



Annual Report

1997-98

BASF India Limited

MD	☒		BKC	☒
CS	☒		DPY	☒
RO	☒		DIV	☒
TRA	☒		AC	☒
AGM	☒	☒	SHI	☒
YE	☒	☒		☒

BASF

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At a Glance

Financial Highlights

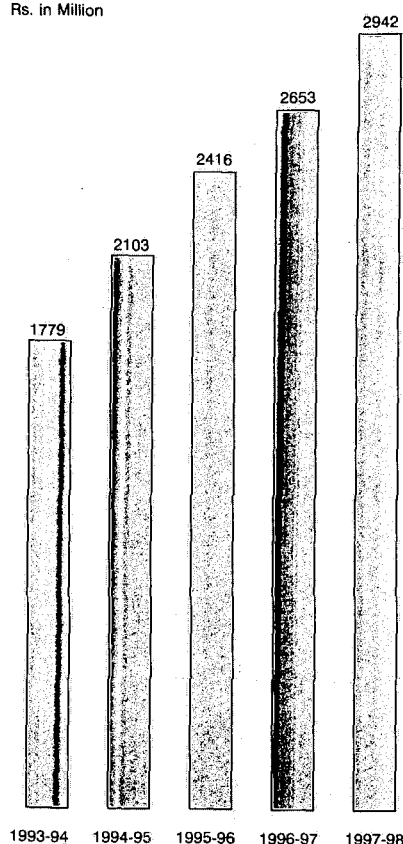
Amount in Million

	1993-94	1994-95	1995-96	1996-97	1997-98
Sales	1779	2103	2416	2653	2942
Profit Before Tax	197	220	224	153	192
Profit After Tax for the Year	100	124	201	132	170
Total Assets*	1172	1731	2579	2989	3360
Borrowings	454	541	1223	902	1066
Shareholders' Equity*	465	755	922	1609	1698
Depreciation	34	43	53	133	190
Capital Expenditure	108	400	769	281	342
Exports	110	201	190	168	370
R&D Cost	17	18	13	14	13
Personnel Cost (Total)	110	137	161	187	226
Dividend Amount	24	29	35	41	56
Dividend in %	Equity 25	30	30	30	35
Number of Employees	802	821	869	961	950
Number of Shareholders	8166	9172	10474	12580	12895

* excludes effect on revaluation

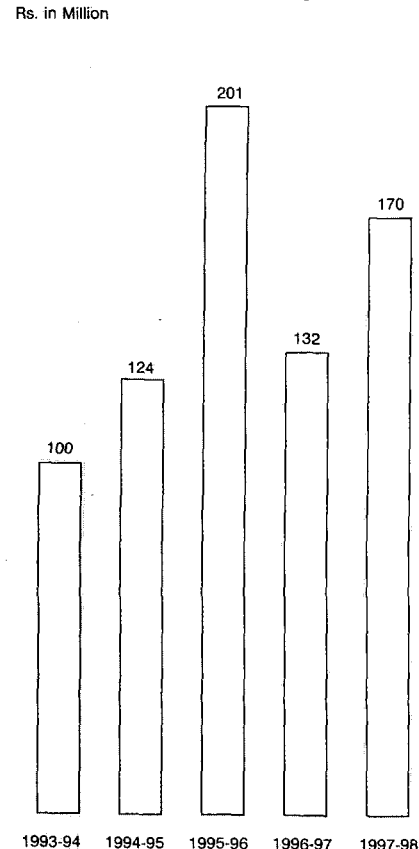
Sales

Rs. in Million



Profit after Tax for the year

Rs. in Million



Cover:
Mangalore Factory

Notice

NOTICE is hereby given that the FIFTY-FOURTH ANNUAL GENERAL MEETING OF BASF INDIA LIMITED will be held at "YASHWANTRAO CHAVAN PRATISHTHAN AUDITORIUM", Y. B. CHAVAN CENTRE, GENERAL JAGANNATH BHOSALE MARG, NARIMAN POINT, MUMBAI 400 021 on FRIDAY, the 7th August, 1998 at 3.00 p.m. to transact the following business, namely:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at and the Profit and Loss account for the year ended 31st March 1998 and the Reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Y. H. Malegam who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. K. R. Coorlawala who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

6. To appoint a Director in place of Mr. P. Chandran who was appointed as an Additional Director of the Company by the Board of Directors with effect from 31st March 1998 and who holds office in terms of the provisions of Section 260 of the Companies Act, 1956 upto the date of this meeting and in respect of whom

the Company has received a notice in writing under Section 257 of the Companies Act, 1956, from a shareholder intimating her intention to propose Mr. P. Chandran, as a candidate for the office of a Director.

7. To appoint a Director in place of Dr. J. Feldmann who was appointed as a Director of the Company with effect from 28th April 1997, to fill in the casual vacancy of Mr. H. J. Becks and who holds office in terms of the provisions of Section 262 of the Companies Act, 1956 and Article 122 of the Articles of Association of the Company upto the date of this meeting and in respect of whom, the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a shareholder intimating her intention to propose Dr. J. Feldmann as a candidate for the office of a Director.

8. To appoint a Director in place of Mr. A. V. Venkatesh who was appointed as a Director of the Company with effect from 9th April 1998, to fill in the casual vacancy of Mr. M. Tandon and who holds office in terms of the provisions of Section 262 of the Companies Act, 1956 and Article 122 of the Articles of Association of the Company upto the date of this Meeting and in respect of whom, the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a shareholder intimating his intention to propose Mr. A. V. Venkatesh as a candidate for the office of a Director.

9. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT subject to the provisions of Sections 198, 269, 309,

314 and other applicable provisions, if any, of the Companies Act, 1956 and all other applicable statutory provisions and/or the guidelines for Managerial Remuneration issued by the Central Government from time to time, consent of the Company be and is hereby accorded to the appointment of and payment of remuneration to Mr. S. Regunathan and to his holding and continuing to hold an office or place of profit in the Company as a Director in the wholetime employment of the Company for a period of 5 years with effect from 9th April, 1998 to 8th April, 2003, upon the terms, conditions and stipulations contained in an Agreement to be entered into between the Company and Mr. S. Regunathan, a draft whereof is placed before the meeting and initialled by the Chairman for the purpose of identification;

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to vary the terms and conditions of appointment including determination of remuneration payable to Mr. S. Regunathan, in such manner as the Board in their absolute discretion deems fit, provided that the remuneration payable to Mr. S. Regunathan shall not exceed the maximum limits for payment of Managerial Remuneration specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto as may be made from time to time or the Companies Act as may be recodified;

RESOLVED FURTHER THAT in the event of Mr. S. Regunathan ceasing to be an Alternate Director at any time, and is re-appointed as a Director of the Company, whether as an Alternate or otherwise, then Mr. S. Regunathan shall continue as a Wholetime Director of the

Company on the aforesaid terms and conditions from the date of such re-appointment except that during the period he ceases to be a Director of the Company, he shall continue as an employee of the Company on the same terms and conditions as aforesaid;

RESOLVED FURTHER THAT where in any financial year during the tenure of Mr. S. Regunathan, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to Mr. S. Regunathan by way of salary, dearness allowance, perquisites and any other allowances, such amount not exceeding the ceiling limits of Rs. 10,50,000 per annum or Rs. 87,500 per month, in terms of para 1 of Section II of Part II of Schedule XIII to the Companies Act, 1956 or within such ceiling limits as may be prescribed under Schedule XIII from time to time or the Companies Act as may be recodified. The following perquisites however shall not be included in the computation of the ceiling on remuneration;

(a) contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

(b) gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and

(c) encashment of leave at the end of the tenure;

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

10. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956 and Article 5 of the Articles of Association of the Company, the present Authorised Share Capital of the Company of Rs. 17,00,00,000 (Rupees Seventeen Crore) divided into 1,70,00,000 Equity Shares of Rs. 10 each be and is hereby increased to Rs. 25,00,00,000 (Rupees Twenty five Crore) divided into 2,50,00,000 Equity Shares of Rs. 10 each by the creation of 80,00,000 Equity Shares of Rs. 10 each."

11. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 16 and other applicable provisions, if any, of the Companies Act, 1956 the existing Memorandum of Association of the Company, be and is hereby altered in the manner and to the extent set out below:

In place of the existing Clause 5, the following be substituted as new Clause 5.

"5. The Share Capital of the Company is Rs. 25,00,00,000 divided into 2,50,00,000 Equity Shares of Rs. 10 each."

12. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 31 and other

applicable provisions, if any, of the Companies Act, 1956, the existing Articles of Association of the Company be and are hereby altered in the manner and to the extent set out below:

In place of the existing Article 4 the following be substituted as new Article 4.

Amount of Capital "4. The Share Capital of the Company is Rs. 25,00,00,000 divided into 2,50,00,000 Equity Shares of Rs. 10 each."

13. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT

(i) Upon recommendation of the Directors of the Company pursuant to Article 161 of the Articles of Association of the Company and subject to the guidelines of the Securities and Exchange Board of India (SEBI) and the approval of the Reserve Bank of India under the Foreign Exchange Regulation Act, 1973 and such other approvals and consents, if any, as may be necessary under any law for the time being in force, and subject to such terms, conditions, alterations and modifications as may be stipulated or specified while granting such approval — which the Directors are hereby authorised to accept, an aggregate sum of Rs. 8,05,14,000 out of the amount standing to the credit of the Company's Share Premium Account as on 31st March 1998 be and is hereby capitalised and accordingly such sum be and is hereby kept free for distribution among the holders of 1,61,02,800 Equity Shares of Rs.10 each of the Company whose names appear on the Register of Members on such date as may be fixed by the Board of Directors in that behalf, as Bonus Shares credited as fully

paid-up in the proportion of one such Equity Share for every existing two Equity Shares held by such Members and that the shares so distributed shall be treated for all purposes as an increase in the nominal amount of the Capital of the Company held by each such member and not as income;

(ii) The 8051400 Bonus Shares shall, on allotment, rank *pari passu* in all respects with the existing Equity Shares of the Company save and except that they shall not be entitled to any dividend declared or paid prior to the date of allotment;

(iii) If a Member holds less than two Equity Shares or a number which is not a multiple of two on the date that may be fixed as stated above, such Member shall be allotted such number of Equity Shares to which the said Member may be entitled by virtue of his holdings and no coupons or fractional certificates shall be issued to such Member in respect of any fraction of any Equity Share to which the Member may be entitled;

(iv) Such Shares remaining unallotted on account of any members' holding being less than two Equity Shares or a number which is not a multiple of two shall be allotted to any person or persons whether in the employment of the Company or not, appointed by the Directors on the express understanding that such person or persons shall sell the shares so allotted as soon as possible after the share certificates are ready and hand over the net sale proceeds (after deducting expenses) to the Company which net sale proceeds shall be distributed *pro-rata* amongst the members entitled thereto;

(v) The members to whom shares are allotted in accordance with clauses

(i) & (iii) above and/or who are paid their respective share in the net sale proceeds arising under Clause (iv) above shall accept the same in full and final satisfaction of their respective rights and interests in the said capitalised sum of Rs. 8,05,14,000;

(vi) The Bonus Shares shall be subject to the Memorandum and Articles of Association of the Company;

(vii) No Letters of Allotment shall be issued and the Certificates in respect of the Bonus Shares shall be completed and kept ready for delivery within 3 months from the date of allotment thereof;

(viii) For the purpose of giving effect to this Resolution, the Board of Directors be and is hereby authorised to (a) do all such acts, deeds, matters and things as may, in its absolute discretion be necessary, expedient, usual or proper and to settle any question, difficulty or doubt that may arise with regard to the issue, allotment and distribution of the Bonus Shares as aforesaid as it may think fit and its decision shall be final and binding on all Members and other interested persons and (b) accept on behalf of the Company modifications of any nature whatsoever relating to the issue of the Bonus Shares including the extent of capitalisation, which may be proposed by the Reserve Bank of India and/or any other Authority and which the Board of Directors in its absolute discretion think fit and proper;

(ix) This resolution shall not take effect until receipt by the Company of the approval of the Reserve Bank of India under the Foreign Exchange Regulation Act, 1973 for issue and allotment of Bonus Shares to non-resident shareholders in accordance with this resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the mortgaging and/or charging by the Board of Directors (hereinafter referred to as "the Board" which expression shall include a Committee of the Board) of all or any of the properties and assets of the Company, movable and immovable, present and future, wheresoever situate and/or the whole or substantially the whole of the undertaking or undertakings of the Company, in such form and in such manner as the Board may deem fit, for securing the issue of secured redeemable non-convertible debentures by the Company of the aggregate value not exceeding Rs. 50 crore by way of private placement to financial institutions, banks, mutual funds and/or any other bodies corporate as may be agreed by the Board together with all interest, compound/additional interest, commitment charge, premium on prepayment or on redemption, trustees remuneration, costs, charges, expenses and all other monies payable by the Company in terms of the agreements, trust deeds/other documents as may be entered into by the Company with financial institutions/banks/mutual funds/bodies corporate and/or debenture trustees;

AND RESOLVED THAT subject to such approvals as may be necessary, the Board be and is hereby authorised to issue for cash secured redeemable non-convertible debentures of the aggregate value not exceeding Rs. 50 crore by way of private placement to

financial institutions, banks, mutual funds and/or any other bodies corporate at such time or times and in one or more tranches, as the Board may in its absolute discretion deem fit and on such terms and conditions as the Board may at any time hereafter decide;

RESOLVED FURTHER THAT the Board be and is hereby authorised to finalise with the holders of the debentures/trustees for the holders of the debentures all such agreements, deeds, documents or writings for the issue of the said debentures, creation of the aforesaid mortgage and/or charges, and to do and perform all such acts, deeds, matters and things and execute all such documents and writings as may be necessary, expedient, usual or proper for the purpose of giving effect to this resolution."

15. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT out of the amount of Rs. 575.10 million raised by way of Rights Equity Issue in 1996, the sum of Rs. 20 million set aside for the Carbendazim FL (Bavistin FL) project, be now utilised by the Board of Directors for the purpose of financing the ongoing capital expenditure programme of the Company."

16. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT subject to the limits contained in Sections 198, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956, the Managing/Wholtime Directors

of the Company be paid, effective 1st January 1998, such remuneration as may be determined by the Board of Directors from time to time within the maximum limits specified below:

By way of salary, additional/adhoc salary, allowances and performance salary/performance linked incentive (hereinafter referred to as "remuneration"):

(i) a maximum of Rs. 33,00,000 per annum for the Managing Director of the Company and

(ii) a maximum of Rs. 17,00,000 per annum for each of the other Wholtime Directors of the Company

Provided however that:

(a) In addition to the above remuneration the Managing Director/ each Wholtime Director shall also be entitled to perquisites including furnished/unfurnished accommodation/ house rent allowance in lieu thereof, gas, electricity, water, furnishings, medical reimbursement for self and family, leave travel concession for self and family, club fees, personal accident insurance, medical insurance and other benefits, in accordance with the rules of the Company. The monetary value of such perquisites being restricted to a maximum limit of Rs. 10,00,000 per annum for the Managing Director and Rs. 7,00,000 per annum for each of the Wholtime Directors of the Company.

(b) Company's contribution to provident fund, superannuation fund/ benefits under the Company's pension scheme, gratuity and encashment of leave at the end of the tenure will be permitted, in accordance with the rules of the Company. Company's contribution to provident fund and superannuation fund will not be included in the

computation of the ceiling on perquisites as stated in (a) above to the extent these singly or put together are not taxable under the Income Tax Act, 1961. The Company shall provide car for the Wholtime Directors (with driver for the Managing Director) and telephone facility at the residence of the Managing Director/Wholtime Directors. These perquisites will also not be included in the computation of the ceiling on perquisites.

For the purpose of computing the ceiling on perquisites the same would be valued as per the Income Tax Rules, 1962, wherever applicable.

(iii) The total remuneration, perquisites, contribution towards provident fund, superannuation fund and benefits under the Company's pension scheme and gratuity payable to the Managing Director and other Wholtime Directors taken together shall not exceed 10% of the profits of the Company calculated in accordance with the provisions of Sections 198 and 309 of the Companies Act, 1956.

(iv) Notwithstanding anything contained in (i), (ii) and (iii) above, where in any financial year during the tenure of the Managing Director/Wholtime Directors, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to the Managing/ each Wholtime Director by way of salary, dearness allowance, perquisites and any other allowances, such amount not exceeding the ceiling limits of Rs. 10,50,000 per annum or Rs. 87,500 per month, in terms of para 1 of Section II of Part II of Schedule XIII to the Companies Act, 1956 or within such ceiling limits as may be prescribed under Schedule XIII from time to time or the Companies Act as may be recodified.

In that event, the following perquisites however shall not be included in the computation of the ceiling on remuneration:

(a) contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

(b) gratuity payable at a rate not exceeding half a month's salary for each completed year of service and

(c) encashment of leave at the end of the tenure;

(v) Notwithstanding anything stated hereinabove, the Board of Directors may in their sole discretion and in the interest of the Company pay to the Managing/ each Wholtime Director lower remuneration than the maximum remuneration hereinbefore stipulated and revise the same from time to time, within the maximum limits stipulated by this resolution."

By Order of the Board of Directors

M. R. IYER
Company Secretary

Registered Office:

Rhone Poulenc House

S. K. Ahire Marg

Mumbai 400 025

Dated: 29th June, 1998

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

2. An Explanatory Statement under Section 173 of the Companies Act, 1956 in respect of the special business proposed to be transacted at the meeting is annexed hereto.

3. The Register of Members and the Share Transfer Books of the Company will be closed from 23rd July 1998 to 7th August 1998 (both days inclusive) for the purpose of determining eligibility of the members entitled to dividend (subject to the approval of the shareholders at the Annual General Meeting).

4. Payment of dividend as recommended by the Directors, if approved at the Annual General Meeting, will be made on and from 28th August 1998 to those members whose names stand in the Company's Register of Members as on 7th August 1998.

5. The members are requested to intimate their queries/requirements for clarification on the Annual Report so as to reach the Company on or before 27th July 1998 which will enable the Company to furnish the replies at the Annual General Meeting.

6. The members are requested to notify to the Company's Registrars & Share Transfer Agents, Tata Consultancy Services (TCS), Lotus House, New Marine Lines, Sir Vithaldas Thackersey Marg, Mumbai 400 020 immediately change of address, if any.

7. Unclaimed Dividend for the financial year of the Company ended on 31st March 1995 amounting to Rs. 71,229.10 shall be transferred on 08.10.98 to the General Revenue Account of the Central Government in terms of the provisions of Section 205A of the Companies Act, 1956. Those members who have so far not claimed or collected

their dividend for the said financial year may claim their dividend from the registered office of the Company before the said date. Thereafter they can claim the dividend from the Registrar of Companies, Maharashtra, 2nd Floor, Hakoba Compound, Dattaram Lad Marg, Kala Chowky, Mumbai 400 033, by submitting an application in the prescribed form.

8. The unclaimed dividends for the following financial years will be deposited by the Company with the Central Government on the dates specified against the year:

1995-96 September 26, 1999.

1996-97 September 24, 2000.

Shareholders who have not encashed the dividend warrants for the above years are therefore requested to approach our Registrars & Share Transfer Agents, Tata Consultancy Services (TCS), in writing with their folio numbers to facilitate payment.

9. Members are requested to bring their Annual Report along with them to the meeting.

10. Equity Shares of the Company are listed on The Stock Exchange, Mumbai and the National Stock Exchange of India Ltd., Mumbai and the Company has paid the annual listing fees for the financial year 1998-99 to both exchanges.

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