64th Annual General Meeting

Tuesday, 12th August, 2008
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

6-7. Special Business

The Notice of the Meeting is enclosed.

BASF India Limited

Registered Office:
RBC, Mahindra Towers,
1st Floor, 'A' Wing,
Dr. G.M. Bhosale Marg, Worli,
Mumbai - 400 018.
Phone : 022-6661 8000
www.basf-india.com

Works

Thane-Belapur Road,
Turbhe, Navi Mumbai - 400 705, Maharashtra.

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

83/2, Demni Village,
Dena Bank Road,
Dadra - 396 191.
Union Territory of Dadra & Nagar Haveli

Branches

Ahmedabad, Chennai, Delhi, Kolkata

Registrar and Share Transfer Agents

Sharepro Services (India) Private Ltd.,
Unit : BASF India Limited,
Satam Estate, 3rd Floor,
Above Bank of Baroda,
Cardinal Gracious Road, Chakala,
Andheri (East), Mumbai - 400 099
Tel. No. : 022-2821 5060, 6772 0360, 6772 0300, 6772 0351, 6772 0353
Fax No. : 022-2837 5646
Email : sharepro@shareproservices.com

Contents

Board of Directors

Mr. Prasad Chandran
Chairman and Managing Director

Dr. Rainer Diercks

Mr. R. Y. Vaidya
Alternate to Dr. Rainer Diercks

Dr. Tilman Krauch

Mr. Deepak Thuse
Alternate to Dr. Tilman Krauch

Mr. Hermann Althoff

Mr. S. Ramnath
Alternate to Mr. Hermann Althoff

Mr. K.R. Coorlawala

Mr. R.R. Nair

Mr. Pradip P. Shah

Mr. R.A. Shah

Executive Committee

Mr. Prasad Chandran

Mr. P.M. Balakrishnan

Mr. M.R. Iyer

Mr. Narayan Krishnamohan

Mr. P. Ganguly

Mr. Sandeep Gadre

Dr. G. Ramaseshan

Mr. S. Ramnath

Mr. Deepak Thuse

Mr. R.Y. Vaidya

Company Secretary

Mr. M.R. Iyer

Auditors

Messrs BSR & Co.,
Chartered Accountants

Solicitors

Messrs Crawford Bayley & Co.
Messrs Udwadia & Udeshi

Bankers

Citibank N.A

Deutsche Bank

HDFC Bank Limited

Standard Chartered Bank

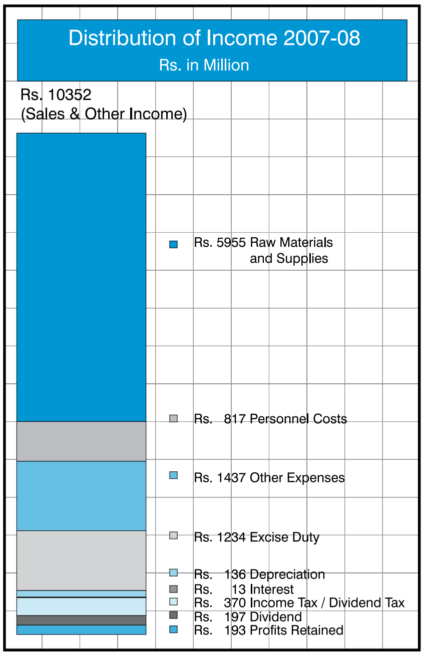
Internal Auditors

Messrs Mahajan & Aibara
Chartered Accountants

Directors' Report

Prime Minister Dr. Manmohan Singh and German Chancellor Dr. Angela Merkel flag off the Science Express on 30th October 2007 at Safdarjung station, New Delhi.

Your Directors have pleasure in presenting their Report for the financial year ended 31st March 2008.



Financial Results

(Rs. in Million)

	Year ended 31.3.2008	Year ended 31.3.2007
Sales	**10305.5**	8749.6
Profit before tax	**930.0**	781.0
Tax	**336.3**	280.1
Profit after tax	**593.7**	500.9
Balance brought forward	**231.0**	225.0
Available for appropriation	**824.7**	725.9
This has been appropriated as follows:		
Proposed Dividend	**197.3**	197.3
Corporate Tax on Dividend	**33.6**	33.6
General Reserve	**329.8**	264.0
Balance carried forward	**264.0**	231.0

Activities

The performance of your Company during the year under report registered an improvement over the previous year. Sales at Rs. 10305.5 million and Profit before tax at Rs. 930 million during the year ended 31st March 2008 represent an increase of 17.8% and 19.1% respectively, over the previous year. This increase was mainly on account of higher capacity utilization, improved operating results of the Agricultural Products, Performance Products and Chemicals businesses.

Profit after tax at Rs. 593.7 million was higher by 18.5% compared to the previous year.

The Agricultural Products business recorded higher sales and profits during the year ended 31st March 2008 mainly due to higher realizations, marketing initiatives and rationalization measures undertaken during the year under report and effective working capital management.

The Performance Products segment which include textiles, dispersions, speciality and leather chemical businesses registered increase in sales, both in volume and value terms. Capacity utilization in all segments of business was higher compared to the previous year. However, margins were under pressure mainly due to increase in input costs.

The Expandable Polystyrene business registered increase in volume and turnover compared to the previous year.

The Chemical business registered improved results, compared to the previous year.

Financial Ratios		
	2007-08	2006-07
Equity vs Total Assets (%)	**64.75**	66.04
Return on Capital Employed (%)	**29.30**	27.38
before interest and taxes		
Profitability of total income (%)	**9.11**	9.06
before interest and taxes		
Current Ratio	**2.38**	2.46
current assets :		
short term liabilities and provisions		
Acid Test Ratio	**1.62**	1.63
short term receivables plus		
cash and cash items:		
short term liabilities and provisions		

The export sales at Rs. 373.3 million during the year under report, represented an increase of 16.6% over the previous year.

Dividend

Your Directors recommend payment of dividend on the equity shares @ 70% (Rs. 7/- per share) for the financial year ended 31st March 2008. The dividend will absorb Rs. 197.3 million.

Finance & Accounts

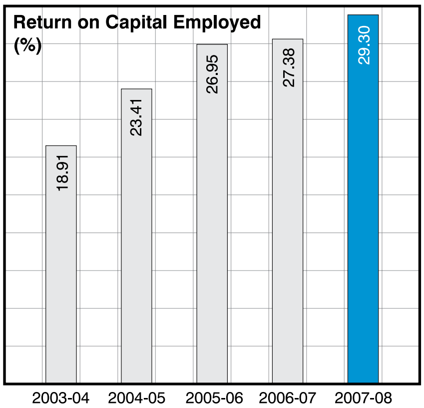
With focus on cash flows and working capital management, your Company continued to restrict the bank borrowing to absolute minimum during the year. Internal cash accruals were effectively used for funding working capital needs and capital expenditure requirements of the Company. This resulted in overall reduction in interest costs for the year under report by 15%.

Capital Expenditure

Capital Expenditure incurred during the year aggregated to Rs. 309.2 million.

Fixed Deposits

Your Company continued to maintain the highest rating of 'FAAA' awarded by CRISIL. Your Company did not accept any fixed deposits during the year under report. There were no overdue deposits except unclaimed deposits of Rs. 0.71 million as at 31st March 2008.



Your Company transferred unclaimed fixed deposit of Rs. 0.26 million during the year to the Investor Education and Protection Fund.

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.

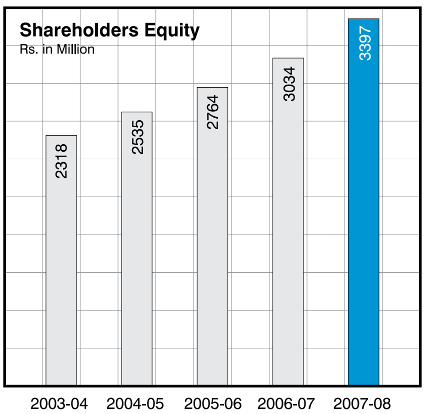
Wholly owned Subsidiary

BASF Polyurethanes India Limited, the wholly owned subsidiary of your Company completed its first full year of operations during the year under report, after commencement of commercial production in June 2006. The Audited Accounts of the Subsidiary and the Auditors' report thereon form part of this Annual Report.

Corporate Governance

Your Company always strived to incorporate appropriate standards for good corporate governance. Your Company has complied with the Corporate Governance requirements as per Clause 49 of the Listing Agreements with the Stock Exchanges.

A separate report on Corporate Governance along with a Certificate of Compliance from the Auditors, forms part of this report.



Directors' Responsibility Statement

Your Directors confirm:

(i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;

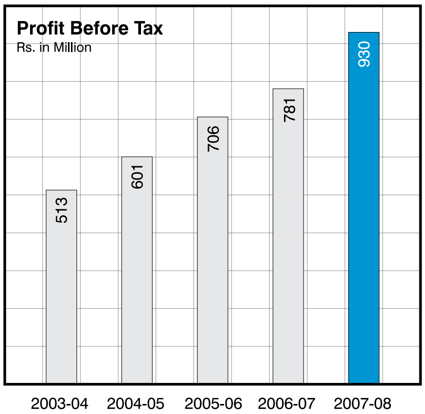
(ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year ended 31st March 2008 and of the profits of your Company for that year;

(iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;

(iv) that the Directors have prepared the annual accounts on a going concern basis.

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

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



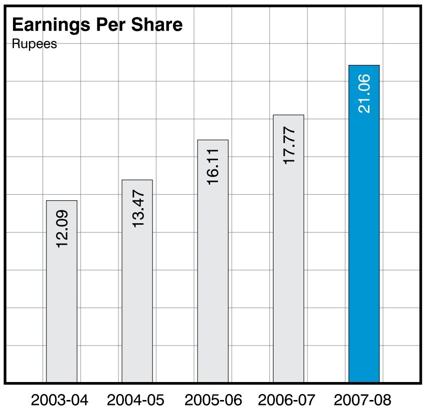
Directors

Mr. R. A. Shah and Mr. R. R. Nair retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Mr. Boon Yeow Yee resigned from the Board effective 16th April, 2008. Your Directors wish to place on record their sincere appreciation of the guidance and valuable advice received from Mr. Boon Yeow Yee in the deliberations of the Board during his tenure as Director.

Consequent upon the resignation of Mr. Boon Yeow Yee from the Board, Mr. S. Ramnath, ceased to be his Alternate Director effective 16th April, 2008.

Mr. Hermann Althoff was appointed as a Director on 16th April, 2008 in the casual vacancy caused by the resignation of Mr. Boon Yeow Yee in terms of Article 108 of the Articles of Association of your Company and Section 262 of the Companies Act, 1956.



Mr. S. Ramnath was appointed as the Alternate Director to Mr. Hermann Althoff, effective 16th April, 2008.

Dr. Raman Ramachandran, who was the Alternate Director to Dr. Rainer Diercks, resigned from the Board effective 16th April, 2008.

Your Board of Directors wish to place on record their sincere appreciation of the guidance and valuable advice received from Dr. Raman Ramachandran in the deliberations of the Board during his tenure as Director.

Mr. R. Y. Vaidya was appointed as the Alternate Director to Dr. Rainer Diercks, effective 16th April, 2008.

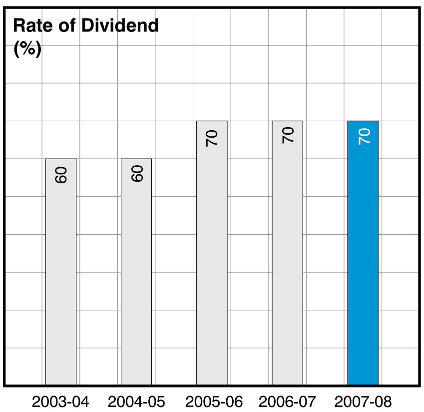
As required under Clause 49 of the Listing Agreement with the Stock Exchanges, the details of Directors seeking reappointment at the ensuing Annual General Meeting is provided in the Corporate Governance Report, forming part of this Annual Report.

Auditors

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

Cost Audit

The Board of Directors in pursuance of an order under Section 233B of the Companies Act, 1956, issued by the Government have appointed M/s. R. Nanabhoy & Co., Cost Accountants, Mumbai as Cost Auditors of your Company for conducting audit of the cost accounts maintained by the Company in respect of Insecticides for the financial year 2008-09.



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, forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to all shareholders, excluding the statement of particulars of employees. Any shareholder interested in obtaining a copy may write to the Company Secretary at the Registered Office of the Company.

Personnel and Welfare

Industrial relations in the Mangalore, Navi Mumbai & Dadra factories remained cordial.

Your Directors express their sincere appreciation for the dedicated efforts put in by all the employees and for their continued contribution for ensuring higher performance of the Company during the year.

General

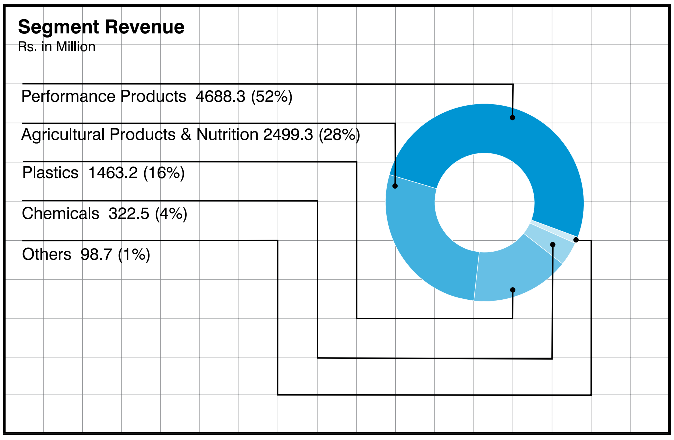
The Consolidated Financial Statements of your Company in this Annual Report are inclusive of the results of its subsidiary, BASF Polyurethanes India Limited.

On behalf of the Board of Directors

PRASAD CHANDRAN
Chairman & Managing Director

Mumbai
Dated : 16th April, 2008.

Dr. Martin Brudermueller, Member of the Board of Executive Directors, BASF SE sharing his thoughts with the management of BASF India Limited.



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 Thane, Mangalore & Dadra.

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

- Installation of a new energy efficient steam boiler.
- Installation of capacitor banks to improve power.
- Installation of energy efficient split and window air-conditioners in place of existing old air-conditioners.
- Incorporating measures for switching equipment as per batch requirement.
- Rationalise process parameters to reduce batch cycle time of certain processes.
- Replacement of old air compressors in a plant by energy efficient ones.
- Reducing working hours by improving machine efficiencies.
- Reduction of energy consumption in a plant by:
  - ❖ Installation of variable speed drives.
  - ❖ Increasing set temperature of air-conditioners to save power.
  - ❖ Reduction in process water consumption in a plant by installation of flow meters at different locations.

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

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

- Introduction of express feeder to rationalize power distribution system.
- Replacement of window air-conditioners with energy efficient CFC free system.
- Recycling of water and post treatment of effluent from a plant.
- Installation of power saving lights.
- Optimize air compressor pressure.
- Installation of steam meters and better traps to rationalise steam consumption.
- Fixing proper nozzle size for reduction of fuel oil consumption.
- Installation of switching facilities to reduce power consumption.

Requisite data in respect of Energy Consumption are given below:

	Current Year 1.4.2007 to 31.3.2008	Previous Year 1.4.2006 to 31.3.2007
(a) Power & Fuel Consumption		
1. Electricity		
(a) Purchased		
Units (in '000 kwh)	**15421**	12988
Total amount (Rs. in million)	**73.96**	61.29
Rate per unit (Rs.)	**4.80**	4.72
(b) Own generation		
• Through diesel generator		
Units (in '000 kwh)	**1205**	2886
Units per litre of oil	**3.22**	3.55
Cost per unit (Rs.)	**11.36**	8.70
• Through Steam Turbine/Generator units		
Units per litre of fuel	**N.A.**	N.A.
Oil/gas		
Cost per unit		

	Current Year 1.4.2007 to 31.3.2008	Previous Year 1.4.2006 to 31.3.2007
2. Coal (specify quality and where used)	**N.A.**	N.A
Qty. (tonnes)		
Total cost		
Average rate		
3. Furnace oil/fuels		
Qty. (k.litres)	**3665**	3473
Total Amount (Rs. in million)	**69.52**	57.71
Average rate (Rs./litre)	**18.97**	16.62
4. 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)	**87**	77
Furnace oil/fuels (litres)	**26**	23
Coal (specify quality)	**N.A.**	N.A.
Others (specify)	**N.A.**	N.A.
Leather chemicals, auxiliaries, pigments tanning and finishing agents including metal complex dyes, acrylic polymers and carboxylated styrene butadiene lattices		
Unit M.T.		
Electricity (kwh)	**275**	294
Furnace oil/fuels (litres)	**42**	50
Coal (specify quality)	**N.A.**	N.A.
Others (specify)	**N.A.**	N.A.
Pesticides		
Unit M.T.		
Electricity (kwh)	**58**	247
Furnace oil/fuels (litres)	**105**	193
Coal (specify quality)	**N.A.**	N.A.
Others (specify)	**N.A.**	N.A.

B. Technology Absorption

RESEARCH & DEVELOPMENT (R&D):

1. **Specific Areas in which R&D was carried out by the Company**.

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

   - Basic Research.
   - Development of new products/formulations.
   - Developing cost effective processes and streamlining existing processes in the areas of agrochemicals, paper chemicals, leather chemicals, textile chemicals and other speciality chemicals/auxiliaries.
   - Support indenting activities.

     The facilities at the R&D Centre were further augmented. Additional research laboratory was set up. A Kilo-scale laboratory was also installed.

     Work on Global Research projects include:

   - Collaborative research with BASF SE in the areas of performance chemicals, intermediates and other organic materials, ionic liquids and metal organic frameworks.
   - New organic chemical intermediates for specific applications.
   - Textile auxiliaries.
   - Isolation of potential pesticides from natural sources.

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

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

3. **Future Plan of Action:**

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

   - Enhancing global collaborative research with BASF SE.
   - Focus on developmental projects for India and the South-Asian region.
   - Further modernizing of R&D facilities.
   - Development of innovative products and processes.

4. **Expenditure on R&D:**

	Rs. in million
(a) Capital	18.1
(b) Recurring	76.4
(c) Total	94.5
(d) Total R&D Expenditure as a percentage of total turnover	1.0%

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 undertake research in the areas including:

   - New organic chemical intermediates for various applications.
   - Process development and scale-up.
   - Textile auxiliaries.
   - Leather auxiliaries.
   - Other speciality 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.

3. **Imported Technology:**

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

   - In 2002 and 2004 for manufacture of new products.
   - In 2004 for manufacture of expandable polystyrene.
   - In 2006 for manufacture of engine coolant.
   - In 2007 for manufacture of performance products.

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

C. **Foreign Exchange Earnings and Outgo**

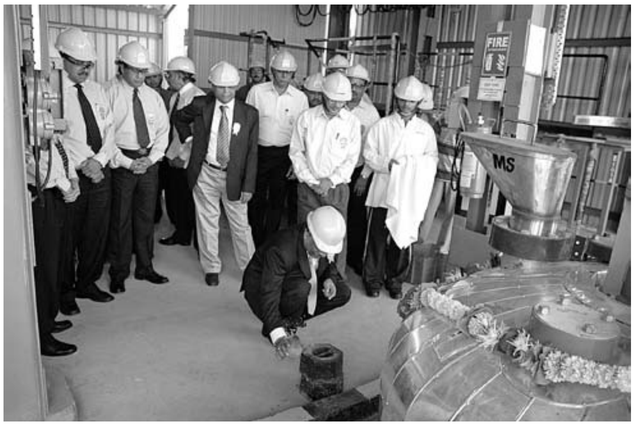
The particulars with regard to foreign exchange earnings and outgo appear on page 44 and 45 of the Annual Report and Accounts.

On behalf of the Board of Directors

PRASAD CHANDRAN
Chairman & Managing Director

Mumbai
Dated : 16th April, 2008.

Management Discussion and Analysis Report



Mr. Prasad Chandran inaugurates the expansion of Styropor Plant the traditional way.

In 2007-08, the Indian economy grew at 8.7%, over and above 9.6% growth achieved in the last fiscal. Over the past few years, Indian manufacturing companies adopted prudent measures to achieve global competitiveness. Hence, despite reduction in import tariffs, the manufacturing sector registered high growth. During the period under review, the manufacturing sector is expected to grow at 9.4% and would be a major contributor to the economic growth together with the service sector. The growth of agricultural sector is expected to be lower at 2.6% compared to 3.8% in the previous year.

The chemical industry's performance during 2007-08 was in line with the manufacturing sector and is expected to grow at 10% during fiscal year 2008-09.

Your Company serves various end-use industries, besides agriculture. Hence growth of end-use industries is vital for its performance. Most of the end-use industries registered healthy growth in 2007-08.

All these indicators are expected to result in higher demand for chemical products. The outlook for the chemical industry is encouraging.

Plastics

The plastics business comprise of expandable polystyrene (Styropor) and performance polymers (engineering plastics).

Styropor is primarily used in the areas of packaging and insulation. The major end-user in the packaging segment include consumer electronics, white goods, fruits and vegetables export packaging. In the insulation segment, consumers include cold storages and buildings requiring air conditioning.

Performance plastics are primarily used in the automotive, electrical switchgear & accessories and barrier films for packaging.

Electronics and consumer durable packaging is a major customer segment. The consumer durable industry has shown a healthy growth this year, linked with growth in the high-end categories. The demand for consumer electronics in the non-metro markets, new technology and a range of newer products encouraged consumers to upgrade their product.

Low import duties and underutilized capacities in South East Asia could reduce margins. The volatile raw material prices and strong competition is expected to be a feature of the plastics business. Also a strong rupee could impact margins.

During the year, the Company undertook the project to revamp the Styropor plant for expanding the capacity from 20 Kt to 30 Kt per annum, and also upgraded the process. The upgraded facility was commissioned in February 2008. The new process will offer processing efficiencies to our customers & molders.

Despite stiff competition, the Plastics business recorded significant increase in sales.

Performance Products

The performance products business of the Company include performance chemicals and functional polymers. The performance chemicals business cater to the requirement of a wide spectrum of industries including textile, leather, plastics and coatings, detergent formulators, automobile and oil. During the year under report, the textile, leather, automotive and plastic industries showed steady growth.

Dr. Tilman Krauch, President, Regional Functions and Country Management Asia Pacific inaugurates the Application Center for Functional Polymers in Mangalore.

The leather industry witnessed establishment of dedicated leather and leather product parks in the country. Global demand at the retail level was weak and the appreciating rupee discouraged long term contracts in leather industry. The prices of raw materials and its availability was of concern and the entry of medium and small companies made the competition intense in the market place.

Our Beam house systems were well received by the market resulting in good growth in this segment. The Fashionova range of finished products was introduced during the year.

The South Asia Technical Centre for Leather was set up at the Navi Mumbai factory to meet the technical requirements of the market and the facility was well utilised. Imports of finished leather are expected to grow, due to demand for good quality leather and the appreciation of rupee.

Turnover and volume of leather chemicals grew significantly compared to previous year.

The Indian textile chemicals market comprise of diverse players in terms of size, from single product suppliers to suppliers who offer chemicals for the entire value chain along with additional services such as specialized fabric testing and certification services. The market is growing at around 5%. The major players in the industry have gone in for forward integration and ventured into retailing segment to cash in on the boom witnessed in domestic retail segments. The industry also witnessed changes including introduction and strengthening of strict environmental norms, revision of restrictive substance list, strict compliance on safety and health standards with certification from recognized authorities. The global currency dynamics affected the earning and performance of some of the processing mills engaged in exports.

Substantial growth was registered in finishing, pretreatment and printing businesses. The new segment coating auxillaries, witnessed a healthy growth over last year.

New opportunities opened up in the following segments – Home textiles, technical textiles, textiles with performance finish such as water repellents, stain repellents, anti bacterials. Textile coatings also were in demand due to its specialized property of imparting functional and aesthetic appeal.

Textile industry faces a major threat of increasing inputs costs. On the chemicals front, the raw material input cost have shot up compared to last year. This surge in input costs resulted in decrease in margins of various companies, especially in dyes and pigment segment.

In 2008 the impact of the falling dollar continued to be very severe in the market. Increased investments and upgradation of technology is expected in the processing sector. The processors have started addressing EU markets and domestic market driven by retail sector.

Some of the risks & concerns facing textile industry include overcapacities in some segments, low productivity of labour, increasing compliance costs and some of the units competing on volumes rather than on niche areas or on value added segments.

The functional polymers viz; dispersion chemicals cater to a wide range of industries that include paper, construction, paints and adhesives.

During the year new investments were made by major producers in the paint and paper industries. Global players from the paint industry demonstrated keen interest and commitment to the Indian market by making fresh investments.

With the thrust on infrastructure development and high growth observed in the real estate sector, both commercial and residential segments, significant growth was witnessed in the construction and paint industry during the year. Our customers, the construction chemical companies, including paint companies, participated in this boom and showed good growth.

The major customers in the paper industry expanded production capacities and kept pace with the growing demand. Demand for paper rose mainly in packaging applications and printing applications.

BASF as a leading supplier of products to the paper industry is well placed to meet the growing needs of the Indian paper industry, with its expanded capacity and innovative product range.

While the overall sentiment for the business is positive, rising input costs is a major challenge for this business.

In anticipation of the growing demand, the Company expanded its dispersion capacity and set up a technical application laboratory for architectural coatings at Mangalore, in the previous year.

New products were launched in paper and architectural coatings.

With regard to the business of speciality chemicals viz; coatings, plastics, specialities, the Company introduced "Uvinul" the UV stabilizer for automobiles for improved performance. High performance pigments for decorative coatings were introduced.

Sales of performance chemicals to detergents and formulators grew significantly. The new eco friendly norms introduced globally and compliance to the REACH requirements resulted in better awareness for eco friendly surfactants, specially in the textile industry.

Dr. Markus Kramer, President Functional Polymers and Dr. Tom Witzel, Group Vice President at the Customer Dinner in Mangalore, celebrating the expansion of the Dispersions Plant.

The speciality chemicals business reported increase in sales quantity and turnover, compared to the previous year.

Chemicals

The chemicals business include organic and inorganic chemicals, petrochemicals and intermediates. The chemicals supplied by BASF Group cater to the requirement of a wide range of user industries including crop protection, pharma, food and feed, plastics and fibers, refining, coatings etc. These industries produce industrial and consumer products in the primary and secondary sectors.

The pharmaceutical industry, one of the key industry segments serviced by the business, registered strong growth in most segments. BASF's products were used as intermediates in pharmaceutical products.

Intermediates supplied to food business registered strong growth and raw materials to the feed industry grew steadily compared to previous year. Coatings and plastics industry registered growth due to increased construction activity and growth in automobile segment. Consumption of intermediates in the chemical industry registered marginal growth. There was increased export activity by agrochemical manufacturers which helped in development of new agro-intermediates being applied in formulations and technical grades. Leather and dyes intermediates consumption remained stagnant on account of slow growth in this segment.

A number of initiatives were taken by the intermediates division for ensuring best practices followed within BASF. Product stewardship programmes to ensure safe transportation, handling and use of chemical intermediates were carried out with many customers.

The Chemical business witnessed improved results compared to the previous year.

Agricultural Products and Nutrition

The Agricultural products business include agrochemicals like insecticides, herbicides, weedicides, fungicides and specialities. Agriculture sector is estimated to have grown at 2.6% during the year under report. Food grain production in 2007-2008 estimated at 219 million tons, registered increase compared to the previous year. 15 States and 5 Union Territories amended the Agicultural Produce Marketing Committee Act till date. Taking advantage of this amendment different models for retail distribution are being undertaken by a growing number of corporates. These developments would result in giving maximum benefits to the growers.

Normal monsoon in 2007 propelled the crop protection business to record good growth over the previous year. Coupled with strong commodity prices, this led to positive industry sentiments. Record production levels of soybeans, cotton and pulses was achieved during the year under review.

The agro chemicals industry witnessed strengthening of sectoral growths in fungicides & herbicides, where the company is well represented in some key crops like fruits, vegetables, soybeans, cumins. Non-availability of labour for manual weeding drove the growth in herbicides. In the case of fungicides, the accent was on the quality of produce which resulted in healthy growth of the business. The insecticides market continues to languish due to the impact of Bt cotton. The branded speciality market is responding well to the various measures initiated by the business.

With the Government`s continued commitment to safeguard intellectual property rights and the steps initiated to provide Data Protection, the business environment for Research & Development based agrochemical companies like BASF remain favorable.

Agriculture Product business continued its profitable growth in 2007-2008 by implementing new initiatives and consolidating the measures adopted in 2006-2007, which include continued and intensive field work, new marketing initiatives to generate demand at the farmer level and effective working capital management. The business continued to invest in pre-marketing activities for launch of new products. Turnover and net realizations in agrochemicals increased significantly compared to the previous year. Exports during the year was marginally higher compared to the previous year.

The Nutrition business has a product range that include vitamins for human and animal nutrition, actives and excipients for pharmaceuticals, aroma chemicals and ingredients for the cosmetic industry.

Changing consumer lifestyle, economic growth, greater purchasing power of consumers are driving the innovation and growth in the cosmetic industry.

BASF is benefiting from these initiatives, with its capability to meet the emerging demands of customers.

The nutrition business has strengthened its position in the pharmaceuticals, excipients and cosmetic solutions market. New business opportunities were identified with emphasis on vitamins, cartenoids, enzymes and organic acids.

The Nutrition business registered higher income compared to the previous year.

Technical Management

The efforts for optimum asset utilisation at all manufacturing sites continued during the year under report. This ensured optimal utilization of manpower and resources optimization. These steps coupled with energy conservation measures undertaken by the Company, resulted in cost reduction, high yield, lower batch cycle time, better quality products and enhanced capacities. These measures also led to reduction in pollution load, thereby serving the cause of environmental protection and sustainable development.

At Navi Mumbai factory, a number of technical initiatives and energy conservation measures were implemented.

The Mangalore factory continued to work efficiently and achieved record production in dispersions. The dyes plant worked at optimum efficiency and production of Eukesolar products was stabilised. The dispersions plant, since capacity expansion, is running efficiently.

Safety, Health and Environment management continued to receive priority at all the sites.

Industrial relations in Navi Mumbai, Mangalore and Dadra factories continue to remain cordial.

Research and Development

The ISO 9000 and 9014 certified Research & Development Centre at Navi Mumbai, underwent expansion and a new laboratory equipped to undertake basic research and process development work, was added. A Kilo lab was inaugurated in January 2008, enabling the research group to scale up new products and processes for testing and development in technical applications.

Internal Control Systems and their Adequacy

The Company has established proper and adequate system of internal control to ensure that all resources are put to optimum use and are well protected against loss and all transactions are authorized, recorded and reported correctly. The Company's internal control systems are supplemented by an extensive programme of internal audit by an independent firm of Chartered Accountants. In line with the BASF group policies, the group internal auditors also perform audits in specific areas of operations.

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

Developments in Human Resources and Industrial Relations front

The following were some of the initiatives undertaken during the year under report.

- The SAP HR ERP system was successfully introduced & an employee and management self service portal introduced for speeding up HR processes.
- An online performance management system was introduced in the Company. This enabled speedy and transparent performance review process in the organization.
- Retention of talent remained a challenge during the year. Numerous leadership and functional training programmes such as “Development Centre”, were carried out during the year. Towards this objective the BASE & LEAD programmes have been started this year for new Graduate Engineer Trainees & Management Trainees.

- Industrial relations were cordial at all the sites of the Company during the year under report.
- Long term settlement was arrived at the Mangalore site.
- 52 employees of the organization received Long Service Awards during the year.

The Company employed 836 persons as on 31st March 2008.

On behalf of the Board of Directors

PRASAD CHANDRAN
Chairman & Managing Director

Mumbai
Dated : 16th April, 2008.

Dr. Andreas Kreimeyer, Research Executive Director and Member of the Board of Executive Directors, BASF SE hands over the BASF R&D Fund to National Organic Symposium Trust.

Report on Corporate Governance

Dr. Indu Shahani, Principal HR College & Sheriff of Mumbai and Mr. Prasad Chandran handing over the BASF award for securing highest marks in the Seminar Series for Corporate Governance and Business Ethics conducted by BASF.

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 GOVERNANCE

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

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

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

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

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

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

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

2. BOARD OF DIRECTORS AS ON 16TH APRIL, 2008

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	April 2, 2000 (re-appointed on 2nd April 2005)	Chairman & Managing Director	6	6	1	NIL
Mr. Deepak Thuse, Alternate to Dr. Tilman Krauch	January 23, 2006	Chief Executive — Plastics	6	6 $	1	NIL
Mr. S. Ramnath, Alternate to Mr. Boon Yeow Yee	April 1, 2006	Chief Executive — Finance & Information Technology	6	6 $	1	1
Dr. Raman Ramachandran, Alternate to Dr. Rainer Diercks	April 1, 2006	Chief Executive — Agricultural Products	6	4 $	NIL	NIL

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

$ Were present at the Meeting held on 31st July, 2007 as invitees.

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
Dr. Tilman Krauch	April 17, 2006	Director	6	1	1	NIL
Dr. Rainer Diercks	January 23, 2006	Director	6	1	1	NIL
Mr. Boon Yeow Yee	April 21, 2004	Director	6	1	NIL	NIL

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Name	Date of Appointment	Designation	No. of Meetings held during the Last Financial Year	No. of Meetings Attended	Number of Memberships in Boards of Other Companies*	No. of Memberships/ Chairmanships in other Committees
Mr. K. R. Coorlawala	February 10, 1975	Director	6	4	1	Membership – 1 Chairmanship – Nil
Mr. Pradip P. Shah	January 31, 2000	Director	6	6	13	Membership – 5 Chairmanship – 3
Mr. R. A. Shah	April 25, 1968	Director	6	4	14	Membership – 4 Chairmanship – 5
Mr. R. R. Nair	March 30, 2001	Director	6	6	3	Membership – Nil Chairmanship – 1

* 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 alongwith the dates of the meetings:**

  Six Board Meetings were held during the year 2007-08. The dates on which the said Meetings were held are as follows:

  (1) Monday, 9th April, 2007   (2) Wednesday, 6th June, 2007
  (3) Friday, 20th July, 2007   (4) Tuesday, 31st July, 2007
  (5) Tuesday, 23rd October, 2007   (6) Friday, 18th January, 2008

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

M/s. K. R. Coorlawala, R. A. Shah, Pradip P. Shah and R. R. Nair, 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.

Dr. Tilman Krauch, Dr. Rainer Diercks and Mr. Boon Yeow Yee were not paid any commission during the financial year 2007-08. Dr. Tilman Krauch, Dr. Rainer Diercks and Mr. Boon Yeow Yee 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 comprising of three independent non-executive Directors viz. Mr. K. R. Coorlawala as Chairman, Mr. R. A. Shah and Mr. Pradip P. Shah as Members and Mr. M. R. Iyer as Secretary of the Committee. Mr. S. Ramnath, Chief Executive, Finance & Information Technology was nominated as a Permanent Invitee on 25th September, 2001. Mr. R. R. Nair was appointed as the Chairman of the Audit Committee, by the Board of Directors on and from 12th July, 2006 in place of Mr. K. R. Coorlawala. The constitution of Audit Committee also meets with the requirements of Section 292A of the Companies Act, 1956.

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

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

- Recommending to the Board, the appointment, re-appointment and if required, replacement or removal of statutory auditor, fixation of audit fees and also approval for payment for any other services.
- Reviewing with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval, 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.
- Reviewing the following information
  - ❖ Management discussion and analysis of financial condition and results of operations.
  - ❖ Statement of significant related party transactions submitted by the management.
  - ❖ Management letters/letters of internal control weaknesses.
  - ❖ Internal Audit reports relating to internal control weaknesses.
  - ❖ Financial statements, in particular, the investments made by the unlisted Subsidiary Company.
  - ❖ Appointment, removal & terms of remuneration of the Chief Internal Auditor.
- Reviewing with the management, performance of statutory and internal auditors and the adequacy of the internal control systems.
- Reviewing 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.
- Discussion with the internal auditors on any significant findings and follow up thereon.
- Reviewing 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.
- Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- Reviewing the Company's financial and risk management policies.
- Looking into the reasons for substantial defaults, if any, in the payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

  Audit Committee meetings were held on 9th April, 2007, 6th June, 2007, 20th July, 2007, 23rd October, 2007 and 18th January, 2008 during the financial year 2007-08. Mr. R. R. Nair and Mr. Pradip Shah, Members of the Committee, Mr. S. Ramnath, Permanent Invitee and Mr. M. R. Iyer, Secretary of the Committee were present at all the meetings. Mr. K. R. Coorlawala, Member of the Committee, was not present at the meeting held on 18th January, 2008. Mr. R. A. Shah was not present at the meetings held on 6th June, 2007 and 18th January, 2008. The Statutory Auditors, Cost Auditors and Internal Auditors, as needed, were invitees to the meetings.

4. REMUNERATION

- **Remuneration Committee**

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

  The remuneration of non-executive Directors is decided by the Board of Directors of the Company within the limits approved by the Members.
- **Criteria for payment of remuneration to the Non-Executive Directors**

  The remuneration to Non-Executive Directors comprises of fixed commission. The criteria for payment of commission is the time spent by the Non-Executive Directors 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 2007-2008.

(a) EXECUTIVE DIRECTORS

(Amount in Rupees per annum)

Remuneration	Mr. Prasad Chandran	Mr. Deepak Thuse	Mr. S. Ramnath	* Dr. Raman Ramachandran	Total #
Salary & Benefits@	1,11,30,755/-	41,43,174/-	47,07,242/-	47,15,554/-	2,46,96,725/-
Performance Linked Incentive	56,03,000/-	10,28,180/-	11,30,070/-	11,30,070/-	88,91,320/-
Total	1,67,33,755/-	51,71,354/-	58,37,312/-	58,45,624/-	3,35,88,045/-

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

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

The agreements in respect of Mr. Prasad Chandran, Chairman and Managing Director, Mr. Deepak Thuse (appointed w.e.f. 23rd January, 2006), Mr. S. Ramnath (appointed w.e.f. 1st April, 2006) and Dr. Raman Ramachandran, (appointed w.e.f. 1st April, 2006), Whole-time Directors, are for a period of five years. Either of the parties to these agreements is entitled to terminate the agreements by giving six months' notice in writing.

* Dr. Raman Ramachandran ceased to be a wholetime Director w.e.f. 16th April, 2008.

The agreement in respect of Mr. R. Y. Vaidya (appointed w.e.f. 16th April, 2008), Whole-time Director, is for a period from 16th April, 2008 to 31st August, 2010.

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

(b) INDEPENDENT NON-EXECUTIVE DIRECTORS

The Commission due to the independent non-executive Directors for the financial year ended 31st March, 2008 is as follows:

Mr. K. R. Coorlawala	Mr. R. A. Shah #	Mr. Pradip P. Shah	Mr. R. R. Nair
Rs. 5,00,000/-	Rs. 5,00,000/-	Rs. 5,00,000/-	Rs. 5,00,000/-

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 2007-08.

5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

The Board of Directors of the Company constituted a Shareholders'/Investors' Grievance Committee on 1st March, 2001 currently comprising of Mr. K. R. Coorlawala as Chairman, Mr. Prasad Chandran and Mr. S. Ramnath as Members.

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 Board has designated Mr. M. R. Iyer, Chief Executive, Legal & Company Secretary as the Compliance Officer.

The Company has a Share Transfer Committee comprising of Mr. Prasad Chandran as Chairman, Mr. K. R. Coorlawala and Mr. S. Ramnath as members which approves 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.

During the year, 8 complaints were received from the shareholders and these have been resolved to date.

Outstanding complaints as on 31st March, 2008 were Nil.

There was 1 request for dematerialization/transfer of shares pending as on 31st March, 2008.

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, 2008, was placed before the Board at its meeting held on 16th April, 2008.

6. GENERAL BODY MEETINGS

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. Tuesday 31st July, 2007 at 3.00 p.m.
2. Thursday 10th August, 2006 at 3.00 p.m.
3. Friday 5th August, 2005 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.

Attendance of Directors at AGM during the last financial year:

31st July, 2007 (AGM) All Directors except Mr. K. R. Coorlawala were present.

7. DETAILS OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT

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

- 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 is also the Chairman/Vice Chairman/Director of the following public limited companies viz.

1.	Godfrey Phillips India Limited (Phillip Morris affiliate)	Chairman
2.	Clariant Chemicals (India) Limited (Formerly known as Colour Chem Limited)	Chairman
3.	Pfizer Limited	Chairman
4.	Colgate Palmolive India Limited	Vice Chairman
5.	The Associated Cement Companies Limited	Director
6.	Abbott India Limited (Formerly known as Knoll Pharmaceuticals Ltd.)	Director
7.	Asian Paints (India) Limited	Director
8.	The Bombay Dyeing and Mfg. Co. Ltd.	Director
9.	Deepak Fertilizers & Petrochemicals Corp. Ltd.	Director
10.	Lupin Limited	Director
11.	Nicholas Piramal India Limited	Director
12.	Procter & Gamble Hygiene & Healthcare Ltd.	Director
13.	Wockhardt Limited	Director
14.	Century Enka Limited	Director
15.	Atul Limited	Alternate Director
16.	BASF Polyurethanes India Limited	Alternate Director
17.	Modicare Limited	Alternate Director
18.	RPG Life Science Limited	Alternate Director
19.	Schrader Duncan Limited	Alternate Director
20.	Uhde India Limited	Alternate Director

  Presently, Mr. R. A. Shah is also the Chairman/Member of the following Audit Committees of public limited companies viz.,

1.	Pfizer Limited	Chairman
2.	Colgate Palmolive (India) Limited	Chairman
3.	The Bombay Dyeing & Mfg. Co. Ltd.	Chairman
4.	Nicholas Piramal India Ltd.	Chairman
5.	Clariant Chemicals (India) Limited (Formerly known as Colour Chem Limited)	Chairman
6.	Abbott India Limited (Formerly known as Knoll Pharmaceuticals Ltd.)	Member
7.	Procter & Gamble Hygiene & Healthcare Ltd.	Member
8.	Century Enka Ltd.	Member
9.	Wockhardt Limited	Member

- Mr. R. R. Nair has been a Director on the Board of the Company since March 2001. Mr. R. R. Nair is also the Chairman of the Audit Committee of the Company. Mr. Nair holds a Masters degree in Psychology and ranked first in the University of Kerala. He also holds a post Master's diploma in Industrial & Personnel Management and a diploma in Advanced Personnel Management. He is an alumni of Stanford & Michigan Universities and has specialized in the field of personnel management, human resources and organization development. Mr. Nair has worked as Selection & Training Manager in Hindustan Lever Limited, a subsidiary of Unilever Corp. in 1973.

Mr. Nair contributes to teaching efforts at the Indian School of Business, Hyderabad, Indian Institute of Management, Bangalore, National University of Singapore and Hindustan Lever Limited's Management Training Centre. He was selected for the National Award by the National Human Resource Department (NHRD) Network for outstanding contribution to the HR profession. He was also conferred the Life-time Achievement award by NHRD.

Presently, Mr. R. R. Nair is also the Director of the following public limited companies:

1.	Union Bank of India	Director
2.	TVS Electronics Limited	Director
3.	BASF Polyurethanes India Limited	Director

Presently, Mr. R. R. Nair is the Chairman of the Audit Committee of BASF Polyurethanes India Limited.

- Mr. Hermann Althoff has studied Business Administration (Betriebswirtschaft) at the Mannheim University, Germany. Mr. Althoff joined BASF SE's Fiber Polymers Division in 1992 as Marketing Manager. In 2001, he became Director, Polyamides & Intermediates, Asia Pacific and in 2004, became Director, Global Supply Chain Management, Polyamides & Intermediates. Presently, Mr. Althoff is the Group Vice President, Engineering Plastics, Asia Pacific. Mr. Hermann Althoff is appointed as a Director of the Company and is also a Director of BASF Polyurethanes India Limited, a wholly-owned subsidiary of the Company, effective 16th April, 2008 in casual vacancy caused by the resignation of Mr. Boon Yeow Yee. Mr. Althoff does not hold any Committee Membership in other Companies. Mr. Althoff does not hold any shares of the Company.

- Mr. R. Y. Vaidya is a B.E. (Mechanical) from Government College of Engineering, Ahmedabad. He is designated as the Chief Executive-Manufacturing and has been in the employment of the Company since 14th March, 1997. Mr. Vaidya has valuable experience of over 34 years, in manufacturing, projects and technical management. Presently, Mr. Vaidya is appointed as an Alternate Director to Dr. Rainer Diercks in the Company and in its wholly-owned subsidiary, BASF Polyurethanes India Limited effective 16th April, 2008. Mr.Vaidya does not hold any Committee Membership in other Companies. Mr. Vaidya holds 100 equity shares of Rs.10/- each, in the equity share capital of the Company.

  The 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. 21 of Schedule 20 to the Accounts in the Annual Report.

(b) During the last three years, there were no strictures or penalties 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

An analysis of the Company's risks covering, strategic (business), financial, legal & compliance risks as perceived by the management are being made and reviewed. Appropriate measures for mitigating these risks are being initiated.

(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'/'Financial Express' (in English), 'Maharashtra Times'/'Tarun Bharat' (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.basf-india.com.

- EDIFAR filing:

  As required under clause 51 of the Listing Agreements with Stock Exchanges, all data relating to quarterly financial results, shareholding pattern etc. are being electronically filed on the EDIFAR web site, www.sebiedifar.nic.in within the timeframe prescribed in this regard.

10. GENERAL SHAREHOLDERS INFORMATION

(a) The Annual General Meeting of the Company will be held on Tuesday, 12th August, 2008 at 3.00 p.m. at Yashwantrao Chavan Pratishthan Auditorium, Y. B. Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai-400 021.

(b) The Company's financial year begins on 1st April and ends on 31st March.

Financial Calendar —	Results for quarter ending June 30, 2008	5th week of July, 2008
	Annual General Meeting	12th August, 2008
	Results for quarter ending September 30, 2008	2nd/3rd week of October, 2008
	Results for quarter ending December 31, 2008	2nd/3rd week of January, 2009
	Results for the year ending March 31, 2009	2nd/3rd week of April, 2009

(c) Date of book closure: 4th August, 2008 to 12th August, 2008 (both days inclusive) for the purposes of Annual General Meeting and payment of dividend.

(d) Dividend payment date: 16th August, 2008.

(e) Listing on Stock Exchanges: The equity shares of the Company are listed on The Stock Exchange, Mumbai (BSE) and The National Stock Exchange of India Limited (NSE). The Company has paid the annual listing fees for the financial year 2008-09 to both the Stock Exchanges.

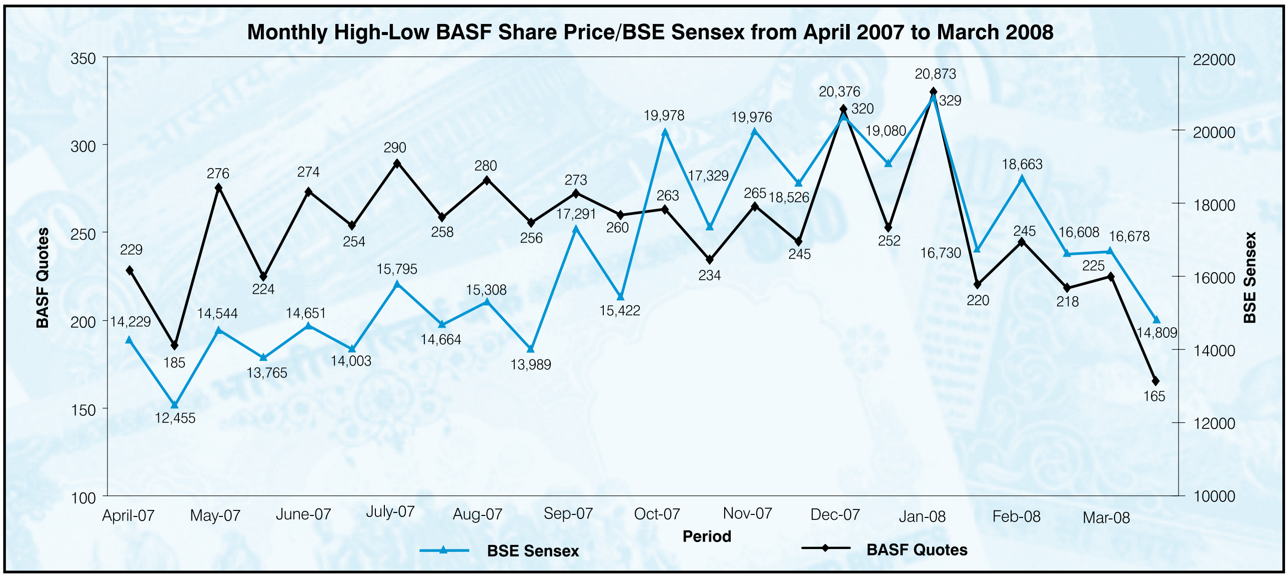
(f)

Stock Code	:	500042
SYMBOL	:	BASF
Demat ISIN No. in NSDL	:	INE373A01013
Demat ISIN No. in CDSL	:	INE373A01013

(g) Market Price Data: High/low market price of the Company's equity shares traded on The Stock Exchange, Mumbai and the National Stock Exchange of India during each month in the last Financial Year ended on 31st March, 2008 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 2007 TO MARCH 2008

AT BSE			AT NSE		
MONTH	HIGH (DATE)	LOW (DATE)	MONTH	HIGH (DATE)	LOW (DATE)
April	228.50 (23.04.2007)	185.40 (03.04.2007)	April	229.45 (23.04.2007)	185.00 (03.04.2007)
May	276.10 (28.05.2007)	224.30 (07.05.2007)	May	275.75 (28.05.2007)	222.60 (07.05.2007)
June	273.50 (05.06.2007)	253.55 (06.06.2007)	June	273.70 (05.06.2007)	253.40 (06.06.2007)
July	289.90 (18.07.2007)	258.35 (05.07.2007)	July	290.00 (18.07.2007)	259.00 (05.07.2007)
August	280.40 (07.08.2007)	255.60 (22.08.2007)	August	261.25 (07.08.2007)	256.15 (23.08.2007)
September	272.50 (04.09.2007)	251.80 (17.09.2007)	September	272.20 (04.09.2007)	253.05 (17.09.2007)
October	263.10 (01.10.2007)	234.25 (22.10.2007)	October	264.10 (01.10.2007)	233.90 (19.10.2007)
November	265.40 (19.11.2007)	244.60 (22.11.2007)	November	285.10 (19.11.2007)	244.00 (05.11.2007)
December	320.15 (31.12.2007)	252.10 (04.12.2007)	December	319.80 (31.12.2007)	252.35 (04.12.2007)
January	329.45 (04.01.2008)	220.00 (22.01.2008)	January	328.40 (04.01.2008)	220.15 (22.01.2008)
February	245.05 (04.02.2008)	218.40 (12.02.2008)	February	245.35 (04.02.2008)	217.25 (12.02.2008)
March	224.90 (03.03.2008)	164.95 (24.03.2008)	March	227.00 (03.03.2008)	165.20 (24.03.2008)



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

Registered Office

Sharepro Services (India) Private Ltd.,
Unit : BASF India Limited,
Satam Estate, 3rd Floor, Above Bank of Baroda,
Cardinal Gracious Road, Chakala, Andheri (East),
Mumbai-400 099.

Tel. No. : 022-2821 5060, 6772 0360, 6772 0300, 6772 0351, 6772 0353

Fax No. : 022-2837 5646

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. : 022-6613 4700, 2288 4527, 2288 1568/69

Fax No. : 022-2282 5484

Email : sharepro@shareproservices.com

The details of contact persons of Sharepro are as follows:

Name	Phone No.	Fax No.
Mr. G. R. Rao	022-2821 5060/2821 5169	022-2837 5646
Mrs. Indira P. Karkera/Mr. Gopal	022-6772 0360/6772 0300	022-2837 5646

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

(j) The distribution of shareholdings of the Company as on 31st March, 2008 was as follows:

Category (No. of shares)	No. of shareholders	Percentage	No. of shares	Percentage
1 – 500	26,844	90.59%	24,20,893	8.59%
501 – 1000	1,445	4.88%	11,15,467	3.96%
1001 – 2000	728	2.46%	10,56,432	3.75%
2001 – 3000	261	0.88%	6,59,738	2.34%
3001 – 4000	81	0.27%	2,86,421	1.02%
4001 – 5000	77	0.26%	3,57,853	1.26%
5001 – 10000	125	0.42%	8,70,774	3.09%
10001 and above	70	0.24%	2,14,22,570	75.99%
Total	29,631	100.00%	2,81,90,148	100.00%

(k) The shareholding pattern of the Company as on 31st March, 2008 was as follows:

Category	No. of shares	% of total capital
Foreign Promoters	1,48,53,020	52.69%
Directors and relatives of Directors	195	0.00%
NRIs, OCBs and FIIs	7,52,623	2.67%
Financial Institutions and Mutual Funds	47,24,030	16.76%
Nationalised and other Banks	26,804	0.10%
Domestic Corporate Bodies/Trusts	12,13,115	4.30%
General Public including shares in transit	66,20,371	23.48%
Total	2,81,90,148	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. Over 53.96% of the shareholding of the Company have been dematerialized as on 31st March 2008.

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

(n) Plant locations:

Thane
Thane Belapur Road,
Turbhe,
Navi Mumbai 400 705
Maharashtra.

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

Dadra
83/2, Dena Bank Road,
Demni Village,
Dadra 396 191
Union Territory of Dadra &
Nagar Haveli.

(o) Address for correspondence:
Mr. Pradeep Chandan/Mr. Manohar Kamath
BASF India Limited,
RBC, Mahindra Towers,
1st Floor, A Wing,
Dr. G. M. Bhosale Marg,
Worli, Mumbai 400 018.
Tel : 6661 8000
Fax : 2495 0512
Email : *pradeep.chandan@basf.com*
manohar.kamath@basf.com
investor-grievance-india@basf.com

(p) Top Ten Shareholders of the Company as on 31st March, 2008

Sl. No.	Name of the shareholder(s)	Holdings	% in the total capital
1.	BASF SE	1,48,53,020	52.69%
2.	Reliance Capital Trustee Co. Ltd. A/c. Reliance Tax Saver (ELSS) Fund	13,66,614	4.85%
3.	United India Insurance Company Ltd.	7,66,771	2.72%
4.	LIC of India – Market Plus	5,97,640	2.12%
5.	General Insurance Corporation of India	5,95,602	2.11%
6.	Reliance Capital Trustee Co. Ltd. Reliance Longterm Equity Fund	3,74,411	1.33%
7.	LIC of India – Money Plus	3,42,504	1.21%
8.	Deutsche Securities Mauritius Limited	3,20,331	1.14%
9.	The Oriental Insurance Company Ltd.	2,75,603	0.98%
10.	The New India Assurance Company Limited	1,79,012	0.64%

(q) Share price: Rs. 210.20/- per share on The Stock Exchange, Mumbai as on 16th April, 2008.

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.basf-india.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: 16th April, 2008

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

To

The Members of BASF India Limited

We have examined the compliance of conditions of Corporate Governance by BASF India Limited (the Company) for the year ended on 31st March, 2008, 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 the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

For BSR & Co.
Chartered Accountants

Akeel Master
Partner
Membership No. 46768

Mumbai,
Date: 16th April, 2008.

Auditors’ Report to the Members of
BASF India Limited

We have audited the attached Balance Sheet of BASF India Limited (‘the Company’) as at 31 March 2008, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditor’s Report) Order, 2003 (‘the Order’) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (‘the Act’), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, we report that:
   (a) we have obtained all 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
   (d) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
   (e) on the basis of written representations received from the directors of the Company as on 31 March 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and
   (f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act, in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:
      i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2008;
      ii. in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
      iii. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For BSR & Co.
Chartered Accountants

Akeel Master
Partner
Membership No.: 46768

Mumbai
Date: 16th April 2008

Annexure to Auditors’ Report – 31st March 2008

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, 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 which are for the Company's specialised requirements and similarly for sale of certain goods and services 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 its size and the nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 209(1)(d) of the Act in respect of manufacture of Insecticides 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, Cess 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, there were no dues on account of Cess under Section 441A of the Act since the date from which the aforesaid section comes into force has not been notified by the Central Government.

   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, Cess and other material statutory dues were in arrears as at 31 March 2008 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. 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. The Company did not have any term loans outstanding during the year.
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 BSR & Co.

Chartered Accountants

Akeel Master
Partner
Membership No.: 46768

Mumbai
Date: 16th April 2008

Name of the Statute	Nature of the Dues	Amounts (Rs million)	Period	Forum where the dispute is pending
Central Excise Act, 1944	Duty, Interest and Penalty	69.93*	March 2002 to Nov 2004	Customs, Excise, Service Tax Appellate Tribunal
	Duty, Interest and Penalty	2.24	2001	Customs, Excise, Service Tax Appellate Tribunal
States and Central Sales Tax Acts	Tax, Interest and Penalty	1.67	1997-1998	Assistant Commissioner
		9.35*	2001-2002	Deputy Commissioner
		16.51	2002-2003	Deputy Commissioner
		0.67	2003-2004	Deputy Commissioner
		0.98	2004-2005	Deputy Commissioner

* The Company has obtained a stay order with respect to these demands.

Balance Sheet as at March 31, 2008

Rs. in million

	Schedule	March 31, 2008	March 31, 2007
SOURCES OF FUNDS			
Shareholders' Funds:			
Share Capital	1	**281.9**	281.9
Reserves and Surplus	2	**3,114.9**	2,752.1
		3,396.8	3,034.0
Loan Funds:			
Unsecured Loans	3	**—**	5.1
		—	5.1
Total		**3,396.8**	3,039.1
APPLICATION OF FUNDS			
Fixed Assets:			
Gross Block		**3,411.1**	3,265.9
Less: Depreciation		**2,242.5**	2,270.9
Net Block	4	**1,168.6**	995.0
Capital Work-in-Progress		**40.0**	49.9
		1,208.6	1,044.9
Investments	5	**119.0**	119.0
Deferred Tax Assets (net)	6	**23.6**	19.9
Current Assets, Loans and Advances:			
Inventories	7	**1,249.2**	1,152.6
Sundry Debtors	8	**1,586.9**	1,450.8
Cash and Bank Balances	9	**81.6**	24.4
Loans and Advances	10	**977.1**	782.6
		3,894.8	3,410.4
Less:			
Current Liabilities and Provisions:			
Current Liabilities	11	**1,513.1**	1,259.3
Provisions	12	**336.1**	295.8
		1,849.2	1,555.1
Net Current Assets		**2,045.6**	1,855.3
Total		**3,396.8**	3,039.1

For Accounting Policies and Notes to Accounts — Refer **Schedule 20**

The Schedules referred to above form integral part of the Balance Sheet.

As per our report attached

For BSR & Co.
Chartered Accountants

Akeel Master
Partner
Membership No.: 46768

Mumbai, 16th April 2008

Prasad Chandran
Chairman & Managing Director

M. R. Iyer
Company Secretary

K. R. Coorlawala
S. Ramnath
R. A. Shah
Deepak Thuse
Directors

16th April 2008

Profit and Loss Account for the year ended March 31, 2008

Rs. in million

	Schedule	March 31, 2008	March 31, 2007
Income:			
Sales	**13**	**10,305.5**	8,749.6
Less: Excise Duty		**1,233.5**	1,064.3
		9,072.0	7,685.3
Other Income	**14**	**46.9**	37.1
		9,118.9	7,722.4
Expenditure:			
Materials Consumed	**15**	**4,971.3**	4,229.1
Purchase of Finished Goods		**900.1**	711.7
Other Expenses	**16**	**2,252.7**	1,842.5
Depreciation	**4**	**136.0**	108.7
Interest	**17**	**12.8**	15.1
		8,272.9	6,907.1
Increase/(Decrease) in Stocks	**18**	**84.0**	(34.3)
Profit Before Tax		**930.0**	781.0
Tax	**19**	**336.3**	280.1
Profit After Tax		**593.7**	500.9
Surplus Brought Forward		**231.0**	225.0
Available for Appropriation		**824.7**	725.9
Appropriations:			
Proposed Dividend		**197.3**	197.3
Corporate Tax on Dividend		**33.6**	33.6
General Reserve		**329.8**	264.0
		560.7	494.9
Balance Carried Forward		**264.0**	231.0
Weighted average number of equity shares outstanding during the year		**28,189,466**	28,189,466
Basic and diluted earnings per share (in Rs.)		**21.06**	17.77
Face value per share (in Rs.)		**10.00**	10.00

For Accounting Policies and Notes to Accounts — Refer **Schedule 20**

The Schedules referred to above form integral part of the Profit and Loss Account.

As per our report attached

For BSR & Co.
Chartered Accountants

Akeel Master
Partner
Membership No.: 46768

Mumbai, 16th April 2008

Prasad Chandran
Chairman & Managing Director

M. R. Iyer
Company Secretary

K. R. Coorlawala
S. Ramnath
R. A. Shah
Deepak Thuse
Directors

16th April 2008

Cash Flow Statement for the year ended March 31, 2008

Rs. in million

	March 31, 2008		March 31, 2007	
A. Cash flow from operating activities				
Net Profit Before Tax		**930.0**		781.0
Adjustments for:				
Depreciation	**136.0**		108.7	
Interest expense	**12.8**		15.1	
Loss/(Profit) on sale of fixed assets (net)	**1.3**		(0.4)	
Interest income	**(17.3)**		(15.2)	
Unrealised (Gain)/Loss on foreign exchange (net)	**9.3**		(3.1)	
Provision for Doubtful Debts	**5.1**	**147.2**	(9.4)	95.7
Operating profit before working capital changes		**1,077.2**		876.7
(Increase)/Decrease in:				
Trade and Other Receivables	**(253.0)**		(42.4)	
Inventories	**(96.6)**		(46.8)	
Trade and Other Liabilities	**274.8**	**(74.8)**	338.4	249.2
Cash generated from operations		**1,002.4**		1,125.9
Direct taxes paid (net)		**(342.0)**		(286.7)
Net cash from operating activities		**660.4**		839.2
B. Cash flow from investing activities:				
Acquisition of fixed assets		**(300.6)**		(443.5)
Realisation on sale of fixed assets		**8.2**		2.9
Interest received		**17.0**		15.4
Investment in Subsidiary – BASF Polyurethanes India Limited		**—**		(89.5)
ICD placed with – BASF Polyurethanes India Limited		**(79.0)**		(60.0)
Net cash used in investing activities		**(354.4)**		(574.7)
C. Cash flow from financing activities				
Repayment of loan funds		**(5.1)**		(7.7)
Interest paid		**(12.8)**		(16.6)
Dividend paid		**(197.3)**		(197.3)
Tax paid on above dividend		**(33.6)**		(27.7)
Net cash used in financing activities		**(248.8)**		(249.3)
Net increase in cash and cash equivalents		**57.2**		15.2
Cash and cash equivalents (opening balance)		**24.4**		9.2
Cash and cash equivalents (closing balance)		**81.6**		24.4

As per our report attached

For BSR & Co.
Chartered Accountants

Akeel Master
Partner
Membership No.: 46768

Mumbai, 16th April 2008

Prasad Chandran
Chairman & Managing Director

M. R. Iyer
Company Secretary

K. R. Coorlawala
S. Ramnath
R. A. Shah
Deepak Thuse
Directors

16th April 2008

Schedules to Balance Sheet as at March 31, 2008

1. Share Capital

Rs. in million

	March 31, 2008	March 31, 2007
Authorised:		
30,000,000 (Previous Year – 30,000,000) Equity Shares of Rs.10/- each	**300.0**	300.0
Issued:		
28,190,148 (Previous Year – 28,190,148) Equity Shares of Rs.10/- each	**281.9**	281.9
Subscribed and Paid-up: **28,189,466** (Previous Year – 28,189,466) Equity Shares of Rs.10/- each fully paid Of the above– – **700** Equity Shares were allotted as fully paid pursuant to a contract without payment being received in cash and **15,771,400** Equity Shares were allotted as fully paid Bonus Shares by way of capitalisation of Reserves. – **4,035,948** shares were allotted to the erstwhile shareholders of Cyanamid Agro Limited (CAL) consequent to the amalgamation w.e.f. April 1, 2001 – **14,853,020** (Previous Year – 14,853,020) Equity Shares are held by BASF SE, the holding company.	**281.9**	281.9
	281.9	281.9

2. Reserves and Surplus

	Balance as on April 1,		**Additions during the year**		**Balance as on March 31,**	
	2007	2006	**2007-08**	2006-07	**2008**	2007
Share Premium Account	**621.0**	621.0	**—**	—	**621.0**	621.0
Amalgamation Reserve	**0.5**	0.5	**—**	—	**0.5**	0.5
General Reserve	**1,899.6**	1,635.6	**329.8**	264.0	**2,229.4**	1,899.6
Surplus as per Profit & Loss Account	**231.0**	225.0	**33.0**	6.0	**264.0**	231.0
	2,752.1	2,482.1	**362.8**	270.0	**3,114.9**	2,752.1

3. Unsecured Loans

	March 31, 2008	March 31, 2007
Bank Facilities Repayable within one year **Rs. Nil** (Previous Year Rs. 5.1 million)	**—**	5.1
	—	5.1

4. Fixed Assets

	Freehold Land	**Leasehold Land**	**Buildings and Ownership Flats***	**Plant and Machinery #**	**Furniture, Fixtures and Equipment**	**Vehicles**	**Total**	**Previous Year**
Gross Block:								
As at April 1, 2007	**18.6**	**55.9**	**548.1**	**2,526.3**	**106.0**	**11.0**	**3,265.9**	2,813.5
Additions	**—**	**—**	**78.8**	**207.7**	**31.9**	**0.7**	**319.1**	467.2
Deductions	**—**	**—**	**—**	**171.6**	**1.2**	**1.1**	**173.9**	14.8
As at March 31, 2008	**18.6**	**55.9**	**626.9**	**2,562.4**	**136.7**	**10.6**	**3,411.1**	3,265.9
Depreciation:								
As at April 1, 2007	**—**	**2.3**	**195.1**	**2,001.1**	**63.1**	**9.3**	**2,270.9**	2,174.5
Depreciation for the year	**—**	**0.2**	**23.4**	**96.7**	**14.4**	**1.3**	**136.0**	108.7
Deductions	**—**	**—**	**—**	**162.4**	**0.9**	**1.1**	**164.4**	12.3
As at March 31, 2008	**—**	**2.5**	**218.5**	**1,935.4**	**76.6**	**9.5**	**2,242.5**	2,270.9
Net Block:								
As at March 31, 2008	**18.6**	**53.4**	**408.4**	**627.0**	**60.1**	**1.1**	**1,168.6**	995.0
As at March 31, 2007	18.6	53.6	353.0	525.2	42.9	1.7	995.0	639.0
Capital work in progress**								
As at March 31, 2008	**—**	**—**	**19.1**	**16.0**	**4.9**	**—**	**40.0**	49.9
As at March 31, 2007	—	—	19.7	15.2	15.0	—	49.9	65.9

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

** Capital work in progress includes capital advances **Rs. 19.0 million** (Previous Year Rs. 34.9 million) – Considered good.

\# 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.

Schedules to Balance Sheet as at March 31, 2008

5. Investments

Rs. in million

	March 31, 2008	March 31, 2007
(Non-Trade) — Unquoted — Long Term		
Investment in 100% Subsidiary Company at cost BASF Polyurethanes India Limited — **9,000,000** Equity shares (Previous Year — 9,000,000) of Rs. 10 each	**90.0**	90.0
Other Investments National Bank for Agriculture & Rural Development — **2900** Bonds (Previous Year — 2900) of Rs. 10,000 each	**29.0**	29.0
	119.0	119.0

6. Deferred Tax Assets — net

	March 31, 2008	March 31, 2007
(Ref. note 7)		
Deferred tax assets	**77.7**	60.0
Deferred tax liabilities	**(54.1)**	(40.1)
	23.6	19.9

7. Inventories

	March 31, 2008	March 31, 2007
Raw Materials	**565.1**	558.8
Finished Goods	**611.4**	527.4
Stock-in- Process	**28.2**	28.2
Packing Materials	**41.8**	33.7
Stores and Spare Parts	**2.7**	4.5
	1,249.2	1,152.6

8. Sundry Debtors — (Unsecured)

	March 31, 2008	March 31, 2007
Considered good		
Over 6 months	**9.7**	10.6
Others	**1,577.2**	1,440.2
	1,586.9	1,450.8
Considered doubtful		
Over 6 months	**108.0**	102.9
	108.0	102.9
	1,694.9	1,553.7
Less: Provision for doubtful debts	**108.0**	102.9
	1,586.9	1,450.8
(Ref. note 9 — Dues from companies under the same management)		

Schedules to Balance Sheet as at March 31, 2008

9. Cash and Bank Balances

Rs. in million

	March 31, 2008	March 31, 2007
Cash on hand	**0.4**	0.4
Balances with Scheduled Banks :		
— In Current Accounts	**79.8**	22.5
— In Deposit Accounts	**1.4**	1.3
Balances with Non-Scheduled Banks : — In current account with The Municipal Co-operative Bank Limited, Mumbai Maximum balance during the year **Rs. 0.2 million** (Previous Year Rs. 0.3 million)	**—**	0.2
	81.6	24.4

10. Loans and Advances (Unsecured) — Considered Good

	March 31, 2008	March 31, 2007
Advances recoverable in cash or in kind or for value to be received Includes due from	**632.9**	520.5
— Directors **Rs. 0.78 million** (Previous Year Rs. 0.85 million) Maximum amount during the year **Rs. 0.85 million** (Previous Year Rs. 0.93 million). In the case of Directors, it represents loans given to them before they became Directors.		
ICD to wholly owned subsidiary — BASF Polyurethanes India Limited Maximum amount during the year **Rs. 450.0 million** (Previous Year Rs. 300.0 million)	**239.0**	160.0
Interest accrued on ICD to subsidiary — not due	**0.3**	—
Duty Drawback receivable	**5.6**	5.8
Balances with Excise authorities	**2.7**	1.7
Balances with Income Tax authorities (Net of Provisions)	**96.6**	94.6
	977.1	782.6

11. Current Liabilities

	March 31, 2008	March 31, 2007
Acceptances	**—**	4.2
Sundry Creditors		
— Small Scale Industrial Undertakings (Refer Note 8)	**—**	18.3
— Micro & Small Enterprises (Refer Note 8)	**1.4**	—
— Others	**1,394.2**	1,103.7
Deposits	**106.0**	111.4
Unclaimed Dividend *	**4.3**	3.9
Unclaimed matured fixed deposits*	**0.7**	1.2
Unclaimed Interest warrants*	**0.5**	0.7
* (There are no amounts due and outstanding to be credited to Investor Education and Protection fund)		
Other Liabilities	**6.0**	15.9
	1,513.1	1,259.3

12. Provisions

	March 31, 2008	March 31, 2007
Proposed Dividend	**197.3**	197.3
Corporate Tax on Dividend	**33.6**	33.6
Provision for Long Service Award	**14.4**	—
Provision for Leave Encashment	**90.8**	64.9
	336.1	295.8

Schedules to Profit & Loss account for the year ended March 31, 2008

13. Sales

Rs. in million

	March 31, 2008	March 31, 2007
Sale of Goods	**9,813.3**	8,381.5
Indent Commission/Technical Charges	**492.2**	368.1
	10,305.5	8,749.6

14. Other Income

	March 31, 2008	March 31, 2007
Interest (Gross)		
— Interest on ICD to subsidiary Tax deducted at source **Rs. 3.5 million** (Previous Year Rs. 2.6 million)	**15.6**	12.7
— Interest on Investments (Gross) — Non-Trade and Long Term Tax deducted at source **Rs.Nil** (Previous Year Rs. Nil)	**1.6**	1.6
— Others Tax deducted at source **Rs. 2.8 million** (Previous Year Rs. 2.0 million)	**13.1**	9.7
Profit on sale of Fixed Assets (net)	**—**	0.4
Sale of Scrap	**13.1**	9.1
Sundries	**3.5**	3.6
	46.9	37.1

15. Materials consumed

	March 31, 2008	March 31, 2007
Raw Materials :		
Stock at Commencement	**558.8**	472.5
Purchases	**4,735.7**	4,115.4
Stock at Close	**(565.1)**	(558.8)
	4,729.4	4,029.1
Packing Materials consumed	**241.9**	200.0
	4,971.3	4,229.1

Schedules to Profit & Loss account for the year ended March 31, 2008

16. Other Expenses

Rs. in million

	March 31, 2008	March 31, 2007
Salaries, Wages, Bonus and Commission (Ref. note 10)	**578.5**	514.2
Workmen and Staff Welfare (Ref. note 10)	**143.1**	86.7
Contribution to Provident and Other Funds (Ref. note 10)	**95.6**	83.5
Consumption of Stores and Spare Parts	**49.2**	40.7
Power and Fuel	**208.9**	221.9
Rent [Ref. note 6(b)]	**109.5**	92.1
Rates and Taxes — Excise Duty	**3.4**	(9.5)
— Others	**4.0**	3.5
Repairs — Machinery	**31.8**	25.5
— Buildings	**19.7**	19.7
— Others	**14.5**	9.6
Insurance	**23.7**	24.2
Bad Debts (Recovered)/Written Off	**(5.0)**	3.0
Provision for Doubtful Debts (Net)	**5.1**	(9.4)
Loss on Sale of Fixed Assets	**1.3**	—
Service Fees	**52.9**	64.9
Travelling	**155.7**	102.7
Freight and Handling Charges	**270.3**	206.8
Communication/System Expenses	**117.5**	61.2
Royalty	**26.8**	9.4
Voluntary Retirement Scheme	**14.7**	39.2
Sundry Expenses	**331.5**	252.6
	2,252.7	1,842.5

17. Interest

	March 31, 2008	March 31, 2007
On Fixed Deposits and Term Loans	**—**	1.0
On Others	**12.8**	14.1
	12.8	15.1

18. Increase/(Decrease) in Stocks

	March 31, 2008	March 31, 2007
Stock at Close		
Finished Goods	**611.4**	527.4
Stock-in-Process	**28.2**	28.2
Sub-total	**639.6**	555.6
Stock at commencement		
Finished Goods	**(527.4)**	(567.5)
Stock-in-Process	**(28.2)**	(22.4)
Sub-total	**(555.6)**	(589.9)
Net increase/(decrease) in stocks	**84.0**	(34.3)

19. Tax

	March 31, 2008	March 31, 2007
Current Tax Expense (includes wealth tax **Rs. 2.0 million** Previous year Rs. 2.0 million)	**319.7**	250.3
Deferred Tax (Credit)/Charge	**(3.7)**	14.8
Fringe Benefit Tax	**20.3**	15.0
	336.3	280.1

20. Accounting Policies and Notes to Accounts

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

1. **Accounting Policies**

(a) **Basis of Accounting**

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

(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 on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known/materialise.

(c) **Revenue Recognition**

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

(d) **Fixed Assets**

Fixed Assets are recorded at cost net of Cenvat credit wherever eligible. Cost includes all expenses and interest attributable to the project till the date it is ready to use. Impairment is done when the carrying amount of the asset exceeds its recoverable amount. Impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. An impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of the recoverable amount.

(e) **Depreciation**

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

Factory Buildings	—	3.34%
Residential Flats	—	5.00%
Plant & Machinery	—	10.34% – 20%
Computers	—	25.00%
Vehicles	—	25.00%
Furniture, Fixtures & Equipment	—	12.50%
Assets 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 is amortised over the period of lease.

(f) **Borrowing costs**

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

(g) **Investments**

Long-term Investments are stated at cost. Provision is made to recognise a decline, other than temporary, in the value of Long-term Investments. Current Investments are stated at lower of cost or fair value.

(h) **Inventories**

Inventories are valued at cost or 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. The forward exchange contracts are backed by underlying transactions, the premium or discount arising at the inception of such a forward exchange contract is amortised as expense or income over the life of the contract and the difference between the year end rate and rate on the date of the contract is recognised as exchange difference in the Profit and Loss Account. Gains/losses on conversion/translation have been recognised in the Profit and Loss Account.

(j) **Employee Benefits**

(A) **Short-Term Employee Benefits**

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

(B) **Post Employment Employee Benefits**

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

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

Company's contribution to Provident Fund is recognised in the Profit and Loss Account on accrual basis.

(C) **Other Long-Term Employee Benefits**

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

(D) **Termination Benefits**

Compensation paid to employees under Voluntary Retirement Scheme is recognised as an expense when incurred. Until the previous year, the company's accounting policy was to amortise these expenses over a period of 36 months from the month of incurrence. During the current year, the company has changed its accounting policy to align with requirement of Accounting Standard 15 (Revised).

During the year the Company has incurred expenditure on VRS aggregating Rs. 14.7 Mio. which has been charged-off in line with the revised accounting policy. Had the Company continued to follow its accounting policy of amortising such expenses. Other expenses for the year would have been lower and the Profits for the year would have been higher by Rs. 12.2 Mio.

(k) **Assets taken on lease**

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

(l) **Taxes on Income**

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

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) **Fringe benefit tax**

Provision for fringe benefit tax (FBT) has been recognised on the basis of harmonious contextual interpretation of the provisions of Income Tax Act, 1961.

(n) **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 since this may result in the recognition of income that may never be realised.

(o) **Research & Development Expenditure**

Revenue 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.

(p) **Earning per share**

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

2. Contingent Liabilities not provided for:

   (a) Claims against the Company not acknowledged as debts: **Rs. 25.9 Mio.** (Previous Year Rs. 264.7 Mio.) in respect of which the Company has counter claims of **Rs. 67.0 Mio.** (Previous Year Rs. 434.7 Mio.).

   (b) Demands for taxes and duties in respect of which the Company has preferred appeals with appropriate authorities

   a. Income tax : **Rs. 45.3 Mio.** (Previous Year Rs. 58.6 Mio.)

   b. Others : **Rs. 3.3 Mio.** (Previous Year Rs. 4.5 Mio.)

3. Estimated amount of contracts remaining to be executed on capital account and not provided for **Rs. 46.4 Mio.** (Previous Year Rs. 100.9 Mio.).

4. The exchange loss of **Rs. 8.0 Mio.** (Previous Year loss of Rs. 16.9 Mio.) has been included in the Profit and Loss Account for the year.

5. Expenditure on Research and Development charged to Profit and Loss Account **Rs. 76.4 Mio.** (Previous Year Rs. 48.4 Mio.).

6. The Company has taken certain assets under operating leases.

(a) Total minimum lease payments in this respect are as follows:

Rs. Mio.

	2007-08	2006-07
Due		
Not later than one year	**16.4**	15.5
Later than one year but not later than five years	**18.4**	27.1
Later than five years	**2.0**	2.6
Total	**36.8**	45.2

(b) Lease rent of **Rs. 23.4 Mio.** (Previous Year Rs. 21.8 Mio.) has been included under 'Rent' in the Profit and Loss Account.

7. Deferred Tax:

The break up of Deferred Tax Assets (Net) as at March 31, 2008 is as under:

Rs. Mio.

	2007-08	2006-07
Deferred Tax Assets		
Timing differences on account of:		
Provision for doubtful debts	**36.7**	35.0
Expenditure under Voluntary Retirement Scheme	**12.0**	11.6
Others	**29.0**	13.4
Total Deferred Tax Assets	**77.7**	60.0
Deferred Tax Liabilities		
Timing difference on account of:		
Fixed Assets	**(54.1)**	(40.1)
Total Deferred Tax Liabilities	**(54.1)**	(40.1)
Deferred Tax Assets (Net)	**23.6**	19.9

8. Micro, Small and Medium Enterprises (MSME).

On the basis of the information and records available with the Management, the following disclosures are made for the amounts due to the Micro and Small enterprises, who have registered with the competent authorities:

Particulars	Amount in Rs. Mio.
The principal amount and the interest due thereon remaining unpaid to any Micro/Small supplier.	1.4
The interest paid by the buyer as above, along with the amount of payments made beyond the appointed date during each accounting 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 specified.	0.3
The amount of interest accrued and remaining unpaid at the end of each accounting year.	—
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small/micro enterprise.	0.3

This being the first year of registration of suppliers under MSME, previous year comparatives are not applicable.

For the previous year, sundry creditors include Rs. 9.4 Mio. due to small scale industrial undertakings (as given below) where amounts were outstanding for more than 30 days.

Act Infraport Ltd., Asian Oil Company, Bharat Tin Works, Chemox Industrial Corporation, Cosmo Plast Fabricators, Himalaya Terpenes Pvt. Ltd., Indo Borax & Chemicals Limited, Joss Enterprises, New Alliance Dye Chem Pvt. Ltd., Pragji Gopalji & Sons, Prefect Packaging, Purab Printers, R. S. B. Chemical Industries, Rachna Plasticizers, Urvashi Chemical Agencies, Rajyog Industries, Tasc Chemical Industries Pvt. Ltd., Nirja Chem, Sohan Dye Chem Pvt. Ltd., United Clearing & Forwarding P. Ltd., Surya Plast Industries, Maruti Dal Mill.

9. Sundry debtors, considered good, include the following amounts due from companies under the same management:

Rs. Mio.

	2007-08	2006-07
BASF Construction Chemicals (India) Private Ltd.	**67.4**	22.0
BASF Coatings (India) Private Ltd.	**49.4**	17.2
BASF SE	**23.0**	7.3
BASF Styrenics Pvt. Ltd.	**10.4**	—
BASF Asia Pacific Service Centre Sdn. Bhd.	**8.2**	3.2
BASF East Asia Regional Headquarters Limited	**5.7**	0.5
BASF China Limited	**4.3**	1.1
BASF Fine Chemicals Switzerland S.A.	**2.2**	—
BASF Catalysts India Pvt. Ltd.	**2.0**	—
BASF Curtex S.A.	**0.8**	—
BASF (Thai) Ltd.	**0.7**	0.5
BASF Polyurethanes (Taiwan) Co. Ltd.	**0.6**	0.6
BASF JCIC Neopentylglycol Co. Ltd.	**0.6**	0.6
BASF Finlay (Private) Limited	**0.5**	0.6
BASF Company Ltd.	**0.5**	0.1
BASF Corporation	**0.2**	—
BASF Japan Ltd. (BJL)	**—**	0.4
BASF Polyurethanes India Ltd.	**—**	13.3
BASF Auxiliary Chemicals Co. Ltd.	**—**	1.2
Total	**176.5**	68.6

10. Employees Benefits:

Effective 1st April, 2007, the Company adopted Accounting Standard 15 (revised 2005) on “Employee Benefits” issued by the Institute of Chartered Accountants of India. The additional liability arising upon the first application of the standard, amounting to **Rs. 12.4 Mio.**, has been charged off as an expense in the current year’s Profit & Loss Account.

Defined contribution plans

Company’s contribution to defined contribution funds amounting to **Rs. 60.2 Mio.** has been charged to the Profit & Loss Account.

Defined benefit plans and other Long term employee benefits

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

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

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

Rs Mio.

	Gratuity **(Funded)**	Leave **(Unfunded)**	Long Service Awards **(Unfunded)**
A. Expense recognized in the Profit & Loss Account for the year ended 31st March, 2008			
1. Current Service Cost	12.2	2.3	0.6
2. Interest	8.2	4.7	0.9
3. Expected Return on Plan Assets	(10.1)	—	—
4. Actuarial (Gain)/Loss	18.8	24.3	1.4
5. Past service cost	—	—	12.4
6. Total Expense	**29.1**	**31.3**	**15.3**

Rs. Mio.

			Gratuity **(Funded)**	Leave **(Unfunded)**	Long Service Awards **(Unfunded)**
B.	Net Asset/(Liability) recognized in the Balance Sheet as at 31st March, 2008				
	1.	Present Value of Defined Benefit Obligation as at 31st March, 2008	146.0	90.8	14.4
	2.	Fair Value of Plan assets as at 31st March, 2008	158.1	—	—
	3.	Funded Status [Surplus/(Deficit)]	12.1	(90.8)	(14.4)
	4.	**Net Asset/(Liability) as at 31st March, 2008**	**12.1**	**(90.8)**	**(14.4)**
C.	Change in obligation during the year ended 31st March, 2008				
	1.	Present value of the defined benefit obligation at the beginning of the year	112.8	64.9	12.4
	2.	Current Service Cost	12.2	2.3	0.6
	3.	Interest Cost	8.2	4.7	0.9
	4.	Actuarial (Gain)/Loss	19.7	24.3	1.4
	5.	Benefits Paid	(6.9)	(5.4)	(0.9)
	6.	**Present value of the defined benefit obligation at the end of the year**	**146.0**	**90.8**	**14.4**
D.	Change in fair value of assets during the year ended 31st March, 2008				
	1.	Fair Value of Plan assets at the beginning of the year	112.8	—	—
	2.	Expected Return on plan assets	10.1	—	—
	3.	Contributions by the Employer	41.2	5.4	0.9
	4.	Actual Benefits Paid	(6.9)	(5.4)	(0.9)
	5.	Actuarial Gain/(Loss) on Plan Assets	0.9	—	—
	6.	**Fair Value of Plan assets at the end of the year**	**158.1**	**—**	**—**
E.	Actual Return on Plan Assets				
	1.	Expected Return on plan assets	10.1	—	—
	2.	Actuarial Gain/(Loss) on Plan Assets	0.9	—	—
	3.	**Actual return on Plan Assets**	**11.0**	**—**	**—**

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:

GOI Securities	42%
State Government Securities	15%
PSU Bonds	39%
Private Sector Bonds	4%
Total	**100%**

The assumptions used for actuarial valuation as at 31st March, 2008 are as follows:

Expected rate of return on plan assets	7.5% p.a.
Discount Rate	7.5% p.a.
Expected salary increase rate	6% – 8% p.a.
In-service mortality rates	LIC 1994-96 ultimate table

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

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

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

The Guidance Note on implementing AS 15, Employee Benefits (revised 2005) issued by the Accounting Standards Board (ASB) states that provident funds set up by employers, which requires interest shortfall to be met by the employer, needs to be treated as defined benefit plan. Pending the issuance of the Guidance Note from Actuarial Society of India, the required information can not be exhibited.

11. Managerial Remuneration under Section 198 of the Companies Act, 1956, (excluding provision for contribution to Gratuity Fund, Group Insurance and Long Service Awards) is **Rs. 35.6 Mio.** (Previous Year Rs. 31.1 Mio.).

Rs. Mio.

	2007-08	2006-07
Salaries	**25.8**	21.1
Contribution to Provident and Superannuation Funds	**3.7**	3.2
Monetary Value of other perquisites	**4.1**	4.8
Commission to non-whole time directors	**2.0**	2.0
Total	**35.6**	31.1

12. Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956:

Rs. Mio.

	2007-08	2006-07
Profit before Tax	**930.0**	781.0
Add: Provision for doubtful debts	**5.1**	—
Loss on sale of assets	**1.3**	—
Managerial remuneration	**35.6**	31.1
	42.0	31.1
Less: Profit on sale of assets	—	0.4
Provision for doubtful debts	—	9.4
	—	9.8
Net profit u/s 349 for the purpose of Directors' Commission	**972.0**	802.3
Maximum remuneration permissible to whole-time directors under the Act at 10%	**97.2**	80.2
Commission payable to non-whole time directors at 1%	**9.7**	8.0
Commission restricted as determined by the Board of Directors	**2.0**	2.0

13. Auditors' Remuneration:

Rs. Mio.

	2007-08	2006-07
As Auditors	**3.8**	3.2
In other capacity (limited reviews, tax audit and certification)	**2.4**	0.8
Reimbursement of out of pocket expenses	**0.6**	0.2
Total	**6.8**	4.2

14. Segment Information for the year ended March 31, 2008:

(a) **PRIMARY SEGMENT INFORMATION (by Business Segments)**

The previous year's figures are given in light type below each item **Rs. Mio.**

	Agricultural Products & Nutrition	Performance Products	Plastics	Chemicals	Others	Un-allocated	Total
Segment Revenue	**2,499.3** 1,914.1	**4,688.3** 4,029.7	**1,463.2** 1,350.6	**322.5** 327.9	**98.7** 63.0	**—** —	**9,072.0** 7,685.3
Less: Inter-segment revenue	—	—	—	—	—	—	—
Sales/Income from operations	**2,499.3** 1,914.1	**4,688.3** 4,029.7	**1,463.2** 1,350.6	**322.5** 327.9	**98.7** 63.0	**—** —	**9,072.0** 7,685.3
Segment Result	**588.3** 364.1	**425.7** 456.3	**100.2** 128.7	**139.0** 93.7	**5.8** 3.0	**—** —	**1,259.0** 1,045.8
Interest Expense						**12.8** 15.1	**12.8** 15.1
Interest Income						**30.3** 24.0	**30.3** 24.0
Other un-allocable expenditure net of un-allocable income						**346.5** 273.7	**346.5** 273.7
Profit Before Tax							**930.0** 781.0
Tax						**336.3** 280.1	**336.3** 280.1
Profit After Tax							**593.7** 500.9
OTHER INFORMATION							
Segment Assets	**793.9** 747.4	**3,133.8** 2,798.8	**652.7** 516.9	**105.8** 113.3	**—** —	**559.8** 417.8	**5,246.0** 4,594.2
Segment Liabilities	**464.3** 355.6	**809.3** 686.4	**303.8** 232.3	**33.8** 42.6	**—** —	**238.0** 243.3	**1,849.2** 1,560.2
Capital Expenditure	**23.5** 22.6	**182.1** 411.1	**97.4** 13.8	**6.2** 3.7	**—** —	**—** —	**309.2** 451.2
Depreciation	**20.0** 33.4	**103.0** 61.8	**10.3** 11.3	**2.7** 2.2	**—** —	**—** —	**136.0** 108.7

(b) **SECONDARY SEGMENT INFORMATION (by Geographic Segments)**

Rs. Mio.

	Domestic	Exports	Total
Revenues	**8,193.7** 6,986.8	**878.3** 698.5	**9,072.0** 7,685.3
Total Assets	**5,136.7** 4,523.3	**109.3** 70.9	**5,246.0** 4,594.2
Capital Expenditure	**309.2** 451.2	**—** —	**309.2** 451.2

Notes on Segment Information:

1. Segments have been identified in accordance with the Accounting Standard on Segment Reporting (AS-17). Business Segments have been considered as primary segments.
2. Details of type of products included in each segment —
   - — ***Agricultural Products & Nutrition –*** Agrochemicals like pesticides and herbicides and high-value fine chemicals for the food, pharmaceuticals, animal feed and cosmetics industries.
   - — ***Performance Products –*** Tanning agents, Leather Chemicals, Textile Chemicals, Dispersion Chemicals and Speciality Chemicals.
   - — ***Plastics –*** Expandable Polystyrene (EPS), engineering plastics.
   - — ***Chemicals –*** Chemicals includes inorganic chemicals, intermediates and Petrochemicals.
   - — ***Others –*** Indent Commission income not relating to any of the above segments and other recoveries.

3. Un-allocable Corporate Assets include Investments, Net Deferred Tax Assets and other un-allocable assets.

4. Un-allocable Corporate Liabilities include Unsecured Loans, Net Deferred Tax Liabilities, Proposed dividend and other un-allocable liabilities.

15. Capacities, Production, Purchases turnover and Stocks:

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

Class of Goods	Quantitative denomination	Capacity		Production/ Purchases Quantity	Stock at Commencement Quantity	Stock at Close Quantity	Turnover	
		Licensed	Installed				Quantity	Amount (Mio.)
(a) Manufactured goods:								
Expandable Polystyrene (Styropor)	**M.T.**	***	**30,000** 20,000	**14,672** 16,277	**170** 171	**38** 170	**14,804** 16,278	**1,095.3** 1,167.5
Leather Auxiliaries (Organic Chemicals)	**M.T.**	***	**15,000** 15,000	**12,808** 11,943	**791** 614	**493** 791	**13,106** 11,766	**854.5** 799.0
Leather Auxiliaries, Finishing Agents and Pigments	**M.T.**	***	**7,350** 7,350	**7,327** 7,067	**698** 810	**665** 698	**7,360** 7,179	**1,181.4** 1,227.2
Leather Chemicals and Auxiliaries including Metal Complex Dyes & Acrylic Polymers and Carboxylated Styrene Butadiene Lattices	**M.T.**	***	**67,225** 67,225	**31,218** 22,653	**1,575** **677**	**3,146** 1,575	**29,647** 21,755	**1,909.2** 1,268.5
Pesticides								
– Basic Production	**M.T.**	***	** 1,670	**—** 668	**19#** 43	**—** 19	**—** 1	**—** 0.2
– Formulation	**M.T.**		*	**1,574** 1,603	**129** 240	**198** 129	**1,505** 1,714	**2,433.6** 1,894.2
	K.L.		*	**6,802** 4,514	**525** 1,313	**640** 525	**6,687** 5,302	
(b) Traded Goods:								
Agro and Other Chemicals	**M.T./K.L.**	**Not Applicable**		**8,831** 7,820	**1,714** 2,078	**1,437** 1,714	**9,108** 8,184	**1,105.8** 960.6
Value of Purchases – **Rs. 900.1 Mio.** (Previous year Rs. 711.7 Mio.)								

* The capacity varies depending on the product mix.

** Includes capacity for Dimethoate.

*** Delicensed vide Gazette Notification No. S.O.477(E) dated 25.07.91.

Captively consumed for formulation.

Notes:

(a) Value of stocks in Rs. Mio.:

	2007-08	2006-07
Closing Stock	**611.4**	527.4
Opening Stock	**527.4**	567.5

(b) The installed capacity has been certified by Technical Management of the Company and not verified by the Auditors, this being a technical matter.

(c) The figures of production are excluding captive consumption and the figures of stocks are after adjustment of shortages/excesses.

(d) The Company has licenses to manufacture 300 M.T. of Expanded Polystyrene (Thermocole) and 200 M.T. of Dimethoate.

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

(a) Raw Materials:

	2007-08		2006-07	
	%	**Rs. Mio.**	%	Rs. Mio.
Imported	**64.6**	**3,053.6**	64.4	2,593.4
Indigenous	**35.4**	**1,675.8**	35.6	1,435.7
	100.0	**4,729.4**	100.0	4,029.1
	M.T.	**Rs. Mio.**	M.T.	Rs. Mio.
Monomer	**24,727**	**1,457.5**	23,237	1,350.3
Napthalene	**2,860**	**155.4**	2,594	131.2
Phenol	**880**	**67.2**	1,164	86.4
Caustic Soda Lye	**5,173**	**52.5**	5,250	55.9
Formaldehyde	**4,316**	**49.3**	4,076	58.9
Vegetable Oil	**291**	**18.2**	361	21.6
Tridecylamine	**7**	**2.9**	8	3.5
Others	**—**	**2,926.4**	—	2,321.3
		4,729.4		4,029.1

(b) Components and Spare Parts:

	2007-08		2006-07	
	%	**Rs. Mio.**	%	Rs. Mio.
Imported	**2.0**	**1.0**	—	—
Indigenous	**98.0**	**48.2**	100.0	40.7
	100.0	**49.2**	100.0	40.7

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

Rs. Mio.

	2007-08	2006-07
Raw Materials	**2,451.0**	2,047.0
Capital Goods	**27.6**	104.2
Finished Goods	**754.6**	602.0
	3,233.2	2,753.2

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

Rs. Mio.

	2007-08	2006-07
Royalty (net of tax)	**23.9**	8.1
Communication/System Expenses (net of tax)	**111.2**	51.1
Foreign Travel	**18.7**	10.9
Commission	**11.0**	14.5
Consultancy charges	**2.8**	5.4
Others	**83.0**	13.1
	250.6	103.1

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

Rs. Mio.

	2007-08	2006-07
Equity Shares:		
Amount remitted (Rs. Mio.)	**104.0**	104.0
Number of non-resident shareholders	**1**	1
Number of Equity Shares of Rs. 10/- each held by non-resident on which dividends were due	**14,853,020**	14,853,020
Year to which dividend relates	**2006-2007**	2005-2006

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

Rs. Mio.

	2007-08	2006-07
Exports of goods calculated on FOB basis (Excludes Rupee Exports to Nepal & Bhutan – **Rs. 3.0 Mio.** – Previous Year Rs. 3.1 Mio.)	**370.3**	317.0
Indent Commission/Technical Charges	**492.2**	368.1
Freight and Insurance	**12.8**	10.3
	875.3	695.4

21. **Related Party Disclosures:**

(a) **Parties where control exists**

BASF SE	Holding Company (holds 52.7% of the equity share capital as on March 31, 2008)
BASF Polyurethanes India Ltd.	100% Subsidiary

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

Fellow Subsidiaries

BASF S.A.
BASF (China) Company Ltd.
BASF (Malaysia) Sdn. Bhd.
BASF (Thai) Ltd.
BASF Agro B.V. Arnhem (Nl)
BASF Agro B.V. – Wädenswil Branch
BASF Asia Pacific Service Centre Sdn. Bhd.
BASF Auxiliary Chemicals Co. Ltd.
BASF Bangladesh Ltd.
BASF Chemtrade Gesellschaft MBH
BASF Chemicals and Polymers Pakistan (Pvt.) Ltd.
BASF China Limited
BASF Coatings (India) Private Ltd.
BASF Company Ltd.
BASF Construction Chemicals (India) Private Ltd.
BASF Corporation
BASF Curtex S.A.
BASF East Asia Regional Headquarters Limited
BASF Construction Chemicals, Dubai
BASF Espanola, S.L.
BASF Japan Ltd. (BJL)
BASF JCIC Neopentylglycol Co. Ltd.
BASF Pakistan (Private) Ltd.
BASF Petronas Chemicals Sdn. Bhd.
BASF Philippines, Inc.
BASF Polyurethanes (Malaysia) Sdn. Bhd.
BASF Polyurethanes (Taiwan) Co. Ltd.
BASF South East Asia Pte. Ltd.
BASF Styrenics Private Ltd.*
BASF Tuerk Kimya Sanayi Ve Ticaret Ltd. Sti.
BASF-Finlay (Private) Limited
BTC Speciality Chemical Distribution Gmbh
Elastogran GMBH
Elastogran Italia Spa (Elit)
K+S Aktiengesellschaft
P.T. BASF Indonesia
BTC Speciality Chemicals

* Group company 100% held by BASF Styrenics Holding Company, Mauritius which is 100% held by BASF SE.

(c) **Key Management Personnel**

Chairman & Managing Director

Mr. Prasad Chandran

Whole-Time Directors

Mr. S. Ramnath (Alternate to Mr. Boon Yeow Yee)

Dr. Raman Ramachandran (Alternate to Dr. Rainer Diercks)

Mr. Deepak Thuse (Alternate to Dr. Tilman Krauch)

(d) **Relatives of Key Managerial Persons**

N.A.

(e) **Details of transactions of Holding Company/Subsidiary and Fellow subsidiaries for the year ended March 31, 2008:**

Rs. Mio.

Nature of Transactions	Holding Company/ Subsidiary		Fellow Subsidiaries		Total	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Sale of Goods						
BASF SE	**19.0**	33.5	**—**	—	**19.0**	33.5
BASF Polyurethanes India Ltd.	**—**	2.2	**—**	—	**—**	2.2
BASF South East Asia Pte. Ltd.	**—**	—	**113.4**	56.1	**113.4**	56.1
BASF Coatings (India) Private Ltd.	**—**	—	**145.4**	130.4	**145.4**	130.4
BASF Construction Chemicals (India) Private Ltd.	**—**	—	**152.2**	63.7	**152.2**	63.7
Others	**—**	—	**28.8**	35.5	**28.8**	35.5
Sub-Total	**19.0**	35.7	**439.8**	285.7	**458.8**	321.4
Services Rendered						
BASF SE	**125.7**	104.0	**—**	—	**125.7**	104.0
BASF Polyurethanes India Ltd.	**33.8**	17.2	**—**	—	**33.8**	17.2
BASF South East Asia Pte. Ltd.	**—**	—	**265.0**	206.6	**265.0**	206.6
BASF Petronas Chemicals Sdn. Bhd.	**—**	—	**94.1**	46.3	**94.1**	46.3
Others	**—**	—	**25.6**	33.1	**25.6**	33.1
Sub-Total	**159.5**	121.2	**384.7**	286.0	**544.2**	407.2
Interest Income on Loans						
BASF Polyurethanes India Ltd.	**15.6**	12.7	**—**	—	**15.6**	12.7
Purchase of Goods/Materials						
BASF SE	**99.1**	123.7	**—**	—	**99.1**	123.7
BASF Polyurethanes India Ltd.	**—**	71.7	**—**	—	**—**	71.7
BASF South East Asia Pte. Ltd.	**—**	—	**1,665.1**	1,612.6	**1,665.1**	1,612.6
BASF AGRO B.V. Arnhem (NL)	**—**	—	**317.3**	216.0	**317.3**	216.0
Others	**—**	—	**826.4**	435.7	**826.4**	435.7
Sub-Total	**99.1**	195.4	**2,808.8**	2,264.3	**2,907.9**	2,459.7
Services Received						
BASF SE	**47.1**	36.0	**—**	—	**47.1**	36.0
BASF South East Asia Pte. Ltd.	**—**	—	**77.5**	63.0	**77.5**	63.0
BASF Asia-Pacific Service Centre	**—**	—	**36.7**	3.5	**36.7**	3.5
Others	**—**	—	**11.1**	10.0	**11.1**	10.0
Sub-Total	**47.1**	36.0	**125.3**	76.5	**172.4**	112.5
Purchase of Assets						
BASF SE	**1.0**	0.5	**—**	—	**1.0**	0.5
BASF Philippines Inc	**—**	—	**0.1**	—	**0.1**	—
Sub-Total	**1.0**	0.5	**0.1**	—	**1.1**	0.5
Royalty and Technical Fees						
BASF SE	**26.8**	9.4	**—**	—	**26.8**	9.4
Dividend						
BASF SE	**104.0**	104.0	**—**	—	**104.0**	104.0
ICD Placed						
BASF Polyurethanes India Ltd.	**8,512.0**	1,330.0	**—**	—	**8,512.0**	1,330.0
ICD Recovered						
BASF Polyurethanes India Ltd.	**8,433.0**	1,270.0	**—**	—	**8,433.0**	1,270.0
Interest accrued on loan to subsidiary – not due						
BASF Polyurethanes India Ltd.	**0.3**	—	**—**	—	**0.3**	—
Outstanding						
Receivables	**23.0**	20.6	**153.7**	48.0	**176.7**	68.6
Payables	**—**	—	**465.1**	328.5	**465.1**	328.5
ICD outstanding						
BASF Polyurethanes India Ltd.	**239.0**	160.0	**—**	—	**239.0**	160.0

(f) **Details of transactions of Key Management Personnel and Relatives of Key Management Personnel:**

Rs. Mio.

Nature of Transactions	Key Management Personnel		Relatives of Key Management Personnel		Total	
	2007-08	2006-07	**2007-08**	2006-07	**2007-08**	2006-07
Interest Income on Loans	**0.1**	0.1	**—**	—	**0.1**	0.1
Remuneration	**33.6**	29.1	**—**	—	**33.6**	29.1
Outstanding :						
Receivable	**0.8**	0.9	**—**	—	**0.8**	0.9

Details of remuneration to Directors are given in Note 11.

Amounts due from directors and interest recovered thereon have been included under Schedule 10 of the Balance Sheet and Schedule 14 of the Profit and Loss Account under Interest – Others respectively.

22. As on 31st March 2008, the Company has 14 forward contracts totaling to USD 11.2 Mio. **(Rs. 446.9 Mio.)** for the purposes of hedging its foreign exposure. The unamortised premium of Rs. 0.6 Mio. pertaining to the same will be recognised subsequently. There are no open exposures as on that date.

23. The Previous Year's figures have been regrouped and rearranged wherever necessary.

Signatures to Schedules 1 to 20

Prasad Chandran
Chairman & Managing Director

M. R. Iyer
Company Secretary

K. R. Coorlawala
S. Ramnath
R. A. Shah
Deepak Thuse
Directors

Mumbai, 16th April, 2008

Asia Pacific Legal Conference held at Aamby Valley in January 2008.

Balance Sheet Abstract and General Business Profile

I.	**Registration Details :**			
	Registration No. : 3972		State Code :	11
	Balance Sheet Date : 31.03.2008			
II.	**Capital Raised during the Period :**			
	(Amount in Rs. million)			
	Public Issue :	Nil	Rights Issue : Capital raised :	Nil
	Bonus Issue :	Nil	Private Placement :	Nil
III.	**Position of Mobilisation and Deployment of Funds :**			
	(Amount in Rs. million)			
	Total Liabilities :	3,396.8	Total Assets :	3,396.8
	Sources of Funds :			
	Paid Up Capital :	281.9	Reserves & Surplus :	3,114.9
	Secured Loans :	—	Unsecured Loans :	—
	Application of Funds :			
	Net Fixed Assets :	1,208.6	Investments :	119.0
	Net Current Assets :	2,045.6	Deferred Tax Assets – Net	23.6
	Accumulated Losses:	Nil		
IV.	**Performance of Company :**			
	(Amount in Rs. million)			
	Turnover (including Other Income) :	9,118.9	Total Expenditure	8,188.9
	Profit Before Tax :	930.0	Profit After Tax	593.7
	Earning Per Share in Rs. :	21.06	Dividend Rate %	70

V. Generic Names of Principal Products of the Company :

(As per monetary terms)

Item Code No. (ITC Code)	**Product Description**
32021000	Synthetic Organic Tanning Substances
39031100	Expansible Polystyrene
38089390	Others

Prasad Chandran
Chairman & Managing Director

M.R. Iyer
Company Secretary

K. R. Coorlawala
S. Ramnath
R. A. Shah
Deepak Thuse
Directors

Mumbai, 16th April, 2008

Statement pursuant to Section 212 of the Companies Act, 1956

Name of the Subsidiary Company	Financial Year ending of the Subsidiary	Number of equity shares held	Extent of holding	For the Financial Year of the Subsidiary		For the Previous Financial Years since it became a Subsidiary	
				Profit/(losses) so far as it concerns the members of the holding Company and not dealt with in the holding Company's accounts	Profit/(losses) so far as it concerns the members of the holding Company and dealt with in the holding Company's accounts	Profit/(losses) so far as it concerns the members of the holding Company and not dealt with in the holding Company's accounts	Profit/(losses) so far as it concerns the members of the holding Company and dealt with in the holding Company's accounts
				(Rs. in million)	(Rs. in million)	(Rs. in million)	(Rs. in million)
BASF Polyurethanes India Limited	31.03.2008	9,000,000 shares of Rs. 10 each	100%	(19.4)	—	0.9	—

Prasad Chandran
Chairman & Managing Director

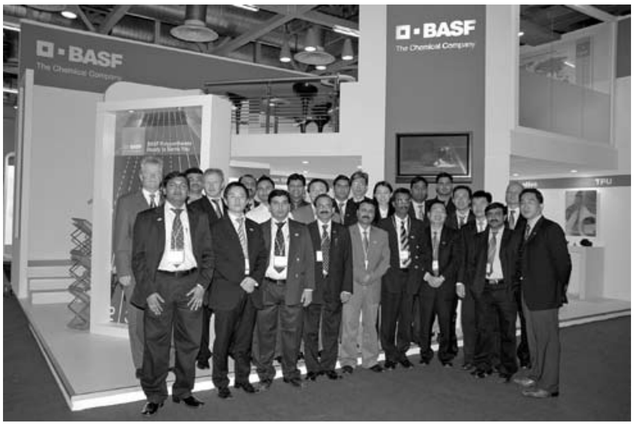
M.R. Iyer
Company Secretary

K. R. Coorlawala
S. Ramnath
R. A. Shah
Deepak Thuse
Directors

Mumbai, 16th April, 2008

Directors' Report

BASF Polyurethanes India Limited



The Polyurethanes team at the BASF Stall at PUTech 2008 in Delhi.

Your Directors have pleasure in presenting their Report for the financial year ended 31st March, 2008.

Activities

Your Company has completed its first full year of operations during the year under report at the System House set up at Turbhe, Navi Mumbai. Sales at Rs. 1567.7 million during the year ended 31st March, 2008 registered significant increase, both in volume and value terms, over the previous year. Your Company incurred an operating loss of Rs. 17.3 million for the year under report. This was mainly due to set-up costs and increase in the prices of raw materials.

Your Company made investment in the 'Rigid' segment capacity, which cater to the appliances and construction businesses. A Footwear technical laboratory was set up during the year along with an application centre.

Your Company has become ISO 140001 certified during the year under report.

Dividend

In view of the loss incurred for the year under report, your Directors do not recommend any dividend on the equity shares for the financial year ended 31st March, 2008.

Capital Expenditure

Capital Expenditure incurred during the year aggregated to Rs. 20.9 million.

Directors

Mr. R. R. Nair and Mr. Deepak Thuse retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Mr. Boon Yeow Yee resigned from the Board effective 16th April, 2008. Your Directors wish to place on record their sincere appreciation of the guidance and valuable advice received from Mr. Boon Yeow Yee in the deliberations of the Board during his tenure as Director.

Consequent upon the resignation of Mr. Boon Yeow Yee from the Board, Mr. S. Ramnath, ceased to be his Alternate Director effective 16th April, 2008.

Mr. Hermann Althoff was appointed as a Director on 16th April, 2008 in the casual vacancy caused by the resignation of Mr. Boon Yeow Yee in terms of Article 107 of the Articles of Association of your Company and Section 262 of the Companies Act, 1956.

Mr. S. Ramnath was appointed as the Alternate Director to Mr. Hermann Althoff, effective 16th April, 2008.

Dr. Raman Ramachandran, who was the Alternate Director to Dr. Rainer Diercks, resigned from the Board effective 16th April, 2008.

Your Board of Directors wish to place on record their sincere appreciation of the guidance and valuable advice received from Dr. Raman Ramachandran in the deliberations of the Board during his tenure as Director.

Mr. R. Y. Vaidya was appointed as the Alternate Director to Dr. Rainer Diercks, effective 16th April, 2008.

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' 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, 2008 and of the losses of your Company for that year;

(iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;

(iv) that the Directors have prepared the annual accounts on a going concern basis.

Auditors

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

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, forms part of this Report.

Personnel and Welfare

Industrial relations in the Navi Mumbai factory remained cordial.

Your Directors express their sincere appreciation for the dedicated efforts put in by all the employees and for their continued contribution for ensuring higher performance of the Company during the year.

On behalf of the Board of Directors

PRASAD CHANDRAN
Chairman & Managing Director

Mumbai
Dated: 16th April, 2008

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 control on utilization of energy, in its facility at Navi Mumbai.

During the year under report, various energy saving measures were implemented in the Company's factory at Navi Mumbai, which include:

Reduction in energy consumption by adopting the following measures viz.,

- Insulation of hot water lines and storage tanks of raw materials.
- Reducing run hours of equipment.
- Rationalise process parameters to bring down the batch cycle time of processes.
- Maintaining optimum batch size.
- Installation of capacitor banks to improve power.
- Increasing set temperature of air-conditioners to save power.
- Installation of switching facilities to reduce power consumption.

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

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

- To carry out feasibility studies for:
  - Use of recovered glycol in production
  - Installation of auto switching system in a plant
  - Installation of energy efficient gear boxes in reactors.

Requisite data in respect of Energy Consumption are given below:

	Current Year 1.4.2007 to 31.3.2008	During the previous period 22.6.2006 to 31.3.2007
(a) **Power & Fuel Consumption**		
1. Electricity		
(a) Purchased		
Units (in '000 kwh)	**556**	448
Total amount (Rs. in million)	**2,569**	2,048
Rate per unit (Rs.)	**4.62**	4.57
(b) Own generation	**NA**	NA
• Through diesel generator		
Units (in '000 kwh)		
Units per litre of oil		
Cost per unit (Rs.)		
• Through Steam Turbine/		
Generator units		
Units per litre of fuel		
oil/gas		
Cost per unit		
2. Coal (specify quality and where used)	**NA**	NA
Qty. (tonnes)		
Total cost		
Average rate		
3. Furnace oil/fuels		
Qty. (k.litres)	**117**	103
Total Amount (Rs. in million)	**1,988**	2,225
Average rate (Rs./litre)	**16.99**	21.71
4. Others/Internal Generation (Qty.)	**NA**	NA
Total cost rate/unit		
(b) **Consumption per unit of production**		
Polyurethane's System Products		
Unit M.T.		
Electricity (kwh)	**84**	129
Furnace oil/fuels (litres)	**18**	29
Coal (specify quality)	**NA**	NA
Others (specify)	**NA**	NA

B. **Technology Absorption**

RESEARCH & DEVELOPMENT (R&D)

1. Specific Areas in which R&D was carried out by the Company. : NIL
2. Benefits derived as a result of the above R&D. : NIL
3. Future plan of action:
   Future plan of action of the R&D Centre include:
   - Installation of blenders to increase production capacity.
   - Installation of pre-polymer reactor.
4. Expenditure on R&D. : NIL

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief, towards technology absorption, adaptation and innovation : Under process
2. Benefits derived and results of the above efforts : In process

3. Imported Technology:

The Company has entered into agreements with BASF Polyurethane Licensing GmbH, Germany for sourcing the following technical know-how:

- In 2006 and 2007 for manufacture of Polyesters & additives etc.
- In 2008 for manufacture of Polyesterols.

C. **Foreign Exchange Earnings and Outgo**

The particulars with regard to foreign exchange earnings and outgo appear on page 69 of the Annual Report and Accounts.

On behalf of the Board of Directors

PRASAD CHANDRAN
Chairman & Managing Director

Mumbai
Dated: 16th April, 2008

Annexure to the Directors' Report

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the financial year ended 31st March, 2008

	Name of employee	**Designation and Nature of Duties**	**Gross Remuneration Rupees**	**Qualification**	**Date of Commencement of employment**	**Age/ Experience Years**	**Particulars of last employment, Last employer, Post last held, No. of years**
(a)	Employed throughout the Financial Year under review and were in receipt of remuneration for the Financial Year in the aggregate of not less than Rs. 24,00,000/-.						
	Mr. Gian Luca Celli	Manager Technical Services, Footwear	4,101,123	Engineer-Chemistry	01.05.2006	40/15	Elastogran Italia spa-techician R&D footwear department (8)
	Mr Udo Schilling	General Manager	12,412,119	Engineer-Chemistry	01.06.2005	53/31	BASF Elastogran GmbH, Lemforde, Manager – Technical Service Marine Applications (1)
(b)	Employed for part of the Financial Year under review and were in receipt of remuneration for any part of the year, at a rate of not less than Rs. 2,00,000/- per month.						

(i) All appointments are/were contractual and terminable by notice on either side.

(ii) The employments are subject to the rules and regulations of the Company in force from time to time.

(iii) Gross remuneration includes Salary, allowances, leave encashment but excludes Medical Expenses and Group Insurance Premium.

(iv) None of the employees is related to any Director of the Company. None of the employees hold more than 2% of the paid-up equity capital of the Company.

On behalf of the Board of Directors

PRASAD CHANDRAN
Chairman & Managing Director

Mumbai
Dated: 16th April, 2008

Auditors' Report to the Members of BASF Polyurethanes India Limited

We have audited the attached Balance Sheet of BASF Polyurethanes India Limited ('the Company') as at 31 March 2008 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

2. Further to our comments in the Annexure referred to above, we report that:

   (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   (c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report is in agreement with the books of account;

   (d) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;

   (e) on the basis of written representations received from the directors as at 31 March 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and

   (f) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts, give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2008;

      (ii) in the case of the Profit and Loss Account, of the loss 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.

For BSR & Co.
Chartered Accountants

Akeel Master
Partner
Membership No: 46768

Mumbai
Date: 16th April 2008

Annexure to the Auditors' Report – March 31, 2008

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

(i) (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.

(ii) (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.

(iii) According to the information and explanations given to us, we are of the opinion that there are no companies, firms or other parties covered in the register required under Section 301 of the Act. Accordingly, paragraph 4(iii) of the Order is not applicable.

(iv) In our opinion and according to the information and explanations given to us, 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.

(v) In our opinion, and according to the information and explanations given to us, there are no contracts and arrangements the particulars of which need to be entered into the register maintained under Section 301 of the Act.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.

(viii) The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Act for any of the products manufactured/services rendered by the Company.

(ix) (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, Service tax, Customs duty, Excise duty and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund and Wealth tax.

According to the information and explanation given to us there were no dues on account of Cess under section 441A of the Act since the date from which the aforesaid section comes into force has not been notified by the Central Government.

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, Service tax, Customs duty, Excise duty and other material statutory dues were in arrears as at 31 March 2008 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, Service tax, Customs duty and Excise duty which have not been deposited with the appropriate authorities on account of any dispute.

(x) This being the third year financial period of the Company, clause 4 (ix) of the order is not applicable.

(xi) 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 debentures or dues to financial institutions during the year.

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) 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.

(xiv) The Company is not dealing or trading in shares, securities, debentures and other investments.

(xv) 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.

(xvi) 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.

(xvii) 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.

(xviii) As stated in paragraph (v) above, there are no companies/firms/parties covered in the register required to be maintained under Section 301 of the Act.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money by public issues during the year.

(xxi) 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 BSR & Co.
Chartered Accountants

Akeel Master
Partner
Membership No: 46768

Mumbai
Date: 16th April 2008

Balance Sheet as at March 31, 2008

Rs. in million

	Schedule	March 31, 2008	March 31, 2007
SOURCES OF FUNDS			
Shareholders' Funds:			
Share Capital	**1**	**90.0**	90.0
Reserves and Surplus	**2**	**—**	0.9
		90.0	90.9
Loan Funds:			
Unsecured Loans	**3**	**511.7**	472.9
		511.7	472.9
Total		**601.7**	563.8
APPLICATION OF FUNDS			
Fixed Assets:			
Gross Block		**136.5**	116.0
Less: Depreciation		**20.1**	8.5
Net Block	**4**	**116.4**	107.5
Capital Work-in-Progress		**0.7**	0.4
Expenditure during Construction	**5**	**—**	—
		117.1	107.9
Deferred Tax Assets (net)	**6**	**—**	1.2
Current Assets, Loans and Advances:			
Inventories	**7**	**264.8**	225.7
Sundry Debtors	**8**	**346.9**	274.0
Cash and Bank Balances	**9**	**24.5**	48.7
Loans and Advances	**10**	**92.9**	73.8
		729.1	622.2
Less:			
Current Liabilities and Provisions:			
Current Liabilities	**11**	**259.9**	166.1
Provisions	**12**	**3.1**	1.4
		263.0	167.5
Net Current Assets		**466.1**	454.7
Profit & Loss Account		**18.5**	—
Total		**601.7**	563.8

For Accounting Policies and Notes to Accounts – Refer **Schedule 20**

The Schedules referred to above form integral part of the Balance Sheet.

As per our report attached

For BSR & Co.
Chartered Accountants

Akeel Master
Partner
Membership No. : 46768

Mumbai, 16th April 2008

Prasad Chandran
Chairman & Managing Director

Pradeep Chandan
Company Secretary

K. R. Coorlawala
S. Ramnath
R. A. Shah
Deepak Thuse
Directors

16th April 2008

Profit and Loss Account for the year ended March 31, 2008

Rs. in million

	Schedule	March 31, 2008	March 31, 2007
Income:			
Sales	**13**	**1,567.7**	891.6
Less: Excise Duty		**103.3**	39.2
		1,464.4	852.4
Other Income	**14**	**1.3**	0.8
		1,465.7	853.2
Expenditure:			
Materials Consumed	**15**	**667.5**	343.4
Purchase of Finished Goods		**604.3**	478.5
Other Expenses	**16**	**207.0**	112.9
Depreciation	**4**	**11.6**	8.3
Interest	**17**	**38.7**	23.9
		1,529.1	967.0
Increase in Stocks	**18**	**46.1**	116.1
Profit/(Loss) Before Tax		**(17.3)**	2.3
Tax	**19**	**2.1**	1.7
Profit/(Loss) After Tax		**(19.4)**	0.6
Surplus Brought Forward		**0.9**	0.3
Balance Carried Forward		**(18.5)**	0.9
Weighted average number of equity shares outstanding during the year		**9,000,000**	6,523,425
Basic and diluted earnings per share (in Rs.)		**(2.16)**	0.09
Face value per share (in Rs.)		**10.00**	10.00

For Accounting Policies and Notes to Accounts – Refer **Schedule 20**

The Schedules referred to above form integral part of the Profit and Loss Account.

As per our report attached

For BSR & Co.
Chartered Accountants

Akeel Master
Partner
Membership No. : 46768

Mumbai, 16th April 2008

Prasad Chandran
Chairman & Managing Director

Pradeep Chandan
Company Secretary

K. R. Coorlawala
S. Ramnath
R. A. Shah
Deepak Thuse
Directors

16th April 2008

Cash Flow Statement for the year ended March 31, 2008

Rs. in million

	March 31, 2008		March 31, 2007	
A. Cash flow from operating activities				
Net Profit/(Loss) Before Tax		**(17.3)**		2.3
Adjustments for:				
Depreciation	**11.6**		8.3	
Interest expense	**38.7**		23.9	
Loss on sale of fixed assets (net)	**0.1**		–	
Unrealised (Gain)/Loss on foreign exchange (net)	**1.0**		(4.1)	
Provision for Doubtful Debts written back	**(0.4)**	**51.0**	(0.5)	27.6
Operating profit before working capital changes		**33.7**		29.9
(Increase)/Decrease in:				
Trade and Other Receivables	**(95.7)**		(311.3)	
Inventories	**(39.1)**		(152.9)	
Trade and Other Liabilities	**96.3**	**(38.5)**	82.9	(381.3)
Cash used in operations		**(4.8)**		(351.4)
Direct taxes paid (net)		**(1.2)**		(5.7)
Net cash used in operating activities		**(6.0)**		(357.1)
B. Cash flow from investing activities:				
Acquisition of fixed assets		**(20.7)**		(18.8)
Net cash used in investing activities		**(20.7)**		(18.8)
C. Cash flow from financing activities				
Proceeds from loan funds (net)		**41.6**		338.1
Proceeds from issue of equity shares		**–**		89.5
Interest paid*		**(39.1)**		(24.0)
Net cash generated from financing activities		**2.5**		403.6
Net (decrease)/increase in cash and cash equivalents		**(24.2)**		27.7
Cash and cash equivalents (opening balance)		**48.7**		21.0
Cash and cash equivalents (closing balance)		**24.5**		48.7

* Includes **Rs. Nil** (Previous Year Rs. 2.3 million) which has been capitalised

As per our report attached

For BSR & Co.
Chartered Accountants

Akeel Master
Partner
Membership No. : 46768

Mumbai, 16th April 2008

Prasad Chandran
Chairman & Managing Director

Pradeep Chandan
Company Secretary

K. R. Coorlawala
S. Ramnath
R. A. Shah
Deepak Thuse
Directors

16th April 2008

Schedules to Balance Sheet as at March 31, 2008

1. Share Capital

Rs. in million

	March 31, 2008	March 31, 2007
Authorised:		
15,000,000 (Previous Year – 15,000,000) Equity Shares of Rs. 10/- each	**150.0**	150.0
Issued:		
9,000,000 (Previous Year – 9,000,000) Equity Shares of Rs. 10/- each	**90.0**	90.0
Subscribed and Paid-up:		
9,000,000 (Previous Year – 9,000,000) Equity Shares of Rs. 10/- each fully paid – All the above Equity shares are held by BASF India Limited, the holding Company and its nominees. BASF SE is the ultimate holding company of BASF Polyurethanes India Limited	**90.0**	90.0
	90.0	90.0

2. Reserves and Surplus

	Balance as on April 1,		Additions/(Deduction) during the year		Balance as on March 31,	
	2007	2006	**2007-08**	2006-07	**2008**	2007
Surplus as per Profit & Loss Account	**0.9**	0.3	**(0.9)**	0.6	**–**	0.9
	0.9	0.3	**(0.9)**	0.6	**–**	0.9

3. Unsecured Loans

	March 31, 2008	March 31, 2007
Term Loan:		
Loan from BASF SE Repayable within one year **Rs. 32.0 million** (Previous Year Rs. Nil) Maximum amount outstanding at any time during the year **Rs. 34.8 million** (Previous Year Rs. 36.9 million)	**32.0**	34.8
Other Loan:		
Bank Facilities Repayable within one year **Rs. 240.7 million** (Previous Year Rs. 278.1 million)	**240.7**	278.1
ICD from BASF India Ltd. Repayable within one year **Rs. 239.0 million** (Previous Year Rs. 160.0 million) Maximum amount outstanding at any time during the year **Rs. 450.0 million** (Previous Year Rs. 300.0 million)	**239.0**	160.0
	511.7	472.9

Schedules to Balance Sheet as at March 31, 2008

4. Fixed Assets

Rs. in million

	Buildings	Plant and Machinery	Furniture, Fixtures and Equipment	Total	Previous Year
Gross Block:					
As at April 1, 2007	**21.2**	**93.8**	**1.0**	**116.0**	0.3
Additions	**0.3**	**20.0**	**0.3**	**20.6**	115.7
Deductions	**–**	**–**	**0.1**	**0.1**	–
As at March 31, 2008	**21.5**	**113.8**	**1.2**	**136.5**	116.0
Depreciation:					
As at April 1, 2007	**0.7**	**7.7**	**0.1**	**8.5**	0.1
Depreciation for the year	**0.7**	**10.8**	**0.1**	**11.6**	* 8.4
Deductions:	**–**	**–**	**–**	**–**	–
As at March 31, 2008	**1.4**	**18.5**	**0.2**	**20.1**	8.5
Net Block:					
As at March 31, 2008	**20.1**	**95.3**	**1.0**	**116.4**	107.5
As at March 31, 2007	20.5	86.1	0.9	107.5	0.2
Capital work in progress **					
As at March 31, 2008	**–**	**0.7**	**–**	**0.7**	0.4
As at March 31, 2007	–	0.4	–	0.4	79.1

* Includes Rs. 0.1 million of expenditure during construction period.

** Capital Work-in-Progress includes capital advances **Rs. 0.7 million** (Previous Year Rs. 0.4 million) – considered good.

5. Expenditure during Construction

	March 31, 2008	March 31, 2007
(A) **Opening Balance**	–	16.8
Expenditure incurred during the year		
(B) Interest	–	1.4
(C) Other Expenses:		
Salaries, Wages, Bonus and Commission	–	2.4
Workmen and Staff Welfare	–	0.1
Contribution to Provident and Other Funds	–	0.1
Consumption of Stores and Spare Parts	–	1.4
Rent	–	0.7
Repairs – Machinery	–	0.1
– Buildings	–	0.1
Travelling	–	0.7
Sundry Expenses	–	0.2
Total Other Expenses	–	5.8
(D) **Net Expenditure during the year (B+C)**	–	7.2
Total (A) + (D)	–	24.0
Amount allocated to Fixed Assets	–	24.0
Balance Carried forward	–	–

Schedules to Balance Sheet as at March 31, 2008

6. Deferred tax Assets/(Liabilities) – net

Rs. in million

	March 31, 2008	March 31, 2007
(Refer note 4)		
Deferred tax assets	**10.1**	3.9
Deferred tax liabilities	**(10.1)**	(2.7)
	–	1.2

7. Inventories

	March 31, 2008	March 31, 2007
Raw Materials	**95.3**	101.9
Finished Goods	**154.4**	119.5
Stock-in-Process	**14.3**	3.1
Packing Materials	**0.4**	1.2
Stores and Spare Parts	**0.4**	–
	264.8	225.7

8. Sundry Debtors – (Unsecured)

	March 31, 2008	March 31, 2007
Considered good		
Over 6 months	**0.2**	–
Others	**346.7**	274.0
	346.9	274.0
Considered doubtful		
Over 6 months	**9.6**	10.0
	9.6	10.0
	356.5	284.0
Less : Provision for doubtful debts	**9.6**	10.0
	346.9	274.0
(Ref. note 6 – Dues from companies under the same management)		

9. Cash and Bank Balances

	March 31, 2008	March 31, 2007
Balances with Scheduled Banks:		
– In Current Accounts	**24.5**	48.7
	24.5	48.7

10. Loans and Advances (Unsecured) – Considered Good

	March 31, 2008	March 31, 2007
Advances recoverable in cash or in kind or for value to be received	**79.7**	67.4
Duty Drawback receivable	**9.6**	3.3
Balances with Excise authorities	**0.2**	–
Balances with Income Tax authorities (Net of Provisions)	**3.4**	3.1
	92.9	73.8

Schedules to Balance Sheet as at March 31, 2008

11. Current Liabilities

Rs. in million

	March 31, 2008	March 31, 2007
Sundry Creditors		
– Small Scale Industrial Undertakings (Ref. note 5)	–	0.3
– Others	250.8	157.2
Deposits	0.3	–
Interest accrued but not due	1.8	2.2
Other Liabilities	7.0	6.4
	259.9	166.1

12. Provisions

	March 31, 2008	March 31, 2007
Provision for Long Service Award	0.6	–
Provision for Leave Encashment	2.5	1.4
	3.1	1.4

Schedules to Profit & Loss account for the year ended March 31, 2008

13. Sales

	March 31, 2008	March 31, 2007
Sale of Goods	1,481.8	841.5
Indent Commission/Technical Charges	85.9	50.1
	1,567.7	891.6

14. Other Income

	March 31, 2008	March 31, 2007
Provision for Doubtful Debts written back	0.4	0.5
Sale of Scrap	0.1	0.3
Sundries	0.8	–
	1.3	0.8

15. Materials consumed

	March 31, 2008	March 31, 2007
Raw Materials :		
Stock at Commencement	101.9	66.1
Purchases	641.0	364.3
Stock at Close	(95.3)	(101.9)
	647.6	328.5
Packing Materials consumed	19.9	14.9
	667.5	343.4

Schedules to Profit & Loss account for the year ended March 31, 2008

16. Other Expenses

Rs. in million

	March 31, 2008	March 31, 2007
Salaries, Wages, Bonus and Commission (Ref. note 7)	**38.1**	24.8
Workmen and Staff Welfare (Ref. note 7)	**7.5**	1.7
Contribution to Provident and Other Funds (Ref. note 7)	**3.3**	2.2
Directors' Sitting Fees	**0.1**	0.2
Consumption of Stores and Spare Parts	**1.3**	3.0
Power and Fuel	**3.7**	3.8
Rent	**10.2**	6.0
Rates and Taxes – Excise Duty	**1.5**	2.8
Repairs – Machinery	**2.2**	0.3
– Buildings	**1.6**	0.2
– Others	**0.2**	0.1
Insurance	**2.5**	1.7
Loss on sale of Fixed Assets	**0.1**	–
Service Fees	**16.9**	8.2
Travelling	**11.7**	5.1
Freight and Handling Charges	**42.9**	27.0
Professional Services	**39.6**	18.9
Communication/System Expenses	**4.9**	1.3
Royalty	**8.5**	–
Sundry Expenses	**10.2**	11.4
	207.0	118.7
Less : Expenditure during construction (Ref. Schedule 5)	**–**	5.8
	207.0	112.9

17. Interest

	March 31, 2008	March 31, 2007
On Term Loans	**2.1**	2.4
On Others	**36.6**	22.9
	38.7	25.3
Less : Interest during construction (Ref. Schedule 5)	**–**	1.4
	38.7	23.9

18. Increase in Stocks

	March 31, 2008	March 31, 2007
Stock at Close		
Finished Goods	**154.4**	119.5
Stock-in-Process	**14.3**	3.1
Sub-total	**168.7**	122.6
Stock at commencement		
Finished Goods	**(119.5)**	(6.5)
Stock-in-Process	**(3.1)**	–
Sub-total	**(122.6)**	(6.5)
Net increase in stocks	**46.1**	116.1

19. Tax

	March 31, 2008	March 31, 2007
Current Tax Expense	**–**	1.7
Deferred Tax Charge/Credit	**1.2**	(0.9)
Fringe Benefit Tax	**0.9**	0.9
	2.1	1.7

20. Accounting Policies and Notes to Accounts

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

1. **Accounting Policies:**

(a) **Basis of Accounting**

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

(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 on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known/materialise.

(c) **Revenue Recognition**

Sales of products and Indent commission are recognised when risk and rewards of ownership of the products are passed on to the customers, which is generally on despatch of goods or when the services are provided. Sales include excise duty but exclude trade discounts, rebates and sales tax. Interest on investments is booked on a time proportion basis taking into account the amounts invested and the rate of interest.

(d) **Fixed Assets**

Fixed Assets are recorded at cost net of Cenvat credit wherever eligible. Cost includes all expenses and interest attributable to the project till the date it is ready to use. Impairment is done when the carrying amount of the asset exceeds its recoverable amount. Impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. An impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of the recoverable amount.

All expenditure incurred during the project construction period are accumulated and shown as Expenditure during Construction until the assets are ready for commercial use.

(e) **Depreciation**

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

Factory Buildings	—	3.34%
Plant & Machinery	—	10.34%
Computers	—	25.00%
Furniture, Fixtures & Equipment	—	12.50%
Assets 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 is amortised over the period of lease.

(f) **Borrowing costs**

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

(g) **Inventories**

Inventories are valued at cost or 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.

(h) **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. The forward exchange contracts are backed by underlying transactions, the premium or discount arising at the inception of such a forward exchange contract is amortised as expense or income over the life of the contract and the difference between the year end rate and rate on the date of the contract is recognised as exchange difference in the Profit and Loss Account. Gains/losses on conversion/translation have been recognised in the Profit and Loss Account.

(i) **Employee Benefits**

(A) **Short Term Employee Benefits**

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

(B) **Post Employment Employee Benefits**

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

Mr. Hermann Althoff, Group Vice President, Engineering Plastics Asia Pacific and Dr. Wolfgang Hapke, President, Market and Business Development Asia Pacific at the Team Automotive Asia Meet 2007 in Mumbai.

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 an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Profit and Loss Account.

Company's contribution to Provident Fund is recognised in the Profit and Loss Account on accrual basis.

(C) **Other Long Term Employee Benefits**

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

(D) **Termination Benefits**

Compensation paid to employees under Voluntary Retirement Scheme is recognised as an expense when incurred.

(j) **Taxes on Income**

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

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.

(k) **Fringe benefit tax**

Provision for fringe benefit tax (FBT) has been recognised on the basis of harmonious contextual interpretation of the provisions of Income Tax Act, 1961.

(l) **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 since this may result in the recognition of income that may never be realised.

(m) **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.

2. Estimated amount of contracts remaining to be executed on capital account and not provided for **Rs. 2.2 Mio.** (Previous Year Rs. 0.8 Mio.)

3. The exchange loss of **Rs. 3.5 Mio.** (Previous Year Rs. 3.2 Mio.) has been included in the Profit and Loss Account for the year.

4. Deferred Tax:

   The break up of Deferred Tax Assets (Net) as at March 31, 2008 is as under:

Rs. Mio.

	2007-08	2006-07
Deferred Tax Assets		
Timing differences on account of:		
Provision for doubtful debts	**3.3**	3.4
Preliminary Expenses	**0.2**	0.3
Unabsorbed Depreciation and Accumulated Losses	**5.6**	–
Others	**1.0**	0.2
Total Deferred Tax Assets	**10.1**	3.9
Deferred Tax Liabilities		
Timing difference on account of:		
Fixed Assets	**(10.1)**	(2.7)
Deferred Tax Assets/(Liabilities) – Net	**–**	1.2

The Company has created deferred tax asset on unabsorbed depreciation and carried forward losses to the extent of the deferred tax liability.

5. Micro, Small and Medium Enterprises (MSME):

   On the basis of the information and records available with the Management, there are no dues to Micro, Small and Medium enterprises, who have registered with the competent authorities:

   For the previous year, sundry creditors include Rs. 0.07 Mio. outstanding for more than 30 days to Act Infraport Ltd. a small scale industrial undertaking.

6. Sundry debtors, considered good, include the following amounts due from companies under the same management:

Rs. Mio.

	2007-08	2006-07
BASF Polyurethane (China) Co., Ltd.	**3.8**	–
BASF China Limited	**0.6**	15.6
Elastogran GMBH	**0.6**	–
Shanghai BASF Polyurethane Company	**0.2**	0.2
BASF South East Asia Pte. Ltd.	**–**	0.4
Total	**5.2**	16.2

7. Employee Defined Benefits:

   Effective 1st April, 2007, the Company adopted Accounting Standard-15 (revised 2005) on “Employee Benefits” issued by the Institute of Chartered Accountants of India. The additional liability arising upon the first application of the standard, amounting to Rs. 0.5 Mio., has been charged off as an expense in the current year’s Profit & Loss Account.

   Defined contribution plans

   Company’s contribution to defined contribution funds amounting to **Rs. 1.9 Mio.** (Previous Year Rs. 0.8 Mio.) has been charged to the Profit & Loss Account.

   Defined benefit plans and other Long term employee benefits

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

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

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

Rs. in Mio.

		Gratuity (Funded)	Leave (Unfunded)	Long Service Award (Unfunded)
A.	Expense recognized in the Profit & Loss Account for the year ended 31st March, 2008			
1.	Current Service Cost	0.5	0.2	
2.	Interest	0.3	0.1	
3.	Expected Return on Plan Assets	(0.3)	–	–
4.	Actuarial (Gain)/Loss	0.9	0.9	0.1
5.	Past service cost	–	–	0.5
6.	**Total Expense**	**1.4**	**1.2**	**0.6**
B.	Net Asset/(Liability) recognized in the Balance Sheet as at 31st March, 2008			
1.	Present Value of Defined Benefit Obligation as at 31st March 2008	5.5	2.5	0.6
2.	Fair Value of Plan assets as at 31st March, 2008	4.1	–	–
3.	Funded Status [Surplus/(Deficit)]	(1.4)	(2.5)	(0.6)
4.	**Net Asset/(Liability) as at 31st March, 2008**	**(1.4)**	**(2.5)**	**(0.6)**
C.	Change in obligation during the year ended 31st March, 2008			
1.	Present value of the defined benefit obligation at the beginning of the year	3.8	1.3	0.5
2.	Current Service Cost	0.5	0.2	
3.	Interest Cost	0.3	0.1	
4.	Actuarial (Gain)/Loss	0.9	0.9	0.1
5.	Benefits Paid	–	–	
6.	**Present value of the defined benefit obligation at the end of the year**	**5.5**	**2.5**	**0.6**
D.	Change in fair value of assets during the year ended 31st March, 2008			
1.	Fair Value of Plan assets at the beginning of the year	3.8	–	–
2.	Expected Return on plan assets	0.3	–	–
3.	Contributions by the Employer	–	–	–
4.	Actual Benefits Paid	–	–	–
5.	Actuarial Gain/(Loss) on Plan Assets	–	–	–
6.	**Fair Value of Plan assets at the end of the year**	**4.1**	**–**	**–**
E.	Actual Return on Plan Assets			
1.	Expected Return on plan assets	0.3	–	–
2.	Actuarial Gain/(Loss) on Plan Assets	–	–	–
3.	**Actual return on Plan Assets**	**0.3**	**–**	**–**

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:

GOI Securities	42%
State Government Securities	15%
PSU Bonds	39%
Private Sector Bonds	4%
Total	**100%**

The assumptions used for actuarial valuation as at 31st March 2008 are as follows:

Expected rate of return on plan assets	7.5% p.a.
Discount Rate	7.5% p.a.
Expected salary increase rate	6% – 8% p.a.
In-service mortality rates	LIC 1994-96 ultimate table

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

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

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

8. Managerial Remuneration under Section 198 of the Companies Act, 1956, (excluding provision for contribution to Gratuity Fund and Group Insurance) is **Rs. 0.1 Mio.** (Previous Year Rs. 0.2 Mio.).

	2007-08 Rs. Mio	2006-07 Rs. Mio
Directors' Sitting Fees to non-whole time directors	**0.1**	0.2
Total	**0.1**	0.2

9. Segment Information for the year ended March 31, 2008:

The Company operates exclusively in the Polyurethanes segment. The Company caters mainly to the Indian market with sales to foreign customers contributing less than 10% of total sales.

As the Company's business activity falls within a single primary business segment, the financial statements are reflective of the information required by Accounting Standard 17 issued by the Institute of Chartered Accountants of India on segment reporting.

10. Auditors' Remuneration

	2007-08 Rs. Mio	2006-07 Rs. Mio
As Auditors	**0.5**	0.5
In other capacity (tax audit and certification)	**0.1**	–
Reimbursement of out of pocket expenses	**0.1**	–
Total	**0.7**	0.5

11. Capacities, Production, Purchases, Stocks and Turnover:

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

Class of Goods	Quantitative denomination	Capacity		Production/ Purchases Quantity	Stock at Commencement Quantity	Stock at Close Quantity	Turnover	
		Licensed	Installed				Quantity	Amount (Rs. Mio.)
Other Polyurethanes	**M.T.**	*	**10,000**	**6,610**	**219**	**509**	**6,320**	**718.3**
			10,000	3,484	–	219	3,265	344.7
Traded Goods:								
Polyurethanes	**M.T.**	**Not Applicable**		**5,528**	**727**	**785**	**5,470**	**660.2**
				3,966	57	727	3,296	457.6
Value of Purchases – **Rs. 604.3 Mio.** (Previous Year Rs. 478.5 Mio.)								

* Delicensed vide Gazette Notification No. S.O.477(E) dated 25.07.91

Notes

(a) Value of stocks in Rs. Mio.

	2007-08	2006-07
Closing Stock	**154.4**	119.5
Opening Stock	**119.5**	6.5

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

(a) Raw Materials

	2007-08		2006-07	
	%	Rs. Mio.	%	Rs. Mio.
Imported	**71.5**	**463.2**	84.9	279.0
Indigenous	**28.5**	**184.4**	15.1	49.5
	100.0	**647.6**	100.0	328.5

	M.T.	Rs. Mio.	M.T.	Rs. Mio.
Adipic Acid	**1,811**	**156.8**	1,415	130.4
Lupranol	**3,387**	**249.4**	888	73.0
Diethylene Glycol	**729**	**39.5**	507	26.2
Monoethylene Glycol	**571**	**34.1**	431	21.4
Others	**–**	**167.8**	–	77.5
		647.6		328.5

(b) Components and Spare Parts:

	2007-08		2006-07	
	%	Rs. Mio.	%	Rs. Mio.
Imported	**–**	**–**	32.2	0.5
Indigenous	**100.0**	**1.3**	67.8	1.1
	100.0	**1.3**	100.0	1.6

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

	2007-08 Rs. Mio	2006-07 Rs. Mio
Raw Materials	**447.7**	272.8
Capital Goods	**–**	2.6
Finished Goods	**457.1**	306.4
Components & Spare Parts	**–**	0.5
	904.8	582.3

14. Expenses in foreign currencies during the period (on accrual basis):

	2007-08 Rs. Mio	2006-07 Rs. Mio
Foreign Travel	**2.8**	0.8
Royalty	**8.5**	–
Interest (net of tax)	**1.9**	2.2
Consultancy Charges	**3.2**	0.2
Communication/System Expenses	**3.5**	0.5
Others	**0.7**	0.3
	20.6	4.0

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

	2007-08 Rs. Mio	2006-07 Rs. Mio
Exports of goods calculated on FOB basis	**50.4**	69.2
Indent Commission/Technical Charges	**85.9**	50.1
Freight and Insurance	**2.3**	1.2
	138.6	120.5

16. Related Party Disclosures

(a) Parties where control exists

BASF India Limited	Holding Company (holds 100% of the equity share capital as on March 31, 2008)
BASF SE	Ultimate Holding Company

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

Fellow Subsidiaries

BASF Company Ltd.
BASF Petronas Chemicals Sdn. Bhd.
BASF South East Asia Pte. Ltd.
BASF China Limited
Shanghai BASF Polyurethane Company
Elastogran GMBH
BASF Polyurethane Specialities
BASF (China) Company Ltd.
BASF Corporation
BASF Polyurethanes (China) Co. Ltd.
BASF Polyurethanes (Malaysia) Sdn Bhd
BASF Asia Pacific Service Centre Sdn Bhd
Elastogran Italia Spa (Elit)
BASF Polyurethane Licencing GMBH

(c) Details of transactions for the year ended March 31, 2008:

Rs. Mio.

Nature of Transactions	Holding & Ultimate Holding Company		Fellow Subsidiaries		Total	
	2007-08	2006-07	**2007-08**	2006-07	**2007-08**	2006-07
Sale of Goods						
BASF India Limited	–	71.7	–	–	–	71.7
BASF China Limited	–	–	**1.7**	34.5	**1.7**	34.5
BASF Company Ltd.	–	–	**2.1**	–	**2.1**	–
BASF Polyurethanes (Malaysia)	–	–	**3.3**	0.1	**3.3**	0.1
BASF Polyurethanes (China) Co. Ltd.	–	–	**7.6**	27.7	**7.6**	27.7
BASF Polyurethane Specialities	–	–	**2.1**	–	**2.1**	–
Others	–	–	**2.2**	7.7	**2.2**	7.7
Sub-Total		71.7	**19.0**	70.0	**19.0**	141.7
Services Rendered						
BASF South East Asia Pte. Ltd.	–	–	**19.6**	9.1	**19.6**	9.1
BASF Company Ltd.	–	–	**59.2**	30.9	**59.2**	30.9
Others	–	–	**7.1**	3.5	**7.1**	3.5
Sub-Total	–	–	**85.9**	43.5	**85.9**	43.5
Purchase of Goods/Materials						
BASF SE	**134.5**	123.9	–	–	**134.5**	123.9
BASF India Limited	–	2.2	–	–	–	2.2
BASF Company Ltd.	–	–	**458.9**	354.1	**458.9**	354.1
BASF South East Asia Pte. Ltd.	–	–	**105.8**	2.6	**105.8**	2.6
Elastogran Italia Spa (Elit)	–	–	**77.4**	51.7	**77.4**	51.7
Others	–	–	**71.7**	0.8	**71.7**	0.8
Sub-Total	**134.5**	126.1	**713.8**	409.2	**848.3**	535.3
Purchase of Assets						
Elastogran GMBH	–	–	–	1.5	–	1.5
Elastogran Italia Spa (Elit)	–	–	–	0.3	–	0.3
Sub-Total	–	–	–	1.8	–	1.8
Services Received						
BASF SE	**1.1**	–	–	–	**1.1**	–
BASF India Limited	**33.8**	17.2	–	–	**33.8**	17.2
BASF South East Asia Pte. Ltd.	–	–	**3.2**	0.5	**3.2**	0.5
Elastogran Italia Spa (Elit)	–	–	**0.6**	0.2	**0.6**	0.2
BASF Asia Pacific Service Centre Sdn. Bhd.	–	–	**2.1**	0.2	**2.1**	0.2
Others	–	–	**1.8**	–	**1.8**	–
Sub-Total	**34.9**	17.2	**7.7**	0.9	**42.6**	18.1

Rs. Mio.

Nature of Transactions	Holding & Ultimate Holding Company		Fellow Subsidiaries		Total	
	2007-08	2006-07	**2007-08**	2006-07	**2007-08**	2006-07
Interest on Loans/ICD						
BASF SE	**2.1**	2.2	**–**	–	**2.1**	2.2
BASF India Limited	**15.6**	12.7	**–**	–	**15.6**	12.7
Sub-Total	**17.7**	14.9	**–**	–	**17.7**	14.9
Royalty and Technical Fees						
BASF Polyurethane Licencing GMBH	**–**	–	**8.5**	–	**8.5**	–
Repayment of ICD						
BASF India Limited	**8,433.0**	1,270.0	**–**	–	**8,433.0**	1,270.0
ICD Received						
BASF India Limited	**8,512.0**	1,330.0	**–**	–	**8,512.0**	1,330.0
Interest accrued -not due						
BASF India Limited	**0.3**	–	**–**	–	**0.3**	–
Outstanding						
Receivables	**–**	–	**5.2**	16.2	**5.2**	16.2
Payables	**21.2**	28.6	**165.2**	92.0	**186.4**	120.6
Loans/ICD Outstanding						
BASF SE - Loan	**32.0**	34.8	**–**	–	**32.0**	34.8
BASF India Limited - ICD	**239.0**	160.0	**–**	–	**239.0**	160.0

Transfer Pricing regulations:

The management is of the opinion that the company's international transaction are at an arm's 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.

17. As on 31st March 2008, the company has 11 forward contracts totaling to USD 3.9 Mio **(Rs. 162.5 Mio)** for the purposes of hedging its foreign exposure. The unamortised premium of Rs. 0.7 Mio. pertaining to the same will be recognised subsequently. There are no open exposures as on that date.

18. During the previous year, the Company had incurred borrowing costs of Rs. 1.4 Mio. which had been shown under Expenditure during Construction and subsequently allocated to Fixed Assets.

19. The company commenced commercial production of Polyurethane products from June 2006 and hence the figures for the current year are not comparable to those of the previous year.

20. The Previous Year's figures have been regrouped and rearranged wherever necessary.

Signatures to Schedules 1 to 20

Prasad Chandran
Chairman & Managing Director

K. R. Coorlawala
S. Ramnath
R. A. Shah
Deepak Thuse
Directors

Pradeep Chandan
Company Secretary

Mumbai, 16th April 2008

Balance Sheet Abstract and General Business Profile

I Registration Details :

Registration No. : 152467		State Code :	11
Balance Sheet Date :	31.03.2008		

II Capital Raised during the Period :
(Amount in Rs. Million)

Public Issue :	Nil	Rights Issue : Capital raised :	Nil
Bonus Issue :	Nil	Private Placement :	Nil

III Position of Mobilisation and Deployment of Funds :
(Amount in Rs. Million)

Total Liabilities :	601.7	Total Assets :	601.7

Sources of Funds :

Paid Up Capital :	90.0	Reserves & Surplus :	–
Secured Loans :	–	Unsecured Loans :	511.7

Application of Funds :

Net Fixed Assets :	117.1	Investments :	–
Net Current Assets :	466.1	Deferred Tax Assets - Net	–
Accumulated Losses :	18.5		

IV Performance of Company
(Amount in Rs. Million)

Turnover (including Other Income) :	1,465.7	Total Expenditure	1,483.0
Profit Before Tax :	(17.3)	Profit After Tax	(19.4)
Earning Per Share in Rs. :	-2.16	Dividend Rate %	–

V Generic Names of Principal Products of the Company :
(As per monetary terms)

Item Code No. (ITC Code)	**Product Description**
29291090	Isocyanate - Others
39072090	Other Polyurethanes

Prasad Chandran
Chairman & Managing Director

Pradeep Chandan
Company Secretary

K. R. Coorlawala
S. Ramnath
R. A. Shah
Deepak Thuse
Directors

Mumbai, 16th April 2008

Auditors' Report to the Board of Directors of BASF India Limited Group

We have audited the attached consolidated Balance Sheet of BASF India Limited and its subsidiary BASF Polyurethanes India Limited, collectively referred to as the BASF Group, as at 31 March 2008, and also the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the BASF Group management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We report that the consolidated financial statements have been prepared by the BASF Group management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements, prescribed by Companies (Accounting Standards) Rules 2006.

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the consolidated Balance Sheet, of the state of affairs of the BASF Group as at 31 March 2008;

(b) in the case of the consolidated Profit and Loss Account, of the profit for the year ended on that date; and

(c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For BSR & Co.
Chartered Accountants

Akeel Master
Partner
Membership No: 46768

Mumbai
Date: 16th April 2008

Consolidated Balance Sheet of BASF India Limited and its Subsidiary as at March 31, 2008

Rs. in million

	Schedule	March 31, 2008	March 31, 2007
SOURCES OF FUNDS			
Shareholders' Funds:			
Share Capital	**1**	**281.9**	281.9
Reserves and Surplus	**2**	**3,094.3**	2,750.6
		3,376.2	3,032.5
Loan Funds:			
Unsecured Loans	**3**	**272.7**	318.1
		272.7	318.1
Total		**3,648.9**	3,350.6
APPLICATION OF FUNDS			
Fixed Assets:			
Gross Block		**3,544.9**	3,379.2
Less: Depreciation		**2,262.1**	2,279.2
Net Block	**4**	**1,282.8**	1,100.0
Capital Work-in-Progress		**40.7**	50.2
Expenditure during Construction	**5**	**—**	—
		1,323.5	1,150.2
Investments	**6**	**29.0**	29.0
Deferred Tax Assets (net)	**7**	**23.6**	21.0
Current Assets, Loans and Advances:			
Inventories	**8**	**1,514.1**	1,378.3
Sundry Debtors	**9**	**1,933.8**	1,711.5
Cash and Bank Balances	**10**	**106.1**	73.1
Loans and Advances	**11**	**830.7**	696.4
		4,384.7	3,859.3
Less:			
Current Liabilities and Provisions:			
Current Liabilities	**12**	**1,772.7**	1,411.7
Provisions	**13**	**339.2**	297.2
		2,111.9	1,708.9
Net Current Assets		**2,272.8**	2,150.4
Total		**3,648.9**	3,350.6

For Accounting Policies and Notes to Accounts — Refer **Schedule 21**

The Schedules referred to above form integral part of the Balance Sheet.

As per our report attached

For BSR & Co.
Chartered Accountants

Akeel Master
Partner
Membership No.: 46768

Mumbai, 16th April 2008

Prasad Chandran
Chairman & Managing Director

M. R. Iyer
Company Secretary

K. R. Coorlawala
S. Ramnath
R. A. Shah
Deepak Thuse
Directors

16th April 2008

Consolidated Profit and Loss Account of BASF India Limited and its Subsidiary for the year ended March 31, 2008

Rs. in million

	Schedule	March 31, 2008	March 31, 2007
Income:			
Sales	**14**	**11,873.2**	9,569.5
Less: Excise Duty		**1,336.8**	1,103.5
		10,536.4	8,466.0
Other Income	**15**	**32.1**	24.7
		10,568.5	8,490.7
Expenditure:			
Materials Consumed	**16**	**5,638.9**	4,572.5
Purchase of Finished Goods		**1,504.4**	1,118.5
Other Expenses	**17**	**2,459.1**	1,954.8
Depreciation	**4**	**147.3**	116.8
Interest	**18**	**36.0**	27.7
		9,785.7	7,790.3
Increase/(Decrease) in Stocks	**19**	**130.2**	81.8
Profit Before Tax		**913.0**	782.2
Tax	**20**	**338.4**	281.7
Profit After Tax		**574.6**	500.5
Surplus Brought Forward		**229.5**	223.9
Available for Appropriation		**804.1**	724.4
Appropriations:			
Proposed Dividend		**197.3**	197.3
Corporate Tax on Dividend		**33.6**	33.6
General Reserve		**329.8**	264.0
		560.7	494.9
Balance Carried Forward		**243.4**	229.5
Weighted average number of equity shares outstanding during the year		**28,189,466**	28,189,466
Basic and diluted earnings per share (in Rs.)		**20.38**	17.75
Face value per share (in Rs.)		**10.00**	10.00

For Accounting Policies and Notes to Accounts — Refer **Schedule 21**

The Schedules referred to above form integral part of the Profit and Loss Account.

As per our report attached

For BSR & Co.
Chartered Accountants

Akeel Master
Partner
Membership No.: 46768

Mumbai, 16th April 2008

Prasad Chandran
Chairman & Managing Director

M. R. Iyer
Company Secretary

K. R. Coorlawala
S. Ramnath
R. A. Shah
Deepak Thuse
Directors

16th April 2008

Consolidated Cash Flow Statement of BASF India Limited and its Subsidiary for the year ended March 31, 2008

Rs. in million

	March 31, 2008		March 31, 2007	
A. Cash flow from operating activities				
Net Profit Before Tax		**913.0**		782.2
Adjustments for:				
Depreciation	**147.3**		116.8	
Interest expense	**36.0**		27.7	
Loss/(Profit) on sale of fixed assets (net)	**1.4**		(0.4)	
Interest income	**(1.6)**		(2.5)	
Unrealised (Gain)/Loss on foreign exchange (net)	**10.2**		(7.0)	
Provision for Doubtful Debts	**4.7**	**198.0**	(9.9)	124.7
Operating profit before working capital changes		**1,111.0**		906.9
(Increase)/Decrease in:				
Trade and Other Receivables	**(361.8)**		(364.8)	
Inventories	**(135.8)**		(199.7)	
Trade and Other Liabilities	**384.6**	**(113.0)**	432.2	(132.3)
Cash generated from operations		**998.0**		774.6
Direct taxes paid (net)		**(343.3)**		(292.4)
Net cash from operating activities		**654.7**		482.2
B. Cash flow from investing activities:				
Acquisition of fixed assets		**(321.3)**		(462.1)
Realisation on sale of fixed assets		**8.2**		2.9
Interest received		**1.6**		2.5
Net cash used in investing activities		**(311.5)**		(456.7)
C. Cash flow from financing activities				
(Repayment of)/Proceeds from loan funds (net)		**(42.7)**		270.5
Interest paid		**(36.6)**		(28.0)
Dividend paid		**(197.3)**		(197.3)
Tax paid on above dividend		**(33.6)**		(27.7)
Net cash used in financing activities		**(310.2)**		17.5
Net increase in cash and cash equivalents		**33.0**		43.0
Cash and cash equivalents (opening balance)		**73.1**		30.1
Cash and cash equivalents (closing balance)		**106.1**		73.1

As per our report attached

For BSR & Co.
Chartered Accountants

Akeel Master
Partner
Membership No.: 46768

Mumbai, 16th April 2008

Prasad Chandran
Chairman & Managing Director

M. R. Iyer
Company Secretary

K. R. Coorlawala
S. Ramnath
R. A. Shah
Deepak Thuse
Directors

16th April 2008

Schedules to Consolidated Balance Sheet as at March 31, 2008

1. Share Capital

Rs. in million

	March 31, 2008	March 31, 2007
Authorised: **30,000,000** (Previous Year – 30,000,000) Equity Shares of Rs.10/- each	**300.0**	300.0
Issued: **28,190,148** (Previous Year – 28,190,148) Equity Shares of Rs.10/- each	**281.9**	281.9
Subscribed and Paid-up: **28,189,466** (Previous Year – 28,189,466) Equity Shares of Rs.10/- each fully paid Of the above – – **700** Equity Shares were allotted as fully paid pursuant to a contract without payment being received in cash and **15,771,400** Equity Shares were allotted as fully paid Bonus Shares by way of capitalisation of Reserves. – **4,035,948** shares were allotted to the erstwhile shareholders of Cyanamid Agro Limited (CAL) consequent to the amalgamation w.e.f. April 1, 2001 – **14,853,020** (Previous Year – 14,853,020) Equity Shares are held by BASF SE, the holding company.	**281.9**	281.9
	281.9	281.9

2. Reserves and Surplus

	Balance as on April 1,		Additions during the year		Balance as on March 31,	
	2007	2006	**2007-08**	2006-07	**2008**	2007
Share Premium Account	**621.0**	621.0	**—**	—	**621.0**	621.0
Amalgamation Reserve	**0.5**	0.5	**—**	—	**0.5**	0.5
General Reserve	**1,899.6**	1,635.6	**329.8**	264.0	**2,229.4**	1,899.6
Surplus as per Profit & Loss Account	**229.5**	223.9	**13.9**	5.6	**243.4**	229.5
	2,750.6	2,481.0	**343.7**	269.6	**3,094.3**	2,750.6

3. Unsecured Loans

	March 31, 2008	March 31, 2007
Term Loan: Loan from BASF AG Repayable within one year **Rs. 32.0 million** (Previous Year Rs. Nil) Maximum amount outstanding at any time during the year **Rs. 34.8 million** (Previous Year Rs. 36.9 million)	**32.0**	34.8
Other Loan: Bank Facilities Repayable within one year **Rs. 240.7 million** – (Previous Year Rs. 283.3 million)	**240.7**	283.3
	272.7	318.1

Schedules to Consolidated Balance Sheet as at March 31, 2008

4. Fixed Assets

Rs. in million

	Freehold Land	Leasehold Land	Buildings and Ownership Flats*	Plant and Machinery#	Furniture, Fixtures and Equipment	Vehicles	Total	Previous Year
Gross Block:								
As at April 1, 2007	**18.6**	**55.9**	**568.8**	**2,617.9**	**107.0**	**11.0**	**3,379.2**	2,813.8
Additions	—	—	**79.1**	**227.7**	**32.2**	**0.7**	**339.7**	580.2
Deductions	—	—	—	**171.6**	**1.3**	**1.1**	**174.0**	14.8
As at March 31, 2008	**18.6**	**55.9**	**647.9**	**2,674.0**	**137.9**	**10.6**	**3,544.9**	3,379.2
Depreciation:								
As at April 1, 2007	—	**2.3**	**195.8**	**2,008.6**	**63.2**	**9.3**	**2,279.2**	2,174.6
Depreciation for the year	—	**0.2**	**24.0**	**107.3**	**14.5**	**1.3**	**147.3**	@ 116.9
Deductions	—	—	—	**162.4**	**0.9**	**1.1**	**164.4**	12.3
As at March 31, 2008	—	**2.5**	**219.8**	**1,953.5**	**76.8**	**9.5**	**2,262.1**	2,279.2
Net Block:								
As at March 31, 2008	**18.6**	**53.4**	**428.1**	**720.5**	**61.1**	**1.1**	**1,282.8**	1,100.0
As at March 31, 2007	18.6	53.6	373.0	609.3	43.8	1.7	1,100.0	639.2
Capital work in progress**								
As at March 31, 2008	—	—	**19.1**	**16.7**	**4.9**	—	**40.7**	50.2
As at March 31, 2007	—	—	19.7	15.5	15.0	—	50.2	145.0

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

** Capital work in progress includes capital advances **Rs. 19.7 million** (Previous Year Rs. 35.3 million) – Considered good.

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.

@ Includes Rs 0.1 million of expenditure during construction period.

5. Expenditure during Construction

	March 31, 2008	March 31, 2007
(A) **Opening Balance**	—	15.5
Expenditure incurred during the year	—	
Salaries, Wages, Bonus and Commission	—	2.4
Workmen and Staff Welfare	—	0.1
Contribution to Provident and Other Funds	—	0.1
Consumption of Stores and Spare Parts	—	1.4
Rent	—	0.7
Repairs – Machinery	—	0.1
– Buildings	—	0.1
Travelling	—	0.7
Sundry Expenses	—	0.2
(B) **Total Other Expenses**	—	5.8
Total (A) + (B)	—	21.3
Amount allocated to Fixed Assets	—	21.3
Balance Carried forward	—	—

Schedules to Consolidated Balance Sheet as at March 31, 2008

6. Investments

Rs. in million

	March 31, 2008	March 31, 2007
(Non-Trade) - Unquoted - Long Term		
National Bank for Agriculture & Rural Development	**29.0**	29.0
– **2900 Bonds** (Previous Year – 2900) of Rs. 10,000 each		
	29.0	29.0

7. Deferred Tax Assets – net

	March 31, 2008	March 31, 2007
(Ref. note 7)		
Deferred tax assets	**87.8**	63.9
Deferred tax liabilities	**(64.2)**	(42.9)
	23.6	21.0

8. Inventories

	March 31, 2008	March 31, 2007
Raw Materials	**660.4**	660.7
Finished Goods	**765.8**	646.9
Stock-in- Process	**42.6**	31.3
Packing Materials	**42.2**	34.9
Stores and Spare Parts	**3.1**	4.5
	1,514.1	1,378.3

9. Sundry Debtors – (Unsecured)

	March 31, 2008	March 31, 2007
Considered good		
Over 6 months	**9.9**	10.6
Others	**1,923.9**	1,700.9
	1,933.8	1,711.5
Considered doubtful		
Over 6 months	**117.6**	112.9
Others	**—**	—
	117.6	112.9
	2,051.4	1,824.4
Less: Provision for doubtful debts	**117.6**	112.9
	1,933.8	1,711.5

10. Cash and Bank Balances

	March 31, 2008	March 31, 2007
Cash on hand	**0.4**	0.4
Balances with Scheduled Banks :		
– In Current Accounts	**104.3**	71.2
– In Deposit Accounts	**1.4**	1.3
Balances with Non-Scheduled Banks:		
– In current account with The Municipal Co-operative Bank Limited, Mumbai	**0.0**	0.2
Maximum balance during the year **Rs. 0.2 million** (Previous Year Rs. 0.3 million)		
	106.1	73.1

Schedules to Consolidated Balance Sheet as at March 31, 2008

11. Loans and Advances (Unsecured) – Considered Goods

Rs. in million

	March 31, 2008	March 31, 2007
Advances recoverable in cash or in kind or for value to be received Includes due from – Directors **Rs. 0.78 million** (Previous Year Rs. 0.85 million) – Maximum amount during the year **Rs. 0.85 million** (Previous Year Rs. 0.93 million) In the case of Directors, it represents loans given to them before they became Directors.	**712.5**	592.0
Duty Drawback receivable	**15.2**	5.0
Balances with Excise authorities	**2.9**	1.7
Balances with Income Tax authorities (Net of Provisions)	**100.1**	97.7
	830.7	696.4

12. Current Liabilities

	March 31, 2008	March 31, 2007
Acceptances	**—**	4.2
Sundry Creditors		
– Small Scale Industrial Undertakings	**—**	18.6
– Micro & Small Enterprises	**1.4**	—
– Others	**1,645.2**	1,247.6
Deposits	**106.3**	111.4
Unclaimed Dividend*	**4.3**	3.9
Unclaimed matured fixed deposits*	**0.7**	1.2
Unclaimed Interest warrants*	**0.5**	0.7
* (There are no amounts due and outstanding to be credited to Investor Education and Protection fund)		
Interest accrued but not due	**1.5**	2.1
Other Liabilities	**12.8**	22.0
	1,772.7	1,411.7

13. Provisions

	March 31, 2008	March 31, 2007
Proposed Dividend	**197.3**	197.3
Corporate Tax on Dividend	**33.6**	33.6
Provision for Long Service Award	**15.0**	—
Provision for Leave Encashment	**93.3**	66.3
	339.2	297.2

Schedules to Consolidated Profit & Loss account for the year ended March 31, 2008

14. Sales

Rs. in million

	March 31, 2008	March 31, 2007
Sale of Goods	**11,295.1**	9,151.4
Indent Commission/Technical Charges	**578.1**	418.1
	11,873.2	9,569.5

15. Other Income

	March 31, 2008	March 31, 2007
Interest (Gross) – Interest on Investments (Gross) – Non-Trade and Long Term Tax deducted at source **Rs. Nil** (Previous Year Rs. Nil)	**1.5**	1.6
– Others Tax deducted at source **Rs. 2.8 million** (Previous Year Rs. 2.0 million)	**13.2**	9.7
Profit on sale of Fixed Assets (net)	**—**	0.4
Sale of Scrap	**13.2**	9.4
Sundries	**4.2**	3.6
	32.1	24.7

16. Materials consumed

	March 31, 2008	March 31, 2007
Raw Materials:		
Stock at Commencement	**660.6**	538.6
Purchases	**5,376.8**	4,479.6
Stock at Close	**(660.4)**	(660.6)
	5,377.0	4,357.6
Packing Materials consumed	**261.9**	214.9
	5,638.9	4,572.5

Dr. Harald Lauke, President Performance Polymers Division, Dr. Wolfgang Hapke, President, Market and Business Development Asia Pacific and Tata Motors officials inaugurate the BASF stall at the Technology Day at Tata Motors.

Schedules to Consolidated Profit & Loss account for the year ended March 31, 2008

17. Other Expenses

Rs. in million

	March 31, 2008	March 31, 2007
Salaries, Wages, Bonus and Commission (Ref. note 8)	**616.6**	538.9
Workmen and Staff Welfare (Ref. note 8)	**150.6**	88.5
Contribution to Provident and Other Funds (Ref. note 8)	**98.9**	85.8
Directors' Sitting Fees	**0.1**	0.2
Consumption of Stores and Spare Parts	**50.4**	43.7
Power and Fuel	**212.6**	225.7
Rent (Ref. note 6(b))	**119.7**	98.1
Rates and Taxes – Excise Duty	**4.9**	(6.7)
– Others	**4.0**	3.5
Repairs – Machinery	**34.0**	25.8
– Buildings	**21.2**	19.9
– Others	**14.7**	9.7
Insurance	**26.2**	25.9
Bad Debts Written Off	**(5.0)**	3.0
Provision for Doubtful Debts	**4.7**	(9.9)
Loss on Sale of Assets	**1.4**	—
Service Fees	**69.8**	73.1
Travelling	**167.4**	107.9
Freight and Handling Charges	**313.2**	233.8
Communication/System Expenses	**122.4**	62.5
Royalty	**35.3**	9.4
Voluntary Retirement Scheme	**14.7**	39.2
Sundry Expenses	**381.3**	282.6
	2,459.1	1,960.6
Less: Expenditure during construction (Ref. Schedule 5)	**—**	5.8
	2,459.1	1,954.8

18. Interest

	March 31, 2008	March 31, 2007
On Fixed Deposits and Term Loans	**8.0**	3.4
On Others	**28.0**	24.3
	36.0	27.7

19. Increase/(Decrease) in Stocks

	March 31, 2008	March 31, 2007
Stock at Close		
Finished Goods	**765.8**	646.9
Stock-in-Process	**42.6**	31.3
Sub-total	**808.4**	678.2
Stock at commencement		
Finished Goods	**(646.9)**	(574.0)
Stock-in-Process	**(31.3)**	(22.4)
Sub-total	**(678.2)**	(596.4)
Net increase/(decrease) in stocks	**130.2**	81.8

20. Tax

	March 31, 2008	March 31, 2007
Current Tax Expense (includes wealth tax **Rs.2.0 million** Previous year Rs. 2.0 million)	**319.7**	252.0
Deferred Tax (Credit)/Charge	**(2.5)**	13.8
Fringe Benefit Tax	**21.2**	15.9
	338.4	281.7

21. Accounting Policies and Notes to Accounts

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

1. **Accounting Policies**

(a) **Basis of Accounting**

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

(b) **Principles of Consolidation**

1. The consolidated financial statements include the audited financial statements of BASF India Limited ('the Company'), and its wholly owned subsidiary. The consolidation has been carried out in accordance with Accounting Standard (AS 21) - Consolidated Financial Statements on the following basis:-

— The financial statements of the Company and its subsidiary have been combined on a line-by-line basis by adding together, the book values of like items of assets, liabilities, income and expenses, after fully eliminating inter company balances/transactions and resulting unrealised profits/losses.

— The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

2. The subsidiary considered in the consolidated financial statements is:

Name of the Company	Country of incorporation	Proportion of ownership interest
BASF Polyurethanes India Limited	India	100%

(c) **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 on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known/ materialise.

(d) **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 or when the services are provided. Sales include excise duty but exclude trade discounts, rebates and sales tax. Interest on investments is booked on a time proportion basis taking into account the amounts invested and the rate of interest.

(e) **Fixed Assets**

Fixed Assets are recorded at cost net of Cenvat credit wherever eligible. Cost includes all expenses and interest attributable to the project till the date it is ready to use. Impairment is done when the carrying amount of the asset exceeds its recoverable amount. Impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. An impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of the recoverable amount.

All expenditure incurred during the project construction period are accumulated and shown as Expenditure during Construction until the assets are ready for commercial use.

(f) **Depreciation**

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

Factory Buildings	—	3.34 %
Residential Flats	—	5.00 %
Plant & Machinery	—	10.34 % - 20%
Computers	—	25.00 %
Vehicles	—	25.00 %
Furniture, Fixtures & Equipment	—	12.50 %
Assets 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 is amortised over the period of lease.

(g) **Borrowing costs**

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

(h) **Investments**

Long-term Investments are stated at cost. Provision is made to recognise a decline, other than temporary, in the value of Long-term Investments. Current Investments are stated at lower of cost or fair value.

Mr. Prasad Chandran inaugurates the BASF Disaster Control Centre at Thane Site.

(i) **Inventories**

Inventories are valued at cost or 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.

(j) **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. The forward exchange contracts are backed by underlying transactions, the premium or discount arising at the inception of such a forward exchange contract is amortised as expense or income over the life of the contract and the difference between the year end rate and rate on the date of the contract is recognised as exchange difference in the Profit and Loss Account. Gains/losses on conversion/translation have been recognised in the Profit and Loss Account.

(k) **Employee Benefits**

(A) **Short Term Employee Benefits**

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

(B) **Post Employment Employee Benefits**

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

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

Company's contribution to Provident Fund is recognised in the Profit and Loss Account on accrual basis.

(C) **Other Long Term Employee Benefits**

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

(D) **Termination Benefits**

Compensation paid to employees under Voluntary Retirement Scheme is recognised as an expense when incurred. Until the previous year, the company's accounting policy was to amortise these expenses over a period of 36 months from the month of incurrence. During the current year, the company has changed its accounting policy to align with requirement of Accounting Standard 15 (Revised).

During the year the Company has incurred expenditure on VRS aggregating Rs 14.7 Mio. which has been charged-off in line with the revised accounting policy. Had the Company continued to follow its accounting policy of amortising such expenses, Other expenses for the year would have been lower and the Profits for the year would have been higher by Rs 12.2 Mio.

(l) **Assets taken on lease**

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

(m) **Taxes on Income**

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

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.

(n) **Fringe benefit tax**

Provision for fringe benefit tax (FBT) has been recognised on the basis of harmonious contextual interpretation of the provisions of Income Tax Act, 1961.

(o) **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 since this may result in the recognition of income that may never be realised.

(p) **Research & Development Expenditure**

Revenue 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.

(q) **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.

2. **Contingent Liabilities not provided for:**

(a) Claims against the Company not acknowledged as debts: **Rs. 25.9 Mio.** (Previous Year Rs. 264.7 Mio.) in respect of which the Company has counter claims of **Rs. 67.0 Mio.** (Previous Year Rs. 434.7 Mio.).

(b) Demands for taxes and duties in respect of which the Company has preferred appeals with appropriate authorities:

a. Income tax : **Rs. 45.3 Mio.** (Previous Year Rs. 58.6 Mio.)

b. Others : **Rs. 3.3 Mio.** (Previous Year Rs. 4.5 Mio.)

3. Estimated amount of contracts remaining to be executed on capital account and not provided for **Rs. 48.6 Mio.** (Previous Year Rs. 101.7 Mio.).

4. The exchange loss of **Rs. 11.5 Mio.** (Previous Year loss of Rs. 20.1 Mio.) has been included in the Profit and Loss Account for the year.

5. Expenditure on Research and Development charged to Profit and Loss Account **Rs. 76.4 Mio.** (Previous Year Rs. 48.4 Mio.).

6. The Company has taken certain assets under operating leases.

(a) Total minimum lease payments in this respect are as follows:

Rs. Mio.

	2007-08	2006-07
Due		
Not later than one year	**16.4**	15.5
Later than one year but not later than five years	**18.4**	27.1
Later than five years	**2.0**	2.6
Total	**36.8**	45.2

(b) Lease rent of **Rs. 23.4 Mio.** (Previous Year Rs. 21.8 Mio.) has been included under 'Rent' in the Profit and Loss Account.

7. **Deferred Tax:**

The break up of Deferred Tax Assets (Net) as at March 31, 2008 is as under:

Rs. Mio.

	2007-08	2006-07
Deferred Tax Assets		
Timing differences on account of:		
Provision for doubtful debts	**40.0**	38.4
Expenditure under Voluntary Retirement Scheme	**12.0**	11.6
Unabsorbed Depreciation and Accumulated Losses	**5.6**	—
Others	**30.2**	13.9
Total Deferred Tax Assets	**87.8**	63.9
Deferred Tax Liabilities		
Timing difference on account of:		
Fixed Assets	**(64.2)**	(42.9)
Total Deferred Tax Liabilities	**(64.2)**	(42.9)
Deferred Tax Assets/(Liabilities) – Net	**23.6**	21.0

Deferred tax asset on unabsorbed depreciation and carried forward losses in case of subsidiary has been recognised to the extent of the deferred tax liability.

8. **Employee Benefits:**

Effective 1st April, 2007, the Company adopted Accounting Standard 15 (revised 2005) on “Employee Benefits” issued by the Institute of Chartered Accountants of India. The additional liability arising upon the first application of the standard, amounting to Rs. 12.9 Mio., has been charged off as an expense in the current year’s Profit & Loss Account.

Defined contribution plans

Company's contribution to defined contribution funds amounting to **Rs. 62.1 Mio.** has been charged to the Profit & Loss Account.

Defined benefit plans and other Long term employee benefits

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

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

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

Rs. Mio.

	Gratuity **(Funded)**	Leave **(Unfunded)**	Long Service Awards **(Unfunded)**
A. Expense recognized in the Profit & Loss Account for the year ended 31st March 2008			
1. Current Service Cost	12.7	2.5	0.6
2. Interest	8.5	4.8	0.9
3. Expected Return on Plan Assets	(10.4)	—	—
4. Actuarial (Gain)/Loss	19.7	25.2	1.5
5. Past service cost	—	—	12.9
6. Total Expense	**30.5**	**32.5**	**15.9**

Rs. Mio.

	Gratuity **(Funded)**	Leave **(Unfunded)**	Long Service Awards **(Unfunded)**
B. Net Asset/(Liability) recognized in the Balance Sheet as at 31st March 2008			
1. Present Value of Defined Benefit Obligation as at 31st March 2008	151.5	93.3	15.0
2. Fair Value of Plan assets as at 31st March 2008	162.2	—	—
3. Funded Status [Surplus/(Deficit)]	10.7	(93.3)	(15.0)
4. Net Asset/(Liability) as at 31st March 2008	**10.7**	**(93.3)**	**(15.0)**
C. Change in obligation during the year ended 31st March 2008			
1. Present value of the defined benefit obligation at the beginning of the year	116.6	66.2	12.9
2. Current Service Cost	12.7	2.5	0.6
3. Interest Cost	8.5	4.8	0.9
4. Actuarial (Gain)/Loss	20.6	25.2	1.5
5. Benefits Paid	(6.9)	(5.4)	(0.9)
6. Present value of the defined benefit obligation at the end of the year	**151.5**	**93.3**	**15.0**
D. Change in fair value of assets during the year ended 31st March 2008			
1. Fair Value of Plan assets at the beginning of the year	116.6	—	—
2. Expected Return on plan assets	10.4	—	—
3. Contributions by the Employer	41.2	5.4	0.9
4. Actual Benefits Paid	(6.9)	(5.4)	(0.9)
5. Actuarial Gain/(Loss) on Plan Assets	0.9	—	—
6. Fair Value of Plan assets at the end of the year	**162.2**	**—**	**—**
E. Actual Return on Plan Assets			
1. Expected Return on plan assets	10.4	—	—
2. Actuarial Gain/(Loss) on Plan Assets	0.9	—	—
3. Actual return on Plan Assets	**11.3**	**—**	**—**

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:-

GOI Securities	42%
State Government Securities	15%
PSU Bonds	39%
Private Sector Bonds	4%
Total	100%

The assumptions used for actuarial valuation as at 31st March 2008 are as follows:-

Expected rate of return on plan assets	7.5% p.a.
Discount Rate	7.5% p.a.
Expected salary increase rate	6% - 8% p.a.
In-service mortality rates	LIC 1994-96 ultimate table

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

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

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

The Guidance Note on implementing AS 15, Employee Benefits (revised 2005) issued by the Accounting Standards Board (ASB) states that provident funds set up by employers, which requires interest shortfall to be met by the employer, needs to be treated as defined benefit plan. Pending the issuance of the Guidance Note from Actuarial Society of India, the required information can not be exhibited.

9. Managerial Remuneration under Section 198 of the Companies Act, 1956, (excluding provision for contribution to Gratuity Fund, Group Insurance and Long Service Awards) is **Rs. 35.7 Mio.** (Previous Year Rs. 31.3 Mio.).

Rs. Mio.

	2007-08	2006-07
Salaries	**25.8**	21.1
Contribution to Provident and Superannuation Funds	**3.7**	3.2
Monetary Value of other perquisites	**4.1**	4.8
Commission to non-whole time directors	**2.0**	2.0
Directors' Sitting Fees to non-whole time directors	**0.1**	0.2
Total	**35.7**	31.3

10. Segment Information for the year ended March 31, 2008:

(a) **PRIMARY SEGMENT INFORMATION (by Business Segments)**

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

Rs. Mio.

	Agricultural Products & Nutrition	Per formance Products	Plastics	Chemicals	Others	Un-allocated	Total
Segment Revenue	**2,499.3** 1,914.1	**4,688.3** 4,029.7	**2,927.6** 2,131.3	**322.5** 327.9	**98.7** 63.0	— —	**10,536.4** 8,466.0
Less: Inter-segment revenue	—	—	—	—	—	—	—
Sales/Income from operations	**2,499.3** 1,914.1	**4,688.3** 4,029.7	**2,927.6** 2,131.3	**322.5** 327.9	**98.7** 63.0	— —	**10,536.4** 8,466.0
Segment Result	**588.3** 364.1	**425.7** 456.3	**121.9** 155.2	**139.0** 93.7	**5.8** 3.0	— —	**1,280.7** 1,072.3
Interest Expenses						**36.0** 27.7	**36.0** 27.7
Interest Income						**14.7** 11.3	**14.7** 11.3
Other un-allocable expenditure net of un-allocable income						**346.4** 273.7	**346.4** 273.7
Profit Before Tax							**913.0** 782.2
Tax						**338.4** 281.7	**338.4** 281.7
Profit After Tax							**574.6** 500.5
OTHER INFORMATION							
Segment Assets	**793.9** 747.4	**3,133.8** 2,798.8	**1,468.5** 1,179.2	**105.8** 113.3	— —	**258.8** 220.8	**5,760.8** 5,059.5

Rs. Mio.

	Agricultural Products & Nutrition	Per formance Products	Plastics	Chemicals	Others	Un-allocated	Total
Segment Liabilities	**464.3** 355.6	**809.3** 686.4	**566.6** 385.5	**33.8** 42.6	**—** —	**510.6** 556.9	**2,384.6** 2,027.0
Capital Expenditure	**23.5** 22.6	**182.1** 411.1	**118.4** 48.1	**6.2** 3.7	**—** —	**—** —	**330.2** 485.5
Depreciation	**20.0** 33.4	**103.0** 61.8	**21.6** 19.4	**2.7** 2.2	**—** —	**—** —	**147.3** 116.8

(b) **SECONDARY SEGMENT INFORMATION (by Geographic Segments)**

Rs. Mio.

	Domestic	Exports	Total
Revenues	**9,519.5** 7,647.1	**1,016.9** 818.9	**10,536.4** 8,466.0
Total Assets	**5,636.2** 4,970.1	**124.6** 89.4	**5,760.8** 5,059.5
Capital Expenditure	**330.2** 485.5	**—** —	**330.2** 485.5

Notes on Segment Information:

1. Segments have been identified in accordance with the Accounting Standard on Segment Reporting (AS-17). Business Segments have been considered as primary segments.
2. Details of type of products included in each segment —
   — ***Agricultural Products & Nutrition*** – Agrochemicals like pesticides and herbicides and high-value fine chemicals for the food, pharmaceuticals, animal feed and cosmetics industries.
   — ***Performance Products*** – Tanning agents, Leather Chemicals, Textile Chemicals, Dispersion Chemicals and Speciality Chemicals
   — ***Plastics*** – Expandable Polystyrene (EPS), engineering plastics and polyurethane business.
   — ***Chemicals*** – Chemicals includes inorganic chemicals, intermediates and Petrochemicals.
   — ***Others*** – Indent Commission income not relating to any of the above segments and other recoveries.
3. Un-allocable Corporate Assets include Investment, Net Deferred Tax Assets and other un-allocated assets.
4. Un-allocable Corporate Liabilities include Secured and Unsecured Loans, Net Deferred Tax Liabilities, Proposed dividend and other un - allocable liabilities.

11. **Related Party Disclosures:**

(a) **Parties where control exists**

BASF SE — Holding Company (holds 52.7% of the equity share capital as on March 31, 2008)

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

Fellow Subsidiaries

BASF (China) Company Ltd.
BASF (Malaysia) Sdn Bhd
BASF (Thai) Ltd.
BASF Agro B.V. Arnhem (Nl)
BASF Agro B.V.-Wädenswil Branch
BASF Asia Pacific Service Centre Sdn. Bhd.
BASF Auxiliary Chemicals Co. Ltd.
BASF Bangladesh Ltd.
BASF Chemicals And Polymers Pakistan (Pvt) Ltd.
BASF Chemtrade Gesellschaft MBH
BASF China Limited
BASF Coatings (India) Private Ltd.
BASF JCIC Neopentylglycol Co Ltd.
BASF Pakistan (Private) Ltd.
BASF Petronas Chemicals Sdn. Bhd.
BASF Philippines, Inc.
BASF Polyurethanes (China) Co. Ltd.
BASF Polyurethanes (Malaysia) Sdn Bhd
BASF Polyurethanes (Taiwan) Co. Ltd.
BASF S.A.
BASF South East Asia Pte. Ltd.
BASF Styrenics Private Ltd.*
BASF Tuerk Kimya Sanayi Ve Ticaret Ltd.Sti.
BASF-Finlay (Private) Limited

BASF Company Ltd.

BASF Construction Chemicals (India) Private Ltd.

BASF Corporation

BASF Curtex S.A.

BASF East Asia Regional Headquarters Limited

BASF Espanola, S.L.

BASF Japan Ltd. (BJL)

BASF Polyurethane Specialities

BASF Construction Chemicals, Dubai

BTC Speciality Chemical Distribution Gmbh

Elastogran GMBH

Elastogran Italia Spa (Elit)

K+S Aktiengesellschaft

P.T. BASF Indonesia

Shanghai BASF Polyurethane Company

BASF Polyurethane Licencing GMBH

BTC Speciality Chemicals

* Group company 100% held by BASF Styrenics Holding Company, Mauritius which is 100% held by BASF SE.

(c) **Key Management Personnel**

Chairman & Managing Director

Mr. Prasad Chandran

Whole – Time Directors

Mr. S. Ramnath (Alternate to Mr. Boon Yeow Yee)

Dr. Raman Ramachandran (Alternate to Dr. Rainer Diercks)

Mr. Deepak Thuse (Alternate to Dr. Tilman Krauch)

(d) **Relatives of Key Managerial Persons**

N.A.

(e) **Details of transactions for the year ended March 31, 2008:**

Rs. Mio.

Nature of Transactions	**Holding Company/ Subsidiary**		**Fellow Subsidiaries**		**Total**	
	2007-08	2006-07	**2007-08**	2006-07	**2007-08**	2006-07
Sale of Goods						
BASF SE	**19.0**	33.5	**—**	—	**19.0**	33.5
BASF South East Asia Pte. Ltd.	**—**	—	**113.4**	56.1	**113.4**	56.1
BASF Coatings (India) Private Ltd.	**—**	—	**145.4**	130.4	**145.4**	130.4
BASF Construction Chemicals (India) Private Ltd.	**—**	—	**152.2**	63.7	**152.2**	63.7
Others	**—**	—	**47.8**	105.5	**47.8**	105.5
Sub-Total	**19.0**	33.5	**458.8**	355.7	**477.8**	389.2
Services Rendered						
BASF SE	**125.7**	104.0	**—**	—	**125.7**	104.0
BASF South East Asia Pte. Ltd.	**—**	—	**284.6**	215.7	**284.6**	215.7
BASF Petronas Chemicals Sdn. Bhd.	**—**	—	**94.1**	46.3	**94.1**	46.3
BASF Company Limited	**—**	—	**59.2**	30.9	**59.2**	30.9
Others	**—**	—	**32.6**	36.6	**32.6**	36.6
Sub-Total	**125.7**	104.0	**470.5**	329.5	**596.2**	433.5
Purchase of Goods/Materials						
BASF SE	**233.6**	247.6	**—**	—	**233.6**	247.6
BASF South East Asia Pte. Ltd.	**—**	—	**1,770.9**	1,615.2	**1,770.9**	1,615.2
BASF Company Ltd.	**—**	—	**458.9**	354.1	**458.9**	354.1
Others	**—**	—	**1,292.8**	704.2	**1,292.8**	704.2
Sub-Total	**233.6**	247.6	**3,522.6**	2,673.5	**3,756.2**	2,921.1
Services Received						
BASF SE	**48.2**	36.0	**—**	—	**48.2**	36.0
BASF South East Asia Pte. Ltd.	**—**	**—**	**80.7**	63.5	**80.7**	63.5
BASF Asia Pacific Service Centre Sdn. Bhd.	**—**	**—**	**38.8**	3.7	**38.8**	3.7
Others	**—**	**—**	**13.5**	10.2	**13.5**	10.2
Sub-Total	**48.2**	36.0	**133.0**	77.4	**181.2**	113.4

Rs. Mio.

Nature of Transactions	Holding Company/ Subsidiary		Fellow Subsidiaries		Total	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Purchase of Assets						
BASF SE	**1.0**	0.5	—	—	**1.0**	0.5
Elastogran GMBH	—	—	—	1.5	—	1.5
Elastogran Italia Spa (Elit)	—	—	—	0.3	—	0.3
Others	—	—	**0.1**	—	**0.1**	—
Sub-Total	**1.0**	0.5	**0.1**	1.8	**1.1**	2.3
Interest Expense on Loans						
BASF SE	**2.1**	2.2	—	—	**2.1**	2.2
Royalty and Technical Fees						
BASF SE	**26.8**	9.4	—	—	**26.8**	9.4
BASF Polyurethane Licencing GMBH	—	—	**8.5**	—	**8.5**	—
Sub-Total	**26.8**	9.4	**8.5**	—	**35.3**	9.4
Dividend						
BASF SE	**104.0**	104.0	—	—	**104.0**	104.0
Outstanding						
Receivables	**23.0**	7.3	**158.8**	64.2	**181.8**	71.5
Payables	**21.2**	15.3	**630.3**	420.5	**651.5**	435.8
Loan from BASF SE	**32.0**	34.8	—	—	**32.0**	34.8

(f) **Details of transactions of Key Management Personnel and Relatives of Key Management Personnel:**

Rs. Mio.

Nature of Transactions	Key Management Personnel		Relatives of Key Management Personnel		Total	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Interest Income on Loans	**0.1**	0.1	—	—	**0.1**	0.1
Remuneration	**33.6**	29.1	—	—	**33.6**	29.1
Rent Paid	—	—	—	—	—	—
Outstanding :						
Receivable	**0.8**	0.9	—	—	**0.8**	0.9

Details of remuneration to Directors are given in Note 9.

Amounts due from directors and interest recovered thereon have been included under Schedule 11 of the Consolidated Balance Sheet and Schedule 15 of the Consolidated Profit and Loss Account under Interest - Others respectively.

12. The Previous Year's figures have been regrouped and rearranged wherever necessary.

13. The Company's subsidiary, BASF Polyurethanes India Ltd., commenced commercial production of Polyurethane products from June 2006 and hence the figures for the current year are not comparable to those of the previous year.

Signatures to Schedules 1 to 21

Prasad Chandran
Chairman & Managing Director

M. R. Iyer
Company Secretary

K. R. Coorlawala
S. Ramnath
R. A. Shah
Deepak Thuse
Directors

Mumbai, 16th April 2008

Notes