

NOTICE

NOTICE is hereby given that the SIXTY NINTH ANNUAL GENERAL MEETING OF BASF INDIA LIMITED will be held at "Yashwantrao Chavan Pratishthan Auditorium", Y. B. Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai 400021 on Friday, 30th August, 2013 at 3.00 p.m. to transact the following business, namely:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at and the Profit and Loss Account for the year ended 31st March, 2013 and the Reports of the Directors' and Auditors' thereon.
2. To declare Dividend on Equity Shares for the financial year ended 31st March, 2013.
3. To appoint a Director in place of Mr. Arun Bewoor who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. R. A. Shah who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s. B S R & Co., Chartered Accountants, as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT Mr. Andrew Postlethwaite whose term of office as Director of the Company expires at this meeting under Section 262 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 along with a deposit of Rs. 500/- from a shareholder intimating his intention to propose Mr. Andrew Postlethwaite as a candidate for the office of Director, be and is hereby appointed as Director of the Company."

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

"RESOLVED THAT in supersession to the earlier resolution passed by the shareholders at the Annual General Meeting of the Company held on 24th August, 2012 and pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956 and other applicable provisions, if any, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), of the Companies Act, 1956 and Article 144 of the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow, for and on behalf of the Company, any sum or sums of monies, from time to time, upon such terms and conditions and with or without security as the Board of Directors may think fit for the purposes of the Company's business, so that the monies to be borrowed, together with the monies already borrowed by the Company (apart from the temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) and remaining outstanding shall not exceed the limit of Rs. 2,000 Crores (Rupees Two Thousand Crores only) in excess of the paid up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose, as per the latest annual audited financial statements;

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby severally authorised to take all such steps as may be required and to do all such acts, deeds, matters and things as may in its absolute discretion deem necessary, expedient, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard to borrowing(s) as aforesaid or any other matter in this regard."

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 (“Act”) read with Schedule XIII of the said Act (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and subject to such approval of the Central Government or any statutory authorities, as may be required and in partial modification of the resolution(s) passed at the Annual General Meetings held on 26th August, 2011 and 24th August, 2012, respectively, consent be and is hereby accorded to increase the maximum limits of salary, additional/ adhoc salary, special allowance and other allowances and performance salary (hereinafter referred to as “remuneration”) payable to the Managing Director of the Company from the existing Rs. 3,50,00,000/- per annum to Rs. 4,00,00,000/- per annum and to each Wholetime Director of the Company from the existing Rs. 2,50,00,000/- per annum to Rs. 3,25,00,000/- per annum, effective 1st April, 2013 and the Board and/ or a duly constituted Committee thereof are hereby authorised to pay remuneration to Managing Director/ Wholetime Director(s) from time to time, within the above mentioned limits;

Provided however, that:

- (a) In addition to the above remuneration, the Managing Director/each Wholetime Director, shall also be entitled to perquisites including furnished/unfurnished accommodation/house rent allowance in lieu thereof, utilities, gas, electricity, water, furnishings, medical reimbursement for self and family, leave travel concession for self and family, club fees, personal accident insurance, medical insurance, group insurance and other benefits and amenities payable in accordance with the rules of the Company from time to time. The monetary value of such perquisites being restricted to a maximum limit of Rs. 1,00,00,000/- per annum for Managing Director and Rs. 1,50,00,000/- per annum for each Wholetime Director of the Company;
- (b) Subject to the above, all other terms and conditions of maximum limits of remuneration payable to Managing Director/Wholetime Director(s), as earlier approved shall remain unchanged;

RESOLVED FURTHER THAT the Board of Directors or a duly constituted Committee thereof be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this resolution.”

By Order of the Board of Directors

PRADEEP CHANDAN
Company Secretary

Registered Office:

VIBGYOR Towers, 1st Floor,
Plot No. C-62, ‘G’ Block,
Bandra Kurla Complex,
Mumbai 400 051.

Dated: 30th April, 2013.

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the special businesses proposed to be transacted at the meeting is annexed hereto.

3. The Register of Members and the Share Transfer Books of the Company will be closed from 24th August, 2013 to 30th August, 2013 (both days inclusive) for the purpose of determining the eligibility of the members entitled to dividend (subject to the approval of the members at the Annual General Meeting).
4. Dividend as recommended by the Directors, if approved at the Annual General Meeting, will be paid on or after 4th September, 2013 in respect of shares held in physical form, to those members whose names appear in the Company's Register of Members as on 30th August, 2013 and in respect of shares held in the electronic form, to those "Deemed Members" whose names appear in the statement of Beneficial Ownership furnished by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) at the close of business hours on 23rd August, 2013.
5. The members are requested to intimate their queries/requirements for clarification on the Annual Report so as to reach the Company on or before 23rd August, 2013 which will enable the Company to furnish the replies at the Annual General Meeting.
6. The members are requested to notify (a) the Depository Participants in case of shares held in electronic form; or (b) the Company's Registrar & Share Transfer Agent, M/s. Sharepro Services (India) Private Limited (Sharepro), 13AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off. Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai 400 072, in case of shares held in physical form, of any change in their address.
7. Members holding shares under multiple folios are requested to submit their applications for consolidation of folios into single folio to Sharepro.
8. Pursuant to the provisions of sub-section (5) of Section 205A of the Companies Act, 1956 any money transferred to the unpaid dividend account of the Company, which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the unpaid dividend account, shall be transferred by the Company to the Investor Education and Protection Fund of the Central Government.

Those members who have so far not encashed their dividend warrants for the following years, may claim or approach the Company for the payment thereof as the same will be transferred to the Investor Education and Protection Fund of the Central Government, pursuant to Section 205C of the Companies Act, 1956, on the respective dates mentioned there against. Kindly note that the refund of the unclaimed/unpaid dividend amount cannot be claimed by the members after the same is transferred to the Investor Education and Protection Fund.

Financial Year ended	Dates by which unpaid dividend amount will be credited/transferred to the Investor Education and Protection Fund
31.03.2006	08.09.2013
31.03.2006	19.09.2013*
31.03.2007	06.09.2014
31.03.2007	03.10.2014*
31.03.2008	15.09.2015
31.03.2008	29.09.2015*
31.03.2009	15.09.2016*
31.03.2009	23.09.2016
31.03.2010	15.09.2017
31.03.2011	28.09.2018
31.03.2012	29.09.2019

* Refers to dividend declared by erstwhile Ciba India Limited, now merged with the Company

9. The Securities and Exchange Board of India (SEBI) vide its circular No. MRD/DoP/SE/Dep/Cir-4/2005 dated January 28, 2005 has reviewed the dematerialization charges being levied to investors. Pursuant to the said circular, with effect from 1st April 2005, the Depositories will collect the custody charges from the Issuers on per folio (ISIN position) basis and the same will not to be levied on investors. Accordingly, the Company has paid the custody charges levied by the Central Depository Services (India) Limited and the National Securities Depository Limited for the financial year 2013-2014.
10. The Company's Equity Shares are listed on the BSE Ltd., P. J. Towers, Dalal Street, Mumbai 400 001 and The National Stock Exchange of India Ltd., Exchange Plaza, 5th Floor, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051 and the Company has paid the annual listing fees for the financial year 2013-2014 to both the Stock Exchanges.
11. With respect to payment of dividend, the Company provides the facility of Electronic Clearing Services (ECS) to all shareholders holding shares in electronic and physical forms, residing in the following cities:

Ahmedabad, Bangalore, Bhubhaneshwar, Chandigarh, Chennai, Hyderabad, Jaipur, Kolkata, Mumbai, New Delhi, Patna, Pune and Trivandrum.

The Company also provides the facility of National Electronic Clearing Services (NECS) to all shareholders holding shares in electronic and physical forms. Shareholders holding shares in physical form who wish to avail ECS/NECS facility, may authorise the Company with their ECS/NECS mandate in the prescribed form, which can be obtained from the Company's Registrar & Share Transfer Agent, M/s. Sharepro Services (India) Private Limited (Sharepro), 13AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off. Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai 400 072. Requests for payment of dividend through ECS/NECS for the year 2012-2013 should be lodged with Sharepro on or before 23rd August, 2013.
12. In terms of Section 109A of the Companies Act, 1956, every holder of shares of the Company, may at any time nominate in the prescribed manner, a person to whom his/her shares in the Company shall vest, in the event of his/her death. Members who wish to avail of this facility, may fill the prescribed Form No. 2B and forward the same to Sharepro.
13. As required under Clause 49 of the Listing Agreement with the Stock Exchanges, the details of Directors retiring by rotation and seeking re-appointment at the ensuing Annual General Meeting are provided in the Notice/Corporate Governance Report, forming part of the Annual Report.
14. Members who desire to take part in the Green Initiative of the Company, are requested to register their e-mail addresses with the Company by filling up the 'E-communication Registration' Form which is available on the website of the Company www.india.basf.com. Members are requested to send the duly filled in Form to M/s. Sharepro Services (India) Private Limited, Registrar & Share Transfer Agent of the Company for registration. On registration, all the communication will be sent to the e-mail address of the member registered with the Company. Members holding shares in electronic form are requested to register their e-mail addresses with their Depository Participants.
15. Members are requested to bring their Annual Report alongwith them to the meeting.

Explanatory Statement

Pursuant to Section 173 of the Companies Act, 1956.

Item No. 6

Mr. Andrew Postlethwaite was appointed as a Director of the Company on 28th April, 2011 in the casual vacancy caused by the resignation of Mr. Hermann Althoff.

Mr. Andrew Postlethwaite has graduated from the University of New England, Australia with a Masters in Business Administration. He joined BASF New Zealand Limited as a Management Trainee in 1986 and then in 1993 worked as Industry Manager in Paper Chemicals Division. He took up assignments in Sales & Material Management and Regional Information Systems of BASF South East Asia Pte. Ltd., Singapore in 1997 and 2000 before being appointed as Director, Life Science & Functional Polymers, Corporate Strategy, BASF (Malaysia) Sdn. Bhd. In 2005, Mr. Postlethwaite was part of Fine Chemicals Division for BASF (China) Company Ltd. In 2008, Mr. Andrew Postlethwaite became Vice President, Nutrition & Health, Asia Pacific, BASF East Asia Regional Headquarters Ltd., Hong Kong. Presently, Mr. Postlethwaite is the Senior Vice President, Engineering Plastics, Asia Pacific.

In terms of Section 262 of the Companies Act, 1956 and Article 122 of the Articles of Association of the Company, Mr. Andrew Postlethwaite holds office upto the date of the forthcoming Annual General Meeting, being the date on which Mr. Hermann Althoff would have retired by rotation, had he continued to be a Director of the Company. The Company has received a notice in writing alongwith a deposit of Rs. 500/- from a shareholder under Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Mr. Andrew Postlethwaite for the office of Director liable to retire by rotation.

The Board recommends his appointment as a Director.

None of the Directors of the Company, other than Mr. Andrew Postlethwaite may be considered to be concerned or interested or deemed to be interested in the passing of this resolution.

Item No. 7

The Members/Shareholders of the Company, at the meeting held on 24th August, 2012, had accorded their consent to the Board for borrowing up to Rs. 1,500 Crores from Banks/Financial Institutions, etc. notwithstanding that the money or monies to be borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

However, to facilitate future business expansions, your Company would be requiring additional funds, either in the form of equity or debt from Financial Institutions, Banks or others. It is, therefore, proposed to enhance the borrowing limits, in excess of the earlier approved limits, from the existing Rs. 1,500 Crores to Rs. 2,000 Crores by seeking appropriate approval from the Members of the Company under the provisions of Section 293(1)(d) of the Companies Act, 1956 and to authorize the Board to borrow monies to the extent of Rs. 2,000 Crores.

The Board of Directors recommends the passing of the resolution set out in Item No. 7 of the accompanying Notice as an Ordinary Resolution.

None of the Directors of the Company is in any way concerned or interested in the proposed Resolution.

Item No. 8

At the Sixty Seventh and Sixty Eighth Annual General Meetings held on 26th August, 2011 and 24th August, 2012, the shareholders had, inter alia, approved the maximum limits for payment of remuneration to the Managing Director and Wholetime Director(s) of the Company and empowered the Board of Directors to vary the terms of remuneration in such manner as the Board in their absolute discretion deems fit, provided that the remuneration payable to the Managing Director and Wholetime Director(s) are within the limits of payment of managerial remuneration specified in Schedule XIII of the Companies Act, 1956 or any amendments thereto, as may be made from time to time or the Companies Act, 1956 as may be recodified.

The maximum limits of remuneration payable to the Managing Director/each Wholetime Director earlier approved by the members at the Annual General Meetings held on 26th August, 2011 and 24th August, 2012, respectively and the proposed revision in the said limits for approval of the members are given below:

Description	Managing Director	
	Existing limits as approved by the members on 26th August, 2011	Proposed limits
Salary, additional/adhoc salary, special allowances and other allowances as may be determined by the Directors from time to time.	Not exceeding Rs. 2,25,00,000/- p.a.	Not exceeding Rs. 2,50,00,000/- p.a.
Performance salary as may be determined by the Board of Directors from time to time.	Not exceeding Rs. 1,25,00,000/- p.a.	Not exceeding Rs. 1,50,00,000/- p.a.
Perquisites including furnished/unfurnished accommodation, house rent allowance in lieu thereof, utilities, gas, electricity, water, furnishings, medical reimbursement for self and family, leave travel concession for self and family, club fees, personal accident insurance, medical insurance, group insurance and other benefits and amenities payable in accordance with the rules of the Company to the Managing Director from time to time.	Monetary value not exceeding Rs. 75,00,000/- p.a.	Monetary value not exceeding Rs. 1,00,00,000/- p.a.

Description	Wholetime Director		
	Existing limits for each Wholetime Director as approved by the members on 26th August, 2011	Existing limits of Mr. Thilo Bischoff, Wholetime Director as approved/revised by the members on 24th August, 2012	Proposed limits for each Wholetime Director
Salary, additional/adhoc salary, special allowances and other allowances as may be determined by the Directors from time to time.	Not exceeding Rs. 1,40,00,000/- p.a.	Not exceeding Rs. 1,60,00,000/- p.a.	Not exceeding Rs. 2,25,00,000/- p.a.
Performance salary as may be determined by the Board of Directors from time to time.	Not exceeding Rs. 90,00,000/- p.a.	Not exceeding Rs. 90,00,000/- p.a.	Not exceeding Rs. 1,00,00,000/- p.a.
Perquisites including furnished/unfurnished accommodation, house rent allowance in lieu thereof, utilities, gas, electricity, water, furnishings, medical reimbursement for self and family, leave travel concession for self and family, club fees, personal accident insurance, medical insurance, group insurance and other benefits and amenities payable in accordance with the rules of the Company to the Wholetime Director(s) from time to time.	Monetary value not exceeding Rs. 1,20,00,000/- p.a.	Monetary value not exceeding Rs. 1,20,00,000/- p.a.	Monetary value not exceeding Rs. 1,50,00,000/- p.a.

Subject to the above, all other terms and conditions of maximum limits of remuneration payable to Managing Director/Wholetime Director(s) of the Company, as approved by the shareholders at the Annual General Meetings held on 26th August, 2011 and 24th August, 2012, respectively, shall remain unchanged.

This is only an enabling resolution with a view to gain flexibility in the emerging environment.

This may also be treated as the abstract and memorandum of interest for variation in the contracts entered into by the Company with the Managing Director and each Wholetime Director under Section 302 of the Companies Act, 1956.

The Board of Directors recommend passing of the resolution set out in Item No. 8 of the accompanying Notice as an Ordinary Resolution.

Mr. Prasad Chandran, Mr. S. Regunathan, Dr. G. Ramaseshan and Mr. Thilo Bischoff, may be deemed to be concerned or interested in the resolution at Item No. 8 in so far as it relates to the revision in their maximum limits of remuneration.

By Order of the Board of Directors

PRADEEP CHANDAN
Company Secretary

Registered Office:

VIBGYOR Towers, 1st Floor,
Plot No. C-62, 'G' Block,
Bandra Kurla Complex,
Mumbai 400 051.

Dated: 30th April, 2013.

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Message from the Chairman & Managing Director

Dear Shareholders,

Steering on the road of progress is a continuous journey. At BASF, we are guided by our commitment to facilitate growth of our stakeholders, the industry and the nation, promoting 'Inclusive Growth'. Despite the continued global volatility, we have achieved growth of 12% in Financial Year 2012-13. Your Company's innovation-led business approach helped improve market access, convert market challenges into opportunities and weather the storm of uncertainty.

BASF registered sales of Rs. 39,406 million, with exports of Rs. 2,677 million in Financial Year 2012-13. Focus on new business initiatives like the Industry Team approach and the 'Base of Pyramid' project helped unleash the benefits of cross-business synergies and ensure new market entry at an early stage. Emphasis was also on improving the overall manufacturing footprint in the country. The greenfield project in Dahej, involving investments worth Rs. 1000 crores is making steady progress. Facility upgradation and expansion projects at other sites and locations have also been undertaken during the year.

Further development of our employees will continue to be our priority. Through organized feedback systems, career planning, training & development, we are fast progressing to achieve our strategic objective of *"forming the best team"*.

Safety is of utmost importance for the chemical industry. Maintaining high standards of Environment, Health and Safety at all our manufacturing sites, offices and warehouses, including transportation & distribution outlets, is therefore a major responsibility of each and every employee of your Company. To improve safety awareness, a series of training programs and initiatives were hosted during the 'Global Safety Week' celebrations in September 2012.

Last year has been one of the most visible years for BASF. Your Company connected with its customers, stakeholders and beyond, through large platform events like the 'Indo-German Urban Mela', 'We create chemistry' world tour and a highly visible brand campaign. These dynamic platforms enabled BASF demonstrate the role of chemistry in enhancing sustainability, to the masses.

Community development is the mainstay of BASF's business operations in India. Year-on-year your Company has made remarkable progress in this area, by involving itself in projects, which have helped ensure sustainable livelihood for the community members. Towards the end of this report is the BASF Corporate Social Responsibility Diary. I certainly hope you will cherish your Company's accomplishments in the area of 'Inclusive Growth'.

Overall, your Company has made good progress in yet another challenging year, and is poised to grow and expand in future. On behalf of the Board, the Management Committee and the entire BASF team in India, I would like to thank you for your valuable trust and seek your continued support for all future endeavors.

With Best Wishes,

Prasad Chandran

Friday, 30th August, 2013
at 3.00 p.m. at Yashwantrao Chavan
Pratishthan Auditorium, Y. B. Chavan Centre,
General Jagannath Bhosale Marg,
Nariman Point, Mumbai-400 021.

Agenda

1. Presentation of Financial Statements and the Directors' & Auditors' Report
 2. Declaration of Dividend
 - 3-4. Appointment of Directors
 5. Appointment of Auditors
 - 6-8. Special Business
- The Notice of the Meeting is enclosed.

BASF India Limited

Registered Office:

1st Floor, VIBGYOR Towers, Plot No. C-62, 'G' Block,
Bandra Kurla Complex, Mumbai-400 051.
Phone: 6661 8000
www.india.basf.com

Works

Maharashtra (Navi Mumbai)

- (1) Plot No. 12, 13, TTC Industrial Area, Thane-Belapur Road, Turbhe, Navi Mumbai-400 705.
- (2) Plot No. C-68 & C-68 Pt., TTC Industrial Area, MIDC, Thane Belapur Road, Turbhe, Navi Mumbai-400 613.

Karnataka

- (1) **Mangalore**
Bala/Thokur Village, Surathkal-Bajpe Road,
Mangalore Taluka, Dakshina Kannada District,
Karnataka-575 030.
- (2) **Bangalore**
Bommasundra Industrial Area,
Anekal Taluka, Bangalore, Karnataka.

Gujarat

- (1) **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.
- (2) **Dahej**
4B, Dahej Industrial Estate, Village Dahej,
District Bharuch, Taluka Vagra, Gujarat-392 130.

Himachal Pradesh

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

West Bengal (Kolkata)

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

Rajasthan

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

Branches

Ahmedabad, Bangalore, Chennai, Delhi, Kolkata, Pune.

Registrar & Share Transfer Agent

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

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Board of Directors

Mr. Prasad Chandran
Chairman & Managing Director

Ms. Saori Dubourg (upto 30th April, 2013)

Mr. Gops Pillay (w.e.f. 30th April, 2013)

Mr. Thilo Bischoff
Alternate to Mr. Gops Pillay (w.e.f. 30th April, 2013)

Dr. Rainer Diercks

Dr. G. Ramaseshan
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. Thilo Bischoff

Mr. Yatindra Borkar

Mr. Pradeep Chandan

Mr. Sandeep Gadre

Mr. Ajai Gupta

Dr. G. Ramaseshan

Mr. S. Regunathan

Mr. P. P. Srees

Mr. Deepak Thuse

Mr. K. Thyagarajan

Mr. Pradeep Chandan
Director - Legal & Company Secretary

Auditors

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

Solicitors

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

Messrs Udwadia 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

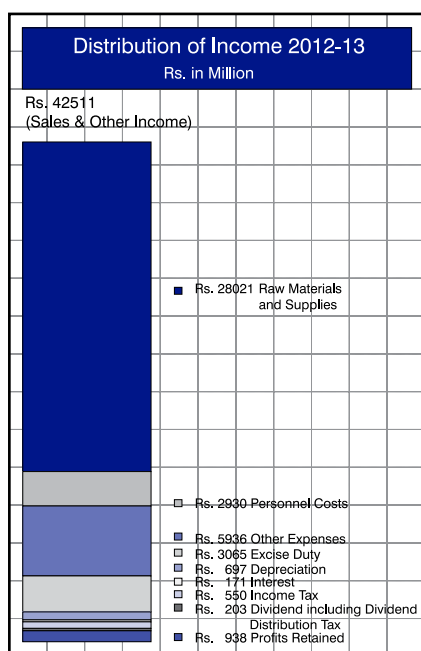
Messrs R. Nanabhoy & Co.
Cost Accountants
Jer Mansion
70 August Kranti Marg
Mumbai-400 036.

Directors' Report



Committed to growth in India, the senior management of BASF offered tremendous support to the year-long initiative, German Year in India. Seen in the picture: Dr. Martin Brudermueller, Vice Chairman of the Board of Executive Directors, BASF SE (right) accompanied by Mr. Prasad Chandran, Chairman & Managing Director, BASF India Limited (center) and Mr. Upen Patel, Business Director, Construction Chemicals, BASF India Limited in the BASF pavilion at Indo-German Urban Mela, New Delhi.

Your Directors have pleasure in presenting their Report for the financial year ended 31st March, 2013.



Financial Results

(Rs. in Million)

	Year ended 31.3.2013	Year ended 31.3.2012
Sales (net of excise)	39406.3	35159.4
Profit before tax	1690.3	1497.2
Tax	549.5	488.6
Profit after tax	1140.8	1008.6
Balance brought forward	808.0	808.0
Available for appropriation	1948.8	1816.6
This has been appropriated as follows:		
Proposed Dividend	173.1	173.1
Corporate Tax on Dividend	29.4	28.1
General Reserve	936.3	807.4
Balance carried forward	810.0	808.0

Activities

Given the challenging economic scenario, the sales of your Company during the year under report registered good growth over the previous year. Sales, net of excise at Rs. 39,406.3 million, represent an increase of 12%, over the previous year. Profit before tax for the year ended 31st March, 2013 stood at Rs. 1,690.3 million as compared to Rs. 1,497.2 million for the previous year which represents an increase of 12.9%.

Profit after tax at Rs. 1,140.8 million during the year ended 31st March, 2013 was higher by 13.1% compared to the previous year.

The Agricultural Solutions business has shown healthy topline growth during the year on account of introduction of new products, adoption of innovative marketing initiatives and extension of products to new crop geographies.

The Coatings and Process Catalysts businesses, part of the Functional Solutions segment of the Company, recorded higher turnover & profits during the year. Although the Construction Chemicals business recorded moderate growth in sales, its profitability was impacted on account of the competitive market environment coupled with a slowdown in construction activities.

Financial Ratios		
	2012-13	2011-12
Equity vs Total Assets (%)	40.72	47.81
Return on Capital Employed (%)	13.50	13.60
before interest and taxes		
Current Ratio	1.36	1.51
current assets:		
short term liabilities and provisions		
Acid Test Ratio	0.69	0.80
short term receivables plus		
cash and cash items:		
short term liabilities and provisions		

The Performance Products segment which includes Leather, Textile, Dispersions & Pigments and Care Chemicals & Nutrition businesses, registered an increase in sales and profits during the year under review. However, the Paper Chemicals business in this segment showed marginal increase in sales and lower profit compared to the previous year, mainly due to increase in cost of raw materials which could not be passed on to customers.

The Polyurethanes business, part of the Plastics segment, registered good growth in sales and profits, while the Engineering Plastics business achieved higher capacity utilization.

The Chemicals segment improved its performance in terms of sales and profits as compared to the previous year.

Exports sales stood at Rs. 2,676.8 million during the year under review as compared to Rs. 2,230.1 million for the previous year.

Re-alignment of the Business Segments

Your Company has reduced the number of Business Segments from five to four in order to serve its customers more effectively and to enhance its operational and technological excellence. A new division known as "Performance Materials" has been created in the current Functional Solutions segment, which has been re-named as "Functional Materials & Solutions". The Performance Materials business bundles BASF's innovative, downstream plastics from the current Performance Polymers and Polyurethanes divisions, which were earlier part of the Plastics segment. The Plastics segment will now cease to exist. Similarly, a new Division known as 'Monomers' has been created under the Chemicals segment, which includes majority of the product groups from the current inorganics chemicals business and basic polymers from the current Performance Polymers and Polyurethanes businesses. Consequently, the Chemicals Division will now comprise of Intermediates, Monomers and Petrochemicals businesses. Your Company has adopted the new segment structure with effect from 1st April, 2013.

Investment in a new chemical production site at Dahej, Gujarat

Your Company is in the process of constructing a new chemical production site at Dahej, Gujarat. The project, involving an investment of Rs. 1,000 crore was inaugurated one year ago and marks your Company's single largest investment in India so far. The new Dahej Site will be an integrated hub for Polyurethanes manufacturing and will also house production facilities for Care Chemicals and Polymer Dispersions for the Coatings and Paper businesses. It will strengthen your Company's support to key industries such as appliances, footwear, automotive, construction, architectural coatings and personal care, as well as paper.

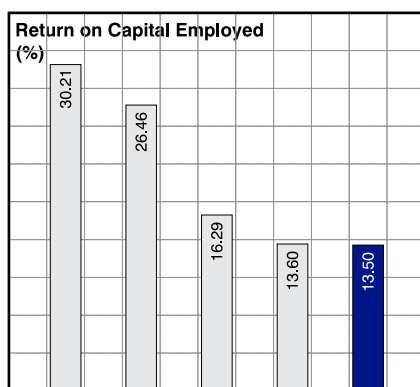
Production at the Dahej site is expected to commence in the first quarter of 2014.

Shutdown of the Expandable Polystyrene (EPS) business

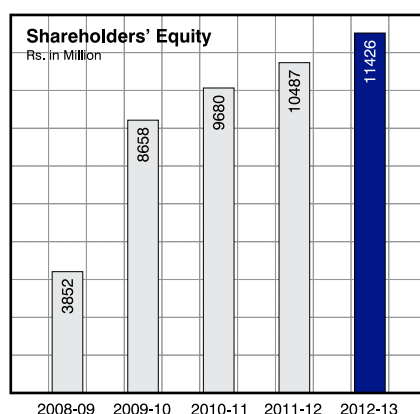
On account of continuous pressure on the EPS business due to strong competition coupled with high overcapacities and low margins, the Board of Directors of your Company approved the proposal to shut down the EPS business, forming part of Plastics segment, including the Company's STYROPOR® production facility at Thane, subject to receipt of the requisite approval(s). The contribution of this business to the total turnover was marginal; hence there will be no material impact on the Company's growth strategy.

German Year in India

The German Year in India was celebrated during the year to commemorate the completion of 60 years of successful bilateral ties in various fields. Under the theme, "Infinite Opportunities", the event brought together science and education, research, politics, business and culture on one platform. Your Company is proud to be the official partner of the German Year in India. The highlight of the celebration was the "Indo German Urban Mela", a unique pavilion concept that traveled through five cities across India - Mumbai, Bangalore, Chennai, New Delhi and Pune. Your Company's pavilion showcased how chemistry shapes daily life and plays a critical role in solving future challenges. It also featured our innovative and technologically advanced solutions in the



* Include Figures from amalgamated Companies.



areas of Mobility, Housing & Construction and Health & Nutrition. BASF's Kids' Lab, which provides a hands-on lab experience to children/students about Chemistry was an integral part of the programme.

Corporate Social Responsibility (CSR) activities

Under its strategy, "We create chemistry for a sustainable future", your Company drives sustainable solutions and takes on social responsibility. As a successful corporate, your Company has a moral and ethical responsibility to work towards supporting the society within which it functions.

Among other initiatives supported by your Company are Projects like 'Sadbhavana (empathy)', which focuses on education-led activities, empowerment of women, disaster relief and rehabilitation and community development initiatives as well as the 'Million Minds' project, which is a unique program that aims to improve governance standards.

A separate section on your Company's CSR activities forms part of this Annual Report.

Dividend

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, 2013, subject to the approval of the shareholders at the forthcoming 69th Annual General Meeting of the Company to be held on 30th August, 2013. The dividend will absorb Rs. 173.1 million. The dividend distribution tax borne by the Company would amount to Rs. 29.4 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 and aims to maintain optimum financial gearing at all times. Your Company's total debt to equity ratio was 0.32 as at 31st March, 2013.

Your Company secured External Commercial Borrowings (ECB) loan for the Dahej Project on competitive terms.

Capital Expenditure

Capital Expenditure incurred during the year aggregated to Rs. 3903.6 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. 0.14 million as at 31st March, 2013.

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

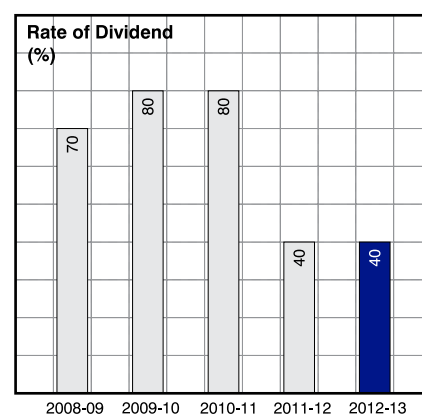
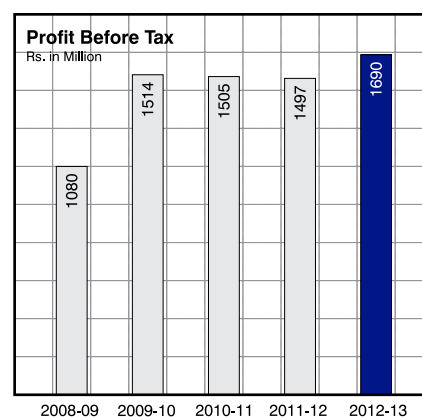
Your Company is committed to maintaining the highest standards of Corporate Governance. Your Company has complied with the Corporate Governance requirements as per Clause 49 of the Listing Agreement with the Stock Exchanges.

A separate report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement along with a Certificate of Compliance from the Statutory 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, 2013 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 & 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. Arun Bewoor and Mr. R. A. Shah retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Ms. Saori Dubourg resigned from the Board of the Company w.e.f. 30th April, 2013. Your Directors wish to place on record their sincere appreciation of the guidance and valuable contribution made by Ms. Saori Dubourg in the growth and performance of the Company during her tenure as Director. Mr. Gops Pillay was appointed as Director of the Company in the casual vacancy caused by the resignation of Ms. Saori Dubourg in terms of Article 108 of the Articles of Association of your Company and Section 262 of the Companies Act, 1956. Mr. Thilo Bischoff was appointed as an Alternate Director to Mr. Gops Pillay, effective 30th April, 2013.

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. A certificate has been received from them to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956

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 2013-2014.

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 to the employees at all levels for their hard work, dedication and commitment.

Industrial Relations at all our factories remained cordial.

Acknowledgements

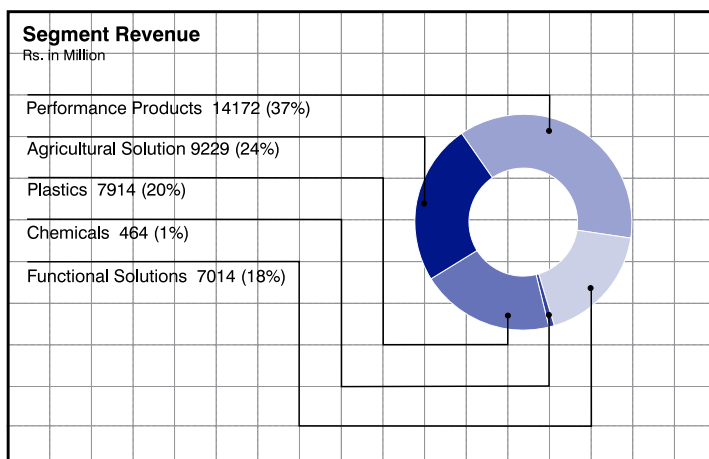
The Board of Directors take this opportunity to thank BASF SE, the parent Company, customers, suppliers, bankers, business partners/associates, Central and State Governments for their consistent support and co-operation to the Company. Your Directors thank the shareholders and investors for their confidence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

On behalf of the Board of Directors

PRASAD CHANDRAN
Chairman & Managing Director

Mumbai

Dated : 30th April, 2013.



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 (Maharashtra), Mangalore & Bangalore (Karnataka), Ankleshwar & Dahej (Gujarat), Howrah (West Bengal), Nalagarh (Himachal Pradesh) and Khushkera (Rajasthan).

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

- Installation of Energy Efficient agitator in reaction vessels to save electrical energy.
- Installation of Variable Frequency Drive (VFD) to save electrical energy.
- Installation of PNG (Piped Natural Gas) connection for consumption in thermal fluid heater to save fuel.
- Installation of Solar Panel for heating water in the Polyurethane plant.
- Installation of energy efficient steam traps to reduce consumption of steam.
- Installation of Automatic Power Factor Control (APFC) panel to reduce energy consumption.
- Commissioning of express feeder to save consumption of high speed diesel.
- Installation of energy efficient cooling tower in Auxiliaries and Utilities.

In addition to the above, an energy conservation awareness drive was conducted at all levels.

The following energy saving measures were also implemented in the Company's factory under construction at Dahej:

- Installation of energy efficient burners in steam boilers.
- Use of Natural Gas as fuel in boiler to save fuel.
- Installation of new energy efficient and high capacity air compressors to save electrical energy.
- Installation of eco-friendly central air conditioners to reduce power consumption.
- Installation of process heat recovery systems to produce steam for re-use in other processes.
- Installation of Variable Frequency Drive (VFD) to save electrical energy.
- Installation of eco-ventilators.

Reduction in consumption of power was achieved by incorporating the following measures/modifications:

- Installation of high efficiency motors in plant reactors to reduce power consumption.
- Installation of filter press in waste water treatment plant to reduce power consumption.
- Optimization of product change-overs leading to reduced high pressure cleaning of vessels which in turn resulted in reduced water and power consumption.

Reduction in consumption of process water was achieved by:

- Reduction of effluent water load from plants to Effluent Treatment Plant (ETP).
- Recycling of waste water inside the plants to reduce load.
- Installation of rain water recharging facility for ground water testing.

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 is actively considering the following energy conservation measures:

- Replacing fossil fuel with Bio fuel for steam generation to achieve fuel conservation and reduce carbon emission.
- Taking additional measures for rain water harvesting.
- Initiating idea generation and operational excellence programs to identify more resource conservation/energy conservation opportunities.

Requisite data in respect of Energy Consumption is given below:

	Current Year 1.4.2012 to 31.3.2013	Previous Year 1.4.2011 to 31.3.2012
(a) Power & Fuel Consumption		
1. Electricity		
(a) Purchased		
Units (in '000 kwh)	32814	29282
Total amount (Rs. in million)	226	186
Rate per unit (Rs.)	6.88	6.34
(b) Own generation		
• Through diesel generator		
Units (in '000 kwh)	558	896
Units per litre of oil	3.28	3.38
Cost per unit (Rs.)	14	12.78
• 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)	1582	1993
Total Amount (Rs. in million)	66	72.92
Average rate (Rs./litre)	41.74	36.59
4. Natural Gas		
Qty. (KNCM)	6187	5502
Total Cost	180.1	151
Average rate	29.11	27.41
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)	66	69
Furnace oil/fuels (litres)	—	23
Coal (specify quality)	N.A.	N.A.
Others - Natural Gas (M3)	21.8	28
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)	199	192
Furnace oil/fuels (litres)	15	N.A.
Coal (specify quality)	N.A.	N.A.
Others - Natural Gas (M3)	25.5	30
Engineering Plastics Compounding Unit		
Unit M.T.		
Electricity (kwh)	435	470
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 diverse research activities including:

- Carrying out ongoing research.
- Introducing new products in existing production lines.
- 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.
- Developing new analytical methods.

- Supporting indenting activities.
- Developing new formulations and products based on customer/market requirements.

Some of the areas of 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, agro chemicals and other organic materials, ionic liquids, etc.
- New organic chemical intermediates for specific applications.
- Textile auxiliaries.
- Leather chemicals.
- UV absorbers.

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

The R&D Centre remained focused in its mission to explore and apply new and innovative chemistry, expand the product offering and strengthen the infrastructure facilities and technology.

The R&D initiatives resulted in multifold benefits during the year including:

- Development of new products and some of these have been introduced in the market.
- Development of new textile auxiliaries as part of Global Research projects.
- Development of innovative products by Industry Target Groups which worked on cross-functional innovations.
- Improvisation of plant processes, which led to higher efficiency and sustainability.
- Completion of the annual review of processes with respect to safety, efficiency, quality, quantity and sustainability.

3. Future plan of action:

The R&D Centre is committed to remaining focused on the following initiatives:

- Enhancing global collaborative research with BASF SE, BASF Schweiz AG and BASF Corporation, USA.
- Focusing on development activities.
- Further modernization of R&D facilities.
- Developing innovative products and processes.
- Focusing on cross-functional innovations.

4. Expenditure on R&D: Rs. 104.6 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.
- Polymers and other 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.

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 2008 for manufacture of Engineering Plastics.
- In 2009 for manufacture of Performance Products.
- In 2010 for activities in Special Performance Products.
- In 2011 for activities in Agrochemicals.
- In 2012 for activities in High performance products.

The Company has an excellent relationship with its parent Company, BASF SE and receives proprietary technical information and support on an ongoing basis. 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 46 of the Annual Report and Accounts.

On behalf of the Board of Directors

Mumbai
Dated : 30th April, 2013.

PRASAD CHANDRAN
Chairman & Managing Director

Management Discussion and Analysis Report



Vibrant Gujarat Summit 2013: BASF exchanged MoU with Government of Gujarat to set up a Rs. 1,000 crores greenfield project in Dahej. Seen in the picture: Mr. Prasad Chandran, Chairman & Managing Director, BASF India Limited (left) exchanging MoU with Shri Saurabh Patel, Minister of State for Finance, Industry, Gujarat (second from right) and Hon'ble Chief Minister of Gujarat, Shri Narendra Modi.

Due to a combination of both external and domestic factors, the economy decelerated in 2011-2012 growing at 6.2% and is expected to grow at 5% in 2012-2013. The slowdown in the rate of growth of the services sector in 2012-2013 to 6.6% coupled with lower growth in agricultural and industrial activities contributed significantly to the slowdown in the overall growth of the economy. Faltering global growth further impacted the slowing economy.

The products manufactured by your Company serve the agriculture sector as well as several other sectors including paper, pharmaceuticals, consumer durables, electronics, automobiles, construction, leather and textiles.

The manufacturing sector also witnessed a decline in growth to 1.9% in the year under review as compared to 2.7% in the previous year.

The automotive industry was also hit by the slowing Indian economy and domestic sales grew by 2.6% during the year under review. However, the pharmaceutical industry continued to show high growth of about 12% due to demand in the local as well as international markets. Rising consumerism continued to spur the high demand for FMCG products, personal care products, leather products, paints and packaging. The chemical industry is expected to grow at 3.8% during the year under review.

Agricultural Solutions

The Agricultural Solutions business includes agrochemicals like insecticides, herbicides, fungicides and specialties.

The Crop Protection industry in which this business of your Company operates is dependent on monsoon and registered weak growth last year due to a deficient monsoon. This resulted in the industry carrying higher inventory and being straddled with outstanding due to extended credit cycles. However, despite these challenging conditions, the Agricultural Solutions business of your Company grew by 16.7%, driven by the consistent introduction of new products and adoption of innovative marketing initiatives. The SAMRUDDHI™ (prosperity) program, where your Company operates as a total solution provider to the farmers contributed significantly to this growth.

The new herbicide, ODYSSEY® launched by your Company last year was well accepted by the farmers and will further support the soya bean growers to enhance their farm productivity.

AgCelence® is a global brand and a concept to define effects of certain products delivering reliable return on crop investment and contributing to sustainable farming. AgCelence® and our existing products have helped to create a base in other crops like cotton, grapes, tomato, potato and rice to ensure that the benefits of SAMRUDDHI™ are realized by all farmers.

Timely and adequate availability of agricultural credit at affordable cost and further liberalization of foreign investment in multi-brand retail will support to boost the agriculture productivity and the rural economy.

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.

During the year under review, the Leather Chemicals business witnessed a stable market as compared to the previous year. Significant growth was registered in the sale of Beamhouse chemicals, PU binders and top coats. However, sales of acrylic binders and spray-dyes were adversely affected. Stringent pollution norms, high prices of raw hides and skins, power shortages in certain leather production areas and lack of manpower in tanneries are major concerns for this business.

Despite the difficult 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 optimization, specialized fabric testing and certification.

During the year, your Company's Textile Chemicals business witnessed good growth as compared to previous year.

Demand for home textiles and denims will continue to grow during the year. Technical textiles would also witness significant investments. Innovation in process optimization and resource savings would lead to growth opportunities in this segment.

However, lack of innovation in textiles, credit crunch, high transportation and utilities costs and 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, weakening of rupee and stiff competition in the domestic market.

The Care Chemicals business of your Company mainly caters to personal care, home care and formulation technology sectors. During the year, the Care Chemicals business of your Company registered healthy growth as compared to the previous year. Rising disposable income and awareness have resulted in increase in private consumption and growth in the personal care industry. Home Care industry also continued its stable growth rate during the year under review. High growth rates were seen in surface cleaning and dish-wash categories. Requirement for better performing and higher efficiency products in the Home Care industry will further drive the demand for your Company's polymers, fluorescent whitening agents and surfactants. Growth opportunities for formulation technologies were also seen in the emulsion polymerization, construction and paper industries.

The Plastics Additives business is categorized into anti-oxidants, light stabilizers and pigments for the plastic industry with customers broadly classified into upstream and downstream industries such as packaging and automotive industries. Slowdown in the automotive industry had a negative impact on the demand for your Company's plastic additives. Shift from natural fibres to plastic in the packaging sector will increase the demand for light stabilizers in the plastics additives business.

The Fuel and Lubricants business, which caters to the automotive and oil industries registered substantial growth in sales as compared to the previous year. This was achieved due to implementation of various growth projects and breakthrough with certain key customers.

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 the oil sector.

Mining solutions is mainly focused on the coal and alumina mining sectors.

The Nutrition & Health business of your Company comprises of Human Nutrition, Animal Nutrition, Pharma Ingredients, Application Services and Flavours & Fragrances. While the Pharma Ingredients business grew significantly due to focus on technologies for product life cycle extension, the Animal Nutrition business was under pressure due to low demand on account of high food inflation and excess production. The Flavours and Fragrances business registered significant growth.

The Dispersions & Pigments division of your Company comprises of pigments, resins, dispersions and additives which cater to the needs of the adhesives, paints & coatings, printing & packaging and construction industries. This division registered marginal growth in sales during the year. During the year under review, a key focus of the division was to elevate the market to greener and sustainable products. The division is also preparing to ramp up volumes once the new plant at Dahej commences production in 2014.

The Paper Chemicals business of your Company has a comprehensive product portfolio as well as the requisite technical expertise. The overall market outlook is positive and the focus is now on environmentally viable and sustainable technologies. This business of your Company is well positioned in India with its wide product portfolio covering coating chemicals and wet-end chemicals. During the year under review, your Company successfully commenced the production of PERGASOL® direct dyes at its Plant at Ankleshwar. During the year, your Company successfully launched an innovative product range of BASONALL® smart coats for paper coatings.

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



At HPCI 2013, BASF's Care Chemicals division unveiled its new personal care brand "Care Creations" in a unique studio set up booth.

Plastics

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

The EPS business in India is under continuous pressure due to strong competition. This coupled with high over capacities and low margins have made the continuance of the EPS operations uneconomical. Hence, considering that there is no potential to improve the overall performance of the EPS business in the long run, your Company decided to shut down the EPS business in India.

The Performance Polymers (engineering plastics) business of your Company caters to the requirement of automotive and electrical industries. This business faced stiff challenges during the year due to several factors such as lack of growth in the market, significant increase in input costs and high inflation. However, despite these challenges, the business delivered high volume as well as revenue growth.

The Polyurethanes business is largely dependent on the demand for consumer products such as cars, white goods, furniture and footwear. In the year under review, high inflation, increased interest rates and poor consumer confidence dampened demand across all segments, which in turn affected the polyurethanes business in India.

The low penetration levels of refrigerators and cars as well as insulation for energy efficiency in new construction present significant opportunities for growth for polyurethane usage in India. However, volatility in exchange rates and non-availability of raw materials are major concerns for this business.

The Polyurethanes business showed substantial sales growth in value terms during the year under review. With the focus on new specialty application areas coupled with reduction in raw material prices the profitability of the Polyurethanes business improved as compared to previous year.

With expectation of reduced inflationary pressures and availability of affordable credit, growth is expected in the consumer goods and construction segments, which will drive the demand for your Company's polyurethane products.

Functional Solutions

The Functional Solutions business of your Company comprises of the Coatings & Construction Chemicals and Process Catalysts & Technology 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. The automotive industry was adversely affected primarily on account of high fuel and interest cost and inflation. The Automotive 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. Your Company has also made good progress in setting up a body shop network with car manufacturers for its refinish business. However, intense competition in terms of market investments in these body shops is a key challenge to this business. The refinish coatings business of your Company registered a double digit sales growth over the previous year.

The industrial coatings business includes pre-coatings, which comprises of coil coatings, foil coatings and panel coatings. Demand for coil coatings has been slowly increasing over powder coatings due to easy availability & better inventory management. During the year, your Company implemented technology upgradation measures in this business. However, this business is experiencing fierce competition from imported low cost coil coating sheets making it highly price sensitive. Your Company also expanded its footprint in the wind energy segment.

The outlook for the Coatings business of your Company looks positive.

The Construction Chemicals business of your Company supplies chemical systems and formulations to customers in the construction industry. The Admixture Systems business caters to customers from the ready-mix, precast, underground construction and the cement producing industries.

Increased investment in commercial and residential buildings, urban infrastructure projects, highways & freight corridor, thermal and hydel power plants have spurred the demand for new technologies and are seen as future growth drivers for this business.

The Construction Chemicals business of your Company registered an increase in sales as compared to the previous year. The Admixture systems business recorded an increased turnover as compared to the previous year due to introduction



The Coatings Technical Support Lab in Mangalore supports activities like product development, analytical testing and certifications for BASF Coatings customers in and outside India.

of new technology products, such as GLENINUM®, high range water reducer, Smart Dynamic Concrete coupled with a focus on metro projects. New technology solutions, such as UCRETE®, MASTERPREN® and CONIROOF®, which form part of Construction Systems have gained acceptance thereby enhancing the market position of the Construction Systems segment. During the year, the expansion of the distribution network added to the further growth of this business.

However, high interest rates, weakening of the rupee, increasing cement and crude prices and limited availability of raw materials are the major concerns for this business.

The Refinery Chemicals and Chemicals Catalysts business caters to petrochemicals industry. While the Refinery Chemicals business registered a marginal increase in sales, the Chemical Catalysts business showed a marginal decline in sales for the year under review. During the year, your Company also introduced new catalysts, which received a positive response from customers.

Chemicals

Your Company's Chemicals business includes intermediates, inorganics, petrochemicals and other process chemicals. The chemicals supplied by your Company 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 Chemical Intermediates business witnessed steady growth during the year under review. Apart from growth in existing product groups & industry segments, the business also supported customers in the textile industry by giving technical and technological expertise for chemical intermediates and gained a significant share in this segment. The Intermediates business also focused on the evergreen sectors of marketing raw materials for the Pharmaceuticals & Agrochemicals industry.

Inorganic chemicals, which are used in the Life Sciences industry, provided a strong value offering to the market.

With focus on customer centric activities and measures to improve on supply chain, the business of the Intermediates division is well poised to grow further in the coming years.

The product portfolio of the Petrochemicals business comprises of Oxo-Alcohols Solvents, Acrylics & Plasticizers. The business recorded substantial growth during the year, with the Alcohols and Acrylics segments contributing to the improved performance. Your Company has been continuing to increase business with key customers in paints, coatings and the plasticizers segments. However, new capacities for acrylics and oxo-alcohols in the Middle East and China could impact margins in the future.

Technical Management

During the year, production at all manufacturing sites of your Company adequately met the demand due to optimal utilization of assets through proper planning of production, manpower and other resources.

During the year, work on the erection of the new plant at Dahej commenced and is proceeding satisfactorily. A Liquid Dyes project with the state-of-the-art technology for the paper industry has also become operational at your Company's Ankleshwar plant, which will be a global source of production for the international paper industry.

During the year, various de-bottlenecking and expansion projects were also undertaken at various manufacturing sites of your Company.

Your Company continued its policy of giving priority to various energy conservation measures including regular review of energy generation, distribution and consumption at all manufacturing sites. Use of cleaner & cheaper fuel (PNG) got priority over the conventional fuels and various heat recovery systems were also introduced. These measures led to cost savings and contributed positively to environmental protection. The factories of your Company at Navi Mumbai, Mangalore & Ankleshwar were successfully re-certified for ISO 9001:2008 & also ISO 14001:2004 for their environment management systems.

As a mark of its commitment to global climate protection, your Company has been publishing a comprehensive corporate carbon footprint since 2008 and has achieved one of the top ranking in the Materials section of the Carbon Disclosure Leadership Index in 2012. Your Company achieved a reduction of 52% in the emission of Greenhouse gases.

Your Company set up a state-of-the-art effluent treatment plant at its Ankleshwar site.



India won the BASF Asia Pacific Sales Award 2012, an initiative undertaken to recognize and reward outstanding contributors in the sales community. The Construction Chemicals and Nutrition & Health team walked away as winners with their case study on Ucrete®.

Research and Development

During the year, your Company's Research and Development team was engaged in supporting all its businesses, locally as well as globally, through innovations and undertook multifold research activities including:

- Basic research
- Introduction of new products in existing production lines
- Development of new products/formulations
- Up-gradation and improvement of safety instruments/aspects
- Developing cost effective processes and streamlining existing processes in the areas of paper chemicals, leather chemicals, textile chemicals and other specialty chemicals/auxiliaries
- Development of new analytical methods
- Optimizing effluent treatment processes
- Supporting indenting activities
- Collaborative research with BASF SE, BASF Schweiz AG and BASF Corporation in USA in the areas of performance chemicals, intermediates and agrochemicals



The Mangalore site of BASF, in association with BASF Women's Association, celebrated International Women's Day for the second consecutive year on March 8, 2013 in the factory premises. Seen in the picture: Site management relishing the tasty dishes prepared by employees' spouses as part of the competition "Cooking without fire".

Internal Control Systems and their Adequacy

Your Company has established adequate internal control systems to ensure reliable financial reporting and compliance with laws and regulations. All resources are put to optimum use and are well protected against any loss and all transactions are authorized, recorded and reported correctly. Policies and guidelines of your Company are being strictly followed to further improve process efficiencies and effectiveness. Your Company's internal control systems are supplemented by an extensive program of internal audit by an independent firm of Chartered Accountants. Internal audits are conducted on a regular basis and a summary of observations and recommendations are placed before the Board. In line with BASF group policies, the group internal auditors also perform audits periodically in selected areas of operations. The principles of risk avoidance, such as segregation of duties and dual control of important processes form the basis for the internal control systems, which 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

New practices and creative ways of recruitment helped your Company attract the right talent into the organization in significant numbers. A new Performance Management System was launched as part of the "Grow Smartly strategy" with the objective of enabling employees to achieve consistently high targets.

The "German Year in India" helped in bringing your Company closer to academic institutions and reach out to young minds. Various initiatives undertaken by your Company facilitated a high level of engagement among the employees and strengthened the bond further.

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

The Company employed 2076 persons as on 31st March, 2013.

On behalf of the Board of Directors

PRASAD CHANDRAN

Chairman & Managing Director

Mumbai

Dated : 30th April, 2013.



BASF continues to address the sensitive issue of governance through its "Seminar Series on Corporate Governance and Business Ethics" in partnership with leading educational institutes. Seen in the picture: A student from the 2012 batch of Indo-German Training Center, being awarded the "Certificate of Completion" on the Convocation day by Mr. Prasad Chandran, Chairman & Managing Director, BASF India Limited.

Report on Corporate Governance

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

1. **COMPANY'S PHILOSOPHY ON CODE OF CORPORATE 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:-

- Creative
- Open
- Responsible
- Entrepreneurial

The value "Responsible" indicates that we act responsibly as an integral part of society and thereby adhere to our Compliance Standards.

The Company has consistently 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's philosophy on Corporate Governance envisages attainment of higher levels of transparency, accountability and ethical conduct in all facets of its operations and 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.

The BASF Code of Conduct which sets forth the Company's policies on important issues aims to develop a genuine culture where employees act as role models in promoting business ethics and legal compliance.

2. BOARD OF DIRECTORS AS ON 30th April, 2013

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	7	7	1	2
Mr. S. Regunathan (Alternate to Mr. Andrew Postlethwaite)	16 th July, 2010	Vice President– Finance & Corporate Processes, South Asia	7	7\$	NIL	NIL
Mr. Thilo Bischoff (Alternate to Ms. Saori Dubourg)#	20 th October, 2010	Vice-President– Business & Markets, South Asia	7	5\$	NIL	NIL
Dr. G. Ramaseshan (Alternate to Dr. Rainer Diercks)	1 st September, 2011	Chief Executive– Manufacturing	7	6	NIL	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.

\$ Were present at the Meeting held on 24th August, 2012 as invitees.

Ms. Saori Dubourg resigned as Director of the Company and Mr. Gops Pillay was appointed as Director in her place with effect from 30th April, 2013. Pursuant to the above change, Mr. Thilo Bischoff was appointed as Alternate Director to Mr. Gops Pillay with effect from 30th April, 2013.

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	7	1	NIL	NIL
Dr. Rainer Diercks	23 rd January, 2006	Director	7	NIL	NIL	NIL
Mr. Andrew Postlethwaite	28 th April, 2011	Director	7	1	NIL	NIL

Ms. Saori Dubourg resigned as Director of the Company with effect from 30th April, 2013. Mr. Gops Pillay has been appointed as Director of the Company in place of Ms. Saori Dubourg with effect from 30th April, 2013.

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

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	7	7	11	Membership – 7 Chairmanship – 1
Mr. R. A. Shah	24 th April, 1968	Director	7	7	13	Membership – 4 Chairmanship – 4
Mr. R. R. Nair	3 rd March, 2001	Director	7	6	1	Membership – Nil Chairmanship – Nil
Mr. Arun Bewoor	19 th January, 2010	Director	7	7	3	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:**

Seven Board Meetings were held during the year 2012-13.

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

- | | |
|---|---|
| (1) Wednesday, 11 th April, 2012 | (2) Wednesday, 25 th April, 2012 |
| (3) Wednesday, 1 st August, 2012 | (4) Friday, 24 th August, 2012 |
| (5) Tuesday, 18 th September, 2012 | (6) Monday, 22 nd October, 2012 |
| (7) Friday, 25 th January, 2013 | |

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 2012-13. Ms. Saori Dubourg, Mr. Gops Pillay, 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 2012-13, 4 Audit Committee Meetings were held on 25th April, 2012, 1st August, 2012, 22nd October, 2012 and 25th January, 2013, respectively.

The present composition of the Audit Committee is as follows:

Name	Date of Appointment	No. of Meetings during FY 2012-13	
		Held	Attended
Mr. R. R. Nair, Chairman	12 th July, 2006	4	4
Mr. R. A. Shah	1 st March, 2001	4	4
Mr. Pradip P. Shah	1 st March, 2001	4	4
Mr. Arun Bewoor	19 th January, 2010	4	4

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 68th Annual General Meeting held on 24th August, 2012.

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, re-appointment 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 up 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 for 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 2012-2013.

(a) EXECUTIVE DIRECTORS

(Amount in Rupees per annum)

Remuneration	Mr. Prasad Chandran	Mr. Thilo Bischoff	Mr. S. Regunathan	Dr. G. Ramaseshan	Total
Salary & Benefits @	2,13,67,547	2,86,60,872	1,61,30,650	1,14,89,522	7,76,48,591
Performance Linked Incentive#	81,57,500	49,18,573	28,23,750	13,83,800	1,72,83,623
Total	2,95,25,047	3,35,79,445	1,89,54,400	1,28,73,322	9,49,32,214

@ 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 & Managing Director (re-appointed w.e.f 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 periods 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, 2013 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 2012-13.

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 2012-13, 2 Shareholders'/Investors' Grievance Committee Meetings were held on 25th April, 2012 and 25th January, 2013.

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

Name	Date of Appointment	No. of Meetings during FY 2012-13	
		Held	Attended
Mr. R. R. Nair, Chairman	7 th May, 2008	2	2
Mr. Prasad Chandran	1 st March, 2001	2	2
Mr. Arun Bewoor	19 th January, 2010	2	2
Mr. S. Regunathan	16 th July, 2010	2	2

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 Head:

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, 17 complaints were received from the shareholders and all these complaints have been resolved as on date.

Outstanding complaints as on 31st March, 2013 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, 2013, was placed before the Board at its meeting held on 30th April, 2013.

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 24th August, 2012 at 3.00 p.m.
2. Friday 26th August, 2011 at 3.00 p.m.
3. Thursday 12th August, 2010 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 except Dr. Rainer Diercks were present at the last AGM held on 24th August, 2012.

7. DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT

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

- Mr. Arun Bewoor was appointed as a Director of the Company on 19th January, 2010 in the casual vacancy caused by the resignation of Mr. K. R. Coorlawala. He was also appointed as a member of Audit Committee and Shareholders'/Investors' Grievance Committee of the Company. Mr. Bewoor holds a Bachelor's degree in Science from Pune University. He has also done his Advanced Management Education at IIM Ahmedabad and Columbia University, New York, USA.

Mr. Arun Bewoor is also the Member of Managing Committee of Bombay Gymkhana Limited and a member of the Advisory Board of International Market Assessment India Private Limited.

Presently, Mr. Arun Bewoor is a Director of the following public limited companies viz.

Agro Tech Food Limited	Director
Underwater Services Company Limited, Bombay	Director
Hindustan Polyamides and Fibres Limited	Director

- Mr. R. A. Shah has been a Director on the Board of the Company since April 1968. Mr. R. A. Shah is a Solicitor and a senior partner of M/s. Crawford Bayley & Co., a reputed firm of Advocates & Solicitors, Mumbai. He has specialized in a broad spectrum of Corporate Laws in general with special focus on Foreign Investments, Joint Ventures, Technology and Licence Agreements, Intellectual Property Rights, Mergers & Acquisitions, Industrial Licensing, Anti Trust and Competition Law.

Mr. R. A. Shah has been a Member of the Audit Committee of the Company and also the Member of Managing Committees of various Commerce & Industry Associations such as Bombay Chamber of Commerce and Industry, Indo German Chamber of Commerce and the President of the Society of Indian Law Firms (Western Region).

Presently, Mr. R. A. Shah holds Chairmanship/Vice Chairmanship/Directorship on the Board of the following public limited companies viz.,

1. Godfrey Phillips India Limited (Phillip Morris affiliate)	Chairman
2. Clariant Chemicals (India) Limited	Chairman
3. Pfizer Limited	Chairman
4. Procter & Gamble Hygiene and Healthcare Ltd.	Chairman
5. Colgate Palmolive India Limited	Vice Chairman
6. Abbott India Limited	Director
7. Asian Paints Limited	Director
8. The Bombay Dyeing and Mfg. Co. Ltd.	Director
9. Century Enka Limited	Director
10. Deepak Fertilizers & Petrochemicals Corp. Ltd.	Director
11. Jumbo World Holdings Ltd. (Foreign Company)	Director
12. Lupin Limited	Director
13. Wockhardt Limited	Director
14. Atul Limited	Director
15. Modicare Limited	Alternate Director
16. RPG Life Sciences Limited	Alternate Director
17. Schrader Duncan Limited	Alternate Director

Presently, Mr. R. A. Shah holds Chairmanship/Membership in the Audit Committees of the following public limited companies viz.,

1. Pfizer Limited	Chairman
2. Colgate Palmolive (India) Limited	Chairman
3. Procter & Gamble Hygiene & Healthcare Ltd.	Chairman
4. Clariant Chemicals (India) Limited	Chairman
5. Abbott India Limited	Member
6. The Bombay Dyeing & Mfg. Co. Ltd.	Member
7. Century Enka Ltd.	Member
8. Wockhardt Limited	Member

- Mr. Andrew Postlethwaite has graduated from the University of New England, Australia with a Masters in Business Administration. He joined BASF New Zealand Limited as a Management Trainee in 1986 and then in 1993 worked as Industry Manager in Paper Chemicals business. He took up assignments in Sales & Material Management and Regional Information Systems of BASF South East Asia Pte. Ltd., Singapore in 1997 and 2000 before being appointed as Director, Life Science & Functional Polymers, Corporate Strategy, BASF (Malaysia) Sdn. Bhd. In 2005, Mr. Andrew was part of fine chemicals for BASF (China) Company Ltd. In 2008, Mr. Andrew Postlethwaite became Vice President, Nutrition & Health, Asia Pacific, BASF East Asia Regional Headquarters Ltd., Hong Kong. Presently, Mr. Andrew is the Senior Vice President, Engineering Plastics, Asia Pacific. Mr. Andrew was appointed as a Director of the Company on 28th April, 2011 in the casual vacancy caused by the resignation of Mr. Hermann Althoff. Mr. Andrew Postlethwaite does not hold any shares in the Company.

- Mr. Gops Pillay has graduated from the University of Natal, Durban, South Africa and holds Diploma in Marketing Management from IMA, South Africa. Mr. Gops Pillay joined BASF South Africa as Manager in 1995 and then in 1998 worked as Regional Manager, Marketing in BASF South East Asia Pte. Ltd., Singapore. In 2004, Mr. Pillay was appointed as Senior Manager for Strategic Planning in BASF SE, Germany. Between 2006 to 2008, Mr. Pillay worked as Director in BASF Japan Limited for Business Management Specialties and Polymers Division. In 2009, Mr. Gops Pillay was appointed as Group Vice President of the Dispersions Business, Asia Pacific and later as Senior Vice President of the Dispersions and Pigments Business for Asia Pacific. Presently, Mr. Gops Pillay is the President AS Division, Asia Pacific. Mr. Gops was appointed as a Director of the Company on 30th April, 2013 in the casual vacancy caused by the resignation of Ms. Saori Dubourg. Mr. Gops Pillay does not hold any shares in the Company.

Non-Executive Directors seeking re-appointment do not hold any shares in the Company either in their 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. 27(18) to the 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, 30th August, 2013 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, 2013	3 rd /4 th week of July 2013
	Annual General Meeting	30 th August, 2013
	Results for quarter ending September 30, 2013	2 nd /4 th week of October 2013
	Results for quarter ending December 31, 2013	3 rd /4 th week of January 2014
	Results for the year ending March 31, 2014	3 rd /4 th week of April, 2014

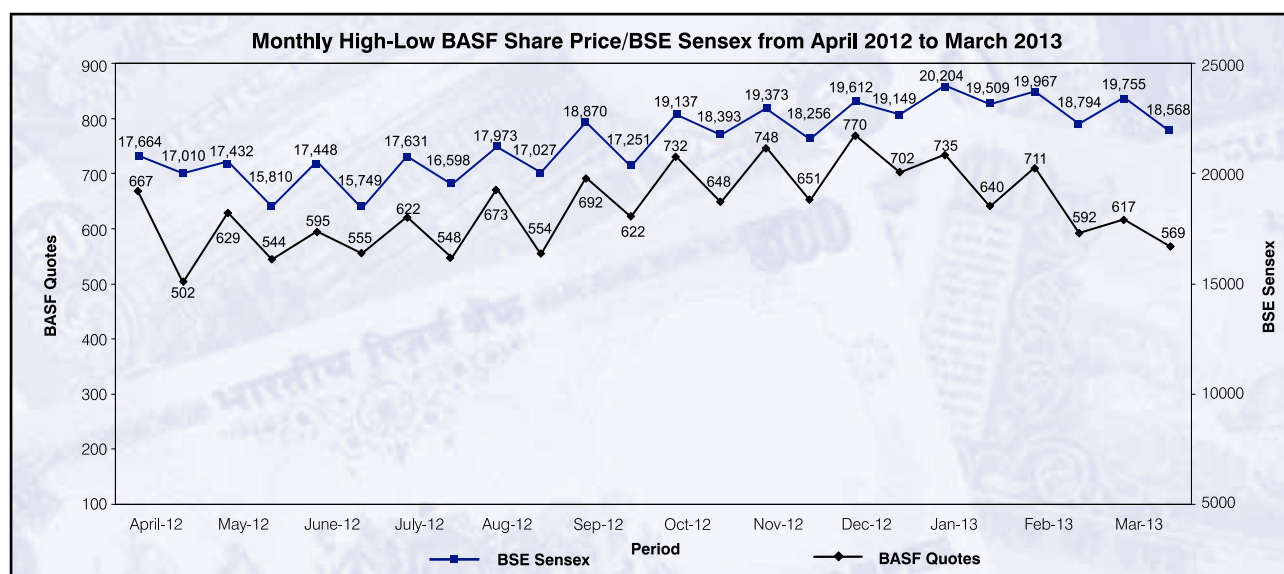
- (c) Date of book closure: 24th August, 2013 to 30th August, 2013 (both days inclusive) for the purposes of Annual General Meeting and payment of dividend.
- (d) Dividend payment date: 4th September, 2013.
- (e) Listing on Stock Exchanges: The equity shares of the Company are listed on BSE Ltd. (BSE) and The National Stock Exchange of India Limited (NSE). The Company has paid the annual listing fees for the financial year 2013-14 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 BSE Ltd. and The National Stock Exchange of India Limited during each month in the last Financial Year ended on 31st March, 2013 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 2012 TO MARCH 2013

AT BSE			AT NSE		
MONTH	HIGH (DATE)	LOW (DATE)	MONTH	HIGH (DATE)	LOW (DATE)
April	667.40 (17.04.2012)	502.10 (02.04.2012)	April	666.20 (17.04.2012)	500.00 (02.04.2012)
May	628.55 (02.05.2012)	543.60 (18.05.2012)	May	629.00 (02.05.2012)	550.05 (18.05.2012)
June	595.05 (07.06.2012)	555.00 (04.06.2012)	June	595.55 (07.06.2012)	558.05 (04.06.2012)
July	622.00 (06.07.2012)	547.80 (30.07.2012)	July	623.00 (06.07.2012)	545.00 (30.07.2012)
August	672.95 (22.08.2012)	553.85 (01.08.2012)	August	672.50 (22.08.2012)	550.25 (01.08.2012)
September	692.05 (10.09.2012)	622.10 (03.09.2012)	September	691.85 (10.09.2012)	625.00 (03.09.2012)
October	731.70 (22.10.2012)	647.70 (31.10.2012)	October	732.40 (22.10.2012)	645.00 (10.10.2012)
November	748.00 (30.11.2012)	650.95 (01.11.2012)	November	749.00 (30.11.2012)	646.00 (01.11.2012)
December	769.90 (20.12.2012)	702.30 (18.12.2012)	December	781.00 (12.12.2012)	702.00 (14.12.2012)
January	735.00 (09.01.2013)	640.00 (31.01.2013)	January	739.80 (21.01.2013)	641.00 (31.01.2013)
February	711.25 (22.02.2013)	592.00 (28.02.2013)	February	660.00 (04.02.2013)	593.00 (28.02.2013)
March	616.70 (13.03.2013)	568.95 (01.03.2013)	March	621.40 (06.03.2013)	560.55 (05.03.2013)



- (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 Nos.
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 & Share Transfer Agent and approved by the Share Transfer Committee which meets four times in a month and the share certificates are returned within a period of 15 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, 2013 was as follows:

Category (No. of shares)	No. of shareholders	Percentage	No. of shares	Percentage
1-500	38,491	94.24%	25,52,570	5.89%
501-1000	1,235	3.03%	9,37,175	2.16%
1001-2000	612	1.49%	8,75,545	2.03%
2001-3000	191	0.47%	4,75,006	1.09%
3001-4000	85	0.21%	2,99,047	0.69%
4001-5000	60	0.15%	2,71,871	0.63%
5001-10000	95	0.23%	6,54,506	1.52%
10001 and above	74	0.18%	3,72,19,920	85.99%
Total	40,843	100.00%	4,32,85,640	100.00%

- (k) The shareholding pattern of the Company as on 31st March, 2013 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	5,44,253	1.26%
Financial Institutions and Mutual Funds	25,19,447	5.82%
Nationalised and other Banks	10,259	0.03%
Domestic Corporate Bodies/Trusts	22,90,640	5.29%
General Public including shares in transit	61,77,721	14.27%
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, 2013, 4,24,35,380 equity shares, representing 98.04% 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.	Dahej 4B, Dahej Industrial Estate, Village Dahej, District Bharuch, Taluka Vagra, Gujarat-392 130
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 - 400 613.
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 2752 - 53
Email : manohar.kamath@basf.com
investor-grievance-india@basf.com

- (p) Top Ten Shareholders of the Company as on 31st March, 2013

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 Limited	13,35,760	3.09%
5.	General Insurance Corporation of India	6,99,999	1.62%
6.	Life Insurance Corporation of India	6,46,154	1.49%
7.	IDFC Sterling Equity Fund	2,73,904	0.63%
8.	The New India Assurance Company Limited	2,68,488	0.62%
9.	Atul Limited	2,61,396	0.60%
10.	United India Insurance Company Limited	1,90,595	0.44%

- (q) Share price: Rs. 583.85/- per share on the BSE Limited as on 30th April, 2013.

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: 30th April, 2013.



BASF celebrated 'Global Safety Week' from September 10-14, 2012 to demonstrate how employees can work more safely and avoid risks. Games, contests, mock drills and training programs were organized to promote safety behaviour among office and site employees.



Through stakeholder dialogues on topical issues, BASF established its thought-leadership position in the areas of sustainable construction, urban water management, corporate reporting and vocational education and training, by involving industry veterans.

Certification 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 2013, as stipulated in Clause 49 of the Listing Agreement 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 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 Agreement.

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
30 April 2013



At ACETECH 2013, BASF's Industry Team Construction showcased energy-efficient and sustainable construction solutions, including the "Total Insulation" concept and other green building products.



BASF's greenfield project in Dahej made steady progress in 2012. Involving major production facilities for polyurethanes, care chemicals and polymer dispersions for paper and coatings, the site is expected to commence operations in 2014.

Independent Auditors' Report to the Members of BASF India Limited

Report on the Financial Statements

We have audited the accompanying financial statements of BASF India Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ('the Act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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 2013;
- ii. in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other legal and regulatory requirements

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 Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the the Order.
2. As required by Section 227 (3) of the Act, 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act; and
 - e. on the basis of written representations received from the directors of the Company, as on 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For **B S R & Co.**

Chartered Accountants

Firm's Registration No: 101248W

Vijay Mathur

Partner

Membership No: 046476

30 April 2013

Mumbai

Annexure to Independent Auditors' Report – 31 March 2013 (*Continued*)

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 for sale of certain goods and services rendered which are for the specialised requirements of the buyers and for which 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 all manufactured products and 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 2013 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. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
 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

30 April 2013

Mumbai

Appendix

Name of the Statute	Nature of the Dues	Amounts (Rs million)	Amount paid in dispute (Rs million)	Period	Forum where the dispute is pending
Central Excise Act, 1944	Duty interest and penalty	3.12	—	1992-1993	High Court
		3.04	—	2007-2008, 2010-2011	Central Excise & Service Tax Appellate Tribunal
		11.12	—	2005-2006	Supreme Court
		0.2	—	2007-2011	Commissioner Appeals
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
		27.87	—	2005-2008, 2005-2009, 2005-2010, 2006-2010, 2007-2009, 2009-2010	Central Excise & Service Tax Appellate Tribunal
		2.3	—	2007-2009, 2009-2010	Commissioner (Appeals)
		21.86	—	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
		279.10	75.0	AY 2000-2001, 2002-2003, 2003-2004, 2004-2005, 2006-2007, 2007-2008, 2008-2009	Income Tax Appellate Tribunal
		234.69	20.0	AY 2006-2007, 2008-2009, 2009-2010	Commissioner of Income Tax (Appeals)
		114.92	—	AY 2009-2010	Deputy Commissioner Income Tax
State and Central Sales Tax Act	Non Submission of forms	64.36	5.08	2004-2005, 2005-2006, 2006-2007, 2008-2009, 2009-2010, 2010-2011	Joint Commissioner of Sales Tax
		4.34	1.5	2005-2006, 2009-2010, 2010-2011	Deputy Commissioner of sales tax
		0.37	—	2006-2007	Additional Commissioner of Sales Tax
		3.54	—	2002-2003	Commissioner of Sales Tax
		1.61	—	2005-2006, 2008-2009	Tribunal
	Tax, Interest & Penalty	3.10	0.70	1993-1994, 1994-1995, 2005-2006, 2007-2008	Tribunal
		7.71	—	2002-2003	Commissioner of Sales Tax
		1.67	—	2006-2007	Additional Commissioner Sales Tax
		82.75	1.6	2004-2005, 2005-2006, 2007-2008, 2008-2009	Joint Commissioner of Sales Tax
		25.45	1.44	2006-2007, 2007-2008, 2009-2010, 2010-2011	Deputy Commissioner of Sales Tax
		0.62	0.5	2007-2008	Sales Tax officer

Balance Sheet as at March 31, 2013

Rs. in million

	Notes	March 31, 2013	March 31, 2012
EQUITY & LIABILITIES			
Shareholders' funds:			
Share capital	2	432.9	432.9
Reserves and surplus	3	10,992.6	10,054.3
		11,425.5	10,487.2
Non-current liabilities			
Long term borrowings	4	2,582.7	203.8
Deferred tax liabilities (net)	5	9.3	1.8
Other long term liabilities	6	509.7	489.9
Long term provisions	7	286.0	201.8
		3,387.7	897.3
Current liabilities			
Short term borrowings	8	1,011.8	1,545.1
Trade payables	9	9,426.8	6,647.7
Other current liabilities	10	2,460.7	2,060.7
Short term provisions	11	344.1	297.4
		13,243.4	10,550.9
Total		28,056.6	21,935.4
ASSETS			
Non-current assets			
Fixed assets:			
Tangible assets	12A	4,118.2	3,873.5
Intangible assets	12B	235.8	58.5
Capital work-in-progress	12C	3,193.2	838.7
Intangible assets under development (ERP software)	12C	—	114.7
		7,547.2	4,885.4
Long term loans and advances	13	1,772.6	1,071.8
Other non-current assets	14	675.1	39.7
		9,994.9	5,996.9
Current assets			
Inventories	15	8,952.5	7,455.2
Trade receivables	16	6,815.3	6,248.5
Cash and bank balances	17	155.5	339.1
Short-term loans and advances	18	2,080.0	1,845.5
Other current assets	19	58.4	50.2
		18,061.7	15,938.5
Total		28,056.6	21,935.4

Significant accounting policies

1

The accompanying notes form 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

30th April 2013

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

30th April 2013

Statement of Profit and Loss for the year ended March 31, 2013

Rs. in million

	Notes	March 31, 2013	March 31, 2012
Revenue from operations:			
Sale of goods		40,608.0	36,011.0
Less: Excise duty		3,065.2	2,243.4
Sale of goods (net)		37,542.8	33,767.6
Service income		1,759.8	1,319.8
Other operating revenues		103.7	72.0
		39,406.3	35,159.4
Other income	20	39.2	51.1
		39,445.5	35,210.5
Expenditure:			
Cost of materials consumed	21	18,460.1	17,626.1
Purchase of traded goods		10,483.3	7,916.6
Changes in inventories	22	(922.7)	(197.5)
Employee benefits expenses	23	2,929.9	2,500.6
Finance costs	24	171.2	136.1
Depreciation and amortisation	25	601.8	517.3
Other expenses	26	5,936.2	5,214.1
		37,659.8	33,713.3
Profit before exceptional item and tax		1,785.7	1,497.2
Exceptional item	27(15)	95.4	—
Profit before tax		1,690.3	1,497.2
Tax expenses:			
Current tax		542.0	479.4
Deferred tax		7.5	9.2
		549.5	488.6
Profit after tax		1,140.8	1,008.6
Weighted average number of equity shares outstanding during the year		43,284,958	43,284,958
Basic and diluted earnings per share (in Rs.)		26.35	23.30
Face value per share (in Rs.)		10.00	10.00

Significant accounting policies

1

The accompanying notes form 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

30th April 2013

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

30th April 2013

Cash Flow Statement for the year ended March 31, 2013

Rs. in million

	March 31, 2013		March 31, 2012	
A. Cash flow from operating activities				
Net profit before tax		1,690.3		1,497.2
Adjustments for:				
Exceptional item (Refer note 27(15))	95.4		—	
Depreciation/amortisation	601.8		517.3	
Interest expense	171.2		136.1	
(Profit) on sale of fixed assets (net)	(2.7)		(1.7)	
Interest income	(6.1)		(15.1)	
Unrealised (gain)/loss on foreign exchange (net)	147.7		59.8	
Bad debts written off	46.3		—	
Provision for doubtful debts	3.6	1,057.2	28.1	724.5
Operating cash flow before working capital changes		2,747.5		2,221.7
(Increase)/decrease in:				
Trade receivables	(634.8)		(858.7)	
Loans and advances	(392.2)		(338.9)	
Other current and non current assets	(643.6)		(16.0)	
Inventories	(1,497.3)		(1,234.4)	
Other long term liabilities	19.8		62.8	
Long term provisions	84.2		12.2	
Trade payables	2,684.2		1,920.7	
Other current liabilities	460.4		597.8	
Short-term provisions	45.4	126.1	59.9	205.4
Cash generated from operations		2,873.6		2,427.1
Direct taxes paid (net)		(541.4)		(610.9)
Net cash from operating activities		2,332.2		1,816.2
B. Cash flow from investing activities				
Acquisition of fixed assets		(3,903.6)		(1,798.3)
Realisation on sale of fixed assets		3.6		2.7
Interest received		6.1		15.1
Net cash (used in) investing activities		(3,893.9)		(1,780.5)
C. Cash flow from financing activities				
(Repayments)/Proceeds from short term borrowings		(533.3)		620.3
Proceeds from long term funds		2,452.3		—
Repayment of long term funds		(201.7)		—
Interest paid		(138.5)		(97.6)
Dividend paid		(172.3)		(346.3)
Tax paid on above dividend		(28.1)		(57.5)
Net cash generated from financing activities		1,378.4		118.9
Net increase/(decrease) in cash and cash equivalents		(183.3)		154.6

Cash Flow Statement for the year ended March 31, 2013

Rs. in million

	March 31, 2013		March 31, 2012	
Opening cash and cash equivalents				
Cash in hand		0.1		0.1
Bank balances		338.0		183.4
		338.1		183.5
Closing cash and cash equivalents				
Cash in hand		0.1		0.1
Cheques on hand		35.0		—
Bank balances		119.7		338.0
(Refer note 17 for Cash & cash equivalents)		154.8		338.1
Restricted cash and cash equivalents		9.2		7.3

The accompanying notes form 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
30th April 2013

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
30th April 2013

Notes to Accounts for the year ended March 31, 2013

1. Significant Accounting Policies

(a) Basis of Accounting

The financial statements are prepared under the historical cost convention, on accrual basis, in accordance with provisions of the 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 recognized in the period in which the results are known/materialize.

(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 and are stated net of accumulated depreciation and impairment losses if any. 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	—	12.50%
Office Equipments	—	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 amortized on a straight line basis over their estimated useful lives. Goodwill is being amortized over a period of five years. Software is being amortized over a period of four 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 and 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. Gains/losses on conversion/translation are recognised in the Statement of Profit and Loss. All forward exchange contracts are backed by underlying transactions and the 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 Statement of Profit and Loss.

With effect from 1st April, 2012, the Company has availed of the option provided under paragraph 46A of AS 11: The Effects of Changes in Foreign Exchange Rates inserted vide Notification dated December 29, 2011.

Consequently, the exchange differences on long-term foreign currency monetary items on account of depreciable assets, which were until now being recognized in the Statement of Profit and Loss, are being adjusted in the cost of the depreciable asset with effect from 1st April, 2012, and are being depreciated over the balance life of such assets. In other cases, if any, the foreign exchange difference is accumulated in a Foreign Currency Monetary Item Translation Difference Account, and amortised over the balance period of such long-term monetary asset/liability. Pursuant to this change, foreign exchange differences amounting to Rs. 76.5 Million have been adjusted in the cost of the depreciable fixed assets with corresponding increase in profits.

(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 Statement of Profit and Loss 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 Mediclaim Insurance Policy, Employee State Insurance and Labour Welfare Fund are recognized in the Statement of Profit and Loss 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 Statement of Profit and Loss.

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 and 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 Statement of Profit and Loss.

(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) **Earnings 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, 2013

2. Share capital

Rs. in million

	March 31, 2013	March 31, 2012
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, 2013	March 31, 2012
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 shares 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, 2013		March 31, 2012	
		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, 2013		March 31, 2012	
	Number	Rs. in million	Number	Rs. in million
Shares outstanding at the beginning of the year	43,284,958	432.9	43,284,958	432.9
Shares Issued during the year	—	—	—	—
Shares outstanding at the end of the year	43,284,958	432.9	43,284,958	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, 2013

3. Reserves and surplus

Rs. in million

	March 31, 2013	March 31, 2012
Securities premium reserve		
Balance at beginning of the Year	646.5	646.5
Balance at end of the Year	646.5	646.5
Amalgamation reserve		
Balance at beginning of the Year	371.7	371.7
Balance at end of the Year	371.7	371.7
General reserve		
Balance at beginning of the Year	8,228.1	7,420.7
Add: Transfer from surplus	936.3	807.4
Balance at end of the Year	9,164.4	8,228.1
Surplus		
Balance at beginning of the Year	808.0	808.0
Add: Net Profit for the year	1,140.8	1,008.6
Less: Proposed Dividend	(173.1)	(173.1)
Less: Tax on Proposed Dividend	(29.4)	(28.1)
Less: Transfer to General Reserves	(936.3)	(807.4)
Balance at end of the Year	810.0	808.0
	10,992.6	10,054.3

4. Long term borrowings (unsecured)

	Non Current		Current	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Term Loans from Related parties				
– External commercial borrowings from BASF Constructions Chemicals GmbH*	—	—	—	203.8
– External commercial borrowings from BASF SE**	109.9	203.8	109.9	—
– External commercial borrowings from BASF Belgium Coordination Center Comm. V.***	2,472.8	—	—	—
	2,582.7	203.8	109.9	203.8
Terms of repayment				
* Repayable in two equal instalments of USD 2 million due on 14 th June 2012 and 2 nd November 2012 respectively. Interest is payable half yearly on 31 st March and 30 th September at LIBOR plus 0.325%.				
** Repayable in two equal instalments of USD 2 million each due on 17 th August 2013 and 14 th December 2014. Interest is payable half yearly on 31 st March and 30 th September at LIBOR plus 0.325%.				
*** USD 30 million repayable on 10 th August 2017 and USD 15 million on 15 th January 2018. Interest is payable half yearly on 15 th June and 15 th December at 4.93 % .				

5. Deferred tax liabilities (net)

	March 31, 2013	March 31, 2012
Deferred tax liabilities		
Timing differences on account of:		
Fixed assets/depreciation	230.4	204.4
Total deferred tax liabilities	230.4	204.4
Deferred tax assets		
Timing differences on account of:		
Provision for doubtful debts	70.3	69.1
Expenditure under Voluntary Retirement Scheme	13.9	26.2
Others (Amounts allowable on a payment basis under the Income Tax Act, 1961)	136.9	107.3
Total deferred tax assets	221.1	202.6
Deferred tax liabilities (net)	9.3	1.8
	9.3	1.8

Notes to Accounts as at March 31, 2013

6. Other long term liabilities

Rs. in million

	March 31, 2013	March 31, 2012
Deposits from customers	260.7	224.3
Other Payables	249.0	265.6
	509.7	489.9

7. Long term provisions

	March 31, 2013	March 31, 2012
Leave Encashment	256.8	177.2
Long Service Award	29.2	24.6
	286.0	201.8

8. Short term borrowings (unsecured)

	March 31, 2013	March 31, 2012
Cash credit and overdraft facilities from bank	1,011.8	1,545.1
	1,011.8	1,545.1

Cash credit and overdraft facilities from banks carries interest ranging from 9% to 11% pa computed on daily basis on the actual amount utilised and is repayable on demand.

9. Trade payables

	March 31, 2013	March 31, 2012
Micro & Small Enterprises (Refer note 27 (13))	5.7	12.0
Others	9,421.1	6,635.7
	9,426.8	6,647.7

10. Other current liabilities

	March 31, 2013	March 31, 2012
Capital creditors	298.7	50.9
Current maturities of long term debts*	109.9	203.8
Interest accrued but not due on borrowings	34.2	1.5
Advances received from customers	1,375.1	1,046.4
Unpaid dividends**	8.1	7.3
Unpaid matured deposits and interest accrued thereon**	0.1	0.3
Other payables		
— In the nature of statutory dues	185.0	92.9
— In the nature of accrual of expenses	449.6	657.6
	2,460.7	2,060.7

* represents current maturity of term loan taken (Refer Note 4)

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

11. Short term provisions

	March 31, 2013	March 31, 2012
Proposed Dividend	173.1	173.1
Corporate Tax on Dividend	29.4	28.1
Long Service Award	3.0	3.5
Leave Encashment	26.7	22.9
Gratuity	111.9	69.8
	344.1	297.4

Notes to Accounts as at March 31, 2013

12(A) Tangible assets

Rs. in million

	Gross Block				Depreciation					Net Block	Net Block
	As at April 1, 2012	Additions	Deductions	As at March 31, 2013	As at April 1, 2012	Depreciation for the year (Note 1)	Impairment during the year (Refer Note 27(15))	Deductions	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Freehold land	68.6	23.7	—	92.3	—	—	—	—	—	92.3	68.6
Leasehold land	275.6	—	—	275.6	13.7	3.0	—	—	16.7	258.9	261.9
Buildings (Note 2)	1,580.4	139.3	—	1,719.7	430.8	57.9	—	—	488.7	1,231.0	1,149.6
Plant & machinery and computers (Note 3)	6,042.5	700.3	162.8	6,580.0	3,896.3	436.4	95.4	161.9	4,266.2	2,313.8	2,146.2
Furniture and fixtures	332.6	21.6	4.1	350.1	191.4	43.4	—	4.1	230.7	119.4	141.2
Vehicles	80.3	17.5	5.6	92.2	38.8	18.4	—	5.6	51.6	40.6	41.5
Office equipment	162.7	13.9	0.9	175.7	98.2	16.2	—	0.9	113.5	62.2	64.5
Total	8,542.7	916.3	173.4	9,285.6	4,669.2	575.3	95.4	172.5	5,167.4	4,118.2	3,873.5
Previous year	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

12(B) Intangible assets

Rs. in million

	Gross Block				Amortisation					Net Block	Net Block
	As at April 1, 2012	Additions	Deductions	As at March 31, 2013	As at April 1, 2012	Amortisation for the year	Impairment during the year	Deductions	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Software	—	203.8	—	203.8	—	12.7	—	—	12.7	191.1	—
Goodwill (Refer note 27(14))	68.8	—	—	68.8	10.3	13.8	—	—	24.1	44.7	58.5
Total	68.8	203.8	—	272.6	10.3	26.5	—	—	36.8	235.8	58.5
Previous year	—	68.8	—	68.8	—	10.3	—	—	10.3	58.5	—

12(C) Capital work in progress

Rs. in million

	Gross Block			
	As at April 1, 2012	Additions	Amounts Capitalised	As at March 31, 2013
Capital work in progress (Note 4)	838.7	3,342.0	987.5	3,193.2
Intangible assets under development (ERP software)	114.7	—	114.7	—

Notes:

- 1) Depreciation includes **Rs. Nil** (Previous Year Rs. 95.6 million) recovered from group company.
- 2) Buildings include **Rs. 0.03 million** (Previous Year Rs. 0.03 million) being the value of shares in various co-operative societies.
- 3) 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.
- 4) Borrowing costs of **Rs. 27.7 million** (net of interest income **Rs. 33.1 million**) (Previous Year Rs. Nil) have been included in the additions to the capital work in progress.
- 5) Exchange differences of **Rs. 76.5 million** (Previous Year Rs. Nil) has been included in the additions to the capital work in progress/ fixed assets post the exercise of option in terms of Para 46A of AS11 (pursuant to notification dated 29 December 2011 issued by the Ministry of Corporate Affairs.) (Refer note 1(i) of significant accounting policies).

Notes to Accounts as at March 31, 2013

13. Long-term loans and advances

(Unsecured, Considered Good)

Rs. in million

	March 31, 2013	March 31, 2012
Capital advances	701.8	158.1
Security deposits	269.5	236.1
Other loans and advances		
— Prepaid expenses	20.5	16.3
— Refund receivable from government authorities	169.0	70.1
— Employee advances	2.2	3.8
— Deposit placed with tax authorities	51.8	29.0
— Advance tax (Net of provisions)	557.8	558.4
	1,772.6	1,071.8

14. Other non-current assets

(Unsecured, considered good)

	March 31, 2013	March 31, 2012
Unamortised premium on forward contracts	631.0	—
Long term trade receivables	44.1	39.7
	675.1	39.7

15. Inventories

(Valued at lower of Cost and Net realisable value)

	March 31, 2013	March 31, 2012
Raw materials (includes goods in transit Rs. 2,325.5 million (Previous year Rs. 1,494.1 million))	4,083.8	3,503.0
Finished goods	2,247.9	2,388.1
Traded goods (includes goods in transit Rs. 1,209.1 million (Previous year Rs. 363.3 million))	2,463.7	1,385.7
Stock-in-process	50.8	65.9
Packing materials	99.0	105.4
Fuel oil	7.3	7.1
	8,952.5	7,455.2

Notes to Accounts as at March 31, 2013

16. Trade receivables

Rs. in million

	March 31, 2013	March 31, 2012
Outstanding for a period exceeding six months from the date due for payment		
Considered good:		
Secured	1.8	0.5
Unsecured	8.9	18.2
	10.7	18.7
Considered doubtful	185.1	186.1
	195.8	204.8
Less: Provision for doubtful receivables	185.1	186.1
	10.7	18.7
Other debts		
Considered good:		
Secured	134.1	112.3
Unsecured	6,670.5	6,117.5
	6,804.6	6,229.8
Considered doubtful	31.6	27.0
	6,836.2	6,256.8
Less: Provision for doubtful receivables	31.6	27.0
	6,804.6	6,229.8
	6,815.3	6,248.5

17. Cash and bank balances

	March 31, 2013	March 31, 2012
Cash and cash equivalents		
Cash on hand	0.1	0.1
Cheques on hand	35.0	—
Balances with banks:		
— In current accounts	110.6	330.7
— In unpaid dividend account	9.2	7.3
Other bank balances		
— Deposits with original maturity of more than three months but less than twelve months	0.6	1.0
	155.5	339.1
Of the above		
Restricted cash and cash equivalents (unpaid dividend account)	9.2	7.3

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

	March 31, 2013	March 31, 2012
To parties other than related parties		
Advances to vendors	175.3	284.8
Employee advance	8.2	12.1
Prepaid expenses	28.4	25.6
Security deposits	1.1	13.7
Balances with excise authorities	1,793.1	1,487.8
To related parties		
Receivable from group companies*	73.9	21.5
	2,080.0	1,845.5

* Includes dues from holding company and fellow subsidiaries.

19. Other current assets (Unsecured, Considered good)

	March 31, 2013	March 31, 2012
Unamortised premium on forward contracts	58.4	50.2
	58.4	50.2

Notes to Accounts for the year ended March 31, 2013

20. Other income

Rs. in million

	March 31, 2013	March 31, 2012
Interest (Gross)	39.2	15.1
Less: Transferred to capital work in progress	(33.1)	—
Profit on sale of fixed assets (net)	2.7	1.7
Miscellaneous income	30.4	34.3
	39.2	51.1

21. Cost of materials consumed

	March 31, 2013	March 31, 2012
Raw materials:		
Stock at commencement	3,503.0	2,486.4
Add: Purchases	18,461.7	18,080.3
Less: Stock at close	(4,083.8)	(3,503.0)
	17,880.9	17,063.7
Packing materials consumed	579.2	562.4
	18,460.1	17,626.1

22. Changes in inventories

	March 31, 2013	March 31, 2012
Stock at close		
Finished goods	2,247.9	2,388.1
Traded goods	2,463.7	1,385.7
Stock-in-process	50.8	65.9
Sub-total	4,762.4	3,839.7
Stock at commencement		
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)
	922.7	197.5

23. Employee benefit expenses

	March 31, 2013	March 31, 2012
Salaries, wages, bonus	2,333.8	2,033.6
Contribution to provident and other funds (Refer note 27(16))	295.6	197.4
Staff welfare	397.9	269.6
Less: Transferred to capital work in progress	(97.4)	—
	2,929.9	2,500.6

Notes to Accounts for the year ended March 31, 2013

24. Finance costs

Rs. in million

	March 31, 2013	March 31, 2012
Interest Expenses		
On Short Term Borrowings	94.9	14.2
On Overdrafts	54.7	61.1
On Others	82.4	60.8
Less: Transferred to capital work in progress	(60.8)	—
	171.2	136.1

25. Depreciation and amortisation

	March 31, 2013	March 31, 2012
Depreciation Expense*	575.3	507.0
Amortisation Expense	26.5	10.3
	601.8	517.3

* Net of **Rs. NIL** (Previous year Rs. 95.6 Mio.) recovered from group company

26. Other expenses

	March 31, 2013	March 31, 2012
Consumption of stores and spare parts	128.2	118.2
Power and fuel	578.7	466.5
Rent (refer note 27 (12))	418.1	376.7
Repairs — Machinery	72.0	63.5
— Buildings	51.7	43.9
— Others	38.5	46.5
Rates and taxes		
— Excise duty	74.4	36.9
— Others	31.9	29.5
Insurance	66.5	61.7
Bad debts written off	46.3	—
Provision for doubtful debts (net)	3.6	28.1
Service fees	97.5	94.7
Travelling	584.7	541.2
Freight and handling charges	1,004.6	901.5
Communication/system expenses	619.4	445.5
Foreign exchange loss (net)	359.9	234.7
Sales promotion expenses	575.3	557.5
Professional charges	613.9	476.5
Royalty	329.5	304.0
Sundry expenses (Refer note 27 (5))	366.0	387.0
Less: Transferred to capital work in progress	(124.5)	—
	5,936.2	5,214.1

27. Notes to accounts for the year ended March 31, 2013

(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.

	2012-13	2011-12
Raw Materials	12,076.1	11,889.6
Capital Goods	211.2	444.2
Components and Spare Parts	5.6	6.4
Traded Goods	5,695.3	4,373.2
Total	17,988.2	16,713.4

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

Rs. Mio.

	2012-13	2011-12
Royalty (net of tax)	290.2	269.4
Communication/System Expenses (net of tax)	493.8	411.4
Foreign Travel	67.5	38.8
Service Fees	14.4	14.9
Professional charges	452.6	364.0
Interest	64.1	3.8
Others	64.5	96.4
Total	1,447.1	1,198.7

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

	2012-13	2011-12
Equity Shares:		
Amount remitted (Rs. Mio.)	127.0	253.9
Number of non-resident shareholders	3	3
Number of equity shares of Rs. 10/- each held by non-resident on which dividends were due	31,743,220	31,743,220
Year to which dividend relates	2011-2012	2010-2011

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

Rs. Mio.

	2012-13	2011-12
Exports of goods calculated on FOB basis (Excludes Rupee Exports to Nepal & Bhutan – Rs. 72.4 Mio. – Previous Year Rs. 100.5 Mio.)	2,604.4	2,129.6
Indent Commission/Technical/Service charges	1,702.5	1,225.3
Others (Freight/Insurance/Claims)	70.6	53.8
Total	4,377.5	3,408.7

5. Payment to auditors (net of service tax):

Rs. Mio.

	2012-13	2011-12
As auditors	13.5	13.8
As reimbursement of out of pocket expenses	1.4	1.4
Total	14.9	15.2

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

(a) Raw Materials:

	2012-13		2011-12	
	%	Rs. Mio.	%	Rs. Mio.
Imported	55.8	9,986.1	55.4	9,453.2
Indigenous	44.2	7,894.8	44.6	7,610.5
	100.0	17,880.9	100.0	17,063.7
		Rs. Mio.		Rs. Mio.
Monomer		2,977.4		3,137.4
Napthalene		97.0		202.1
Phenol		120.0		96.6
Lupranol		1,486.7		884.2
Resins		668.3		629.9
Beta Naphthalene Sulphonate		253.8		551.9
Others		12,277.7		11,561.6
		17,880.9		17,063.7

(b) Components and Spare Parts:

	2012-13		2011-12	
	%	Rs. Mio.	%	Rs. Mio.
Imported	4.4	5.6	5.4	6.4
Indigenous	95.6	122.6	94.6	111.8
Total	100.0	128.2	100.0	118.2

7. Summary of closing stock of work in progress:

Rs. Mio.

Category	2012-13	2011-12
Paints & Coatings	20.2	13.1
Imaging Agents	6.8	11.5
Polyurethane	8.8	8.5
Optical Brightening Agents	6.7	7.9
Expandable Polystyrene	—	7.2
Others	8.3	17.7
Total	50.8	65.9

8. Traded goods purchased:

Rs. Mio.

Category	2012-13	2011-12
Herbicides	2,812.9	1,782.2
Pigments	1,044.9	1,044.3
Polyurethane	1,286.5	862.8
Fungicides	496.0	430.0
Others	4,843.0	3,797.3
Total	10,483.3	7,916.6

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	3,689.6 3,025.0	644.5 1,091.5	1,091.5 775.6
Polyurethane	3,620.7 2,806.3	176.1 124.2	124.2 63.6
Auto. OEM Coatings	2,935.2 2,394.5	248.0 169.5	169.5 139.4
Admixture Systems	2,234.4 2,284.1	44.5 32.5	32.5 24.8
Others	12,367.4 12,254.2	1,134.8 970.4	970.4 987.8
Total	24,847.3 22,764.1	2,247.9 2,388.1	2,388.1 1,991.2

Rs. Mio.

Class of Goods	Sales Value	Closing Inventory	Opening Inventory
(b) Traded goods:			
Herbicides	3,531.7 2,610.9	773.8 195.4	195.4 261.9
Pigments	1,263.0 1,239.7	136.5 179.9	179.9 213.9
Polyurethane	1,106.8 905.7	355.5 105.4	105.4 92.0
Fungicides	956.9 911.2	60.9 76.3	76.3 144.4
Others	5,837.1 5,336.0	1,137.0 828.7	828.7 911.1
Total	12,695.5 11,003.5	2,463.7 1,385.7	1,385.7 1,623.3

(c) Service Income:

Rs. Mio.

Category	2012-13	2011-12
Indent Commission	1,123.4	860.1
Technical/Service charges	636.4	459.7
Total	1,759.8	1,319.8

10. Contingent Liabilities

Rs. Mio.

Nature	2012-13	2011-12
Contingent Liabilities not Provided for		
(a) Claim against the Company not acknowledged as debt	24.1	22.2
In respect of which the Company has counterclaim	68.7	68.7
(b) Demand for taxes and duties in respect of which the company has preferred appeals with appropriate authority		
a. Income Tax	262.8	18.4
b. Customs, Excise, Service Tax and Sales Tax	174.8	175.9

11. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided (net of advances) for **Rs. 3,365.3 million** (Previous Year Rs. 280.0 million).

12. Operating lease

The Company has taken vehicles and office facilities under operating leases.

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

Rs. Mio.

	2012-13	2011-12
Due		
Not later than one year	190.7	186.4
Later than one year but not later than five years	501.9	572.0
Later than five years	53.5	148.4
Total	746.1	906.8

(b) Lease rent of **Rs. 418.1 million** (Rs. 376.7 million) has been included under "Rent" in the Statement of Profit and Loss.

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

On the basis of information and records 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	2012-13	2011-12
The principal amount and the interest due thereon remaining unpaid to any Micro/Small supplier.	5.7	12.0
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	1.3	1.5
The amount of interest accrued and remaining unpaid at the end of each accounting year.	1.4	—
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.	3.9	2.5

14. Purchase of specialty chemicals business of BASF Chemicals India Private Limited (Formerly known as Cognis Specialty Chemicals Private Limited)

Pursuant to an Agreement entered into between BASF India Limited ('the Company') and Cognis Specialty Chemicals 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 in the previous year.

15. Exceptional item

The Board of Directors on 18 September 2012 approved the proposal to shut down the Expandable Polystyrene business forming part of "Plastics" segment including the Company's Styropor® production facility at Thane. The Company has made a provision towards impairment of Rs. 95.4 million (based on estimated salvage value) in respect of the net fixed assets (mainly plant and machinery) related to this business which is forming part of exceptional item in the Statement of Profit and Loss.

16. Employees benefits:

Defined contribution plans:

Company's contribution to defined contribution funds amounting to **Rs. 95.8 Mio.** (Previous year Rs. 82.5 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.

Rs. Mio.

	Gratuity Funded	
	2012-13	2011-12
Expenses recognized in the Statement of Profit and Loss for the year ended 31st March		
Current service Cost	39.8	30.6
Interest cost	25.5	24.8
Expected Return on plan assets	(23.9)	(22.1)
Net Actuarial (gain)/loss recognised in the year	70.5	10.8
Expenses recognised in the Statement of Profit and Loss	111.9	44.1
Balance Sheet recognition as at 31st March		
Present value of obligation	441.0	320.1
Fair value of plan assets	329.1	250.3
Net Asset/(Liability) recognised in the Balance Sheet	(111.9)	(69.8)
Change in obligation during the year ended 31st March		
Present value of obligation beginning of the Year	320.1	295.1
Interest cost	25.5	24.8
Current service cost	39.8	30.6
Benefits paid	(20.8)	(23.3)
Actuarial (gain)/loss on obligation	76.4	(7.1)
Present value of obligation end of the year	441.0	320.1
Change in fair value of assets during the year ended 31st March		
Fair value of plan assets beginning of the Year	250.3	255.9
Expected return on plan assets	23.9	22.1
Contributions	69.8	13.4
Benefits paid	(20.8)	(23.3)
Actuarial gain/(loss) plan assets	5.9	(17.8)
Fair value of plan assets end of the Year	329.1	250.3
Total actuarial gain/(loss) to be recognised	(70.5)	(10.8)

Rs. Mio.

	Gratuity Funded	
	2012-13	2011-12
Actual return on plan assets		
Expected return on plan assets	23.9	22.1
Actuarial gain/(loss) plan Assets	5.9	(17.8)
Actual return on plan assets	29.8	4.3
Movement in the net liability recognised in the Balance Sheet		
Opening net liability	69.8	39.2
Expenses	111.9	44.1
Contribution	(69.8)	(13.5)
Closing net liability	111.9	69.8

Rs. Mio.

Experience Adjustments	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Defined Benefit Obligations	441.0	320.1	295.1	219.1	173.3
Plan Assets	329.1	250.3	255.9	213.1	172.2
Surplus/(Deficit)	(111.9)	(69.8)	(39.2)	(5.2)	(1.1)
Exp. Adj. on plan Liabilities	76.4	(7.1)	(18.4)	(6.5)	18.1
Exp. Adj. on plan Assets	5.9	(17.8)	(17.0)	0.2	7.4

The contribution expected to be made by the Company during the Financial Year 2013-14 will be **Rs. 111.9 Mio.** (2012-13 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:

	2012-13	2011-12
GOI Securities	18%	23%
State Government Securities	36%	19%
PSU Bonds	15%	36%
Private Sector Bonds	16%	7%
Fixed Deposit and others	6%	2%
Special Deposit Scheme	9%	13%
Total	100%	100%

The assumptions used for actuarial valuation as at 31st March, 2013 are as follows:

	2012-13	2011-12
Expected rate of return on plan assets	8.23% p.a.	8.75% p.a.
Discount Rate	8.23% p.a.	8.75% p.a.
Expected salary increase rate	6% – 10% p.a.	6% – 10% p.a.
In-service mortality rates	Indian Assured Lives Mortality 2006-08 ultimate table	Indian Assured Lives Mortality 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. The actuary has accordingly provided a valuation based on the below provided assumptions and there is no shortfall as at March 31, 2013.

The details of fund and plan assets position as at March 31, 2013 is given below:

	Rs. Mio.	
	2012-13	2011-12
Plan assets as year end, at fair value	1,706.2	1,388.2
Present value of benefit obligation at year end	1,589.8	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	7.87%	8.57%
Average remaining tenure of the investment portfolio	7 years	8 years
Expected guaranteed interest rate	8.60%	8.25%

During the year ended 31st March 2013, amount recognised in the statement of profit and loss for Employee Provident Fund is **Rs. 88.2 Mio.** (Previous year Rs. 77.1 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	9,229.4	14,171.7	7,914.4	463.6	7,013.6	613.6	—	39,406.3
	7,914.1	12,981.2	7,089.0	396.3	6,318.0	460.8	—	35,159.4
Less: Inter-segment revenue	—	—	—	—	—	—	—	—
Sales/Revenue from operations	9,229.4	14,171.7	7,914.4	463.6	7,013.6	613.6	—	39,406.3
	7,914.1	12,981.2	7,089.0	396.3	6,318.0	460.8	—	35,159.4
Segment Result	769.4	1,159.9	110.7	191.7	196.2	35.5	—	2,463.4
	764.0	985.5	(99.2)	137.5	224.7	24.8	—	2,037.3
Interest Expense							171.2	171.2
							136.1	136.1
Interest Income							6.1	6.1
							15.1	15.1
Other un-allocable expenditure net of un-allocable income							512.6	512.6
							419.1	419.1
Profit Before Tax and Exceptional item								1,785.7
								1,497.2

Rs. Mio.

	Agricultural Solution	Performance Products	Plastics	Chemicals	Functional solutions	Others	Un-allocated	Total
Exceptional item (Refer note 27(15))			95.4 —					95.4 —
Tax								549.5 488.6
Profit After Tax								1,140.8 1,008.6
OTHER INFORMATION								
Segment Assets	5,824.0 4,464.3	11,766.9 8,429.6	4,872.1 3,671.0	458.3 412.5	4,204.4 3,902.4	217.6 158.0	713.3 897.6	28,056.6 21,935.4
Segment Liabilities	3,129.2 2,046.3	6,283.3 3,606.7	3,559.0 2,031.4	102.0 90.1	2,324.2 1,915.0	1.6 3.1	1,231.8 1,755.7	16,631.1 11,448.3
Capital Expenditure	68.3 118.9	2,422.5 1,112.5	1,272.3 308.8	7.6 29.0	132.9 229.1	— —	— —	3,903.6 1,798.3
Depreciation and amortisation	44.0 39.7	347.8 287.5	80.4 72.1	9.9 9.0	119.7 109.0	— —	— —	601.8 517.3

(b) SECONDARY SEGMENT INFORMATION (by Geographic Segments)

Rs. Mio.

	Domestic	Exports	Total
Revenues	34,956.4 31,650.2	4,449.9 3,509.2	39,406.3 35,159.4
Total Assets	26,814.5 20,849.1	1,242.1 1,086.3	28,056.6 21,935.4
Capital Expenditure	3,903.6 1,798.3	— —	3,903.6 1,798.3

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 catalysts, coatings and construction chemicals.
 - **Others** – includes technical and service charges.
- Un-allocable Corporate Assets includes advance tax (net of provisions) and cash and bank balances.
- Un-allocable Corporate Liabilities include Net deferred tax liabilities, proposed dividend and other un-allocable liabilities.

18. Related Party Disclosure

(a) Parties where control exists

BASF Societas Europaea ('SE')	Ultimate holding company
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(b) Other related parties with whom transactions have taken place during the year Fellow Subsidiaries

BASF - YPC Company Limited	BASF Kanoo Gulf FZE
BASF (China) Company Ltd.	BASF Kanoo Polyurethanes LLC
BASF (Malaysia) Sdn. Bhd.	BASF Lanka (Private) Limited
BASF (Thai) Limited	BASF Mexicana S.A. DE C.V.
BASF A/S	BASF Nederland B.V.
BASF Agro B.V.	BASF Oy
BASF Agro B.V. Arnhem (NL)	BASF Pakistan (Private) Ltd.
BASF Agrochemical Products B.V.	BASF Paper Chemicals (Jiangsu) Co., Ltd.
BASF Antwerpen N.V.	BASF Performance Products plc
BASF Asia-Pacific Service Centre Sdn. Bhd.	BASF Personal Care and Nutrition GmbH
BASF Australia Ltd.	BASF Peruana S.A.
BASF Auxiliary Chemicals Company Ltd.	BASF Petronas Chemicals Sdn. Bhd.
BASF Bangladesh Ltd.	BASF Pharma (Evionnaz) SA
BASF Beauty Care Solutions France S.A.S.	BASF Philippines Inc
BASF Belgium Coordination Center Comm. V.	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 (Private) Ltd.	BASF Polyurethane Specialties (China) Co., Ltd.
BASF Chemicals Company Ltd.	BASF Polyurethanes (China) Co. Ltd.
BASF Chemicals India Pvt. Ltd. (Formerly known as Cognis Specialty Chemicals Pvt. Ltd.)	BASF Polyurethanes (Malaysia) Sdn. Bhd.
BASF Coatings GmbH	BASF Polyurethanes (Thailand) Ltd.
BASF Coatings Intl Trade (Shanghai) Co. Ltd.	BASF Polyurethanes GmbH
BASF Coatings Intl Trade Co., Ltd.	BASF Qingdao Pigments Co., Ltd.
BASF Coatings Ltd.	BASF S.A.
BASF Coatings S.A.	BASF Schweiz AG
BASF Coatings S.A.S.	BASF Shanghai Coatings Co. Ltd.
BASF Coatings Spa	BASF Singapore Pte. Ltd.
	BASF South Africa (PTY) Ltd.

BASF Color Solutions Germany GmbH	BASF South East Asia Pte Ltd.
BASF Company Ltd.	BASF Taiwan Ltd.
BASF Construction Chemical (China) Co., Ltd.	BASF UK Ltd.
BASF Construction Chemicals (UK) Ltd.	BASF Vietnam Co. Ltd.
BASF Construction Chemicals Espana S.L.	BASF Vitamins Company Limited
BASF Construction Chemicals Europe AG	BASF Yapi Kimyasallari SAN. A.S.
BASF Construction Chemicals France S.A.S.	BTC Europe GmbH
BASF Construction Chemicals GmbH	BASF Japan Ltd.
BASF Construction Chemicals Italia Spa	Elastogran Kanoo Polyurethane Systems LLC
BASF Construction Chemicals UAE LLC	Cognis Australia Pty. Ltd.
BASF Construction Polymers GmbH	Cognis Taiwan Ltd.
BASF Construction Systems (China) Co. Ltd.	Construction Research & Technology GmbH
BASF Corporation	K+S Aktiengesellschaft
BASF East Asia Regional Headquarters Ltd.	K+S Kali GmbH
BASF Espanola S.L.	P.T. BASF Care Chemicals Indonesia
BASF FZE	P.T. BASF Indonesia
BASF Gao-Qiao Performance Chemicals (Shanghai Co Ltd.)	PCI Augsburg GmbH
BASF Grenzach GmbH	PolyAd Services GmbH
BASF Health and Care Products France S.A.S.	Shanghai MBT & SCG High-tech Construction Chemicals Co. Ltd.
BASF Hong Kong Ltd.	Shanghai BASF Polyurethane Co., Ltd.
BASF INOAC Polyurethanes Ltd.	Styrolution GmbH
BASF Intertrade (Shanghai) Co. Ltd.	Styrolution India Private Limited
BASF Iran (PJS) Company	Styrolution South East Asia Pte. Ltd.
BASF IT Services Holding GmbH	Watson Bowman ACME Corp
BASF Italia Spa	

(c) Key Management Personnel

Chairman & Managing Director

Mr. Prasad Chandran

Whole-Time Directors

Mr. S. Regunathan

Dr. G. Ramaseshan

Mr. Thilo Bischoff

(d) Details of transactions of Ultimate holding company and Fellow subsidiaries for the year ended March 31, 2013:

Rs. Mio.

Nature of Transactions	Ultimate holding company		Fellow subsidiaries		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Sale of Goods						
BASF SE	607.2	119.4	—	—	607.2	119.4
BASF South East Asia Pte. Ltd.	—	—	1,371.5	1,442.4	1,371.5	1,442.4
Others	—	—	166.4	170.3	166.4	170.3
Sub-Total	607.2	119.4	1,537.9	1,612.7	2,145.1	1,732.1
Services Rendered (including reimbursements)						
BASF SE	491.9	421.6	—	—	491.9	421.6
BASF South East Asia Pte. Ltd.	—	—	840.1	596.3	840.1	596.3
Others	—	—	526.7	471.7	526.7	471.7
Sub-Total	491.9	421.6	1,366.8	1,068.0	1,858.7	1,489.6
Interest Expense on ECB Loan						
BASF SE	2.4	1.8	—	—	2.4	1.8
BASF Construction GmbH	—	—	0.9	2.0	0.9	2.0
BASF Belgium Coordination Centre	—	—	60.8	—	60.8	—
Sub-Total	2.4	1.8	61.7	2.0	64.1	3.8
Purchase of Goods/Materials						
BASF SE	740.9	1,268.8	—	—	740.9	1,268.8
BASF South East Asia Pte. Ltd.	—	—	4,895.3	3,793.5	4,895.3	3,793.5
BASF Agrochemical Products B.V.	—	—	3,967.1	2,432.1	3,967.1	2,432.1
BASF Company Ltd.	—	—	1,993.2	1,659.2	1,993.2	1,659.2
Others	—	—	4,920.2	4,910.1	4,920.2	4,910.1
Sub-Total	740.9	1,268.8	15,775.8	12,794.9	16,516.7	14,063.7
Services Received						
BASF SE	400.9	304.6	—	—	400.9	304.6
BASF South East Asia Pte. Ltd.	—	—	317.0	282.2	317.0	282.2
BASF Asia-Pacific Service Centre Sdn. Bhd.	—	—	178.4	170.9	178.4	170.9
Others	—	—	36.2	89.2	36.2	89.2
Sub-Total	400.9	304.6	531.6	542.3	932.5	846.9
Purchase of Assets						
BASF SE	52.4	110.6	—	—	52.4	110.6
BASF South East Asia Pte. Ltd.	—	—	51.6	158.9	51.6	158.9
BASF Grenzach GmbH	—	—	—	38.9	—	38.9
Others	—	—	19.2	54.7	19.2	54.7
Sub-Total	52.4	110.6	70.8	252.5	123.2	363.1
Royalty and Technical Fees						
BASF SE	73.0	76.0	—	—	73.0	76.0
BASF Polyurethanes Licencing GmbH	—	—	80.2	72.2	80.2	72.2
BASF Coatings GmbH	—	—	64.2	46.9	64.2	46.9
Construction Research & Technology GmbH	—	—	112.1	108.9	112.1	108.9
Sub-Total	73.0	76.0	256.5	228.0	329.5	304.0

Rs. Mio.

Nature of Transactions	Ultimate holding company		Fellow subsidiaries		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Dividend						
BASF SE	83.8	167.5	—	—	83.8	167.5
BASF Schweiz AG	—	—	35.6	71.3	35.6	71.3
BASF Construction Chemicals GmbH	—	—	7.6	15.1	7.6	15.1
Sub-Total	83.8	167.5	43.2	86.4	127.0	253.9
Outstanding Receivables						
BASF SE	323.8	200.0	—	—	323.8	200.0
BASF South East Asia Pte. Ltd.	—	—	547.1	635.4	547.1	635.4
Others	—	—	192.9	202.8	192.9	202.8
Sub-Total	323.8	200.0	740.0	838.2	1,063.8	1,038.2
Outstanding Payables						
BASF SE	380.6	430.3	—	—	380.6	430.3
BASF South East Asia Pte. Ltd.	—	—	1,761.3	1,474.2	1,761.3	1,474.2
BASF Company Ltd.	—	—	527.4	602.1	527.4	602.1
BASF Agrochemical Products B.V.	—	—	2,297.7	594.2	2,297.7	594.2
Others	—	—	1,433.5	1,908.6	1,433.5	1,908.6
Sub-Total	380.6	430.3	6,019.9	4,579.1	6,400.5	5,009.4
ECB Loan Outstanding (including interest accrued not due)						
BASF SE	219.8	203.8	—	—	219.8	203.8
BASF Construction GmbH	—	—	—	203.8	—	203.8
BASF Belgium Coordination Center Comm. V.	—	—	2,505.3	—	2,505.3	—
Sub-Total	219.8	203.8	2,505.3	203.8	2,725.1	407.6
Business Purchase (Refer note 27(14))						
BASF Chemicals India Pvt. Ltd. (Formerly known as Cognis Specialty Chemicals Pvt. Ltd.)	—	—	—	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	
	2012-13	2011-12
Interest Income on Loans	—	0.03
Remuneration	94.9	85.7

19. Transfer pricing regulations:

The management is of the opinion that the Company's international and domestic 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 2013, the Company has 35 forward contracts totaling to **USD 124.9 Mio. (Rs. 6,791.9 Mio.)** (Previous Year USD 73.6 Mio. (Rs. 3,671 Mio.)) for the purposes of covering its foreign currency exposure related to trade receivables, trade payables and borrowings. The unamortized premium of **Rs. 689.4 Mio.** (Previous Year Rs. 50.2 Mio.) pertaining to the same will be recognized subsequently. Foreign currency exposure that is not covered as at 31st March is as follows:

Foreign Currency	2012-2013 Payables		2011-2012 Payables	
	Foreign Currency Amount	Rs. in Mio.	Foreign Currency Amount	Rs. in Mio.
EURO	1,740,937	123.4	1,998,400	138.6
AUD	90,121	5.2	89,406	4.9
USD	39,528,646	2,172.1	29,456,155	1,522.6
CHF	45,429	2.6	49,440	2.9
GBP	6,231	0.5	1,260	0.1
CAD	3,789	0.2	3,789	0.2
SGD	21,144	0.9	5,507	0.2
HKD	—	—	343,500	2.3

Foreign Currency	2012-2013 Receivables		2011-2012 Receivables	
	Foreign Currency Amount	Rs. in Mio.	Foreign Currency Amount	Rs. in Mio.
EURO	1,453,209	99.0	1,465,421	98.4
AUD	2,307	0.1	—	—
CHF	9,319	0.5	—	—
GBP	68,271	5.5	—	—
THB	642,514	1.2	—	—
SGD	74,900	3.2	5,619	0.2
USD	21,604,298	1,154.7	18,938,033	956.9

21. The Previous year figures have been regrouped and rearranged wherever necessary.

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
30th April 2013

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
30th April 2013



The journey continues...





Touching lives, crossing milestones

The journey of a million miles begins with the first step

Creating an inspiring chemistry with the world, the country and the community within which we function is a continuous and enriching journey for us. The CSR (Corporate Social Responsibility) Diary chronicles the landmark initiatives and undertakings of BASF over the years in the realm of societal change.

The destination

At BASF, sustainable development forms the roadmap of our corporate philosophy. We endeavor to create chemistry with the nation and the society within which we operate. As a responsible corporate citizen, we strive to go beyond boundaries and take deliberate, long term and measurable initiatives to enrich the society.

Our roadmap

In accordance with our global philosophy and in alignment with our goal of bringing societal change, we channelize our efforts into two primary directions, Education and Resource Conservation. We envision a future where people explore their fullest potential powered by relevant knowledge and live in harmony with the world around. These initiatives are implemented by BASF employees, volunteers, partners and local bodies.

The social initiatives of BASF fall under the aegis of 'Sadbhavana' (empathy) and 'Million Minds' Project. While Sadbhavana focuses on education of children, resource conservation, women empowerment and relief and rehabilitation efforts, the Million Minds Project is a unique program that aims to raise governance standards, educate and encourage youth to take a stand against corruption.



BASF KIDS' LAB

Taking the magic of chemistry across the nation

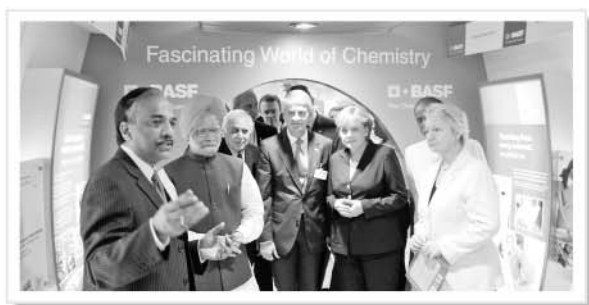
What began as a hands-on experiment session for a few schools in India has today evolved into one of BASF's most engaging touch points with young minds. The inspiring journey of BASF Kids' Lab began in Germany in 1997, arrived in India in 2004 and has connected with over 50,000 young minds across the nation ever since.

BASF Kids' Lab is a truly interactive chemistry lab that inspires the next generation with the magic of chemistry and how it surrounds daily life, through hands-on and interesting chemistry experiments. Over the years, it has made students fall in love with chemistry and has gathered momentum by making its presence felt across schools, events and exhibitions, including the famed Science Express and the BASF Pavilion at Indo-German Urban Mela.

With an aim to create the next generation of science and chemistry aspirants, the journey of BASF Kids' Lab continues.



BASF Kids' Lab has inspired over 50,000 young minds across schools.



BASF Kids' Lab was part of the Science Express, an exhibition aboard a train that travelled 15,000 kms across India, within 217 days and stopped in 57 cities.



BASF Kids' Lab was an integral part of the Company's exhibits at the Indo-German Urban Mela and connected with 8,400 eager kids. This was the first time that water experiments were introduced in India.



BASF Kids' Lab aboard the Science Express was featured in the "Limca Book of Records" for being the first mobile lab to have over 15,000 students performing experiments.



PROMOTION OF WATER, SANITATION & HYGIENE EDUCATION AND WATER QUALITY MONITORING, MANGALORE

The voyage to make a difference

In 2011, BASF charted a course to bring a behavioral change towards water in Mangalore through the Water Education Project that aimed to educate school students regarding water usage and testing.

The way forward included teaching them how to conserve, analyze and purify water by establishing water laboratories and classrooms. This was to meet the larger goal to improve water quality monitoring in the State. Over the next two years, the project gathered momentum and realized its aim to reach out to 5,000 students across 25 schools in Mangalore, and give them access to safe drinking water and sanitation facilities.

The project was successfully steered by the joint efforts of BASF employees, UN-HABITAT, implementation partner 'The Energy and Resources Institute' (TERI) and sponsored by BASF Stiftung (formerly known as BASF Social Foundation).



Eight out of the 25 schools in Mangalore are equipped with 'water laboratories' and two schools have 'water classrooms'.

The refreshing updates

- Safe drinking water facilities have been established in 25 schools.
- Eight out of the 25 schools are equipped with 'water laboratories' to facilitate water quality monitoring.
- Two schools have 'water classrooms' to educate students on water cycle and conservation methods along with water quality testing kits.
- The water quality map of Mangalore will be developed so that test results can be communicated to relevant authorities for follow-up action, if necessary.
- Post a study conducted across these 25 schools, sanitation facilities were provided or repaired wherever needed.



Launch of 'Water Education Project' in Mangalore.



Imparting education on sustainable water management.

COMMUNITY ADVISORY PANEL

Creating pathways to a better life

The journey to change the world starts from home, or as in our case, our neighborhood. We seek to empower and enrich the lives of the communities around our major manufacturing sites by making active contributions through Community Advisory Panel (CAP).

CAP involves key influencers and decision-makers from the community such as doctors, lawyers, retired government officials, principals and teachers from neighboring schools, not-for-profit organizations and BASF employees, who volunteer to support BASF's initiatives.

Together, we undertake initiatives that include sponsoring primary education, empowering women, conducting seminars on health and safety, organizing medical and blood donation camps and imparting skill development training, among others.



SKILL DEVELOPMENT WORKSHOPS FOR WOMEN EMPOWERMENT

Opening up new avenues

We believe that empowering women is not a one-time act, rather it is a journey where you handhold them until they discover the power within. Our Community Advisory Panel empowers women from the neighboring community, which also includes employees' spouses. The Mangalore manufacturing site has organized workshops on tailoring, embroidery, carving, fabric painting, baking and food preservation for women. Women, who are already trained, are now supporting BASF to further extend this initiative.



Articles prepared by spouses of employees in Mangalore were auctioned in the presence of community members.

RELIEF AND REHABILITATION

Bringing life back on track

When a Tsunami hit the southern parts of India in 2004, BASF responded with relief and rehabilitation efforts. We embarked on a long-term strategy to provide sustainable livelihood for Ganapathychettykulam, a village near Pondicherry, in partnership with HOPE Foundation – 'SAVE THE FAMILY' initiative.

The activities included rehabilitation measures for the villagers such as offering fiber-reinforced plastic motorboats, fishing nets and other equipments. In Cuddalore and Nagapattinam, we intensified our rehabilitation efforts by offering sanitation and safe drinking water facilities.



Livelihood packages including boats, fishing nets and accessories were provided to 90 fishermen families.

PROMOTION OF WATER AND SANITATION IN CUDDALORE

Marking a steady course

There were several villages in the interiors of southern India that were in need of well-charted post-tsunami rehabilitation measures.

BASF, together with UN-HABITAT, worked on a water and sanitation project, funded by BASF Stiftung (formerly known as BASF Social Foundation), to provide sustainable relief for victims. Subsequently, affected regions which had not received sufficient aid were identified as beneficiaries.

In 2009, BASF became the main sponsor of a project that aimed to provide access to water and sanitation in three schools and also to the disabled and women headed families.

While UN-HABITAT was the executor of the projects, there were two on-ground implementation partners - Foundation for Ecological Research Advocacy and Learning (FERAL) for water and sanitation projects and Leonard Cheshire Disability (LCD) for the disability project.



74 hand pumps and five community water supply systems were installed as part of the relief and rehabilitation efforts in Cuddalore.

THE DISABILITY RESOURCE CENTRE, CUDDALORE

Changing the tide

Our efforts to bring the residents of Cuddalore in Tamilnadu, back on their feet continued to gather momentum. We ventured further into a realm that needed more than conventional support – the rehabilitation of the disabled – a segment that is often ignored.

Together with UN-HABITAT and Leonard Cheshire Disability (LCD), BASF established a Disability Resource Centre at Saraswati Nagar (Manakkupam Village) in Cuddalore. With BASF Stiftung (formerly known as BASF Social Foundation) as the major contributor, this post-Tsunami project was conceptualized to enrich the lives of the local community, especially the disabled.

Ever since it became operational, the centre has provided community-based rehabilitation, inclusive growth and vocational training. Equipped with orthopedic, speech and physiotherapy facilities, it supports people with disabilities and gives them a platform to come together, engage in productive activities, learn and share.



10-year-old Prathap, born with Cerebral Palsy, gets a standing frame and splints to live a better life.



The Disability Resource Centre has enriched over 2,000 lives.

OTHER MILESTONES

- In 2004, BASF sponsored five scholarships for girls from the remote regions of Ladakh in co-operation with the 'Trust for Empowering Women of Ladakh'.
- BASF Stiftung in partnership with UN-HABITAT extended their relief and rehabilitation efforts to the Koshi flood affected people in Bihar, India and Sunsari district, Nepal, by enabling access to quality water and improving sanitation facilities.



MILLION MINDS PROJECT

Steering the nation to a better tomorrow

As many of us are aware, India has ranked 94th out of 176 countries in Transparency International's Corruption Perceptions Index 2012. This implies that corruption is a major hindrance in the country's progress.

It has been more than a century since BASF became a part of India's growth story. At BASF, integrity is a part of our value system and so is the passion to add value to the nation. This stirred us to launch the 'Million Minds' Project in 2001. An inspiring yet long journey to sensitize over one million minds in India to the importance of good governance, work ethics and fighting corruption in public life. We also undertake several initiatives that encourage and raise the standard of governance across corporate India.

Over the years, the project has touched, inspired and encouraged people across the spectrum – from schools to colleges to boardrooms to bureaucracy and beyond. We believe that a million inspired minds will add more momentum to the progress of the nation as a whole.



CITIZENS' GUIDE TO FIGHTING CORRUPTION

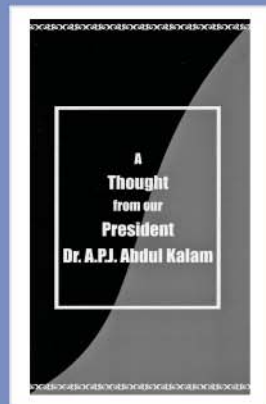
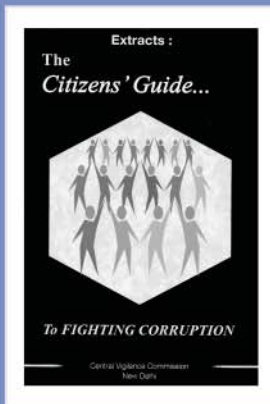
Showing the way

The 'Million Minds' Project started by sensitizing our employees to the evils of corruption through a presentation by Mr. N. Vittal, former Central Vigilance Commissioner and Mr. Sivanandan, the then Joint Director of the Anti-Corruption cell.

This was followed by publishing the booklet, 'Extracts: Citizens' Guide to Fighting Corruption', which was appreciated by Mr. P. Shankar, ex-Commissioner of the Central Vigilance Commission. It focuses on individual integrity, spreading awareness about the harmful effects of corruption and the need for transparency.



Our Fighting Corruption Project has received support from many prominent personalities, including the former President of India, Hon. Dr. A.P.J. Abdul Kalam. He showed a keen interest in the project as well as 'The Citizens' Guide to Fighting Corruption'. He shared his thoughts on the same, which were then compiled and distributed in the form of a leaflet.



RIGHT TO INFORMATION ACT GUIDE

Giving power to the people

In continuance of our goal to bring transparency in public governance, we joined hands with Public Concern for Governance Trust (PCGT) to raise awareness on the Right to Information Act. Subsequently, to reach a broader public, BASF along with PCGT published the booklet 'A Simple Guide to Right to Information Act' in 2005. This booklet is a practical manual that covers the usage, process, tools and implementation of the RTI. It teaches citizens how to obtain information, and thus, fosters more transparency.

GOOD GOVERNANCE ICON SERIES

Leading by example

As we progressed on our path to inspire a million minds, we realized that today's youth need role models, who lead by integrity and walk the talk. This encouraged us to launch 'Good Governance' ICON series in 2007.

The series highlights the achievements of individuals of high integrity, who have raised the governance standards in all walks of life. The leaders who have silently helped build our Nation. It seeks to put forth these icons and their work to encourage the youth to follow their example.

The first ICON was Mr. V. J. Kurian, who served as the Managing Director of Cochin International Airport Limited (CIAL). Under his stewardship, it went on to become the first successful Greenfield project set up in the Public-Private Partnership model. His success story on CIAL was captured in a case study developed by Indian Institute of Management, Kozhikode.

The next ICON was Mr. Julio Ribeiro, India's 'Super Cop', the former Commissioner of Police for Mumbai and recipient of the prestigious Padma Bhushan award, an individual driven by a strong value system and regarded as one of India's best police officers.



Mr. V. J. Kurian - First ICON of the BASF Good Governance Series.





Felicitation of ex-Super Cop and Padma Bhushan recipient, Mr. Julio Ribeiro (left), as BASF's 'Good Governance' ICON.



Mr. Chandran with the Chief Minister of Maharashtra, Hon'ble Shri Prithviraj Chavan at the Bombay Chamber of Commerce & Industry during the release of 'self-audit guidelines for whistle-blower policy'.

SEMINAR SERIES ON CORPORATE GOVERNANCE AND BUSINESS ETHICS

Guiding the future business leaders

As the Million Minds Project gathered momentum, we took it to the next generation – the young students who will lead the business of tomorrow – through the launch of Seminar Series on Corporate Governance and Business Ethics in 2007. We believe that in the current competitive business scenario, Governance and Business Ethics are essential to strengthen the moral fabric and development of any organization and it is important to instill good practices among future corporate citizens, the students on the threshold of corporate India.

The Seminar Series, developed in collaboration with leading academia, is an approximately 20-hour study course that comprises of lectures, training, seminar and case studies that address corporate governance in India as well as ethical dilemmas at workplace.

Since the program's inception, BASF has partnered with various institutions to train more than 300 students on good governance practices and practical aspects of governance and ethical issues.

CORPORATE GOVERNANCE POLICY

Making businesses more transparent

BASF has worked closely with the Expert Committee on Governance of the Bombay Chamber of Commerce & Industry, to draft a 'Code of Ethics' for corporates. BASF is one of the founder signatories to the Code of Ethics which, along with self-audit guidelines for whistle-blower policy, has been presented to the Hon'ble Chief Minister of Maharashtra.

BASF also initiated establishment of 'Ethics Cell' as a part of the Bombay Chamber of Commerce, which aims at supporting Micro, Small and Medium Enterprises to fight corruption issues at an aggregate level.

OTHER MILESTONES

- BASF People Against Corruption (PAC) was established in 2002 – this group of volunteers (BASF employees), take active part in fighting corruption through awareness drives.
- Created a hoarding campaign with CBI (Central Bureau of Investigation), inviting people to join the fight against corruption.
- Partnered 'Public Concern for Governance Trust', to weed out the evils of corruption.
- Organized Essay Writing Competition in Bangalore on 'Fighting Corruption – How do I make a difference'.
- Supported 'Coalition Against Corruption' - a joint campaign comprising of Bangalore-based NGOs that aim to involve citizens in the fight against corruption in government departments and agencies.
- Supported Public Concern for Governance Trust (PCGT) to create 'Citizens Take Charge' in 2008.
- Sponsored a Study on 'Ease of doing business' with SIES College of Management Studies in 2009.

'...and miles to go before I sleep...', these inspiring lines by Robert Frost aptly sum up our passion to enrich the society within which we function through Sadbhavana and Million Minds Project. The years change, but the journey will continue...

“We create chemistry” world tour – Marketplace of Innovations

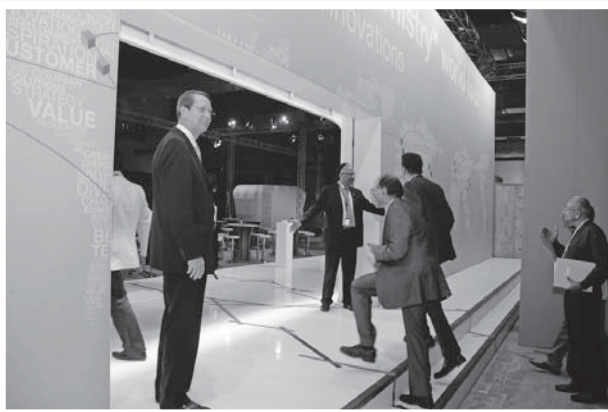
At BASF, we firmly believe that innovation holds the key to future success. The “We create chemistry” world tour – Marketplace of Innovations – demonstrated how we apply our cutting-edge technology to better serve our customers and thereby address future challenges. By showcasing 20 world-class innovations, ranging from organic solar cells to biodegradable plastics, water solutions and sustainable flooring solutions, we have been able to offer our stakeholders an opportunity to learn more about BASF and our innovative offerings to promote sustainability.



At the registration, iPods served as a guide, to share information on exhibits and invite comments.



The look and feel of the exhibition area was well-supported by BASF's innovative chemistry. Invitees sitting on sofas made completely of paper!



A unique entry: To reinforce the theme of “Innovation”, the audiences were surprised to enter into the event area through the stage.



With 20 innovative exhibits, housed in booths made from BASF materials, the company established chemistry as an ‘enabler’ to future challenges.



Guided tours helped BASF demonstrate its scientific and technological expertise and innovations and facilitated dialogue.



An exclusive media preview was organized on the opening day followed by a brief addressal, where the top management spoke of BASF's growth plans for India, backed by an innovations-led approach.

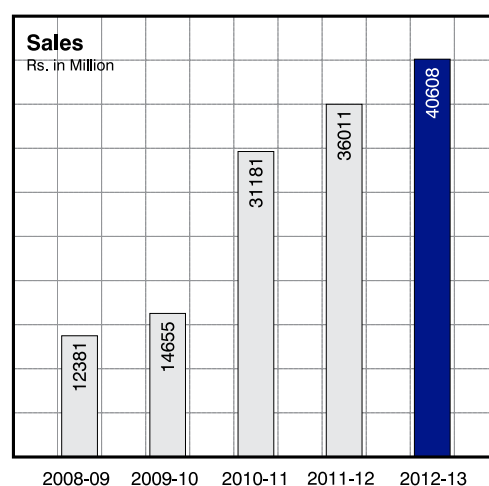
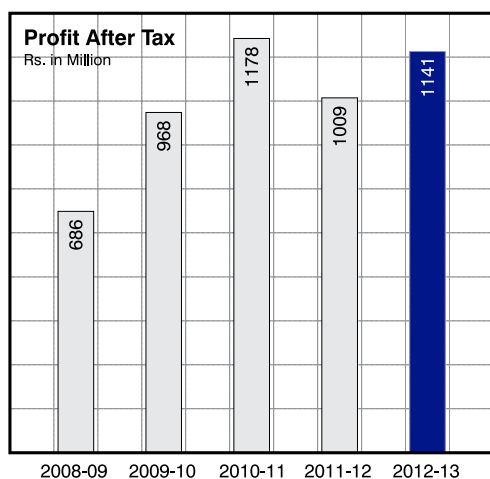
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BASF India Limited Financial Highlights – At a glance

Rs. in Million

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Sales	6533	7402	7716	8750	10306	12381	14655	31181	36011	40608
Profit before tax	513	601	706	781	930	1080	1514	1505	1497	1786
Profit after tax	341	380	454	501	594	686	968	1178	1009	1141
Earning per share (in Rs.)	12.09	13.47	16.11	17.77	21.06	24.35	25.00	27.22	23.30	26.35
Total assets	4046	4138	3986	4594	5246	6509	12677	17944	21935	28057
Borrowings	670	100	13	5	—	—	—	1248	1749	3595
Shareholders' equity	2318	2535	2764	3034	3397	3852	8658	9680	10487	11426
Depreciation	212	244	221	109	136	152	261	464	517	602
Capital expenditure	47	76	143	451	301	408	285	925	1798	3904
Exports	511	564	252	320	373	571	609	2259	2183	2677
R & D cost	16	20	37	48	76	96	80	105	92	105
Personnel cost (Total)	456	486	572	684	817	887	1088	1991	2501	2930
Dividend amount	169	169	197	197	197	197	326	346	173	173
Dividend in %	60	60	70	70	70	70	80	80	40	40
Number of employees	917	833	817	801	836	858	1224	1790	2012	2076
Number of shareholders	32831	29493	29684	33042	29631	25606	44184	42963	41556	40843



The "We create chemistry" world tour - Marketplace of Innovations fostered exchange of ideas on future research topics, in the background of 20 world-class innovations presented by BASF to over 1,200 stakeholders.



BASF showcased its solutions in the areas of mobility, nutrition & health and construction at the Indo-German Urban Mela, part of the year-long initiative "German Year in India".

**We create
chemistry**
that lets cosy
homes love
windy days.



Wind turbines produced with innovative solutions from BASF can withstand high-speed winds and severe weather conditions. Our products help make the production and installation of wind turbines more efficient, as well as making them durable – from the foundations to the very tips of the blades. In this way, we support the development of wind power as a climate-friendly source of energy. When high winds mean clean energy, it's because at BASF, we create chemistry.

www.wecreatechemistry.com

 **BASF**

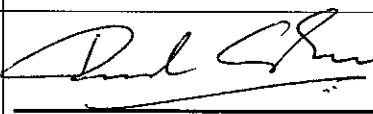
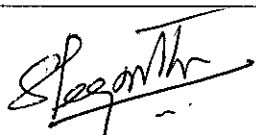

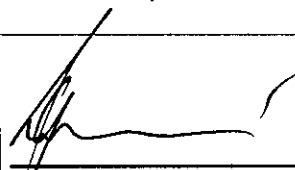
The Chemical Company



The Chemical Company

BASF India Limited, Mumbai - 400 051, India

FORM A
(as per Clause 31 of the amended Equity Listing Agreement)

Sr. No.	Particulars	
1.	Name of the Company	BASF India Limited
2.	Annual financial statements for the year ended	March 31, 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable
5.	Signed by-	
	Chairman and Managing Director, BASF India Limited	 Prasad Chandran
	Vice President-Finance & Corporate Processes, South Asia	 S. Regunathan
	<u>Auditor</u> B S R & Co. Firm's Registration No. 101248W Chartered Accountants	B S R & Co. Firm's Registration No. 101248W Chartered Accountants  Vijay Mathur Partner Membership No. 046476
	Chairman of the Audit Committee of BASF India Limited	 R. R. Nair

BASF India Limited
1st Floor, VIBGYOR Towers,
Plot No: C - 62, 'G' Block,
Bandra Kurla Complex,
Mumbai - 400 051, India

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