



Annual Report
1998-99
BASF India Limited

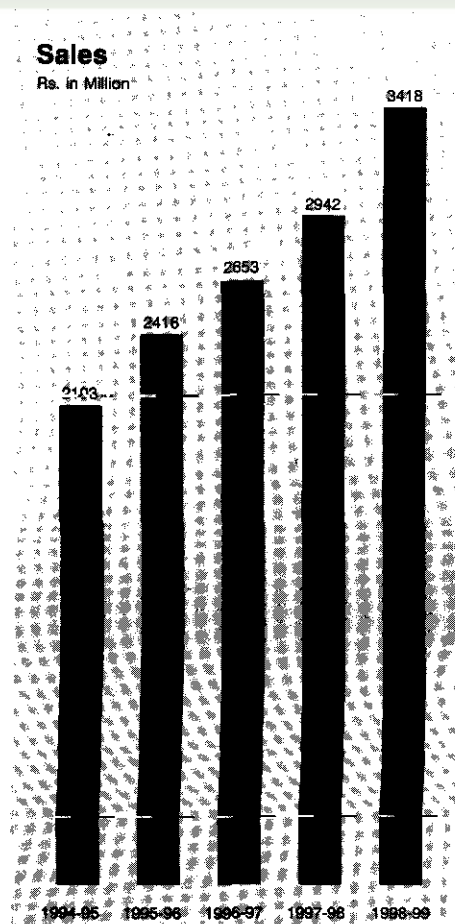
At a Glance

Financial Highlights

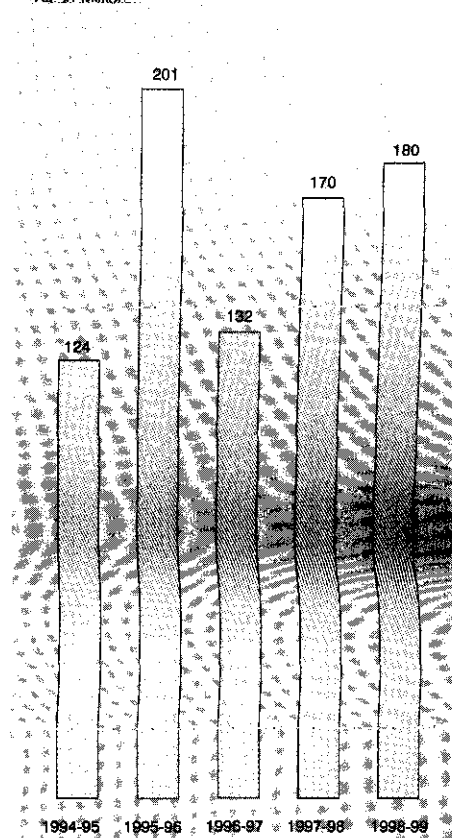
Amount in Million

	1994-95	1995-96	1996-97	1997-98	1998-99
Sales	2103	2416	2653	2942	3418
Profit Before Tax	220	224	153	192	217
Profit After Tax for the Year	124	201	132	170	180
Total Assets**	1731	2579	2989	3360	3488
Borrowings	541	1223	902	1066	1044
Shareholders' Equity*	755	922	1609	1698	1806
Depreciation	43	53	133	190	204
Capital Expenditure	400	769	281	342	74
Exports	201	190	168	370	288
R&D Cost	18	13	14	13	13
Personnel Cost (Total)	137	161	187	226	267
Dividend Amount	29	35	41	56	67
Dividend in %	30	30	30	35	35
Number of Employees	821	869	961	950	946
Number of Shareholders	9172	10474	12580	12895	13936

* excludes effect on revaluation



Profit after Tax for the year
Rs. in Million



Notice

NOTICE is hereby given that the FIFTY-FIFTH 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 THURSDAY the 5th August, 1999 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 1999 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. R. A. Shah who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Dr. W. Praetorius who retires by rotation and being eligible offers himself for re-appointment.
5. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s. Deloitte Haskins & Sells, Mumbai, Chartered Accountants, be and they are hereby, appointed as the Auditors of the Company in place of M/s. Deloitte Haskins & Sells, Calcutta to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be agreed upon between the Auditors and the Board of Directors of the Company plus out of pocket expenses as may be incurred by them."

The retiring auditors M/s. Deloitte Haskins & Sells, Calcutta have

consequent to the reconstitution of their firm in India have indicated to the Company that they do not wish to seek reappointment as the Auditors of the Company. Pursuant to Section 225(1) of the Companies Act, 1956 a Special Notice has been received from a member proposing the appointment of M/s. Deloitte Haskins & Sells, Mumbai as the Auditors of the Company. The retiring Auditors have informed the Company that they have no representation to make to the members of the Company relating to the Special Notice.

SPECIAL BUSINESS

6. To appoint a Director in place of Mr. E. Hilgemann who was appointed as a Director of the Company with effect from 28th July, 1998 to fill in the casual vacancy of Dr. A. Mueller 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 alongwith a deposit of Rs. 500 from a shareholder intimating her intention to propose Mr. E. Hilgemann as a candidate for the office of a Director.

7. 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. Darshan Lal 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 the period from 2nd May, 1999 to 1st April, 2004 upon the terms, conditions and stipulations contained in an Agreement to be entered into between the Company and Mr. Darshan Lal, 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. Darshan Lal, in such manner as the Board in their absolute discretion deems fit, provided that the remuneration payable to Mr. Darshan Lal 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. Darshan Lal ceasing to be an Alternate Director at any time during the aforesaid period of service and is re-appointed as a Director of the Company, whether as an Alternate or otherwise, then Mr. Darshan Lal shall continue as a wholetime director of the Company on the aforesaid terms and conditions from the date of such reappointment;

RESOLVED FURTHER THAT where in any financial year during the tenure of Mr. Darshan Lal, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to Mr. Darshan Lal 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."

8. 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 herein below:

(a) Article 2 of the Articles of Association shall include the following definitions at appropriate places:

"Beneficial owner	"Beneficial owner" shall mean beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996."
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"Depository	"Depository" shall mean a Depository as defined under clause (e) of sub-section (1) of
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Section 2 of the Depositories Act, 1996."

"Depositories Act, 1996" shall include any statutory modification or re-enactment thereof."

"Securities and Exchange Board of India" means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992."

(b) In Article 2 of the Articles of Association, the following Clause be added at the appropriate place:

"words and expressions used and not defined in this Act but defined in the Depositories Act, 1996 shall have the same meanings respectively assigned to them in that Act."

(c) In Article 2 of the Articles of Association of the Company, definition of "Member" shall be altered as follows:

"Member" means the duly registered holder from time to time of a share in the Company and includes the subscribers to the Memorandum of the Company and the beneficial owner(s) as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996."

(d) Article 11 of the Articles of Association be substituted by the following:

"Register and Index of Members 11. The Company shall cause to be kept a Register and Index of Members in accordance with Section 151 of the Act, and the Depositories Act, 1996 with details of shares held in material and dematerialised forms in any media as may be permitted by law including in any form of electronic media. The Register and Index of beneficial owners maintained by a Depository under Section 11 of the Depositories Act, 1996

shall be deemed to be Register and Index of Members for the purpose of this Act."

(e) After Article 11 the following Article will be inserted as Article 11A and shall read as follows:

"Power to 11A. The Company shall be entitled to dematerialise its existing shares, debentures and other securities, and rematerialise its shares, debentures and other securities held in the Depository and/or offer its fresh shares and debentures and other securities in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any."

(f) Article 12 of the Articles of Association be substituted by the following :

"Shares, 12. The shares in the capital to be numbered shall be numbered progressively and no shares to be sub divided progressively according to their denominations, provided however, that the provisions relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Except in the manner hereinbefore mentioned, no share shall be sub divided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished."

(g) In Article 18(a) after the words "the amount paid up thereon," the following words be added:

"provided however no share certificate(s) shall be issued for shares held by a Depository."

(h) Article 21 of the Articles of Association be substituted by the following:

"Company not bound to recognise any interest in share other than that of Registered holder or Beneficial owner" 21. Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not be bound to recognise any benami, trust or equitable, contingent or other claim to or future or partial interest in any share or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles on the part of any other person whether or not he shall have express or implied notice thereof. The Board shall be entitled at their sole discretion to register any shares in the joint names of any two or more persons or the survivor or survivors of them."

(i) After Article 22 the following Article will be inserted as Article 22A and shall read as follows:

"Specific beneficial provisions of Companies Act, 1956 not to apply to Depository" 22A. In respect of the shares, debentures and other securities of the Company held by the Depository on behalf of the beneficial owners as defined in the Depositories Act, 1996 the provisions of Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall not apply."

(j) Article 48 of Articles of Association be substituted by the following:

"Register of Transfers" 48. The Company shall keep a "Register of Transfers" and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share held in material form."

(k) After Article 48 the following Article will be inserted as Article 48A and shall read as follows:

"Transfer and Transmission of shares held in electronic and fungible form" 48A. In the case of transfer and transmission of shares, debentures or other marketable securities where the Company has not issued any certificate and where such shares or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply."

(l) In Article 49 after the words "shares and the registration thereof" the following words be added:

"except in case of transfer of Securities effected by the Transferor and the Transferee both of whom are entered as beneficial owners in the records of the Depository."

(m) Article 69 of the Articles of Association will be substituted by the following:

"Register and Index of Debentureholders" 69. The Company shall, if at any time it issues Debentures, keep a Register and Index of Debentureholders in accordance with Section 152 of the Act and the Depositories Act, 1996. The Register and Index of beneficial owners maintained by a Depository under Section 11 of the Depositories Act, 1996 shall be deemed to be Register and Index of Debentureholders for the purpose of this Act."

(n) After Article 183, the following Article will be inserted as Article 183A and shall read as follows:

"Service of documents on the Company" 183A. Where securities of the Company are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic

mode or by delivery of depository floppies or discs."

9. 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 309 and other applicable provisions, if any, of the Companies Act, 1956 and Article 111 of the Articles of Association of the Company, consent of the Company be and is hereby accorded to the payment and distribution of a sum not exceeding 1% of the net profits of the Company calculated in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956; by way of commission to and amongst the Directors, including Alternate Directors (other than Directors not resident in India) who are neither in the wholetime employment of the Company nor Managing Director/s, in such amounts or proportion and in such manner as may be determined by the Board of Directors from time to time and in absence of such determination equally and such payment be made out of the profits of the Company of each year during the period of five years commencing from 1st April, 1999;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be 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 Ordinary Resolution:

"RESOLVED THAT subject to the provisions of Sections 198, 309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded

to the Board of Directors to increase the remuneration payable to Mr. P. M. Thampi, Managing Director of the Company, on and from 1st January 1999, for the remainder of the tenure of his appointment as set out and detailed in the explanatory statement annexed hereto and the draft supplemental agreement tabled at the meeting and initialled by the Chairman of the meeting for the purpose of identification and that the Board of Directors be and is hereby empowered to vary or increase the remuneration payable to Mr. P. M. Thampi from time to time in such manner as the Board in its absolute discretion deem fit provided that the remuneration payable to Mr. P. M. Thampi 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 where in any financial year during the tenure of Mr. P. M. Thampi the Company has no profits or its profits are inadequate, the Company shall pay remuneration to Mr. P. M. Thampi 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 tenure;

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient, usual and proper in the best interest of the Company."

By Order of the Board of Directors

M. R. IYER
Company Secretary

Registered Office:
Rhône Poulenc House
S.K. Ahire Marg
Mumbai 400 025
Dated: 30th June, 1999

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 21st July, 1999 to 5th August, 1999 (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 26th August, 1999 to those members whose names stand in the Company's Register of Members as on 5th August, 1999.

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 26th July, 1999 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), 6, Lotus House, New Marine Lines, Sir Vithaldas Thackersey Marg, Mumbai 400 020 of any change in their address.

7. Pursuant to the provisions of sub section (5) of Section 205A of the Companies Act, 1956 any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the unpaid dividend account shall be transferred by the Company to the Investor Education and Protection Fund to be established by the Central Government.

Shareholders who have not claimed or encashed their dividend warrants in respect of financial years 1995-96, 1996-97 and 1997-98 are therefore requested to approach our Registrars & Share Transfer Agents M/s. Tata Consultancy Services in writing with their folio numbers to facilitate payment.

8. Members are requested to bring their Annual Report alongwith them to the meeting.

9. Company's Equity Shares are listed on The Stock Exchange, Mumbai, P. J. Towers, Dalal Street, Mumbai 400001 and the National Stock Exchange of India Ltd., Trade World, Senapati Bapat Marg, Lower Parel, Mumbai 400013 and the Company has paid the annual listing fees for the financial year 1999-2000 to both Exchanges.

Explanatory Statement

Pursuant to Section 173 of the Companies Act, 1956.

Item No. 6

Mr. E. Hilgemann was appointed as a Director of the Company on 28th July, 1998, in the casual vacancy caused by the resignation of Dr. A. Mueller.

In terms of Section 262 of the Companies Act 1956, Mr. E. Hilgemann holds office upto the date of the forthcoming Annual General Meeting, being the date on which Dr. A. Mueller would have retired by rotation had he continued to be a Director of the Company.

The Company has received a notice in writing and a deposit of Rs.500 alongwith the notice from a shareholder under Section 257 of the Companies Act, 1956 signifying her intention to propose the candidature of Mr. E. Hilgemann for the office of Director liable to retire by rotation.

The Board recommends his appointment as a Director.

None of the Directors other than Mr. E. Hilgemann may be considered to be interested or deemed to be interested in the passing of this resolution.

Item No. 7

1. At the meeting of the Board of Directors held on 2nd June, 1999, the Board reappointed Mr. Darshan Lal as a Director in the wholtime employment of the Company, subject to the approval of the Shareholders, on the terms and conditions detailed in para 3 below:

2. Mr. Darshan Lal has been in the wholtime employment of the Company since 16th July, 1985 and is responsible for the Government relation matters of the Company. He has wide experience of over 36 years. Taking into account his

vast experience in corporate coordination/Government relation matters, the Company has designated him as the Resident Chief Executive — New Delhi. His present term of office as a Director expired on 1st May, 1999. He is presently an Alternate Director to Dr. W. Praetorius. Having regard to Mr. Darshan Lal's valuable experience and association with the Company, the Directors consider that it will be in the business interest of the Company to reappoint Mr. Darshan Lal as a Director in the wholtime employment of the Company for the period from 2nd May, 1999 to 1st April, 2004.

3. The essential terms and conditions of his appointment are as under:

(a) Mr. Darshan Lal shall carry out such functions, exercise such powers of management and carry out such duties as may be entrusted to him by the Managing Director of the Company from time to time.

(b) Period of Agreement: 2nd May 1999 to 1st April 2004.

(c) Remuneration: The remuneration payable to Mr. Darshan Lal by way of salary, additional/adhoc salary, special allowance, perquisites and other allowances, performance salary, shall be determined by the Board of Directors from time to time at their absolute discretion but shall not exceed the maximum limits prescribed 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. The remuneration payable to Mr. Darshan Lal as determined by the Board is as under:

(i) Salary, additional/adhoc salary, special allowance and any other allowances presently not exceeding Rs. 11,00,000 per annum, the current basic salary being Rs. 56,500 per month.

(ii) In addition, Mr. Darshan Lal is 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 the perquisites aforesaid to be determined by the Board of Directors from time to time, presently not exceeding Rs. 7,00,000 per annum for Mr. Darshan Lal.

(iii) Performance salary/ performance linked incentive as may be determined by the Board from time to time, presently not exceeding Rs. 6,00,000 per annum.

(iv) Company's contribution to provident fund, superannuation fund and 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, superannuation fund will not be included in the computation of the ceiling on perquisites to the extent these singly or put together are not taxable under the Income Tax Act, 1961. The Company shall provide a car and telephone facility at the residence of the Director. 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.

(v) Notwithstanding the remuneration payable to Mr. Darshan Lal as detailed in 3(c) (i) to (iv), above where in any financial year during the tenure of office of Mr. Darshan Lal, the Company has no profits or its profits are inadequate, the Company shall pay

remuneration to Mr. Darshan Lal by way of salary, dearness allowance, perquisites and any other allowances such amount not exceeding 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 as specified in 3(c)(v):

(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;

(vi) The total remuneration payable by way of salary, additional/ adhoc salary, performance salary, special allowance, perquisites and other allowances, contribution to provident fund, superannuation fund and benefits under the Company's pension scheme, by the Company having profits in a financial year, to the Managing/ Wholtime Directors taken together shall not exceed 10% of the profits of the Company calculated in accordance with Section 198 and Section 309 of the Companies Act, 1956.

4. Other terms:

(i) Mr. Darshan Lal shall not become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company without the prior approval of the Central Government.