



Annual Report

1999-2000

BASF India Limited

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At a Glance

Financial Highlights

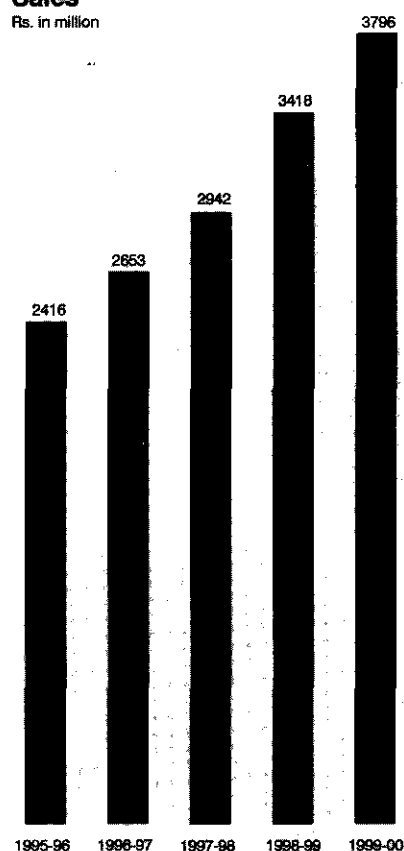
Amount in Million

	1995-96	1996-97	1997-98	1998-99	1999-2000
Sales	2416	2653	2942	3418	3796
Profit Before Tax	224	153	192	217	334
Profit After Tax for the Year	201	132	170	180	200
Total Assets*	2579	2989	3360	3488	3393
Borrowings	1223	902	1066	1044	819
Shareholders' Equity*	922	1609	1698	1806	1911
Depreciation	53	133	190	204	215
Capital Expenditure	769	281	342	74	65
Exports	190	168	370	288	344
R&D Cost	13	14	13	13	12
Personnel Cost (Total)	161	187	226	267	303
Dividend Amount	35	41	56	67	97
Dividend in %	30	30	35	35	40
Number of Employees	869	961	950	946	940
Number of Shareholders	10474	12580	12895	13936	19104

* excludes effect on revaluation

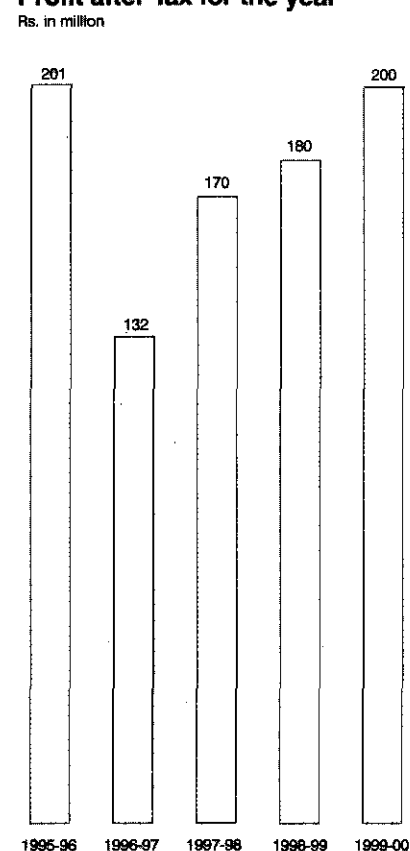
Sales

Rs. in million



Profit after Tax for the year

Rs. in million



Cover:
Our end-use industries.

Notice

NOTICE is hereby given that the FIFTY-SIXTH 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 WEDNESDAY, the 2nd August, 2000 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, 2000 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. K. R. Coorlawala who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. E. Hilgemann who retires by rotation and being eligible offers himself for re-appointment.
4. 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

5. To appoint a Director in place of Mr. S. Regunathan who was appointed as an Additional Director of the Company by the Board of Directors with effect from 1st October, 1999 and who holds office in terms of the provisions of Section 260 of the Companies Act, 1956 up to 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, along with a deposit of Rs. 500/- from a shareholder intimating her intention to propose Mr. S. Regunathan, as a candidate for the office of a Director.

6. To appoint a Director in place of Mr. Darshan Lal who was appointed as an Additional Director of the Company by the Board of Directors with effect from 1st October, 1999 and who holds office in terms of the provisions of Section 260 of the Companies Act, 1956 up to 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, along with a deposit of Rs. 500/- from a shareholder intimating her intention to propose Mr. Darshan Lal, as a candidate for the office of a Director.

7. To appoint a Director in place of Dr. F. Schmider who was appointed as a Director of the Company with effect from 28th July, 1998 to fill in the casual vacancy of Mr. P. Oakley 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 up to 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 along with a deposit of Rs. 500 from a shareholder intimating her intention to propose Dr. F. Schmider as a candidate for the office of a Director.

8. To appoint a Director in place of Mr. Pradip P. Shah who was appointed as a Director of the Company with effect from 31st January, 2000 to fill in the casual vacancy of Mr. Y. H. Malegam 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 up to 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 along with a deposit of Rs. 500 from a shareholder intimating his intention to propose Mr. Pradip P. Shah 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 an Ordinary Resolution.

"RESOLVED THAT subject to the provisions of Sections 198, 269, 309 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 Mr. Prasad Chandran as the Managing Director of the Company and to his receiving remuneration, benefits and amenities as the Managing Director for a period of 5 years from 2nd April, 2000 upon the terms, conditions and stipulations contained in an Agreement to be entered into between the Company and Mr. Prasad Chandran, a draft whereof is placed before the meeting and initialled by the Chairman hereof for the purpose of identification which Agreement is hereby specifically sanctioned;

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. Prasad Chandran in such manner as the Board may in its absolute discretion deems fit, provided however that the remuneration payable to Mr. Prasad Chandran 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 or the maximum limits for payment of Managerial Remuneration as may be prescribed in accordance with the laws, policies, rules, regulations and guidelines in force from time to time;

RESOLVED FURTHER THAT where in any financial year during the tenure of office of Mr. Prasad Chandran, the

Company has no profits or its profits are inadequate, the Company shall pay remuneration benefits and amenities to Mr. Prasad Chandran as specified in the draft Agreement referred to above, subject to the approval of the Central Government as provided in the Companies Act, 1956 or in the alternative shall pay remuneration to Mr. Prasad Chandran by way of salary, dearness allowance, perquisites and any other allowances, such amount not exceeding the ceiling limits of Rs. 24,00,000 per annum or Rs. 2,00,000 per month, in terms of para 1 of Section II of Part II of Schedule XIII to the Companies Act, 1956 or within such revised ceiling limits as may be prescribed under schedule XIII from time to time or the Companies Act, 1956 as may be recodified. The following perquisites however shall not be included in the computation of the ceiling on remuneration specified hereinabove:

(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 an Ordinary Resolution:

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

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 Mr. L. S. Naik as a Wholtime Director of the Company and to his receiving remuneration, benefits and amenities as Wholtime Director for a period of five years from 1st October, 1999 upon the terms, conditions and stipulations contained in an Agreement to be entered into between the Company and Mr. L. S. Naik, a draft whereof is placed before the meeting and initialled by the Chairman for the purpose of identification which Agreement is hereby specifically sanctioned;

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. L. S. Naik in such manner as the Board may in its absolute discretion deems fit provided however that the remuneration payable to Mr. L. S. Naik 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 or the maximum limits for payment of Managerial Remuneration as may be prescribed in accordance with the laws, policies, rules, regulations and guidelines in force from time to time;

RESOLVED FURTHER THAT in the event of Mr. L. S. Naik 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. L. S. Naik shall continue as a Wholtime Director of the

Company on the aforesaid terms and conditions from the date of such re-appointment;

RESOLVED FURTHER THAT where in any financial year during the tenure of office of Mr. L. S. Naik, the Company has no profits or its profits are inadequate, the Company shall pay remuneration benefits and amenities to Mr. L. S. Naik as specified in the draft Agreement referred to above, subject to the approval of the Central Government as provided in the Companies Act, 1956 or in the alternative shall pay remuneration to Mr. L. S. Naik by way of salary, dearness allowance, perquisites and any other allowances, such amount not exceeding the ceiling limits of Rs. 24,00,000 per annum or Rs. 2,00,000 per month, in terms of para 1 of Section II of Part II of Schedule XIII to the Companies Act, 1956 or within such revised ceiling limits as may be prescribed under Schedule XIII from time to time or the Companies Act, 1956 as may be recodified. The following perquisites however shall not be included in the computation of the ceiling on remuneration specified hereinabove:

(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;

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

"RESOLVED THAT subject to the provisions of Sections 198, 269, 309 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 Mr. S. G. Kulkarni as a Wholtime Director of the Company and to his receiving remuneration, benefits and amenities as Wholtime Director for a period of five years from 1st October, 1999 upon the terms, conditions and stipulations contained in an Agreement to be entered into between the Company and Mr. S. G. Kulkarni, a draft whereof is placed before the meeting and initialled by the Chairman for the purpose of identification which Agreement is hereby specifically sanctioned;

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to vary the terms and conditions of appointment including remuneration payable to Mr. S. G. Kulkarni in such manner as the Board may in its absolute discretion deems fit, provided however that the remuneration payable to Mr. S. G. Kulkarni 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 or the maximum limits for payment of Managerial Remuneration as may be prescribed in accordance with the laws, policies, rules, regulations and guidelines in force from time to time;

RESOLVED FURTHER THAT in the event of Mr. S. G. Kulkarni 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. S. G. Kulkarni shall continue as a Wholtime Director of the Company on the aforesaid terms and conditions from the date of such re-appointment.

RESOLVED FURTHER THAT where in any financial year during the tenure of office of Mr. S. G. Kulkarni, the Company has no profits or its profits are inadequate, the Company shall pay remuneration, benefits and amenities to Mr. S. G. Kulkarni as specified in the draft Agreement referred to above, subject to the approval of the Central Government as provided in the Companies Act, 1956 or in the alternative shall pay remuneration to Mr. S. G. Kulkarni by way of salary, dearness allowance, perquisites and any other allowances, such amount not exceeding the ceiling limits of Rs. 24,00,000 per annum or Rs. 2,00,000 per month, in terms of para 1 of Section II of Part II of Schedule XIII to the Companies Act, 1956 or within such revised ceiling limits as may be prescribed under Schedule XIII from time to time or the Companies Act, 1956 as may be recodified. The following perquisites however shall not be included in the computation of the ceiling on remuneration specified hereinabove:

(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;

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

"RESOLVED THAT subject to the provisions of Sections 198, 269, 309 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 Mr. R. E. Vaz as a Wholtime Director of the Company and to his receiving remuneration, benefits and amenities as Wholtime Director for a period of five years from 1st October, 1999 upon the terms, conditions and stipulations contained in an Agreement to be entered into between the Company and Mr. R. E. Vaz, a draft whereof is placed before the meeting and initialled by the Chairman for the purpose of identification which Agreement is hereby specifically sanctioned;

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. R. E. Vaz in such manner as the Board may in its absolute discretion deems fit, provided however that the remuneration payable to Mr. R. E. Vaz 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 or the maximum limits for payment of Managerial Remuneration as may be prescribed in accordance with the laws, policies, rules,

regulations and guidelines in force from time to time;

RESOLVED FURTHER THAT in the event of Mr. R. E. Vaz 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. R. E. Vaz shall continue as a Wholtime Director of the Company on the aforesaid terms and conditions from the date of such re-appointment;

RESOLVED FURTHER THAT where in any financial year during the tenure of office of Mr. R. E. Vaz, the Company has no profits or its profits are inadequate, the Company shall pay remuneration benefits and amenities to Mr. R. E. Vaz as specified in the draft Agreement referred to above, subject to the approval of the Central Government as provided in the Companies Act, 1956 or in the alternative shall pay remuneration to Mr. R. E. Vaz by way of salary, dearness allowance, perquisites and any other allowances, such amount not exceeding the ceiling limits of Rs. 24,00,000 per annum or Rs. 2,00,000 per month, in terms of para 1 of Section II of Part II of Schedule XIII to the Companies Act, 1956 or within such revised ceiling limits as may be prescribed under Schedule XIII from time to time or the Companies Act, 1956 as may be recodified. The following perquisites however shall not be included in the computation of the ceiling on remuneration specified hereinabove:

(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;

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: 19th June, 2000

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, 2000 to 2nd August, 2000 (both days inclusive).

4. The members are requested to intimate their queries/requirements for clarification on the Annual Report so as to reach the Company on or before 24th July, 2000 which will enable the

Company to furnish the replies at the Annual General Meeting.

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

6. 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 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.

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

8. Company's Equity Shares are listed on The Stock Exchange, Mumbai P. J. Towers, Dalal Street, Mumbai 400 001 and the National Stock Exchange of India Ltd., Trade World, Senapati Bapat Marg, Lower Parel, Mumbai 400 013 and the Company has paid the annual listing fees for the financial year 2000-2001 to both Exchanges.

Explanatory Statement

Pursuant to Section 173 of the Companies Act, 1956.

Item Nos. 5 & 6

Mr. S. Regunathan and Mr. Darshan Lal were appointed as Additional Directors of the Company on 1st October, 1999 under Article 108 of the Articles of Association of the Company. In accordance with the provisions of Section 260 of the Companies Act, 1956 they hold office upto the date of the forthcoming Annual General Meeting.

The Company has received two notices in writing and deposit of Rs. 500 each alongwith the notices from shareholders, under Section 257 of the Companies Act, 1956 signifying their intention to propose the candidature of Mr. S. Regunathan and Mr. Darshan Lal respectively for the office of Director liable to retire by rotation.

The Board recommends the appointment of Mr. S. Regunathan and Mr. Darshan Lal as Directors.

None of the Directors other than Mr. S. Regunathan and Mr. Darshan Lal may be considered to be interested or deemed to be interested in the passing of the resolutions.

Item No. 7

Dr. F. Schmider was appointed as a Director of the Company on 28th July, 1998 in the casual vacancy caused by the resignation of Mr. P. Oakley.

In terms of Section 262 of the Companies Act 1956, Dr. F. Schmider holds office upto the date of the forthcoming Annual General Meeting, being the date on which Mr. P. Oakley 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 Dr. F. Schmider for the office of Director liable to retire by rotation.

The Board recommends his appointment as a Director.

None of the Directors other than Dr. F. Schmider may be considered to be interested or deemed to be interested in the passing of this resolution.

Item No. 8

Mr. Pradip P. Shah was appointed as a Director of the Company on 31st January, 2000 in the casual vacancy caused by the resignation of Mr. Y. H. Malegam.

In terms of Section 262 of the Companies Act 1956, Mr. Pradip P. Shah holds office upto the date of the forthcoming Annual General Meeting, being the date on which Mr. Y. H. Malegam 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 his intention to propose the candidature of Mr. Pradip P. Shah 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. Pradip P. Shah may be considered to be interested or deemed to be interested in the passing of this resolution.

Item No. 9

1. At the meeting of the Board of Directors (the Board) of the Company held on 12th January, 2000, the Board appointed Mr. Prasad Chandran as the *Managing Director of the Company*. The Board at its meeting held on 28th March 2000, approved the tenure and the terms of appointment and remuneration payable to Mr. Prasad Chandran, subject to the approval of the Shareholders, as detailed in para 2 below:

Mr. Prasad Chandran is a B.Sc.(Hons) in Chemistry and holds a diploma in industrial chemistry and a Masters degree in Business Administration. He has held

senior and responsible positions in marketing, commercial and operational functions and has valuable business and industrial experience of over 25 years. Prior to his appointment as the Managing Director, Mr. Prasad Chandran was the Wholtime Director & Chief Executive of the Crop Protection Chemicals division of the Company from 29th April 1996 to 1st April 2000. Having regards to his qualifications, experience and association with the Company, the Directors consider that it would be in the business interest of the Company to appoint Mr. Prasad Chandran as the Managing Director for a period of five years w.e.f. 2nd April 2000.

2. The terms and conditions of appointment of Mr. Prasad Chandran are as under:

(a) Mr. Prasad Chandran shall exercise and perform all such powers and duties as the Board of Directors of the Company shall from time to time determine, and subject to the superintendence, control, direction and restriction from time to time given and imposed by the Board and/or the Articles of Association of the Company, he shall have the general control of the business and affairs of the Company with power to enter into contracts on behalf of the Company in the ordinary course of the business and to do and perform all acts and things which in the ordinary course of business he may consider necessary and proper or in the interest of the Company. He shall devote sufficient time and attention to the business of the Company and shall use his best endeavour to promote the Company's interests and welfare.

(b) Period of Agreement: 5 years with effect from 2nd April, 2000.

(c) Remuneration: The remuneration payable to Mr. Prasad Chandran as the Managing Director by way of salary, additional/ad hoc salary, performance salary/performance linked incentive, special allowance, perquisites and other allowances shall be determined by the Board from time to time in their absolute discretion but shall not exceed the maximum limits laid down under Sections

198, 309 and other applicable provisions, if any, of the Companies Act, 1956 and Schedule XIII to the Companies Act, 1956 or any amendments thereto as may be made from time to time or the limits as may be prescribed in the Companies Act, 1956 as may be recodified or the laws, policies, rules, regulations and guidelines in force from time to time. The remuneration payable to Mr. Prasad Chandran as determined by the Board at their meeting held on 28th March, 2000 are as under.

(i) Salary including additional/ad hoc salary, special allowance and any other allowances as may be determined by the Board from time to time not exceeding Rs. 29,00,000/- per annum, the current basic salary being fixed at Rs. 1,50,000/- per month (Rs. 18,00,000/- p.a.).

(ii) Performance salary/performance linked incentive not exceeding Rs. 16,00,000/- per annum as may be determined by the Board from time to time.

(iii) Perquisites: In addition to Salary payable as aforesaid, Mr. Prasad Chandran is entitled to perquisites including furnished/unfurnished accommodation/house rent allowance in lieu thereof, gas, electricity, water, furnishings, medical reimbursements for self and family, leave travel concession for self and family, club fees, personal accident insurance, medical insurance, group insurance and other benefits and amenities payable in accordance with the rules of the Company from time to time.

The monetary value of the perquisites aforesaid presently not exceeding Rs. 10,00,000/- 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 and superannuation fund will not be