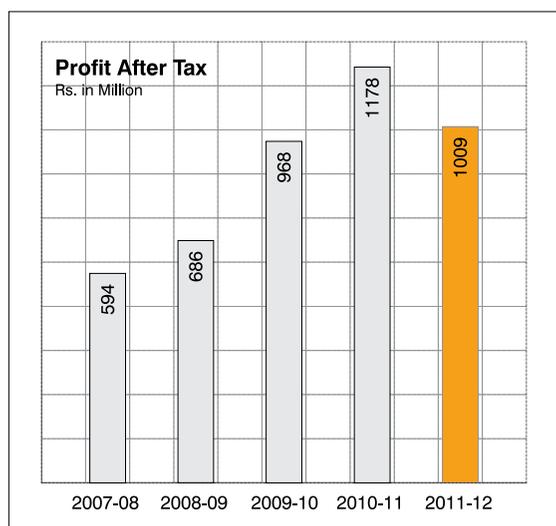


Coinciding with the Mumbai stop of the Urban Mela, BASF organised a series of engagement activities for employees and their family members.

BASF India Limited Financial Highlights – At a glance

Rs. in Million

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Sales	5894	6533	7402	7716	8750	10306	12381	14655	31181	36011
Profit before tax	463	513	601	706	781	930	1080	1514	1505	1497
Profit after tax	334	341	380	454	501	594	686	968	1178	1009
Earning per share (in Rs.)	11.83	12.09	13.47	16.11	17.77	21.06	24.35	25.00	27.22	23.30
Total assets	4606	4046	4138	3986	4594	5246	6509	12677	17944	21935
Borrowings	1323	670	100	13	5	—	—	—	1248	1749
Shareholders' equity	2139	2318	2535	2764	3034	3397	3852	8658	9680	10487
Depreciation	214	212	244	221	109	136	152	261	464	517
Capital expenditure	117	47	76	143	451	301	408	285	925	1798
Exports	620	511	564	252	320	373	571	609	2259	2183
R & D cost	13	16	20	37	48	76	96	80	105	92
Personnel cost (Total)	417	456	486	572	684	817	887	1088	1991	2501
Dividend amount	141	169	169	197	197	197	197	326	346	173
Dividend in %	50	60	60	70	70	70	70	80	80	40
Number of employees	928	917	833	817	801	836	858	1224	1790	2012
Number of shareholders	34421	32831	29493	29684	33042	29631	25606	44184	42963	41556



BASF inaugurated a Disability Resource Center (DRC) in Cuddalore, Tamil Nadu in partnership with UN-HABITAT & Leonard Cheshire Disability (LCD). The DRC is the culmination of BASF's post-tsunami relief & rehabilitation project, which is part of the company's initiatives under "Sadbhavana", a programme that focuses on women empowerment, child education and response to natural disasters.



One of the beneficiaries of the Disability Resource Center, talking to Mr. Chandran about his aspiration to do a Masters in Business Administration. The DRC will serve as an information and advisory center for people with disabilities and help them lead independent lives.



INFINITE OPPORTUNITIES | GERMANY + INDIA
2011-2012



Bird's eye view of INDO-GERMAN URBAN MELA, Mumbai

Copyright/Source: "Germany and India 2011-2012: Infinite Opportunities"

BASF is the Official Partner to the German Year in India

Germany is celebrating the German Year in India to mark 60 years of successful bilateral ties in various fields. Under the theme, "Infinite Opportunities" the event will bring together science and education, research, politics, business and culture on one platform. As a leading German multi-national company operating in India, BASF is extending its highest level of association and is proud to be the Official Partner to the German Year in India.

The highlight of the celebration is the "Indo German Urban Mela", a unique pavilion concept that will travel through five cities across India - Mumbai, Bangalore, Chennai, New Delhi & Pune until January 2013.

As the Official Partner, BASF has one of the largest corporate pavilions at the Indo German Urban Mela. BASF's pavilion showcases how chemistry shapes daily life and plays a critical role in solving future challenges. In line with the concept of "Sustainable Urbanization", it also features our innovative and technologically advanced solutions in the areas of Mobility, Housing & Construction and Health & Nutrition. Another important element of the BASF pavilion is BASF Kids' Lab, our global chemistry education programme for school students.



The Chemical Company

BASF India Limited

1st Floor, VIBGYOR Towers, Plot No. C - 62, 'G' Block
Bandra Kurla Complex, Mumbai - 400 051, India
Website: www.india.basf.com