

We create chemistry

Annual Report 2009-2010
BASF India Limited

 **BASF**
The Chemical Company



Message from the Chairman & Managing Director

Dear Shareholders,

Year 2009-10 was marked by challenges and opportunities. With a strong business foundation and one of the best teams in the chemical industry, your Company has managed to successfully grow its business operations and enhance profitability, bracing up to the challenges and reaching out to the opportunities.

Strict budget discipline and close partnership with customers further augmented business growth leading to substantial improvement in earnings of your Company in FY 2009-10. Sales reached Rs.14655 million and profit before tax reached Rs.1514 million, representing an increase of 18% and 40% respectively over the previous year. This significant increase in profitability was mainly on account of excellent cost control, higher capacity utilization and innovative business solutions.

Consequent to the merger of Ciba Group Companies in India, w.e.f. February 1, 2010, the Specialty Chemicals business of Ciba integrated into the Performance Products segment. The complementary business portfolio will create new business opportunities in paper chemicals, care chemicals and performance chemicals. In addition, the manufacturing facility at Ankleshwar and the state-of-the-art technical lab in Mumbai will also add value to our organization.

The Company's innovation-led business approach and focus on nurturing and strengthening customer relationships resulted into heightened initiatives. During the year, your Company participated in various tradefairs, industry events and seminars and won awards and accolades for the same. BASF has once again been rated as the World's Most Admired Chemical Company by U.S. business magazine, Fortune, in their survey conducted in 2010. This welcome recognition is encouraging, as it further motivates us to raise our standards of performance.

The C.A.R.E. initiative, which emphasizes the importance of Behavioral Safety at all times, was further intensified at all manufacturing locations of BASF and for the first time launched at an office location in Mumbai.

On behalf of the Board, the Executive Management Committee and the entire BASF team, I thank our stakeholders for their valuable trust and continued interest and support.

With Best Wishes,

Prasad Chandran

Thursday, 12 th August, 2010 at 3.00 p.m. at Yashwantrao Chavan Pratishthan Auditorium, Y. B. Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai-400 021.		Page
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Board of Directors

Mr. Prasad Chandran
Chairman and Managing Director

Dr. Rainer Diercks

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

Ms. Saori Dubourg

Mr. Deepak Thuse
Alternate to Ms. Saori Dubourg

Mr. Hermann Althoff

Mr. S. Ramnath (upto 16th July, 2010)
Alternate to Mr. Hermann Althoff

Mr. S. Regunathan (w.e.f. 16th July, 2010)
Alternate to Mr. Hermann Althoff

Mr. R. A. Shah

Mr. R. R. Nair

Mr. Pradip P. Shah

Mr. Arun Bewoor

Executive Committee

Mr. Prasad Chandran

Mr. P. M. Balakrishnan

Mr. Vivek Bapat

Mr. Thilo Bischoff

Mr. Pradeep Chandan

Dr. P. M. Chobe

Mr. Sandeep Gadre

Mr. P. Ganguly

Mr. Ajai Gupta

Mr. Mandar Joshi

Mr. Narayan Krishnamohan

Mr. Murli Ramalingam

Mr. S. Ramnath (upto 16th July, 2010)

Dr. G. Ramaseshan

Mr. S. Regunathan

Mr. Deepak Thuse

Mr. R. Y. Vaidya

Company Secretary

Mr. Pradeep Chandan

Auditors

Messrs B S R & Co.,
Chartered Accountants
KPMG House
Kamala Mills Compound
448, Senapati Bapat Marg
Lower Parel, Mumbai-400 013.

Solicitors

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

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

Bankers

Citibank N.A
Deutsche Bank
HDFC Bank Limited
Standard Chartered Bank
BNP Paribas

Internal Auditors

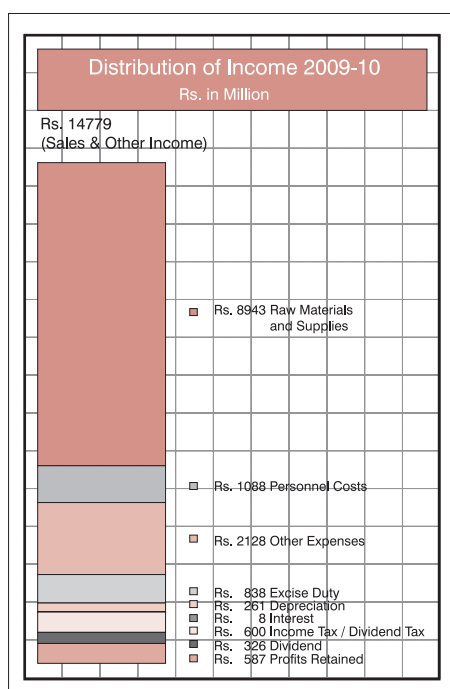
Messrs Mahajan & Aibara
Chartered Accountants
1, Chawla House
62, Wodehouse Road
Colaba
Mumbai-400 005.

Directors' Report



Ms. Saori Dubourg, President Regional Functions & Country Management BASF Asia Pacific (centre), inaugurates the new BASF Corporate office at Bandra Kurla Complex, Mumbai, in the presence of Dr. Tilman Krauch, President, Construction Chemicals (left) and Mr. Prasad Chandran, Chairman & Managing Director, BASF India Limited (right).

Your Directors have pleasure in presenting their Report for the financial year ended 31st March, 2010.



Financial Results

	(Rs. in Million)	
	Year ended 31.3.2010	Year ended 31.3.2009
Sales	*14654.8	12381.1
Profit before tax	1513.7	1080.1
Tax	545.6	393.7
Profit after tax	968.1	686.4
Balance brought forward	264.0	264.0
Addition on account of amalgamation	2218.3	0.0
Available for appropriation	3450.4	950.4
This has been appropriated as follows:		
Proposed Dividend	326.2	197.3
Corporate Tax on Dividend	54.2	33.6
General Reserve	2309.0	455.5
Balance carried forward	761.0	264.0

* Includes Sales of CIL, CRIPL & DDL for the period 1st February, 2010 to 31st March, 2010 aggregating to Rs. 789 million.

Activities

The performance of your Company during the year under report registered an impressive growth over the previous year. Sales at Rs. 14655 million and Profit before tax at Rs. 1514 million during the year ended 31st March, 2010 represent an increase of 18% and 40% respectively, over the previous year. This substantial increase in profit before tax was mainly on account of higher capacity utilization, improved operating results of the Agricultural Solutions, Performance Products and Plastics businesses.

Profit after tax at Rs. 968.1 million was higher by 41% compared to the previous year.

The Agricultural Solutions business recorded substantial increase in sales and profits during the year ended 31st March, 2010 mainly due to higher realizations, effective working capital management and several marketing initiatives undertaken including introduction of new products during the year under report.

The Performance Products segment which include care chemicals, dispersions, textiles, specialty and leather chemical businesses registered increase in sales, both in volume and value terms.

The Plastics business recorded higher sales and profits compared to the previous year.

The Chemical business performance during the year under review was lower, compared to the previous year mainly due to reduced market uptake in certain segments and lower prices.

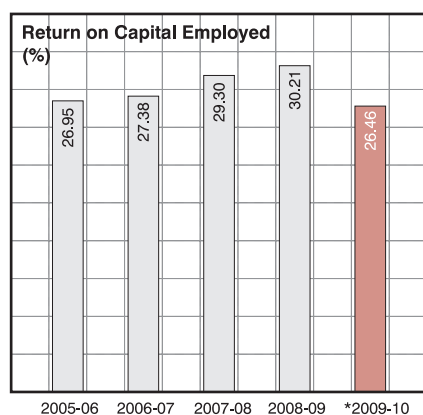
Financial Ratios		
	2009-10	2008-09
Equity vs Total Assets (%)	68.30	59.33
Return on Capital Employed (%)	26.46	30.21
before interest and taxes		
Profitability of total income (%)	10.30	8.77
before interest and taxes		
Current Ratio	2.71	2.03
current assets :		
short term liabilities and provisions		
Acid Test Ratio	1.76	1.20
short term receivables plus		
cash and cash items:		
short term liabilities and provisions		

Overall capacity utilization was higher compared to the previous year. The export sales at Rs. 609 million during the year under report represented an increase of 7% over the previous year.

During the year under report, your Company has successfully commissioned the Engineering Plastics Compounding plant at its Navi Mumbai factory, which will cater to the requirements of the automobiles, electrical and electronic industries.

Merger of Ciba India Limited, Ciba Research (India) Private Limited and Diamond Dye-Chem Limited with the Company

The Scheme of Amalgamation of Ciba India Limited (CIL), Ciba Research (India) Private Limited (CRIPL) and Diamond Dye-Chem Limited (DDL) with the Company was sanctioned by the Hon'ble High Court of Bombay vide its Order dated 26th February, 2010. Accordingly, CIL, CRIPL and DDL were merged with your Company from the Appointed Date, 1st February, 2010. The shareholders of erstwhile CIL and CRIPL were issued 90 equity shares and 18 equity shares of your Company for every 100 equity shares of CIL and CRIPL, respectively held by them, as on the record date i.e. 18th March, 2010. As a result, the subscribed and paid-up capital of your Company increased from Rs. 281.9 million to Rs. 407.7 million. The Authorised Share Capital of your Company increased from Rs. 300 million to Rs. 450 million. The financial statements of your Company for the year ended 31st March, 2010 includes the financials of CIL, CRIPL and DDL.



* Include Figures from amalgamated Companies.

Shifting of Registered Office of the Company

The Registered Office of your Company has been shifted from RBC, Mahindra Towers, 1st Floor, 'A' Wing, Dr. G. M. Bhosale Marg, Worli, Mumbai-400 018 to 1st Floor, VIBGYOR Towers, Plot No. C-62, 'G' Block, Bandra Kurla Complex, Mumbai-400 051 with effect from 26th October, 2009.

Dividend

Your Directors recommend payment of dividend on the equity shares @ 80% (Rs. 8/- per share) for the financial year ended 31st March, 2010. The dividend will absorb Rs. 326.2 million. The dividend distribution tax borne by the Company would amount to Rs.54.2 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.

Capital Expenditure

Capital Expenditure incurred during the year aggregated to Rs. 295.6 million.

Fixed Deposits

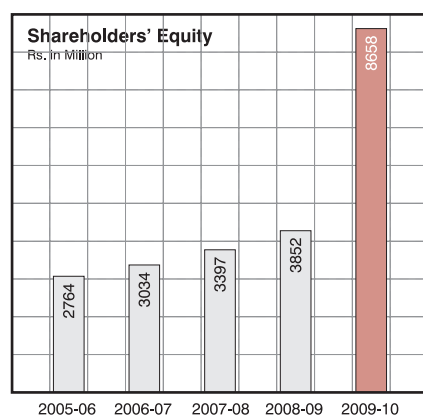
Your Company continued to maintain the highest rating of 'FAAA' awarded by CRISIL. Your Company did not accept any fixed deposits during the year under report. There were no overdue deposits except unclaimed deposits of Rs. 0.57 million as at 31st March, 2010.

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 (BPIL), the wholly owned subsidiary of your Company, recorded sales of Rs. 2640.3 million as against Rs. 2185.4 million in the previous year, registering good growth in value & volume terms. BPIL managed to reduce significantly its operating loss to Rs. 7.6 million as compared to Rs. 200.6 million, which was achieved through strict inventory and receivable control as well as strong growth in own manufactured production, over the previous year.



BASF SE had the discretion to acquire the Company's holding in BPIL. BASF SE had exercised its discretion to acquire the entire equity shareholding in BPIL vide its letter dated 30th October, 2008 subject to conditions detailed therein. A committee constituted by the Board is examining the matter and would recommend further course of action.

The Audited Accounts of the subsidiary and the Auditors' report thereon form part of this Annual Report.

Corporate Governance

Your Company has 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 a 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, 2010 and of the profits of your Company for that year;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

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

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

Directors

Dr. Rainer Diercks and Mr. Hermann Althoff retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

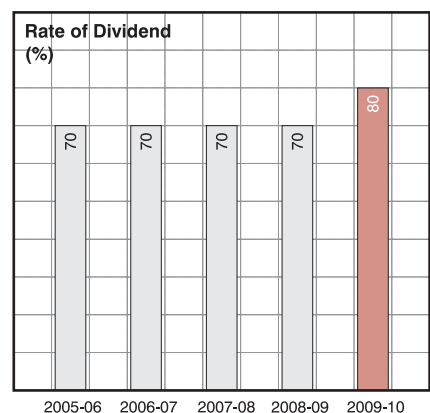
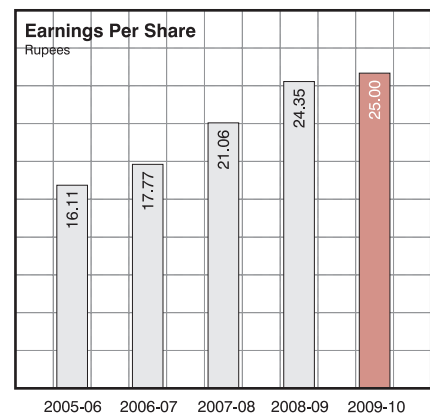
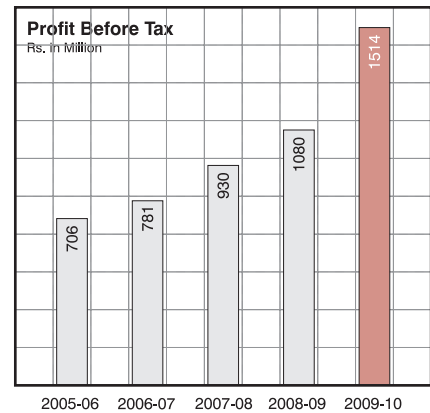
Mr. K. R. Coorlawala resigned from the Board as an Independent Director effective 21st August, 2009 after an association of over 34 years. Your Directors wish to place on record their sincere appreciation of the guidance and valuable advice received from Mr. Coorlawala in the deliberations of the Board during his long tenure from 1975 to 2009 as a Director of your Company.

Dr. Tilman Krauch resigned from the Board w.e.f. 19th January, 2010. Your Directors wish to place on record their sincere appreciation of the guidance and valuable contribution made by Dr. Krauch in the growth and performance of the Company during his tenure as a Director.

Consequent to the resignation of Dr. Krauch from the Board, Mr. Deepak Thuse ceased to be his Alternate Director effective from 19th January, 2010.

Ms. Saori Dubourg was appointed as a Director on 19th January, 2010 in the casual vacancy caused by the resignation of Dr. Tilman Krauch in terms of Article 108 of the Articles of Association of your Company and Section 262 of the Companies Act, 1956.

Mr. Deepak Thuse was appointed as an Alternate Director to Ms. Saori Dubourg, effective from 19th January, 2010.



Mr. Arun Bewoor was appointed as an Independent Director of the Company on 19th January, 2010 in the casual vacancy caused by the resignation of Mr. K. R. Coorlawala in terms of Article 108 of the Articles of Association of your Company and Section 262 of the Companies Act, 1956.

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

Auditors

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

Cost Audit

The Board of Directors in pursuance of an order under Section 233B of the Companies Act, 1956, issued by the Government have appointed Cost Accountants for conducting audit of the cost accounts maintained by the Company in respect of Insecticides and Dyes for the financial year 2010-11.

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 and the same will be sent by post.

Personnel and Welfare

Industrial relations in the Mangalore, Navi Mumbai and Ankleshwar 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

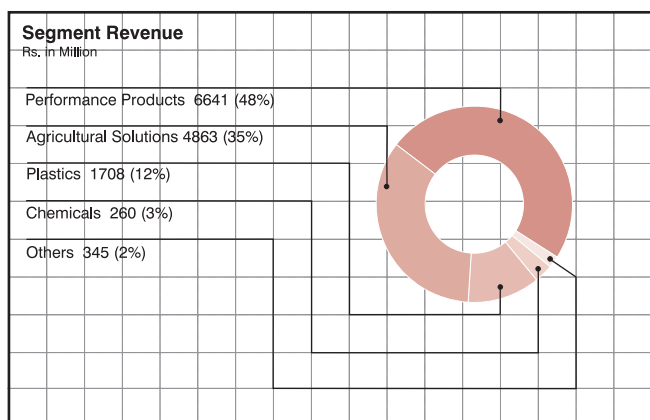
PRASAD CHANDRAN
Chairman & Managing Director

Mumbai

Dated : 29th April, 2010.



Dr. Martin Brudermuller, Member of the Board of Executive Directors, BASF SE (right) along with Dr. Albert Heuser, Regional President, Market and Business Development, BASF Asia Pacific (left) and Mr. Prasad Chandran (centre) addressing an employee gathering to talk about cultural change envisioned at BASF.



Annexure to the Directors' Report

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

A. Conservation of Energy

The Company continued its policy of giving priority to energy conservation measures including regular review of energy generation, distribution and consumption and effective control on utilization of energy, in its manufacturing facilities at Navi Mumbai, Mangalore, Dadra & Ankleshwar.

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

- Installation of Variable Frequency Drive (VFD) to save electrical energy.
- Installation of Vapour Absorption Heat Pump (VAHP).
- Replacement and installation of new energy efficient steam traps and gear boxes.
- Installation of planetary gear boxes, eco ventilators and solar dryers.
- Installation of high efficiency blowers.
- Rationalisation of process parameters to reduce batch cycle time of certain processes.
- Adoption of Interlocking system to save on costly fuel during changeover.
- Reviving of solar panel to save the fuel consumption in steam boiler.
- Collection of condensed steam to reduce steam consumption.
- Reduction in specific power consumption in a plant by incorporating following measures / carrying out modifications viz.:
 - Incorporating measures for switching certain equipment as per batch requirements.
 - Reducing run hours of an equipment, so as to have campaign production.
 - Installation of new energy efficient lamps for reduction in power consumption in warehouses.
 - Rationalising the system by optimizing the burner nozzle.
 - Optimizing the cooling water circuit.
- Reduction in process water consumption in a plant by:
 - Recycling of vessel boil water on 2 to 3 reactors.
 - Reducing of Effluent water load from plants to Effluent Treatment Plant (ETP).
 - Recycling of wasted water inside the plants to reduce load.
 - Installing mechanical seals on water pumps to reduce water consumption.

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:

- Reusing of hot water from reactor jacket to reduce steam consumption.
- Improving boiler efficiency by installing better modulating unit.
- Completing the express feeder project to rationalize power distribution system.
- Installing of steam meters and better traps to rationalise steam consumption.
- Installing of air diffuser system in ETP for effective treatment.
- Creating awareness for self discipline in energy conservation among employees.
- Encouraging campaign production in co-ordination with the supply chain.
- Improving the idea generation program for more involvement of employees to identify further energy saving measures.

Requisite data in respect of Energy Consumption are given below:

	Current Year 1.4.2009 to 31.3.2010	Previous Year 1.4.2008 to 31.3.2009
(a) Power & Fuel Consumption		
1. Electricity		
(a) Purchased		
Units (in '000 kwh)	15941	14517
Total amount (Rs. in million)	84.00	69.06
Rate per unit (Rs.)	5.26	4.76

	Current Year 1.4.2009 to 31.3.2010	Previous Year 1.4.2008 to 31.3.2009
(b) Own generation		
• Through diesel generator		
Units (in '000 kwh)	545	1005
Units per litre of oil	3.18	3.18
Cost per unit (Rs.)	9.83	11.36
• Through Steam Turbine/Generator units		
Units per litre of fuel	N.A.	N.A.
Oil/gas		
Cost per unit		
2. Coal (specify quality and where used)	N.A.	N.A.
Qty. (tonnes)		
Total cost		
Average rate		
3. Furnace oil/fuels		
Qty. (k. litres)	2851	3262
Total Amount (Rs. in million)	64.00	87.22
Average rate (Rs. /litre)	22.50	26.74
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)	77	82
Furnace oil/fuels (litres)	29	33
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)	217	249
Furnace oil/fuels (litres)	33	44
Coal (specify quality)	N.A.	N.A.
Others (specify)	N.A.	N.A.
Engineering Plastics Compounding Unit		
Unit M.T.		
Electricity (kwh)	718	N.A.
Furnace oil/fuels (litres)	N.A.	N.A.
Coal (specify quality)	N.A.	N.A.
Others (specify)	N.A.	N.A.

B. Technology Absorption

RESEARCH & DEVELOPMENT (R&D):

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

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

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

Work on Global Research projects include:

- Collaborative research with BASF SE in the areas of performance chemicals, intermediates and other organic materials, ionic liquids etc.
- 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 endeavor to explore and apply new and innovative chemistry for the benefit of customers, the R&D Centre developed new products during the year. Some of these new products were introduced in the market. New textile auxiliaries were developed as part of Global Research projects. Industry Target Groups worked on cross-functional innovations and came out with innovative products.

3. **Future Plan of Action:**

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

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

4. **Expenditure on R&D:** Rs. 80 million.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

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

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

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

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

Site Optimization Project, Asia Pacific, activities were initiated for Styropor Plant, utilities and Effluent Treatment Plant during the year. New reactors were installed at the Tamol Plant for enhancing production capacity. A fish pond was also constructed for continuous monitoring of the treated effluent before discharge to confirm the quality of the treated effluents.

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

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

3. **Imported Technology:**

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

- In 2006 for manufacture of engine coolant.
- In 2007 for manufacture of performance products.
- In 2008 for manufacture of Engineering Plastics.
- In 2009 for manufacture of Leather and Textiles.

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 46 and 47 of the Annual Report and Accounts.

On behalf of the Board of Directors

PRASAD CHANDRAN
Chairman & Managing Director

Mumbai

Dated : 29th April, 2010.

Management Discussion and Analysis Report



BASF's Samruddhi concept enriches farmers and environment alike. With consultancy services and expertise, BASF helped soybean farmers in the State of Madhya Pradesh to boost their crop produce.

The fiscal year 2009-10 saw the world economy slowly but surely emerge out of the deep trenches of the economic recession following the global financial crisis. Visible signs of global economic recovery and stabilization surfaced as industrial production and trade world over picked up by the second half of the calendar year 2009.

The Indian economy escaped the worst effects of the crisis due to sound economic policies and financial measures. The resilience of the Indian economy was evident as the GDP growth was stable at 6.7% in 2008-2009, and the Economic Survey for 2009-2010 pegged India's GDP growth at 7.2%. The survey has forecasted strong GDP growth and expects it to scale 9% by 2012.

The Indian manufacturing sector started picking up since June, 2009 and gained momentum in subsequent months. Overall, the manufacturing sector is expected to grow at about 8.9% in 2009-2010, as against 3.2% in the previous year. In line with the manufacturing industry, the index for chemical products in 2009-2010 is expected to grow at an impressive rate of 11%, as against the modest growth of 4% in the last year.

Your Company's products cater to many end-use industries, including agriculture, paper, pharmaceuticals, consumer durables, electronics, automobiles, construction, leather and textiles, etc. Strong performance of these end-use industries is a pre-requisite for the healthy growth of the Company.

With poor monsoon leading to a decline in the production of food grains and oilseeds, the growth in the agriculture sector has shown a decline of 0.2% in 2009-10. However, with stable monsoon expected and continued government initiatives, India's agricultural sector is expected to rebound strongly in the current year.

The economic scenario in the advanced countries also showed marked signs of revival in the latter part of 2009-10, providing the much needed thrust to export dependent industries like textiles and leather.

Despite inflation worries gripping the Indian economy, the domestic demand in 2010-11 is expected to remain healthy. Improved economic scenario and general stability will aid the demand for end-use industries where your Company's products are supplied.

The general improvement in global economy would boost higher growth for export dependent industries, including most of the end use industries.

All these indicators are expected to generate an improved demand for chemical products. The outlook for the chemical industry thus remains optimistic.

Agricultural Solutions

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

Food grain production in 2009-10, estimated at 217 million tons, is lower by 7.2% as compared to the previous year due to poor monsoon. However, with continued government initiatives and positive monsoon forecast, India's agricultural sector is expected to rebound in the current year.

The Herbicides business was impacted during the year due to delayed and deficit monsoon. Despite this, the crop protection market grew by 8-10%, mainly by virtue of insecticides market getting upgraded to new chemistries. Fungicides and Herbicides segments, in which your Company has products to offer, also registered growth.

The Agricultural Solutions business continued its growth due to introduction of new products, expansion of marketing initiatives and consolidating and building on the various strategic measures initiated in the earlier years.

During the year, your Company has successfully launched three new prosperity products, namely 'Verismo' in Insecticide segment, 'Cabrio Top' in Fungicide segment and 'Stomp Xtra' in the Herbicide segment. These new products will add value to the existing market product portfolio and favorable response to these products is foreseen.

Your Company's Samruddhi (prosperity) program, which is a yield enhancement program, has received wide acceptance within the farmer community. Through this program, the farmers are educated about usage of fertilizers, seed, spacing and timely usage of agrochemical inputs.

Efforts to expand the product portfolio will continue, along with strengthening of the development, technical services and marketing teams.



Research & Development experts from leading cosmetics companies try their hands at the newly launched Color Trends 2010 organised by the Care Chemicals division.

Performance Products

The Performance Products business includes performance chemicals and functional polymers. This business caters to the requirements of a wide spectrum of industries, including textile, leather, plastics and coatings, detergent formulators, automobile and oil.

Leather chemical business witnessed a slow recovery in the second half of 2009, post global economic crisis. Upholstery leather production was the worst affected during the year. The shoe upper and safety shoes production business, however, is now on a recovery path.

The leather chemicals business recorded marginal increase in sales.

Increasing raw material prices and weakening rupee are serious concerns for this business.

Despite these concerns, the year 2010 looks optimistic in terms of the global demand, especially from US & EU markets.

The textiles chemical market comprises diverse players in terms of size, from single product suppliers to suppliers offering chemicals for the entire value chain, along with added services such as process optimization, specialized fabric testing and certification. The textiles chemicals business achieved good growth, both in value & volume terms.

Better packaging offered by your Company has yielded good results in the pre-treatment, finishing and pigments printing businesses. Eco-friendly chemicals, which offer resource savings, energy, water consumption, will be the key drivers for growth in the coming years. New opportunities are expected in following segments – Home Textiles, Technical Textiles.

Several cost optimization measures initiated during the previous year were fully implemented across all the product groups of textile and leather chemicals during the year under review.

The outlook for the Textiles Chemicals business looks reasonably optimistic, due to the demand from US & EU markets. In addition, the domestic demand is likely to drive the textiles market in a positive direction.

During the year, your Company strengthened its product portfolio by addition of the polymers business of erstwhile Ciba. The plastics additives business saw improved sales. However, sale of domestic antioxidant business was lower during the year.

Innovative and cost-effective product development, consolidation of capacities across the polymer value chain, energy management and effective knowledge management will drive the global polymers industry in the near future.

The Automotive and Refinery Chemicals business of your Company witnessed a good year, with substantial growth in sales as compared to the previous year. This was due to the growth of the Automotive Sector, especially in passenger vehicles and two wheelers segment. Your Company continues to be a leading supplier in coolants to the major OEMs in the country. Your Company acquired the process lubricant additive business from erstwhile Ciba and this has strengthened the product portfolio further and facilitated to serve both the oil and the automotive industries better. Effective pricing policy has enabled your Company to sustain profitable performance in this business.

The Water Treatment solutions business was severely affected due to lowering of the plant capacities. However, with the revival of sugar and mining industries, polymer usage will increase, resulting in good demand for water treatment solutions.

The Care Chemicals business showed encouraging growth, driven by increase in disposable income and changing lifestyles. Prospects of this business depend on the growth of the FMCG and Pharmaceuticals sectors. This business ranges from the eco-friendly surfactants and polymers in the area of textile, agro, cosmetics and detergents, to the regulatory complaint vitamins, active pharmaceutical ingredients and excipients. Growth areas for this business have been identified in segments like disintegrates, food fortification and dietary supplements.

Detergents and Cosmetics business was strengthened with the addition of the erstwhile Ciba products into this business, which were complementary to your Company's existing products. The strengthened product portfolio will provide the customers with better value proposition.

The Pharma sector witnessed growth and BASF has been successful in making new chemistries for Pharma. The Nutrition business of your Company is also well poised to grow in emerging segments like value added food & beverages.

The Acrylics Monomer business was integrated with the Petrochemicals business, while the Dispersions business was aligned according to the customer target industries into the Dispersions and Pigments business to cater to the needs of coatings, construction and packaging industries. Dispersions and Pigments division supports its customers to continuously improve their products in industries like adhesives, printing, packaging & constructions.

The Paper Chemicals business, with its comprehensive product portfolio and technical expertise, was able to cater to the needs of the industry from the wet-end to paper coatings chemicals. The Paper Chemicals business registered significant growth during the year, resulting in higher utilization of the manufacturing capacity. Growth areas for paper industry were mainly in the areas of art, graphic and writing-printing paper segments. Overall, economic growth, high consumption of packaging and increasing literacy rates are the main growth drivers of this industry. General economic slowdown, volatility in pricing of feed stocks and exchange rate fluctuation are potential threats to the overall business.

The Paper Chemicals business is expected to further grow in the coming year, given the positive outlook for manufacturing in the country.

Plastics

The Plastics division comprises expandable polystyrene (Styropor) and performance polymers (engineering plastics).

Styropor is primarily used in the areas of packaging and insulation. The major end-users in the packaging segment include consumer electronics, white goods, fruits and vegetables export packaging. Electronics and consumer durables packaging is a major segment for Expandable Polystyrene (EPS) business.

During the year 2009-2010, the EPS business of your Company recorded healthy volume growth. However, due to price rationalization of Styrene Monomer, the sales did not keep pace with the volume growth.

Volatile raw material prices, weakening rupee and under-utilized capacities in Asia could impact the margins. To overcome these pressures as part of its business strategy, your Company focuses on continuous improvement of its product portfolio and product innovations to expand business in growth-oriented markets. During the year, your Company introduced a value added "Deluxe" grade version of Styropor.

In the insulation segment, major consumers include cold storage and air-conditioned buildings. An Industry Target Groups set up by your Company provides 360 degree solution – from design to installation – to offer customized solutions.

Performance Polymers are primarily used in the automotive industry, electrical switchgear and accessories and barrier films for packaging. This business achieved substantial increase in turnover during the year, as compared to the previous year, which was mainly on account of higher sales volume.

Your Company's thermal components, viz. Peripor, Neopor, are international best seller brands.

Your Company has successfully commissioned the Engineering Plastics Compounding plant at its Navi Mumbai factory, which caters to the requirements of the Indian automobile, electrical and electronic industries.

The outlook for Plastics business is favourable.



Newly opened BASF's Engineering Plastics Compounding Plant and the Computer Aided Engineering (CAE) Centre at Navi Mumbai site.

Chemicals

Your Company's Chemical business includes 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, water treatment and coatings. These industries produce industrial and consumer products in the primary and secondary sectors. During the year, sectors like textile, rubber and coatings have been impacted adversely because of global economic downturn and consequent impact on the business environment.

The Chemicals business performance was lower during the year as compared to the previous year.

During the current year, chemical intermediates used for agrochemicals as well as pharma applications are expected to increase, though rising raw material prices are a concern for business performance. The Chemicals business is well positioned to support pharmaceuticals customers with a wide array of products made all over the globe, as well as support with R&D inputs from BASF group.

The Chemicals business had engaged in customer focused activities in emerging areas of agrochemicals, new pharmaceuticals, rubber & coatings related applications, and is well poised to utilize its resources to register growth in the coming year.

Technical Management

The efforts for optimum utilization of assets at all manufacturing sites continued during the year under report. This ensured optimal utilization of manpower and resources. 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, and also had a positive impact on the environment.

At your Company's Navi Mumbai factory, a number of technical initiatives and energy conservation measures were implemented. During the year, your Company also commissioned the Engineering Plastics (KT) Compounding Plant at its Navi Mumbai factory.

The Mangalore factory continued to work efficiently and achieved record production in dispersions. Post Ciba merger, the Ankleshwar plants were added, which manufactures Color Forms and Optical Brightening Agents.

Your Company's pesticides formulations and packaging unit at Dadra was closed during the year under review.

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

Industrial relations in all the factories continue to remain cordial.

Research and Development

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

- Performance chemicals, intermediates and fine chemicals
- Process development for active ingredients
- New product development for local businesses as well as global applications

Some of the future R&D plans envisage:

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



A unique BASF Programme – Chandivali office at Mumbai was the first office location in Asia to launch the C.A.R.E. initiative, which encourages behavioral safety amongst employees.

Internal Control Systems and their Adequacy

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

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

Developments in Human Resources and Industrial Relations front

An organization's performance largely depends on its talent. Employers are challenged, not only by the intensity and the focus required to attract and recruit top talent into the organization but also the effort it takes to keep new associates engaged for long term satisfaction and loyalty. Your Company is committed to building an organization of high performers who possess:

- Ability to seize new opportunities
- Flexibility to anticipate and respond to changing customer and business needs
- Motivation to attain greater levels of success

To achieve these goals, your Company envisioned an "Integrated Talent Management Strategy" to offer an innovative and more integrated approach to manage the human capital, so that organization can fully leverage on its talent.

As a part of the Change Management Process, orientation programs were arranged for erstwhile Ciba employees.

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

The Company employed 1224 persons as on 31st March, 2010.

On behalf of the Board of Directors

PRASAD CHANDRAN
Chairman & Managing Director

Mumbai

Dated : 29th April, 2010.



BASF employees with diverse backgrounds, age, geographies and experience came together at the Leadership Workshop to discuss, debate and deliberate on the leadership culture at BASF.

Report on Corporate Governance



BASF presented a business case on the advantages of Corporate Social Responsibility and Business Ethics for building a sustainable future, at the 'International seminar on Global and Contextual Ethics', jointly organized by Globetics.net and the Indian Institute of Management Bangalore.

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

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

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

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

For several years, the Company has shown a high level of commitment towards effective Corporate Governance and has been at the forefront of benchmarking its internal systems and policies with global standards. The Company maintains highest business ethics and 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 29th APRIL, 2010

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, 2005 (re-appointed on 2 nd April, 2010)	Chairman & Managing Director	6	6	2	NIL
Mr. Deepak Thuse, Alternate to Ms. Saori Dubourg	January 23, 2006	Chief Executive — Plastics	6	6 \$	1	NIL
Mr. S. Ramnath, Alternate to Mr. Hermann Althoff	April 1, 2006	Chief Executive — Finance & Information Technology	6	6 \$	1	1
Mr. R.Y. Vaidya, Alternate to Dr. Rainer Diercks	April 16, 2008	Chief Executive — Manufacturing	6	6	1	NIL

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

\$ Were present at the Meeting held on 21st August, 2009 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
Ms. Saori Dubourg	January 19, 2010	Director	6	0	1	NIL
Dr. Rainer Diercks	January 23, 2006	Director	6	0	1	NIL
Mr. Hermann Althoff	April 16, 2008	Director	6	1	1	NIL
Dr. Tilman Krauch	April 17, 2006 (Resigned w.e.f January 19, 2010)	Director	6	1	0	NIL

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Name	Date of Appointment	Designation	No. of Meetings held during the Last Financial Year	No. of Meetings Attended	Number of Memberships in Boards of Other Companies*	No. of Memberships/ Chairmanships in other Committees
Mr. Pradip P. Shah	January 31, 2000	Director	6	5	14	Membership – 4 Chairmanship – 3
Mr. R.A. Shah	April 25, 1968	Director	6	6	14	Membership – 5 Chairmanship – 5
Mr. R.R. Nair	March 30, 2001	Director	6	6	2	Membership – Nil Chairmanship – 1
Mr. Arun Bewoor	January 19, 2010	Director	6	1	2	Membership – 1 Chairmanship – Nil
Mr. K.R. Coorlawala	February 10, 1975 (Resigned w.e.f. August 21, 2009)	Director	6	1	Nil	Membership – Nil Chairmanship – Nil

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

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

Six Board Meetings were held during the year 2009-10.

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

- | | |
|--|--|
| (1) Thursday, 16 th April, 2009 | (2) Monday, 20 th July, 2009 |
| (3) Friday, 21 st August, 2009 | (4) Saturday, 12 th September, 2009 |
| (5) Friday, 16 th October, 2009 | (6) Tuesday, 19 th January, 2010 |

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

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

Ms. Saori Dubourg, Dr. Tilman Krauch, Dr. Rainer Diercks and Mr. Hermann Althoff were not paid any commission during the financial year 2009-10. Ms. Saori Dubourg, Dr. Rainer Diercks and Mr. Hermann Althoff 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. Mr. K. R. Coorlawala resigned as a Member of the Audit Committee with effect from 21st August, 2009 and Mr. Arun Bewoor was appointed as a member of Audit Committee on 19th January, 2010 in the casual vacancy caused by the resignation of Mr. K. R. Coorlawala. Mr. Pradeep Chandan was appointed as the Compliance Officer and Secretary of the Committee on 2nd April, 2010 in place of Mr. M. R. Iyer. 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 Directors' 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 judgement 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 16th April, 2009, 20th July, 2009, 16th October, 2009, and 19th January, 2010 during the financial year 2009-10. Mr. S. Ramnath, Permanent Invitee and Mr. M. R. Iyer, Secretary of the Committee were present at all the meetings. Mr. R. R. Nair, Mr. R. A. Shah and Mr. Pradip P. Shah were present at all the Audit Committee meetings. Mr. K. R. Coorlawala, Member of the Committee, was not present at the Audit Committee meeting held on 20th July, 2009. Mr. Pradeep Chandan was present at the Audit Committee meeting held on 19th January, 2010 as an invitee.

The Minutes of the Audit Committee Meetings were noted at the Board Meetings. The Chairman of the Audit Committee, Mr. R. R. Nair, was present at the 65th Annual General Meeting held on 21st August, 2009.

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 broadly based on 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 2009-2010.

(a) EXECUTIVE DIRECTORS

(Amount in Rupees per annum)

Remuneration	Mr. Prasad Chandran	Mr. Deepak Thuse	Mr. S. Ramnath	Mr. R.Y. Vaidya	Total #
Salary & Benefits@	1,42,13,101	73,75,012	70,41,035	87,93,631	3,74,22,779
Performance Linked Incentive	52,70,000	10,39,260	11,42,250	10,39,260	84,90,770
Total	1,94,83,101	84,14,272	81,83,285	98,32,891	4,59,13,549

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

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

The agreements in respect of Mr. Prasad Chandran, Chairman and Managing Director (re-appointed w.e.f. from 2nd April, 2010), Mr. Deepak Thuse (appointed w.e.f. 23rd January, 2006), Mr. S. Ramnath (appointed w.e.f. 1st April, 2006), Whole-time Directors, are for a period of five years. Mr. R. Y. Vaidya was appointed as a Whole-time Director w.e.f. 16th April, 2008 to 30th August, 2010 and his appointment has been extended till 1st April, 2011. Either of the parties to these agreements is entitled to terminate the agreements by giving six months' notice in writing.

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

(b) INDEPENDENT NON-EXECUTIVE DIRECTORS

The Commission due to the independent non-executive Directors for the financial year ended 31st March, 2010 is as follows:

Mr. K. R. Coorlawala	Mr. R. A. Shah #	Mr. Pradip P. Shah	Mr. R. R. Nair	Mr. Arun Bewoor
Rs. 5,00,000/-	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 2009-10.

5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

The Board of Directors of the Company constituted a Shareholders'/Investors' Grievance Committee on 1st March, 2001 comprising of Mr. K. R. Coorlawala as Chairman, Mr. Prasad Chandran and Mr. S. Ramnath as Members. Mr. R. R. Nair was nominated/appointed as member of the Shareholders'/Investors' Grievance Committee, by the Board of Directors on 7th May, 2008.

As Mr. K. R. Coorlawala resigned as an Independent Director of the Company on and from 21st August, 2009, Mr. Arun Bewoor was appointed as a member of the Shareholders'/Investors' Grievance Committee with effect from 19th January, 2010 in place of Mr. K. R. Coorlawala. Pursuant to the resignation of Mr. Coorlawala, Mr. R. R. Nair was appointed as Chairman of the Shareholders'/Investors' Grievance Committee. The Committee looks into redressal of shareholders' and investors' complaints/grievances. The Committee also looks into complaints concerning transfer of shares, non-receipt of balance sheet, non-receipt of dividends etc. The Committee oversees the performance of the Registrar and Share Transfer Agent and recommends measures for overall improvement in the quality of investor service.

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

Name, designation and address of the Compliance Officer:

Mr. Pradeep Chandan
Director–Legal & Company Secretary
BASF India Limited
1st Floor, VIBGYOR Towers,
Plot No.C-62, 'G' Block, Bandra Kurla Complex,
Mumbai-400 051, India.

During the year, 2 complaints were received from the shareholders and these have been resolved to date.

Outstanding complaints as on 31st March, 2010 were Nil.

SUBSIDIARY COMPANY

The Company monitors the performance of its 100% subsidiary, BASF Polyurethanes India Limited (BPIL), inter-alia, by the following means:

- The Financial Statements, in particular, the investments, if any, made by BPIL, are reviewed by the Audit Committee of the Company.
- The Minutes of the Board Meetings of BPIL are noted at the Board Meetings of the Company.
- Details of significant transactions and arrangements entered into by the BPIL are placed before the Board of the Company as and when applicable.

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, 2010, was placed before the Board at its meeting held on 29th April, 2010.

6. GENERAL BODY MEETINGS

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

1. Friday 21st August, 2009 at 3.00 p.m.
2. Tuesday 12th August, 2008 at 3.00 p.m.
3. Tuesday 31st July, 2007 at 3.00 p.m.

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

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

21st August, 2009 (AGM) All Directors except Dr. Rainer Diercks were present.

(c) During the year, the Company obtained the approval of the shareholders through postal ballot under Section 192A read with Section 293(1)(a) for sale/disposal/transfer of the Company's pesticides formulations and packaging unit situated in the Union Territory of Dadra & Nagar Haveli on 30th November, 2009 with requisite majority.

(d) During the year, the Company obtained the approval of the shareholders for the Scheme of Amalgamation of Ciba India Limited, Diamond Dye-Chem Limited and Ciba Research (India) Private Limited through Court Convened Meeting held on 16th December, 2009 at 3.00 p.m. at Yashwantrao Chavan Pratishthan Auditorium, Y.B. Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai-400 021, with requisite majority.

7. DETAILS OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT

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

- Dr. Rainer Diercks was appointed as a Director of the Company on 23rd January, 2006 in the casual vacancy caused by the resignation of Dr. E. Baumgartner.

Dr. Rainer Diercks has over 23 years of experience in the BASF Group. He was appointed as President, Inorganics Division in 2001 and President, Chemicals Research & Engineering Division in 2003.

Dr. Rainer Diercks, is also a Director in BASF Polyurethanes India Limited, a wholly owned subsidiary of the Company.

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

Mr. Arun Bewoor, is also a Director and a member of Audit Committee in BASF Polyurethanes India Limited, a wholly owned subsidiary of the Company. Mr. Arun Bewoor does not hold any shares of the Company.

The Non-Executive Directors seeking re-appointment do not hold any shares of 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 are placed before the Board at every Board Meeting for approval.

Transactions with related parties are disclosed in Note No. 23 of Schedule 19 to the Accounts in the Annual Report.

- (b) The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years. No strictures or penalties have been imposed on the Company either by SEBI or the Stock Exchanges or any other statutory authority for non-compliance of any matter related to the capital market.
- (c) The Company has complied with the mandatory requirements of the Code of Corporate Governance as stipulated under Clause 49 of the Listing Agreement.

- (d) Risk Management

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

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

9. MEANS OF COMMUNICATION

- The Quarterly and Half-yearly Unaudited Financial results are generally published in the widely circulating national and local newspapers such as 'The Economic Times' (in English), 'Maharashtra Times' (in Marathi). These results are not sent to each household of shareholders.
- The Company's Financial results/official news releases and other important Investor related information are periodically displayed and updated on the Company's web site, viz., www.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.sebidifar.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 Thursday, 12th August, 2010 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 — (tentative)	Results for quarter ending June 30, 2010	3 rd /4 th week of July, 2010
	Annual General Meeting	12 th August, 2010
	Results for quarter ending September 30, 2010	2 nd /3 rd week of October, 2010
	Results for quarter ending December 31, 2010	3 rd /4 th week of January, 2011
	Results for the year ending March 31, 2011	3 rd /4 th week of April, 2011

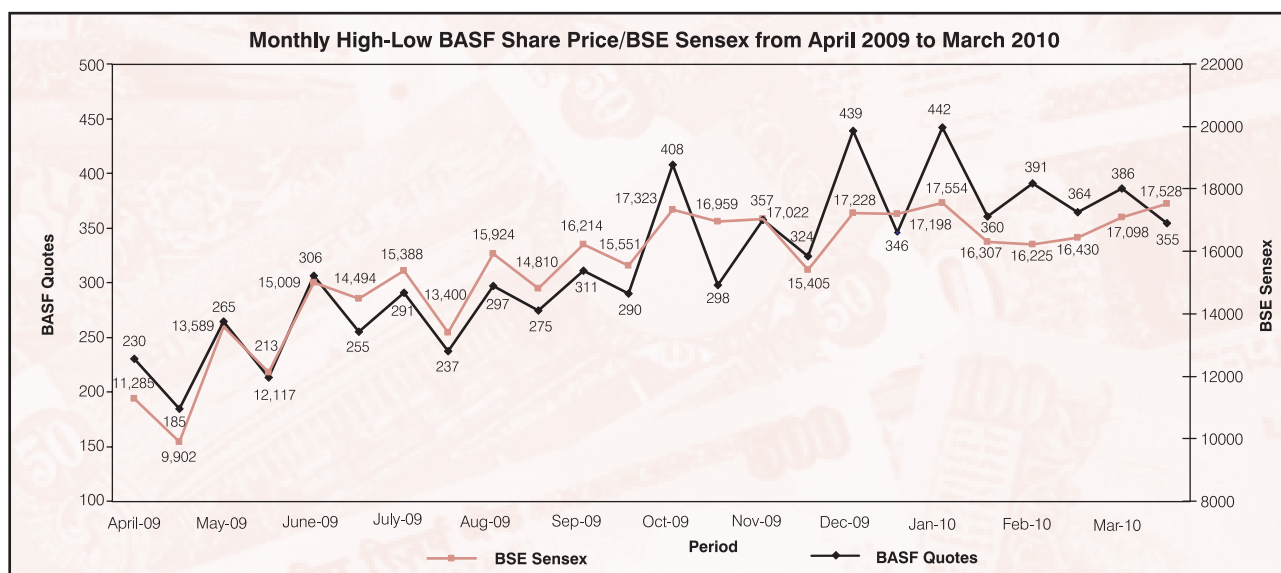
- (c) Date of book closure: 2nd August, 2010 to 12th August, 2010 (both days inclusive) for the purposes of Annual General Meeting and payment of dividend.

- (d) Dividend payment date: 16th August, 2010.

- (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 2010-11 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, 2010 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 2009 TO MARCH 2010

AT BSE			AT NSE		
MONTH	HIGH (DATE)	LOW (DATE)	MONTH	HIGH (DATE)	LOW (DATE)
April	230.00 (15.04.2009)	184.50 (01.04.2009)	April	230.25 (15.04.2009)	183.95 (01.04.2009)
May	264.55 (26.05.2009)	213.45 (07.05.2009)	May	265.15 (26.05.2009)	214.10 (08.05.2009)
June	306.20 (04.06.2009)	254.95 (30.06.2009)	June	306.80 (04.06.2009)	255.45 (30.06.2009)
July	290.95 (30.07.2009)	236.85 (13.07.2009)	July	291.70 (30.07.2009)	236.90 (13.07.2009)
August	296.55 (03.08.2009)	274.80 (19.08.2009)	August	296.50 (05.08.2009)	273.95 (19.08.2009)
September	310.50 (14.09.2009)	290.10 (01.09.2009)	September	311.10 (14.09.2009)	290.10 (02.09.2009)
October	407.60 (16.10.2009)	298.05 (06.10.2009)	October	408.90 (16.10.2009)	298.25 (06.10.2009)
November	357.20 (20.11.2009)	324.15 (03.11.2009)	November	356.30 (20.11.2009)	321.90 (03.11.2009)
December	438.75 (08.12.2009)	346.10 (01.12.2009)	December	439.25 (08.12.2009)	346.95 (01.12.2009)
January	441.80 (15.01.2010)	360.15 (28.01.2010)	January	441.10 (15.01.2010)	360.70 (28.01.2010)
February	390.55 (04.02.2010)	364.05 (26.02.2010)	February	390.95 (04.02.2010)	365.90 (26.02.2010)
March	386.20 (10.03.2010)	354.50 (31.03.2010)	March	384.30 (10.03.2010)	354.00 (31.03.2010)



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

Registered Office

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

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

Fax No. : 022-2859 1568

Email : sharepro@shareproservices.com

Investors Relation Centre

Sharepro Services (India) Private Ltd.

Unit : BASF India Limited
912, Raheja Centre,
Free Press Journal Road,
Nariman Point,
Mumbai-400 021.

Tel. No. : 022-2282 5163

Email : sharepro@vsnl.com

The details of contact persons of Sharepro are as follows:

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

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

(j) The distribution of shareholdings of the Company as on 31st March, 2010 was as follows:

Category (No. of shares)	No. of shareholders	Percentage	No. of shares	Percentage
1 – 500	41,680	94.33%	29,21,842	7.17%
501 – 1000	1,329	3.01%	9,98,178	2.45%
1001 – 2000	670	1.52%	9,48,846	2.33%
2001 – 3000	200	0.45%	5,01,026	1.23%
3001 – 4000	76	0.17%	2,66,816	0.65%
4001 – 5000	64	0.15%	2,90,849	0.71%
5001 – 10000	102	0.23%	6,96,687	1.71%
10001 and above	63	0.14%	3,41,45,743	83.75%
Total	44,184	100.00%	4,07,69,987	100.00%

(k) The shareholding pattern of the Company as on 31st March, 2010 was as follows:

Category	No. of shares	% of total capital
Foreign Promoters	2,92,27,567	71.69%
Directors and relatives of Directors	295	0.00%
NRIs, OCBs and FIIs	2,92,532	0.72%
Financial Institutions and Mutual Funds	31,11,398	7.63%
Nationalised and other Banks	7,976	0.02%
Domestic Corporate Bodies/Trusts	12,36,392	3.03%
General Public including shares in transit	68,93,827	16.91%
Total	4,07,69,987	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 45.74% of the shareholding of the Company have been dematerialized as on 31st March 2010.

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

(n) Plant locations:

Navi Mumbai

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

Mangalore

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

Ankleshwar

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

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

(o) Address for correspondence:

Mr. Manohar Kamath
BASF India Limited,
VIBGYOR Towers, 1st Floor, 'G' Block, Plot No. C-62,
Bandra Kurla Complex, Mumbai-400 051.
Tel : 6661 8000 / Fax: 67582752-53.
Email : manohar.kamath@basf.com
investor-grievance-india@basf.com

(p) Top Ten Shareholders of the Company as on 31st March, 2010

Sr. No.	Name of the shareholder(s)	Holdings	% in the total capital
1.	BASF SE	2,03,19,667	49.84%
2.	BASF Specialty Chemicals Holding GmbH	69,65,988	17.09%
3.	Ciba International Inc., Switzerland	19,41,912	4.76%
4.	General Insurance Corporation of India	7,30,792	1.79%
5.	United India Insurance Company Limited	7,24,986	1.78%
6.	LIC of India – Market Plus	7,05,000	1.73%
7.	LIC of India – Money Plus	3,42,504	0.84%
8.	Bajaj Allianz Life Insurance Company	2,81,767	0.69%
9.	The New India Assurance Company Limited	2,68,488	0.66%
10.	Atul Limited	2,61,396	0.64%

(q) Share price: Rs. 410.55/- per share on The Stock Exchange, Mumbai as on 29th April, 2010.

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: 29th April, 2010.



To celebrate BASF being rated as the World's most Admired Chemical Company, customers were invited to Symphony – a Customer Interaction Event at Delhi.

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

To

The Members of BASF India Limited

We have examined the compliance of conditions of Corporate Governance by BASF India Limited ('the Company') for the year ended on 31 March 2010, 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 Agreement.

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

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

Vijay Mathur
Partner
Membership No.: 046476

Mumbai
Date: 29 April 2010.



BASF India's 65th Annual General Meeting

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 2010, 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 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2010 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 2010;
 - 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 B S R & Co.

Chartered Accountants

Firm Registration Number: 101248W

Vijay Mathur

Partner

Membership No.: 046476

Mumbai

Date: 29 April 2010

Annexure to Auditors' Report – 31 March 2010

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

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - (c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
2. (a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained.
 - (b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Act.

4. In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories and fixed assets are for the Company's specialised requirements and similarly certain goods sold and services rendered are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rs. 5 lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time, except for purchases of certain items of inventories and fixed assets which are for the Company's specialised requirements and similarly sale of certain goods and services rendered which are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations. However, on the basis of information and explanations provided, the same appear reasonable.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A, Section 58AA or other relevant provisions of the Act, and the rules framed thereunder with regard to deposits accepted from the public. Accordingly, there have been no proceedings before the Company Law Board or National Company Law Tribunal (as applicable) or Reserve Bank of India or any Court or any other Tribunal in this matter and no order has been passed by any of the aforesaid authorities.
7. In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 209(1)(d) of the Act in respect of manufacture of insecticides and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
9. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Customs duty, Excise duty, Investor Education and Protection Fund and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities.
According to the information and explanations given to us, 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 and other material statutory dues were in arrears as at 31 March 2010 for a period of more than six months from the date they became payable.
(b) According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Wealth tax, Service tax, Customs duty and Excise duty which have not been deposited with the appropriate authorities on account of any dispute other than those mentioned in the appendix to this report.
10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any outstanding debentures or dues to financial institutions during the year.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. 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 B S R & Co.

Chartered Accountants

Firm Registration Number: 101248W

Vijay Mathur

Partner

Membership No.: 046476

Mumbai

Date: 29 April 2010

Appendix

Name of the Statute	Nature of the Dues	Amounts (Rs. million)	Period	Forum where the dispute is pending
Central Excise Act, 1944	Duty interest and penalty	3.01	1992-1993	High Court
		11.12	2005-2006	Supreme Court
The Customs Act, 1962	Duty interest and penalty	11.38	2006-2007	Central Excise & Service Tax Appellate Tribunal
The Income Tax Act, 1961	Tax, interest and penalty	1.13	AY 2000-2001, 2003-2004	High Court
		5.09	AY 2002-2003, 2003-2004	Income Tax Appellate Tribunal
		31.03	AY 2002-2003, 2003-2004, 2004-2005, 2005-2006, 2006-2007, 2007-2008, 2008-2009	Commissioner of Income Tax (appeals)
		0.96	AY 2004-2005	Assessing Officer
		1.57	AY 2006-2007	Income Tax Appellate Tribunal
State and Central Sales Tax Act	Non Submission of forms	11.81	1993-1994, 1994-1995, 2002-2003	Sales tax Tribunal
		0.68	1999-2000, 2004-2005, 2005-2006	Asstt. Commissioner of sales tax
	Tax, interest and penalty	0.02	2000-2001	Assessing Officer
	Non Submission of forms and various disallowances	13.11	2004-2005	Deputy Commissioner of sales tax
		0.51	2005-2006	Additional Commissioner, Commercial Taxes

Balance Sheet as at March 31, 2010

Rs. in million

	Schedule	March 31, 2010	March 31, 2009
SOURCES OF FUNDS			
Shareholders' Funds:			
Share Capital	1	407.7	281.9
Reserves and Surplus	2	8,250.0	3,570.4
Total		8,657.7	3,852.3
APPLICATION OF FUNDS			
Fixed Assets:			
Gross Block	3	6,296.2	3,636.4
Less: Depreciation		3,863.1	2,377.0
Net Block		2,433.1	1,259.4
Capital Work-in-Progress		95.2	211.5
		2,528.3	1,470.9
Investments	4	90.0	90.0
Deferred Tax Assets (net)	5	85.9	2.5
Current Assets, Loans and Advances:			
Inventories	6	3,495.1	2,009.8
Sundry Debtors	7	2,580.0	1,356.9
Cash and Bank Balances	8	1,638.4	277.0
Loans and Advances	9	2,258.8	1,285.5
		9,972.3	4,929.2
Less:			
Current Liabilities and Provisions:			
Current Liabilities	10	3,476.7	2,295.8
Provisions	11	542.1	344.5
		4,018.8	2,640.3
Net Current Assets		5,953.5	2,288.9
Total		8,657.7	3,852.3

For Accounting Policies and Notes to Accounts — Refer **Schedule 19**

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

As per our report of even date attached

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

Vijay Mathur
Partner
Membership No.: 046476
Mumbai, 29th April 2010

For and on behalf of the Board of Directors

Prasad Chandran
Chairman & Managing Director

Pradeep Chandan
Company Secretary

R. R. Nair
R. A. Shah
Pradip P. Shah
Arun Bewoor
S. Ramnath
Deepak Thuse
Directors

29th April 2010

Profit and Loss Account for the year ended March 31, 2010

Rs. in million

	Schedule	March 31, 2010	March 31, 2009
Income:			
Sales and Services	12	14,654.8	12,381.1
Less: Excise Duty		837.9	1,225.1
		13,816.9	11,156.0
Other Income	13	124.5	102.2
		13,941.4	11,258.2
Expenditure:			
Materials Consumed	14	6,292.7	6,072.0
Purchase of Finished Goods		3,125.8	1,527.1
Other Expenses	15	3,215.9	2,650.2
Depreciation	3	260.8	151.6
Interest	16	8.4	14.9
		12,903.6	10,415.8
Increase in Stocks	17	475.9	237.7
Profit Before Tax		1,513.7	1,080.1
Tax	18	545.6	393.7
Profit After Tax		968.1	686.4
Surplus Brought Forward		264.0	264.0
Addition on account of amalgamation (Refer Schedule 19 (2))		2,218.3	—
Available for Appropriation		3,450.4	950.4
Appropriations:			
Proposed Dividend		326.2	197.3
Corporate Tax on Dividend		54.2	33.6
General Reserve		2,309.0	455.5
		2,689.4	686.4
Balance Carried Forward		761.0	264.0
Weighted average number of equity shares outstanding during the year		40,769,305	28,189,466
Basic and diluted earnings per share (in Rs.) (Refer Schedule 19 (25))		25.00	24.35
Face value per share (in Rs.)		10.00	10.00

For Accounting Policies and Notes to Accounts — Refer **Schedule 19**

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

As per our report of even date attached

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

Vijay Mathur
Partner
Membership No. : 046476
Mumbai, 29th April 2010

For and on behalf of the Board of Directors

Prasad Chandran
Chairman & Managing Director

Pradeep Chandan
Company Secretary

R. R. Nair
R. A. Shah
Pradip P. Shah
Arun Bewoor
S. Ramnath
Deepak Thuse
Directors
29th April 2010

Cash Flow Statement for the year ended March 31, 2010

Rs. in million

	March 31, 2010		March 31, 2009	
A. Cash flow from operating activities				
Net Profit Before Tax		1,513.7		1,080.1
Adjustments for:				
Depreciation	260.8		151.6	
Interest expense	8.4		14.9	
Loss/(Profit) on sale of fixed assets (net)	(21.4)		(1.9)	
Interest income	(51.7)		(20.1)	
Unrealised (Gain)/Loss on foreign exchange (net)	(24.6)		7.3	
Provision for Doubtful Debts	(22.0)	149.5	(16.7)	135.1
Operating profit before working capital changes		1,663.2		1,215.2
(Increase)/Decrease in:				
Trade and Other Receivables	200.8		360.2	
Inventories	(688.4)		(760.6)	
Trade and Other Liabilities	11.7	(499.3)	(763.7)	363.3
Cash generated from operations		1,163.9		1,578.5
Direct taxes paid (net)		(657.1)		(386.7)
Net cash from operating activities		506.8		1,191.8
B. Cash flow from investing activities:				
Acquisition of fixed assets		(284.6)		(408.4)
Realisation on sale of fixed assets		55.8		3.6
Interest received		51.5		20.2
ICD placed with – BASF Polyurethanes India Limited (net)		(363.0)		(366.0)
Net cash used in investing activities		(540.3)		(750.6)
C. Cash flow from financing activities				
Interest paid		(8.4)		(14.9)
Dividend paid		(197.3)		(197.3)
Tax paid on above dividend		(33.6)		(33.6)
Net cash used in financing activities		(239.3)		(245.8)
Net increase/(decrease) in cash and cash equivalents		(272.8)		195.4
Cash and cash equivalents (opening balance)		277.0		81.6
Cash & cash equivalents acquired on amalgamation (Refer Schedule 19(2))		1,634.2		—
Cash and cash equivalents (closing balance) (Refer Schedule 8 for Cash & cash equivalents)		1,638.4		277.0
Restricted cash and cash equivalents		7.9		5.6

The Schedules referred to above form an integral part of the Cash Flow Statement.

As per our report of even date attached

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

Vijay Mathur
Partner
Membership No.: 046476
Mumbai, 29th April 2010

For and on behalf of the Board of Directors

Prasad Chandran
Chairman & Managing Director

Pradeep Chandan
Company Secretary

R. R. Nair
R. A. Shah
Pradip P. Shah
Arun Bewoor
S. Ramnath
Deepak Thuse
Directors
29th April 2010

Schedules to Balance Sheet as at March 31, 2010

1. Share Capital

Rs. in million

	March 31, 2010	March 31, 2009
Authorised:		
45,000,000 (Previous Year – 30,000,000) Equity Shares of Rs.10/- each	450.0	300.0
Issued:		
40,769,987 (Previous Year – 28,190,148) Equity Shares of Rs.10/- each	407.7	281.9
Subscribed and Paid-up:		
40,769,305 (Previous Year – 28,189,466) Equity Shares of Rs.10/- each	407.7	281.9
Of the above –		
Issued for consideration other than cash		
– 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.		
– 12,579,839 shares were allotted to the erstwhile shareholders of Ciba India Limited and Ciba Research (India) Private Limited consequent to the amalgamation w.e.f. February 1, 2010 (Refer Schedule 19(2)).		
<u>Holding Company and its affiliates</u>		
– 20,319,667 (Previous Year – 20,066,242) Equity Shares are held by BASF SE, the holding company.		
– 1,941,912 (Previous Year – Nil) Equity Shares are held by Ciba International Inc., Switzerland, an affiliate of the Holding Company.		
– 6,965,988 (Previous Year – Nil) Equity Shares are held by BASF Specialty Chemicals Holding GmbH, an affiliate of the Holding Company.		
	407.7	281.9

2. Reserves and Surplus

	Balance as on April 1,		Addition on Amalgamation (Refer Schedule 19(2)) 2009-10	Additions during the year		Balance as on March 31,	
	2009	2008		2009-10	2008-09	2010	2009
Share Premium Account	621.0	621.0	10.5	—	—	631.5	621.0
Amalgamation Reserve	0.5	0.5	—	—	—	0.5	0.5
General Reserve	2,684.9	2,229.4	1,863.1	2,309.0	455.5	6,857.0	2,684.9
Surplus as per Profit and Loss Account	264.0	264.0	—	497.0	—	761.0	264.0
	3,570.4	3,114.9	1,873.6	2,806.0	455.5	8,250.0	3,570.4

3. Fixed Assets

	Freehold Land	Leasehold Land	Buildings*	Plant & Machinery and Computers#	Furniture, Fixtures and Equipment	Vehicles	Total	Previous Year
Gross Block:								
As at April 1, 2009	24.1	50.2	729.6	2,666.9	156.4	9.2	3,636.4	3,411.1
Addition on amalgamation@ (Refer Schedule 19(2))	—	46.9	238.4	1,884.7	222.7	33.0	2,425.7	—
Additions	—	—	96.2	258.4	51.2	6.1	411.9	244.1
Deductions	15.4	—	59.9	80.6	21.1	0.8	177.8	18.8
As at March 31, 2010	8.7	97.1	1,004.3	4,729.4	409.2	47.5	6,296.2	3,636.4
Depreciation:								
As at April 1, 2009	—	4.7	241.1	2,033.4	89.6	8.2	2,377.0	2,242.5
Addition on amalgamation@ (Refer Schedule 19(2))	—	2.8	45.1	1,191.4	107.5	21.9	1,368.7	—
Depreciation for the year	—	0.4	57.1	175.6	24.8	2.9	260.8	151.6
Deductions	—	—	47.3	77.6	17.8	0.7	143.4	17.1
As at March 31, 2010	—	7.9	296.0	3,322.8	204.1	32.3	3,863.1	2,377.0
Net Block:								
As at March 31, 2010	8.7	89.2	708.3	1,406.6	205.1	15.2	2,433.1	1,259.4
As at March 31, 2009	24.1	45.5	488.5	633.5	66.8	1.0	1,259.4	1,168.6
Capital work in progress**								
As at March 31, 2010	—	—	15.5	68.1	7.0	4.6	95.2	211.5
As at March 31, 2009	—	—	47.5	163.8	0.2	—	211.5	40.0

* 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. 16.0 million (Previous Year Rs. 20.2 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 an amount of Rs. 44 million being the net block of movable assets at Goa site, fully provided in the books prior to amalgamation. (Refer Note 19(2))

Schedules to Balance Sheet as at March 31, 2010

4. Investments

Rs. in million

	March 31, 2010	March 31, 2009
(Non-Trade) — Unquoted — Long Term		
Investment in 100% Subsidiary Company at cost (Refer Schedule 19(3))		
BASF Polyurethanes India Limited — 9,000,000 Equity Shares (Previous Year 9,000,000) of Rs. 10/- each fully paid	90.0	90.0
	90.0	90.0

5. Deferred Tax Assets (net)

	March 31, 2010	March 31, 2009
(Refer Schedule 19(9))		
Deferred tax assets	191.0	68.4
Deferred tax liabilities	(105.1)	(65.9)
	85.9	2.5

6. Inventories

	March 31, 2010	March 31, 2009
Raw Materials	1,574.3	1,078.0
Finished Goods	1,847.7	856.0
Stock-in-Process	23.7	21.3
Packing Materials	45.2	49.4
Fuel Oil	4.2	5.1
	3,495.1	2,009.8

7. Sundry Debtors

	March 31, 2010	March 31, 2009
Debts outstanding for a period exceeding six months		
Considered good:		
Secured	10.2	—
Unsecured	—	12.7
	10.2	12.7
Considered doubtful	72.8	73.7
Other debts		
Considered good:		
Secured	84.7	54.2
Unsecured	2,485.1	1,290.0
	2,569.8	1,344.2
Considered doubtful	6.0	17.6
	2,658.8	1,448.2
Less: Provision for doubtful debts*	78.8	91.3
	2,580.0	1,356.9
(Refer Schedule 19(11) — Dues from companies under the same management) * Includes Rs. 9.5 million on account of amalgamation (Refer Schedule 19 (2))		

Schedules to Balance Sheet as at March 31, 2010

8. Cash and Bank Balances

Rs. in million

	March 31, 2010	March 31, 2009
Cash on hand	0.2	0.2
Balances with Scheduled Banks :		
— In Current Accounts	272.6	275.8
— In Deposit Accounts	1,365.5	1.0
Balances with Non-Scheduled Banks :		
In current account with The Municipal Co-operative Bank Limited, Mumbai Maximum balance during the year Rs. 0.3 million (Previous Year Rs. 0.2 million)	0.1	—
	1,638.4	277.0

9. Loans and Advances (Unsecured) — Considered Good

	March 31, 2010	March 31, 2009
Advances recoverable in cash or in kind or for value to be received	873.3	558.0
Includes due from		
— Directors Rs. 0.63 million (Previous Year Rs. 0.71 million). Maximum amount outstanding during the year Rs. 0.71 million (Previous Year Rs. 0.78 million). In the case of Directors, it represents loans given to them before they became Directors.		
Inter Corporate Deposit (ICD) to wholly owned subsidiary — BASF Polyurethanes India Limited. Maximum amount outstanding during the year Rs.1000 million (Previous Year Rs. 605 million)	968.0	605.0
Interest accrued on ICD to subsidiary — not due	0.4	0.2
Asset held for disposal	72.7	—
Duty Drawback receivable	15.0	4.4
Balances with Excise authorities	0.6	7.2
Balances with Income Tax authorities (Net of Provisions)	328.8	110.7
	2,258.8	1,285.5
— Unsecured, Considered doubtful		
Advances recoverable in cash or in kind or for value to be received	46.2	—
Less: Provision for doubtful advances	(46.2)	—
	2,258.8	1,285.5

10. Current Liabilities

	March 31, 2010	March 31, 2009
Sundry Creditors		
— Micro & Small Enterprises (Refer Schedule 19(10))	5.5	1.3
— Others	3,276.2	2,182.4
Deposits	172.9	98.3
Unclaimed Dividend*	6.9	4.6
Unclaimed matured fixed deposits*	0.6	0.6
Unclaimed Interest warrants*	0.4	0.4
* (There are no amounts due and outstanding to be credited to Investor Education and Protection Fund)		
Other Liabilities	14.2	8.2
	3,476.7	2,295.8

11. Provisions

	March 31, 2010	March 31, 2009
Proposed Dividend	326.2	197.3
Corporate Tax on Dividend	54.2	33.6
Provision for Long Service Award	26.7	16.8
Provision for Leave Encashment	129.8	95.7
Provision for Gratuity	5.2	1.1
	542.1	344.5

Schedules to Profit & Loss account for the year ended March 31, 2010

12. Sales and Services

Rs. in million

	March 31, 2010	March 31, 2009
Sale of Goods	13,778.0	11,638.6
Indent Commission/Technical/Service Charges	876.8	742.5
	14,654.8	12,381.1

13. Other Income

	March 31, 2010	March 31, 2009
Interest (Gross)		
— Interest on ICD to subsidiary Tax deducted at source Rs. 9.7 million (Previous Year Rs. 4.2 million)	45.4	18.3
— Interest on Investments — Non-Trade and Long Term Tax deducted at source Rs. Nil (Previous Year Rs. Nil)	—	1.6
— Others Tax deducted at source Rs. 2.6 million (Previous Year Rs. 6.1 million)	18.2	21.0
Provision for Doubtful Debts written back	22.0	16.7
Profit on sale of Fixed Assets (net)	21.4	1.9
Sale of Scrap	10.5	13.2
Sundries	7.0	29.5
	124.5	102.2

14. Materials consumed

	March 31, 2010	March 31, 2009
Raw Materials :		
Stock at Commencement	1,078.0	565.1
Purchases*	6,416.7	6,307.1
Stock at Close	(1,574.3)	(1,078.0)
	5,920.4	5,794.2
Packing Materials consumed	372.3	277.8
	6,292.7	6,072.0
* Includes Rs. 276.2 million on account of amalgamation (Refer Schedule 19 (2))		

Schedules to Profit & Loss account for the year ended March 31, 2010

15. Other Expenses

Rs. in million

	March 31, 2010	March 31, 2009
Salaries, Wages, Bonus and Commission (Refer Schedule 19(12))	862.6	697.1
Workmen and Staff Welfare (Refer Schedule 19(12))	144.4	111.4
Contribution to Provident and Other Funds (Refer Schedule 19(12))	80.8	78.9
Consumption of Stores and Spare Parts	45.1	45.1
Power and Fuel	221.8	231.8
Rent (Refer Schedule 19(8[b]))	189.3	185.9
Rates and Taxes — Excise Duty	(3.1)	(10.6)
— Others	56.4	6.3
Repairs — Machinery	30.7	31.5
— Buildings	21.3	23.4
— Others	10.6	14.2
Insurance	30.8	22.6
Bad Debts Written off	19.6	13.1
Service Fees	36.4	38.7
Travelling	190.4	159.1
Freight and Handling Charges	365.3	296.9
Communication/System Expenses	247.1	166.4
Sales Promotion Expenses	158.5	142.6
Professional Charges	214.8	151.1
Royalty	44.6	34.6
Voluntary Retirement Scheme	9.1	14.1
Sundry Expenses	239.4	196.0
	3,215.9	2,650.2

16. Interest

	March 31, 2010	March 31, 2009
On Short Term Loans	—	2.9
On Others	8.4	12.0
	8.4	14.9

17. Increase in Stocks

	March 31, 2010	March 31, 2009
Stock at Close		
Finished Goods	1,847.7	856.0
Stock-in-Process	23.7	21.3
Sub-total	1,871.4	877.3
Stock at commencement		
Finished Goods	(856.0)	(611.4)
Stock-in-Process	(21.3)	(28.2)
Sub-total	(877.3)	(639.6)
On account of amalgamation (Refer Schedule 19(2))	(518.2)	—
Increase in stocks	475.9	237.7

18. Tax

	March 31, 2010	March 31, 2009
Current Tax Expense (includes wealth tax Rs. 2.6 million Previous year Rs. 2.0 million)	530.7	347.8
Deferred Tax Charge	14.9	21.1
Fringe Benefit Tax	—	24.8
	545.6	393.7

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

(c) Revenue Recognition

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

(d) Fixed assets and depreciation

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

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

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

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

Leasehold land and Leasehold Improvements are amortised over the period of lease.

(e) Impairment

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

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

(i) **Foreign Currency**

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

(j) **Employee Benefits**

(A) Short-Term Employee Benefits

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

(B) Post Employment Employee Benefits

Company's contributions to defined contribution plans such as Superannuation Fund, Family Pension Fund, Group 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 independent actuaries 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 independent actuaries 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.

(k) **Assets taken on lease**

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

(l) **Taxation**

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

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.

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

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

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

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

Contingent Assets are not recognised in the financial statements.

(n) **Research & Development Expenditure**

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.

(o) **Earning per share**

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

2. **Amalgamation of Ciba India Limited (CIL), Diamond Dye-Chem Limited (DDL) and Ciba Research (India) Private Limited (CRIPL) with the Company**

Pursuant to the Scheme of Amalgamation ('the scheme') as approved in the court convened shareholder meeting held on 16th December, 2009 and subsequently sanctioned by the Honourable High Court of Bombay vide its order dated on 26th February, 2010, CIL, DDL (wholly owned subsidiary of CIL) and CRIPL (collectively referred to as the amalgamating companies) have been merged with the Company. The amalgamating companies were engaged in the business of manufacturing and trading of specialty chemicals and in commoditized products.

As provided in the Scheme of Amalgamation, 10,637,927 equity shares of BIL (representing 26.1% of equity share capital as at 31st March, 2010) are issued against 13,280,819 shares of CIL (representing 100% of equity share capital as at 1st February 2010) and 1,941,912 equity shares of BIL (representing 4.76% of equity share capital as at 31st March, 2010) are issued against 10,788,401 shares of CRIPL (representing 100% of equity share capital as at 1st February, 2010). Accordingly 12,579,839 equity shares of Rs 10/- each fully paid up have been issued to the equity share holders of the CIL, CRIPL whose names appear in the register of members on record date i.e. 18th March, 2010, without payment being received in cash.

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

- i) All the assets and liabilities of CIL, DDL and CRIPL have been transferred and vested in the Company with effect from 1st February, 2010.
- ii) As specified in the scheme of amalgamation, the difference between the amount recorded as share capital issued (Rs. 125.7 Mio.) and the amount of share capital of the amalgamating companies (Rs. 269.7 Mio.) aggregating to Rs. 144.0 Mio. is adjusted in General Reserves.
- iii) The book values of the intercompany balances and holdings stand cancelled.

In view of the aforesaid amalgamation with effect from 1st February, 2010, the figures for the current year are not strictly comparable to those of the prior year.

In terms of the settlement agreement arrived at with Syngenta India Limited ('the Lessor') on 28th July, 2009, Ciba India Limited (amalgamating company) has ceased its manufacturing operation at Santa Monica, Goa (the Site) and will exit the Site on or before 31st December, 2010. The company is in the process of dismantling movable assets. As per the settlement agreement, the Company will receive a consideration of Rs. 135 million from the Lessor towards sale of immovable assets (WDV Rs. 67 million) upon handing over the site and on the registration of the sale deed.

3. BASF SE, vide agreement dated 1st July, 2006, has discretion to acquire the Company's investment in its wholly owned subsidiary BASF Polyurethanes India Limited ('BPIL'). BASF SE intends to acquire the shareholding in BPIL subject to certain conditions. Management is in the process of assessing the feasibility of these conditions.

4. Contingent Liabilities not provided for:
- Claims against the Company not acknowledged as debts: **Rs. 30.2 Mio.** (Previous Year Rs. 26 Mio.) in respect of which the Company has counter claims of **Rs. 67.0 Mio.** (Previous Year Rs. 67.0 Mio.).
 - Demands for taxes and duties in respect of which the Company has preferred appeals with appropriate authorities –
 - Income tax : **Rs. 66.6 Mio.** (Previous Year Rs. 61.0 Mio.). The current year figure includes **Rs. 5.6 Mio.** being Income Tax claims of the amalgamating companies.
 - Customs and Excise: **Rs. 130.1 Mio.** for the amalgamating companies on account of Customs & Excise claims.
 - Others: **Rs. 0.9 Mio.** (Previous Year Rs. 2.2 Mio.).
5. Estimated amount of contracts remaining to be executed on capital account and not provided (net of advances) for **Rs. 70.2 Mio.** (Previous Year Rs. 83.2 Mio.).
6. The exchange loss of **Rs. 48.1 Mio.** (Previous Year loss of Rs. 75.0 Mio.) has been included in the Profit and Loss Account for the year.
7. Expenditure on Research and Development charged to Profit and Loss Account **Rs. 80.0 Mio.** (Previous Year Rs. 96.1 Mio.).
8. The Company has taken certain assets under operating leases.
- Total minimum lease payments in this respect are as follows:

Rs. Mio.

	2009-10	2008-09
Due		
Not later than one year	96.7	14.3
Later than one year but not later than five years	357.4	12.5
Later than five years	205.4	1.4
Total	659.5	28.2

- Lease rent of **Rs. 189.3 Mio.** (Previous Year Rs. 26.9 Mio.) has been included under 'Rent' in the Profit and Loss Account.

9. Deferred Tax:
The break up of Deferred Tax Assets (Net) as at March 31, 2010 is as under:

Rs. Mio.

	2009-10	2008-09
Deferred Tax Assets		
Timing differences on account of:		
Provision for doubtful debts	26.8	31.0
Expenditure under Voluntary Retirement Scheme	35.0	12.2
Others (Amounts allowable on a payment basis under the Income Tax Act, 1961)	129.2	25.2
Total Deferred Tax Assets	191.0	68.4
Deferred Tax Liabilities		
Timing difference on account of:		
Fixed Assets	(105.1)	(65.9)
Total Deferred Tax Liabilities	(105.1)	(65.9)
Deferred Tax Assets (Net)	85.9	2.5

10. Micro, Small and Medium Enterprises Development Act, 2006 (MSME).

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

Rs. Mio.

Particulars	2009-10	2008-09
The principal amount and the interest due thereon remaining unpaid to any Micro/Small supplier.	5.5	1.3
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.	0.1	—
The amount of interest accrued and remaining unpaid at the end of each accounting year.	—	0.2
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.	0.6	0.5

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

Rs. Mio.

	2009-10	2008-09
BASF Construction Chemicals (India) Private Ltd.	50.3	77.2
BASF Coatings (India) Private Ltd.	20.5	43.5
BASF Styrenics Private Limited	3.5	10.0
BASF Kanoo Gulf FZE	2.2	5.4
BASF Catalysts India Pvt. Ltd.	1.5	5.1
BASF Polyurethanes India Ltd.	6.2	4.4
BASF East Asia Regional Headquarters Limited	—	4.3
BASF Asia Pacific (India) Private Ltd.	0.6	2.5
BASF China Limited	—	1.6
BASF Fine Chemicals Switzerland S.A.	1.5	1.5
BASF Corporation	3.7	1.3
BASF Espanola, S.L.	—	0.7
BASF Polyurethanes (Taiwan) Co. Ltd.	—	0.6
BASF JCIC Neopentylglycol Co. Ltd.	—	0.6
BASF Finlay (Private) Limited	—	0.5
BASF (China) Company Ltd.	0.5	0.1
BASF Chemicals and Polymers Pakistan (Pvt.) Ltd.	—	0.1
BASF Belgium S.A.	4.4	—
BASF Plant Science GmbH	1.1	—
BASF Quimica Columbiana S.A.	2.0	—
BASF Japan Ltd.	2.4	—
BASF Schweiz AG	36.5	—
CIBA Middle East W.L.L.	1.6	—
Total	138.5	159.4

12. Employees Benefits:

Defined contribution plans :

Company's contribution to defined contribution funds amounting to **Rs. 71.0 Mio.** (Previous year Rs. 60.6 Mio.) has been charged to the Profit and 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	
	2009-10	2008-09
A. Expenses recognized in the Profit & Loss Account for the year ended 31st March		
Current Service Cost	15.8	11.0
Interest Cost	14.3	10.8
Expected Return on Plan Assets	(15.1)	(12.8)
Net Actuarial (gain)/ loss recognised in the year	(6.7)	10.7
Past Service Cost	2.2	—
Losses/ Gains on "Curtailment and Settlements"	0.3	—
Effect of the Limit in Para 59(b)	0.3	—
Expenses Recognised in the statement of Profit & Loss	11.1	19.7
B. Balance Sheet Recognition as at 31st March		
Present Value of Obligation	219.1	173.3
Fair Value of Plan Assets	214.3	172.2
Amount not recognised as an asset (Limit in Para 59(b))	(0.4)	—
Net Asset/ (Liability)	(5.2)	(1.1)
Net Asset/ (Liability) recognised in the Balance Sheet	(5.2)	(1.1)
C. Change in obligation during the year ended 31st March		
Present Value of obligation Beginning of the Year	173.3	146.0
Addition from Amalgamating Companies	35.7	—
Interest Cost	14.3	10.8
Current Service Cost	15.8	11.0
Past Service Cost	2.2	—
Benefits Paid	(12.9)	(12.6)
Actuarial (gain)/ loss on Obligation	(6.5)	18.1
Liabilities Extinguished on settlement	(2.8)	—
Present Value of obligation End of the Year	219.1	173.3
D. Change in fair value of assets during the year ended 31st March		
Fair value of plan Assets Beginning of the Year	172.2	158.1
Addition from Amalgamating Companies	32.9	—
Expected Return on plan assets	15.1	12.8
Contributions	9.9	6.5
Benefits Paid	(12.9)	(12.6)
Actuarial gain/ (loss) Plan Assets	0.2	7.4
Assets Distributed on Settlements	(3.1)	—
Fair value of plan Assets end of the Year	214.3	172.2
Total Actuarial gain/ (loss) to be recognised	6.7	(10.7)

Rs. Mio.

	Gratuity Funded	
	2009-10	2008-09
E. Actual Return on Plan Assets		
Expected Return on Plan Assets	15.1	12.8
Actuarial gain (loss) Plan Assets	0.2	7.4
Actual Return on Plan Assets	15.3	20.2
F. Movement in the net Liability recognised in the Balance Sheet		
Opening net Liability	1.1	(12.1)
Addition from Amalgamating Companies	2.9	—
Expenses	11.1	19.7
Contribution	(9.9)	(6.5)
Closing Net Liability	5.2	1.1

Rs. Mio.

Experience Adjustments	2010	2009	2008
Defined Benefit obligations	219.1	173.3	146.0
Plan Assets*	213.9	172.2	158.1
Surplus/(Deficit)	(5.2)	(1.1)	12.1
Exp. Adj. on Plan Liabilities	(6.5)	18.1	19.7
Exp. Adj. on Plan Assets	0.2	7.4	0.9

Entity	Planned obligation	Present value of fund assets	Net asset / (liability)
BASF India Limited	180.8	183.2	2.4
Ciba India Limited	20.2	16.8	(3.5)
Ciba Research (India) Private Limited*	2.7	3.2	0.5
Diamond Dye-Chem Limited	15.4	10.7	(4.6)
	219.1	213.9	(5.2)

* This excludes amount not recognised as an asset (Limit in Para 59 (b)) – Rs. 0.4 Mio. (Previous Year Nil).

Funds of the amalgamating companies are yet to be merged.

The contribution expected to be made by the company during the Financial Year 2010-11 has not been ascertained.

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:

	2009-10	2008-09
GOI Securities	38%	27%
State Government Securities	13%	15%
PSU Bonds	41%	58%
Private Sector Bonds	4%	—
Fixed Deposit and others	4%	—
Total	100%	100%

The assumptions used for actuarial valuation as at 31st March, 2010 are as follows:

	2009-10	2008-09
Expected rate of return on plan assets	8.3% p.a.	7.7% p.a.
Discount Rate	8.3% p.a.	7.7% p.a.
Expected salary increase rate	6% – 8% p.a.	6% – 8% p.a.
In-service mortality rates	LIC 1994-96 ultimate table	LIC 1994-96 ultimate table

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

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

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

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 determined /exhibited as confirmed by the Company's actuary.

13. Managerial Remuneration under Section 198 of the Companies Act, 1956, (excluding provision for contribution to Gratuity Fund, Leave Encashment, Group Insurance and Long Service Awards) is **Rs. 48.4 Mio.** (Previous Year Rs. 41.1 Mio.).

Rs. Mio.

	2009-10	2008-09
Salaries	32.8	30.2
Contribution to Provident and Superannuation Funds	5.2	4.5
Monetary Value of other perquisites	7.9	4.4
Commission to non-whole time directors	2.5	2.0
Total	48.4	41.1

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

Rs. Mio.

	2009-10	2008-09
Profit before Tax	1,513.7	1,080.1
Add: Managerial remuneration	48.4	41.1
	48.4	41.1
Less: Profit on sale of assets	21.4	1.9
Provision for doubtful debts written back	22.0	16.7
	43.4	18.6
Net profit u/s 349 for the purpose of Directors' Commission	1,518.7	1,102.6
Maximum remuneration permissible to whole-time directors under the Act at 10%	151.8	110.3
Commission payable to non-whole time directors at 1%	15.2	11.0
Commission restricted as determined by the Board of Directors	2.5	2.0

15. Auditors' Remuneration (excluding service tax):

Rs. Mio.

	2009-10	2008-09
As Auditors	4.2	4.2
In other capacity (limited reviews, tax audit and certification)	2.3	2.3
Reimbursement of out of pocket expenses	0.6	0.6
Total	7.1	7.1

16. Segment Information for the year ended March 31, 2010:

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

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

Rs. Mio.

	Agricultural Solution	Performance Products*	Plastics	Chemicals	Others	Un-allocated	Total
Segment Revenue	4,862.8 3,702.1	6,640.6 5,348.0	1,708.2 1,480.6	260.1 349.1	345.2 276.2	—	13,816.9 11,156.0
Less: Inter-segment revenue	—	—	—	—	—	—	—
Sales/Income from operations	4,862.8 3,702.1	6,640.6 5,348.0	1,708.2 1,480.6	260.1 349.1	345.2 276.2	—	13,816.9 11,156.0
Segment Result	863.1 643.0	662.7 361.1	51.0 23.3	82.5 136.2	12.5 15.1	—	1,671.8 1,178.7
Interest Expense						8.4 14.9	8.4 14.9
Interest Income						63.6 40.9	63.6 40.9
Other un-allocable expenditure net of un-allocable income						213.3 124.6	213.3 124.6
Profit Before Tax							1,513.7 1,080.1
Tax						545.6 393.7	545.6 393.7
Profit After Tax							968.1 686.4
OTHER INFORMATION							
Segment Assets	2,330.3 1,598.5	5,918.4 3,062.4	1,060.4 615.1	190.4 97.3	65.3 5.0	3,111.7 1,114.3	12,676.5 6,492.6
Segment Liabilities	1,537.7 1,175.9	1,587.9 900.0	470.5 295.3	31.1 31.1	1.9 —	389.7 238.0	4,018.8 2,640.3
Capital Expenditure	28.3 24.1	191.9 255.4	69.2 130.1	6.2 6.0	—	—	295.6 415.6
Depreciation	46.9 17.9	182.3 112.9	27.8 17.4	3.8 3.4	—	—	260.8 151.6

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

Rs. Mio.

	Domestic	Exports	Total
Revenues	12,516.6 9,928.3	1,330.3 1,227.7	13,816.9 11,156.0
Total Assets	12,620.0 6,431.9	56.5 60.7	12,676.5 6,492.6
Capital Expenditure	295.6 415.6	—	295.6 415.6

Notes on Segment Information:

- Segments have been identified in accordance with the Accounting Standard on Segment Reporting (AS-17). Business Segments have been considered as primary segments.
- Details of type of products included in each segment —
 - **Agricultural Solution** – Agrochemicals like pesticides and herbicides. Agricultural Solution is seasonal in nature.
 - **Performance Products** – Tanning agents, Leather Chemicals, Textile Chemicals, Dispersion Chemicals, Speciality Chemicals and high-value fine chemicals for the food, pharmaceuticals, animal feed and cosmetics industries.
 - * Speciality Chemicals include coating chemicals, additives, water treatment and paper treatment, home and fabric care chemicals of the amalgamating companies.
 - **Plastics** – Expandable Polystyrene (EPS) and engineering plastics.
 - **Chemicals** – Chemicals includes inorganic chemicals, intermediates and petrochemicals.
 - **Others** – Indent Commission income not relating to any of the above segments, Technical and Service charges.
- Un-allocable Corporate Assets include Investments, Net Deferred Tax Assets and other un-allocable assets.
- Un-allocable Corporate Liabilities include proposed dividend and other un-allocable liabilities.

17. 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 30,000	21,227 18,380	68 38	251 68	21,044 18,350	1,490.9 1,313.2
Engineering Plastics****	M.T.	**	9,000 —	860 —	— —	82 —	778 —	114.8 —
Leather Auxiliaries (Organic Chemicals)	M.T.	**	15,000 15,000	13,029 12,237	448 493	113 448	13,364 12,282	986.1 838.0
Leather Auxiliaries, Finishing Agents and Pigments	M.T.	**	7,350 7,350	6,176 6,090	617 665	559 617	6,234 6,138	1,074.3 1,118.7
Leather Chemicals and Auxiliaries including Metal Complex Dyes & Acrylic Polymers and Carboxylated Styrene Butadiene Lattices	M.T.	**	67,225 67,225	43,151 36,990	2,378 3,146	2,140 2,378	43,389 37,758	2,815.9 2,629.2
Pesticides								
– Formulation	M.T.		*	757 1,269	166 198	23 166	900 1,301	2,644.5 2,630.4
	K.L.		*	4,833 6,461	714 640	530 714	5,017 6,387	
Optical brightening agents ***	M.T.	**	6,700 —	2,163 —	— —	512 —	1,651 —	177.9 —
Thermal Developers and Color Former ***	M.T.	**	905 —	136 —	— —	101 —	35 —	21.5 —
(b) Traded Goods:								
Agro and Other Chemicals	M.T./K.L.	Not Applicable		11,476 7,315	1,394 1,437	2,814 1,394	10,056 7,358	3,614.2 1,884.0
Value of Purchases – Rs. 3,125.8 Mio. (Previous year Rs. 1,527.1 Mio.)								

* The capacity varies depending on the product mix.

** De-licensed vide Gazette Notification No. S.O. 477(E) dated 25.07.91.

*** Production facility of amalgamating company at Ankleshwar site

**** Production has commenced during 2009-10.

Notes:

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

	2009-10	2008-09
Closing Stock	1,847.7	856.0
Opening Stock	856.0	611.4

(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.

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

(a) Raw Materials:

	2009-10		2008-09	
	%	Rs. Mio.	%	Rs. Mio.
Imported	70.0	4,146.4	72.9	4,225.2
Indigenous	30.0	1,774.0	27.1	1,569.0
	100.0	5,920.4	100.0	5,794.2
	M.T.	Rs. Mio.	M.T.	Rs. Mio.
Monomer	34,361	2,178.2	39,243	2,240.8
Agro Technical	143	593.6	1,575	1,136.3
Napthalene	3,188	146.0	3,826	198.2
Phenol	897	61.4	1,051	69.2
Caustic Soda Lye	5,206	41.7	6,447	75.9
Formaldehyde	3,606	35.7	3,901	42.4
Vegetable Oil	162	9.1	389	15.8
Others		2,854.7		2,015.6
		5,920.4		5,794.2

(b) Components and Spare Parts:

	2009-10		2008-09	
	%	Rs. Mio.	%	Rs. Mio.
Imported	4.7	2.1	1.8	0.8
Indigenous	95.3	43.0	98.2	44.3
	100.0	45.1	100.0	45.1

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

Rs. Mio.

	2009-10	2008-09
Raw Materials	4,772.4	3,858.3
Capital Goods	71.5	101.8
Components and Spare Parts	2.1	0.8
Finished Goods	1,504.2	762.3
	6,350.2	4,723.2

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

Rs. Mio.

	2009-10	2008-09
Royalty (net of tax)	39.9	31.4
Communication/System Expenses (net of tax)	190.5	150.3
Foreign Travel	13.3	16.2
Service Fees	10.5	10.1
Professional charges	141.9	6.2
Others	23.1	117.9
	419.2	332.1

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

Rs. Mio.

	2009-10	2008-09
Equity Shares:		
Amount remitted (Rs. Mio.)	140.5	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	20,066,242	14,853,020
Year to which dividend relates	2008-2009	2007-2008

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

Rs. Mio.

	2009-10	2008-09
Exports of goods calculated on FOB basis (Excludes Rupee Exports to Nepal & Bhutan – Rs. 10.1 Mio. – Previous Year Rs. 4.6 Mio.)	598.9	566.1
Indent Commission/Technical/Service Charges	676.9	608.8
Others (Freight / Insurance / Claims)	14.4	48.2
	1,290.2	1,223.1

23. **Related Party Disclosures:**

(a) **Parties where control exists**

BASF SE	Holding Company
BASF Polyurethanes India Ltd.	100% Subsidiary

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

Fellow Subsidiaries

BASF Agri Production SAS	BASF Philippines, Inc.
BASF Asia Pacific Service Centre Sdn. Bhd.	BASF Polyurethanes (Malaysia) Sdn. Bhd.
BASF Auxiliary Chemicals Co. Ltd.	BASF Polyurethanes (Taiwan) Co. Ltd.
BASF Bangladesh Ltd.	BASF South East Asia Pte. Ltd.
BASF Chemtrade GmbH	BASF Styrenics Private Limited*
BASF Chemicals and Polymers Pakistan (Pvt.) Ltd.	BASF Tuerk Kimya Sanayi Ve Ticaret Ltd.Sti.
BASF China Limited	BASF Finlay (Private) Limited
BASF Coatings (India) Private Ltd.	BTC Speciality Chemical Distribution GmbH
BASF Company Ltd.	Elastogran GmbH
BASF Construction Chemicals (India) Private Ltd.	BASF Italia SPA
BASF Corporation	K+S Kali GmbH
BASF Curtex S.A.	P.T. BASF Indonesia
BASF East Asia Regional Headquarters Limited	BASF Antwerpen N. V.
BASF Construction Chemicals, Dubai	BASF Agrochemical Products B.V.
BASF IT Services Holding GmbH	BASF Australia Ltd.
BASF Química Colombiana S.A.	BASF South Africa (Pty) Ltd.
BASF Kanoo Gulf FZE	BASF Polyurethane Specialties (China) Company Ltd.
CIBA UK PLC	BASF Asia Pacific (India) Pvt. Ltd.
Ciba Middle East W.L.L.	BASF Fine Chemicals Switzerland S.A.
Ciba Japan K.K.	BASF Catalyst India Pvt. Ltd.
CIBA N.V.	BASF Belgium S.A.
BASF Specialty Chemical Holding GmbH	BASF Plant Science GmbH
Ciba International Inc.	BASF Schweiz AG

* 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. Hermann Althoff)

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

Mr. Deepak Thuse (Alternate to Ms. Saori Dubourg)

(d) Details of transactions of Holding Company/Subsidiary and Fellow subsidiaries for the year ended March 31, 2010:

Rs. Mio.

Nature of Transactions	Holding Company/ Subsidiary		Fellow Subsidiaries		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Sale of Goods						
BASF SE	42.3	21.0	—	—	42.3	21.0
BASF Polyurethanes India Ltd.	0.2	0.8	—	—	0.2	0.8
BASF South East Asia Pte. Ltd.	—	—	272.7	207.7	272.7	207.7
BASF Coatings (India) Private Ltd.	—	—	103.0	127.3	103.0	127.3
BASF Construction Chemicals (India) Private Ltd.	—	—	187.9	300.2	187.9	300.2
Others	—	—	92.9	66.9	92.9	66.9
Sub-Total	42.5	21.8	656.5	702.1	699.0	723.9
Services Rendered (including reimbursements)						
BASF SE	110.1	197.7	—	—	110.1	197.7
BASF Polyurethanes India Ltd.	75.8	52.1	—	—	75.8	52.1
BASF South East Asia Pte. Ltd.	—	—	434.9	382.7	434.9	382.7
BASF Coating (India) Private Ltd.	—	—	84.3	—	84.3	—
BASF Petronas Chemicals Sdn. Bhd.	—	—	82.6	71.2	82.6	71.2
Others	—	—	131.5	146.3	131.5	146.3
Sub-Total	185.9	249.8	733.3	600.2	919.2	850.0
Interest Income on Loans						
BASF Polyurethanes India Ltd.	45.4	18.3	—	—	45.4	18.3
Purchase of Goods/Materials						
BASF SE	662.5	163.9	—	—	662.5	163.9
BASF South East Asia Pte. Ltd.	—	—	2,327.9	1,733.6	2,327.9	1,733.6
BASF AGRO B.V. Arnhem (NL)	—	—	720.8	670.7	720.8	670.7
BASF Agrochemical Products B.V.	—	—	866.7	1,180.0	866.7	1,180.0
Others	—	—	529.9	464.4	529.9	464.4
Sub-Total	662.5	163.9	4,445.3	4,048.7	5,107.8	4,212.6
Services Received						
BASF SE	96.3	58.8	—	—	96.3	58.8
BASF South East Asia Pte. Ltd.	—	—	218.2	155.0	218.2	155.0
BASF Asia Pacific Service Centre Sdn. Bhd.	—	—	70.7	68.3	70.7	68.3
Others	—	—	47.5	12.0	47.5	12.0
Sub-Total	96.3	58.8	336.4	235.3	432.7	294.1
Purchase of Assets						
BASF SE	1.9	7.0	—	—	1.9	7.0
BASF South East Asia Pte. Ltd.	—	—	—	34.6	—	34.6
Others	—	—	—	0.4	—	0.4
Sub-Total	1.9	7.0	—	35.0	1.9	42.0
Royalty and Technical Fees						
BASF SE	44.6	34.6	—	—	44.6	34.6
Dividend						
BASF SE	104.0	104.0	—	—	104.0	104.0

Rs. Mio.

Nature of Transactions	Holding Company/ Subsidiary		Fellow Subsidiaries		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Equity Shares Issued on						
BASF SE	2.53	—	—	—	2.53	—
BASF Specialty Chemicals Holding GmbH	—	—	69.7	—	69.7	—
Ciba International Inc, Switzerland (Refer Schedule 19(2))	—	—	19.4	—	19.4	—
ICD Given						
BASF Polyurethanes India Ltd.	21,802.8	8,725.0	—	—	21,802.8	8,725.0
ICD Recovered						
BASF Polyurethanes India Ltd.	21,439.8	8,359.0	—	—	21,439.8	8,359.0
Interest accrued on ICD						
BASF Polyurethanes India Ltd.	0.4	0.2	—	—	0.4	0.2
Outstanding Receivables						
BASF Polyurethanes India Ltd.	6.2	4.4	—	—	6.2	4.4
BASF Schweiz AG	—	—	36.5	—	36.5	—
BASF Construction Chemicals (India) Pvt. Ltd.	—	—	50.3	77.2	50.3	77.2
BASF Coatings (India) Private Ltd.	—	—	20.5	43.5	20.5	43.5
Others	—	—	25.1	34.3	25.1	34.3
Sub-Total	6.2	4.4	132.4	155.0	138.6	159.4
Payables						
BASF SE	200.3	0.9	—	—	200.3	0.9
BASF Agrochemical Products B.V.	—	—	508.2	533.2	508.2	533.2
BASF Agro B.V., Arnhem (NL)	—	—	77.6	219.4	77.6	219.4
BASF South East Asia Pte Ltd	—	—	742.7	161.4	742.7	161.4
Others	—	—	180.1	94.5	180.1	94.5
Sub-Total	200.3	0.9	1,508.6	1,008.5	1,708.9	1,009.4
ICD Outstanding						
BASF Polyurethanes India Ltd.	968.0	605.0	—	—	968.0	605.0

Transfer Pricing Regulations:

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

(e) **Details of transactions of Key Management Personnel:**

Rs. Mio.

Nature of Transactions	Key Management Personnel	
	2009-10	2008-09
Interest Income on Loans	0.04	0.1
Remuneration	45.9	39.1
Outstanding Loan : Receivable	0.6	0.7

Details of remuneration to Directors are given in Schedule 19(13).

Amounts due from directors and interest recovered thereon have been included under Schedule 9 of the Balance Sheet and Schedule 13 of the Profit and Loss Account under Interest – Others respectively.

24. As on 31st March, 2010, the Company has 35 forward contracts totaling to USD 39.96 Mio (**Rs. 1,816.05 Mio.**) for the purposes of hedging its foreign exposure. The unamortized premium of **Rs. 10.35 Mio.** pertaining to the same will be recognized subsequently. Foreign currency exposure that is not hedged as at 31st March is as follow:

Foreign Currency	2009-10			
	Receivable		Payable	
	Foreign Currency Amount	Rs. in Mio.	Foreign Currency Amount	Rs. in Mio.
EURO	84,415	5.03	—	—
AUD	5,862	0.24	—	—
USD	3,194,074	143.16	—	—
JYP	—	—	1,414,848	0.7
CHF	—	—	10,399	0.4
GBP	—	—	39,789	2.7

Foreign Currency	2008-09			
	Receivable		Payable	
	Foreign Currency Amount	Rs. in Mio.	Foreign Currency Amount	Rs. in Mio.
EURO	376,643	25.1	187,733	12.9
AUD	64,770	2.3	—	—
USD	—	—	1,801,430	95.5
SGD	—	—	115,494	4.0
CHF	—	—	4,850	0.2
GBP	—	—	219	—
HKD	—	—	5,586	—

25. Earning Per Share.

The Earning per share has been worked out as under:

Rs. Mio.

	2009-10	2008-09
Profit attributable to Equity Shareholder:		
Profit After Tax of the Company	968.1	686.4
Profit of the amalgamating companies for the period 1 st April 2009 to 31 st January 2010	51.3	—
	1,019.4	686.4
Number of Shares	40,769,305	28,189,466
Earning Per Share (Rs.)	25.00	24.35

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

Signatures to Schedules 1 to 19

For and on behalf of the Board of Directors

Prasad Chandran
Chairman & Managing Director

Pradeep Chandan
Company Secretary

R. R. Nair
R. A. Shah
Pradip P. Shah
Arun Bewoor
S. Ramnath
Deepak Thuse
Directors

Mumbai, 29th April, 2010

Balance Sheet Abstract and General Business Profile

I. Registration Details :

Registration No. : 3972 State Code : 11
Balance Sheet Date : 31.03.2010

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 : 8657.7 Total Assets : 8,657.7

Sources of Funds :

Paid Up Capital : 407.7 Reserves & Surplus : 8,250.0
Secured Loans : — Unsecured Loans : —

Application of Funds :

Net Fixed Assets : 2,528.3 Investments : 90.0
Net Current Assets : 5,953.5 Deferred Tax Assets – Net 85.9
Accumulated Losses: Nil

IV. Performance of Company :

(Amount in Rs. million)

Turnover (including Other Income) : 13,941.4 Total Expenditure 12,427.7
Profit Before Tax : 1,513.7 Profit After Tax 968.1
Earning Per Share in Rs. : 25.00 Dividend Rate % 80

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	Expandable Polystyrene
38089390	Others

For and on behalf of the Board of Directors

Prasad Chandran <i>Chairman & Managing Director</i>	R. R. Nair R. A. Shah Pradip P. Shah	Arun Bewoor S. Ramnath Deepak Thuse
Pradeep Chandan <i>Company Secretary</i>	<i>Directors</i>	

Mumbai, 29th April, 2010

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	31.03.2010	9,000,000 shares of Rs. 10 each	100%	(7.6)	—	(219.0)	—

For and on behalf of the Board of Directors

Prasad Chandran <i>Chairman & Managing Director</i>	R. R. Nair R. A. Shah Pradip P. Shah	Arun Bewoor S. Ramnath Deepak Thuse
Pradeep Chandan <i>Company Secretary</i>	<i>Directors</i>	

Mumbai, 29th April, 2010

Directors' Report

BASF Polyurethanes India Limited

Your Directors have pleasure in presenting their Report for the financial year ended 31st March, 2010.

Activities

Your Company recorded sales of Rs. 2640.3 million as against Rs. 2185.4 million in the previous year, registering good growth in value and volume terms. However, your Company managed to reduce significantly its operating loss to Rs. 7.6 million as compared to Rs. 200.6 million, which was achieved through strict inventory and receivable control as well as strong growth in own manufactured production over the previous year.

Your Company maintained its market presence in its key segments viz. Appliances, Automotive and Footwear segments, which showed significant growth in domestic demand. Increase in demand has prompted your Company to undertake further expansion of System House capacities and planned projects are under progress.

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, 2010.

Capital Expenditure

Capital Expenditure incurred during the year aggregated to Rs. 9.8 million.

Directors

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

Mr. K. R. Coorlawala resigned from the Board as an Independent Director effective 21st August, 2009. Your Directors wish to place on record their sincere appreciation of the guidance and valuable advice from Mr. K. R. Coorlawala in the deliberations of the Board during his tenure as an Independent Director of the Company.

Mr. Arun Bewoor was appointed as an Independent Director of the Company on 19th January, 2010 in the casual vacancy caused by the resignation of Mr. K. R. Coorlawala in terms of Article 107 of the Articles of Association of your Company and Section 262 of the Companies Act, 1956.

Dr. Tilman Krauch resigned from the Board w.e.f. 19th January, 2010. Your Directors wish to place on record their sincere appreciation of the guidance and valuable contribution made by Dr. Krauch in the growth and performance of the Company during his tenure as a Director.

Ms. Saori Dubourg was appointed as a Director on 19th January, 2010 in the casual vacancy caused by the resignation of Dr. Tilman Krauch in terms of Article 107 of the Article of Association of your Company and Section 262 of the Companies Act, 1956.

Mr. R. A. Shah was appointed as the Alternate Director to Ms. Saori Dubourg, effective from 19th January 2010.

Audit Committee

In terms of the provisions of Section 292A of the Companies Act, 1956, the Board of Directors of the Company constituted an Audit Committee on 11th July, 2006 comprising of four Directors including three independent non-executive Directors viz. Mr. R. R. Nair as Chairman, Mr. R. A. Shah, Mr. K. R. Coorlawala and Mr. S. Ramnath as Members and Mr. Manohar Kamath as Secretary of the Committee. Mr. Pradeep Chandan was nominated as a Permanent Invitee. Mr. K. R. Coorlawala resigned as a member of Audit Committee with effect from 21st August, 2009 and Mr. Arun Bewoor was appointed as a member of Audit Committee on 19th January 2010 in the casual vacancy caused by the resignation of Mr. K. R. Coorlawala. The functions of the Audit Committee inter-alia include:

- To discuss with the Auditors periodically about internal control systems, the scope of the Audit including observations of the Auditors and review of half yearly and annual financial statements before submission to the Board.
- To ensure compliance of internal control systems of the Company.
- To investigate into any matter referred to it by the Board and for this purpose, to have full access to information contained in the records of the Company and external professional advice, if necessary.
- To recommend to the Board any matter relating to financial management including audit report.

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 judgements 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, 2010 and of the losses of your Company for that year;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

Auditors

M/s. B S R & 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: 29th April, 2010.



BASF's Team Automotive India showcases 'Innovative Solutions for the Automotive Industry' at a customer's location.

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 manufacturing 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.:

- Replacement of conventional stirrer with energy efficient stirrers to blenders.
- Installation of energy efficient split and window air-conditioners in place of existing old air-conditioners.
- Insulation of hot water lines and storage tanks.
- Installation of energy efficient steam traps.
- Reducing run hours of equipment.
- Rationalise process parameters to bring down the batch cycle time.
- Maintaining optimum batch size.
- Installation of auto switching system in a plant.
- Increasing set temperature of air-conditioners.
- Incorporating measures for switching certain equipments as per batch requirements.

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:

- Installation of blenders to reduce production time and increase plant capacity.
- To carry out feasibility studies for:
 - Installation of energy efficient gear boxes in reactors.
 - Installation of dry vacuum pump to reduce the effluent load.

Requisite data in respect of Energy Consumption are given below:

	Current Year 1.4.2009 to 31.3.2010	Previous Year 1.4.2008 to 31.3.2009
(a) Power & Fuel Consumption		
1. Electricity		
(a) Purchased		
Units (in '000 kwh)	709	550
Total amount (Rs. in million)	3.86	2.94
Rate per unit (Rs.)	5.44	5.34
(b) Own generation		
• Through diesel generator		
Units (in '000 kwh)	20.88	N.A.
Units per litre of oil	0.23	N.A.
Cost per unit (Rs.)	11.22	N.A.
• Through Steam Turbine/Generator units		
Units per litre of fuel		
Oil/gas		
Cost per unit		
2. Coal (specify quality and where used)	N.A.	N.A.
Qty. (tonnes)		
Total cost		
Average rate		

	Current Year 1.4.2009 to 31.3.2010	Previous Year 1.4.2008 to 31.3.2009
3. Furnace oil/fuels		
Qty. (k. litres)	244	133
Total Amount (Rs. in million)	5.45	3.55
Average rate (Rs./litre)	22.30	26.72
4. Others/Internal Generation (Qty.)	N.A.	N.A.
Total cost rate/unit		
(b) Consumption per unit of production		
Polyurethane's System Products		
Unit M.T.		
Electricity (kwh)	51	58
Furnace oil/fuels (litres)	17	14
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.

The R&D Centre of the Company is engaged in supporting businesses through innovations and undertook multifold research activities including:

- Development of tailored-made products/formulations.
- Developing cost effective processes and streamlining existing processes in the area of polyurethane system.

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.
- Installation of adipic acid squeezers to prevent dusting.
- Replacement of water ring vacuum pump with dry vacuum pump to reduce effluent load.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. Efforts in brief, towards technology absorption, adaptation and innovation : Under Process
2. Benefits derived and the 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 74 of the Annual Report and Accounts.

On behalf of the Board of Directors

PRASAD CHANDRAN
Chairman & Managing Director

Mumbai

Dated : 29th April, 2010.

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, 2010

	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 Mandar Joshi	Business Director – Polyurethanes	4,174,416.00	B.Tech., MMM	01-08-1996	35/14	BASF India Limited, Manager – Process Development (5)
	Mr.Vivek Kumar Jagtap	General Manager – Rigid Flexible & Cellasto	2,549,346.00	B.E. Mechanical, DSM, DMM	15-02-1995	45/20	Mukund Limited, Sales Executive (5)
(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.						
	NIL						

- (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 on retirement, the Company's contribution to provident and Superannuation Funds, monetary value of perquisite calculated in accordance with the Income Tax Act/Rules 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: 29th April, 2010

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 2010, 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 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 at 31 March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as at 31 March 2010 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 2010;
 - ii) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

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

Vijay Mathur
Partner
Membership No.: 046476

Mumbai
Date: 29 April 2010

Annexure to the Auditors' Report – March 31 2010

With reference to the annexure referred to in the 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 lakhs 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.
6. The Company has not accepted any deposits from the public.
7. In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.
8. According to the information and explanations given to us 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.
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, 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 Wealth tax and Investor Education and Protection Fund.

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, Service tax, Customs duty, Excise duty and other material statutory dues were in arrears as at 31 March 2010 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.
10. The Company was incorporated on 5 April 2005 and has not completed five years since registration. Consequently, paragraph 4(x) of the Order relating to accumulated losses is not applicable to the Company.
 11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any outstanding debentures or dues to financial institutions during the year.
 12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.
 14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
 15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
 16. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
 17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
 18. The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Act.
 19. The Company did not have any outstanding debentures during the year.
 20. The Company has not raised any money by public issues during the year.
 21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

Vijay Mathur
Partner
Membership No.: 046476

Mumbai
Date: 29 April 2010

Balance Sheet as at March 31, 2010

Rs. in million

	Schedule	March 31, 2010	March 31, 2009
SOURCES OF FUNDS			
Shareholders' Funds:			
Share Capital	1	90.0	90.0
		90.0	90.0
Loan Funds:			
Unsecured Loans	2	968.0	824.4
		968.0	824.4
Total		1,058.0	914.4
APPLICATION OF FUNDS			
Fixed Assets:			
Gross Block	3	154.6	153.7
Less: Depreciation		47.9	33.1
Net Block		106.7	120.6
Capital Work-in-Progress		8.4	1.1
		115.1	121.7
Deferred Tax Assets (net)	4	—	—
Current Assets, Loans and Advances:			
Inventories	5	526.8	215.4
Sundry Debtors	6	551.6	422.5
Cash and Bank Balances	7	61.0	25.7
Loans and Advances	8	211.5	165.1
		1,350.9	828.7
Less:			
Current Liabilities and Provisions:			
Current Liabilities	9	626.4	249.9
Provisions	10	8.2	5.1
		634.6	255.0
Net Current Assets		716.3	573.7
Profit & Loss Account		226.6	219.0
Total		1,058.0	914.4

For Accounting Policies and Notes to Accounts — Refer **Schedule 18**

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

As per our report of even date attached

For and on behalf of the Board of Directors

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

Prasad Chandran
Chairman & Managing Director

R. R. Nair
R. A. Shah
Arun Bewoor
S. Ramnath
Deepak Thuse
Directors

Vijay Mathur
Partner
Membership No.: 046476

Manohar Kamath
Company Secretary

Mumbai, 29th April 2010

29th April 2010

Profit and Loss Account for the year ended March 31, 2010

Rs. in million

	Schedule	March 31, 2010	March 31, 2009
Income:			
Sales and Services	11	2,640.3	2,185.4
Less: Excise Duty		124.0	133.4
		2,516.3	2,052.0
Other Income	12	0.4	0.5
		2,516.7	2,052.5
Expenditure:			
Materials Consumed	13	1,290.2	1,012.3
Purchase of Finished Goods		917.2	808.7
Other Expenses	14	334.3	284.2
Depreciation	3	14.8	14.0
Interest	15	53.7	69.2
		2,610.2	2,188.4
Increase/(Decrease) in Stocks	16	85.9	(64.1)
Loss Before Tax		(7.6)	(200.0)
Tax	17	—	0.5
Loss After Tax		(7.6)	(200.5)
(Deficit)/Surplus Brought Forward		(219.0)	(18.5)
Balance Carried Forward		(226.6)	(219.0)
Weighted average number of equity shares outstanding during the year		9,000,000	9,000,000
Basic and diluted earnings per share (in Rs.)		(0.84)	(22.28)
Face value per share (in Rs.)		10.00	10.00

For Accounting Policies and Notes to Accounts — Refer **Schedule 18**

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

As per our report of even date attached

For and on behalf of the Board of Directors

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

Prasad Chandran
Chairman & Managing Director

R. R. Nair
R. A. Shah
Arun Bewoor
S. Ramnath
Deepak Thuse
Directors

Vijay Mathur
Partner
Membership No.: 046476

Manohar Kamath
Company Secretary

Mumbai, 29th April 2010

29th April 2010

Cash Flow Statement for the year ended March 31, 2010

Rs. in million

	March 31, 2010		March 31, 2009	
A. Cash flow from operating activities				
Net Loss Before Tax		(7.6)		(200.0)
Adjustments for:				
Depreciation	14.8		14.0	
Interest expense	53.7		69.2	
Loss on sale of fixed assets (net)	—		0.4	
Unrealised (Gain) / Loss on foreign exchange (net)	(3.7)		3.0	
Provision for Doubtful Debts	—	64.8	6.6	93.2
Operating profit/(loss) before working capital changes		57.2		(106.8)
(Increase)/Decrease in:				
Trade and Other Receivables	(173.7)		(151.0)	
Inventories	(311.4)		49.4	
Trade and Other Liabilities	(384.1)	(101.0)	7.1	(108.7)
Cash used in operations		(43.8)		(215.5)
Direct taxes paid (net)		(1.9)		(1.5)
Net cash used in operating activities		(45.7)		(217.0)
B. Cash flow from investing activities:				
Acquisition of fixed assets		(9.0)		(19.0)
Realisation on sale of fixed assets		—		0.1
Net cash used in investing activities		(9.0)		(18.9)
C. Cash flow from financing activities				
Proceeds from Intercompany Deposits (net)		363.0		366.0
Proceeds from loan funds (net)		(219.4)		(58.2)
Interest paid		(53.6)		(70.7)
Net cash generated from financing activities		90.0		237.1
Net (decrease)/increase in cash and cash equivalents		35.3		1.2
Cash and cash equivalents (opening balance) (Refer Schedule 7)		25.7		24.5
Cash and cash equivalents (closing balance) (Refer Schedule 7)		61.0		25.7

The Schedules referred to above form an integral part of the Cash Flow.

As per our report of even date attached

For and on behalf of the Board of Directors

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

Prasad Chandran
Chairman & Managing Director

R. R. Nair
R. A. Shah
Arun Bewoor
S. Ramnath
Deepak Thuse
Directors

Vijay Mathur
Partner
Membership No.: 046476

Manohar Kamath
Company Secretary

Mumbai, 29th April 2010

29th April 2010

Schedules to Balance Sheet as at March 31, 2010

1. Share Capital

Rs. in million

	March 31, 2010	March 31, 2009
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	90.0	90.0
– 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

2. Unsecured Loans

	March 31, 2010	March 31, 2009
Other Loan:		
Bank Facilities Repayable within one year Nil (Previous Year Rs. 219.4 million)	—	219.4
Intercompany Deposits (ICD) from BASF India Ltd. Repayable within one year Rs. 968 million (Previous Year Rs. 605 million) Maximum amount outstanding at any time during the year Rs. 1,000 million (Previous Year Rs. 605 million)	968.0	605.0
	968.0	824.4

3. Fixed Assets

	Buildings*	Plant & Machinery and Computers	Furniture, Fixtures and Equipment	Vehicles	Total	Previous Year
Gross Block:						
As at April 1, 2009	21.5	130.9	1.3	—	153.7	136.5
Additions	—	0.9	—	1.6	2.5	18.7
Deductions	—	1.6	—	—	1.6	1.5
As at March 31, 2010	21.5	130.2	1.3	1.6	154.6	153.7
Depreciation:						
As at April 1, 2009	2.1	30.6	0.4	—	33.1	20.1
For the year	0.7	13.8	0.1	0.2	14.8	14.0
Deductions:	—	—	—	—	—	1.0
As at March 31, 2010	2.8	44.4	0.5	0.2	47.9	33.1
Net Block:						
As at March 31, 2010	18.7	85.8	0.8	1.4	106.7	120.6
As at March 31, 2009	19.4	100.3	0.9	—	120.6	116.4
Capital Work-in-Progress**						
As at March 31, 2010	—	8.4	—	—	8.4	1.1
As at March 31, 2009	—	1.1	—	—	1.1	—

* Factory building is constructed on the land taken on sub-license from BASF India Limited.

** Capital Work-in-Progress includes capital advances **Rs. 3.1 million** (Previous Year Rs. 1.1 million) – considered good.

Schedules to Balance Sheet as at March 31, 2010

4. Deferred Tax Assets (net)

Rs. in million

	March 31, 2010	March 31, 2009
(Refer schedule 18(5))		
Deferred tax assets	10.4	11.0
Deferred tax liabilities	(10.4)	(11.0)
	—	—

5. Inventories

	March 31, 2010	March 31, 2009
Raw Materials	333.3	109.5
Finished Goods	184.6	101.3
Stock-in-Process	5.9	3.3
Packing Materials	1.5	0.9
Fuel Oil	1.5	0.4
	526.8	215.4

6. Sundry Debtors

	March 31, 2010	March 31, 2009
Unsecured		
Debts outstanding for a period exceeding six months :		
Considered good	9.7	6.3
Considered doubtful	15.1	12.2
	24.8	18.5
Other debts :		
Considered good	541.9	416.2
Considered doubtful	1.1	4.0
	543.0	420.2
	567.8	438.7
Less : Provision for doubtful debts	16.2	16.2
	551.6	422.5
(Refer Schedule 18(7) — Dues from companies under the same management)		

7. Cash and Bank Balances

	March 31, 2010	March 31, 2009
Balances with Scheduled Banks:		
– In Current Accounts	61.0	25.7
	61.0	25.7

Schedules to Balance Sheet as at March 31, 2010

8. Loans and Advances (Unsecured) – Considered Good

Rs. in million

	March 31, 2010	March 31, 2009
Advances recoverable in cash or in kind or for value to be received	195.1	153.9
Duty Drawback receivable	8.4	6.6
Balances with Excise authorities	1.7	0.2
Balances with Income Tax authorities [Net of provision Rs. 2.1 Mio. (Previous Year Rs 2.1 Mio.)]	6.3	4.4
	211.5	165.1

9. Current Liabilities

	March 31, 2010	March 31, 2009
Sundry Creditors		
– Others [Refer Schedule 18(6)]	618.6	242.7
Interest accrued but not due	0.4	0.3
Other Liabilities	7.4	6.9
	626.4	249.9

10. Provisions

	March 31, 2010	March 31, 2009
Long Service Award	1.0	0.7
Leave Encashment	3.8	2.6
Gratuity	3.4	1.8
	8.2	5.1



The Polyurethanes and Plastics division, who are part of the Construction Industry Target Group, showcase their innovative solutions at ACEtech 2009.

Schedules to Profit & Loss account for the year ended March 31, 2010

11. Sales and Services

Rs. in million

	March 31, 2010	March 31, 2009
Sale of Goods	2,538.7	2,084.0
Indent Commission	101.6	101.4
	2,640.3	2,185.4

12. Other Income

	March 31, 2010	March 31, 2009
Interest (Gross)		
— Others	—	0.1
Tax deducted at source Rs. Nil (Previous Year Rs. Nil)		
Sale of Scrap	0.4	0.3
Sundries	—	0.1
	0.4	0.5

13. Materials consumed

	March 31, 2010	March 31, 2009
Raw Materials :		
Stock at Commencement	109.5	95.3
Purchases	1,460.6	998.9
Stock at Close	(333.3)	(109.5)
	1,236.8	984.7
Packing Materials consumed	53.4	27.6
	1,290.2	1,012.3



Keeping in line with our sustainability model and commitment to environment protection, Navi Mumbai site establishes a treated effluent water fish pond. Seen in the picture: Mr. Prasad Chandran releasing live fish in the pond.

Schedules to Profit & Loss account for the year ended March 31, 2010

14. Other Expenses

Rs. in million

	March 31, 2010	March 31, 2009
Salaries, Wages, Bonus and Commission (Refer Schedule18(8))	36.4	36.9
Workmen and Staff Welfare (Refer Schedule18(8))	6.2	7.9
Contribution to Provident and Other Funds (Refer Schedule18(8))	4.8	2.8
Directors' Sitting Fees	0.1	0.1
Consumption of Stores and Spare Parts	2.7	3.0
Power and Fuel	8.8	6.0
Rent [Refer Schedule18(4)(b)]	6.7	13.7
Rates and Taxes – Excise Duty	—	(4.0)
– Others	7.1	9.8
Repairs – Machinery	5.6	2.5
– Buildings	0.5	1.0
– Others	0.6	1.5
Insurance	3.0	2.8
Provision for Doubtful Debts	—	6.6
Loss on sale of Fixed Assets (Net)	—	0.4
Service Fees	26.0	22.3
Travelling	14.1	12.1
Freight and Handling Charges	87.5	70.6
Professional Charges	63.9	51.9
Communication/System Expenses	9.4	4.5
Royalty	31.0	14.4
Sundry Expenses	19.9	17.4
	334.3	284.2

15. Interest

	March 31, 2010	March 31, 2009
On Term Loans	2.6	1.0
On Others	51.1	68.2
	53.7	69.2

16. Increase/(Decrease) in Stocks

	March 31, 2010	March 31, 2009
Stock at Close		
Finished Goods	184.6	101.3
Stock-in-Process	5.9	3.3
Sub-total	190.5	104.6
Stock at commencement		
Finished Goods	(101.3)	(154.4)
Stock-in-Process	(3.3)	(14.3)
Sub-total	(104.6)	(168.7)
Net Increase/(Decrease) in Stocks	85.9	(64.1)

17. Tax

	March 31, 2010	March 31, 2009
Fringe Benefit Tax	—	0.5
	—	0.5

18. 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 and disclosure of contingent liabilities as on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual result and estimates are recognised in the period in which the results are known/materialise.

(c) Going Concern

Accumulated losses of the Company are in excess of its net worth. However, the financial statements have been prepared on a going-concern basis based on management's assessment and the financial support received from the holding company (in its capacity as principal shareholder). In addition, there is guarantee issued to bank by BASF SE (in its capacity as the ultimate holding company). This will enable the Company to meet all its liabilities, both present as well as future, as and when they fall due for payment in the normal course of business. Accordingly, these financial statements do not include any adjustments relating to the recoverability and classification of recorded assets or to amounts and classification of liabilities as the entity continues to operate on a going concern basis.

(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. 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 attributable to the acquisition and installation till the date the asset is ready to use.

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

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

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

Leasehold land is amortised over the period of lease.

(f) Impairment

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

(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) 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 Medclaim Insurance Policy, Employee State Insurance and Labour Welfare Fund are recognized in the Profit and Loss Account on an accrual basis.

Company's liability towards Gratuity, which is a defined benefit plan, is determined on the basis of valuations, as at balance sheet date, carried out by 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.

(k) **Asset taken on lease**

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

(l) **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.

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

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

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

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

Contingent Assets are not recognised in the financial statements.

(n) **Earnings per share**

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

- Estimated amount of contracts remaining to be executed on capital account and not provided (net of advances) for **Rs.13.7 Mio.** (Previous Year Rs. 0.6 Mio.).
- The exchange loss of **Rs. 3.4 Mio.** (Previous Year Rs. 26.0 Mio.) has been included in the Profit and Loss Account for the year.
- The Company has taken certain premises and vehicles under operating leases.

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

Rs. Mio.

	2009-10	2008-09
Due		
Not later than one year	7.9	7.4
Later than one year but not later than five years	22.2	30.1
Later than five years	—	—
Total	30.1	37.5

(b) Lease rent of **Rs. 6.7 Mio.** (Previous Year Rs. 3.6 Mio.) has been included under 'Rent' in the Profit and Loss Account.

5. **Deferred Tax:**

The break up of Deferred Tax Assets (Net) as at March 31, 2010 is as under:

Rs. Mio.

	2009-10	2008-09
Deferred Tax Assets		
Timing differences on account of:		
Provision for doubtful debts	5.5	5.5
Preliminary Expenses	0.1	0.2
Unabsorbed Depreciation and Accumulated Losses	3.0	4.4
Others (Amounts allowable on payment basis under Income Tax Act, 1961)	1.8	0.9
Total Deferred Tax Assets	10.4	11.0
Deferred Tax Liabilities		
Timing difference on account of:		
Fixed Assets	(10.4)	(11.0)
Deferred Tax Assets/(Liabilities) – Net	—	—

The Company has created deferred tax assets in respect of carried forward losses and unabsorbed depreciation to the extent that it has timing differences, the reversals of which will result in sufficient future taxable income.

6. **Micro, Small and Medium Enterprises Development Act, 2006 (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.

- Sundry debtors, unsecured and considered good, include the following amounts due from companies under the same management:

Rs. Mio.

	2009-10	2008-09
BASF China Limited	—	0.9
BASF Polyurethane Specialities	—	0.3
Shanghai BASF Polyurethane Company	0.2	0.2
BASF Polyurethane (China) Co., Ltd.	7.9	7.0
BASF Polyurethanes GmbH	1.0	—
Elastogran Kanoo Polyurethane System	0.6	—
Total	9.7	8.4

8. Employee Defined Benefits:

Defined contribution plans

Company's contribution to defined contribution funds amounting to **Rs. 3.1 Mio.** (Previous Year Rs. 2.5 Mio.) has been charged to the Profit and 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	
	2009-10	2008-09
A. Expenses recognized in the Profit & Loss Account for the year ended 31st March		
Current Service Cost	0.7	0.5
Interest Cost	0.5	0.4
Expected Return on Plan Assets	(0.4)	(0.3)
Net Actuarial (gain) / loss recognised in the year	1.0	(0.2)
Past Service Cost	—	—
Expenses Recognised in the statement of Profit & Loss	1.8	0.4
B. Balance Sheet Recognition as at 31st March		
Present Value of Obligation	8.5	6.3
Fair Value of Plan Assets	5.1	4.5
Net Asset / (Liability)	(3.4)	(1.8)
Net Asset / (Liability) recognised in the Balance Sheet	(3.4)	(1.8)
C. Change in obligation during the year ended 31st March		
Present Value of obligation Beginning of Period	6.3	5.5
Current Service Cost	0.7	0.5
Interest Cost	0.5	0.4
Benefits Paid	—	—
Actuarial (gain) / loss on Obligation	1.0	(0.1)
Present Value of obligation end of the Period	8.5	6.3
D. Change in fair value of assets during the year ended 31st March		
Fair value of plan Assets Beginning of Period	4.5	4.1
Expected Return on Plan Assets	0.4	0.3
Contributions	0.2	—
Benefits Paid	—	—
Actuarial gain / (loss) Plan Assets	—	0.1
Fair value of Plan Assets end of the Period	5.1	4.5
Total Actuarial gain / (loss) to be recognised	(1.0)	0.1
E. Actual Return on Plan Assets		
Expected Return on Plan Assets	0.4	0.3
Actuarial gain / (loss) Plan Assets	—	—
Actual Return on Plan Assets	0.4	0.3
F. Movement in the net Liability recognised in the Balance Sheet		
Opening Net Liability	1.8	1.4
Expenses	1.8	0.4
Contribution	(0.2)	—
Closing Net Liability	3.4	1.8

Rs. Mio.

Experience Adjustments	2010	2009	2008
Defined Benefit Obligations	8.4	6.3	5.5
Plan Assets	5.1	4.5	4.1
Surplus / (Deficit)	(3.4)	(1.8)	(1.4)
Exp. Adj. on Plan Liabilities	1.0	(0.1)	0.9
Exp. Adj. on Plan Assets	—	0.1	—

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:

	2009-10	2008-09
GOI Securities	38%	27%
State Government Securities	16%	15%
PSU Bonds	40%	58%
Private Sector Bonds	5%	—
Fixed Deposits	1%	—
Total	100%	100%

The assumptions used for actuarial valuation as at 31st March, 2010 are as follows:

	2009-10	2008-09
Expected rate of return on Plan Assets	8.3% p.a.	7.7% p.a.
Discount rate	8.3% p.a.	7.7% p.a.
Expected salary increase rate	6% – 8% p.a.	6% – 8% p.a.
In-service mortality rates	LIC 1994-96 ultimate table	LIC 1994-96 ultimate table

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

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

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

9. 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. 0.1 Mio.).

	2009-10 Rs. Mio	2008-09 Rs. Mio
Directors' Sitting Fees to non-whole time directors	0.1	0.1
Total	0.1	0.1

10. Segment Information for the year ended March 31, 2010:

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 on segment reporting.

11. Auditors' Remuneration (excluding service tax)

	2009-10 Rs. Mio	2008-09 Rs. Mio
As Auditors	0.8	0.5
In other capacity (tax audit and certification)	0.1	0.1
Reimbursement of out of pocket expenses	0.1	0.1
Total	1.0	0.7

12. 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.	*	17,750	14,461	420	796	14,085	1,552.7
			14,000	9,438	509	420	9,527	1,084.3
Traded Goods:								
Polyurethanes	M.T.	Not Applicable		7,157	527	930	6,754	862.0
				6,478	785	527	6,736	866.2
Value of Purchases – Rs. 917.2 Mio. (Previous Year Rs. 808.7 Mio.)								

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

Notes

(a) Value of stocks in Rs. Mio.

	2009-10	2008-09
Closing Stock	184.6	101.3
Opening Stock	101.3	154.4

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

(a) Raw Materials

	2009-10		2008-09	
	%	Rs. Mio.	%	Rs. Mio.
Imported	87.2	1,078.4	89.5	881.7
Indigenous	12.8	158.4	10.5	103.0
	100.0	1,236.8	100.0	984.7

	M.T.	Rs. Mio.	M.T.	Rs. Mio.
Adipic Acid	2,603	228.2	1,629	145.3
Lupranol	5,646	530.4	4,605	446.3
Diethylene Glycol	1,021	60.8	659	34.2
Monoethylene Glycol	943	53.8	616	33.2
Others	—	363.6	—	325.7
		1,236.8		984.7

(b) Components and Spare Parts:

	2009-10		2008-09	
	%	Rs. Mio.	%	Rs. Mio.
Imported	—	—	—	—
Indigenous	100.0	2.7	100.0	3.0
	100.0	2.7	100.0	3.0

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

	2009-10 Rs. Mio	2008-09 Rs. Mio
Raw Materials	991.9	703.6
Capital Goods	—	0.8
Finished Goods	816.7	733.5
	1,808.6	1,437.9

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

	2009-10 Rs. Mio	2008-09 Rs. Mio
Royalty (net of tax)	28.8	14.4
Foreign Travel	3.7	1.1
Interest (net of tax)	—	0.8
Consultancy Charges	0.3	1.5
Communication/System Expenses	8.2	4.3
Others	11.0	7.0
	52.0	29.1

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

	2009-10 Rs. Mio	2008-09 Rs. Mio
Exports of goods calculated on FOB basis (Excludes Rupee Exports to Nepal & Bhutan — Rs. 0.3 Mio. – Previous Year Rs. NIL)	29.4	31.9
Indent Commission	101.6	101.4
Freight and Insurance	0.9	0.9
	131.9	134.2

17. Related Party Disclosures

(a) Parties where control exists

BASF India Limited	Holding Company (holds 100% of the equity share capital as on March 31, 2010)
BASF SE	Ultimate Holding Company

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

Fellow Subsidiaries

BASF Company Ltd.	BASF (China) Company Ltd.
BASF Petronas Chemicals Sdn. Bhd.	BASF Corporation
BASF South East Asia Pte. Ltd.	BASF Polyurethanes (China) Co. Ltd.
BASF China Limited	BASF Polyurethanes (Malaysia) Sdn. Bhd.
Shanghai BASF Polyurethane Company	BASF Asia Pacific Service Centre Sdn. Bhd.
Elastogran GmbH	Elastogran Italia Spa (Elit)
BASF Polyurethane Specialities	BASF Polyurethane Licencing GmbH
BASF East Asia Regional Headquarters	BASF Singapore Pte. Ltd.
BASF Bangladesh Limited	BASF Polyurethanes (Taiwan) Co. Ltd.
BASF Polyurethanes GmbH	Elastogran Kanoo Polyurethane System

(c) Details of transactions for the year ended March 31, 2010:

Rs. Mio.

Nature of Transactions	Holding & Ultimate Holding Company		Fellow Subsidiaries		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Sale of Goods						
BASF Singapore Pte. Ltd.	—	—	—	6.1	—	6.1
BASF South East Asia Pte. Ltd.	—	—	2.9	—	2.9	—
BASF China Limited	—	—	—	1.3	—	1.3
BASF Company Ltd.	—	—	—	0.2	—	0.2
Others	—	—	0.6	—	0.6	—
Sub-Total	—	—	3.5	7.6	3.5	7.6
Services Rendered						
BASF South East Asia Pte. Ltd.	—	—	1.8	26.7	1.8	26.7
BASF Company Ltd.	—	—	84.1	69.0	84.1	69.0
BASF Polyurethanes (China) Co. Ltd.	—	—	6.2	—	6.2	—
BASF Polyurethanes GmbH	—	—	7.8	—	7.8	—
Others	—	—	1.7	5.7	1.7	5.7
Sub-Total	—	—	101.6	101.4	101.6	101.4
Purchase of Goods/Materials						
BASF SE	133.2	112.4	—	—	133.2	112.4
BASF India Limited	0.2	0.8	—	—	0.2	0.8
BASF Company Ltd.	—	—	918.1	739.8	918.1	739.8
BASF South East Asia Pte. Ltd.	—	—	110.5	80.9	110.5	80.9
BASF Polyurethanes (China) Co. Ltd.	—	—	179.1	—	179.1	—
Elastogran Italia Spa (Elit)	—	—	—	123.1	—	123.1
Others	—	—	122.7	143.4	122.7	143.4
Sub-Total	133.4	113.2	1,330.4	1,087.2	1,463.8	1,200.4
Services Received						
BASF SE	2.4	2.3	—	—	2.4	2.3
BASF India Limited	75.8	52.1	—	—	75.8	52.1
BASF South East Asia Pte. Ltd.	—	—	9.2	5.1	9.2	5.1
BASF East Asia Regional Headquarters	—	—	3.4	0.8	3.4	0.8
Elastogran Italia Spa (Elit)	—	—	—	0.7	—	0.7
BASF Asia Pacific Service Centre Sdn. Bhd.	—	—	6.7	5.5	6.7	5.5
BASF Polyurethanes GmbH	—	—	3.5	—	3.5	—
Sub-Total	78.2	54.4	22.8	12.1	101.0	66.5
Interest on Loans						
BASF SE	—	1.0	—	—	—	1.0
BASF India Limited	45.4	18.3	—	—	45.4	18.3
Sub-Total	45.4	19.3	—	—	45.4	19.3

Rs. Mio.

Nature of Transactions	Holding & Ultimate Holding Company		Fellow Subsidiaries		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Royalty and Technical Fees						
BASF Polyurethane Licencing GmbH	—	—	31.0	14.4	31.0	14.4
Repayment of Loan/ ICD						
BASF SE	—	32.0	—	—	—	32.0
BASF India Limited	21,439.8	8,359.0	—	—	21,439.8	8,359.0
ICD Received						
BASF India Limited	21,802.8	8,725.0	—	—	21,802.8	8,725.0
Interest accrued – not due						
BASF India Limited	0.4	0.2	—	—	0.4	0.2
Outstanding Receivables						
BASF Polyurethanes (China) Co. Ltd.	—	—	7.9	7.0	7.9	7.0
BASF China Limited	—	—	—	0.9	—	0.9
Others	—	—	1.8	0.5	1.8	0.5
Sub-Total	—	—	9.7	8.4	9.7	8.4
Outstanding Payables						
BASF SE	13.6	1.4	—	—	13.6	1.4
BASF India Limited	6.2	4.4	—	—	6.2	4.4
BASF Company Limited	—	—	254.0	64.2	254.0	64.2
BASF South East Asia Pte. Ltd.	—	—	58.8	32.1	58.8	32.1
Elastogran Italia Spa (Elit)	—	—	—	29.7	—	29.7
Others	—	—	25.1	30.8	25.1	30.8
Sub-Total	19.8	5.8	337.9	156.8	357.7	162.6
Loans/ICD Outstanding						
BASF India Limited – ICD	968.0	605.0	—	—	968.0	605.0

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.

18. As on 31st March, 2010, the Company has 17 forward contracts totaling to USD 7.8 Mio. (**Rs. 353.3 Mio.**) for the purposes of hedging its foreign exposure. The unamortized premium of **Rs. 2.08 Mio.** pertaining to the same will be recognized subsequently. Foreign currency exposure that is not hedged as at 31st March, 2010 is as follow:-

	2009-10			
	Receivable		Payable	
Foreign Currency	Foreign Currency Amount	Rs. in Mio.	Foreign Currency Amount	Rs. in Mio.
EURO	29,502	1.76	—	—
HKD	—	—	590	—
USD	—	—	611,657	27.8

	2008-09			
	Receivable		Payable	
Foreign Currency	Foreign Currency Amount	Rs. in Mio.	Foreign Currency Amount	Rs. in Mio.
EURO	—	—	194,954	13.3
HKD	—	—	590	—

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

For and on behalf of the Board of Directors

Signatures to Schedules 1 to 18

Prasad Chandran
Chairman & Managing Director

Manohar Kamath
Company Secretary

R. R. Nair
R. A. Shah
Arun Bewoor
S. Ramnath
Deepak Thuse
Directors

Mumbai, 29th April 2010



A fun-filled event : BASF warmly welcomed Ciba employees into its fold.

Balance Sheet Abstract and General Business Profile

I Registration Details :

Registration No. : 152467	State Code :	11
Balance Sheet Date :	31.03.2010	

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 :	1,058.0	Total Assets :	1,058.0
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Sources of Funds :

Paid Up Capital :	90.0	Reserves & Surplus :	–
Secured Loans :	–	Unsecured Loans :	968.0

Application of Funds :

Net Fixed Assets :	115.1	Investments :	–
Net Current Assets :	716.3	Deferred Tax Assets – Net	–
Accumulated Losses :	226.6		

IV Performance of Company

(Amount in Rs. Million)

Turnover (including Other Income) :	2,516.7	Total Expenditure	2,524.3
Profit Before Tax :	(7.6)	Profit After Tax	(7.6)
Earning Per Share in Rs.	–0.84	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

For and on behalf of Board of Directors

Prasad Chandran
Chairman & Managing Director

R. R. Nair
R. A. Shah
Arun Bewoor
S. Ramnath
Deepak Thuse
Directors

Manohar Kamath
Company Secretary

Mumbai, 29th April 2010

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

We have examined the attached consolidated Balance Sheet of BASF India Limited ('the Company') and its subsidiary, BASF Polyurethanes India Limited (collectively referred to as 'the BASF Group'), as at 31 March 2010 and the related consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of the BASF Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statements 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, specified in the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of the Company and its subsidiary as listed in Note 1(b) of Accounting Policies and Notes to Accounts included in the consolidated financial statements.

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 case of the consolidated Balance Sheet, of the consolidated state of affairs of the BASF Group as at 31 March 2010;
- (b) in case of the consolidated Profit and Loss Account, of the consolidated results of operations of the BASF Group for the year ended on that date; and
- (c) in case of the consolidated Cash Flow Statement, of the consolidated cash flows of the BASF Group for the year ended on that date.

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

Vijay Mathur
Partner
Membership No.: 046476

Mumbai
Date: 29 April 2010

Consolidated Balance Sheet of BASF India Limited and its Subsidiary as at March 31, 2010

Rs. in million

	Schedule	March 31, 2010	March 31, 2009
SOURCES OF FUNDS			
Shareholders' Funds:			
Share Capital	1	407.7	281.9
Reserves and Surplus	2	8,021.7	3,349.5
		8,429.4	3,631.4
Loan Funds:			
Unsecured Loans	3	—	219.4
Total		8,429.4	3,850.8
APPLICATION OF FUNDS			
Fixed Assets:			
Gross Block	4	6,448.1	3,787.4
Less: Depreciation		3,910.0	2,409.3
Net Block		2,538.1	1,378.1
Capital Work-in-Progress		103.6	212.6
		2,641.7	1,590.7
Deferred Tax Assets (net)	5	85.9	2.5
Current Assets, Loans and Advances:			
Inventories	6	4,021.9	2,225.2
Sundry Debtors	7	3,125.4	1,775.0
Cash and Bank Balances	8	1,699.4	302.7
Loans and Advances	9	1,501.9	845.3
		10,348.6	5,148.2
Less:			
Current Liabilities and Provisions:			
Current Liabilities	10	4,096.5	2,541.0
Provisions	11	550.3	349.6
		4,646.8	2,890.6
Net Current Assets		5,701.8	2,257.6
Total		8,429.4	3,850.8

For Accounting Policies and Notes to Accounts — Refer **Schedule 19**

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

As per our report of even date attached

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

Vijay Mathur
Partner
Membership No.: 046476

Mumbai, 29th April 2010

For and on behalf of the Board of Directors

Prasad Chandran
Chairman & Managing Director

Pradeep Chandan
Company Secretary

R. R. Nair
R. A. Shah
Pradip P. Shah
Arun Bewoor
S. Ramnath
Deepak Thuse
Directors

29th April 2010

Consolidated Profit and Loss Account of BASF India Limited and its Subsidiary for the year ended March 31, 2010

Rs. in million

	Schedule	March 31, 2010	March 31, 2009
Income:			
Sales and Services	12	17,231.8	14,519.4
Less: Excise Duty		961.9	1,358.5
		16,269.9	13,160.9
Other Income	13	79.5	77.4
		16,349.4	13,238.3
Expenditure:			
Materials Consumed	14	7,582.9	7,083.5
Purchase of Finished Goods		4,042.8	2,335.8
Other Expenses	15	3,487.1	2,881.1
Depreciation	4	275.4	165.3
Interest	16	16.7	65.8
		15,404.9	12,531.5
Increase in Stocks	17	561.8	173.5
Profit Before Tax		1,506.3	880.3
Tax	18	545.6	394.2
Profit After Tax		960.7	486.1
Surplus Brought Forward		43.1	243.4
Addition on account of amalgamation (Refer Schedule 19 (2))		2,218.3	—
Available for Appropriation		3,222.1	729.5
Appropriations:			
Proposed Dividend		326.2	197.3
Corporate Tax on Dividend		54.2	33.6
General Reserve		2,309.0	455.5
		2,689.4	686.4
Balance Carried Forward		532.7	43.1
Weighted average number of equity shares outstanding during the year		40,769,305	28,189,466
Basic and diluted earnings per share (in Rs.) [Refer Schedules Schedule 19(13)]		24.82	17.24
Face value per share (in Rs.)		10.00	10.00

For Accounting Policies and Notes to Accounts — Refer **Schedule 19**

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

As per our report of even date attached

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

Vijay Mathur
Partner
Membership No.: 046476
Mumbai, 29th April 2010

For and on behalf of the Board of Directors

Prasad Chandran
Chairman & Managing Director

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S. Ramnath
Deepak Thuse
Directors

29th April 2010

Consolidated Cash Flow Statement of BASF India Limited and its Subsidiary for the year ended March 31, 2010

Rs. in million

	March 31, 2010		March 31, 2009	
A. Cash flow from operating activities				
Net Profit Before Tax		1,506.3		880.3
Adjustments for:				
Depreciation	275.4		165.3	
Interest expense	16.7		65.8	
Loss/(Profit) on sale of fixed assets (net)	(21.4)		(1.5)	
Interest income	(6.3)		(1.8)	
Unrealised (Gain)/Loss on foreign exchange (net)	(26.2)		10.3	
Provision for Doubtful Debts written back	(22.0)	216.2	(10.1)	228.0
Operating profit before working capital changes		1,722.5		1,108.3
(Increase)/Decrease in:				
Trade and Other Receivables	21.0		217.8	
Inventories	(999.8)		(711.1)	
Trade and Other Liabilities	(374.9)	(603.9)	(747.7)	254.4
Cash generated from operations		1,118.6		1,362.7
Direct taxes paid (net)		(659.1)		(388.0)
Net cash from operating activities		459.5		974.7
B. Cash flow from investing activities:				
Acquisition of fixed assets		(293.6)		(427.4)
Realisation on sale of fixed assets		57.4		3.7
Interest received		6.3		1.8
Net cash used in investing activities		(229.9)		(421.9)
C. Cash flow from financing activities				
Repayment of loan funds (net)		(219.4)		(58.1)
Interest paid		(16.8)		(67.2)
Dividend paid		(197.3)		(197.3)
Tax paid on above dividend		(33.6)		(33.6)
Net cash used in financing activities		(467.1)		(356.2)
Net increase/(decrease) in cash and cash equivalents		(237.5)		196.6
Cash and cash equivalents (opening balance)		302.7		106.1
Cash & cash equivalents acquired on amalgamation (Refer Schedule 19(2))		1,634.2		—
Cash and cash equivalents (closing balance) (Refer Schedule 8 for Cash & cash equivalents)		1,699.4		302.7
Restricted cash and cash equivalents		7.9		5.6

The Schedules referred to above form an integral part of the Cash Flow Statement.

As per our report of even date attached

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

Vijay Mathur
Partner
Membership No.: 046476
Mumbai, 29th April 2010

For and on behalf of the Board of Directors

Prasad Chandran
Chairman & Managing Director

Pradeep Chandan
Company Secretary

R. R. Nair
R. A. Shah
Pradip P. Shah
Arun Bewoor
S. Ramnath
Deepak Thuse
Directors
29th April 2010

Schedules to Consolidated Balance Sheet as at March 31, 2010

1. Share Capital

Rs. in million

	March 31, 2010	March 31, 2009
Authorised:		
45,000,000 (Previous Year – 30,000,000) Equity Shares of Rs. 10/- each	450.0	300.0
Issued:		
40,769,987 (Previous Year – 28,190,148) Equity Shares of Rs. 10/- each	407.7	281.9
Subscribed and Paid-up:		
40,769,305 (Previous Year – 28,189,466) Equity Shares of Rs. 10/- each fully paid	407.7	281.9
Of the above– <u>Issued for consideration other than cash</u>		
– 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.		
– 12,579,839 shares were allotted to the erstwhile shareholders of Ciba India Limited and Ciba Research (India) Private Limited consequent to the amalgamation w.e.f. February 1, 2010 (Refer Schedule 19(2)) <u>Holding Company and its affiliates</u>		
– 20,319,667 (Previous Year – 20,066,242) Equity Shares are held by BASF SE, the holding company.		
– 1,941,912 (Previous Year – Nil) Equity Shares are held by Ciba International Inc., Switzerland an affiliate of the Holding Company.		
– 6,965,988 (Previous Year – Nil) Equity Shares are held by BASF Specialty Chemicals Holding GmbH an affiliate of the Holding Company		
	407.7	281.9

2. Reserves and Surplus

	Balance as on April 1,		Addition on Amalgamation (Refer Schedule 19(2)) 2009-10	Additions during the year		Balance as on March 31,	
	2009	2008		2009-10	2008-09	2010	2009
Share Premium Account	621.0	621.0	10.5	—	—	631.5	621.0
Amalgamation Reserve	0.5	0.5	—	—	—	0.5	0.5
General Reserve	2,684.9	2,229.4	1,863.1	2,309.0	455.5	6,857.0	2,684.9
Surplus as per Profit & Loss Account	43.1	264.0	—	489.6	—	532.7	43.1
	3,349.5	3,114.9	1,873.6	2,798.6	455.5	8,021.7	3,349.5

3. Unsecured Loans

	March 31, 2010	March 31, 2009
Bank Facilities Repayable within one year Rs. Nil (Previous Year Rs. 219.4 million)	—	219.4
	—	219.4

Schedules to Consolidated Balance Sheet as at March 31, 2010

4. Fixed Assets

Rs. in million

	Freehold Land	Leasehold Land	Buildings*	Plant & Machinery and Computers#	Furniture, Fixtures and Equipment	Vehicles	Total	Previous Year
Gross Block:								
As at April 1, 2009	24.1	50.2	750.6	2,795.6	157.7	9.2	3,787.4	3,544.9
Addition on amalgamation@ (Refer Schedule 19(2))	—	46.9	238.4	1,884.7	222.7	33.0	2,425.7	—
Additions	—	—	97.1	258.4	51.2	7.7	414.4	262.8
Deductions	15.4	—	61.5	80.6	21.1	0.8	179.4	20.3
As at March 31, 2010	8.7	97.1	1,024.6	4,858.1	410.5	49.1	6,448.1	3,787.4
Depreciation:								
As at April 1, 2009	—	4.7	243.1	2,063.3	90.0	8.2	2,409.3	2,262.1
Addition on amalgamation@ (Refer Schedule 19(2))	—	2.8	45.1	1,191.4	107.5	21.9	1,368.7	—
Depreciation for the year	—	0.4	57.8	189.2	24.9	3.1	275.4	165.3
Deductions	—	—	47.3	77.6	17.8	0.7	143.4	18.1
As at March 31, 2010	—	7.9	298.7	3,366.3	204.6	32.5	3,910.0	2,409.3
Net Block:								
As at March 31, 2010	8.7	89.2	725.9	1,491.8	205.9	16.6	2,538.1	1,378.1
As at March 31, 2009	24.1	45.5	507.5	732.3	67.7	1.0	1,378.1	1,282.8
Capital work in progress**								
As at March 31, 2010	—	—	15.5	76.5	7.0	4.6	103.6	212.6
As at March 31, 2009	—	—	47.5	164.9	0.2	—	212.6	40.7
* 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. 19.1 million (Previous Year Rs. 21.3 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 an amount of Rs. 44 Mio being the net block of movable assets at Goa site, fully provided in the books prior to amalgamation. (Refer Note 19(2))								

5. Deferred Tax Assets (net)

	March 31, 2010	March 31, 2009
(Refer Schedule 19(8))		
Deferred tax assets	201.4	79.4
Deferred tax liabilities	(115.5)	(76.9)
	85.9	2.5

Schedules to Consolidated Balance Sheet as at March 31, 2010

6. Inventories

Rs. in million

	March 31, 2010	March 31, 2009
Raw Materials	1,907.6	1,187.6
Finished Goods	2,032.3	957.3
Stock-in-Process	29.6	24.6
Packing Materials	46.7	50.3
Fuel Oil	5.7	5.4
	4,021.9	2,225.2

7. Sundry Debtors

	March 31, 2010	March 31, 2009
Debts outstanding for a period exceeding six months		
Considered good :		
Secured	19.9	—
Unsecured	—	12.7
	19.9	12.7
Considered doubtful	87.9	73.7
Other debts		
Considered good :		
Secured	84.7	54.2
Unsecured	3,020.8	1,724.4
	3,105.5	1,778.6
Considered doubtful	7.1	17.6
	3,220.4	1,882.6
Less: Provision for doubtful debts*	95.0	107.6
	3,125.4	1,775.0

* Includes Rs. 9.5 million on account of amalgamation (Refer Schedule 19(2))

8. Cash and Bank Balances

	March 31, 2010	March 31, 2009
Cash on hand	0.2	0.2
Balances with Scheduled Banks :		
– In Current Accounts	333.6	301.5
– In Deposit Accounts	1,365.5	1.0
Balances with Non-Scheduled Banks :		
– In current account with The Municipal Co-operative Bank Limited, Mumbai Maximum balance during the year Rs. 0.3 million (Previous Year Rs. 0.2 million)	0.1	—
	1,699.4	302.7

Schedules to Consolidated Balance Sheet as at March 31, 2010

9. Loans and Advances Unsecured – Considered Good

Rs. in million

	March 31, 2010	March 31, 2009
Advances recoverable in cash or in kind or for value to be received	1,068.4	711.9
Includes due from		
– Directors Rs. 0.63 million (Previous Year Rs. 0.71 million)		
Maximum amount during the year Rs. 0.71 million (Previous Year Rs. 0.78 million)		
In the case of Directors, it represents loans given to them before they became Directors.		
Asset held for disposal	72.7	—
Duty Drawback receivable	23.4	11.0
Balances with Excise authorities	2.3	7.4
Balances with Income Tax authorities (Net of Provisions)	335.1	115.0
	1,501.9	845.3
– Unsecured, Considered doubtful		
Advances recoverable in cash or in kind or for value to be received	46.2	—
Less: Provision for doubtful advances	(46.2)	—
	1,501.9	845.3

10. Current Liabilities

	March 31, 2010	March 31, 2009
Sundry Creditors		
– Micro & Small Enterprises	5.5	1.3
– Others	3,888.6	2,420.6
Deposits	172.9	98.3
Unclaimed Dividend*	6.9	4.6
Unclaimed matured fixed deposits*	0.6	0.6
Unclaimed Interest warrants*	0.4	0.4
* (There are no amounts due and outstanding to be credited to Investor Education and Protection fund)		
Other Liabilities	21.6	15.2
	4,096.5	2,541.0

11. Provisions

	March 31, 2010	March 31, 2009
Proposed Dividend	326.2	197.3
Corporate Tax on Dividend	54.2	33.6
Provision for Long Service Award	27.7	17.5
Provision for Leave Encashment	133.6	98.3
Provision for Gratuity	8.6	2.9
	550.3	349.6

Schedules to Consolidated Profit & Loss account for the year ended March 31, 2010

12. Sales and Services

Rs. in million

	March 31, 2010	March 31, 2009
Sale of Goods	16,316.4	13,721.8
Indent Commission/Technical/Service Charges	915.4	797.6
	17,231.8	14,519.4

13. Other Income

	March 31, 2010	March 31, 2009
Interest (Gross)		
– Interest on Investments (Gross) – Non-Trade and Long Term Tax deducted at source Rs. Nil (Previous Year Rs. Nil)	—	1.6
– Others Tax deducted at source Rs. 2.6 million (Previous Year Rs. 6.1 million)	18.2	21.1
Provision for Doubtful Debts written back	22.0	10.1
Profit on sale of Fixed Assets (net)	21.4	1.5
Sale of Scrap	10.9	13.5
Sundries	7.0	29.6
	79.5	77.4

14. Materials consumed

	March 31, 2010	March 31, 2009
Raw Materials:		
Stock at Commencement	1,187.6	660.4
Purchases*	7,877.2	7,305.3
Stock at Close	(1,907.6)	(1,187.6)
	7,157.2	6,778.1
Packing Materials consumed	425.7	305.4
	7,582.9	7,083.5

* Includes Rs. 276.2 million on account of amalgamation (Refer Schedule 19 (2))



Paints & Coatings Industry Target Group organised a Customer Day for a leading paint manufacturer, which included a technical seminar and display of innovative solutions.

Schedules to Consolidated Profit & Loss account for the year ended March 31, 2010

15. Other Expenses

Rs. in million

	March 31, 2010	March 31, 2009
Salaries, Wages, Bonus and Commission (Refer Schedule 19(10))	899.0	734.0
Workmen and Staff Welfare (Refer Schedule 19(10))	150.6	119.4
Contribution to Provident and Other Funds (Refer Schedule 19(10))	85.6	81.6
Directors' Sitting Fees	0.1	0.1
Consumption of Stores and Spare Parts	47.8	48.0
Power and Fuel	230.6	237.8
Rent (Refer Schedule 19(7[b]))	195.8	199.6
Rates and Taxes – Excise Duty	(3.1)	(14.6)
– Others	63.5	16.2
Repairs – Machinery	36.3	33.9
– Buildings	21.8	24.3
– Others	11.2	15.7
Insurance	33.8	25.4
Bad Debts Written Off / (Recovered)	19.6	13.1
Service Fees	62.4	61.0
Travelling	204.5	171.2
Freight and Handling Charges	452.8	367.5
Communication/System Expenses	256.5	171.0
Sales Promotion Expenses	158.9	143.6
Professional Charges	224.8	161.9
Royalty	75.6	49.1
Voluntary Retirement Scheme	9.1	14.1
Sundry Expenses	249.9	207.2
	3,487.1	2,881.1

16. Interest

	March 31, 2010	March 31, 2009
On Short Term Loans	2.6	3.9
On Others	14.1	61.9
	16.7	65.8

17. Increase in Stocks

	March 31, 2010	March 31, 2009
Stock at Close		
Finished Goods	2,032.3	957.3
Stock-in-Process	29.6	24.6
Sub-total	2,061.9	981.9
Stock at commencement		
Finished Goods	(957.3)	(765.8)
Stock-in-Process	(24.6)	(42.6)
Sub-total	(981.9)	(808.4)
On account of amalgamation (Refer Schedule 19(2))	(518.2)	—
Increase in stocks	561.8	173.5

18. Tax

	March 31, 2010	March 31, 2009
Current Tax Expense (includes wealth tax Rs. 2.6 million Previous year Rs. 2.0 million)	530.7	347.8
Deferred Tax Charge / (Credit)	14.9	21.1
Fringe Benefit Tax	—	25.3
	545.6	394.2

19. 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

- 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.
- 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 and disclosure of contingent 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. Revenue from technical and service charges are recognised as and when the services are provided. Sales include excise duty but exclude trade discounts, rebates and sales tax. Interest 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. The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. Impairment is recognised 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.

(f) Depreciation

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

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

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

Leasehold land and Leasehold Improvements are amortised over the period of lease.

(g) **Impairment**

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

(h) **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.

(i) **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.

(j) **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.

(k) **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.

(l) **Employee Benefits**

(A) **Short Term Employee Benefits**

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

(B) **Post Employment Employee Benefits**

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

Company's liability towards Gratuity, which is a defined benefit plan, is determined on the basis of valuations, as at balance sheet date, carried out by an independent actuaries 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 actuaries 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.

(m) **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.

(n) **Taxation**

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.

(o) **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.

(p) **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.

(q) **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.

(r) **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. **Amalgamation of Ciba India Limited (CIL), Diamond Dye-Chem Limited (DDL) and Ciba Research (India) Private Limited (CRIPL) with the Company**

Pursuant to the Scheme of Amalgamation ('the scheme') as approved in the court convened shareholder meeting held on 16th December, 2009 and subsequently sanctioned by the Honourable High Court of Bombay vide its order dated on 26th February 2010, CIL, DDL (wholly owned subsidiary of CIL) and CRIPL (collectively referred to as the amalgamating companies) have been merged with the Company. The amalgamating companies were engaged in the business of manufacturing and trading of specialty chemicals and in commoditized products.

As provided in the Scheme of Amalgamation, 10,637,927 equity shares of BIL (representing 26.1% of equity share capital as at 31st March, 2010) are issued against 13,280,819 shares of CIL (representing 100% of equity share capital as at 1st February 2010) and 1,941,912 equity shares of BIL (representing 4.76% of equity share capital as at 31st March, 2010) are issued against 10,788,401 shares of CRIPL (representing 100% of equity share capital as at 1st February, 2010). Accordingly 12,579,839 equity shares of Rs. 10/- each fully paid up have been issued to the equity share holders of the CIL, CRIPL whose names appear in the register of members on record date i.e 18th March, 2010, without payment being received in cash.

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

- (i) All the assets and liabilities of CIL, DDL and CRIPL have been transferred and vested in the Company with effect from 1st February, 2010.
- (ii) As specified in the scheme of amalgamation, the difference between the amount recorded as share capital issued (Rs. 125.7 mio.) and the amount of share capital of the amalgamating companies (Rs. 269.7 mio.) aggregating to Rs. 144.0 mio. is adjusted in General Reserves.
- (iii) The book values of the intercompany balances and holdings stand cancelled.

In view of the aforesaid amalgamation with effect from 1st February, 2010, the figures for the current year are not strictly comparable to those of the prior year.

In terms of the settlement agreement arrived at with Syngenta India Limited ('the Lessor') on 28th July, 2009, Ciba India Limited (amalgamating company) has ceased its manufacturing operation at Santa Monica, Goa (the Site) and will exit the Site on or before 31st December, 2010. The company is in the process of dismantling movable assets. As per the settlement agreement, the Company will receive a consideration of Rs. 135 million from the Lessor towards sale of immovable assets (WDV Rs. 67 million) upon handing over the site and on the registration of the sale deed.

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

- (a) Claims against the Company not acknowledged as debts: **Rs. 30.2 Mio.** (Previous Year Rs. 26 Mio.) in respect of which the Company has counter claims of **Rs. 67.0 Mio.** (Previous Year Rs. 67.0 Mio.).
- (b) Demands for taxes and duties in respect of which the Company has preferred appeals with appropriate authorities.
- a. Income tax : **Rs. 66.6 Mio.** (Previous Year Rs. 61.0 Mio.). The current year figure includes **Rs. 5.6 Mio** being Income Tax claims of the amalgamating company.
- b. Customs and Excise: **Rs. 130.1 Mio.** for the amalgamating company (Refer note 19(2)), on account of Customs & Excise claims.
- c. Others: **Rs. 0.9 Mio.** (Previous Year Rs. 2.2 Mio.).
4. Estimated amount of contracts remaining to be executed on capital account and not provided (net of advance) for **Rs. 83.9 Mio.** (Previous Year Rs. 83.8 Mio.).
5. The exchange loss of **Rs. 51.5 Mio.** (Previous Year loss of Rs. 101.0 Mio.) has been included in the Profit and Loss Account for the year.
6. Expenditure on Research and Development charged to Profit and Loss Account **Rs. 80.0 Mio.** (Previous Year Rs. 96.1 Mio.).
7. The Company has taken certain assets under operating leases.
- (a) Total minimum lease payments in this respect are as follows:

	Rs. Mio.	
	2009-10	2008-09
Due		
Not later than one year	104.6	21.7
Later than one year but not later than five years	379.6	42.6
Later than five years	205.4	1.4
Total	689.6	65.7

- (b) Lease rent of **Rs. 196.0 Mio.** (Previous Year Rs. 30.5 Mio.) has been included under 'Rent' in the Profit and Loss Account.

8. **Deferred Tax:**

The break up of Deferred Tax Assets (Net) as at March 31, 2010 is as under:

	Rs. Mio.	
	2009-10	2008-09
Deferred Tax Assets		
Timing differences on account of:		
Provision for doubtful debts	32.3	36.50
Expenditure under Voluntary Retirement Scheme	35.1	12.20
Unabsorbed Depreciation and Accumulated Losses	3.5	4.40
Others	130.5	26.30
Total Deferred Tax Assets	201.4	79.40
Deferred Tax Liabilities		
Timing difference on account of:		
Fixed Assets	(115.5)	(76.90)
Total Deferred Tax Liabilities	(115.5)	(76.90)
Deferred Tax Assets – Net	85.9	2.50

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.

9. Employee Benefits:

Defined contribution plans

Company's contribution to defined contribution funds amounting to **Rs. 74.0 Mio.** (Previous year Rs. 63.1 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	
	2009-10	2008-09
A. Expenses recognized in the Profit & Loss Account for the year ended 31st March		
Current Service Cost	16.5	11.5
Interest Cost	14.8	11.2
Expected Return on plan assets	(15.5)	(13.1)
Net Actuarial (gain)/loss recognised in the year	(5.7)	10.5
Past Service Cost	2.2	—
Losses/ Gains on "Curtailment and Settlements"	0.3	—
Effect of the Limit in Para 59(b)	0.3	—
Expenses Recognised in the statement of Profit & Loss	12.9	20.1
B. Balance Sheet Recognition as at 31st March		
Present Value of Obligation	227.6	179.6
Fair Value of Plan Assets	219.4	176.7
Amount not recognised as an asset (Limit in Para 59(b))	(0.4)	—
Net Asset/(Liability)	(8.6)	(2.9)
Net Asset/(Liability) recognised in the Balance Sheet	(8.6)	(2.9)
C. Change in obligation during the year ended 31st March		
Present Value of obligation Beginning of the Year	179.6	151.5
Addition from Amalgamating Company	35.7	—
Interest Cost	14.8	11.2
Current Service Cost	16.5	11.5
Benefits Paid	(12.9)	(12.6)
Past Service Cost	2.2	—
Actuarial (gain) loss on Obligation	(5.6)	18.0
Liabilities Extinguished on settlement	(2.8)	—
Present Value of obligation end of the Year	227.6	179.6
D. Change in fair value of assets during the year ended 31st March		
Fair value of plan Assets Beginning of the Year	176.7	162.2
Addition from Amalgamating Company	32.9	—
Expected Return on plan assets	15.5	13.1
Contributions	10.1	6.5
Benefits Paid	(12.9)	(12.6)
Actuarial gain (Loss) Plan Assets	0.2	7.5
Assets Distributed on Settlements	(3.1)	—
Fair value of plan Assets end of the Year	219.4	176.7
Total Actuarial gain (loss) to be recognised	5.7	(10.5)
E. Actual Return on Plan Assets		
Expected Return on plan assets	15.5	13.1
Actuarial gain (Loss) Plan Assets	0.2	7.4
Actual Return on Plan Assets	15.7	20.5

Rs. Mio.

	Gratuity Funded	
	2009-10	2008-09
F. Movement in the net Liability recognised in the Balance Sheet		
Opening net Liability	2.9	(10.7)
Addition from Amalgamating Company	2.9	—
Expenses	12.9	20.1
Contribution	(10.1)	(6.5)
Closing Net Liability	8.6	2.9

Experience Adjustments	2010	2009	2008
Defined Benefit obligations	227.6	179.6	151.5
Plan Assets*	219.0	176.7	162.2
Surplus /(Deficit)	(8.6)	(2.9)	10.7
Exp. Adj. on plan Liabilities	(5.5)	18.0	20.6
Exp. Adj. on plan Assets	0.2	7.5	0.9

Entity	Planned obligation	Present value of fund assets	Net asset / (liability)
BASF India Limited	180.8	183.2	2.4
Ciba India Limited	20.2	16.8	(3.5)
Ciba Research (India) Private Limited*	2.7	3.2	0.5
Diamond Dye-Chem Limited	15.4	10.7	(4.6)
BASF Polyurethanes India Limited	8.5	5.1	(3.4)
	227.6	219.0	(8.6)

* This excludes amount not recognised as an asset (Limit in Para 59 (b)) – Rs 0.4 mio. (Previous Year Nil)

The contribution expected to be made by the company during the Financial Year 2010-11 has not been ascertained.

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:

	2009-10	2008-09
GOI Securities	38%	27%
State Government Securities	13%	15%
PSU Bonds	41%	58%
Private Sector Bonds	4%	—
Fixed Deposit	4%	—
Total	100%	100%

The assumptions used for actuarial valuation as at 31st March, 2010 are as follows:

	2009-10	2008-09
Expected rate of return on plan assets	8.3% p.a.	7.7% p.a.
Discount Rate	8.3% p.a.	7.7% p.a.
Expected salary increase rate	6% – 8% p.a.	6% – 8% p.a.
In-service mortality rates	LIC 1994-96 ultimate table	LIC 1994-96 ultimate table

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

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

The estimate of future salary increase, considered in the actuarial valuation, takes account of inflation, 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 determined/exhibited as confirmed by the Company's actuary.

10. 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. 48.5 Mio.** (Previous Year Rs. 41.2 Mio.).

Rs. Mio.

	2009-10	2008-09
Salaries	32.8	30.2
Contribution to Provident and Superannuation Funds	5.2	4.5
Monetary Value of other perquisites	7.9	4.4
Commission to non-whole time directors	2.5	2.0
Directors' Sitting Fees to non-whole time directors	0.1	0.1
Total	48.5	41.2

11. Segment Information for the year ended March 31, 2010:

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

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

Rs. Mio.

	Agricultural Solution	Performance Products*	Plastics	Chemicals	Others	Un-allocated	Total
Segment Revenue	4,862.8 3,702.1	6,640.6 5,348.0	4,224.1 3,531.8	260.1 349.1	282.3 229.9	—	16,269.9 13,160.9
Less: Inter-segment revenue	—	—	—	—	—	—	—
Sales/Income from operations	4,862.8 3,702.1	6,640.6 5,348.0	4,224.1 3,531.8	260.1 349.1	282.3 229.9	—	16,269.9 13,160.9
Segment Result	863.1 643.0	662.7 361.1	97.2 (108.0)	82.5 136.2	12.5 15.1	—	1,718.0 1,047.4
Interest Expenses						16.7 65.8	16.7 65.8
Interest Income						18.2 22.7	18.2 22.7
Other un-allocable expenditure net of un-allocable income						213.2 124.0	213.2 124.0
Profit Before Tax							1,506.3 880.3
Tax						545.6 394.2	545.6 394.2
Profit After Tax							960.7 486.1
OTHER INFORMATION							
Segment Assets	2,330.3 1,598.5	5,918.4 3,062.4	2,451.4 1,529.0	190.4 97.3	65.3 5.0	2,120.4 449.2	13,076.2 6,741.4
Segment Liabilities	1,537.7 1,175.9	1,587.9 900.0	1,098.7 545.5	31.1 31.2	1.9 —	389.4 457.4	4,646.8 3,110.0
Capital Expenditure	28.3 24.1	191.9 255.4	79.0 149.2	6.2 6.0	— —	— —	305.4 434.7
Depreciation	46.9 17.9	182.3 112.9	42.4 31.1	3.8 3.4	— —	— —	275.4 165.3

(b) SECONDARY SEGMENT INFORMATION (by Geographic Segments)

Rs. Mio.

	Domestic	Exports	Total
Revenues	14,837.4 11,799.0	1,432.5 1,361.9	16,269.9 13,160.9
Total Assets	12,988.2 6,660.9	88.0 80.5	13,076.2 6,741.4
Capital Expenditure	305.4 434.7	— —	305.4 434.7

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 Solution** – Agrochemicals like pesticides and herbicides.
 - **Performance Products** – Tanning agents, Leather Chemicals, Textile Chemicals, Dispersion Chemicals, Specialty Chemicals and high-value fine chemicals for the food, pharmaceuticals, animal feed and cosmetics industries.
 - * Specialty Chemicals include coating chemicals, additives, water treatment and paper treatment, home and fabric care chemicals of the amalgamating companies.
 - **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, Technical and Service charges.
3. Un-allocable Corporate Assets include Investment, Net Deferred Tax Assets and other un-allocable assets.
4. Un-allocable Corporate Liabilities include Proposed dividend and other un-allocable liabilities.

12. Related Party Disclosures:(a) **Parties where control exists**

BASF SE Holding Company

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

BASF Agri Production SAS	BASF Philippines, Inc.
BASF Asia Pacific Service Centre Sdn. Bhd.	BASF Polyurethanes (Malaysia) Sdn. Bhd.
BASF Auxiliary Chemicals Co. Ltd.	BASF Polyurethanes (Taiwan) Co. Ltd.
BASF Bangladesh Ltd.	BASF South East Asia Pte. Ltd.
BASF Chemtrade GmbH	BASF Styrenics Private Limited*
BASF Chemicals and Polymers Pakistan (Pvt.) Ltd.	BASF Tuerk Kimya Sanayi Ve Ticaret Ltd. Sti.
BASF China Limited	BASF Finlay (Private) Limited
BASF Coatings (India) Private Ltd.	BTC Specialty Chemical Distribution GmbH
BASF Company Ltd.	Elastogran GmbH
BASF Construction Chemicals (India) Private Ltd.	BASF Italia SPA
BASF Corporation	K+S Kali GmbH
BASF Curtex S.A.	P.T. BASF Indonesia
BASF East Asia Regional Headquarters Limited	BASF Antwerpen N. V.
BASF Construction Chemicals, Dubai	BASF Agrochemical Products B.V.
BASF IT Services Holding GmbH	BASF Australia Ltd.
BASF Química Colombiana S.A.	BASF South Africa (Pty) Ltd.
BASF Kanoo Gulf FZE	BASF Polyurethane Specialties (China) Company Ltd.
CIBA UK PLC	BASF Asia-Pacific (India) Pvt. Ltd.
Ciba Middle East W.L.L.	BASF Fine Chemicals Switzerland S.A.
Ciba Japan K.K.	BASF Catalyst India Pvt. Ltd.

CIBA N.V.
 BASF Specialty Chemical Holding GmbH
 Ciba International Inc.
 BASF Petronas Chemicals Sdn. Bhd.
 Shanghai BASF Polyurethane Company
 Elastogran Italia Spa (Elit)
 BASF Polyurethane Specialties
 BASF Bangladesh Limited
 BASF Polyurethanes GmbH

BASF Belgium S.A.
 BASF Plant Science GmbH
 BASF Schweiz AG
 BASF (China) Company Ltd.
 Elastogran Kanoo Polyurethane System
 BASF Polyurethanes (China) Co. Ltd.
 BASF Asia Pacific Service Centre Sdn. Bhd.
 BASF Polyurethane Licencing GmbH
 BASF Singapore Pte. Ltd.

* 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. Hermann Althoff)

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

Mr. Deepak Thuse (Alternate to Ms. Saori Dubourg)

(d) **Details of transactions for the year ended March 31, 2010:**

Rs. Mio.

Nature of Transactions	Holding Company/ Subsidiary		Fellow Subsidiaries		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Sale of Goods						
BASF SE	42.3	21.0	—	—	42.3	21.0
BASF South East Asia Pte. Ltd.	—	—	275.6	207.7	275.6	207.7
BASF China Limited	—	—	—	1.3	—	1.3
BASF Company Limited	—	—	—	0.2	—	0.2
BASF Coatings (India) Private Ltd.	—	—	103.0	127.3	103.0	127.3
BASF Construction Chemicals (India) Private Ltd.	—	—	187.9	300.2	187.9	300.2
BASF Singapore Pte. Ltd.	—	—	—	6.1	—	6.1
Others	—	—	93.5	66.9	93.5	66.9
Sub-Total	42.3	21.0	660.0	709.7	702.3	730.7
Services Rendered (including reimbursements)						
BASF SE	110.1	197.7	—	—	110.1	197.7
BASF South East Asia Pte. Ltd.	—	—	436.7	409.4	436.7	409.4
BASF Company Limited	—	—	84.1	76.8	84.1	76.8
BASF Polyurethanes (China) Co. Ltd.	—	—	6.2	—	6.2	—
BASF Polyurethanes GmbH	—	—	7.8	—	7.8	—
BASF Coatings (India) Private Ltd.	—	—	84.3	—	84.3	—
BASF Petronas Chemicals Sdn. Bhd.	—	—	82.6	71.2	82.6	71.2
Others	—	—	133.2	144.2	133.2	144.2
Sub-Total	110.1	197.7	834.9	701.6	945.0	899.3
Purchase of Goods/Materials						
BASF SE	795.7	276.3	—	—	795.7	276.3
BASF South East Asia Pte. Ltd.	—	—	2,438.4	1,814.5	2,438.4	1,814.5
BASF Company Limited	—	—	918.1	740.9	918.1	740.9
BASF Polyurethanes (China) Co. Ltd.	—	—	179.1	—	179.1	—
Elastogran Italia Spa (Elit)	—	—	—	123.1	—	123.1
BASF AGRO B.V. Arnhem (NL)	—	—	720.8	670.7	720.8	670.7
BASF Agrochemical Products B.V.	—	—	866.7	1,180.0	866.7	1,180.0
Others	—	—	652.6	606.7	652.6	606.7
Sub-Total	795.7	276.3	5,775.7	5,135.9	6,571.4	5,412.2

Nature of Transactions	Holding Company/ Subsidiary		Fellow Subsidiaries		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Services Received						
BASF SE	98.7	61.1	—	—	98.7	61.1
BASF South East Asia Pte. Ltd.	—	—	227.4	160.1	227.4	160.1
BASF East Asia Regional Headquarters	—	—	3.4	0.8	3.4	0.8
Elastogran Italia Spa (Elit)	—	—	—	0.7	—	0.7
BASF Polyurethanes GmbH	—	—	3.5	—	3.5	—
BASF Asia Pacific Service Centre Sdn. Bhd.	—	—	77.4	73.8	77.4	73.8
Others	—	—	47.5	12.0	47.5	12.0
Sub-Total	98.7	61.1	359.2	247.4	457.9	308.5
Purchase of Assets						
BASF SE	1.9	7.0	—	—	1.9	7.0
BASF South East Asia Pte. Ltd.	—	—	—	34.6	—	34.6
Others	—	—	—	0.4	—	0.4
Sub-Total	1.9	7.0	—	35.0	1.9	42.0
Interest on Loans						
BASF SE	—	1.0	—	—	—	1.0
Royalty and Technical Fees						
BASF SE	44.6	34.6	—	—	44.6	34.6
BASF Polyurethane Licencing GmbH	—	—	31.0	14.4	31.0	14.4
Sub-Total	44.6	34.6	31.0	14.4	75.6	49.0
Repayment of Loan/ICD						
BASF SE	—	32.0	—	—	—	32.0
Dividend						
BASF SE	104.0	104.0	—	—	104.0	104.0
Equity Shares Issued on						
BASF SE	2.5	—	—	—	2.5	—
BASF Specialty Chemicals Holding GmbH	—	—	69.7	—	69.7	—
Ciba International Inc, Switzerland (Refer Schedule 19(2))	—	—	19.4	—	19.4	—
Outstanding Receivables						
BASF Schweiz AG	—	—	36.5	—	36.5	—
BASF Construction Chemicals Private Ltd.	—	—	50.3	77.2	50.3	77.2
BASF Polyurethanes (China) Co. Ltd.	—	—	—	7.0	—	7.0
BASF China Limited	—	—	7.9	0.9	7.9	0.9
BASF Coatings (India) Private Ltd.	—	—	20.5	43.5	20.5	43.5
Others	—	—	26.9	34.8	26.9	34.8
Sub-Total	—	—	142.1	163.4	142.1	163.4
Payables						
BASF SE	213.9	2.3	—	—	213.9	2.3
BASF Company Limited	—	—	254.0	64.2	254.0	64.2
BASF Agrochemical Products B.V.	—	—	508.2	533.2	508.2	533.2
BASF Agro B.V., Arnhem (NL)	—	—	77.6	219.4	77.6	219.4
Elastogran Italia Spa (Elit)	—	—	—	29.7	—	29.7
BASF South East Asia Pte. Ltd.	—	—	802.8	193.5	802.8	193.5
Others	—	—	192.4	125.3	192.4	125.3
Sub-Total	213.9	2.3	1,835.0	1,165.3	2,048.9	1,167.6

(e) Details of transactions of Key Management Personnel:

Rs. Mio.

Nature of Transactions	Key Management Personnel	
	2009-10	2008-09
Interest Income on Loans	0.04	0.1
Remuneration	45.9	39.1
Outstanding:		
Receivable	0.6	0.7

Details of remuneration to Directors are given in Note 10.

Amounts due from directors and interest recovered thereon have been included under Schedule 9 of the Consolidated Balance Sheet and Schedule 13 of the Consolidated Profit and Loss Account under Interest – Others respectively.

13. Earning Per Share.

The Earning per share has been worked out as under:

Profit attributable to Equity Shareholder:	2009-10	2008-09
Profit After Tax of the Company	960.7	486.1
Profit of the amalgamating companies for the period 1 st April 2009 to 31 st January, 2010	51.3	—
	1,012.0	486.1
Number of Shares	40,769,305	28,189,466
Earning Per Share	24.82	17.24

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

Signatures to Schedules 1 to 19

For and on behalf of Board of Directors

Prasad Chandran
Chairman & Managing Director

Pradeep Chandan
Company Secretary

R. R. Nair
R. A. Shah
Pradip P. Shah
Arun Bewoor
S. Ramnath
Deepak Thuse
Directors

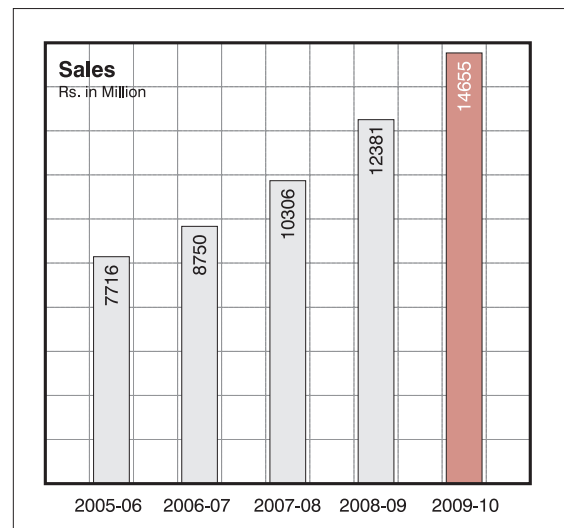
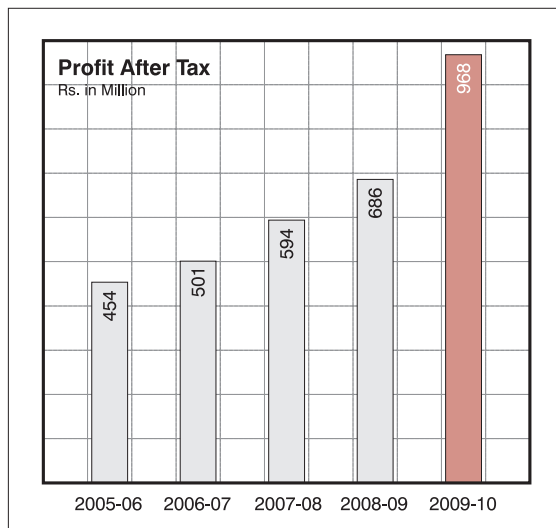
Mumbai, 29th April 2010

BASF India Limited

Financial Highlights – At a glance

Rs. in Million

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Sales	4190	5844	5894	6533	7402	7716	8750	10306	12381	14655
Profit before tax	360	386	463	513	601	706	781	930	1080	1514
Profit after tax	224	282	334	341	380	454	501	594	686	968
Total assets	3415	4321	4606	4046	4138	3986	4594	5246	6509	12677
Borrowings	660	1080	1323	670	100	13	5	—	—	—
Shareholders' equity	1992	2012	2139	2318	2535	2764	3034	3397	3852	8658
Depreciation	209	220	214	212	244	221	109	136	152	261
Capital expenditure	125	45	117	47	76	143	451	301	408	285
Exports	250	584	620	511	564	252	320	373	571	609
R & D cost	10	14	13	16	20	37	48	76	96	80
Personnel cost (Total)	333	408	417	456	486	572	684	817	887	1088
Dividend amount	121	141	141	169	169	197	197	197	197	326
Dividend in %	50	50	50	60	60	70	70	70	70	80
Number of employees	896	990	928	917	833	817	801	836	858	1224
Number of shareholders	20382	37422	34421	32831	29493	29684	33042	29631	25606	44184



As part of our Corporate Social Responsibility Programme, basics of tailoring, embroidery, embossing, baking and cooking were taught at the 'Skill Development Programme', initiated for employee spouses at Mangalore. The participants of the programme were thrilled and motivated to see their creations successfully auctioned during a BASF Management Meet at Mangalore.

We are the World's most **ADMIRERD** **CHEMICAL** **COMPANY**

BASF has once again been ranked the top company in the chemical industry in the 2010 list of the "World's Most Admired Companies".

This is the second time in a row that the U.S. business magazine, Fortune has graced BASF with this title. Industry experts voted BASF into top position in the chemical industry in the categories of product and service quality, global competitiveness and quality of management.


The Chemical Company

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