



# Annual Report 2019-2020

## BASF India Limited

#chemistryforcollaboration



'From Inspiration to Solution in one place' - At the Creation Center inaugurated in May 2019, BASF's design experts collaborate with customers to co-create new ideas and offerings.



## Message from the Managing Director

Dear Shareholders,

It's been a year since I have had the honour of leading your Company. A year full of challenges with the tough macro-economic environment and the ongoing COVID-19 crisis. Despite the challenges, it has been a pleasure and I thank you, our team and the Board of Directors for the support and guidance in helping us navigate through these times.

The economy witnessed a slowdown in 2019-20 with the GDP growth declining from 6.1% in the previous year to 4.2%. While an improved monsoon had a positive impact on the agriculture sector, the industry and manufacturing sectors were adversely impacted with a pronounced slowdown. The worst hit sector was the automotive industry which registered a contraction of 18% over previous year, due to lower customer demand in anticipation of new launches compliant with Bharat VI emission norms, coupled with liquidity challenges due to the NBFC crisis. GDP growth slowed to a 20-year low of 3.1% with manufacturing contracting by 1.4% in the last quarter of the year.

Our diverse portfolio and successful execution of customer focused projects enabled your Company gain market position in most segments and make steady progress towards profitable growth. Implementation of digital channel management practices in the Agricultural Solutions business and the inauguration of the Creation Center at our Innovation Campus in Mumbai which has hosted ~40 customer collaboration workshops in its first year were some of the highlights in our customer-oriented activities. We implemented the Net Promoter Score (NPS) system in our Company which allows us to better understand the pain-points of our customers enabling us to take necessary steps to improve the ease of doing business with us. Initial results point to a continuous improvement in our performance over the last year.

You would be pleased to note that your Company achieved strong sales growth for FY 2019-20 reaching Rs. 75,510.5 million (25% growth Y-o-Y) on a comparable basis. The transition to merchandizing business model along with a strong focus on margins, operational costs and working capital management led to improved profitability and cashflow. All business segments delivered growth despite the challenging market environment with our Agricultural Solutions and Nutrition & Care segments leveraging on investments in market development and product portfolio.

The COVID-19 outbreak and the consequent countrywide lockdown towards the end of FY 2019-20 had a marginal impact on the year gone by with sales & collections hampered only in the last week of March. However, it has resulted in a significant demand drop in key sectors, such as automotive, construction & appliances, that are relevant to the business of your Company. Automotive production in India came to a complete standstill in the first months of the FY 2020-21 due to the countrywide lockdown resulting in shutdowns across the manufacturing supply chain. Concurrently, demand in areas related to nutrition, hygiene and health witnessed an increase in demand during the crisis. The forecasts from various agencies project a GDP contraction for the FY 2020-21 with industry and manufacturing experiencing a significant decline. In these difficult times, your Company has focused on the safety of our Company and employees while supporting our customers to enable a speedy recovery in the post-COVID scenario.

As part of BASF's global portfolio optimization, your Company has transferred the Construction Chemicals business to Master Builders Solutions India Private Limited and your Board of Directors have also approved the acquisition of 100% stake in BASF Performance Polyamides India Private Limited. Continuing with these structural reforms will be key to emerging stronger post the downturn when the positive policies and relief measures from the government build up demand in the economy.

A steadfast commitment towards high EHS standards, sustainability and operational excellence continues. Your Company has enhanced water storage and saving capabilities at the Dahej and Mangalore sites. Moreover, several plants of your Company have been certified by the International Automotive Task Force (IATF). The team is also driving simplification through digitalization of as-is processes at various plants across the country. This helps to sweat our manufacturing assets to cater to the needs of various industry segments and provides end-to-end project visibility and enhanced productivity.

Through our 155-year legacy, BASF has witnessed several ups and downs and has only evolved further by harnessing innovative chemistry. With BASF's solidarity, solidity and reliability, I am hopeful that we will emerge from the current volatile scenario, stronger. Let me, therefore, sum up by reemphasizing that our priorities on setting a course for sustainable and profitable growth for your Company remains intact. I truly appreciate your continued and valuable support.

Take care and stay safe!

With best wishes,

**Narayan Krishnamohan**

Thursday, 6<sup>th</sup> August, 2020 at 3.00 p.m. through Video Conferencing/ Other Audio Visual Means.

Page

**Agenda**

1. Presentation of Financial Statements and the Directors' / Auditors' Report.
  2. Declaration of Dividend.
  3. Re-appointment of Director.
  - 4-5. Special Businesses.
- The Notice of the Meeting is enclosed.

**BASF India Limited****Registered Office:**

The Capital, 'A' Wing, 1204-C  
12<sup>th</sup> Floor, Plot No. C-70,  
'G'-Block, Bandra Kurla Complex,  
Bandra (East), Mumbai – 400051.  
Telephone : +91 6278 5600  
Website : www.basf.com/in  
E-mail ID : investor-grievance-india@basf.com

**Corporate Identification Number:**

L33112MH1943FLC003972

**Works:****Maharashtra (Navi Mumbai)**

- (1) Plot Nos. 12 & 13, TTC Industrial Area, MIDC, Thane-Belapur Road, Turbhe, Navi Mumbai – 400 705.
- (2) Plot Nos. C-68, TTC Industrial Area, MIDC, Thane-Belapur Road, Turbhe, Navi Mumbai – 400 613.

**Karnataka (Mangalore)**

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

**Gujarat (Dahej)**

4B, Dahej Industrial Estate, Village Dahej,  
Taluka Vagra, District Bharuch, Gujarat – 392 130.

**Andhra Pradesh (Nellore)**

Plot 1 & 1A, APIIC Industrial Park,  
Menakur Village, Block B, Naidupet Mandal,  
SPSR Nellore District, Andhra Pradesh.

**Himachal Pradesh (Nalagarh)**

Khasra No. 87/1, Village: Beer Plassis,  
Nalagarh, District: Solan, Himachal Pradesh.

**West Bengal (Kharagpur)**

Plot No. F-7, Vidyasagar Industrial Park,  
Kharagpur, Paschim Medinipur, West Bengal.

**Branch Offices:**

Ahmedabad, Bangalore, Chennai, Delhi, Hyderabad,  
Kolkata and Pune.

**Registrar & Share Transfer Agent:**

TSR Darashaw Consultants Private Limited  
(formerly TSR Darashaw Limited)  
Unit : BASF India Limited,  
6, H. M. Patrawala Industrial Estate,  
Near Famous Studio, 20, Dr. E. Moses Road,  
Mahalaxmi (West), Mumbai – 400 011.  
Tel. No. : +91 22 66568484 Extn: 411/412/413  
Fax No. : +91 22 66568494  
Email : csg-unit@tsrdarashaw.com

Board of Directors	2
Directors' Report	4
Management Discussion and Analysis Report	36
Report on Corporate Governance	45
Auditors' Report	63
Balance Sheet	72
Statement of Profit & Loss	73
Cash Flow Statement	74
Statement of Changes in Equity	76
Notes to the Financial Statements for the year ended 31 <sup>st</sup> March, 2020	77

## Board of Directors

---



Mr. Pradip P. Shah  
*Chairman*



Mr. Narayan Krishnamohan  
*Managing Director*



Mr. R. A. Shah



Mr. Arun Bewoor



Mrs. Shyamala Gopinath



Dr. Ramkumar Dhruva



Mr. Dirk Bremm



Mr. Narendranath J. Baliga  
Chief Financial Officer &  
Alternate Director



Mr. Pradeep Chandan  
Company Secretary  
& Alternate Director



Mr. Rajesh Naik  
Whole-time Director

### Management Committee

Mr. Narayan Krishnamohan  
Mr. Narendranath J. Baliga  
Mr. Bejoy Chandran  
Mr. Brioux Boisdequin  
Mr. Pradeep Chandan  
Mr. Rajesh Naik  
Ms. Sunita Sule  
Mr. Jayant Bahekar

### Statutory Auditors

Messrs Price Waterhouse Chartered Accountants LLP  
252, Veer Savarkar Marg,  
Shivaji Park, Dadar (West),  
Mumbai – 400 028, India.

### Cost Auditors

Messrs R. Nanabhoy & Co.  
*Cost Accountants*  
Jer Mansion,  
70 August Kranti Marg,  
Mumbai – 400 036.

### Advocates & Solicitors

- (i) Messrs Crawford Bayley & Co.  
State Bank Building, 4<sup>th</sup> Floor,  
N. G. N. Vaidya Marg, Fort,  
Mumbai – 400 023.
- (ii) Messrs Dhruve Liladhar & Co.,  
61 Free Press House,  
215 Free Press Journal Marg,  
Nariman Point, Mumbai – 400 021.

### Bankers

- (i) Citibank N.A.
- (ii) Deutsche Bank AG
- (iii) The Hongkong and Shanghai Banking Corporation Limited
- (iv) BNP Paribas
- (v) MUFJ Bank Limited
- (vi) Credit Agricole CIB
- (vii) Mizuho Bank

### Internal Auditors

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

### Secretarial Auditors

Messrs HS Associates  
206, 2<sup>nd</sup> Floor,  
Tantia Jogani Industrial Estate,  
J. R. Boricha Marg, Opp. Lodha Excelus,  
Lower Parel (E), Mumbai – 400 011.

### Director - Legal, General Counsel (South Asia) & Company Secretary

Mr. Pradeep Chandan



At the Indian Chemical Council (ICC) annual outlook conference, Mr. Narayan Krishnamohan - Managing Director, BASF India Limited presented on the topic of "Ushering the next wave of innovations in specialty chemicals". He shared insights into how megatrends of digitalization, sustainability, e-mobility and waste management will drive innovation and growth in the country.



Dr. Martin Bruder Müller - Chairman of the Board of Executive Directors and Chief Technology Officer, BASF SE visited India in January 2020. At his first town hall in India as Chairman, he interacted with colleagues and shared his expectations as well as commitment for the India business.

## Directors' Report

Your Directors have pleasure in presenting their Report for the financial year ended 31<sup>st</sup> March, 2020.

### Financial Results

(Rs. in million)

Description	Year ended 31.3.2020	Year ended 31.3.2019
Revenue from operations	75,510.5	60,256.7
Profit / (Loss) before exceptional item and tax	371.1	(542.0)
Exceptional items	(324.6)	1,260.6
Profit before tax	46.5	718.6
Tax credit	(138.6)	(98.6)
Profit after tax	185.1	817.2
Dividend	129.9	216.4

### Performance

Revenue from operations at Rs. 75,510.5 million, represents an increase of 25.31% over the previous year mainly due to change in business model from agency to merchandise effective 1<sup>st</sup> April, 2019. Your Company reported a Profit before exceptional item and tax of Rs. 371.1 million for the year ended 31<sup>st</sup> March, 2020 as compared to loss before exceptional item and tax of Rs. 542.0 million in the previous year. Further, your Company reported a profit after tax of Rs. 185.1 million for the year ended 31<sup>st</sup> March, 2020 as compared to profit after tax of Rs. 817.2 million in the previous year.

The Agricultural Solutions business of your Company registered good growth in sales driven by volumes, mainly due to its diverse portfolio, above normal monsoon coupled with improved reservoir levels & increased sales from products for crops like corn, cotton and rice. However, its profitability was marginally impacted due to higher input costs.

The Industrial Solutions segment of your Company comprising of the Dispersions & Performance Chemicals businesses registered marginal increase in sales & profits due to expansion of capacity at the Dahej manufacturing site, right product mix and growth driven by merchandise volumes for antioxidant plastic additives, light stabilizer products, fuel additives and lubricant components. However, the pressure on margins continued due to higher input costs.

The Materials segment of your Company comprising of the Performance Materials & Monomers businesses registered modest growth in sales during the year under review as compared to the previous year, mainly due to shrinking commodity prices coupled with lower customer demand and lower sales in the transportation segment. However, the margins improved significantly due to revised pricing strategy for crude MDI and better realisation as compared to the input costs.

The Surface Technologies segment of your Company comprising of the Catalysts, Coatings & Construction Chemicals businesses registered marginal growth in sales mainly due to increased merchandise sales of precious metals, which was partially offset by a weak Coatings business due to slowdown in the auto-industry. The Construction Chemicals business was able to maintain its revenues despite strong competition and there was improvement in its margins due to better product mix and reduced raw material prices.

The Nutrition & Care segment of your Company comprising of the Care Chemicals, Nutrition & Health businesses registered a significant increase in sales during the year under review as compared to the previous year due to higher merchandise volumes, which was partially offset by divestiture of the Optical Brightening Agents business for paper & powder detergent applications. While the Nutrition & Health business registered higher margins due to better pricing strategy, significant increase in key raw material prices impacted the margins of the Care Chemicals Business.

During the year under review, the sales & profits of the Chemicals segment of your Company comprising of the Petrochemicals & Intermediates businesses increased substantially due to higher merchandise sales. While the Intermediates business of the Company registered higher margins from increased volumes, the margins of the Petrochemicals business were impacted due to higher input costs.

Export sales stood at Rs. 3,636.1 million during the year under review.

#### **Doubling of production capacity for manufacture of polymer dispersions at Dahej site**

Your Company plans to double its capacity for the manufacture of polymer dispersions with a new production line at its Dahej site in Gujarat. Through this investment, the Company aims to provide a reliable supply of high-quality dispersion solutions to customers in the fast-growing Indian and South Asian markets.

The Company had started the production of polymer dispersions at its Dahej site in October 2014 and currently operates one production line at the plant. The proposed investment will expand production capacity of dispersions for the construction, coatings, paper and adhesive industries and the enhanced production line will serve growing demand in South Asia.

#### **Divestiture of stilbene based Optical Brightening Agents business to Archroma India Private Limited**

In line with the Company's strategy of actively managing its portfolio, the Optical Brightening Agents (OBA) business for paper and powder detergent applications was transferred to Archroma India Private Limited, with effect from 6<sup>th</sup> December, 2019, for an aggregate consideration of Rs. 335.1 million, subject to necessary working capital adjustments, including an amount of Rs. 138.5 million, which is kept in escrow for a period of 12 months from the closing date.

The transaction included stilbene-based OBA product portfolio and the manufacturing unit at Ankleshwar, India. The OBA business was a part of the Company's Performance Chemicals division and Care Chemicals division.

#### **Lone Star Funds to acquire BASF's Construction Chemicals Business**

BASF SE, Germany, had signed a Share Purchase Agreement with Lone Star Funds, a global private equity player, for acquisition of BASF's Construction Chemicals business. The Construction Chemicals business of your Company comprises of admixture and construction systems and forms part of the Surface Technologies segment.

The Board of Directors of your Company at their meeting held on 11<sup>th</sup> February, 2020 approved the divestiture of the Construction Chemicals business to Master Builders Solutions India Private Limited, a wholly owned subsidiary of BASF SE, for a consideration of Rs. 5,951.6 million (on slump sale and at arm's length basis), subject to the approval of the Shareholders of the Company, being a related party transaction, and such other approvals as may be required. For this purpose, the Board had also taken into consideration the valuation report of Deloitte Touche Tohmatsu India LLP.

The Shareholders of the Company approved the said divestiture by way of Postal Ballot on 21<sup>st</sup> April, 2020. The Company has also executed Business Transfer Agreement on 14<sup>th</sup> May, 2020 for transfer of its Construction Chemicals Business to Master Builders Solutions India Private Limited. Accordingly, your Company's construction chemicals business stands transferred to Master Builders Solutions India Private Limited with effect from 1<sup>st</sup> July, 2020 and the Company has received an overall consideration of Rs. 5,951.6 million towards the said divestiture.

## **BASF SE, Germany, closes acquisition of Solvay's polyamide business**

BASF SE, Germany, had acquired the Solvay's polyamide business globally. The transaction broadens BASF SE's polyamide capabilities with innovative and well-known brand such as Technyl® and also enhances its access to growth markets in Asia as well as in North and South America. The transaction includes eight production sites in Germany, France, China, India (Panoli, Gujarat), South Korea, Brazil and Mexico as well as research and development centers and technical consultation centers in Asia, North and South America.

Considering that the Polyamides business of BASF Performance Polyamides India Private Limited had operational synergies with the Engineering Plastics business of your Company, the Board of Directors of the Company at their meeting held on 22<sup>nd</sup> May, 2020 had evaluated the proposal to acquire 100% stake in BASF Performance Polyamides India Private Limited.

Accordingly, the Board of Directors of the Company on 10<sup>th</sup> July, 2020 have approved the acquisition of 100% stake in BASF Performance Polyamides India Private Limited from BASF SE and BASF Nederland B.V., for a consideration of an amount not exceeding Rs. 3,050 million, including adjustments, if any, subject to the approval of the Shareholders of the Company. In order to arrive at the consideration amount, your Company has, *inter alia*, relied upon the valuation report of Deloitte Touche Tohmatsu India LLP.

## **Dividend**

The Board of Directors of your Company have recommended a dividend of Rs. 3/- per equity share of Rs. 10/- each i.e. 30% for the financial year ended 31<sup>st</sup> March, 2020, subject to the approval of the shareholders at the 76<sup>th</sup> Annual General Meeting of the Company to be held on 6<sup>th</sup> August, 2020. The aggregate dividend will absorb Rs. 129.9 million.

Further, as per Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the top 500 listed entities based on market capitalization are required to formulate a Dividend Distribution Policy. Accordingly, your Company has formulated its Dividend Distribution Policy, which is available on the Company's website at <http://bit.do/basfdividenddistributionpolicy>

## **Directors**

Mr. Raimar Jahn resigned as Director of your Company with effect from the close of business hours as on 20<sup>th</sup> July, 2019 and Mr. Dirk Bremm was appointed as Director of the Company with effect from 21<sup>st</sup> July, 2019 in place of Mr. Raimar Jahn. The Board of Directors of your Company placed on record its sincere appreciation of the valuable contributions made by Mr. Raimar Jahn during his tenure as Director of the Company. Mr. Narendranath J. Baliga was an Alternate Director to Mr. Raimar Jahn till 20<sup>th</sup> July, 2019 and was appointed as an Alternate Director to Mr. Dirk Bremm from 21<sup>st</sup> July, 2019.

In accordance with the provisions of Section 161 of the Companies Act, 2013, the shareholders of the Company have approved the appointment of Mr. Dirk Bremm as a Director of the Company by way of Postal Ballot on 21<sup>st</sup> April, 2020. Further, in accordance with the provisions of Section 161 (4) of the Companies Act, 2013, Mr. Dirk Bremm being eligible, offers himself for re-appointment as Mr. Raimar Jahn, in whose place he has been appointed as a Director of the Company would have retired by rotation at the 76<sup>th</sup> Annual General Meeting of the Company to be held on 6<sup>th</sup> August, 2020.

As required under the SEBI Listing Regulations, the profile of Director seeking re-appointment at the ensuing Annual General Meeting is provided on page no. 55 in the Corporate Governance Report, forming part of this Annual Report.

## **Finance & Accounts**

Your Company continued to optimize borrowings during the year by focusing on cash flows and working capital management. Your Company availed of alternative funding options such as Commercial Papers, Trade Financing, Inter-Corporate Deposits from BASF Group Companies, etc., to ensure efficiency in its borrowing costs.

Your Company follows a prudent financing policy and aims to maintain optimum financial gearing at all times. Your Company's debt equity ratio was 0.5 as at 31<sup>st</sup> March, 2020.

## **Capital Expenditure**

Capital expenditure incurred during the year aggregated to Rs. 726.9 million.

## **Credit Rating**

The credit rating awarded to your Company by CRISIL on its long term & short-term debt programs is 'CRISIL AAA under "Rating Watch with Negative Implications"'. The ratings on the Fixed Deposits and Commercial Paper have been reaffirmed at 'FAAA/Stable' and 'CRISIL A1+', respectively.

Further, India Ratings and Research Private Limited has maintained a credit rating of "IND A1+" for the Commercial Paper Programme of Rs. 7,500 million. Instruments with these ratings are considered to have the highest degree of safety regarding timely servicing of financial obligations & carry lower credit risk.



## Fixed Deposits

During the year, your Company has not invited, accepted or renewed any fixed deposits from the public and accordingly, there is no principal or interest outstanding in respect thereof.

## Management Discussion and Analysis Report

In terms of SEBI Listing Regulations, the Management Discussion and Analysis Report is appended to this Report.

## Corporate Governance

Your Company is committed to maintain the highest standards of Corporate Governance and has complied with the Corporate Governance requirements as per SEBI Listing Regulations.

A separate report on Corporate Governance as stipulated under SEBI Listing Regulations along with a Certificate of Compliance from the Statutory Auditors, forms part of this Annual Report.

## Corporate Social Responsibility

As required under the provisions of the Companies Act, 2013, the Board of Directors of your Company constituted a Corporate Social Responsibility (CSR) Committee on 30<sup>th</sup> April, 2013.

Mr. Arun Bewoor, Mr. R. A. Shah, Independent Non-Executive Directors and Mr. Rajesh Naik, Whole-time Director are presently the members of the CSR Committee.

Mr. Pradeep Chandan, Director – Legal, General Counsel (South Asia) & Company Secretary is the Secretary of the CSR Committee.

The CSR Committee has formulated the CSR Policy and has recommended the activities to be undertaken by the Company as specified under Schedule VII of the Companies Act, 2013.

During the year under review, your Company was required to spend an amount of Rs. 1.3 million on CSR activities. However, in order to maintain project sustainability, the Board of Directors of your Company decided to spend an amount of Rs. 1.5 million towards CSR activities.

Your Company undertook CSR activities mainly in the areas of Water, Sanitation and Hygiene (WASH) including conduct of various behavioural change programs and impact assessment, details of which are provided in **Annexure I** of this Report.

## Business Responsibility Report

Regulation 34(2) of the SEBI Listing Regulations, *inter alia*, provides that the Annual Report of the top 500 listed entities based on market capitalization, should include a Business Responsibility Report (“BRR”).

Your Company, being among the top 500 listed entities, has included BRR as part of this Report as **Annexure II**, describing the initiatives taken by the Company from an environmental, social and governance perspective.

The BRR for the financial year 2019-2020 has also been hosted on the Company’s website, which can be accessed at [www.basf.com/in](http://www.basf.com/in)

## Vigil Mechanism

Your Company has established a Whistle Blower Policy for employees, Directors and third parties to report their genuine concerns, details of which have been given in the Corporate Governance Report annexed to this Report. This policy is available on the Company’s website and can be accessed at: <http://bit.do/basfwhistleblowerpolicy>

## Directors’ Responsibility Statement

Your Directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) they 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 the Company at the end of the financial year ended 31<sup>st</sup> March, 2020 and of the profit of the Company for that period;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the annual accounts on a going concern basis;

- (v) they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively; and
- (vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

### **Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**

Information pursuant to Section 134(3)(m) of the Companies Act, 2013 read with sub-rule 3 of Rule 8 of the Companies (Accounts) Rules, 2014, forms part of this Report as **Annexure III**.

### **Performance Evaluation**

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations, the Company has devised a policy containing criteria for evaluating the performance of the Executive, Non-Executive and Independent Non-Executive Directors, Key Managerial Personnel, Board and its Committees based on the recommendation of the Nomination & Remuneration Committee. Feedback was sought by way of a structured questionnaire covering various aspects of the Board's functioning, such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. The manner in which the evaluation has been carried out is explained on page no. 51 in the Corporate Governance Report, forming part of this Annual Report.

### **Policy on Directors' appointment and remuneration**

The policy on Directors' appointment and remuneration including the criteria for determining the qualifications, positive attributes, independence of a Director and other matters provided under Section 178(3) of the Companies Act, 2013, forms part of the Nomination & Remuneration Policy of the Company. This policy is available on the Company's website and can be accessed at: <http://bit.do/basfnrc>

### **Auditors**

M/s. Price Waterhouse Chartered Accountants LLP (Registration No. 012754N/N500016), Mumbai, have been appointed as Statutory Auditors of the Company for a period of 5 years at the Annual General Meeting held on 28<sup>th</sup> September, 2017 i.e. upto the conclusion of the Annual General Meeting to be held in the calendar year 2022. They have confirmed to the Company that they are not disqualified from continuing to act as Statutory Auditors of the Company.

### **Secretarial Audit**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. H S Associates, Practising Company Secretaries, Mumbai (C.P. 1483), to conduct the Secretarial Audit of the Company for the financial year 2019-2020 and to furnish the report to the Board. The Secretarial Audit Report dated 22<sup>nd</sup> May, 2020 forms part of this Report as **Annexure IV**.

### **Auditors' Report & Secretarial Audit Report**

There are no qualifications/reservations placed by the Statutory Auditor and the Secretarial Auditor in their respective Reports for the financial year ended 31<sup>st</sup> March, 2020.

### **Cost Audit**

The Board of Directors, in pursuance of Section 148 of the Companies Act, 2013, have appointed M/s. R. Nanabhoy & Co., Cost Accountants, Mumbai, having Registration No. 000010, for conducting the audit of the cost accounting records maintained by the Company for the financial year 2020-2021. They have confirmed that their appointment is within the limits of Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified from acting as Cost Auditors.

### **Composition of the Audit Committee**

As required by Section 177(8) read with Section 134(3) of the Companies Act, 2013 and the Rules framed thereunder, the composition of the Audit Committee is in line with the provisions of the Companies Act, 2013 and SEBI Listing Regulations, details of which are provided on page nos. 49 and 50 of the Corporate Governance Report, forming part of this Annual Report.

### **Related Party Transactions**

All related party transactions that were entered into by the Company during the financial year were on arms' length basis. There are no materially significant related party transactions entered into by the Company with its Promoters, Directors, Key Managerial Personnel or other Related Parties, which may have a potential conflict with the interest of the Company at large.

All related party transactions are placed before the Audit Committee for its approval. Prior omnibus approval of the Audit Committee is obtained for transactions, which are repetitive in nature. A statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis. The policy on Related Party Transactions, as approved by the Board, is available on the Company's website and can be accessed at: <http://bit.do/basffrptpolicy>

Your Directors draw the attention of the shareholders to Note No. 45 of the Financial Statements, which sets out related party disclosures under the Indian Accounting Standards (IND AS).

Further, the disclosures as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2, form part of this Report, as **Annexure V**.

#### **Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013**

The Company has not provided any loan to any person or body corporate or given any guarantee or provided security in connection with such loan or made any investment in the securities of any body corporate pursuant to Section 186 of the Companies Act, 2013.

#### **Extract of Annual Return**

The extract of the Annual Return in Form MGT-9 is available on the Company's website and can be accessed at: [www.basf.com/in](http://www.basf.com/in)

#### **Particulars of Employees**

The particulars of employees required to be furnished pursuant to Section 197(12) of the Companies Act, 2013 read with sub-rules 2 and 3 of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended, forms part of this Report as **Annexure VI**. However, as per the provisions of Section 136 of the Companies Act, 2013, read with sub-rules 2 and 3 of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Annual Report excluding the statement of particulars of employees, is being sent to all the shareholders of the Company. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company and/or by way of an e-mail at [pradeep.chandan@basf.com](mailto:pradeep.chandan@basf.com) or [investor-grievance-india@basf.com](mailto:investor-grievance-india@basf.com).

#### **Prevention of sexual harassment at the Workplace**

Your Company gives prime importance to the dignity and respect of its employees irrespective of their gender or hierarchy and expects responsible conduct and behaviour on the part of employees at all levels. Providing a safe and congenial work environment for all employees is an integral part of the Company's Code of Conduct.

As per the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder, your Company has adopted a Policy for Prevention of Sexual Harassment at Workplace and has constituted an Internal Committee (IC). The names of the Committee Members are displayed on the notice board in each office. All employees as well as contract staff and trainees are covered by this policy. Allegations of sexual harassment reported are expeditiously and discreetly investigated and disciplinary action, if required, is taken in accordance with the policy.

There was no complaint of sexual harassment received during the financial year 2019-2020.

Training programs on prevention of sexual harassment at the workplace are also conducted at regular intervals. During the year under report, your Company conducted awareness programmes on the policy for the employees. Your Company had also rolled out an e-learning module to sensitize & create awareness amongst the employees of the Company on prevention of sexual harassment.

#### **Risk Management**

Your Company has in place a mechanism to inform the Board about the risk assessment and minimization procedures and undertakes periodical review of the same to ensure that the risks are identified and controlled by means of a properly defined framework. In the Board's view, there are no material risks, which may threaten the existence of the Company.

Securities and Exchange Board of India (SEBI) vide its notification dated 9<sup>th</sup> May, 2018 had amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which mandates top 500 listed entities based on market capitalization as at the end of the immediate previous financial year, to constitute a Risk Management Committee comprising of majority of the members of the Board of Directors of the Company with effect from 1<sup>st</sup> April, 2019.

In view of the above and being one of such top 500 listed entities, the Board of Directors of the Company at their Board Meeting held on 28<sup>th</sup> March 2019 constituted the Risk Management Committee of the Company with effect from 1<sup>st</sup> April, 2019. The details about the Risk Management Committee have been provided in the Corporate Governance section of the Annual Report.

### **Internal Financial Control Systems and their adequacy**

Your Company has policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information. Additional details on Internal Financial Controls and their adequacy are provided in the Management Discussion and Analysis Report, forming part of this Annual Report.

### **Significant and material orders passed by Regulators or Courts**

Certain litigations pending with Regulators or Courts have been disclosed as Contingent Liabilities in note no. 35 of the notes to the financial statements for the year ended 31<sup>st</sup> March, 2020. There are no other significant and material orders passed by the Regulators / Courts. The going concern status of the Company is not impacted.

### **Material changes and commitments affecting the financial position of the Company**

The COVID-19 pandemic has severely disrupted business operations due to nation-wide lockdown and other emergency measures imposed by the Central & State Governments. The operations of the Company were impacted due to shutdown of plants and offices following the nation-wide lockdown. The Company continues with its operations in a phased manner in line with the directives from Central & State Governments & local authorities.

The Company has evaluated the impact of this pandemic on its business operations, liquidity and financial position and based on management's review of current indicators and economic conditions, there is no material impact on its financial results as at 31<sup>st</sup> March, 2020. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature & duration and accordingly the impact may be different from that estimated as at the date of approval of the Audited Financial Statements for the financial year ended 31<sup>st</sup> March, 2020. The Company will continue to monitor any material changes to future economic conditions.

### **Board Meetings**

Six Board Meetings were held during the financial year 2019-2020 on the following dates:

- |                                    |                                     |
|------------------------------------|-------------------------------------|
| (1) 30 <sup>th</sup> April, 2019   | (2) 6 <sup>th</sup> June, 2019      |
| (3) 19 <sup>th</sup> July, 2019    | (4) 6 <sup>th</sup> August, 2019    |
| (5) 7 <sup>th</sup> November, 2019 | (6) 11 <sup>th</sup> February, 2020 |

### **Declaration of Independence**

The Company has received declarations from all the Independent Non-Executive Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and the SEBI Listing Regulations as amended.

### **Employee Relations**

Your Directors place on record their sincere appreciation of the contribution made by the employees at all levels to the growth of the Company. Industrial Relations at all our manufacturing sites remained cordial.

### **Acknowledgments**

The Board of Directors take this opportunity to thank BASF SE, Germany and all other stakeholders including customers, suppliers, bankers, business partners/associates, Central and State Governments, Regulatory Authorities and the society at large for their consistent support and co-operation to the Company. Your Directors thank the shareholders and investors for their confidence in the Company.

On behalf of the Board of Directors  
For BASF India Limited

PRADIP P. SHAH  
*Chairman*  
(DIN: 00066242)

NARAYAN KRISHNAMOHAN  
*Managing Director*  
(DIN: 08350849)

*Mumbai*

*Dated : 10<sup>th</sup> July, 2020*

**Annual Report on CSR activities**

1.	A brief outline of the Company's CSR policy, including overview of projects or programs undertaken and a reference to the web-link to the CSR policy.	<p>In line with the CSR Policy and Schedule VII of the Companies Act, 2013, the CSR Committee has outlined the activities to be undertaken by the Company.</p> <p>The Company continues to undertake community initiatives and projects under the theme of Water, Sanitation and Hygiene (WASH) around its manufacturing sites at Dahej and Mangalore.</p> <p>In the financial year 2019-2020, the Company has started constructing 10 household toilets at Dahej and conducted a series of awareness programs on sanitation and use of toilets to bring about a change in entrenched behaviour.</p> <p>Further, to get a deeper understanding of the impact of CSR activities conducted over the last 5 years at Dahej, the Company is also conducting an impact assessment study. The results will enable planning of the next course of action.</p> <p>At Mangalore, the Company is building one community toilet at Mahalakshmi Nagara, Uchilla, which would benefit the local fisherman community.</p> <p>The CSR Policy of the Company is available on the Company's website and can be accessed at <a href="http://bit.do/basfcsrpolity">http://bit.do/basfcsrpolity</a></p>
2.	Present Composition of the CSR Committee.	<p>Mr. Arun Bewoor, Chairman (Independent Director)</p> <p>Mr. R. A. Shah (Independent Director)</p> <p>Mr. Rajesh Naik (Whole-time Director)</p> <p>Mr. Pradeep Chandan (Secretary of the Committee)</p>
3.	Average net profit of the Company for the last three financial years	Rs. 62.6 million
4.	Prescribed CSR Expenditure (two percent of the amount as shown in item 3 above)	Rs. 1.3 million
5.	<p>Details of CSR spent during the financial year:</p> <p>(1) Total amount spent for the Financial Year</p> <p>(2) Amount unspent, if any;</p> <p>(3) Manner in which the amount spent during the financial year</p>	<p>Rs. 1.5 million (The Company was required to mandatorily spend an amount of Rs. 1.3 million on CSR. However, in order to maintain project sustainability, the Board of Directors decided to spend Rs. 1.5 million on CSR activities during the financial year 2019-2020)</p> <p>Nil</p> <p>Refer table on page no. 12 of this Report</p>

## Details of CSR Amount Spent

(Rs. in million)

Sr. No.	CSR Project or Activity identified	Sector in which the project is covered	Projects or programs 1) Local area or other 2) Specify the State and district where projects or programs were undertaken	Amount Outlay (budget) project or program wise	Amount spent on the projects or programs		Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
					Direct expenditure on projects or programs	Overheads		
1.	Construction of toilets*	WASH (Water, Sanitation and Hygiene)	Village Dahej, District Bharuch, Gujarat	0.4	0.4	0.0	0.4	Sulabh Sanitation Mission Foundation
2.	Behavioural change programs			0.2	0.2	0.0	0.2	
3.	Impact assessment study			0.3	0.3	0.0	0.3	Beehive Communications
<b>Total CSR amount spent in Dahej</b>				<b>0.9</b>	<b>0.9</b>	<b>0.0</b>	<b>0.9</b>	
1.	Construction of community toilet**	WASH (Water, Sanitation and Hygiene)	Mahalakshmi Nagara, Uchilla, Mangalore	0.6	0.6	0.0	0.6	Leaf Society
<b>Total CSR amount spent in Mangalore</b>				<b>0.6</b>	<b>0.6</b>	<b>0.0</b>	<b>0.6</b>	
<b>Total CSR amount spent</b>				<b>1.5</b>	<b>1.5</b>	<b>0.0</b>	<b>1.5</b>	

\* Necessary approvals for construction of household toilets at Dahej has been obtained by Sulabh Sanitation & the construction has been initiated. Completion of construction of all toilets is expected by September 2020.

\*\* Completion of construction of community toilet by LEAF Society is expected by August, 2020.

We hereby affirm that the CSR Policy, as approved by the Board, has been implemented and the CSR Committee monitors the implementation of the CSR Projects and activities in compliance with our CSR objectives.

ARUN BEWOOR  
Chairman, CSR Committee  
(DIN: 00024276)

NARAYAN KRISHNAMOHAN  
Managing Director  
(DIN: 08350849)

Mumbai

Dated : 10<sup>th</sup> July, 2020



Seen in the image is the inauguration of a toilet facility as part of WASH program at Govt. Higher Primary School, Baikampady in Mangalore.

## Business Responsibility Report

### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Sr. No.	Particulars/Activities	Details									
1.	Corporate Identification Number (CIN) of the Company	L33112MH1943FLC003972									
2.	Name of the Company	BASF INDIA LIMITED									
3.	Registered office address	The Capital, 'A'-wing, 1204-C, 12 <sup>th</sup> Floor, Plot No. C-70, 'G' – Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400051.									
4.	Website	www.basf.com/in									
5.	E-mail ID	investor-grievance-india@basf.com									
6.	Financial Year reported	2019-2020									
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3">Manufacture and sale of chemicals &amp; chemical products</th> </tr> <tr> <th style="width: 50%;">Product</th> <th style="width: 25%;"></th> <th style="width: 25%;">NIC Code</th> </tr> </thead> <tbody> <tr> <td>Chemicals &amp; Chemical Products</td> <td>Chapter 25 to 40 of ITC (HS) Code</td> <td style="text-align: center;">20</td> </tr> </tbody> </table>	Manufacture and sale of chemicals & chemical products			Product		NIC Code	Chemicals & Chemical Products	Chapter 25 to 40 of ITC (HS) Code	20
Manufacture and sale of chemicals & chemical products											
Product		NIC Code									
Chemicals & Chemical Products	Chapter 25 to 40 of ITC (HS) Code	20									
8.	List three key products/services that the Company manufactures/provides	1) Cellasto® NVH 2) Texapon N 701 GT 3) Acronal IN 004 AP									
9.	Total number of locations where business activity is undertaken by the Company: i. Number of International Locations ii. Number of National Locations	Nil  The Company has 7 manufacturing sites and 13 offices all over India as on 31 <sup>st</sup> March, 2020.									
10.	Markets served by the Company	The Company serves national and international markets									

### SECTION B: FINANCIAL DETAILS OF THE COMPANY

Sr. No.	Particulars/Activities	Details
1.	Paid up Capital	Rs. 432.9 million
2.	Revenue from Operations	Rs. 75,510.5 million
3.	Total Profit after taxes	Rs. 185.1 million
4.	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Rs. 1.5 million (The Company was required to mandatorily spend an amount of Rs. 1.3 million on CSR. However, in order to maintain project sustainability, the Board of Directors decided to spend Rs. 1.5 million on CSR activities during the financial year 2019-2020)
5.	List of activities in which expenditure in point 4 above has been incurred	Water, Sanitation and Hygiene.

### SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/Companies? – No
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s) – Not Applicable
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities?

The Company encourages its suppliers, dealers, partners and other stakeholders to support various initiatives taken by the Company towards its business responsibility.

### SECTION D: BUSINESS RESPONSIBILITY (BR) INFORMATION

1. Details of Director/Directors responsible for BR
  - a) Details of the Director responsible for implementation of the BR policy/policies
    - Name : Mr. Narayan Krishnamohan
    - Designation : Managing Director
  - b) Details of the BR head:

Sr. No.	Particulars	Details
1.	DIN Number	08350849
2.	Name	Mr. Narayan Krishnamohan
3.	Designation	Managing Director
4.	Telephone number	022-67127600
5.	E-mail ID	narayan.krishnamohan@basf.com



On World Environment Day in June 2019, the Construction Chemicals team at Turbhe undertook a tree plantation campaign in line with the global theme of "Air Pollution - take action".



2. Principle-wise (as per National Voluntary Guidelines) BR Policy/policies

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Whether the Company has policies for each of the 9 Principles?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2.	Whether the policies have been formulated in consultation with the relevant stakeholders?	Yes								
3.	Whether the policies conform to any national/ international standards? If yes, specify?	Most of the principles are covered by our Code of Conduct which is in line with national and international standards and practices such as Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises and the International Labour Organisation (ILO) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.								
4.	Whether the policies are being approved by the Board? If yes, has it been signed by MD/CEO/ or any Director?	Key policies are formulated at BASF Group level in Germany. The policies are then adopted & implemented by the Company in line with the local legislations & corporate guidelines. Policies/guidelines pertaining to local laws and systems are approved by the Board and signed by the relevant senior management personnel, including the Managing Director.								
5.	Does the Company have a specified Committee of the Board/Director/Official to oversee the implementation of the policies?	The Company has a Committee for Corporate Social Responsibility. For other policies, the Company has put in place internal framework/Committees to monitor their implementation from time to time.								
6.	Indicate the link for the policies to be viewed online.	The Company's CSR Policy is available at <a href="http://on.basf.com/csr-policy">http://on.basf.com/csr-policy</a> All other policies are available on the Company's internal network.								
7.	Whether the policies have been formally communicated to all relevant internal and external stakeholders?	All the policies have been communicated and are available on the internal network for the internal stakeholders. Policies communicated to external stakeholders are available on Company's website <a href="http://www.basf.com/in">www.basf.com/in</a>								
8.	Whether the Company has an in-house structure to implement the policy/policies.	There is an in-house structure to implement the policies.								
9.	Whether the Company has a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	In order to ensure integrity and transparency of business processes, the Company has established a hotline to facilitate reporting of any non-compliance or violation of the Company's Code of Conduct. The Company also has a Stakeholders' Relationship Committee to redress grievances of investors. An Internal Committee has also been constituted at each establishment of the Company to investigate complaints of sexual harassment, if any.								
10.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	The Company's policies/guidelines and procedures are audited by the Company's Internal as well as the BASF Group's Auditors.								

2a. If answer to Sr. No. 1 against any principle, is 'No', please explain why: Not Applicable.

3. Governance related to BR:

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company.  
The BR performance is reviewed annually by the Board of Directors of the Company.
- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?  
The Company publishes the Business Responsibility Report as a part of the Annual Report of the Company. The Report can be viewed on the website of the Company [www.basf.com/in](http://www.basf.com/in)

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### **Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability**

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The Company strives to adhere to the highest standards of integrity and behaviour and ensure compliance as well as adherence to the law and internal policies through its compliance systems. The Company has zero tolerance for corruption and violation of the principles of fair competition. The Company has adopted BASF's Code of Conduct, which details the minimum applicable ethical and responsible business practices for its employees. Both new and existing suppliers are selected and evaluated not only based on economic criteria, but also on environmental, social and corporate governance standards. The Company's Supplier Code of Conduct is founded on internationally recognized guidelines, such as the principles of the United Nations' Global Compact, the International Labour Organization (ILO) conventions and the topic areas of the Responsible Care® Initiative. The Code of Conduct, *inter alia*, covers compliance with human rights, labour & social standards, anti-discrimination, conflict of interest and anti-corruption policies in addition to protecting the environment, health and safety.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof.

There was no stakeholder complaint received during the financial year 2019-2020.

### **Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

1. List upto 3 of the Company's products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.
2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):
  - a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?
  - b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

#### **i) Propionic Acid – A key ingredient for Food & Feed Industry**

The storage of food grains and animal feeds is a big concern for farmers as it needs to be protected from the attack of fungus and molds. Propionic acid and its salts protect the grains and feeds from fungal attack and preserve the foods and feed for a long period of time. The calcium salts of propionic acid act as a preservative for bakery industry e.g. breads are protected from any fungal and mold attack for long time in hot and humid condition. The salts of propionic acid are also used in poultry industry and aqua culture to protect & preserve the feeds used in this segment. Hence, Propionic acid is one of the key chemicals which helps to sustain the food and feed industry and its value chain to improve the food security.

#### **ii) Pyrrolidine – Key Starting Material (KSM) for Active Pharma Ingredients (API)**

The rapid increase of cardiovascular disease related deaths are a great concern for medical community in the world. To reduce the impact of this, the pharmaceutical industry has developed statin types of API. One of the statins, called Simvastatin, has been found very effective in fighting against this deadly disease. Pyrrolidine is one the important chemicals which is used to produce this critical API (Simvastatin). It acts as key starting material of the drug where the total API is built up. BASF has been manufacturing this chemical (Pyrrolidine) through most efficient processes for more than twenty years to support the production of this key statin drug, thereby helping millions of people around the world to keep them healthy.

#### **iii) Isononyl Chloride – A chemical which helps to make healthy and sustainable personal care product**

With rapid changes in lifestyle, focus on hygiene and consequent improvement in use of personal care products, there is a robust demand for personal care products. In this industry segment, in antidandruff shampoos ZPT / ZPTO (Zinc Pyrithione / Zinc Pyrithione Oxide) is used as a bactericide and as an antifungal agent to reduce dandruff growth in the scalp. However, in recent studies, it has been found that both the products (ZPT / ZPTO) are carcinogenic in nature and its use in personal care application may not be good in the long run. In this context, a new ingredient, called Piroctone Olamine has been found to be a very good replacement of ZPT/ZPTO. BASF manufactures Isononyl Chloride, which is the key raw material to produce Piroctone Olamine. With this new development, BASF is also helping the personal care industry to switch to products which are cleaner, healthier and sustainable.

#### iv) Single Coat Metallic Paint System

The automotive sector is always on the lookout for cost and process effective innovations that can help them produce vehicles faster with significant cost reductions during manufacturing. As automakers continue to optimize their paint shops, BASF works closely with them, to create new innovations and processes. BASF's Automotive Coatings Team collaborated with a leading two-wheeler manufacturer in India, to replace the conventional two-coat metallic base coat with a single-coat metallic paint system. This new system helps to produce two wheelers in shorter time without compromising on the aesthetics and durability of the end quality of the paint system by eliminating one paint station, which results in cost savings by reducing power consumption, manpower and material. Since the overall paint spray is reduced, emissions of volatile organic compounds are also reduced.

#### v) MasterLife CI 220- Dual Mechanism Corrosion Inhibiting Admixture

Durable concrete is one of the increasing demands by engineers and developers for their valuable civil engineering structures in today's aggressive environment. This is aimed at increasing service life of structure with lowest possible repair and maintenance cost. Durability concerns of reinforced concrete structure includes corrosion, sulphate resistance, alkali-aggregate reactivity and shrinkage. To meet up challenges of concrete construction industry, your Company has developed and introduced various speciality chemicals. MasterLife CI 220- A corrosion inhibiting admixture is one of such durability enhancing admixture.

MasterLife CI 220 is one such state of the product with dual mechanism which is destined to serve the purpose of enhanced durability. Its uncomplicated application of being admixed during the concrete mixing makes it extremely user friendly. Bi-Polar nature not only passivates the reinforcements (which corrodes), but also reduces the entry path of sulphides, oxygen and carbon dioxides. The corrosion inhibitor makes the structure internally stable to fight corrosion.

#### vi) MasterSeal 7000 CR

Waterproofing and concrete protection system with a unique combination of application and performance properties meet the challenges of aggressive wastewater environments. The performance-proven MasterSeal 7000 CR system significantly extends the life cycle of concrete structures.

It's fast and easy application by rolling or spray, as well as its excellent curing properties allow the efficient, safe and continuous operation of wastewater treatment infrastructures.

The concrete infrastructure of wastewater treatment systems is subject to complex physical and chemical corrosion processes. Uncoated concrete is particularly susceptible to so-called biogenic sulfuric acid corrosion leading to structural concrete damages.

This solution from your Company helps the customers avoid two separate treatments, waterproofing and then protection from chemicals, with one product, which saves time during application and gives better life expectancy for the structures.

Being a moisture tolerant product, it helps the applicators to install it even on a newly constructed structure or in a functioning waste water unit with limited shutdown period unlike the existing solutions.

#### vii) Fatty Alcohol Ethoxylates & SMCA

Fatty alcohol ethoxylates are used to produce primary surfactants & SMCA is used to produce secondary surfactants. Local sourcing helped the business to bring in raw materials at a competitive price by lowering logistics cost, reduced inventory costs besides shorter lead time, thereby in turn supporting the business to position the product aggressively in the commodity surfactants market and gain significant market share. Sourcing of local ethoxylates increased by 8% over 2018, helping your Company to negotiate & make raw materials available at competitive market price. This resulted in 17% higher sales of SLES 2 moles (sodium salt of lauryl alcohol ethoxy sulfate containing an average of 2 moles of ethylene oxide) in the year 2019.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof.

- The Company had conducted EHS (Environment, Health and Safety) audits for several years. Currently, the Company is focusing on TfS (Together for Sustainability) assessments and audits conducted by third party. Through these audits, it is ensured that the supplier implements and follows sustainability practices (Environmental, Safety and Governance Guidelines – ESG Guidelines). The Company provides recommendations to suppliers wherever improvements are needed and monitors their implementation. The Company has completed 54 online assessments and 18 audits in the last three years through Ecovadis, a third party, and the report is shared with suppliers.
- BASF SE, Germany has partnered in the world's first sustainable castor bean program "Pragati" along with Arkema, Jayant Agro and Solidaridad. Castor beans play an important role in the chemical industry where castor oil and derivatives are used as raw material in the production of plastics, coatings, paints and pharmaceuticals. Almost 80% of the world's supply of castor seed is produced in India. However, castor production struggles with issues of low productivity, non-availability of certified seeds, price pressure, post-harvest handling, etc. In order to address these challenges and ensuring sustainable sourcing of castor,

Project Pragati was launched with the aim of improving the economic situation of castor farmers and their workers in India and creating awareness on cultivating castor beans ecologically. Farmers are trained and audited based on the developed code - 'SuCCESS' (Sustainable Castor Caring for Environmental & Social Standards). The goal is to optimize their yields, reduce the impact on the environment and be able to offer certified castor oil to the global market. Around 3000 castor farmers have been certified under Project Pragati.

- The Company re-uses the packaging materials (IBC, drums etc.) and also recovers the solvents for re-use, wherever possible. For instance, at the Company's Mangalore site, the Intermediate Bulk Containers (IBC) are cleaned and re-used. The Company has adopted many modes of transportation, which are green and low emission modes (contributing to reduction of the carbon foot print). The Company has started use of multi-modal transport (road, rail and sea) for transporting goods within the country in addition to the Roll-on / Roll-off (RORO) model. The Company also uses coastal shipping for transporting hazardous chemicals, which is less polluting than road transportation and minimizes the risk of accidents.
- The Company is a member of NicerGlobe, an independent platform founded by Indian Chemical Council, which provides real-time monitoring of the movement of dangerous goods across the length and breadth of India. This helps in monitoring any deviations in speed or route or driving time restrictions, which results in minimizing transport related incidents. Apart from this, almost all the filled containers being transported by road are enabled with GPS for real-time monitoring. The launch of a Supply Chain Portal by the Company enables reduction in the man hours spent on tracking shipments, while ensuring that the customers get real time updates. The portal enables end to end visibility for all full truck load shipments via the Cloud and GPS.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve the capacity and capability of local and small vendors?

The Company is promoting localization by which imported raw materials are sought to be substituted with locally manufactured raw materials, wherever possible, subject to their meeting required specifications, quality & cost. With this initiative, the Company has been helping local suppliers in the Indian Chemical industry to compete in the global market. Also, many of the Company's packaging and service suppliers are in MSME (Micro, Small and Medium Enterprise) category. The Company has been associated with more than 200 MSME suppliers over the past three years.

5. Does the Company have a mechanism to re-cycle products and waste? If yes, what is the percentage of re-cycling of products and waste. Also, provide details thereof.

The waste generated at the Company's sites is being handled in accordance with the authorization issued by the State Pollution Control Board. About 35% of the waste generated was sent to the cement industry and utilized as co-fuel. 30% of the waste was sent to Pollution Control Board approved re-cyclers and the recovered materials were re-used. 35% of the waste was sent to Pollution Control Board approved parties. Your Company's site at Mangalore has been certified for ISO 14001 Environment Management System, ISO 9001 Quality Management System, ISO 50001 Energy Management System and IATF-16949 – for Coatings division. At the Company's Mangalore production site, a water reservoir has been built to help reduction of effluent water load from plants to the Effluent Treatment Plant and thereafter the re-cycled water is used for cooling towers and gardening inside the site.

**Principle 3: Businesses should promote the well-being of all employees**

Sr. No.	Particulars	Details
1.	Total No. of employees	1502
2.	Total No. of employees hired on temporary / contractual / casual basis	1638
3.	No. of permanent women employees	128
4.	No. of permanent employees with disabilities	0
5.	Whether there are any employee associations that are recognized by management	Refer Note below*
6.	Percentage of permanent employees being members of this recognized employee association?	9.85%

\* BASF believes in collective bargaining and social partnership as an important mechanism to engage with the employees. The Company has adopted a constructive attitude towards co-operation with the workers' authorized representatives. The Company has engaged with trade unions at its manufacturing sites at Thane and Mangalore. Through continuous dialogue with these unions, the Company strives to maintain cordial relationships with employees and work towards their welfare.

1. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

BASF has a governance structure in place to address complaints related to child labour, involuntary labour and discrimination or harassment of any kind. The Code of Conduct of the Company guides its employees. There is an Internal Committee constituted by the Company to address complaints relating to sexual harassment.

Sr. No.	Category	No. of complaints filed	No. of complaints closed	No. of complaints pending
1.	Child labour/forced labour/involuntary labour	Nil	Nil	Nil
2.	Sexual harassment	Nil	Nil	Nil
3.	Discriminatory Employment	Nil	Nil	Nil

2. What percentage of the Company's employees were given safety & skill upgradation training in the last year?

Permanent Employees (100%):

At the Company's manufacturing sites at Dahej and Mangalore, the Company had approximately 6.19 million and 0.54 million Safe Man Hours respectively.

The Company has a robust skill assessment program whereby employees at manufacturing sites are provided skill training in line with the skill matrix, which is inclusive of generic skills such as Environment, Health & Safety & Quality and specific skills in their area of domain expertise. Annually about 0.7% of annual hours are spent for training. This training includes mandatory trainings, soft skills training & discipline specific training. Approx. 15,365 man hours of training was imparted to the Company's employees (including contract staff) at the manufacturing sites.

The Company also conducts a week of Technical Academy Training wherein the employees are provided special skill/working level skill training in class room sessions.

Permanent Women Employees (100%):

Training is planned and imparted based on the need identified in the Employee Development Plan and Performance Appraisal. Training programmes are designed on the basis of common developmental needs.

Casual/Contractual Staff (95%):

About 95% of the casual / contract staff were imparted training in the area of environment, health & safety and also domain training through the contractors.

Employee with Disabilities:

No such employee.

Further, the Company has also provided training to 81 trainees, including 43 women at its offices & manufacturing sites under the National Employability Enhancement Mission (NEEM).

**Principle 4: Businesses should respect the interest of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized**

1. Has the Company mapped its internal and external stakeholders?

The Company has mapped its internal and external stakeholders in a structured way and carries out engagements with its investors, employees, customers, suppliers, business partners, industry, etc. The Company identifies the interest of internal stakeholders like permanent employees through engagement surveys and periodical reviews. The external stakeholders are mapped through defined activities such as customer events, feedback events (NPS) etc. The Company also reaches out to its external stakeholders on a regular basis through press releases, quarterly newsletters and the Annual General Meeting. The Company also participates in events organised by trade associations and contributes by providing inputs whenever required.

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?

The Company identifies marginalized and disadvantaged groups through need assessment and engagement with local communities in and around the Company's manufacturing sites under its Corporate Social Responsibility (CSR) initiatives. The marginalized and disadvantaged communities the Company works with, include students from low socio-economic backgrounds, women and communities who are deprived of adequate water, hygiene and sanitation facilities.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged vulnerable and marginalized stakeholders? If so, provide details thereof.

The initiatives undertaken by the Company for the disadvantaged, vulnerable and marginalized stakeholders are elaborated in Principle 8 and in the Annexure on CSR activities forming part of the Director's Report for the year ended 31<sup>st</sup> March, 2020.

#### **Principle 5: Businesses should respect and promote human rights**

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The Company acknowledges its responsibility to respect and support human rights. BASF Group observes the principles of the following internationally recognized standards:

- United Nations Universal Declaration of Human Rights.
- International Covenant on Civil and Political Rights.
- International Covenant on Economic, Social and Cultural Rights.
- International Labour Organization's (ILO) eight core labour standards.
- Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.
- OECD Guidelines for Multinational Enterprises.
- Responsible Care Global Charter.
- Ten principles of the UN Global Compact.

As a founding member of the UN Global Compact, BASF Group strives to contribute to the protection and wider recognition of human rights within the sphere of its influence. The Company also supports its suppliers and business partners in their efforts to act in accordance with the internationally recognized standards.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

There were no stakeholder complaints received by the Company during the financial year 2019-2020.

#### **Principle 6: Businesses should respect, promote, and make efforts to restore the environment**

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

BASF Group creates chemistry for a sustainable future through its commitment to the principles of Responsible Care® and innovation. The continuous improvement of safety, health, environment protection, energy and resources efficiency and social responsibility is anchored in the strategy of the Company and underlines its philosophy in conducting all its activities and dealings with third parties.

The Company has laid down policies, principles and standards, which all its manufacturing sites are required to adhere to. As a global Company, BASF aims to achieve excellence in environment protection, health management and safety across its businesses. The Company's EHS Policy also specifies the EHS requirements to be observed by its contractors & others.

The Indian Chemical Council (ICC) awarded the Company, the Aditya Birla Award for "Best Responsible Care Committed Company" and also conferred the "ICC Award for Best Nicer Globe User Company" for commitment towards transportation and distribution safety and for being in the fore front in leading and implementing the Nicer Globe Initiative. The Company has also received Confederation of Indian Industry (CII) Pinnacle Award for Excellence in Manufacturing in Environment Health and Safety category.

2. Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? If yes, please give hyperlink for webpage etc.

Under the new Corporate Strategy, BASF has set itself the goal of carbon-neutral growth – holding greenhouse gas emissions constant while growing the business and constructing new sites. BASF commits to keep its greenhouse gas emissions flat from now until 2030. In a business where almost 95% of products are derived from hydrocarbons, this is an ambitious goal. To achieve this objective, BASF will improve the management, efficiency and integration of its Plants and purchase a greater share of electricity from renewable energy sources.

BASF's global goal is to achieve a 40% reduction in specific greenhouse gas emissions per ton of sales product in the chemicals business by the year 2020, compared to the base year 2002. It is also intended to improve energy efficiency by 35% in the same period.

BASF's innovative products are helping to protect the climate. The Company has used sustainable raw materials in many processes for a long time now and has a continuous program of research into new applications.

The Company's manufacturing site at Thane also took up the initiative of planting trees as well as saplings during World Environment Day 2019.

Further, a collaborative effort of companies, governmental and non-governmental organizations as well as civil society is necessary to address the global challenge of mismanaged plastic waste. BASF globally has joined a consortium of 30 global companies as a co-founding member to form the Alliance to End Plastic Waste. The members have committed with the goal of developing, deploying and bringing to scale solutions that will minimize and manage plastic waste and promote post-use solutions. These can be re-cycling, re-use and re-purposing of plastic to keep it out of the environment.

3. Does the Company identify and assess potential environmental risks?

All significant projects of the Company need to undergo Environmental Impact assessment. As part of ISO 14001, production plants are required to undertake annual targets to reduce emissions, reduce consumption of resources and improve efficiency of production process as a commitment to sustainable development.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof. Also, if yes, whether any environmental compliance report is filed?

Clean Development Mechanism (CDM) is one of the flexible mechanisms for the reduction of greenhouse gas emissions as laid down in the Kyoto Protocol, in which the companies from industrialized and transitional countries participate in emission reducing and quality projects and in doing so, acquire tradeable emission vouchers.

BASF Group initiated Clean Development Mechanism and Joint Implementation projects both for customers and for its own plants and in this way supported customers who reduce greenhouse gas emissions by the use of BASF products. These projects are based on BASF's own catalyst technology for nitrous oxide decomposition in chemical plants.

The Company does not have any Clean Development Mechanism Projects.

5. Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc.? If yes, please give hyperlink for web page etc.

i. Utilization of sludge from the Effluent Treatment Plant as a co-fuel in cement manufacturing:

The Company has been using the ETP (Effluent Treatment Plant) sludge as a co-fuel in the cement industry. The Company has worked with the authorities & carried out extensive trials in the cement industry & obtained their approval for its use.

The advantages of using this sludge are as follows:

- Net reduction in the greenhouse gas emission to the extent of 1 ton per ton of sludge co-incineration.
- There is no need to run the in-house Incinerator to incinerate the said ETP sludge thereby achieving reduction in power consumption.
- The high calorific value of the sludge generates significant energy savings.
- All harmful constituents are completely destroyed in the cement kiln where the temperature is above 14000°C.
- Conservation of fossil fuel by the cement industry.

ii. Bio Boiler:

The Company has installed a "Dynamically Air cooled Step grate" (DAS) technology Bio-mass Boiler of 6TPH capacity at its Mangalore Plant with an investment of Rs. 100 million.

The project was initiated with the objective of reducing the steam generation cost and to decrease greenhouse gas emissions in the atmosphere.

The fuel comprises of agricultural by-products in the form of briquettes with calorific value of 3500 Kcal to 4100 Kcal.

The Bio-Boiler uses state-of-the-art technology and its operations are automated and controlled through two levels of alarm signals to ensure safe operation.

The benefits of the Bio-Boiler are as follows:

- Reduction in steam cost by more than 20%
- Reduction in CHG emission by 2500 ton/annum
- Substantial reduction in SOx and NOx emissions
- Eco-friendly ash generation due to cleaner fuel
- Fully automated safety & control

iii. Energy Management System:

By 2020, BASF Group plans to introduce certified energy management system (DIN EN ISO 50,001) at all relevant production sites.

iv. Renewable Energy:

The Company's manufacturing site at Mangalore is meeting its electricity power demand with renewable solar energy, which has helped to reduce carbon dioxide emission by 10,920 tons by using 15041 MWh of renewable energy generated by the solar power plant instead of conventional sources.

6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

The Company's emissions, effluents and wastes are within the permissible limits.

7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as at the end of the financial year.

There were no show cause/legal notices received from Central and State Pollution Control Boards which are pending as on 31<sup>st</sup> March, 2020.

**Principle 7: Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner**

1. Whether the Company is a member of any trade and chamber or association? If yes, name those major ones that your business deals with:

Some of the key trade/industry associations, of which the Company is a member are:

- Confederation of Indian Industry
- Federation of Indian Chamber of Commerce
- Global Compact Network
- Construction Chemicals Manufacturers Association
- Indian Concrete Institute
- Public Affairs Forum of India
- Bombay Chamber of Commerce & Industry
- Indian Chemical Council
- Indo German Chamber of Commerce
- CropLife India
- Indian Polyurethane Association
- Indian Compostable Polymer Association
- Dyestuff Manufacturers Association of India
- India World Business Council for Sustainable Development



- Whether the Company has advocated/lobbied through above associations for the advancement or improvement of public good? If yes, please specify the broad areas.

Through the membership of trade and industry associations, the Company makes efforts to further contribute towards sustainable business issues. On issues related to environment under Swachh Bharat Abhiyan, the Company has been focusing on use of compostable plastic as an alternative to plastic carry bags. In the area of solid waste management, the Company has been advocating the use of compostable bags instead of virgin plastic bags for conversion of perishable waste to manure by composting.

Under the aegis of 'CropLife India', the Company has been advocating faster introduction of pesticides using greener chemistry. BASF has also encouraged use of catalytic converters in vehicles for pollution reduction as part of switch over to BS VI norms.

Suggestions/recommendations on amendments in laws are also taken up through the Industry Associations for submission to the concerned Ministry.

Lectures on various topics including Corporate Governance & Business Ethics are conducted for Management students at the Indo-German Chamber of Commerce under the 'Seminar Series of Indo German Training Centre'.

The Company actively promotes "Responsible Care" under EHS among chemical industries through Indian Chemical Council. This includes safe, secure and efficient handling and transportation of chemicals.

#### **Principle 8: Businesses should support inclusive growth and equitable development**

- Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.

Inclusive growth and equitable development are essential to foster sustainable local development and uplift the communities in which the Company operates. Through socio-economic, health and environment initiatives, the Company leverages on its core-competencies to address the stakeholder needs. The Company's CSR Policy meets the compliance requirements under the Companies Act, 2013. The Company has undertaken various community initiatives and projects under its CSR Programs, which are focussed on Water, Sanitation and Hygiene (WASH). These programs are executed in and around the Company's production sites at Dahej and Mangalore. The details of the various programs/initiatives adopted by the Company are provided in the Annexure on CSR activities forming part of the Directors' Report of the Company for the financial year 2019-2020.

- Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other Organisation?

The Company has its own in-house team which plans, monitors and governs the corporate social responsibility initiatives/ projects of the Company. The Company partners with like-minded implementing Non-Government Organizations (NGOs) such as Sulabh Sanitation Mission Foundation, New Delhi and Leadership through Education & Action Foundation (LEAF), Chennai to implement the Company's CSR initiatives.



Rajendra Velagala (Business Director- Agricultural Solutions at BASF) is the current Chairman of CropLife India and at the 39th Annual General Meeting of CropLife India (a non-profit oriented organization), headed a panel discussion on 'Ensuring Quality Inputs for Farmers', sharing his thoughts on how partnerships can support government's vision of doubling farmer's income.

3. Whether the Company has done any impact assessment of these initiatives?

The Company's CSR initiatives are long term projects. The Company conducts need assessment studies before initiating the projects. The outcome and the impact of each project is monitored and measured by the Company at regular intervals along with its implementing partners. Further, the Company has engaged Beehive Communications to conduct an assessment study to determine the overall impact of the CSR activities.

4. What is the Company's direct contribution to community development projects — Amount in INR and the details of the projects undertaken?

During the financial year 2019-2020, the Company was required to mandatorily spend an amount of Rs. 1.3 million on CSR. However, in order to maintain project sustainability, the Board of Directors of the Company decided to spend Rs. 1.5 million on CSR activities.

The details of the activities undertaken by the Company are given in the Annexure on CSR activities forming part of the Directors' Report for 2019-2020.

5. Whether the Company has taken steps to ensure that these community development initiatives are successfully adopted by the community?

All CSR initiatives undertaken by the Company are planned, monitored and evaluated keeping in view the needs of the communities. Efforts are made for driving sustainability with continued focus on the environment and resource efficiency. The Company's CSR activities are mainly in the areas of Water, Sanitation & Hygiene (WASH) and Education. The Company has also used innovative and interactive techniques to create awareness amongst the people about its programs. There has been special attention on programs which are designed to bring about behavioral changes in the people specially with respect to sanitation facilities. The Company's partners engage with community leaders & other important stakeholders to ensure effective adoption by the community.

The Company has also been training farmers on various aspects of product stewardship and safety while dealing with crop protection products. Since 2016, the Company has been conducting "Suraksha Hamesha" ('Safety all the time') training programs for farmers in India. The program serves as a platform to help educate farmers and spray men about the 9 steps of responsible use of crop protection products and personal protection measures. Using tools such as safety films, posters and presentations, the team shares messages on important stewardship topics including handling, usage, storage and disposal of crop protection products.

The key achievements of Suraksha Hamesha program are as follows:

Year	Farmers covered	Women farmers covered	Spray men covered	Participation of agriculture department officials
2019-2020	35,069	1,998	7,780	705

The Company's Suraksha Hamesha program was honored with 2018 Agrow Award for Best Stewardship Program by a panel of global industry experts in London.

The Company has been pioneering the cause of making innovative 'Sanrakshan Kit', which contains certified personal protection equipment designed to meet the safety requirements of farmers and is made available to the farmers at a subsidized price since many years. Your Company has continued with providing improved 'Sanrakshan kit' in the year 2019-2020.

Since the year 2017, digital outreach on platforms like Facebook, WhatsApp and YouTube have been key focus areas to create mass awareness about safe farming practices. The Company has developed an easy to understand movie showcasing steps of responsible use of crop protection products and this film was viewed by more than 25 lakh viewers on various digital platforms.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

- What percentage of customer complaints/consumer cases are pending as on 31<sup>st</sup> March, 2020?  
~ 1% of the total customer complaints are pending as on 31<sup>st</sup> March, 2020 before various Courts in India.
- Does the Company display product information on the product label, over and above what is mandated as per local laws?  
The Company adheres to all applicable laws and regulations on product labelling. Apart from the mandated declarations, additional declarations relating to the safe handling & use of the products are made on the labels.
- Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof.  
No cases were filed by any stakeholders against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years.



### **Statement containing particulars pursuant to Section 136(3)(m) of the Companies Act, 2013 and Rule 8 of the Companies (Accounts) Rules, 2014 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, consumption and effective control on utilization of energy in its manufacturing facilities at Navi Mumbai (Maharashtra), Mangalore (Karnataka), Dahej (Gujarat), Kharagpur (West Bengal), Nellore (Andhra Pradesh) and Nalagarh (Himachal Pradesh).

During the year under report, the following energy saving measures were implemented in the Company's manufacturing sites:

- Replacing the sodium vapour/CFL bulbs/illumination lamp/conventional lights with energy efficient LED lamps/lights.
- Replacement of old motor with energy efficient motor.
- Replacement of energy efficient Air compressors at central utility plant.
- Replacement of old ice compressors with new energy efficient compressors.
- Generation of steam using biomass/briquettes instead of furnace oil resulted in lower steam cost and less carbon dioxide emission.
- Process optimization in various production plants.
- Purchase of solar power from external solar plant.
- Installation of Variable Frequency Drive and mechanical seals in various pumps for power saving.
- Reduction in electricity demand for lower fixed cost charges.
- Purchase of electricity from private players through open access resulted in reduction of electricity rate.
- Installation of Auto voltage regulator in place of conventional lighting transformer resulted in power saving.
- Power factor improvement at MCC
- Sustaining of ISO 50001 for energy conservation.
- Redesigning of Cooling tower pump by trimming impeller for reduced energy consumption.
- Decentralized compressed air system reduced considerable amount of losses and also saved electrical energy.
- Hot water system replaced Steam Boilers saving considerable amount of energy & fuel requirement.
- Installation of water tank monitoring system to reduce use of borewell motor resulting into annual savings 845 KWH
- Avoiding double handling of finished goods in the process of dispatch, reducing fuel considerably.

Reduction in process water consumption in plants was achieved by:

- Improvisation of treated waste water quality increased its usage for various process plant applications thereby increasing reuse of treated waste water to 85%.
- Use of ETP recycle water for cooling tower and gardening.
- Rain water harvesting system.
- Condensation recovery.
- Drip irrigation and sprinkler system for tree plantation and gardening.

In addition, the Company is actively considering the following energy conservation measures:

- Initiating employee engagement program to identify & develop energy saving measures, operation excellence.
- Monthly resource conservation meeting to optimize plant consumption.
- Carrying out steam & energy audit.
- Creating awareness on energy conservation among employees.
- Optimising utility energy consumption in the plant through resource conservation.
- Change in operation philosophy.
- Reduction in energy consumption of chillers by descaling.
- Automation of central utility air compressors.
- Re-cycling of RO reject and cooling tower blowdown water.

Requisite data in respect of Energy Consumption is given below:

	Current Year 1.4.2019 to 31.3.2020	Previous Year 1.4.2018 to 31.3.2019
Power & Fuel Consumption		
1. Electricity		
(a) Purchased		
Units (in '000 kwh)	51,714.6	63,780.0
Total amount (Rs. in million)	416.1	472.1
Rate per unit (Rs.)	8.3	7.6
(b) Own generation		
Through diesel generator		
Units (in '000 kwh)	545.8	687.9
Units per litre of oil	3.2	3.6
Cost per unit (Rs.)	17.5	16.3
2. Diesel		
Qty. (k. litre)	490.0	476.7
Total Amount (Rs. in million)	15.0	16.1
Average rate (Rs./ litre)	30.6	32.1
3. Natural Gas		
Qty (KNCM)	5,504.4	11,566.8
Total cost	188.9	427.2
Average rate	34.6	34.0

## 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:

- Upgradation and improvement of safety instruments/aspects.
- Basic research in enhancing quality of life with sustainable solutions.
- Introduction of new products in existing production lines.
- Development of new products/formulations including water based dye solutions.
- Development of new analytical methods.
- Testing of new research compounds and formulations in greenhouse & fields for efficacy and safety against economically important agricultural pests and diseases.

Work on Global Research projects include:

- Collaborative research with BASF SE and its Group Companies in the areas of performance chemicals, intermediates, agrochemicals and other organic materials.
- New organic chemical intermediates for specific applications.
- UV absorbers.
- Isolation of potential pesticides from natural sources.

Your Company's technical support laboratory at Mangalore is actively involved in the area of developing new coatings technologies and testing services for global customers. This laboratory was a part of developing two new clearcoat technologies with improved environmental resistance, better appearance and better scratch resistance.

Your Company has a Pharma laboratory in its Navi Mumbai site which provides support to customer driven local innovation topics and also various global projects. This laboratory has been instrumental in launching new innovative products during the year under report. The technical and R&D team has been able to provide hands-on experience on various functionality and dosage forms using various excipients. This laboratory is also actively involved in conducting various workshops & training programs to educate & update potential customers on emerging technologies.

Your Company's Agricultural Research Station at Pune is recognized by Department of Scientific and Industrial Research, Ministry to Science and Technology. Testing of innovative research compounds is done in green house and fields for efficacy and safety against economically important pests, weeds and diseases. Baseline monitoring and resistance monitoring tests were carried out for insecticides under controlled laboratory conditions enabling the business to take right decisions for new product introduction in the market.

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

In its endeavor to create chemistry for a sustainable future 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. Production processes have been improved with respect to their safety, efficiency, quality, quantity and sustainability.

The Pharma laboratory team together with reputed Institutes have created awareness and encouraged technologies which help in improving the bio availability of the drugs and deliver solutions for life threatening diseases, such as retroviral, diabetes and cardiovascular diseases.

**3. Expenditure on R&D (net):** Rs. 53.6 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 undertakes research in several areas including:

- New Organic Chemical Intermediates for various applications.
- Process Development and scale-up.
- Agricultural Solutions.
- Other Speciality Chemicals.

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

**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:**

The Company has entered into the agreements with BASF SE and / or its Group Companies for sourcing the technical know-how in the following businesses:

- a) Performance Materials and Care Chemicals.
- b) Construction Products and Coatings.

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

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

Foreign exchange earnings during the year: Rs. 3,636.1 million.

Foreign exchange expenditure during the year: Rs. 2,016.7 million.

On behalf of the Board of Directors  
For BASF India Limited

PRADIP P. SHAH  
*Chairman*  
(DIN: 00066242)

NARAYAN KRISHNAMOHAN  
*Managing Director*  
(DIN:08350849)

Mumbai  
Dated : 10<sup>th</sup> July, 2020

**SECRETARIAL AUDIT REPORT**

Form No. MR-3

FOR FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2020.

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
BASF INDIA LIMITED

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by BASF India Limited (hereinafter called "The Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period ended on 31<sup>st</sup> March, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers and minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March 2020, to the extent applicable provisions of:

- I. The Companies Act, 2013 ("The Act") the applicable and effective Amendments and the Rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the Rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act") to the extent applicable to the Company: -
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
  - e. The Company has complied with the requirements under the Equity Listing Agreements entered into with BSE Limited, The National Stock Exchange of India Limited.
- VI. The Management has identified and confirmed the Sector Specific Laws as applicable to the Company being in Chemical Sector as given in **Annexure – 1**.

We have also examined compliances with the applicable clauses of the following:

- i) Secretarial Standards 1 and 2 as issued and revised by The Institute of Company Secretaries of India with effect from October 1<sup>st</sup>, 2017.
- ii) The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended and made effective from time to time.

During the year under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, and Standards as mentioned above.

**We further report that:**

The Board of Directors of the Company is constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the Audit period:

1. The Company has declared and paid the Final dividend @30% i.e Rs. 3/- per Equity Share and special dividend of Rs. 2/- per equity share for the financial year ended 31<sup>st</sup> March, 2019 at their Annual General Meeting held on 19<sup>th</sup> July, 2019 which was in compliance with the provisions of Section 123 of the Companies Act, 2013 read with Rule 3 of the Companies (Declaration and Payment of Dividend) Rules, 2014.
2. The Company has transferred an amount of Rs. 8,36,444/- (Rupees Eight Lakh Thirty Six Thousand Four Hundred and Forty Four) on 23<sup>rd</sup> December, 2019 and corresponding 8,211 (Eight Thousand Two Hundred and Eleven) Equity shares on 31<sup>st</sup> December, 2019 to IEPF Authority after due date for Financial Year ended 2011-12 pursuant to section 124(5) of the Companies Act, 2013 read with the applicable rules made thereunder.
3. The Company has obtained Shareholders approval pursuant to Sections 196, 197, 198 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for re-appointment of Mr. Narendranath J. Baliga (DIN: 07005484) as an Alternate Director of the Company and being in whole-time employment of the Company, deemed as a Whole-time Director for a period of five years from 1<sup>st</sup> January, 2020 to 31<sup>st</sup> December, 2024 and fixation of his remuneration in case of inadequacy of profits at their Annual General Meeting held on 19<sup>th</sup> July, 2019.
4. The Company has obtained approval from Central Government for appointment of Mr. Narayan Krishnamohan (DIN:08350849) as the Managing Director of the Company for a period of five years from 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2024.
5. The Following changes took place in the Board of Directors during the Period under review:
  - Mr. Raimar Jahn (DIN: 07819517) resigned from the post of Director of the Company with effect from 20<sup>th</sup> July, 2019
  - Mr. Dirk Bremm (DIN: 08511847) was appointed as Director of the Company with effect from 21<sup>st</sup> July, 2019, in place of Mr. Raimar Jahn
  - Mr. Narendranath J. Baliga (DIN: 07005484) was appointed as an Alternate Director to Mr. Dirk Bremm (DIN: 08511847) on 21<sup>st</sup> July, 2019
  - Mr. Pradeep Chandan (DIN: 00200067) was appointed as an Alternate Director to Mr. Ramkumar Dhruva (DIN: 00223237) with effect from 1<sup>st</sup> April, 2019.
6. The Company has listed the following Commercial Papers on BSE Limited during Financial Year 2019-2020, the details of which are as follows:

Sr. No.	Date of Allotment	Stock Exchange	ISIN	Date of Maturity
1	16 Oct 2019	BSE Limited	INE373A14941	16 Jan 2020
2	31 Oct 2019	BSE Limited	INE373A14958	29 Jan 2020
3	17 Dec 2019	BSE Limited	INE373A14966	24 Feb 2020
4	16 Jan 2020	BSE Limited	INE373A14974	16 Mar 2020
5	16 Mar 2020	BSE Limited	INE373A14982	15 Jun 2020

The Company has obtained credit ratings for its commercial papers, the ratings have been reaffirmed at 'CRISIL A1+' by CRISIL and rating of "IND A1+" India Ratings and Research Private Limited.

7. The Promoters of the Company have entered into inter-se transactions among themselves whereby BASF SE, Germany (Promoter) has acquired entire shareholding of 18,96,061 Equity Shares of BASF Construction Solutions GMBH (Promoter Group Shareholder) aggregating to 4.38% of the total paid up capital of the Company. Due to the said transfer of Shares, BASF Construction Solutions GMBH's name is not appearing in the shareholding pattern of the Company for the quarter ended 31<sup>st</sup> March, 2020 as submitted to the stock exchanges.



8. During the Financial Year the Company has sold stilbene based Optical Brightening Agents business for paper and powder detergent applications (OBA Business) for an aggregate consideration of Rs. 33.50 crore to Archroma India Private Limited under a Business Transfer Agreement.

Further the Board of Directors of the Company at its meeting held on 11<sup>th</sup> February, 2020 have approved the transfer of its construction chemical Business to Master Builders Solutions India Private Limited, a fellow Subsidiary Company, at a consideration of Rs. 5,951.6 million, subject to necessary approvals as may be required. The Company has also conducted Postal Ballot process under section 110 of the Companies Act, 2013 and the rules made thereunder for approval of the said transaction by the shareholders of the Company, which was duly passed as per the Scrutinizers report dated 22<sup>nd</sup> April, 2020.

*Place : Mumbai*  
*Dated : 22<sup>nd</sup> May, 2020*  
ICSI UDIN : F002827B000271953

**For HS Associates  
Company Secretaries**

**Hemant S. Shetye  
Partner  
FCS No.: 2827  
CP No.: 1483**

This report is to be read with our letter of even date which is annexed as **Annexure – 2** and forms an integral part of this report.

## Annexure – 1

### **SECTOR SPECIFIC LAWS AS APPLICABLE TO THE COMPANY BEING IN CHEMICAL INDUSTRY**

1. Air & Water (Prevention and Control of Pollution) Acts
2. Environment Protection Act, 1986 read with Environment (Protection) Rules, 1986
3. The Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989
4. Indian Boilers Act, 1923
5. Chemical Weapons Convention Act, 2000
6. The Narcotics Drugs and Psychotropic Substances Act, 1985
7. The Explosives Act, 1884
8. The Inflammable Substances Act, 1952
9. Insecticides Act, 1968 and Rules, 1971
10. Legal Metrology (Packaged Commodities) Rules, 2011
11. Fertilizer (Control) Order, 1985
12. Solvent Raffinate & Slop (Licensing) Order, 2007
13. Drugs and Cosmetics Act, 1940
14. GIDC/MIDC and KIADB Act and Rules.

*Place : Mumbai*

*Dated : 22<sup>nd</sup> May, 2020*

ICSI UDIN : F002827B000271953

**For HS Associates  
Company Secretaries**

**Hemant S. Shetye  
Partner  
FCS No.: 2827  
CP No.: 1483**

## Annexure – 2

To,  
The Members,  
BASF INDIA LIMITED

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness, appropriateness of financial records and books of accounts of the Company.
4. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
5. The Secretarial audit report is neither an assurance as to the future viability of the Company nor of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
6. This report is based on the data received from the Company partially through electronic mode as physical verification of the data and corresponding documents from the month of February 2020 could not be accessed during the course of audit due to the ongoing nationwide lockdown on account of COVID-19 pandemic.

*Place: Mumbai*  
*Dated : 22<sup>nd</sup> May, 2020*  
ICSI UDIN: F002827B000271953

**For HS Associates  
Company Secretaries**

**Hemant S. Shetye  
Partner  
FCS No.: 2827  
CP No.: 1483**

## Annexure V

### FORM NO. AOC – 2

{Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014}

Form for Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub section (1) of Section 188 of the Companies Act, 2013 including certain arms' length transactions under third proviso thereto.

**1. Details of contracts or arrangements or transactions not at Arm's length basis:**

There were no contracts or arrangements or transactions of the Company during the year ended 31<sup>st</sup> March, 2020, which were not at arm's length basis.

**2. Details of material contracts or arrangements or transactions at arms' length basis entered during the financial year ended 31<sup>st</sup> March, 2020:**

Name(s) of the related party & nature of relationship	Nature of contract/arrangement/ transaction	Duration of contract / arrangement/ transaction	Salient terms of the contracts/ arrangements/ transactions	Amount (Rs. in million)
BASF SE, Parent Company	(a) Sale and/or purchase of goods. (b) Availing or rendering of services. (c) Payment of Royalty for Technical Collaboration/ Assistance.	On-going transactions	As per Inter Company Transfer Pricing (ICTP) Guidelines	(a) 4,965.7 (b) 842.1 (c) 11.4
BASF Hong Kong Limited, Affiliate Company	(a) Sale and/or purchase of goods. (b) Availing or rendering of services.			(a) 20,851.8 (b) 238.6

On behalf of the Board of Directors  
For BASF India Limited

PRADIP P. SHAH  
*Chairman*  
(DIN: 00066242)

NARAYAN KRISHNAMOHAN  
*Managing Director*  
(DIN:08350849)

Mumbai  
Dated : 10<sup>th</sup> July, 2020

## Annexure VI

### REMUNERATION DETAILS PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AS AMENDED.

1. The ratio of the remuneration (paid / payable) of each Director to the median remuneration of the employees of the Company for the financial year 2019-2020: (Amount in Rupees)

Sr. No.	Name of Director	Remuneration	Median Remuneration of Employees	Ratio
1.	@Mr. Narayan Krishnamohan (Managing Director)	#46,765,021	1,304,028	35.86
2.	*@Mr. Narendranath J. Baliga (Chief Financial Officer & Alternate Director)	#20,544,392	1,304,028	15.75
3.	**Mr. Pradeep Chandan (Company Secretary & Alternate Director)	18,033,021	1,304,028	13.83
4.	Mr. Rajesh Naik (Whole-time Director)	16,255,989	1,304,028	12.47

\* Mr. Narendranath J. Baliga has been appointed as Chief Financial Officer & Alternate Director. Being in the whole-time employment of the Company, he is also deemed to be Whole-time Director.

\*\* Mr. Pradeep Chandan has been appointed as an Alternate Director. Being in the whole-time employment of the Company, he is also deemed to be Whole-time Director.

@ The Ultimate Holding Company ('BASF SE') offers Share Price based compensation program ('option program') for Senior Executives of BASF group. Mr. Narayan Krishnamohan & Mr. Narendranath J. Baliga are eligible for this option program.

# The aggregate remuneration paid/ payable to Mr. Narayan Krishnamohan and Mr. Narendranath J. Baliga for the financial year 2019-2020 includes the arrears of remuneration payable for 3 months i.e. January to March 2020, which will be paid to them in July, 2020.

2. Percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary in the financial year 2019-2020 (compared to the FY 2018-2019):

Sr. No.	Name	Designation	Percentage increase in remuneration
1.	Mr. Narayan Krishnamohan*	Managing Director	N.A.
2.	Mr. Narendranath J. Baliga	Chief Financial Officer & Alternate Director	7.92
3.	Mr. Pradeep Chandan	Company Secretary & Alternate Director	9.52
4.	Mr. Rajesh Naik	Whole-time Director	10.66

\* Appointed as Managing Director of the Company with effect from 1<sup>st</sup> April, 2019. Hence percentage increase in remuneration during FY 2019-2020 as compared to FY 2018-2019 is not applicable.

3. Percentage increase in the median remuneration of employees in the financial year 2019-2020 is 13.86%.
4. The number of permanent employees on the rolls of the Company as on 31<sup>st</sup> March, 2020 are 1502.
5. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

Average percentile increase for Managerial Personnel is 9.37% and for other employees is 13.86%.

In line with the Company's compensation philosophy, merit increases and annual bonus pay-out to its employees, including Key Managerial Personnel are directly linked to individual performance as well as that of BASF's business globally.

6. **Key parameters for any variable component of remuneration of the Executive Directors:**

The key parameters for the variable component of remuneration availed by the Directors are considered by the Board of Directors based on the recommendations of the Nomination & Remuneration Committee as per the Policy for Remuneration of the Directors, Key Managerial Personnel and other Employees.

7. It is hereby affirmed that the remuneration paid/payable during the year is as per the Remuneration Policy of the Company.

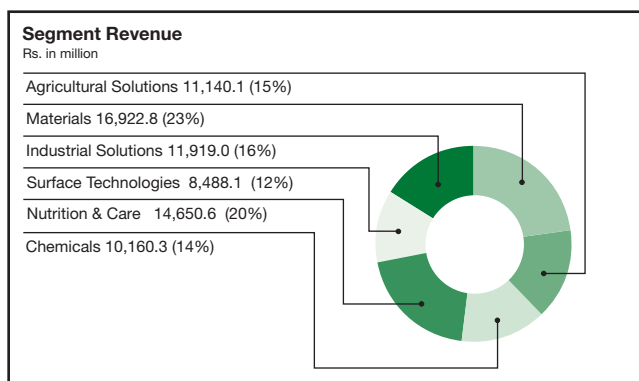
On behalf of the Board of Directors  
For BASF India Limited

PRADIP P. SHAH  
Chairman  
(DIN: 00066242)

NARAYAN KRISHNAMOHAN  
Managing Director  
(DIN: 08350849)

Mumbai  
Dated : 10<sup>th</sup> July, 2020

# Management Discussion and Analysis Report



Global GDP rose by 2.6% in 2019, considerably lower than 3.2% in 2018, against the backdrop of high political uncertainty and mounting trade barriers. Growth in the chemical industry declined to 1.5% as compared to 3.1% in 2018. As a result, growth in chemical production (excluding pharmaceuticals) was also considerably lower, at 1.8% against previous year's 2.8%.

In 2019, India is estimated to achieve a growth of 5% amidst trade wars, GST rollouts and other policy changes. India's agriculture sector is likely to grow ~ 2.8% in 2019-2020, followed by Industry ~ 2.5% and services ~ 6.9%. The growth of the manufacturing sector is expected to be around 2% in 2019-2020. The automotive sector, where a substantial portion of the Company's products are supplied, suffered a double-digit decline affecting all the automotive segments - passenger vehicles, two-three wheelers and commercial vehicles. Restricted and high cost of consumer credit, regulatory changes like new safety and emission norms (BS VI) and new insurance policies impacted the total cost of ownership of vehicles dampening demand.

Further, the effect of coronavirus pandemic is seen across the world including India. The COVID-19 pandemic induced nation-wide lockdown has severely disrupted business operations of the Company. The financial year 2020-2021 has begun with the nation-wide lockdown & other emergency measures stipulated by the Central & State Governments. The uncertainties associated with COVID-19 will impact both consumption & investment.

The products manufactured by your Company serve several sectors including agriculture, automotive, pharmaceuticals, construction, consumer durables, consumer care and paints.

Source of Global & Indian Economy Data: International Monetary Fund, Economic Survey and Annual Report of BASF SE for 2019.

## AGRICULTURAL SOLUTIONS



The Agricultural Solutions business launched 'xarvio' - a scouting mobile app for Indian farmers to identify various diseases and weeds in their farms and purchase the relevant BASF products.

The Agricultural Solutions segment includes products for crop protection like insecticides, herbicides, fungicides and plant growth regulators. The sales of the products of your Company's Agricultural Solutions business depend on the monsoon and its distribution. The distribution of monsoon had seen a big aberration from normal this year as the country experienced a deficit of ~ 17% by July, 2019. However, monsoon turned into excess by ~ 10% by September 2019. Hence, there was a drought and flood situation during one season itself. Under such trying circumstances, your Company's strong focus on diversified portfolio catering to major crops, helped your Company to not only overcome the challenges but also register a substantial growth over last financial year.

The growth was led by the recently launched products like Sefina™ and Praixor™ in cotton, Tynzer™ in corn, Xelora® in soybean and Opera® in wheat.

Your Company's commitment to stewardship continued in 2019 through the flagship programme called 'Suraksha Hamesha', a farmer's education initiative on safe handling of crop protection chemicals. In order to further expand this programme through digital media, your Company developed an easy to understand animation movie showcasing steps of responsible use of crop protection products and this film was viewed by more than 25 lakh viewers on various digital platforms.

## CHEMICALS

Your Company's Chemicals segment comprises of the Petrochemicals & Intermediates businesses.



Foamed Neopor® is as light as a feather: the silver-gray beads are formed as a result of the prefoaming process and is an innovative insulating material offered by the Petrochemicals business of your Company for construction industry.

The Petrochemicals business of your Company comprises of solvents, acrylic acid, acrylic monomers and specialty plasticizers. These products are used in a variety of end user industries including paints & coatings, adhesives and a wide variety of flexible PVC applications among others. During the year, your Company delivered high single digit volume growth in the Petrochemicals business capitalizing on BASF's global production footprint, with robust demand in downstream segments supporting the growth. The last three quarters of the financial year, however, witnessed a significant drop in commodity chemicals prices across the globe including Asia Pacific, resulting in increasing pressure on margins. BASF's innovative and trusted non-phthalate plasticizer Hexamoll DINCH continued to make inroads into a range of niche applications.

The Intermediate chemicals supplied by your Company cater to major industry segments such as pharmaceuticals, agrochemicals, coatings, food & feed, flavour & fragrance, surfactants, rubber chemicals, textiles, personal care, adhesives, dyes etc. Major growth drivers were the export of pharmaceuticals, agrochemicals and specialty ingredients as India continues in the path of becoming global manufacturing hub of life science ingredients and specialty chemicals. The economic climate was challenging in 2019 as trade conflicts, political uncertainties affected the global economy while considerably lower demand compressed the Indian economy. This had an impact on the demand in the key industries especially agrochemical exports, automotive etc. The new competition from the Middle East in ethylene/ethanol amines increased the intensity of competition resulting into lower prices. Your Company's continuous efforts to introduce new products in the market and acquire new customers also helped mitigate the difficult business environment. With continued growth in major industry segments viz., pharmaceutical, agrochemicals, food & feed and growing thrust in coating, flavour & fragrance and personal care ingredients, the outlook for Chemicals business looks positive.



Intermediates team conducted a workshop with customer UPL in Dec'19. Mr. Bejoy Chandran - Vice President - Chemicals and Performance Products, BASF South Asia gave an overview for your Company and our focus on customer centric solutions.

## MATERIALS



The Performance Materials division participated in the Sterlite Technologies Limited (STL) Global Partner Meet- "NEXUS". Mr. Brieux Boisdequin - Vice President, Automotive Business and New Business Development and Strategy BASF South Asia was invited as a speaker for panel discussion "Partnering with STL on 10x Growth through Co-creation and Collaboration."

Your Company's Materials segment includes the Performance Materials and Monomers businesses.

The Performance Materials (Polyurethane, Engineering & Specialty Plastics) business of your Company caters to the requirements of the Consumer, Construction, Industrial Product applications and Transportation industries.

Your Company's product lines that cater to the Interior, Exterior, Under Bonnet and Vehicle Suspension related applications were also adversely impacted by the slowdown and reduced market price but declined at a slower pace than the market. The business continues to sweat the assets of its Engineering Plastics unit at Thane and CELLASTO® production unit at Dahej Plant. The CELLASTO® segment expanded its production facilities at Dahej Plant to cater to the increasing needs of the Automotive segment for "Made in India" products.

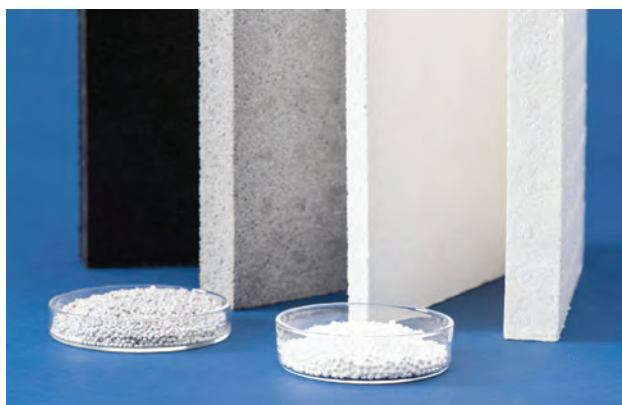
The Consumer Industry business continues to have a strong presence in the appliance (refrigerator), footwear and furniture markets. The Appliance business unit continues its efforts to increase locally produced volumes with existing customers and add new customers to increase utilization of its integrated production facilities at Dahej. The economic slowdown and reduced market price led to a decline, both in volume and value in this business, during the year under report. The business is expected to face increased competition due to new capacities in the Middle East.

The footwear market is moving towards lighter and more comfortable products. Your Company is continuously working to provide solutions for this trend and collaborating with customers at the new Creation center which was inaugurated in May 2019. This helped the footwear business grow in volumes even though the footwear market continued to be impacted by GST implementation as the end customers in this sector face an inverted duty structure.

Construction segment which predominantly supplies polyurethane insulation for the sandwich panel was growing till the last quarter when it was affected due to the complete phase out of Hydrochlorofluorocarbon (HCFC)-141 B, which is a chemical used by foam manufacturing enterprises, from January 1, 2020. Your Company is fully geared up for supplies to key customers affected by this phase out by launching new generation materials.

Expanding customer base and new market development activities supported growth in Specialty business which comprises of the multi-application product 'Ultrason', compostable plastic material 'ecovio®' and thermal and sound insulating melamine foam 'Basotect'.

Although the sales of Performance Materials business were impacted by the slowdown and price decline, the declining costs of raw materials improved the margins.



The Ultramid® particle foam has been developed for a wide range of applications. Ultramid is a particle foam based on a combination of several polyamide 6 grades. It excels with a wide range of unique characteristics: high temperature-resistance, outstanding stiffness and strength as well as an excellent chemical resistance, e.g. in contact with fuels, oils and lubricants.

The Monomers business deals in basic raw materials for polyurethanes, inorganics & polyamides and its precursors. The steep fluctuating commodity prices with the downward trend leaning towards historical lows in the year for Toluene diisocyanate coupled with its local availability and increasing overcapacities for isocyanates in Asia continues to pose a challenge for the business. However, strong market conditions in sectors such as flexible PU foams, flexible packaging, coating adhesives etc. contributed to the new business development for Methylene diphenyl diisocyanate business.

Significant growth was seen in volume terms for polyamide and precursor business whereas the focus remained on barrier films for packaging and monofilament segments.

Your Company will continue to have strong engagement with customers to maintain its position as one of the key suppliers to the market.

## INDUSTRIAL SOLUTIONS

Your Company's Industrial Solutions segment comprises of Dispersions & Resins and Performance Chemicals businesses.

The Dispersions & Resins business of the Company comprises of resins, additives and dispersions that cater to the needs of paints & coatings, construction, paper, adhesives, printing and packaging industries.

The year had been difficult for the industries served by this business. However, your Company was able to defend its market share and achieve modest growth as compared to the previous year. Although the high volatility in the raw material prices challenged the margins, your Company was successful in navigating and maintaining its position.

The Performance Chemicals business comprises of Plastic Additives, Fuel & Lubricants and Mining Chemicals.

Your Company's Plastic Additives business is categorized into antioxidants and light stabilizers for the plastic industry. Customers are broadly classified into upstream industries such as polymer manufacturers and downstream industries such as packaging automotive, agriculture and electronics. Your Company continues to grow in the upstream market with the expansion of capacities of major polymer producers. New business development in



Interior paints are a common source of indoor air pollution that directly affects health. The Acronal ECO range of water-based polymer acrylic dispersion from your Company is a low-VOC, low-odor interior paint developed to address consumer needs for healthier indoor air, and a durable, stain free living environment.





BASF's light stabilizers from the Chimassorb® range have been used by Megaplast India Pvt. Ltd., a leading polyethylene products manufacturer in India to produce nonwoven geotextile used in the construction of national highways.

activities helped to significantly increase the sales of brake-fluid in passenger cars and two-wheeler segments as well as in the after-market area.

The Mining Chemicals business caters to solid-liquid separation applications in various mineral processing areas viz; coal, iron ore, mineral sand, alumina, zinc and lead, copper, construction sand etc. This exercise facilitates the end user to recycle and reuse the process water to the maximum extent which results in a drastic reduction of fresh water intake from time to time. The Iron ore palletization binder continues to be the focus area for future growth.

the areas of 'Agricultural Films' is successful and has resulted in increased sales in the downstream market. Business continues to focus on value-added products to customers to further enhance sales.

The Fuel and Lubricant Solutions business caters to the automotive, fuel, lubricants, refinery and refrigeration industries. This business also caters to the markets of Polyisobutylene, base-stocks and compounded lubricants. Fuel and Lubricant Solutions provide products that are safe and contribute to sustainability meeting environmental concerns enabling end-consumers to achieve energy efficiency. A new production facility to produce the Automotive Coolants was started at Dahej in 2019. During the year, focused business development



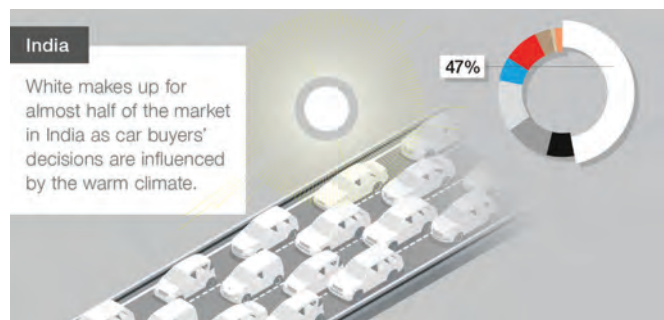
The Process Catalysts business of your Company participated in the Refinery and Petrochemicals Technology Meet- an excellent forum for customer network, customer insights and for updates in the field.

## SURFACE TECHNOLOGIES

Your Company's Surface Technologies segment comprises of Catalysts, Coatings Solutions and Construction Chemicals businesses.

The Process Catalysts business caters to the refining, petrochemicals and downstream base and fine chemical industries. The Process Catalyst plant at Mangalore serves pharma and agrochemical customers by supplying carbon support precious metal catalysts. Both the segments are highly fragmented and heavily dependent on feedstocks like petrochemical intermediates which are mostly imported from China and Europe.

The Automotive industry in India had experienced a steep decline in 2019 in two-wheeler, passenger vehicle and commercial segment. The coatings business predominantly comprises of the passenger vehicle and two wheelers segment. The automotive coatings market is constantly searching for innovative solutions to improve appearance and quality and to reduce cost and environmental impact. Your Company has a wide portfolio range to cater to these markets needs and is well connected with major customers globally. Many of the major OEMs are expected to expand their production capabilities and set up new plants depending on their strategic intent to capture the future potential of the Indian Automotive Industry.



In a country where fuel efficiency and cost affordability rule the roost, white cars have become the popular choice for customers. As per the BASF India Color Report Automotive Coatings for 2019, white cars were more preferred by customers year on year. The report is produced through a data analysis of inputs from BASF's Coatings division (based on global automotive production and paint application to light vehicles in 2019).



The Mumbai Metro line 3, currently under construction, will be the first underground line of the city. The Construction Chemicals business is supplying MasterSeal 700BG, a PVC synthetic waterproofing membrane for the establishment of complete watertight construction of the underground metro rail twin NATM tunnels.

The Construction Chemicals business of your Company supplies chemical solutions and technologies to customers in the construction industry.

The Admixture Systems business unit of the Construction Chemicals business caters to customers from the ready- mix, precast, site mix, underground construction and cement production industries. The Admixture Systems business has shown peripheral growth in the year with improved earnings. Continual focus of the Government on infrastructure sector helped sustainable business. Differentiated product technology & unparalleled technical support proved our Admixture Systems to be a preferred choice in markets.

The Construction Systems business unit offers a wide range of products and solutions such as industrial floorings, insulation and waterproofing solutions,

concrete & building repair and protection products and tile fixing solutions. The growth in this business was flat during the year due to increased price pressure from domestic and overseas competition.

## NUTRITION & CARE

Your Company's Nutrition & Care Segment comprises of Care Chemicals, Nutrition and Health Care businesses.

The Care Chemicals business provides solutions to customers in personal care, home care & institutional cleaning and industrial formulation segments viz; textile, agrochemicals, metal surface cleaning etc. The business witnessed reasonably good growth in home care and surface cleaning markets with increasing interest in new formats of liquids as well as "eco-friendly" solutions. The business harnessed good opportunities in the textile solutions market while it continued to maintain its position in other segments of the business. The business witnessed headwinds from volatile feedstock prices and currency which was managed through localization, portfolio mix and price management. The business continued its customer centric approach through various measures of digitalization, cluster and customer workshops, thereby building a sustainable sales pipeline.



Care Chemicals business of your Company participated at the CosmoTech Fair in Delhi to showcase a range of personal care solutions addressing the impact of hot and humid weather. It is the biggest exhibition for cosmetic manufacturers organized by the Personal Care industry in India.



The Pharma Solutions team successfully organised a one-day workshop on "Discovery of Excipient Functionality in Topical Formulation Design" at the BASF Innovation Campus in Navi Mumbai. The program was attended by more than 30 scientists from leading topical drug delivery companies in India.

The Nutrition & Health Care Segment of your Company offers a comprehensive range of products across Human Nutrition, Animal Nutrition, Pharma Solutions and Aroma Ingredients. All four businesses demonstrated a strong growth in 2019 and maintain a positive outlook of continuing the growth story in the current financial year as well.

The Aroma Ingredients business saw a double-digit growth in business, much higher than the already growing market after the lifting of force majeure in BASF SE Plant in Germany and easing of supplies. With improved supplies, a wide product range, new acquisitions (Isobionics), partnerships (Conagen) and a strong growth in market demand for flavors and fragrances from personal care, home care, packaged food and other FMCG segments, Aroma Ingredients is expected to continue this growth momentum.

While demand for your Company's Animal Nutrition products remained strong throughout 2019, the growth in sales was restricted due to limitation in supplies. The outlook for the Animal Nutrition business is expected to be positive in the long term.

Your Company is one of the leading pharmaceutical ingredient supplier, specializing in functional excipients and selected APIs to deliver value-adding solutions to our customers. Your Company offers highly functional excipients that enable value-adding solutions to formulation challenges, including highly specialized ingredients for manufacture of new age biologics and reliable & cost-efficient supply of selected APIs. Your Company supplies products to all the leading pharmaceutical manufacturers in India involved in domestic as well as export markets. Your Company collaborates with all the leading Companies in the development of new complex formulations and also provides support for low priced generics. Higher competition, mainly from China, in some of the standard products, fund flow issues in the pharma sector, high price pressure in generic formulations are some of the major threats affecting the business. Outlook for the Nutrition & Health care business is positive and expected to grow in the current financial year also. In 2019, your Company also conducted multiple customer outreach events in the form of workshops & seminars and the technical service laboratory in India provided technical support and solutions to several customers.

Your Company is one of the strongest suppliers of Vitamins, antioxidants and carotenoids for the Human Nutrition business supplying to all major Companies in the Pharma, Nutraceuticals, beverages and dietary supplements industry. With a broad range of functional ingredients ranging from Conjugated Linoleic Acid, Peptides, plant-based sterols, colorants, Omega 3, algae based Docosahexaenoic Acid and a broad range of food performance ingredients, your Company cater to a wide range of players in the industry. The Human Nutrition business also grew in double digits in financial year 2019-2020 and the growth momentum is expected to continue with increasing awareness of preventive health, immunity and better lifestyle thereby increasing the demand for all the key offerings in the business.

## TECHNICAL MANAGEMENT

During the year, your Company introduced many new products and manufactured them at Dahej and Mangalore. The newly established plant to manufacture automotive coolants at Dahej was audited and approved by customers for commercial production. Production commenced in May 2019. The plant was also certified for ISO 9001.

The Cellasto plant at Dahej was expanded with a new line in September 2019. This new line is fully automated, provides higher productivity and has flexibility to produce large number of products at a time. The digitalization features allow it to be monitored and get service support from experts at remote locations. Cellasto plant was awarded with the Ford Q1 certification in April, 2019.

In view of the water crisis at Dahej and Mangalore, capital expenditure was incurred to enhance the water storage and saving capabilities. Your Company also undertakes active projects for water harvesting within its manufacturing sites and has facilities which support the recharge of rain water into the aquifer.

Your Company also agreed to participate in the water desalination project initiated by Gujarat Industrial Development Corporation at Dahej to secure the critical water demand.

Your Company also sources solar power, which meets around 80% of the power demand at manufacturing site at Mangalore through a long-term power purchase agreement. Dahej and Mangalore sites are now both certified for ISO 50001, Energy Management System.

Your Company continues to undertake various Operational Excellence initiatives as under:

- Yield improvement, alternate raw material introduction and plant reliability improvement.
- Cycle time reduction, batch size optimization and utilizing digitalization tools for optimization.
- Introducing new products and utilizing available assets to manufacture.
- Water recycling and energy saving measures.

During the year, your Company mapped its as-is processes and generated a road map for digitalization for identified production plants. In accordance with the roadmap, the Coating Solutions plants at Mangalore would be the first plant to embark on the digitalization drive. The project would provide end to end visibility of the product flow, improve productivity, speed in new product stabilization and cost savings.

All your Company's plants were certified for Quality Management System ISO 9001(2015) and Environment Management System ISO 14001(2015).



Your Company successfully expanded its Cellasto® manufacturing capacity at its Dahej, Gujarat site to serve India's growing automotive market for Passenger vehicles, Two Wheelers, Three Wheelers and Commercial Vehicles. Cellasto is the trade name for components made of BASF microcellular polyurethane elastomers.

Three of the Company's plants serving the automotive industry viz.; the Engineering Plastics plant at Thane, Coatings plant at Mangalore and Cellasto® plant at Dahej have been certified by IATF (International Automotive Task Force) for their quality system. The Care Chemicals plant at Dahej have received the EFfCI GMP (European Federation for Cosmetic Ingredients Good Manufacturing Practice) & RSPO (Round table for Sustainable Palm Oil) certification.

In line with the Company's purpose "We create chemistry for a sustainable future", your Company continues to promote & practice Responsible Care® together with Indian Chemical Council for its manufacturing plants.

## INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has established adequate internal financial control systems to ensure reliable financial reporting and compliance in accordance with the laws and regulations. All resources are put to optimal use and adequately protected against any loss. All transactions are authorized, recorded and reported correctly. Policies and guidelines of your Company are being adhered to and improvements in processes are being carried out on an ongoing basis. The principles of risk avoidance such as segregation of duties and approval-based authorization matrix form the core of the internal control systems. The efficiency and effectiveness of the internal control system over financial reporting has been performed by the management through evaluation, documentation, testing and reporting of the relevant processes and controls.

Our internal control systems are also supplemented by an extensive program of internal audit by an independent firm of Chartered Accountants. Internal audits are conducted regularly and their summary as well as recommendations are placed before the Audit Committee of the Company. The Audit Committee reviews the internal financial control systems annually.

## Key Financial Ratios:

Key Ratios		2019-20	2018-19	Change %
Debtors Turnover (No. of days)	(Trade Receivables/Revenue from Operations)	66.1	63.0	5%
Inventory Turnover (No. of days)	(Inventory/Cost of Sales)	89.0	96.5	-8%
Interest Coverage Ratio*	(Earnings Before Interest, Tax & Depreciation before exceptional items/Finance cost)	4.2	2.1	100%
Current Ratio	(Current assets/Current liabilities)	1.2	1.3	-8%
Debt Equity Ratio	(Total Debt [Long term borrowings + Short term borrowings + Current maturities of long term debts]/Total Equity)	0.5	0.6	-17%
Operating Profit Margin (%)*	(Earnings Before Interest & Tax before exceptional items/Revenue from Operations)	1.6%	0.5%	220%
Net Profit Margin (%)**	(Profit after tax/Revenue from Operations)	0.2%	1.4%	-86%
Return on Net Worth (%)**	(Profit after tax/Total Equity)	1.3%	5.8%	-78%

\* Improvement in ratio due to higher operating profits in current year.

\*\* Higher profits from exceptional items in previous year.

## HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Your Company has been working towards engaging and motivating the employees throughout the year. In continuation to the Corporate Strategy, your Company has been strengthening its internal processes.



On the eve of International Women's Day, the Mangalore site invited Dr. Joylene Almeida, OBG Specialist & Consultant, CHD Group and Dr. Edmond Fernandes, CEO, CHD Group. They addressed employees on preventive health components for Women on the topic "What she must know and Leadership and Mental Health in the new age".

In its endeavour to further simplify and go digital, your Company has digitized several HR processes using the new tool "Empower" tool and has also launched the Taleo Onboarding system in 2019 to digitally onboard new hires.

Your Company has continued to maintain harmonious industrial relations at manufacturing sites and has signed 3 long term wage settlements in 2019. While continuing the focus on upskilling employees and being strategically aligned to the business priorities, your Company has conducted various workshops throughout the year led by internally trained facilitators. The year saw continued leadership contribution and involvement in strategic topics like Talent Management, New Leader Program and Project Related Development.

Your Company employed 1,502 people as on 31<sup>st</sup> March, 2020.



Continuing the program to enhance employee skills and strengthen the leadership talent pool, your Company continued to facilitate leadership development program for employees.

## CORPORATE AFFAIRS

The Corporate Affairs team helps the business deliver a compelling and accurate corporate narrative by utilizing the right platforms. In the financial year 2019-2020, the team helped create awareness internally and externally about the completion of 75 years of incorporation of your Company in India.

Several key initiatives on the media and stakeholder front were designed and executed with specific focus on customer connect initiatives. Most prominently, your Company leveraged the “Future Perfect 4.0” platform in association with the Times Network to engage with customers and peers from the automotive industry through the ‘Mobility of Tomorrow’ event. As the Sustainability Partner for the India Economic Conclave from the Times Network, your Company reinforced commitment to creating chemistry for a sustainable future. The adept use of traditional and social media platforms along with advocacy on several key business topics with the Indian Government & various associations, ensured a strong positioning & visibility for your Company’s products and solutions.



Your Company kicked off BASF Future Perfect 4.0 with a grand event in Delhi, inviting multiple stakeholders from the automotive industry for a panel discussion on the theme- ‘Mobility of Tomorrow’. Rich and insightful discussions were conducted on the impact of ACES trend (Automated, Connected, Electric and Shared) mobility on the Indian auto industry.



Mercedes Benz India completed 25 years in the country in 2019 and the Automotive Coatings team of your Company was recognized with the Business Partner Award for 2018 at their Annual Business Partner meet on April 19, 2019. During the annual business partner meet, Mercedes and its partners (including your Company) shared business updates, best practices and market trends in the country.

## AWARDS AND RECOGNITION

Your Company’s efforts towards creating chemistry for a sustainable future helped win prestigious accolades and recognitions from customers as well as industry stakeholders. The Automotive Coatings team was recognized with the Business Partner Award for 2018 by Mercedes Benz India at their Annual Business Partner Meet in 2019, which acknowledges your Company’s contribution to Mercedes Benz India’s business. The Performance Materials team bagged the “Best Localisation support” Award at Confluence 2019 Supplier meet of Godrej & Boyce as well as the ‘Euro Safety’ award from the Roger Group in India. The Company also received the Pinnacle Award for Excellence in Manufacturing in Environment, Health and Safety category from Confederation of Indian Industry (CII).

The EHS team also received the Indian Chemical Council (ICC's) Aditya Birla Award for "Best Responsible Care Committed Company" along with the "ICC Award for Best Nicer Globe User Company" for its commitment towards transportation and distribution safety and for being in the fore front in leading and implementing Nicer Globe Initiative. Meanwhile, highlighting the Company's work in the areas of sustainability and CSR, the Indo-German Chamber of Commerce conferred the Sustain Award 2019 on your Company. On the manufacturing front, the Cellasto team scored 97% in the 1<sup>st</sup> Certification Audit of 5-S by the National Productivity Council, under the Ministry of Commerce and Industry of the Government of India, while the Thane Site was awarded the Certificate of Recognition of good safety practices for "Forklift Operations safety Implementation" by CII.



Your Company received the Indian Chemical Council (ICC's) Aditya Birla Award for "Best Responsible Care Committed Company". ICC also recognized your Company with the "ICC Award for Best Nicer Globe User Company" for our commitment towards transportation and distribution safety and being fore front in leading and implementing Nicer Globe Initiative.

Optimized supply chain operations play a crucial role in maintaining high customer satisfaction which is an indication of the shift in corporate strategy for your Company towards being more customer-centric. The Supply Chain team of your Company leveraged automation technologies (like Robotic Process Automation, Computer Vision and Microsoft Flow) to collaborate and create an agile ecosystem. This enabled rollout of automation of key operational processes and reduced operational costs as well as minimizing human errors in the system. This digitalization project helped the Supply Chain team win the 2019 BASF Asia Pacific Customer Service.

Further, the team also worked with an external service provider to deploy a software that seamlessly integrates Export Import processes, enabling statutory compliance along with necessary documentation, real-time notifications and analytics. The software offers end-to-end visibility and audit observations facility for the

Customs team while ensuring control on data flow, along with higher accuracy in filing customs declarations. The solution ensures high security standards meeting BASF's security guidelines and is soon planned to be ported to a mobile version to offer stakeholders an insight into real time shipment status.

On behalf of the Board of Directors  
For BASF India Limited

PRADIP P. SHAH  
(Chairman)  
(DIN: 00066242)

NARAYAN KRISHNAMOHAN  
(Managing Director)  
(DIN: 08350849)

Mumbai

Dated : 22<sup>nd</sup> May, 2020



Mr. Narayan Krishnamohan - Managing Director, BASF India Limited along with Ms. Sunita Sule - Director, Corporate Affairs for BASF South Asia met with the German Ambassador to India, Mr. Walter J. Lindner, briefing him about BASF's work in the country.

## Report on Corporate Governance

The Company has complied with the requirements of Corporate Governance as stipulated in Chapter IV of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) as amended.

### 1. **COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

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

The commitment to good Corporate Governance is embodied in its values:

- Creative
- Open
- Responsible
- Entrepreneurial

The value "Responsible" indicates that the Company acts responsibly as an integral part of society by adhering to high compliance and environmental standards.

The Company has consistently 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's philosophy on Corporate Governance envisages attainment of higher levels of transparency, accountability and ethical conduct in all facets of its operations and 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.

The Company through its purpose "We create chemistry for a sustainable future" has made sustainability the mainstay of its existence and has integrated the same into all its business processes and Corporate Social Responsibility activities.

The BASF Code of Conduct, which sets forth the Company's policies on important issues, aims to develop a genuine culture where employees act as role models in promoting business ethics and legal compliance.

## 2. BOARD OF DIRECTORS

The Company is fully compliant with the Corporate Governance norms in respect of constitution of the Board of Directors. The Company has a diversified Board which represents an optimum mix of professionalism, knowledge, gender and experience.

### A. Composition and category of the Board of Directors are as follows:

#### (i) EXECUTIVE & ALTERNATE DIRECTORS\*

Name	Date of Appointment	Designation	No. of Meetings held during the Last Financial Year	No. of Meetings Attended	No. of Memberships in Boards of other Companies**	No. of Memberships/ Chairmanships in Committees of other Companies
Mr. Narayan Krishnamohan #	1 <sup>st</sup> April, 2019	Managing Director	6	6	NIL	NIL
Mr. Narendranath J. Baliga (Alternate Director to Mr. Dirk Bremm)@	1 <sup>st</sup> January, 2015	Chief Financial Officer	6	6 <sup>^</sup>	NIL	NIL
Mr. Pradeep Chandan (Alternate Director to Dr. Ramkumar Dhruva)	1 <sup>st</sup> April, 2019	Director – Legal, General Counsel (South Asia) & Company Secretary	6	6 <sup>^</sup>	NIL	NIL
Mr. Rajesh Naik (Whole-time Director)	1 <sup>st</sup> April, 2019	Director – Manufacturing	6	4	NIL	NIL

\* Executive & Alternate Directors do not hold any Directorships in other Listed Companies.

\*\* Excludes Directorships/Memberships in Private Limited Companies, Foreign Companies, Companies registered under Section 8 of the Companies Act, 2013.

# Mr. Narayan Krishnamohan holds 50 shares of the Company.

@ Mr. Narendranath J. Baliga was an Alternate Director to Mr. Raimar Jahn till 20<sup>th</sup> July, 2019 and was appointed as an Alternate Director to Mr. Dirk Bremm from 21<sup>st</sup> July, 2019.

<sup>^</sup> Mr. Narendranath J. Baliga attended the Board Meeting held on 19<sup>th</sup> July, 2019 as an invitee and Mr. Pradeep Chandan attended the Board Meeting held on 19<sup>th</sup> July, 2019 as a Company Secretary.

By virtue of being in whole-time employment of the Company, the Alternate Directors are also deemed to be Whole-time Directors of the Company.

#### (ii) NON-EXECUTIVE DIRECTORS

Name	Date of Appointment	No. of Meetings held during the Last Financial Year	No. of Meetings Attended	No. of Memberships in Boards of other Companies*	No. of Memberships/ Chairmanships in Committees
Mr. Raimar Jahn **	1 <sup>st</sup> April, 2017	6	1	NIL	NIL
Dr. Ramkumar Dhruva #	10 <sup>th</sup> August, 2018	6	1	NIL	NIL
Mr. Dirk Bremm <sup>^</sup>	21 <sup>st</sup> July, 2019	6	0	NIL	NIL

\* Excludes Directorships in Private Limited Companies, Foreign Companies, Section 8 Companies, Bodies Corporate, Memberships of Managing Committees of various Chambers/Bodies.

\*\* Resigned as a Director of the Company with effect from the close of business hours as on 20<sup>th</sup> July, 2019 and was represented by Alternate Director during his absence from India till 20<sup>th</sup> July, 2019.

# Represented by Alternate Director during his absence from India.

<sup>^</sup> Appointed as a Director of the Company in place of Mr. Raimar Jahn with effect from 21<sup>st</sup> July, 2019 & represented by Alternate Director during his absence from India.



(iii) **INDEPENDENT NON-EXECUTIVE DIRECTORS**

Name	Date of Appointment	No. of Meetings held during the Last Financial Year	No. of Meetings Attended	No. of Memberships in Boards of other Companies*	No. of Memberships/ Chairmanships in Committees of other Companies**
Mr. Pradip P. Shah, Chairman	31 <sup>st</sup> January, 2000	6	6	8	Membership – 4 Chairmanship – 2
Mr. R. A. Shah	24 <sup>th</sup> April, 1968	6	6	5#	Membership – 1 Chairmanship – 2
Mr. Arun Bewoor	19 <sup>th</sup> January, 2010	6	6	3	Membership – 2 Chairmanship – 1
Mrs. Shyamala Gopinath	23 <sup>rd</sup> January, 2019	6	6	4	Membership – 2 Chairmanship – 2

\* Excludes Directorships in Private Limited Companies, Foreign Companies, Section 8 Companies, Bodies Corporate, Memberships of Managing Committees of various Chambers/Bodies.

\*\* Includes only Chairmanship/Membership in Audit Committee and Stakeholders' Relationship Committee of Public Companies.

# As Mr. R. A. Shah has resigned from the Board of Colgate Palmolive (India) Limited with effect from 1<sup>st</sup> April, 2020, the said membership is not considered.

**Directorships of Independent Non-Executive Directors in other Listed Companies:**

a. Presently, Mr. Pradip P. Shah is on the Board of the following other Listed Entities:

Sr. No.	Name of the Company	Category of Directorship
1	Sonata Software Limited	Independent Director
2	Bajaj Auto Limited	Independent Director
3	Kansai Nerolac Paints Limited	Independent Director
4	KSB Limited (Formerly known as KSB Pumps Limited)	Independent Director
5	Pfizer Limited	Independent Director
6	Bajaj Holdings & Investment Limited	Independent Director

b. Presently, Mr. R. A. Shah is on the Board of the following other Listed Entities:

Sr. No.	Name of the Company	Category of Directorship
1	Proctor & Gamble Hygiene and Healthcare Limited	Independent Director
2	Pfizer Limited	Independent Director
3	Lupin Limited	Independent Director
4	Godfrey Philips India Limited	Non-Executive Non-Independent Director
5	Atul Limited	Non-Executive Non-Independent Director

c. Presently, Mr. Arun Bewoor is on the Board of the following other Listed Entity:

Sr. No.	Name of the Company	Category of Directorship
1	Agro Tech Foods Limited	Independent Director

d. Presently, Mrs. Shyamala Gopinath is on the Board of the following other Listed Entities:

Sr. No.	Name of the Company	Category of Directorship
1	HDFC Bank Limited	Independent Part-time Non-Executive Director
2	Colgate-Palmolive (India) Limited	Independent Director
3	Tata Elxsi Limited	Independent Director

As per the declarations/disclosures received from Mr. Pradip P. Shah, Mr. R. A. Shah, Mr. Arun Bewoor and Mrs. Shyamala Gopinath, they do not serve as Independent Directors on the Board of more than 7 Listed Companies. They are also not acting as Whole-time Directors on the Board of any Listed Company. Mr. Pradip P. Shah, Mr. R. A. Shah and Mr. Arun Bewoor were re-appointed as Independent Directors of the Company to hold office for a term of 5 consecutive years from 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2024 and they are not liable to retire by rotation. Mrs. Shyamala Gopinath was appointed as an Independent Director of the Company for a term of 5 consecutive years from 23<sup>rd</sup> January, 2019 to 22<sup>nd</sup> January, 2024 and she is not liable to retire by rotation.

The Independent Directors of the Company have given requisite disclosures along with a declaration to the Board that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI Listing Regulations as amended. In the opinion of the Board of Directors, the Independent Directors of the Company fulfil the conditions specified in the Companies Act, 2013 & rules framed thereunder and the SEBI Listing Regulations as amended and they are independent of management.

The terms and conditions of appointment of Independent Directors are available on the Company's website viz.; [www.basf.com/in](http://www.basf.com/in) at <http://bit.do/basftermsandconditions>

The Company also has a familiarisation programme for its Independent Directors, which is available at:

<http://bit.do/basfindependentdirectorfamiliarisationpolicy> and <http://bit.do/BASF-Familiarisation-Program>

**Number of Board Meetings held during the financial year along with the dates of the meetings:**

Six Board Meetings were held during the financial year 2019-2020 on the following dates:

- |                                    |                                     |
|------------------------------------|-------------------------------------|
| (1) 30 <sup>th</sup> April, 2019   | (2) 6 <sup>th</sup> June, 2019      |
| (3) 19 <sup>th</sup> July, 2019    | (4) 6 <sup>th</sup> August, 2019    |
| (5) 7 <sup>th</sup> November, 2019 | (6) 11 <sup>th</sup> February, 2020 |

The Board/ Committee meetings are pre-scheduled and a tentative annual calendar of Board and Committee meetings is circulated to the Directors well in advance to enable them to plan their schedule and ensure meaningful participation in the meetings. However, in case of special and urgent business expediency, the Board's approval is taken by passing resolutions by circulation, as provided under the Companies Act, 2013, which is noted and confirmed in the next Board Meeting. The notice and the agenda of Board Meetings along with the relevant documents and explanatory notes wherever required, are provided well in advance to all the Directors to enable them to discharge their responsibilities effectively and take informed decisions.

**B. Pecuniary relationships or transactions of the Non-Executive Directors vis-à-vis the Company.**

Mr. Pradip P. Shah, Mr. R. A. Shah, Mr. Arun Bewoor and Mrs. Shyamala Gopinath, Independent Non-Executive Directors of the Company do not have any material pecuniary relationship with the Company other than the sitting fees paid to them. Details of sitting fees paid are given at Serial No. 4(b) of this Report. M/s. Crawford Bayley & Co., Solicitors & Advocates, in which Mr. R. A. Shah is a Senior Partner, renders professional services to the Company. Mr. R. A. Shah has confirmed that the transactions between the Company and M/s. Crawford Bayley & Co., do not exceed 10% of the gross receipts of M/s. Crawford Bayley & Co.

Independent Non-Executive Directors do not hold any shares or convertible instruments in the Company except Mr. R. A. Shah who holds 80 shares of the Company jointly with Ms. Shefali Shah.

Dr. Ramkumar Dhruva, Mr. Raimar Jahn (upto 20<sup>th</sup> July, 2019) and Mr. Dirk Bremm (w.e.f 21<sup>st</sup> July, 2019) were not paid any commission during the financial year 2019-2020. They do not hold any shares and convertible instruments of the Company.

**C. Relationships between Directors Inter-se.**

None of the Directors of the Company are in any way related to each other.

**D. Skills/ Expertise and Competence of the Board of Directors of the Company along with the names of the Directors who have such skills/ expertise and competence.**

The Board of Directors of the Company has the following skills/ expertise and competencies in the context of the businesses in which it operates:

Skills/Expertise/Competence	Name of the Director
Knowledge of the Chemical sector and the related value chains.	1) Mr. Narayan Krishnamohan 2) Dr. Ramkumar Dhruva 3) Mr. Dirk Bremm
Knowledge of finance, accounting, financial reporting.	1) Mr. Pradip P. Shah 2) Mrs. Shyamala Gopinath 3) Mr. Narendranath J. Baliga
Specialist knowledge and experience in law, corporate governance & compliance.	1) Mr. R. A. Shah 2) Mr. Pradeep Chandan
Knowledge and experience in Marketing.	Mr. Arun Bewoor
Expertise in technical management i.e. Manufacturing Sites.	Mr. Rajesh Naik

### 3. AUDIT COMMITTEE

The Board of Directors of the Company constituted an Audit Committee on 1<sup>st</sup> March, 2001. The Chairperson of the Audit Committee, Mrs. Shyamala Gopinath is an Independent Non-Executive Director. During the financial year 2019-2020, 4 Audit Committee Meetings were held on 30<sup>th</sup> April, 2019, 6<sup>th</sup> August, 2019, 7<sup>th</sup> November, 2019 and 11<sup>th</sup> February, 2020 respectively.

The present composition of the Audit Committee is as follows:

Name	Date of appointment	No. of Meetings during FY 2019-2020	
		Held	Attended
Mrs. Shyamala Gopinath, Chairperson	1 <sup>st</sup> April, 2019	4	4
Mr. R. A. Shah	1 <sup>st</sup> March, 2001	4	4
Mr. Pradip P. Shah	1 <sup>st</sup> March, 2001	4	4
Mr. Arun Bewoor	19 <sup>th</sup> January, 2010	4	4

Mrs. Shyamala Gopinath is the Independent part-time Non-Executive Chairperson of HDFC Bank Limited. As Deputy Governor of the Reserve Bank of India (RBI) for seven years and member of the RBI's Board of Directors, she guided and influenced national policies in diverse areas of financial sector regulation and supervision, the development and regulation of financial markets, capital account management, management of government borrowings, foreign exchange reserves management and payment and settlement systems. She has served on several Committees of RBI. During 2001 to 2003, she worked as senior financial sector expert in the Monetary Affairs and Exchange Department of the International Monetary Fund (Financial Institutions Division). She has served as the Chairperson of the Advisory Board on Bank, Commercial and Financial Frauds for two years from 2012 to 2014.

Mr. R. A. Shah is a Solicitor and a senior partner of M/s. Crawford Bayley & Co., a reputed firm of Advocates & Solicitors in Mumbai. He has specialized in a broad spectrum of Corporate Laws with special focus on Foreign Investments, Joint Ventures, Technology and Licence Agreements, Intellectual Property Rights, Mergers & Acquisitions, Industrial Licensing, Anti-Trust and Competition Law.

Mr. Pradip P. Shah is a Chartered Accountant and MBA from Harvard University. He is also a Cost Accountant. He has served on several expert committees of State and Central Governments and was a Director on the Regional Board of the Reserve Bank of India.

Mr. Arun Bewoor holds a Bachelor's degree in Science from Pune University. He has also done his Advance Management Education from IIM, Ahmedabad and Columbia University, New York, USA.

All the members of the Audit Committee are professionals and financially literate within the meaning of Regulation 18 of the SEBI Listing Regulations as amended.

Mr. Narendranath J. Baliga, Chief Financial Officer of the Company was present at all the meetings of the Audit Committee as a Permanent Invitee.

Mr. Pradeep Chandan, Director – Legal, General Counsel (South Asia) & Company Secretary was appointed as Secretary of the Audit Committee on 2<sup>nd</sup> April, 2010 and was present at all the meetings of the Audit Committee.

The constitution of the Audit Committee meets with the requirements of Regulation 18 and Schedule II Part C of the SEBI Listing Regulations as amended and Section 177 of the Companies Act, 2013.

The minutes of the meetings of the Audit Committee are noted at the Board Meetings. The Chairperson of the Audit Committee, Mrs. Shyamala Gopinath was present at the 75<sup>th</sup> Annual General Meeting held on 19<sup>th</sup> July, 2019.

Statutory Auditors, Internal Auditors and Cost Auditors are invited to the meetings, as required.

The key terms of reference of the Audit Committee (stipulated by the Board) are as under:

- Oversight of the Company's financial reporting process and disclosure of the financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommend the appointment, re-appointment and, if required, replacement or removal of Statutory Auditors and Cost Auditors, fixation of the audit fees and approving payments for any other services.

- c. Review with the Management, the annual and quarterly financial statements/results and auditor's report thereon before submission to the Board, focusing primarily on:
  - Matters required to be included in the Directors' Responsibility Statement forming part of the Board's Report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
  - Changes, if any, in the accounting policies, practices and reasons for the same.
  - Major accounting entries involving estimates based on exercise of judgment by the Management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing & other legal requirements concerning financial statements.
  - Disclosure of any related party transactions.
  - Modified opinion(s) in draft audit report.
- d. Review with the Management, the performance of Statutory and Internal Auditors and adequacy of internal control systems.
- e. Review and monitor Auditors' independence, performance and effectiveness of audit process.
- f. Approval or any subsequent modification of transactions of the Company with related parties.
- g. Scrutiny of inter-corporate loans and investments.
- h. Valuation of undertakings or assets of the Company.
- i. Evaluation of internal financial controls and risk management systems.
- j. Review 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.
- k. Discussions with the Internal Auditors of any significant findings and follow-up thereon.
- l. Review 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.
- m. Discussions with Statutory Auditors before the audit commences, of the nature and scope of audit as well as have post-audit discussion to ascertain any areas of concern.
- n. Look into the reasons for substantial defaults in payments to depositors, debenture holders, shareholders (in case of non-payment of declared dividend) and creditors.
- o. Review the Company's financial and risk management policies.
- p. Review the functioning of the Whistle Blower mechanism.
- q. Appointment of Chief Financial Officer and terms of his appointment.
- r. Monitoring the end use of the funds raised through public offers, if any and other related matters.
- s. Reviewing the annual cost audit report submitted by the Cost Auditors.
- t. Reviewing the following information:
  - Management discussion and analysis of financial condition and results of operations;
  - Statement of significant related party transactions;
  - Management letters/letters on internal control weaknesses issued by the Statutory Auditors;
  - Internal audit reports relating to internal control weaknesses;
  - The appointment, removal and terms of remuneration of the Chief Internal Auditor.

The Audit Committee is vested with the necessary powers, as defined in its charter, to achieve its objectives.

#### 4. **NOMINATION & REMUNERATION COMMITTEE**

The Board of Directors of the Company constituted a Nomination & Remuneration Committee on 29<sup>th</sup> July, 2013. The Chairman of the Nomination & Remuneration Committee, Mr. R. A. Shah, is an Independent Non-Executive Director. During the financial year 2019-2020, 2 meetings of the Nomination & Remuneration Committee were held on 6<sup>th</sup> June, 2019 and 11<sup>th</sup> February, 2020 respectively.

The present composition of the Nomination & Remuneration Committee is as follows:

Name	Date of appointment	No. of Meetings during FY 2019-2020	
		Held	Attended
Mr. R. A. Shah, Chairman	29 <sup>th</sup> July, 2013	2	2
Mr. Pradip P. Shah	29 <sup>th</sup> July, 2013	2	2
Mrs. Shyamala Gopinath	1 <sup>st</sup> April, 2019	2	2

Mr. Pradeep Chandan was appointed as Secretary of the Nomination & Remuneration Committee on 29<sup>th</sup> July, 2013 and was present at all the meetings of the Nomination & Remuneration Committee.

The minutes of the meetings of the Nomination & Remuneration Committee are noted at the Board Meetings. The Chairman of the Nomination & Remuneration Committee, Mr. R. A. Shah, was present at the 75<sup>th</sup> Annual General Meeting held on 19<sup>th</sup> July, 2019.

The key terms of reference of the Nomination & Remuneration Committee (stipulated by the Board) are as under:

- Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board, a policy relating to the remuneration of Directors, Key Managerial Personnel and other employees.
- Formulate criteria for evaluation of the performance of Independent Directors and the Board;
- Devise a policy on Board diversity;
- Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board their appointment and removal.
- Extend or continue the term of appointment of the Independent Directors on the basis of the report of performance evaluation of the Independent Directors.
- Recommend to the Board, the remuneration payable to Senior Management.

- **Performance Evaluation Criteria for Independent Directors**

The Nomination & Remuneration Committee has formulated the criteria for evaluation of Independent Directors and the performance of the Independent Directors was evaluated during the year based on the said criteria.

- **Performance Evaluation of the Board**

The Board carries out the evaluation of the performance of Directors and Committees of the Board.

The purpose of the evaluation is to assess the performance of the Directors in discharging their responsibilities and to evaluate how effectively the Board, the Directors and the Committees were fulfilling their role and duties.

An annual evaluation of the Board is conducted to assess the performance of the Board as a whole and that of individual Board members. Performance is assessed based on clearly defined objective criteria, which are in line with the Company's policy. Performance is measured against commitments and best-in-class benchmarks. Plans for orderly succession of the Senior Management are also in place.

As required under Regulation 25 of the SEBI Listing Regulations, a separate meeting of the Independent Directors of the Company was also held on 22<sup>nd</sup> May, 2020 to evaluate the performance of the Chairman, Non-Independent Directors and the Board as a whole and also to assess the quality, quantity and timeliness of flow of information between the management of the Company and the Board.

- **Remuneration of Independent Non-Executive Directors**

The remuneration to be paid to the Independent Non-Executive Directors is decided by the Board based on the recommendation of the Nomination & Remuneration Committee and subject to the approval of the shareholders of the Company. The remuneration shall not exceed 1% of the net profit of the Company for each financial year calculated as per the provisions of the Companies Act, 2013. The Independent Non-Executive Directors of the Company did not receive any commission from the Company for the financial year ended 31<sup>st</sup> March, 2020. Only sitting fees as approved by the Board were paid to the Independent Non-Executive Directors for attending the meetings of the Board and/or Committee thereof. Reference may be made to table (b) on page 52 for details of sitting fees paid to Independent Non-Executive Directors for the financial year ended 31<sup>st</sup> March, 2020.

- **Criteria for payment of sitting fees to Independent Non-Executive Directors**

The criteria for payment of sitting fees to Independent Non-Executive Directors is based on:

- Company's operations.
- Number of Board Meetings & Committee Meetings attended during the financial year.
- Time devoted towards the affairs of the Company.
- Performance of the Company during the financial year.

- **Policy on Remuneration to the Managing Director, Whole-time Director and Key Managerial Personnel (KMP)**

Remuneration to the Managing Director and Whole-time Directors shall be in accordance with the provisions of the Companies Act, 2013. Increments to the existing remuneration/ compensation structure shall be recommended by the Nomination & Remuneration Committee to the Board, which shall be within the overall maximum limits of managerial remuneration approved by the shareholders for the Managing Director and Whole-time Directors of the Company. The overall managerial remuneration in respect of any financial year shall be in accordance with the limits laid down under Section 197 and Schedule V of the Companies Act, 2013.

If in any financial year, the Company has no profits or its profits are inadequate, the Company shall make payment of remuneration within the maximum limits as minimum remuneration to the Managing Director and Whole-time Directors of the Company based on the approval of the Nomination & Remuneration Committee, Board and subject to the approval of the shareholders and such other approvals, as may be required, in accordance with the provisions of Section 197 and Schedule V of the Companies Act, 2013.

During the financial year 2019-2020, the payment of remuneration to the Managerial Personnel was in accordance with the relevant provisions laid down under the Companies Act, 2013.

The Company does not have an Employee Stock Options Scheme for its Directors and Employees.

**Details of remuneration paid/payable to all the Directors during the year 2019-2020 are as under:**

(a) MANAGING/ WHOLE-TIME/ ALTERNATE DIRECTORS

(Amount in Rupees per annum)

Remuneration	Mr. Narayan Krishnamohan	Mr. Narendranath J. Baliga*	Mr. Pradeep Chandan**	Mr. Rajesh Naik	Total
Salary & Benefits @	36,130,850	16,119,575	15,918,546	14,005,014	82,173,985
Performance Linked Incentive #	9,290,178	3,865,524	2,114,475	2,250,975	17,521,152
Total	45,421,028	19,985,099	18,033,021	16,255,989	99,695,137

@ Salary & Benefits includes Salary, Benefits, Provident Fund and Superannuation but excluding provision for contribution to Gratuity Fund, Group Insurance, long service awards and any benefits under Option Program of BASF SE, Parent Company.

The Ultimate Holding Company ('BASF SE') offers Share Price based compensation program ('option program') for Senior Executives of BASF group & Mr. Narayan Krishnamohan and Narendranath J. Baliga are eligible for this option program.

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

\* Mr. Narendranath J. Baliga had been appointed as Chief Financial Officer & Alternate Director. Being in the whole-time employment of the Company, he is deemed to be Whole-time Director of the Company.

\*\* Mr. Pradeep Chandan had been appointed as Company Secretary & Alternate Director. Being in the whole-time employment of the Company, he is deemed to be Whole-time Director of the Company.

(b) INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board of Directors of the Company had approved the payment of sitting fees to the Independent Non-Executive Directors for attending the Board and/or other Committee meetings. The details of the sitting fees paid to them during the financial year ended 31<sup>st</sup> March, 2020 are as follows:

Mr. R. A. Shah	Mr. Pradip P. Shah	Mr. Arun Bewoor	Mrs. Shyamala Gopinath
Rs. 12,75,000	Rs. 12,25,000	Rs. 12,25,000	Rs. 13,25,000

(c) No remuneration was paid to the Non-Executive Foreign Directors during the financial year 2019-2020.

## 5. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Board of Directors of the Company constituted a Shareholders'/ Investors' Grievance Committee on 1<sup>st</sup> March, 2001. The said Committee was renamed as Stakeholders' Relationship Committee on 31<sup>st</sup> July, 2014. The Chairperson of the Stakeholders' Relationship Committee, Mrs. Shyamala Gopinath, is an Independent Non-Executive Director. During the financial year 2019-2020, 1 meeting of the Stakeholders' Relationship Committee was held on 7<sup>th</sup> November, 2019. The minutes of the meeting of the Stakeholders' Relationship Committee was noted at the Board Meeting. The Chairperson of the Stakeholders' Relationship Committee, Mrs. Shyamala Gopinath was present at the 75<sup>th</sup> Annual General Meeting held on 19<sup>th</sup> July, 2019.

The present composition of the Stakeholders' Relationship Committee is as follows:

Name	Date of appointment	No. of Meetings during FY 2019-2020	
		Held	Attended
Mrs. Shyamala Gopinath, Chairperson	1 <sup>st</sup> April, 2019	1	1
Mr. Arun Bewoor	19 <sup>th</sup> January, 2010	1	1
Mr. Narayan Krishnamohan	1 <sup>st</sup> April, 2019	1	1
Mr. Rajesh Naik	15 <sup>th</sup> May, 2017	1	1

Mr. Pradeep Chandan is the Secretary of the Stakeholders' Relationship Committee and has attended the meeting held in the financial year 2019-2020.

The terms of reference of the Stakeholders' Relationship Committee covers the matters specified in Part D of the Schedule II of the SEBI Listing Regulations as amended. The Committee looks into redressal of shareholders' and investors' complaints/ grievances. The Committee also looks into complaints concerning transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates etc. The Committee also reviews measures taken for effective exercise of voting rights by shareholders. The Committee also oversees the performance of the Registrar and Share Transfer Agent and recommends measures for overall improvement in the quality of investor service. The Committee also reviews various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipts of dividend warrants, annual reports by the shareholders of the Company.

All matters related to shares vis-à-vis transfers, deletions, transmissions, dematerialization and rematerialization of shares, etc. have been duly attended to by the Company within the prescribed time lines during the financial year 2019-2020.

Name, designation and address of the Compliance Head is as follows:

Mr. Pradeep Chandan

Director – Legal, General Counsel (South Asia) & Company Secretary

BASF India Limited

The Capital, 'A' Wing, 1204-C,

12<sup>th</sup> Floor, Plot No. C-70, 'G' Block,

Bandra-Kurla Complex,

Bandra (East), Mumbai-400051.

Tel: +91 22 62785600/ 67243700/ 67243800

E-mail ID: investor-grievance-india@basf.com ; Website: [www.basf.com/in](http://www.basf.com/in)

A summary of the complaints received, cleared/pending during the financial year under review are given below:

Particulars	Number of Complaints			
	As on 1 <sup>st</sup> April, 2019	Received during the financial year	Cleared/attended during the financial year	Pending as on 31 <sup>st</sup> March, 2020
Non-receipt of dividend warrants	NIL	NIL	NIL	NIL
Non-receipt of share certificates after transfer, deletion of name, transmission, consolidation of folios & share certificates, correction of name etc	NIL	NIL	NIL	NIL
Non-receipt of Annual Report	NIL	NIL	NIL	NIL
SEBI Complaints Redressal System (SCORES) and Stock Exchanges (BSE/NSE)	1	15	16	NIL
Total	1	15	16	NIL

There were no investor grievances which remained unattended/pending for resolution for more than 30 days. Requests for share transfers and dematerialization received during the financial year have been processed within the time limit prescribed under the SEBI Listing Regulations.

## 6. RISK MANAGEMENT COMMITTEE

Securities and Exchange Board of India (SEBI) vide its notification dated 9<sup>th</sup> May, 2018 had amended the SEBI Listing Regulations which mandates top 500 listed entities based on market capitalisation as at the end of the immediate previous financial year, to constitute a Risk Management Committee comprising of majority of the members of the Board of Directors of the Company with effect from 1<sup>st</sup> April, 2019.

In view of the above and being one of such top 500 listed entities, the Board of Directors of the Company at their Board Meeting held on 28<sup>th</sup> March, 2019 constituted the Risk Management Committee of the Company with effect from 1<sup>st</sup> April, 2019.

During the financial year 2019-2020, 1 meeting of the Risk Management Committee was held on 6<sup>th</sup> June, 2019. The minutes of the meeting of the Risk Management Committee was noted at the Board Meeting. The Chairman of the Risk Management Committee, Mr. Narayan Krishnamohan was present at the 75<sup>th</sup> Annual General Meeting held on 19<sup>th</sup> July, 2019.

The present composition of the Risk Management Committee is as under:

Name	Date of appointment	No. of Meetings during FY 2019-2020	
		Held	Attended
Mr. Narayan Krishnamohan, Chairman	1 <sup>st</sup> April, 2019	1	1
Mr. Pradip P. Shah, Member	1 <sup>st</sup> April, 2019	1	1
Mr. Arun Bewoor, Member	1 <sup>st</sup> April, 2019	1	1
Mrs. Shyamala Gopinath, Member	1 <sup>st</sup> April, 2019	1	1
Mr. Narendranath J. Baliga, Chief Financial Officer	1 <sup>st</sup> April, 2019	1	1

Mr. Pradeep Chandan, Director - Legal, General Counsel (South Asia) & Company Secretary is appointed as the Secretary to the Risk Management Committee with effect from 1<sup>st</sup> April, 2019 and has attended the committee meeting held in the financial year 2019-2020.

The terms of reference of the Risk Management Committee is as follows:

- Monitor and review Risk Management Plan as approved by the Board;
- Review and recommend Risk Assessment Report and Risk Management Report for approval of the Board.
- Ensure that appropriate system of risk management is in place.
- Oversee recent developments in the Company and periodic updating of Company's Enterprise Risk Management Program for assessing, monitoring and mitigating the risks.
- Annually review the adequacy of the Company's resources to perform its risk management responsibilities and achieve objectives.
- Carry out such responsibilities as may be assigned by the Board from time to time.

## 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 as provided in Regulation 17(8) and Part B of Schedule II of the SEBI Listing Regulations for the financial year ended 31<sup>st</sup> March, 2020 was placed before the Board at its meeting held on 22<sup>nd</sup> May, 2020 and the same is also annexed to this Report.

## 7. ANNUAL GENERAL 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 – 400021 on the following dates:

1. 19<sup>th</sup> July, 2019 at 3.00 p.m.
2. 10<sup>th</sup> August, 2018 at 3.00 p.m.
3. 28<sup>th</sup> September, 2017 at 3.00 p.m.



No Special Resolutions were passed at the 74<sup>th</sup> Annual General Meeting held on 10<sup>th</sup> August, 2018. However, Special Resolutions were passed at the previous Annual General Meetings held on 19<sup>th</sup> July, 2019 and 28<sup>th</sup> September, 2017 in respect of the following matters and the same were approved with the requisite majority.

75 <sup>th</sup> AGM: 19 <sup>th</sup> July, 2019	
1.	Re-appointment of Mr. Narendranath J. Baliga (DIN: 07005484) as an Alternate Director of the Company and being in the whole-time employment deemed as a Whole-time Director of the Company for a period of five years with effect from 1 <sup>st</sup> January, 2020 to 31 <sup>st</sup> December, 2024 and related terms of appointment including remuneration.

73 <sup>rd</sup> AGM: 28 <sup>th</sup> September, 2017	
1.	Appointment of Mr. Rajesh Naik (DIN:06935998) as Whole-time Director of the Company for a period of 2 years from 1 <sup>st</sup> April, 2017 to 31 <sup>st</sup> March, 2019 and fixation of his remuneration.
2.	Appointment of Dr. Lakshmi Nadkarni (DIN:07076164) as Alternate Director to Dr. Andrea Frenzel and by virtue of being in whole-time employment of the Company as a Whole-time Director for a period of 2 years from 1 <sup>st</sup> April, 2017 to 31 <sup>st</sup> March, 2019 and fixation of her remuneration.
3.	Payment of remuneration within maximum limits, as minimum remuneration to the Managerial Personnel in the event of losses or inadequacy of profits.

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of the SEBI Listing Regulations as amended, the Company had extended remote e-voting facility to its members to cast their votes electronically on all resolutions set forth in the Notice convening the 75<sup>th</sup> Annual General Meeting held on 19<sup>th</sup> July, 2019. On the day of the Annual General Meeting, the Company also conducted e-voting facility at the venue on all the resolutions and the resolutions were passed with the requisite majority.

During the Financial Year 2019-2020, there were no special resolutions passed by way of Postal Ballot.

**(b) Attendance of Directors at 75<sup>th</sup> AGM during the last financial year:**

All the Directors of the Company, except Mr. Dirk Bremm (appointed post AGM) were present at the last AGM held on 19<sup>th</sup> July, 2019.

**8. DETAILS OF DIRECTOR SEEKING RE-APPOINTMENT**

Brief resume of the Director seeking re-appointment is as under:

Mr. Dirk Bremm (DIN: 08511847) is presently 47 years of age. He studied Business Administration at the Leipzig Graduate School of Management, Leipzig, Germany. He joined BASF SE as Staff to a Division Head in 2000. Thereafter, in 2002, he became the Head of Plastics & Polyurethane Division, BASF South Africa (Pty.) Ltd. In 2004, he was appointed as Group Leader Sales, Polyamide & Intermediates Europe, BASF SE. From 2007-2011, he operated as Vice President, Business Management Coatings Solutions Mexico. In 2012, he served as Senior Vice President, Construction Chemicals Retail Europe, BASF Construction Chemicals, Mannheim, Germany and from 2013-2016, he was the Senior Vice President, Construction Chemicals Americas, BASF Corporation. Since 2017, Mr. Dirk Bremm is the President, BASF Coatings GmbH, Münster, Germany. Mr. Dirk Bremm does not hold any shares of the Company. He does not hold any Directorship/ Committee positions in any other public company in India.

**9. DISCLOSURES**

(a) The Company does not have any subsidiary.

(b) The Company has formulated a policy for dealing with Related Party Transactions, which has been duly approved by the Board. The Policy is available on the website of the Company [www.basf.com/in](http://www.basf.com/in) in the 'Investor Relations' section. All the transactions of the Company with its related parties were on arms' length basis and in the ordinary course of business. All the related party transactions have been approved by the Audit Committee and the Board of the Company. The register of contracts containing the transactions in which Directors are interested is placed before the Board for its approval at every Board Meeting. Transactions with Related Parties as per requirements of IND-AS are disclosed in Note No. 45 to the Financial Statements in the Annual Report and they are not in conflict with the interest of the Company.

- (c) The Company has complied with the requirements of the Stock Exchanges, Securities and Exchange Board of India (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 markets.
- (d) The Company has formulated a Whistle Blower Policy which provides adequate safeguards against victimization of Employee(s)/ Director(s)/ 3<sup>rd</sup> parties who avail of the mechanism and also provides direct access to the Chairman of the Audit Committee in exceptional cases as detailed in the Policy. The details of the Whistle Blower Policy are available on the website of the Company [www.basf.com/in](http://www.basf.com/in) in the 'Investor Relations' section. No person has been denied access to the Chairman of the Audit Committee.
- (e) The Company has complied with the mandatory requirements of Corporate Governance as stipulated under Schedule V of the SEBI Listing Regulations.
- (f) Risk Management:
- The Company has a mechanism in place 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.
- (g) The Company manages its foreign exchange risks by hedging its net exposure with the use of appropriate hedging instruments (e.g. forward contracts). The derivatives are used only for hedging purposes and speculation is strictly prohibited.
- (h) Credit Rating:
- The credit rating awarded to your Company by CRISIL on its long term & short-term debt programs is 'CRISIL AAA under "Rating Watch with Negative Implications". The ratings on the Fixed Deposits and Commercial Paper have been reaffirmed at 'FAAA/Stable' and 'CRISIL A1+', respectively.
- Further, India Ratings and Research Private Limited has maintained a credit rating of "IND A1+" for the Commercial Paper Programme of Rs. 7500 Million. Instruments with these ratings are considered to have the highest degree of safety regarding timely servicing of financial obligations & carry lower credit risk.
- (i) The Management Discussion & Analysis Report forms part of this Annual Report.
- (j) The Company has complied with the corporate governance requirements specified in Regulations 17 to 27 and the mandatory requirements under Schedule II and Regulation 46 of the SEBI Listing Regulations as amended.
- (k) The Corporate Governance Report of the Company for the financial year ended 31<sup>st</sup> March, 2020 is in compliance with the SEBI Listing Regulations.
- (l) The status of adoption of the non-mandatory requirements as specified in sub-regulation 1 of Regulation 27 of the SEBI Listing Regulations is as follows:
- i. The Board: Mr. Pradip P. Shah, Independent Non-Executive Director is the Chairman of the Company with effect from 1<sup>st</sup> April, 2019;
  - ii. Shareholder Rights: Half-yearly and other quarterly results are published in newspapers and also uploaded on Company's website [www.basf.com/in](http://www.basf.com/in);
  - iii. Modified opinion(s) in audit report: The Company has a regime of un-qualified financial statements. Auditors have not raised any qualification on the financial statements;
  - iv. Separate posts of Chairperson and Managing Director:
    - Mr. Pradip P. Shah, Independent Non-Executive Director has been appointed as the Chairman of the Company with effect from 1<sup>st</sup> April, 2019;
    - Mr. Narayan Krishnamohan has been appointed as Managing Director of the Company with effect from 1<sup>st</sup> April, 2019 for a term of 5 years.
  - v. Reporting of Internal Auditor: M/s Mahajan & Aibara, Chartered Accountants, Mumbai, Internal Auditors of the Company reports to the Audit Committee.

- (m) Mr. Hemant Shetye, Partner, HS Associates, Practicing Company Secretary, has certified that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Board/ Ministry of Corporate Affairs or any such statutory authority. The same is annexed hereto as **Annexure-1**.
- (n) The total aggregate fees paid to M/s. Price Waterhouse Chartered Accountants LLP (including all its network entities/firms) is Rs. 16.03 million.
- (o) Prevention of Sexual Harassment at the Workplace: Details are provided on page no. 9 of this Annual Report.

## 10. MEANS OF COMMUNICATION

- The Quarterly and Half-yearly Unaudited Financial Results are generally published in widely circulating national and local newspapers such as 'Business Standard' (in English) and 'Mumbai Tarun Bharat' (in Marathi).
- The Company's Financial Results/official news releases and other important Investor related information are periodically displayed and updated on the Company's website, viz., [www.basf.com/in](http://www.basf.com/in) in the 'Investor Relations' section.

## 11. GENERAL SHAREHOLDERS INFORMATION

- (a) The Annual General Meeting of the Company will be held on Thursday, 6<sup>th</sup> August, 2020 at 3.00 p.m. through Video Conferencing/ Other Audio Visual Means.
- (b) The Company's financial year begins on 1<sup>st</sup> April and ends on 31<sup>st</sup> March.
- |  |  |
|--|--|
| Financial Calendar — Results for quarter ending June 30, 2020<br>(tentative) | 1 <sup>st</sup> week of August, 2020               |
| Annual General Meeting   | 6 <sup>th</sup> August, 2020                       |
| Results for quarter ending September 30, 2020                                | 2 <sup>nd</sup> week of November, 2020             |
| Results for quarter ending December 31, 2020                                 | 5 <sup>th</sup> week of January, 2021              |
| Results for the year ending March 31, 2021                                   | 1 <sup>st</sup> /2 <sup>nd</sup> week of May, 2021 |
- (c) Period of book closure: Friday, 24<sup>th</sup> July, 2020 to Thursday, 30<sup>th</sup> July, 2020 (both days inclusive) for the purposes of Annual General Meeting and payment of dividend.
- (d) Dividend payment date: On or after 11<sup>th</sup> August, 2020.
- (e) Listing on Stock Exchanges: The equity shares of the Company are listed on the following Stock Exchanges:

Name of the Stock Exchange	Address
BSE Ltd. (BSE)	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001
The National Stock Exchange of India Limited (NSE)	Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex Bandra (East), Mumbai – 400051

The Company has paid the annual listing fees for the financial year 2020-2021 to both the Stock Exchanges.

- (f) Stock Code : 500042  
 SYMBOL : BASF  
 Demat ISIN No. (NSDL & CDSL) : INE373A01013

(g) Market Price Data:

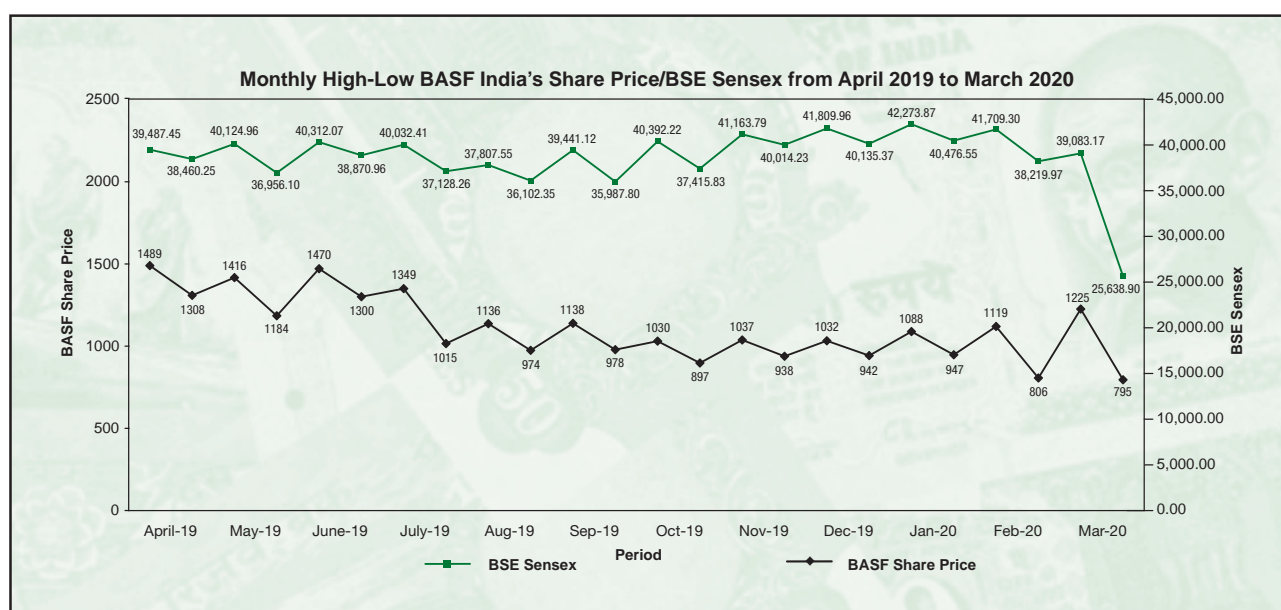
High/low market price of the Company's equity shares traded on BSE Ltd. and The National Stock Exchange of India Limited during each month in the last financial year ended on 31<sup>st</sup> March, 2020 is furnished below along with a graph indicating the performance of Company's share price in comparison with the BSE Sensex:

SHARE PRICES (HIGH/LOW) OF BASF INDIA LIMITED FOR THE PERIOD APRIL 2019 TO MARCH 2020

(Share prices in Rs.)

BSE			NSE		
MONTH	HIGH (DATE)	LOW (DATE)	MONTH	HIGH (DATE)	LOW (DATE)
April	1489.00 (01.04.2019)	1308.25 (30.04.2019)	April	1494.05 (01.04.2019)	1308.25 (30.04.2019)
May	1415.90 (28.05.2019)	1184.00 (15.05.2019)	May	1421.00 (28.05.2019)	1183.30 (15.05.2019)
June	1469.50 (12.06.2019)	1299.90 (20.06.2019)	June	1472.95 (12.06.2019)	1301.00 (20.06.2019)
July	1348.55 (01.07.2019)	1015.00 (31.07.2019)	July	1347.90 (01.07.2019)	1013.80 (31.07.2019)
August	1136.05 (06.08.2019)	973.70 (23.08.2019)	August	1138.05 (06.08.2019)	975.00 (22.08.2019)
September	1138.00 (24.09.2019)	978.00 (19.09.2019)	September	1141.00 (24.09.2019)	975.05 (20.09.2019)
October	1029.60 (30.10.2019)	896.85 (15.10.2019)	October	1029.00 (30.10.2019)	920.00 (16.10.2019)
November	1037.00 (05.11.2019)	937.80 (21.11.2019)	November	1040.00 (05.11.2019)	936.50 (21.11.2019)
December	1031.50 (27.12.2019)	942.00 (18.12.2019)	December	1032.00 (27.12.2019)	941.00 (18.12.2019)
January	1087.95 (17.01.2020)	947.00 (06.01.2020)	January	1088.00 (17.01.2020)	969.95 (13.01.2020)
February	1118.70 (28.02.2020)	805.65 (26.02.2020)	February	1115.00 (28.02.2020)	809.15 (26.02.2020)
March	1224.80 (05.03.2020)	795.00 (13.03.2020)	March	1225.00 (05.03.2020)	903.25 (13.03.2020)

MONTHLY HIGH-LOW BASF SHARE PRICE/ BSE SENSEX FROM APRIL 2019 TO MARCH 2020



(h) Registrar & Share Transfer Agent: **TSR Darashaw Consultants Private Limited**

Registered Office & Investors Relation Centre  
TSR Darashaw Consultants Private Limited  
Unit : BASF India Limited  
6, H. M. Patrawala Industrial Estate,  
Near Famous Studio, 20, Dr. E. Moses Road,  
Mahalaxmi (West), Mumbai – 400011.  
Tel. No. : +91 22 66568484 Extn: 411/412/413  
Fax No. : +91 22 66568494  
Email : [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com)

The details of contact person of TSR Darashaw Consultants Private Limited is as follows:

Name	Phone No.	Fax No.
Ms. Kshama Ghole/ Ms. Mary George	022 - 66568484	022 - 66568494

(i) Share Transfer System: Presently, share transfers which are received in physical form are processed by the Registrar & Share Transfer Agent and approved by the Company within a period of 15 days from the date of lodgment, subject to the transfer documents being found proper and complete in all respects.

(j) The distribution of the shareholding of the Company as on 31<sup>st</sup> March, 2020 was as follows:

Category (No. of shares)	No. of shareholders	Percentage	No. of shares	Percentage
1-500	38,732	95.02	2,406,843	5.56
501-1000	1,102	2.70	831,773	1.92
1001-2000	497	1.22	704,277	1.63
2001-3000	154	0.38	377,577	0.87
3001-4000	71	0.17	251,269	0.58
4001-5000	62	0.15	285,229	0.66
5001-10000	75	0.18	526,939	1.22
10001 and above	75	0.18	37,901,733	87.56
<b>Total</b>	<b>40,768</b>	<b>100.00</b>	<b>43,285,640</b>	<b>100.00</b>

(k) The shareholding pattern of the Company as on 31<sup>st</sup> March, 2020 was as follows:

Category	No. of shares	% of total capital
Foreign Promoters	31,743,220	73.33
Directors and relatives of Directors	130	0.00
NRIs, FIIs and FPIs	1,766,615	4.08
Mutual Funds	705,303	1.63
State Government	30	0.00
Insurance Companies	2,620,436	6.06
Nationalized and other Banks	23,013	0.05
Domestic Corporate Bodies/Trusts/Clearing Members/LLPs	680,936	1.57
Resident Individual Investors	5,631,387	13.01
Investor Education & Protection Fund	114,570	0.27
<b>Total</b>	<b>43,285,640</b>	<b>100.00</b>

- (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. As on 31<sup>st</sup> March, 2020, 42,865,119 equity shares, representing 99.03% of the voting capital of the Company have been dematerialized.
- (m) As of date, the Company has not issued GDRs/ADRs/Warrants or any convertible instruments.
- (n) Locations of Manufacturing Plants as on 31<sup>st</sup> March, 2020:

<b>Nellore, Andhra Pradesh</b>	<b>Dahej, Gujarat</b>
Plot 1 & 1A, APIIC Industrial Park, Menakur village, Block B, Naidupet Mandal, SPSR Nellore District, Andhra Pradesh.	4B, Dahej Industrial Estate, Village Dahej, Taluka Vagra, District Bharuch, Gujarat – 392130.
<b>Nalagarh, Himachal Pradesh</b>	<b>Kharagpur, West Bengal</b>
Khasra No. 87/1 Village: Beer Plassis, Nalagarh, District: Solan, Himachal Pradesh.	Plot No. F-7, Vidyasagar Industrial Park, Kharagpur, Paschim Medinipur, West Bengal.
<b>Navi Mumbai, Maharashtra</b>	
Plot Nos. C-68, TTC Industrial Area, MIDC Thane-Belapur Road, Turbhe, Navi Mumbai – 400613, Maharashtra.	Plot Nos. 12 & 13, TTC Industrial Area, MIDC, Thane-Belapur Road, Turbhe, Navi Mumbai – 400705, Maharashtra.
<b>Mangalore, Karnataka</b>	
Bala/Thokur Village, Surathkal-Bajpe Road, Mangalore Taluka, Dakshina Kannada District, Karnataka – 575030.	

- (o) Address for correspondence:  
Mr. Pankaj Bahl, Manager – Company Secretarial  
The Capital, 'A' Wing, 1204-C,  
12<sup>th</sup> Floor, Plot No. C-70, 'G' Block,  
Bandra-Kurla Complex,  
Bandra (East), Mumbai – 400051  
Tel: +91 22-62785600/ 67243700/ 67243800  
Email: [pankaj.bahl@basf.com](mailto:pankaj.bahl@basf.com)

- (p) Top Ten Shareholders of the Company as on 31<sup>st</sup> March, 2020:

Sr. No.	Name of the Shareholder(s)	No. of shares	% of the total capital
1.	BASF SE	22,835,320	52.75
2.	BASF Schweiz AG	8,907,900	20.58
3.	BAJAJ Allianz Life Insurance Company Ltd.	1,005,539	2.32
4.	General Insurance Corporation of India	690,000	1.59
5.	TATA Mutual Fund - TATA Hybrid Equity Fund	672,922	1.55
6.	Life Insurance Corporation Of India	516,921	1.19
7.	First State Indian Subcontinent Fund	365,123	0.84
8.	The Scottish Oriental Smaller Companies Trust PLC	284,933	0.66
9.	Atul Limited	261,396	0.60
10.	Caisse De Depot Et Placement Du Quebec-First State Investments International Limited	236,796	0.55

- (q) Share price: Rs.1049.60 per share on BSE Limited as on 22<sup>nd</sup> May, 2020.

## 12. CODE OF CONDUCT

The Company has established a Code of Conduct for its Board Members and Senior Management Personnel. The Company has also formulated a Code on Prevention of Insider Trading.

The Code of Conduct for the Board Members and Senior Management personnel is available on the Company's website at: <http://bit.do/basfcodeofconductpolicy>

All the Board Members and Senior Management Personnel have complied with the Code of Conduct.

## 13. DISCLOSURES WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/UNCLAIMED SUSPENSE ACCOUNT

There are no shares lying in the demat suspense account or unclaimed suspense account of the Company and hence the details of the same are not provided.

On behalf of the Board of Directors  
For BASF India Limited

PRADIP P. SHAH  
*Chairman*  
(DIN: 00066242)

NARAYAN KRISHNAMOHAN  
*Managing Director*  
(DIN:08350849)

Mumbai

Dated: 22<sup>nd</sup> May, 2020

## ANNEXURE-1

### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of BASF INDIA LIMITED having CIN L33112MH1943FLC003972 and having registered office at The Capital, A Wing, 1204-C, 12<sup>th</sup> Floor, Plot No. C-70 'G' Block, Bandra Kurla Complex, Bandra (East) Mumbai- 400051 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended 31<sup>st</sup> March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Appointment
1.	Mr. Pradip P. Shah	00066242	31/01/2000
2.	Mr. Narayan Krishnamohan	08350849	01/04/2019
3.	Mr. R. A. Shah	00009851	24/04/1968
4.	Mr. Arun Bewoor	00024276	19/01/2010
5.	Mrs. Shyamala Gopinath	02362921	23/01/2019
6.	Dr. Ramkumar Dhruva	00223237	10/08/2018
7.	Mr. Dirk Bremm	08511847	21/07/2019
8.	Mr. Narendranath J. Baliga	07005484	21/07/2019
9.	Mr. Pradeep Chandan	00200067	21/07/2019
10.	Mr. Rajesh Naik	06935998	01/08/2014

Ensuring the eligibility of for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For HS Associates**  
Company Secretaries

**Hemant Shetye**  
*Partner*  
FCS No.: 2827  
CP No.: 1483

Place: Mumbai

ICSI UDIN: F002827B000308869

## CHIEF EXECUTIVE OFFICER (CEO) & CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

The Board of Directors  
BASF India Limited  
The Capital, 'A' Wing, 1204-C,  
12<sup>th</sup> Floor, Plot No. C-70, 'G' - Block,  
Bandra Kurla Complex, Bandra (East),  
Mumbai - 400051.

### COMPLIANCE CERTIFICATE

As stipulated under Regulation 17(8) and Part B of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2020 and that to the best of our knowledge and belief:
  - 1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31<sup>st</sup> March, 2020 which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee:
  - 1) significant changes in internal control over financial reporting during the year;
  - 2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - 3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For BASF India Limited

Mumbai  
Dated: 20<sup>th</sup> May, 2020

NARAYAN KRISHNAMOHAN  
Managing Director  
(DIN: 08350849)

NARENDRANATH J. BALIGA  
Chief Financial Officer  
(DIN: 07005484)

### AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of BASF India Limited

We have examined the compliance of conditions of Corporate Governance by BASF India Limited, for the year ended March 31, 2020 as stipulated in Regulations 17, 17A 18, 19, 20, 21, 22, 23, 24, 24A, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (collectively referred to as "SEBI Listing Regulations, 2015").

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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 SEBI Listing Regulations, 2015.

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 Price Waterhouse Chartered Accountants LLP**  
Firm Registration Number: 012754N/ N500016  
Chartered Accountants

**Jeetendra Mirchandani**  
Partner  
Membership Number: 048125  
UDIN Number: 20048125AAAADY4788

Place: Pune  
Dated: 22<sup>nd</sup> May, 2020



# Independent Auditors' Report to the Members of BASF India Limited

## Report on the audit of the Financial Statements

### Opinion

1. We have audited the accompanying financial statements of BASF India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

4. We draw your attention to the following:
  - a. Note 35(i) of the financial statements, which describes the status of certain demand notices received by the Company from the Commercial Tax Department, Karnataka and the management's assessment in respect of the same, based on the legal advice obtained by the Company.
  - b. Note 49 of the financial statements, which describes the management's assessment of the financial impact of the outbreak of Coronavirus (Covid-19) pandemic situation, for which a definitive assessment of the impact in the subsequent period is dependent upon the circumstances as they evolve.

Our opinion is not modified in respect of these matters.

## Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Assessment of Provisions and Contingent liabilities</b></p> <p>(Refer Notes 17, 35 and 41 to the financial statements)</p> <p>At March 31, 2020, in respect of certain direct and indirect tax and other litigations (comprising various claims filed by other parties not acknowledged as debt), the Company held provisions of Rs. 403.3 million and disclosed contingent liabilities (to the extent not provided for) of Rs. 4,404.9 million.</p> <p>The Company undergoes assessment proceedings from time to time with direct and indirect tax authorities and litigations with certain other parties. There is a high level of management judgement required in estimating the possible outflow of economic resources and the level of provisioning and/or the disclosures required. The management's assessment is supported by advice from independent tax and legal consultants, where considered necessary by the management. Any, unexpected adverse outcomes could significantly impact the Company's reported profit and financial position.</p> <p>We considered the above area as a key audit matter due to associated uncertainty related to the outcome of these matters and application of judgement in interpretation of law.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Understanding and evaluating process and controls designed and implemented by the management including testing of operating effectiveness of the relevant controls;</li> <li>• Obtaining details of the related matters, inspecting the supporting evidences and critically assessing management's evaluation through discussions with management on both the likelihood of outcome and the magnitude of potential outflow of economic resources;</li> <li>• Understanding the current status of the tax assessments/ litigations;</li> <li>• Reading recent orders and/ or communication received from the tax authorities and with certain other parties, and management replies to such communication;</li> <li>• Where relevant, reading the independent tax/ legal advice obtained by management and evaluating the grounds presented therein;</li> <li>• Evaluating independence, objectivity and competence of the management's tax / legal consultants;</li> <li>• Obtaining direct written confirmations from the Company's legal/ tax consultants (internal/ external) to confirm the facts and circumstances and assessment of the likely outcome.</li> <li>• Together with auditor tax experts, assessed the management's evaluation of the likelihood of the potential financial exposure;</li> <li>• Evaluating the appropriateness of presentation and disclosure;</li> </ul> <p>Based on the above procedures performed, we did not identify any material exceptions to management's assessment of provisions and contingent liabilities.</p>

## Other Information

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the directors' report, report on corporate governance and management discussion and analysis report but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of management and those charged with governance for the financial statements

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified

under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### **Auditors' responsibilities for the audit of the financial statements**

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on other legal and regulatory requirements

14. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
15. As required by Section 143(3) of the Act, we report that:
- (a) We have sought and 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 it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Notes 17, 35 and 41 to the financial statements;
    - ii. The Company has long-term contracts as at March 31, 2020 for which there were no material foreseeable losses and did not have any long-term derivative contracts as at March 31, 2020;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;
    - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020.
16. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

**For Price Waterhouse Chartered Accountants LLP**  
Firm Registration Number: 012754N/N500016  
Chartered Accountants

**Jeetendra Mirchandani**  
Partner  
Membership Number: 048125  
UDIN: 20048125AAAADX7206

Place : Pune  
Date : May 22, 2020

## Annexure A to Independent Auditors' Report

Referred to in paragraph 15(f) of the Independent Auditors' Report of even date to the members of BASF India Limited on the financial statements for the year ended March 31, 2020

### Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of BASF India Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

### Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Annexure A to Independent Auditors' Report

### Inherent Limitations of Internal Financial Controls with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Also refer paragraph 4(b) of our main audit report.

**For Price Waterhouse Chartered Accountants LLP**  
Firm Registration Number: 012754N/N500016  
Chartered Accountants

**Jeetendra Mirchandani**  
Partner  
Membership Number: 048125  
UDIN: 20048125AAAADX7206

Place : Pune  
Date : May 22, 2020

## Annexure B to Independent Auditors' Report

**Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of BASF India Limited on the financial statements for the year ended March 31, 2020**

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
  - (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
  - (c) The title deeds of immovable properties, as disclosed in Note 1 on fixed assets to the financial statements, are held in the name of the Company, except in respect of leasehold land held at one of the Company's manufacturing location (having Gross Block – Rs. 21.4 million and net block – Rs. Nil). The Company is in process of complying with the terms of the lease cum sale agreement and basis completion thereof, would execute the final sale agreement to obtain the right of ownership thereon.
- ii. The physical verification of inventory (excluding stocks with third parties) have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of income tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities.
  - (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of goods and service tax which have not been deposited on account of any dispute. Refer Appendix I for particulars of dues of income tax, sales tax, service tax, duty of customs, duty of excise and value added tax as at March 31, 2020 which has not been deposited on account of a dispute.

## Annexure B to Independent Auditors' Report

**Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of BASF India Limited on the financial statements for the year ended March 31, 2020**

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any bank as at the Balance Sheet date. The Company neither has any loans or borrowings from financial institutions or Government, nor it has issued any debentures as at the Balance Sheet date, therefore the provisions of clause 3(viii) of the order, to that extent are not applicable to the Company.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans during the year ended March 31, 2020. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

**For Price Waterhouse Chartered Accountants LLP**  
Firm Registration Number: 012754N/N500016  
Chartered Accountants

**Jeetendra Mirchandani**  
Partner  
Membership Number: 048125  
UDIN: 20048125AAAADX7206

Place : Pune  
Date : May 22, 2020



## Appendix I

Referred to in paragraph vii(b) of our Annexure B to the Independent Auditors' Report of even date to the members of BASF India Limited on the Financial Statements for the year ended March 31, 2020

Sr. No.	Name of the Statute	Nature of Dues	Amount (Rs. in million)	Period to which the amount relates	Forum where dispute is pending
1.	The Income Tax Act, 1961	Income Tax liability (including interest and penalty, as applicable)	867.3	Assessment Years 2002-03, 2004-05, 2005-06, 2007-08, 2013-14, 2014-15 and 2016-17	Appellate Authority - up to Commissioner's level
			312.5	Assessment Years 2007-08 to 2012-13	Income Tax Appellate Tribunal
			2.5	Assessment Years 2000-01, 2002-03 and 2006-07	High Court
	<b>Sub Total</b>		<b>1,182.3</b>		
2.	The Central Sales Tax Act, 1956 and Local Sales Tax Acts	Sales Tax and Value Added Tax liability (including interest and penalty, as applicable)	2,631.8	Financial Years 2002-03, 2005-06, 2006-07 to 2016-17	Appellate Authority - up to Commissioner's level
			3,721.2	Financial Years 1993-94, 1994-1995, 2004-05, 2006-07 to 2011-12, 2013-14, 2014-15	Sales Tax Appellate Tribunal
	<b>Sub Total</b>		<b>6,353.0</b>		
3.	The Finance Act, 1994	Service Tax Liability (including interest and penalty, as applicable)	2.6	Financial Years 2006-07 to 2009-10	Appellate Authority - up to Commissioner's level
			930.7	Financial Years 2004-05 to 2015-16	Custom, Excise and Service Tax Appellate Tribunal
	<b>Sub Total</b>		<b>933.3</b>		
4.	The Customs Tariff Act, 1975	Customs Duty (including interest and penalty, as applicable)	43.6	Financial Years 2003-04 to 2005-06	Supreme Court of India
			1.2	Financial Year 2012-13	Custom, Excise and Service Tax Appellate Tribunal
			8.9	Financial Year 2019-20	Appellate Authority - up to Commissioner's level.
	<b>Sub Total</b>		<b>53.7</b>		
5.	The Central Excise Act, 1944	Excise duty Liability (including interest and penalty, as applicable)	17.5	Financial Years 2007-08, 2011-12 to 2014-15	Appellate Authority - up to Commissioner's level
			2.0	Financial Years 1981-1982, 2012-2013	Custom, Excise and Service Tax Appellate Tribunal
			6.3	Financial Year 2011-12	High Court
	<b>Sub Total</b>		<b>25.8</b>		
<b>Total</b>			<b>8,548.1</b>		

# Balance Sheet as at March 31, 2020

Rs. in million

	Notes	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1 A	7,812.3	9,560.8
Right-of-use assets	1 B	1,588.7	—
Capital work-in-progress	1 C	229.5	422.4
Intangible assets	1 D	8.1	9.0
Financial assets			
(i) Loans	2	164.5	194.1
Deferred tax assets (net)	3	878.6	639.0
Income tax assets (net)	4	1,336.6	1,220.7
Other non-current asset	5	396.7	399.1
<b>Total non-current assets</b>		<b>12,415.0</b>	<b>12,445.1</b>
<b>Current assets</b>			
Inventories	6	14,962.0	12,126.3
Financial assets			
(i) Trade receivables	7	13,668.6	10,406.7
(ii) Cash and cash equivalents	8	804.8	127.8
(iii) Bank balances other than cash and cash equivalents	8	4.5	4.3
(iv) Loans	9	40.7	52.3
(v) Other financial assets	10	1,665.6	692.8
Other current assets	11	1,535.9	2,625.4
Assets classified as held for sale	12	791.8	14.1
<b>Total current assets</b>		<b>33,473.9</b>	<b>26,049.7</b>
<b>Total assets</b>		<b>45,888.9</b>	<b>38,494.8</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	13	432.9	432.9
Other equity	14	13,427.3	13,696.0
<b>Total equity</b>		<b>13,860.2</b>	<b>14,128.9</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	15	1,471.1	3,034.1
(ii) Lease liabilities (Refer Note 37)		1,152.1	—
(iii) Other financial liabilities	16	134.3	163.5
Provisions	17	584.4	491.3
Other non-current liabilities	18	—	34.3
<b>Total non-current liabilities</b>		<b>3,341.9</b>	<b>3,723.2</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Borrowings	19	3,349.8	5,734.8
(ii) Lease liabilities (Refer Note 37)		435.8	—
(iii) Trade payables	20		
(a) Outstanding dues to Micro Enterprises and Small Enterprises		57.7	268.7
(b) Outstanding dues to creditors other than micro enterprises and small enterprises		21,377.1	12,387.3
(iv) Other financial liabilities	21	2,234.4	1,510.8
Provisions	17	582.6	362.0
Current tax liabilities	22	—	—
Other current liabilities	23	649.4	379.1
<b>Total current liabilities</b>		<b>28,686.8</b>	<b>20,642.7</b>
<b>Total liabilities</b>		<b>32,028.7</b>	<b>24,365.9</b>
<b>Total equity and liabilities</b>		<b>45,888.9</b>	<b>38,494.8</b>

Significant accounting policies

1

The accompanying notes form an integral part of the financial statements.

In terms of our report of even date.

**For Price Waterhouse Chartered Accountants LLP**  
Firm Registration No: 012754N/ N500016  
Chartered Accountants

**Jeetendra Mirchandani**  
Partner  
Membership No.: 048125

Place: Pune  
Date : May 22, 2020

**For and on behalf of Board of Directors of  
BASF India Limited**  
(CIN No.: L33112MH1943FLC003972)

**Pradip P. Shah**  
Chairman  
DIN : 00066242

**Narendranath J. Baliga**  
Chief Financial Officer  
DIN: 07005484

**Narayan Krishnamohan**  
Managing Director  
DIN : 08350849

**Pradeep Chandan**  
Company Secretary  
FCS No.: 2852

R. A. Shah      DIN: 00009851  
Arun Bewoor      DIN: 00024276  
Shyamala Gopinath      DIN: 02362921  
Rajesh Naik      DIN: 06935998  
Directors

Place: Mumbai  
Date : May 22, 2020

# Statement of Profit and Loss for the year ended March 31, 2020

Rs. in million

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
<b>Revenue from operations (Refer Notes 46 and 47)</b>			
Sale of products		73,847.9	57,986.5
Sale of services		1,446.4	2,001.1
Other operating revenues		216.2	269.1
		75,510.5	60,256.7
<b>Other income</b>	24	276.6	133.4
<b>Total Income</b>		75,787.1	60,390.1
<b>Expenses</b>			
Cost of materials consumed	25	26,387.9	34,780.1
Purchase of stock-in-trade		37,648.4	12,682.4
Changes in inventories of finished goods, stock-in-trade and work-in-progress	26	(2,699.1)	(1,596.1)
Employee benefit expenses	27	3,608.3	3,764.7
Finance costs	28	834.0	851.1
Depreciation and amortisation expenses	29	1,800.6	1,470.9
Other expenses	30	7,835.9	8,979.0
<b>Total Expenses</b>		75,416.0	60,932.1
<b>Profit/ (Loss) before exceptional item and tax</b>		371.1	(542.0)
<b>Exceptional items</b>	39	(324.6)	1,260.6
<b>Profit before tax</b>		46.5	718.6
<b>Tax expense/ (credit):</b>	31		
Current tax (including Minimum alternate tax 'MAT')		—	112.8
Deferred tax (including MAT credit availed Rs. Nil [Previous Year: Rs 117.6 million])		(132.3)	(178.8)
Income tax for previous periods		(6.3)	(32.6)
		(138.6)	(98.6)
<b>Profit for the year</b>		185.1	817.2
<b>Other comprehensive income</b>			
Items that will not be reclassified to statement of profit and loss			
Gain/ (Loss) on remeasurement of post employment benefit plan [Refer note 43(c)]		(306.9)	29.1
Income tax relating to these items		107.3	(4.8)
<b>Other comprehensive income for the year, net of tax</b>		(199.6)	24.3
<b>Total comprehensive income for the year</b>		(14.5)	841.5
Weighted average number of equity shares outstanding during the year		43,284,958	43,284,958
Basic and diluted earnings per share (in Rs.)		4.3	18.9
Face value per share (in Rs.)		10.0	10.0

Significant accounting policies

1

The accompanying notes form an integral part of the financial statements.

In terms of our report of even date.

**For Price Waterhouse Chartered Accountants LLP**  
Firm Registration No: 012754N/ N500016  
Chartered Accountants

**Jeetendra Mirchandani**  
Partner  
Membership No.: 048125

Place: Pune  
Date : May 22, 2020

**For and on behalf of Board of Directors of  
BASF India Limited**  
(CIN No.: L33112MH1943FLC003972)

**Pradip P. Shah**  
Chairman  
DIN : 00066242

**Narendranath J. Baliga**  
Chief Financial Officer  
DIN : 07005484

**Narayan Krishnamohan**  
Managing Director  
DIN : 08350849

**Pradeep Chandan**  
Company Secretary  
FCS No.: 2852

R. A. Shah DIN: 00009851  
Arun Bewoor DIN: 00024276  
Shyamala Gopinath DIN: 02362921  
Rajesh Naik DIN: 06935998  
Directors

Place: Mumbai  
Date : May 22, 2020

# Cash Flow Statement for the year ended March 31, 2020

Rs. in million

	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>A. Cash flow from operating activities</b>		
Profit before tax	46.5	718.6
Adjustments for:		
Exceptional items	324.6	(1,260.6)
Depreciation/ amortisation	1,800.6	1,470.9
Interest cost	1,400.4	1,655.1
Effects from fair valuation of derivatives on borrowings (net)	(566.4)	(804.0)
(Profit)/ Loss on sale of property, plant and equipment (net)	(48.3)	(6.8)
Interest income	(65.4)	(46.3)
Unrealised loss/ (gain) on derivative transactions (net)	(646.9)	196.5
Unrealised loss/ (gain) on foreign exchange (net)	1,071.3	(574.6)
Provision/ (Reversal) for loss allowance on trade receivables (net)	89.7	42.9
<b>Operating cash flow before working capital changes</b>	<b>3,406.1</b>	<b>1,391.7</b>
Adjustments for changes in working capital:		
(Increase)/ Decrease in trade receivables	(3,267.3)	385.8
(Increase)/ Decrease in other financial assets (including loans)	(316.7)	228.0
Decrease in other current and non current assets	1,012.8	118.3
(Increase) in inventories	(3,016.7)	(2,377.6)
(Decrease)/ Increase in other financial liabilities	(166.0)	32.2
Increase/ (Decrease) in long term provisions	93.0	(45.8)
Increase in trade payables	7,780.6	113.7
Increase/ (Decrease) in other current and non current liabilities	235.9	(134.0)
(Decrease) in short-term provisions	(113.9)	(8.4)
<b>Cash generated from/ (used in) operations</b>	<b>5,647.8</b>	<b>(296.1)</b>
Income taxes paid (net)	(109.6)	(475.4)
<b>Net cash generated from/ (used in) operating activities</b>	<b>5,538.2</b>	<b>(771.5)</b>
<b>B. Cash flow from investing activities:</b>		
Acquisition of property plant and equipment (net of capital creditors and including capital advances)	(620.8)	(840.8)
Realisation on sale of property, plant and equipment and residential properties	60.2	136.7
Proceeds from divestiture of Optical Brightening Agents (OBA) business	335.1	—
Proceeds from divestiture of paper wet-end and water chemicals business	—	2,520.0
Proceeds from divestiture of pigments business	—	190.0
Compensation towards Voluntary Retirement Scheme	(63.1)	(284.2)
Interest received	65.4	46.3
<b>Net cash generated from/ (used in) investing activities</b>	<b>(223.2)</b>	<b>1,768.0</b>

## Cash Flow Statement for the year ended March 31, 2020 (continued)

Rs. in million

	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>C. Cash flow from financing activities</b>		
Inter Corporate deposits taken	980.0	3,100.0
Inter Corporate deposits/ External commercial borrowings repaid	(4,240.9)	(3,361.3)
Other short-term borrowings taken (net)	465.0	1,150.5
Dividend paid (including dividend distribution tax)	(260.7)	(157.5)
Interest paid	(1,188.9)	(1,681.4)
Payment of lease liabilities	(392.5)	—
<b>Net cash (used in) financing activities</b>	<b>(4,638.0)</b>	<b>(949.7)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>677.0</b>	<b>46.8</b>
Cash and cash equivalents at the beginning of the financial year	127.8	81.0
<b>Cash and cash equivalents at the end of the financial year</b>	<b>804.8</b>	<b>127.8</b>

	As at March 31, 2020	As at March 31, 2019
<b>Opening cash and cash equivalents</b>		
Balances with banks:		
— In current accounts	127.8	81.0
	127.8	81.0
<b>Closing cash and cash equivalents</b>		
Cheques on hand	4.6	—
Balances with banks:		
— In current accounts	620.2	127.8
Deposits with original maturity of less than three months	180.0	—
(Refer Note 8 for cash and cash equivalents)	804.8	127.8

### Notes:

- The above Cash Flow Statement has been prepared under the "Indirect Method" setout in Indian Accounting Standard - 7 on Statement of Cash Flows.
- Previous year figures have been regrouped/ reclassified, wherever necessary to conform to current year classification.

The accompanying notes form an integral part of the financial statements.

In terms of our report of even date.

**For Price Waterhouse Chartered Accountants LLP**  
Firm Registration No: 012754N/ N500016  
Chartered Accountants

**Jeetendra Mirchandani**  
Partner  
Membership No.: 048125

Place: Pune  
Date : May 22, 2020

**For and on behalf of Board of Directors of  
BASF India Limited**  
(CIN No.: L33112MH1943FLC003972)

**Pradip P. Shah**  
Chairman  
DIN : 00066242

**Narendranath J. Baliga**  
Chief Financial Officer  
DIN: 07005484

**Narayan Krishnamohan**  
Managing Director  
DIN : 08350849

**Pradeep Chandan**  
Company Secretary  
FCS No.: 2852

Place: Mumbai  
Date : May 22, 2020

R. A. Shah      DIN: 00009851  
Arun Bewoor      DIN: 00024276  
Shyamala Gopinath      DIN: 02362921  
Rajesh Naik      DIN: 06935998  
Directors

# Statement of Changes in Equity as at March 31, 2020

Rs. in million

	Notes	Total
<b>A. Equity share capital</b>		
As at March 31, 2018		432.9
Changes in equity share capital	13	—
As at March 31, 2019		432.9
Changes in equity share capital	13	—
As at March 31, 2020		432.9

Rs. in million

	Reserves and Surplus					Total
	Share options outstanding account	Securities premium	Amalgamation reserve	General reserve	Retained earnings	
<b>B. Other equity (Refer Note 14)</b>						
Balance at April 1, 2018	20.2	646.5	371.7	10,046.9	1,920.6	13,005.9
Profit for the year	—	—	—	—	817.2	817.2
Other comprehensive income:						
— Remeasurement of the net defined benefit asset/ liability, net of tax effect	—	—	—	—	24.3	24.3
<b>Total</b>	<b>20.2</b>	<b>646.5</b>	<b>371.7</b>	<b>10,046.9</b>	<b>2,762.1</b>	<b>13,847.4</b>
Transactions with owners in their capacity as owners:						
— Dividends including dividend distribution tax	—	—	—	—	(156.6)	(156.6)
— Employee stock option expense	5.2	—	—	—	—	5.2
<b>Balance at March 31, 2019</b>	<b>25.4</b>	<b>646.5</b>	<b>371.7</b>	<b>10,046.9</b>	<b>2,605.5</b>	<b>13,696.0</b>
<b>Balance at April 1, 2019</b>	<b>25.4</b>	<b>646.5</b>	<b>371.7</b>	<b>10,046.9</b>	<b>2,605.5</b>	<b>13,696.0</b>
Profit for the year	—	—	—	—	185.1	185.1
Other comprehensive income:						
— Remeasurement of the net defined benefit asset/ liability, net of tax effect	—	—	—	—	(199.6)	(199.6)
<b>Total</b>	<b>25.4</b>	<b>646.5</b>	<b>371.7</b>	<b>10,046.9</b>	<b>2,591.0</b>	<b>13,681.5</b>
Transactions with owners in their capacity as owners:						
— Dividends including dividend distribution tax	—	—	—	—	(260.9)	(260.9)
— Employee stock option expense	6.7	—	—	—	—	6.7
<b>Balance at March 31, 2020</b>	<b>32.1</b>	<b>646.5</b>	<b>371.7</b>	<b>10,046.9</b>	<b>2,330.1</b>	<b>13,427.3</b>

For significant accounting policies, refer Note 1.

The accompanying notes form an integral part of the financial statements.

In terms of our report of even date.

**For Price Waterhouse Chartered Accountants LLP**  
Firm Registration No: 012754N/ N500016  
Chartered Accountants

**Jeetendra Mirchandani**  
Partner  
Membership No.: 048125

Place: Pune  
Date : May 22, 2020

**For and on behalf of Board of Directors of  
BASF India Limited**  
(CIN No.: L33112MH1943FLC003972)

**Pradip P. Shah**  
Chairman  
DIN : 00066242

**Narendranath J. Baliga**  
Chief Financial Officer  
DIN: 07005484

**Narayan Krishnamohan**  
Managing Director  
DIN : 08350849

**Pradeep Chandan**  
Company Secretary  
FCS No.: 2852

R. A. Shah      DIN: 00009851  
Arun Bewoor      DIN: 00024276  
Shyamala Gopinath      DIN: 02362921  
Rajesh Naik      DIN: 06935998  
Directors

Place: Mumbai  
Date : May 22, 2020

# Notes to the Financial Statements for the year ended March 31, 2020

## Background of the Company

BASF India Limited (the 'Company') is a public limited Company domiciled in India with its registered office located in Mumbai. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The Company's portfolio consists of six segments: Agricultural Solutions, Materials, Industrial solutions, Surface Technologies, Nutrition & Care and Chemicals.

## 1. Significant Accounting Policies

### a. Basis of preparation

#### (i) Compliance with Ind AS

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ('the Act') read together with the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions and amendments of the Act.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. All amounts have been rounded off to the nearest millions, unless otherwise indicated.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act.

The accounting policies adopted in the preparation of the financial statements are consistent with those of the previous year.

#### (ii) Basis of measurement

The financial statements have been prepared on an accrual basis and on a historical cost basis, except for the following items:

- certain financial assets and liabilities (including derivative instruments) and contingent consideration that is measured at fair value,
- assets held for sale – measured at carrying amount or fair value less cost to sale whichever is low,
- Net defined benefit (asset)/ liability – Fair value of plan assets less present value of defined benefit obligations; and
- share-based payments measured at fair value on grant date with no subsequent adjustment to the payments recognised.

### b. Use of estimates and judgements

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made by management 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 results and estimates are recognised in the period in which the results are known/ materialise.

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes:

- (a) Measurement of defined benefit obligations – Note 43
- (b) Measurement and likelihood of occurrence of provisions and contingencies – Note 35 and 41
- (c) Recognition of deferred tax assets – Note 3
- (d) Measurement of useful lives for property, plant and equipment & intangible assets and impairment – Note 1(d), 1(e) and 1(f)
- (e) Loss allowance on trade receivables and other financial assets – Note 33(iv)
- (f) Determination of lease terms and incremental borrowing rate – Note 37

### c. Revenue Recognition

According to Ind AS 115, revenue is measured at the amount of consideration the Company expects to receive in exchange for the goods or services when control of the goods or services and the benefits obtainable from them are transferred to the customer. Revenue is recognised using the following five step model specified in Ind AS 115:

- Step 1: Identify contracts with customers
- Step 2: Identify performance obligations contained in the contracts
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations
- Step 5: Recognize revenue when the performance obligation is satisfied

# Notes to the Financial Statements for the year ended March 31, 2020

## 1. Significant Accounting Policies (Continued)

### c. Revenue recognition (Continued)

The performance obligations arising from sale of products with Company's customers are satisfied at a point in time. Payment terms are generally agreed upon individually with customers.

Sales of products are recognised when control of the products has transferred based on the agreed terms. Sales are net of returns, trade discounts, rebates, sales tax and goods and service tax (GST), as applicable.

Sale of services includes indent commission and revenue from technical and service charges. Revenue from sale of services are recognised as and when the services are provided.

The Company evaluates the arrangement with customers/ suppliers whether it is acting as a principal or an agent of the customers/ suppliers, considering underlying substance and terms and conditions of the arrangements. Accordingly, revenue is accounted either on gross or net basis based on the fulfilment of criteria of principal or agency.

At contract inception, since for most of the contracts it is expected that the period between the transfer of the promised goods or services to a customer and payment for these goods or services by the customer will be one year or less, practical expedient in Ind AS 115 have been applied and accordingly:

- The Company does not adjust the promised amount of consideration for the effects of a significant financing component
- The Company recognises the incremental costs of obtaining a contract as an expense when incurred
- No information on remaining performance obligations as of March 31, 2020 that have an expected original term of one year or less was reported.

As part of the adoption of Ind AS 115, contract liabilities are disclosed in the Balance Sheet. A contract liability is the Company's obligation to transfer goods or services to a customer, for which the Company has already received consideration from customers.

The Company operates Customer incentive programs where direct/ indirect customers accumulate points for purchases made which entitle them for rewards in form of gift cards equal to the value of such points. A contract liability for the award points is recognised at the time of sale. Revenue is recognized when the obligation is fulfilled.

Income from export incentives is recognised on accrual basis to the extent the ultimate realisation is reasonably certain.

Interest income is recognised using the effective interest rate method. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

### d. Property, plant and equipment

#### Recognition and measurement

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Items such as stores, spare parts and stand by equipment are recognized as property, plant and equipment when it is held for use in production or supply of goods or services, or for administrative purpose and are expected to be used for more than one year. Otherwise such items are classified as inventory.

#### Subsequent expenditure

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is de-recognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

#### Derecognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the item. Any gain or loss arising on disposal or retirement of item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the item and is recognized in the statement of profit and loss.



# Notes to the Financial Statements for the year ended March 31, 2020

## 1. Significant Accounting Policies (Continued)

### d. Property, plant and equipment (Continued)

#### Depreciation

Depreciation on property plant and equipment is calculated on a straight-line basis considering the following useful lives estimated by the Management based on technical evaluation or those prescribed under Schedule II of the Act:

Assets Category	Useful life
Buildings	10-33 years
Plant and machinery	5-20 years
Computers	4 years
Vehicles	4 years
Furniture and fixtures	5-10 years
Office equipment	5 years

Property, Plant and Equipment individually costing Rs. 5,000 or below are fully depreciated in the year of purchase. Depreciation on additions/ deletions is calculated on a monthly pro-rata basis.

The Company reviews the residual value, useful lives and depreciation method annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis. Leasehold land and Leasehold Improvements are amortised over the period of lease or useful life whichever is lower.

### e. Intangible assets and amortization

Intangible assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over their estimated useful lives. Software is being amortized over a period of four years. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

### f. Impairment of non-financial assets

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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). 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.

### g. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in Statement of Profit and Loss over the period of the borrowings using the effective interest method.

Borrowings are derecognized when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of Profit and Loss as other gains/ (losses).

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

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

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs.

# Notes to the Financial Statements for the year ended March 31, 2020

## 1. Significant Accounting Policies (Continued)

### h. Inventories

Inventories including raw materials, work-in-progress, traded and finished goods are valued at cost or estimated net realisable value, whichever is lower. The costs are determined on weighted average basis and includes expenditure incurred in acquiring inventories, production of conversion costs and other costs incurred in bringing them to their present location and condition. Fixed production overheads are allocated on the basis of normal capacity of production facilities. Goods and service tax (GST) is excluded from valuation of finished goods. Net realisable value is estimated selling price in the ordinary course of business less estimated costs of completion and selling expenses. The comparison of cost and net realisable value is made on an item by item basis.

### i. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting and are based on monitoring of operating results by the Chief Operating Decision Maker, separately for making decision about resource allocation and performance assessment. The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company.

### j. Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Balance Sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the Statement of Profit and Loss.

### k. Financial Instruments

#### *Financial asset*

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### *Subsequent measurement*

For subsequent measurement, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

A financial asset is measured at amortised cost when they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest. The amortised cost of a financial asset is also adjusted for impairment loss, if any.

# Notes to the Financial Statements for the year ended March 31, 2020

## 1. Significant Accounting Policies (Continued)

### k. Financial instruments (Continued)

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

#### *Financial liabilities*

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially measured at fair value minus, in case of financial liabilities not at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial liabilities.

Borrowings are recognized initially at fair value, net of transaction costs incurred, and subsequently carried at amortised cost, any difference between the initial carrying value and the redemption value is recognized in the Statement of Profit and Loss over the period of the borrowings using the effective interest rate method.

Subsequent to initial recognition these financial liabilities are measured at amortised cost using effective interest method.

#### *Offsetting*

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts in the normal course of business and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

#### *Impairment of financial assets*

The Company assesses on a forward-looking basis the expected credit loss associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk since its initial recognition. Note 33 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The impairment losses and reversals are recognized in statement of profit and loss.

#### *Derecognition of financial assets and financial liabilities*

A financial asset is derecognised only when:

The Company has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. The difference between the carrying amount and the financial liability extinguished and the new liability with modified terms is recognized in the Statement of Profit and Loss.

#### *Measurement of fair values*

The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market of the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

# Notes to the Financial Statements for the year ended March 31, 2020

## 1. Significant Accounting Policies (Continued)

### k. Financial instruments (Continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy that categorises into three levels, as described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and lowest priority to unobservable inputs (level 3 inputs).

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

### l. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

### m. Provisions and contingent liabilities

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured based on the management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made, unless the possibility of outflow of resources embodying economic benefits are remote.

When some or all of the economic benefits required to settle, a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### n. Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

### o. Foreign Currency

Transactions in foreign currencies are translated in to currency of the primary economic environment in the which the entity operates (the 'functional currency') of the Company using the exchange rates prevailing on the date of transaction. Monetary items in foreign currencies are stated at the closing exchange rate. Gains/ losses on conversion/ translation are recognised in the Statement of Profit and Loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

### p. Employee Benefits

#### 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 Statement of Profit and Loss as an expense at the undiscounted amount on an accrual basis.

#### Post Employment Employee Benefits

The Company's contributions to defined contribution plans such as Superannuation Fund (administered through BASF India Limited Superannuation Fund Trust), Employee State Insurance and Labour Welfare Fund are recognized as expense in the Statement of Profit and Loss on an accrual basis. The Company does not have any further obligation beyond this contribution.

Eligible employees receive benefits from a provident fund which is a defined benefit plan. Both the employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company contributes a part of the contributions to the BASF India Limited Provident Fund Trust ('the Trust'). The rate at which the annual interest is payable to the beneficiaries by the Trust is being determined by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. Any obligation in this respect is measured on the basis of an independent actuarial valuation. The remaining portion is contributed to the Government administered pension fund in respect of which the Company has no further obligations.

# Notes to the Financial Statements for the year ended March 31, 2020

## 1. Significant Accounting Policies (Continued)

### p. Employee Benefits (Continued)

The 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. Remeasurement of the net defined benefit liability which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling if any (excluding interest) are recognised immediately in the Balance Sheet with a charge or credit recognised in Other Comprehensive Income in the period in which they occur. Remeasurement recognised in Other Comprehensive Income is recognised immediately in retained earnings and will not be reclassified to Statement of Profit and Loss.

Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### Other Long Term Employee Benefits

The Company's liabilities towards Compensated Absences and 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. The benefits are discounted using the appropriate market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss.

The obligations are presented as current liabilities in the Balance Sheet if the entity does not have an unconditional right to defer the settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

#### Termination Benefits

Compensation paid to employees under Voluntary Retirement Scheme/ Severance payments are recognised as an expense in the Statement of Profit and Loss when employees accept the scheme/ payments.

#### Share based payments

The Ultimate Holding Company ('BASF SE') offers Share Price based compensation program ('option program') for senior executives of BASF group. Participation in this program is voluntary.

Options mentioned above are issued by BASF SE and the cost of such options is not recharged to the Company. However, the Company recognises these share based payment transactions of BASF SE in accordance with the requirement of paragraph 43 A and 43 B of Ind AS 102 - Share Based Payments. As required under para 43B of Ind AS 102, since the Company receives the services of the employees to whom the options have been granted by BASF SE and the Company has no obligation to settle these options, the Company accounts for these services as an equity settled share based payment transaction.

### q. Leases

#### Till March 31, 2019:

*As a Lessee*

*Determining whether an arrangement contains lease*

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded that for a finance lease that is impracticable to separate the lease payments reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset.

The liability is reduced as payments are made and an imputed finance cost on the liability is recognized using the incremental borrowing rate.

#### *Assets held under leases*

Leases of property, plant and equipment that transfers to the Company substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of fair value of the leased asset and the present value of the minimum lease payments. Subsequent to the initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets. Assets held under leases that do not transfer to the Company substantially all the risk and rewards of ownership (i.e. operating leases) are not recognized in the Company's Balance Sheet.

#### *Lease payments*

Payments made under operating leases are generally recognized in profit or loss on a straight line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

# Notes to the Financial Statements for the year ended March 31, 2020

## 1. Significant Accounting Policies (Continued)

### q. Leases (Continued)

#### Effective April 1, 2019:

##### *As a Lessee*

The Company has adopted the new standard Ind AS 116 – Leases effective April 1, 2019. As a lessee, the Company generally recognises for all leases a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

As a general rule, the Company separates non-lease components, such as services from lease payments. Lease liabilities are measured at the present value of the remaining lease payments, taking into account the incremental borrowing rate.

Lease payments are discounted using the interest rate implicit in the lease contracts if that rate can be determined from the lease contracts. If the discount rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company uses a risk free rate of interest which is adjusted for lease term, country risk and currency risk.

For leases previously classified as finance leases, the Company recognised the carrying amount of the lease asset immediately before transition as the carrying amount of the right-of-use asset at the date of initial application. The measurement principles of Ind AS 116 are only applied after that date. There was no impact of transition on value of lease assets. Further there were no lease liabilities existing on date of transition.

A right-of-use asset is generally recognized at the same amount as the lease liability. After capitalization at commencement date, whereby the right-of-use asset is measured at cost, the right-of-use asset is generally depreciated over the lease term using the straight-line method. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit and loss account over the lease period so as to produce a constant periodic rate of interest on the remaining balance of liability for each period.

A number of leases include extension and termination options. Extension and termination options are taken into account on recognition of the lease liability only if the Company is reasonably certain that these options will be exercised in the future. Estimates and expectations which are asserted at the commencement date of the lease liability and the right-of-use asset and pertain to future payments not yet determined on the date of provision are assessed continuously during the lease term. If subsequently improved or changed knowledge influences the expected payment profile over time, the lease liability is remeasured.

Initial direct costs are excluded for the measurement of right-of-use assets at the date of initial application. The Company exercises the exemption for lease arrangements with a maximum term of 12 months (short-term leases) and low-value assets. Payments associated with such short-term leases and low-value assets are recognised as an expense in Statement of Profit and Loss. Variable lease payments that depend on usage and/ or other variable conditions are recognised in the Statement of Profit and Loss in the period in which the conditions that trigger those payments occur.

### r. 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 adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

The Company recognises Minimum Alternate Tax credit under the Income Tax Act, 1961 as an asset only when and to the extent there is convincing evidence that the Company will be liable to pay normal income tax during the specified period.

Deferred tax charge or credit and correspondingly deferred tax liability or asset 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 temporary differences, being the difference between carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognized to the extent that it probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of history of recent losses, the Company recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized.

# Notes to the Financial Statements for the year ended March 31, 2020

## 1. Significant Accounting Policies (Continued)

### r. Taxation (Continued)

Deferred tax assets – unrecognized or recognized are reviewed at each reporting date and are recognized/ reduced to the extent that it is probable/ no longer probable respectively that related tax benefit will be realized. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and these relate to income taxes levied by the same tax authorities and are intended to settle current tax liabilities and assets on a net basis or such tax assets and liabilities will be realized simultaneously.

Appendix C to Ind AS 12, 'Uncertainty over Income Tax Treatments' has been adopted by the Company effective April 1, 2019. Adoption of this did not have any impact on the Company's financial position.

Current tax assets and liabilities are offset where the entity has legally enforceable right to offset and intends either to settle on net a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### s. Earnings per share

The basic earnings per share are computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the reporting period. Diluted earnings per share is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity and dilutive equity equivalent shares outstanding during the year, except where the results would be anti-dilutive.

### t. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with financial institutions, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Balance Sheet.

### u. Derivative financial instruments

The Company enters majorly into foreign exchange forward contracts to mitigate the foreign currency exposure risk. Derivatives are initially recognised at fair value at the date the derivative contracts are entered and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in Statement of Profit and Loss depends on the nature of the hedge relationship. Derivative assets and derivative liabilities are presented on gross basis in the Balance Sheet.

# Notes to the Financial Statements as at March 31, 2020

## 1(A). Property, plant and equipment

Rs. in million

Particulars	Gross Block						Depreciation / Amortisation						Net Block	
	As at April 1, 2019	Transfer pursuant to Ind AS 116	Additions	Deductions	Transfer to 'Assets held for sale'	As at March 31, 2020	As at April 1, 2019	Transfer pursuant to Ind AS 116	For the year	Deductions	Transfer to 'Assets held for sale'	As at March 31, 2020	As at March 31, 2020	
Freehold land	27.8	2.9	—	—	22.6	8.1	—	—	—	—	—	—	8.1	
Leasehold land [Refer Note (a) below]	230.4	(230.2)	—	0.2	—	—	27.6	(27.6)	—	—	—	—	—	
Buildings [Refer Note (b) below]	3,487.2	—	88.9	180.4	553.6	2,842.1	595.0	—	161.1	29.2	112.6	614.3	2,227.8	
Plant & machinery and Computers	10,488.1	—	796.9	426.9	535.8	10,322.3	4,368.7	—	1,116.1	236.3	282.2	4,966.3	5,356.0	
Furniture and fixtures	293.3	—	25.9	7.6	40.7	270.9	144.4	—	38.3	5.4	21.3	156.0	114.9	
Vehicles	157.9	—	1.3	15.6	10.7	132.9	114.4	—	20.1	15.4	10.2	108.9	24.0	
Office equipment	283.7	—	6.3	10.9	27.8	251.3	157.5	—	39.6	8.1	19.2	169.8	81.5	
<b>Total</b>	<b>14,968.4</b>	<b>(227.3)</b>	<b>919.3</b>	<b>641.6</b>	<b>1,191.2</b>	<b>13,827.6</b>	<b>5,407.6</b>	<b>(27.6)</b>	<b>1,375.2</b>	<b>294.4</b>	<b>445.5</b>	<b>6,015.3</b>	<b>7,812.3</b>	

## 1(B). Right-of-use assets

(Refer Note 37)

Rs. in million

Particulars	Gross Block						Depreciation / Amortisation						Net Block	
	As at April 1, 2019	Transfer pursuant to Ind AS 116	Additions	Deductions	Transfer to 'Assets held for sale'	As at March 31, 2020	As at April 1, 2019	Transfer pursuant to Ind AS 116	For the year	Deductions	Transfer to 'Assets held for sale'	As at March 31, 2020	As at March 31, 2020	
Right-of-use land [Refer Note (a) below]	9.9	227.3	—	13.5	29.5	194.2	—	27.6	3.1	0.7	1.2	28.8	165.4	
Right-of-use Buildings	823.7	—	14.3	—	6.6	831.4	—	—	223.0	—	3.0	220.0	611.4	
Right-of-use Plant & machinery and Computers	828.4	—	52.8	—	—	881.2	—	—	162.5	—	—	162.5	718.7	
Right-of-use Vehicles	99.3	—	29.4	—	—	128.7	—	—	35.5	—	—	35.5	93.2	
<b>Total</b>	<b>1,761.3</b>	<b>227.3</b>	<b>96.5</b>	<b>13.5</b>	<b>36.1</b>	<b>2,035.5</b>	<b>—</b>	<b>27.6</b>	<b>424.1</b>	<b>0.7</b>	<b>4.2</b>	<b>446.8</b>	<b>1,588.7</b>	

## 1(C). Capital work-in-progress

Rs. in million

Particulars	As at April 1, 2019	Transfer pursuant to Ind AS 116	Additions	Amounts Capitalised	Transfer to 'Assets held for sale'	As at March 31, 2020
Capital work in progress	422.4	—	726.9	919.8	—	229.5

## 1(D). Intangible assets

Rs. in million

Particulars	Gross Block						Amortisation						Net Block	
	As at April 1, 2019	Transfer pursuant to Ind AS 116	Additions	Deductions	Transfer to 'Assets held for sale'	As at March 31, 2020	As at April 1, 2019	Transfer pursuant to Ind AS 116	For the year	Deductions	Transfer to 'Assets held for sale'	As at March 31, 2020	As at March 31, 2020	
Other intangible assets	8.0	—	—	—	—	8.0	0.2	—	0.4	—	—	0.6	7.4	
Software	100.4	—	0.5	0.3	1.0	99.6	99.2	—	0.9	0.3	0.9	98.9	0.7	
<b>Total</b>	<b>108.4</b>	<b>—</b>	<b>0.5</b>	<b>0.3</b>	<b>1.0</b>	<b>107.6</b>	<b>99.4</b>	<b>—</b>	<b>1.3</b>	<b>0.3</b>	<b>0.9</b>	<b>99.5</b>	<b>8.1</b>	

### Notes:

- Includes gross block of **Rs. 21.4 million** and net block **Rs. Nil** (Previous Year: gross block Rs. 21.4 million and net block Rs. Nil) for which the Company is in the process of complying with the terms of lease cum sale agreement and basis completion thereof, would execute the final sale agreement to obtain right of ownership thereon.
- Buildings include **Rs. 0.01 million** (Previous Year: Rs. 0.01 million) being the value of shares in various co-operative societies.
- For assets held for sale, refer Notes 12 & 48.



# Notes to the Financial Statements as at March 31, 2020

## 1(A). Property, plant and equipment

Rs. in million

Particulars	Gross Block				Depreciation / Amortisation				Net Block	
	As at April 1, 2018	Additions	Deductions	As at March 31, 2019	As at April 1, 2018	For the year	Deductions	As at March 31, 2019	As at March 31, 2019	
Freehold land	27.8	—	—	27.8	—	—	—	—	27.8	
Leasehold land [Refer Note (a) below]	276.4	—	46.0	230.4	31.0	3.1	6.5	27.6	202.8	
Buildings [Refer Note (b) below]	3,647.5	123.9	284.2	3,487.2	484.1	169.0	58.1	595.0	2,892.2	
Plant & machinery and Computers	11,398.5	306.7	1,217.1	10,488.1	4,040.1	1,172.2	843.6	4,368.7	6,119.4	
Furniture and fixtures	307.5	9.2	23.4	293.3	112.1	44.9	12.6	144.4	148.9	
Vehicles	145.7	21.8	9.6	157.9	93.8	28.5	7.9	114.4	43.5	
Office equipment	251.4	57.3	25.0	283.7	124.5	49.9	16.9	157.5	126.2	
<b>Total</b>	<b>16,054.8</b>	<b>518.9</b>	<b>1,605.3</b>	<b>14,968.4</b>	<b>4,885.6</b>	<b>1,467.6</b>	<b>945.6</b>	<b>5,407.6</b>	<b>9,560.8</b>	

## 1(B). Right-of-use assets

Nil

## 1(C). Capital work-in-progress

Rs. in million

Particulars	As at April 1, 2018	Additions	Amounts Capitalised	As at March 31, 2019
Capital work-in-progress	274.8	674.5	526.9	422.4

## 1(D). Intangible assets

Rs. in million

Particulars	Gross Block				Amortisation				Net Block	
	As at April 1, 2018	Additions	Deductions	As at March 31, 2019	As at April 1, 2018	For the year	Deductions	As at March 31, 2019	As at March 31, 2019	
Goodwill	17.1	—	17.1	—	17.1	—	17.1	—	—	
Other intangible assets	—	8.0	—	8.0	—	0.2	—	0.2	7.8	
Software	101.2	—	0.8	100.4	96.9	3.1	0.8	99.2	1.2	
<b>Total</b>	<b>118.3</b>	<b>8.0</b>	<b>17.9</b>	<b>108.4</b>	<b>114.0</b>	<b>3.3</b>	<b>17.9</b>	<b>99.4</b>	<b>9.0</b>	

### Notes:

- Includes gross block of Rs. 21.4 million and net block Rs Nil (Previous Year: gross block Rs. 21.4 million and net block Rs. Nil) for which the Company is in the process of complying with the terms of lease cum sale agreement and basis completion thereof, would execute the final sale agreement to obtain right of ownership thereon.
- Buildings include Rs. 0.01 million (Previous Year: Rs. 0.01 million) being the value of shares in various co-operative societies.

## Notes to the Financial Statements as at March 31, 2020

### 2. Loans (non-current)

(Unsecured, considered good)

Rs. in million

	As at March 31, 2020	As at March 31, 2019
Security deposits	184.5	214.5
Loan to employees	0.4	0.5
	184.9	215.0
Less: Loss allowance on financial assets	20.4	20.9
	164.5	194.1

### 3. Deferred tax assets (net)

Rs. in million

	As at March 31, 2020	As at March 31, 2019
<b>Deferred tax assets</b>		
Temporary differences on account of:		
Loss allowance on trade receivables	109.0	79.0
Carried forward business loss	188.6	170.9
Carried forward long term capital loss	55.2	—
Minimum Alternate tax (MAT) credit receivable	670.3	671.5
Payment towards Voluntary Retirement Scheme	77.2	81.6
Disallowance considering thin capitalisation rules	35.4	—
Others (Amounts allowable on a payment basis under the Income Tax Act, 1961)	297.0	252.2
<b>Total deferred tax assets</b>	<b>1,432.7</b>	<b>1,255.2</b>
<b>Deferred tax liabilities</b>		
Temporary differences on account of:		
Carrying value of property plant and equipment	(554.1)	(616.2)
<b>Total deferred tax liabilities</b>	<b>(554.1)</b>	<b>(616.2)</b>
<b>Deferred tax assets (net)</b>	<b>878.6</b>	<b>639.0</b>

### 4. Income tax assets (net)

Rs. in million

	As at March 31, 2020	As at March 31, 2019
Opening balance	1,220.7	966.5
Add: Taxes paid	109.6	373.1
Less: Tax Provision created/ (reversed) for current year	—	117.6
Less: Tax Provision created/ (reversed) for earlier years	(6.3)	1.3
Closing balance	1,336.6	1,220.7

### 5. Other non-current assets

(Unsecured, considered good)

Rs. in million

	As at March 31, 2020	As at March 31, 2019
Capital advances	34.8	107.9
Other Advances:		
— Prepayments	4.8	7.1
— Amount recoverable from tax authorities	357.1	284.1
	396.7	399.1

## Notes to the Financial Statements as at March 31, 2020

### 6. Inventories

(Valued at lower of cost and net realisable value)

Rs. in million

	As at March 31, 2020	As at March 31, 2019
Raw materials	4,806.7	4,724.6
Finished goods	2,264.4	3,605.4
Stock-in-trade	7,585.8	3,529.7
Work-in-progress	18.1	34.1
Others		
Packing materials	202.5	202.1
Stores and spares	84.5	30.4
	14,962.0	12,126.3
<b>Goods in transit (included above)</b>		
Raw materials	2,939.8	2,001.9
Stock-in-trade	5,263.4	1,590.1
Finished goods	142.8	228.5
Packing materials	0.5	—

#### Amounts recognised in Statement of Profit and Loss

Write downs of inventories to net realisable value amounted to **Rs. 134.2 million** (Previous Year: Rs. 170.0 million). These were recognised as an expense during the year and included in 'cost of materials consumed' and 'Changes in inventories of finished goods, stock-in-trade and work-in-progress' in Statement of Profit and Loss.

### 7. Trade receivables

Rs. in million

	As at March 31, 2020	As at March 31, 2019
Considered good:		
Secured	17.6	26.7
Unsecured	13,651.0	10,380.0
	13,668.6	10,406.7
Considered doubtful	312.0	226.1
	13,980.6	10,632.8
Less: Loss allowance on trade receivables	312.0	226.1
	13,668.6	10,406.7
<i>Of the above, dues from companies where directors are interested</i>	239.5	240.0

For Trade Receivables from related parties, refer Note 45.

### 8. Cash and bank balances

Rs. in million

	As at March 31, 2020	As at March 31, 2019
<b>Cash and cash equivalents</b>		
Cheques on hand	4.6	—
Balances with banks:		
– In current accounts	620.2	127.8
Deposits with original maturity of less than three months	180.0	—
	804.8	127.8
<b>Bank balances other than cash and cash equivalents</b>		
– In unpaid dividend account	4.5	4.3
	4.5	4.3
	809.3	132.1
Of the above		
Earmarked bank balances (unpaid dividend account)	4.5	4.3

## Notes to the Financial Statements as at March 31, 2020

### 9. Loans (current)

(Unsecured)

Rs. in million

	As at March 31, 2020	As at March 31, 2019
Security deposits	33.1	40.4
Loan to employees	7.6	11.9
	40.7	52.3

### 10. Other financial assets

(Unsecured, considered good)

Rs. in million

	As at March 31, 2020	As at March 31, 2019
Derivatives with positive fair values	639.9	5.2
Refund receivable from government authorities	810.9	625.7
Others receivable	214.8	61.9
	1,665.6	692.8

### 11. Other current assets

(Unsecured, considered good)

Rs. in million

	As at March 31, 2020	As at March 31, 2019
Prepayments	97.1	72.5
Advances to vendors	167.0	250.3
Balances with government authorities	1,271.8	2,302.6
	1,535.9	2,625.4

### 12. Assets classified as held for sale

Rs. in million

	As at March 31, 2020	As at March 31, 2019
Assets held for sale	791.8	14.1
	791.8	14.1
<b>Asset held for sale includes following:</b>		
Non core assets (residential apartments)	—	—
Land for biotechnology research	14.1	14.1
Construction chemicals business assets	777.7	—
	791.8	14.1
<b>Fair value measurement:</b>		
Non core assets (residential apartments)	443.5	443.5
Land for biotechnology research	14.1	14.1
Construction chemicals business assets	777.7	—
	1,235.3	457.6

#### Notes:

- (i) The Company intends to dispose off non core residential apartments as it no longer intends to utilise these assets. A search for a buyer is underway. The Company expects the fair value less cost to sell to be higher than carrying amount.
- (ii) The Company has sold certain plots of the land during the previous year and it intends to dispose off the balance plot of land for biotechnology research related to 'Agricultural Solution' segment. No impairment loss was recognised on reclassification of the freehold land as held for sale.
- (iii) Assets of Construction chemicals business are being planned to be sold on a slump sale basis as a part of business transfer arrangement (Refer Note 48).
- (iv) Refer Note 39 for gains/ losses from sale of these assets.

## Notes to the Financial Statements as at March 31, 2020

### 13. Share capital

Rs. in million

	As at March 31, 2020	As at March 31, 2019
<b>Authorised:</b>		
<b>54,359,715</b> (Previous Year: 54,359,715) Equity Shares of Rs. 10/- each	<b>543.6</b>	543.6
<b>Issued:</b>		
<b>43,285,640</b> (Previous Year: 43,285,640) Equity Shares of Rs. 10/- each	<b>432.9</b>	432.9
<b>Subscribed and paid-up:</b>		
<b>43,284,958</b> (Previous Year: 43,284,958) Equity Shares of Rs. 10/- each fully paid	<b>432.9</b>	432.9
	<b>432.9</b>	432.9

#### a. Reconciliation of number of equity shares outstanding as at the beginning and at the end of reporting year

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	Rs. in million	Number	Rs. in million
Shares outstanding at the beginning and at the end of the year	43,284,958	432.9	43,284,958	432.9

#### b. Rights, preferences and restrictions attached to the shares

The Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

#### c. Equity shares held by Ultimate Holding Company/ Holding Company and/ or their associates or subsidiaries

Name of Shareholder	Relationship	As at March 31, 2020	As at March 31, 2019
BASF Societas Europea	Ultimate Holding Company	22,835,320	20,939,259
BASF Schweiz AG	Subsidiary of Ultimate Holding Company	8,907,900	8,907,900
BASF Construction Solutions GmbH (Formerly known as BASF Construction Chemicals GmbH)	Subsidiary of Ultimate Holding Company	—	1,896,061

**Note:** BASF SE (Ultimate Holding Company) has acquired 1,896,061 equity shares having face value of Rs. 10 each, representing 4.38% of the paid up equity share capital of the Company from BASF Construction Solutions GmbH (Subsidiary of Ultimate Holding Company) by way of a block deal on March 23, 2020.

#### d. Equity shares in the Company held by each shareholder holding more than 5% shares

Name of Shareholder	Relationship	As at March 31, 2020		As at March 31, 2019	
		Number	Percentage	Number	Percentage
BASF Societas Europea	Ultimate Holding Company	22,835,320	52.75%	20,939,259	48.37%
BASF Schweiz AG	Subsidiary of Ultimate Holding Company	8,907,900	20.58%	8,907,900	20.58%

#### e. Information on equity shares allotted without receipt of cash or allotted as bonus shares or shares bought back

None

# Notes to the Financial Statements as at March 31, 2020

## 14. Other equity

Rs. in million

	As at March 31, 2020	As at March 31, 2019
Securities premium	646.5	646.5
Amalgamation reserve	371.7	371.7
Share options outstanding account	32.1	25.4
General reserve	10,046.9	10,046.9
Retained earnings	2,330.1	2,605.5
	13,427.3	13,696.0

### (a) Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Act.

Securities premium	As at March 31, 2020	As at March 31, 2019
Balance at beginning of the year	646.5	646.5
Balance at end of the year	646.5	646.5

### (b) Amalgamation reserve

Amalgamation reserve is used to record difference between the share capital of the amalgamating companies. It is utilised in accordance with the provisions of the Act.

Amalgamation reserve	As at March 31, 2020	As at March 31, 2019
Balance at beginning of the year	371.7	371.7
Balance at end of the year	371.7	371.7

### (c) Share options outstanding account

Share Options Outstanding Account is used to account for effects from employee stock option expense.

Share options outstanding account	As at March 31, 2020	As at March 31, 2019
Balance at beginning of the year	25.4	20.2
Add: Employee stock option expense (Refer Note 43)	6.7	5.2
Balance at end of the year	32.1	25.4

### (d) General reserve

General reserves are the retained earnings of the Company which are kept aside out of the profits to meet future (known or unknown) obligations.

General reserve	As at March 31, 2020	As at March 31, 2019
Balance at beginning of the year	10,046.9	10,046.9
Balance at end of the year	10,046.9	10,046.9

### (e) Retained earnings

	As at March 31, 2020	As at March 31, 2019
Balance at beginning of the year	2,605.5	1,920.6
Add: Profit for the year	185.1	817.2
Items of other comprehensive income/ (loss):		
Less: Remeasurement of the net defined benefit asset/ liability, net of tax effect	(199.6)	24.3
Appropriations:		
Less: Dividend [Refer Note 34(b)]	(216.4)	(129.9)
Less: Dividend distribution tax	(44.5)	(26.7)
Balance at end of the year	2,330.1	2,605.5

## Notes to the Financial Statements as at March 31, 2020

### 15. Borrowings (non-current)

(Unsecured)

Rs. in million

	As at March 31, 2020	As at March 31, 2019
Term loan from related party		
– External commercial borrowings	3,279.7	3,387.3
Less: Current maturities of long-term debt (Refer Note 21)	(1,808.6)	(353.2)
	1,471.1	3,034.1

#### Terms of repayment

Interest is payable on a half yearly basis on June 15 and December 15 at 4.93 % p.a. for USD loan and at 6 months EURIBOR + 147 basis point per annum for EURO loan.

The loan is repayable in various installments as per the repayment schedule summarised below:

Financial Year (Foreign Currency)	As at March 31, 2020		As at March 31, 2019	
	Amount payable in Foreign Currency (million)	Amount payable in Rs. (million)	Amount payable in Foreign Currency (million)	Amount payable in Rs. (million)
2019-20 (USD)	—	—	5.0	353.2
2020-21 (USD)	23.5	1,808.6	23.5	1,659.8
2021-22 (EURO)*	17.3	1,471.1	17.3	1,374.3
<b>Total term loans from related parties</b>	<b>40.8</b>	<b>3,279.7</b>	<b>45.8</b>	<b>3,387.3</b>

Total outstanding external commercial borrowings from BASF Belgium Coordination Center Comm. V. as on October 1, 2018 have been assigned to BASF Ireland limited effective October 1, 2018 with existing terms and conditions.

\* Under the agreement terms entered into with BASF Belgium Coordination Center Comm. V. on April 27, 2018, borrowings aggregating USD 20 Million were converted into equivalent EURO loan amount at the EURO/ USD exchange rate effective May 29, 2018 with interest rate of 6 months EURIBOR + 147 basis point per annum.

Net debt Reconciliation	As at March 31, 2020		As at March 31, 2019	
	Cash and Cash Equivalents	Liabilities from financing activities (Refer Note below)	Cash and Cash Equivalents	Liabilities from financing activities (Refer Note below)
<b>Opening Net debt</b>	<b>127.8</b>	<b>9,173.8</b>	81.0	8,761.2
Cash inflow	677.0	—	46.8	—
Interest expense	—	1,277.9	—	1,648.8
Inter Corporate deposits taken	—	980.0	—	3,100.0
Inter Corporate deposits/ External commercial borrowings repaid	—	(4,240.9)	—	(3,361.3)
Other short-term borrowings taken (net)	—	465.0	—	1,150.5
Foreign Exchange adjustments	—	194.0	—	(444.0)
Interest Paid	—	(1,188.9)	—	(1,681.4)
<b>Closing Net debt (I)</b>	<b>804.8</b>	<b>6,660.9</b>	127.8	9,173.8
Lease liabilities recognised under Ind AS 116	—	1,761.3	—	—
Interest on leases liabilities	—	122.6	—	—
Additions to lease liabilities during the year	—	96.5	—	—
Repayment of lease liabilities	—	(392.5)	—	—
<b>Closing lease liabilities (II)</b>	<b>—</b>	<b>1,587.9</b>	<b>—</b>	<b>—</b>
<b>Total closing Net debt (I+II)</b>	<b>804.8</b>	<b>8,248.8</b>	127.8	9,173.8

**Note:** Liabilities from financial activities include Non-current Borrowings (Note 15), Current borrowings (Note 19), Current maturities of long-term debts (Note 21) and Interest accrued but not due on borrowings (Note 21). For Lease liabilities, refer Note 37.

## Notes to the Financial Statements as at March 31, 2020

### 16. Other financial liabilities (non-current)

Rs. in million

	As at March 31, 2020	As at March 31, 2019
Deposits from customers	56.1	66.1
Accrual for employee benefits	78.2	97.4
	134.3	163.5

### 17. Provisions

Rs. in million

	Non-current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits (Refer Note 43)				
– Compensated absences	—	—	379.7	348.0
– Long service award	26.6	21.5	1.4	1.2
– Gratuity	—	—	201.5	12.8
– Provident Fund	154.5	—	—	—
Other provisions (Refer Note 41)	403.3	469.8	—	—
	584.4	491.3	582.6	362.0

### 18. Other non-current liabilities

Rs. in million

	As at March 31, 2020	As at March 31, 2019
Deferred revenue (Refer Note 46)	—	34.3
	—	34.3

### 19. Borrowings (current)

(Unsecured)

Rs. in million

	As at March 31, 2020	As at March 31, 2019
Overdraft facilities from bank	—	485.0
Short-term loan from bank	1,370.9	2,399.8
Commercial papers	1,978.9	—
Inter Corporate deposits from group companies (Refer Note 45)	—	2,850.0
	3,349.8	5,734.8

Overdraft facilities and Short-term loan from banks carry average interest ranging from 6% to 8% p.a. (Previous Year: 7% to 9% p.a.) computed on daily basis on the actual amount utilised and are repayable on demand and maturity respectively.

Commercial papers carry average interest of 5.9% p.a. (Previous Year: 6.9% p.a.) over the financial year. Outstanding Commercial Papers have maturity on June 15, 2020.

Inter Corporate deposits carry average interest rate of 6.7% p.a. (Previous Year: 7.3% p.a.) over the financial year. Outstanding Inter corporate deposits as on March 31, 2019 were repaid/ renewed on maturity in June 2019. During the year all Inter Corporate deposits availed have been repaid and there are no outstanding deposits as on March 31, 2020.

### 20. Trade payables

Rs. in million

	As at March 31, 2020	As at March 31, 2019
Micro, Small and Medium Enterprises (Refer Note 38)	57.7	268.7
Others	21,377.1	12,387.3
	21,434.8	12,656.0

For payables to related parties, refer Note 45.



## Notes to the Financial Statements as at March 31, 2020

### 21. Other financial liabilities

Rs. in million

	As at March 31, 2020	As at March 31, 2019
Current maturities of long-term debts (Refer Note 15)	1,808.6	353.2
Unpaid dividends*	4.5	4.3
Capital creditors	62.2	58.6
Derivatives with negative fair values	17.4	595.9
Accrual for employee benefits	310.4	447.1
Interest accrued but not due on borrowings	31.3	51.7
	2,234.4	1,510.8

\* There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.

### 22. Current tax liabilities

Rs. in million

	As at March 31, 2020	As at March 31, 2019
Opening balance	—	136.2
Add: Current tax payable for the year	—	—
Less: Reversal of provision for previous period	—	33.9
Less: Taxes paid	—	102.3
	—	—

### 23. Other current liabilities

Rs. in million

	As at March 31, 2020	As at March 31, 2019
Advances received from customers	270.6	204.8
Deferred revenue (Refer Note 46)	25.6	61.8
Accrual for customer incentive schemes (Refer Note 46)	184.0	—
Statutory dues payable	169.2	112.5
	649.4	379.1

## Notes to the Financial Statements for the year ended March 31, 2020

### 24. Other income

Rs. in million

	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest income	44.1	24.5
Interest on income tax refunds	21.3	21.8
Profit on sale of property plant and equipment (net)	48.3	6.8
Reversal of loss allowance on trade receivables (net)	—	—
Write back of other provisions (Refer Note 41)	44.3	—
Miscellaneous income	118.6	80.3
	<b>276.6</b>	<b>133.4</b>

### 25. Cost of materials consumed

Rs. in million

	For the year ended March 31, 2020	For the year ended March 31, 2019
Raw materials:		
Stock at the beginning of the year	4,724.6	4,439.5
Add: Purchases	25,537.4	33,927.7
Less: Stock at the end of the year	(4,806.7)	(4,724.6)
Cost of raw materials consumed	25,455.3	33,642.6
Packing materials consumed	932.6	1,137.5
	<b>26,387.9</b>	<b>34,780.1</b>

### 26. Changes in inventories of finished goods, stock-in-trade and work-in-progress

Rs. in million

	For the year ended March 31, 2020	For the year ended March 31, 2019
Stock at the end of the year:		
Finished goods	2,264.4	3,605.4
Stock-in-trade	7,585.8	3,529.7
Work-in-progress	18.1	34.1
Sub-total	9,868.3	7,169.2
Stock at the beginning of the year:		
Finished goods	(3,605.4)	(2,435.6)
Stock-in-trade	(3,529.7)	(3,107.5)
Work-in-progress	(34.1)	(30.0)
Sub-total	(7,169.2)	(5,573.1)
	<b>(2,699.1)</b>	<b>(1,596.1)</b>

### 27. Employee benefit expenses

Rs. in million

	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, wages and bonus	3,195.2	3,331.7
Contribution to provident and other funds (Refer Note 43)	238.8	205.4
Share based payments (Refer Note 43)	6.7	5.2
Gratuity (Refer Note 43)	49.1	45.3
Staff welfare expense	118.5	177.1
	<b>3,608.3</b>	<b>3,764.7</b>

## Notes to the Financial Statements for the year ended March 31, 2020

### 28. Finance costs

Rs. in million

	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest on borrowings	532.7	613.9
Add: Exchange differences regarded as an adjustment to borrowing costs	303.5	1,034.9
Total interest cost	836.2	1,648.8
Add: Effects from fair valuation of derivatives on borrowings	(566.4)	(804.0)
Add: Realised (gain)/ loss on rollover of derivatives relating to financing activities	441.6	—
Interest on income tax	—	6.3
Interest on lease liabilities	122.6	—
	834.0	851.1

### 29. Depreciation and amortisation expenses

Rs. in million

	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation of Property, plant and equipment	1,375.2	1,467.6
Depreciation of Right-of-use assets	424.1	—
Amortisation of intangible assets	1.3	3.3
	1,800.6	1,470.9

### 30. Other expenses

Rs. in million

	For the year ended March 31, 2020	For the year ended March 31, 2019
Freight and handling charges	1,803.4	1,938.2
Power and fuel	829.2	1,068.5
Professional charges (Refer Note 32)	626.6	824.4
Communication / system expenses	1,065.2	1,150.5
Foreign exchange loss [net off gain on fair valuation of trade derivatives Rs. 646.9 million (Previous Year: included loss of Rs. 196.4 million)]	541.1	317.5
Sales promotion expenses	581.6	514.0
Travelling	299.0	345.1
Subcontracting charges	221.3	245.6
Rent (Refer Note 37)	95.1	590.3
Royalty	457.5	518.9
Consumption of stores and spare parts	198.4	297.2
Service fees	49.7	68.2
Repairs — Machinery	171.5	255.6
— Buildings	117.5	154.1
— Others	29.2	30.1
Insurance	139.3	110.2
Rates and taxes	26.7	64.3
Bad debts written-off	3.8	151.7
Less: Utilisation of loss allowance on trade receivables	(3.8)	(151.7)
	—	—
Loss allowance on trade receivables (net)	89.7	42.9
Miscellaneous expenses	492.4	441.9
Corporate Social Responsibility expenses (Refer Note 42)	1.5	1.5
	7,835.9	8,979.0

## Notes to the Financial Statements for the year ended March 31, 2020

### 31. Tax expense

Rs. in million

	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>(a) Income tax expense</b>		
<b>Current tax</b>		
Current tax	—	112.8
Income tax for previous periods	(6.3)	(32.6)
Income tax impact on items included in Other comprehensive income	—	4.8
<b>Total current tax expense</b>	<b>(6.3)</b>	<b>85.0</b>
<b>Deferred tax (including tax on Other comprehensive income)</b>		
(Increase) in deferred tax asset	(177.5)	(78.2)
(Decrease) in deferred tax liabilities	(62.1)	(100.6)
<b>Total deferred tax benefit</b>	<b>(239.6)</b>	<b>(178.8)</b>
<b>Total income tax (credit)/expense</b>	<b>(245.9)</b>	<b>(93.8)</b>
	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate</b>		
Profit before income tax expense	46.5	718.6
Other comprehensive income (before tax)	(306.9)	29.1
<b>Total</b>	<b>(260.4)</b>	<b>747.7</b>
<b>Income tax rate</b>	<b>34.94%</b>	<b>34.94%</b>
Tax on income	(91.0)	261.2
<b>Tax effect of items in reconciliations</b>		
Impact of derivatives	(240.5)	(275.3)
Tax effects for prior years and others	85.6	(79.8)
<b>Income tax expense</b>	<b>(245.9)</b>	<b>(93.8)</b>

### 32. Payment to auditors

Professional charges in Note 30 includes payment to auditors as follows:

Rs. in million

	For the year ended March 31, 2020	For the year ended March 31, 2019
As auditors	14.9	13.1
For reimbursement of expenses	1.1	1.0
<b>Total</b>	<b>16.0</b>	<b>14.1</b>

# Notes to the Financial Statements for the year ended March 31, 2020

## 33. Fair value measurement

### Financial instruments

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under Indian accounting standard 113 - 'Fair value measurement'.

### Explanation of each

Level 1: Determination of the fair value based on quoted, unadjusted prices on active markets.

Level 2: Determination of fair value based on parameters for which directly or indirectly quoted prices on active market are available.

Level 3: Determination of fair value based on parameters for which there is no observable market data.

Fair values for financial assets and liabilities (other than those disclosed below) approximates the carrying amount.

All other financial assets and financial liabilities are carried at amortised costs.

Rs. in million

	Fair value hierarchy	Valuation category and technique	As at March 31, 2020	As at March 31, 2019
<b>Financial assets</b>				
Derivatives – no hedge accounting	Level 2	Fair value through profit and loss. Valuation technique – use of dealer quotes for similar instruments.	639.9	5.2
<b>Financial liabilities</b>				
Derivatives – no hedge accounting	Level 2	Fair value through profit and loss. Valuation technique – use of dealer quotes for similar instruments.	17.4	595.9

There are no reclassification between different levels during the year.

### Risks exposure:

#### (i) Foreign currency risk

The Company is exposed to foreign-currency risks during the normal course of business. These risks are hedged through a determined strategy employing derivative instruments. Hedging is only employed for underlying items from the operating business. The risks from the underlying transactions and the derivatives are constantly monitored. Where the derivatives have a positive value, the Company is exposed to credit risks from the derivative transactions in the event of nonperformance of the other party. To minimise the default risk on derivatives with the positive market values, transactions are exclusively conducted with credit worthy banks and partners and are subject to predefined credit limits. The contracting and execution of derivative financial instruments for hedging purposes are conducted according to internal guidelines and subject to strict control mechanism.

The sensitivity analysis is conducted by simulating a 10% appreciation/ depreciation of the functional currency against respective other currencies.

## Notes to the Financial Statements for the year ended March 31, 2020

### 33. Fair value measurement (Continued)

#### (i) Foreign currency risk (Continued)

##### (a) Foreign currency risk exposure:

The Company's exposure to foreign currency risk at the end of the reporting period is as follows:

Rs. in million

	As at March 31, 2020	As at March 31, 2019
<b>Trade payable</b>		
USD	17,608.1	9,318.6
EUR	501.8	116.0
JPY	2.7	9.8
AUD	—	0.5
GBP	0.4	—
<b>Capital Creditors</b>		
USD	20.0	18.8
EUR	4.6	—
<b>Capital Advances</b>		
EUR	24.2	102.4
USD	—	0.9
<b>Borrowings (including interest accrued)</b>		
USD	1,835.0	2,042.0
EUR	1,476.0	1,379.2
<b>Other current liabilities</b>		
USD	1.6	1.5
<b>Trade receivables</b>		
USD	507.6	1,800.6
EUR	154.7	39.1
<b>Other current assets- Foreign Advance</b>		
USD	0.4	—
EUR	1.9	—
<b>Other financial assets</b>		
USD	16.6	—
<b>Cash and cash equivalents (EEFC account)</b>		
USD	565.1	24.3

	As at March 31, 2020	As at March 31, 2019
<b>Forward contracts</b>		
USD	17,101.4	9,069.6
EUR	1,979.6	1,374.3

	As at March 31, 2020	As at March 31, 2019
<b>Net exposure (after forward contracts)</b>		
USD	1,273.6	485.5
EUR	(178.0)	(20.6)
JPY	2.7	9.8
AUD	—	0.5
GBP	0.4	—

#### (b) Sensitivity

The sensitivity of profit or loss to changes in exchange rates by 10%\* arises mainly from foreign currency denominated financial instruments. Impact of sensitivity on net exposure for major currency balances is as follows:

Rs. in million

Currency	As at March 31, 2020		As at March 31, 2019	
	Increase in exchange rate	Decrease in exchange rate	Increase in exchange rate	Decrease in exchange rate
USD	127.4	(127.4)	48.6	(48.6)
EUR	(17.8)	17.8	(2.1)	2.1

\* Holding all other variables constant.

## Notes to the Financial Statements for the year ended March 31, 2020

### 33. Fair value measurement (Continued)

#### (ii) Interest rate risk

Interest rate risk results from changes in prevailing market interest rates, which can cause a change in the fair value of fixed-rate instruments and changes in the interest payments of the variable-rate instruments. To hedge interest rate risk, mix of variable and fixed instruments is judiciously applied for financing the Company's requirements.

#### (a) Interest rate risk exposure

The exposure of Company's borrowing to interest rate changes at the end of the year are as follows:

Rs. in million

	As at March 31, 2020			As at March 31, 2019		
	Weighted average interest rates	% of total loans	Total Borrowings	Weighted average interest rates	% of total loans	Total Borrowings
External commercial borrowings (USD) (Fixed rate)	4.9%	27.3%	1,808.6	4.9%	22.1%	2,013.0
External commercial borrowings (EURO) (Variable rate)	1.2%	22.2%	1,471.1	1.2%	15.1%	1,374.3
Short term borrowings, Commercial paper, Inter Corporate deposits, Overdraft facilities (Variable rate)	6.4%	50.5%	3,349.8	7.5%	62.8%	5,734.8
<b>Total</b>		<b>100.0%</b>	<b>6,629.5</b>		<b>100.0%</b>	<b>9,122.1</b>

#### (b) Sensitivity

The sensitivity of profit or loss to changes in interest rates

Rs. in million

	As at March 31, 2020	As at March 31, 2019
Rate increase by 100 basis points*	48.2	71.1
Rate decrease by 100 basis points*	(48.2)	(71.1)

\* Considering borrowings with variable rates and holding all other variables constant

#### (iii) Liquidity risk

The Company recognises any risk from cash flow fluctuations as a part of liquidity planning. The Company has access to sufficient liquidity from unutilised credit lines from banks, ongoing commercial paper programme, debentures.

#### (a) Financing arrangements

The Company has access to undrawn borrowing facilities from banks for **Rs. 11,299 million** (Previous Year: Rs. 12,419 million) as on March 31, 2020. The Company also has unused Commercial Papers limit of **Rs. 5,500 million** (Previous Year: Rs. 7,500 million).

#### (b) Maturities of financial liabilities

The interest and principal payments as well as other payments for derivative financial instruments are relevant for the presentation of the maturities of the contractual cash flows from financial liabilities. Derivatives are included using their net cash flow, provided they have a negative fair value and therefore represent a liability. Derivatives with positive fair values are assets and are therefore not considered. Trade accounts payable are generally interest-free and due within one year. Therefore, the carrying amount of trade accounts payable equals the sum of future cash flows.

Rs. in million

Contractual maturities of financial liabilities as at March 31, 2020	Upto 1 year	1 year to 2 years	2 years to 3 years	more than 3 years	Total
<b>Non-derivatives</b>					
Borrowings	5,158.4	1,471.1	—	—	6,629.5
Trade payables	21,434.8	—	—	—	21,434.8
Lease liabilities	435.8	332.9	230.1	589.1	1,587.9
Other financial liabilities	408.5	134.3	—	—	542.8
<b>Total non-derivative liabilities</b>	<b>27,437.5</b>	<b>1,938.3</b>	<b>230.1</b>	<b>589.1</b>	<b>30,195.0</b>
<b>Derivatives</b>					
Derivatives with negative fair values	17.4	—	—	—	17.4
<b>Total derivative liabilities</b>	<b>17.4</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>17.4</b>

## Notes to the Financial Statements for the year ended March 31, 2020

### 33. Fair value measurement (Continued)

#### (iii) Liquidity risk (Continued)

##### (b) Maturities of financial liabilities (Continued)

Rs. in million

Contractual maturities of financial liabilities as at March 31, 2019	Upto 1 year	1 year to 2 years	2 years to 3 years	more than 3 years	Total
<b>Non-derivatives</b>					
Borrowings	6,088.0	1,659.8	1,374.3	—	9,122.1
Trade payables	12,656.0	—	—	—	12,656.0
Other financial liabilities	561.7	163.5	—	—	725.2
<b>Total non derivative liabilities</b>	<b>19,305.7</b>	<b>1,823.3</b>	<b>1,374.3</b>	<b>—</b>	<b>22,503.3</b>
<b>Derivatives</b>					
Derivatives with negative fair values	595.9	—	—	—	595.9
<b>Total derivative liabilities</b>	<b>595.9</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>595.9</b>

#### (iv) Credit risk

Credit risk arise when counterparties do not fulfill their contractual obligations. The Company regularly analyses the credit worthiness of relevant customers and grants credit limits on the basis of this analysis. Due to the diversified customer structure of the Company, there is no significant concentration of default risk. The carrying amount of all receivables, loans plus the nominal value of other financial obligations subject to expected credit loss and default risk represents the maximum default risk for the Company. The expected credit losses are calculated taking into consideration the credit rating of the customer, probability of default for various different credit ratings.

#### (a) Provision for expected credit loss:

- For trade receivables under life time expected credit loss model (simplified approach)

#### Year ended March 31, 2020

Rs. in million

Ageing	Not due	Overdue	Total
Gross carrying amount	10,871.0	3,109.6	13,980.6
Expected loss rate	0.5%	8.2%	
Expected credit losses (loss allowance provision)	57.7	254.3	312.0
<b>Carrying amount of trade receivable (net of impairment)</b>	<b>10,813.3</b>	<b>2,855.3</b>	<b>13,668.6</b>

#### Year ended March 31, 2019

Rs. in million

Ageing	Not due	Overdue	Total
Gross carrying amount	9,731.5	901.3	10,632.8
Expected loss rate	0.5%	19.7%	
Expected credit losses (loss allowance provision)	48.7	177.4	226.1
<b>Carrying amount of trade receivable (net of impairment)</b>	<b>9,682.8</b>	<b>723.9</b>	<b>10,406.7</b>

- For other financial assets – High quality assets, negligible credit risk (under 12 months expected credit loss)

Rs. in million

Particulars	Estimated gross carrying amount at default	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
March 31, 2020	1,891.2	1.1%	20.4	1,870.8
March 31, 2019	960.1	2.2%	20.9	939.2



# Notes to the Financial Statements for the year ended March 31, 2020

## 33. Fair value measurement (Continued)

### (iv) Credit risk (Continued)

#### (b) Reconciliation of loss allowance provision for Trade Receivables

Rs. in million

<b>Loss allowance on March 31, 2018</b>	<b>334.9</b>
Less: Utilisation towards bad debts	(151.7)
Add: Changes in loss allowance	42.9
<b>Loss allowance on March 31, 2019</b>	<b>226.1</b>
Less: Utilisation towards bad debts	(3.8)
Add: Changes in loss allowance	89.7
<b>Loss allowance on March 31, 2020</b>	<b>312.0</b>

#### Significant estimates and judgements

##### Impairment of financial assets

The impairment provision for the financial assets disclosed above are based on credit ratings, assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting year.

## 34. Capital management

### (a) Risk management

The aim of capital structure management is to maintain the financial flexibility needed to further develop the Company's business portfolio and take advantage of strategic opportunities. The objective of the Company's financing policy are to secure solvency, limit financial risks and optimise the cost of capital.

The Company's capital structure is managed using equity and debt ratios as a part of the Company's financial planning.

Generally a mix of commercial paper programme, inter corporate deposits, overdraft facilities and bank loans are used for short term financing while group external commercial borrowings are used for financing long term requirements.

The goal is to optimise the Company's capital cost financing conditions.

**The Company monitors capital on the basis of the following ratios:**

- Equity ratio** - Total equity divided by Total assets

Rs. in million

	As at March 31, 2020	As at March 31, 2019
Total equity	13,860.2	14,128.9
Total assets	45,888.9	38,494.8
<b>Equity ratio</b>	<b>30.2%</b>	36.7%

- Debt equity ratio** – Total debt divided by Total equity

*Total debt = Long term borrowings + Short term borrowings + Current maturities of long term debts*

Rs. in million

	As at March 31, 2020	As at March 31, 2019
Total debt	6,629.5	9,122.1
Total equity	13,860.2	14,128.9
<b>Debt equity ratio</b>	<b>0.5</b>	0.6

### (b) Dividends

Rs. in million

	As at March 31, 2020	As at March 31, 2019
(i) Equity shares		
Dividend for the year ended March 31, 2019 of Rs. 5 (March 31, 2018 of Rs. 3) per fully paid share	216.4	129.9
<b>Proposed dividend</b>		
(ii) Dividend not recognised at the end of reporting year		
In addition to the above dividends, since year end, the Board of Directors have recommended the payment of a dividend of Rs. 3 for the year ended March 31, 2020 (Previous Year: Rs. 5) per fully paid share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	129.9	216.4

## Notes to the Financial Statements for the year ended March 31, 2020

### 35. Contingent liabilities

Rs. in million

Nature	As at March 31, 2020	As at March 31, 2019
Contingent liabilities (excluding interest & penalties)		
a) Claims against the Company not acknowledged as debts	39.1	42.0
In respect of which the Company has counterclaim	—	—
b) Demand for taxes and duties in respect of which the company has preferred appeals with appropriate authorities		
a. Income tax	1,842.5	1,077.6
b. Customs, Excise, Service tax and Sales tax (refer Note (i) below)	2,523.3	26.6
<b>Total</b>	<b>4,404.9</b>	<b>1,146.2</b>

Note:

- (i) The Company has received demand notices from the Commercial Tax Department, Karnataka aggregating Rs. 6,209.3 million (including interest and penalty) for the period 2006-07 to 2014-15, by treating the stock transfers of its Mangalore Plant as interstate sales to dealers. However, recovery of these demands have been stalled by the Hon'ble Karnataka Appellate Tribunal for the period 2006-07 to 2010-11 & 2014-15. The Company is in the process of filing appeal with stay application before KAT for the period 2011-12 to 2013-14.

The Company has also filed a Writ Petition before the Hon'ble Karnataka High Court against the order passed by Hon'ble Central Sales Tax Appellate Authority (CSTAA).

Further, the Company has received proposition notices aggregating Rs. 463.9 million (including interest and penalty) for the period 2015-16 from Commercial Tax Department, Karnataka. The Company has filed necessary reply/ submissions in response to these notices.

Demand orders aggregating Rs. 2,496.0 million (excluding interest and penalty) have been disclosed under contingent liabilities. Based on the expert legal advice obtained by the Company, it does not consider these stock transfers as interstate sales. Hence no provision is considered necessary in the books.

### 36. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided (net of advances) for **Rs. 336.7 million** (Previous Year: Rs. 349.8 million)

### 37. Leases

The Company has adopted modified retrospective approach as per para C8 (c) (ii) of Ind AS 116 – Leases, effective from April 1, 2019. Accordingly, comparatives of the year ended March 31, 2019 have not been retrospectively adjusted.

The Company leases warehouses, vehicles, office facilities, storage tanks, equipments etc. On the initial date of application, the Company has recognised right of use of assets (an amount equal to the lease liability, adjusted by prepaid lease rent) of **Rs. 1,761.3 million** as at April 1, 2019. For asset class wise breakup of lease assets recognised at beginning of year, refer Note 1(B).

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of April 1, 2019. The weighted average incremental borrowing rate used to discount the gross lease liabilities as on April 1, 2019 was 6 to 8%.

#### a) Operating lease commitments and reconciliation with opening lease liability:

Operating lease commitments (minimum lease payments in respect of non-cancellable leases) as of March 31, 2019 were as follows:

Rs. in million

	As at March 31, 2019
Due:	
Not later than one year	177.8
Later than one year but not later than five years	604.9
Later than five years	—
<b>Total</b>	<b>782.7</b>

## Notes to the Financial Statements for the year ended March 31, 2020

### 37. Leases (Continued)

#### a) Operating lease commitments and reconciliation with opening lease liability: (Continued)

Based on the operating lease commitments as of March 31, 2019 as disclosed above, the reconciliation to the opening balance for lease liabilities as of April 1, 2019 is as follows:

	Rs. in million
	Amount
<b>Operating lease commitments as of March 31, 2019</b>	<b>782.7</b>
Add: Adjustment as a result of a different treatment of extension and termination options available under Ind AS 116 (not included in operating lease commitments as on March 31, 2019)	1,424.3
Add: Other adjustments	10.3
<b>Gross lease liabilities as of April 1, 2019</b>	<b>2,217.3</b>
Less: Discounting using incremental borrowing rate of lessee at date of initial application	(456.0)
<b>Present value of lease liabilities as of April 1, 2019</b>	<b>1,761.3</b>

#### b) Amounts recognised in the Statement of Profit and Loss:

	Rs. in million
	For the year ended March 31, 2020
(i) Depreciation charge on Right-of-use assets (Refer Notes 1(B) and 29)	424.1
(ii) Interest expense for lease liabilities (Refer Note 28)	122.6
(iii) Rent expense (Refer Note 30):	
— Expenses for variable lease payments not included in lease liabilities	17.9
— Expenses for short-term leases	77.2
<b>Total</b>	<b>95.1</b>

In the previous year ended March 31, 2019, lease rent of Rs. 590.3 million towards cancellable and non cancellable leases has been included under "Rent" in Note 30 to the Financial Statements.

#### c) Other disclosures:

##### (i) Lease liabilities:

	Rs. in million
	As at March 31, 2020
Non-current lease liabilities	1,152.1
Current lease liabilities	435.8
<b>Total lease liabilities</b>	<b>1,587.9</b>

For maturity profile of Lease liabilities as of March 31, 2020, refer Note 33(iii)(b).

##### (ii) Additions to the right-of-use assets and carrying values of right-of-use assets as at end of reporting period are disclosed in Note 1(B).

## Notes to the Financial Statements for the year ended March 31, 2020

### 38. Micro, Small and Medium Enterprises Development Act, 2006

On the basis of information and records available with the Management, the following disclosure pursuant to the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act') are made for the amounts due to the Micro and Small enterprises, who have registered with the competent authorities:

Rs. in million

Particulars	As at March 31, 2020	As at March 31, 2019
The principal amount and the interest due thereon remaining unpaid to any supplier registered under the MSMED Act as at the end of the year.		
– Principal amount	4.5	221.4
– Interest amount	0.5	1.4
The interest paid by the buyer in terms of Sections 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of payments made beyond the appointed date during each account 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 under MSMED Act, 2006.	5.4	23.2
The amount of interest accrued and remaining unpaid at the end of each accounting year.	5.9	24.6
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 micro, small and medium enterprise.	53.2	47.3

### 39. Exceptional items

Rs. in million

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Loss on divestiture of Optical Brightening Agents (OBA) business	(261.5)	—
Profit on divestiture of paper wet-end and water chemicals business pursuant to global divestment	—	1,593.6
Profit on transfer of pigments business	—	55.7
Profit on sale of its non-core assets (i.e. residential properties)	—	43.1
Compensation towards Voluntary Retirement Scheme for certain permanent workmen at Thane plant	(63.1)	(284.2)
Write down of certain assets due to cessation of certain operations from Thane plant	—	(147.6)
<b>Total</b>	<b>(324.6)</b>	<b>1,260.6</b>

### 40. Offsetting financial assets and financial liabilities

Rs. in million

	Gross amounts	Gross amounts set off in the balance sheet	Net amounts presented in balance sheet
	(Financial Assets - Trade Receivables)	(Financial Liabilities - Rebates / Discounts)	(Net Financial Assets - Trade Receivables)
<b>March 31, 2020</b>	14,500.8	832.2	13,668.6
<b>Total</b>	<b>14,500.8</b>	<b>832.2</b>	<b>13,668.6</b>
<b>March 31, 2019</b>	10,909.9	503.2	10,406.7
<b>Total</b>	<b>10,909.9</b>	<b>503.2</b>	<b>10,406.7</b>

#### Trade receivables

The Company gives rebates/ discounts for certain business units. Under the terms of contract, the amounts payable by the Company are offset against receivables from customers and only the net amount is settled (i.e. after adjustment of credit notes towards rebates/ discounts). The relevant amounts have therefore been presented net in the Balance Sheet.

# Notes to the Financial Statements for the year ended March 31, 2020

## 41. Other provisions

Rs. in million

	As at March 31, 2020	As at March 31, 2019
At the commencement of the year	469.8	505.8
Add: Provisions made during the year (net)	(44.3)	16.3
Less: Utilisation during the year	22.2	52.3
At the end of the year	403.3	469.8

Other provisions represents provisions for certain income tax, indirect taxes and other legal matters, the outflow of which would depend on settlement/ conclusion of these matters with the relevant authorities or cessation of the respective events.

## 42. Corporate Social Responsibility ('CSR')

As per Section 135 of the Act, a Company meeting the applicability threshold, needs to spend atleast 2% of its average net profit for the immediately preceding three financial years on CSR activities. The major areas for CSR activities are promoting education facilities, sanitation and making available safe drinking water. A CSR committee has been formed by the Company as per the Act.

- (a) Gross amount required to be spent by the Company during the year: **Rs. 1.3 million** (Previous Year: Rs. Nil)  
 (b) The areas of CSR activities and contributions made thereto are as follows:

Rs. in million

Amount spent during the year on:	For the year ended March 31, 2020	For the year ended March 31, 2019
1) Construction/Acquisition of any assets	—	—
2) For purposes other than (1) above:		
– Promoting education facilities, sanitation and making available safe drinking water	1.5	1.5

## 43. Employee benefits

### (a) Defined contribution plans:

The Company's contribution to defined contribution funds comprising of Superannuation fund, Employees' State Insurance Schemes and National Pension System (NPS) scheme amounting to **Rs. 83.4 million** (Previous Year: Rs. 79.4 million) (net of recoveries) has been charged to the Statement of Profit and Loss.

### (b) Defined benefit plans:

#### (i) Gratuity

Gratuity is payable to all eligible employees of the Company on retirement, 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.

Rs. in million

	Gratuity Funded	
	As at March 31, 2020	As at March 31, 2019
<b>I) Reconciliation of present value of defined benefit obligation</b>		
<b>Balance at the beginning of the year</b>	495.8	560.7
Benefits paid from plan	(37.2)	(106.5)
Current service cost	45.4	44.9
Interest cost	37.8	41.1
Actuarial gain/loss recognised in other comprehensive income		
– Changes in demographic assumptions	—	(0.1)
– Changes in financial assumptions	60.7	(19.6)
– Changes of experience adjustments	7.5	12.1
Transfers (out) on divestitures	(32.1)	(36.8)
<b>Balance at the end of the year</b>	<b>577.9</b>	<b>495.8</b>

## Notes to the Financial Statements for the year ended March 31, 2020

### 43. Employee Benefits (Continued)

Rs. in million

	Gratuity Funded	
	As at March 31, 2020	As at March 31, 2019
<b>II) Reconciliation of present value of plan assets</b>		
<b>Balance at the beginning of the year</b>	<b>483.0</b>	519.8
Contributions paid into plan	12.8	40.9
Benefits paid	(37.1)	(106.5)
Employer direct benefit payments	—	1.7
Return on plan assets (excluding interest income) [Refer note (c) below]	(84.3)	21.5
Interest income	34.1	40.7
Transfer out on divestitures	(32.1)	(35.1)
<b>Balance at the end of the year</b>	<b>376.4</b>	483.0
<b>Net liability (current) (I-II)</b>	<b>201.5</b>	12.8
<b>III) Expenses recognised in the Statement of Profit and Loss</b>		
Current service cost	45.4	44.9
Interest cost	37.8	41.1
Interest income	(34.1)	(40.7)
<b>Expenses recognised in the Statement of Profit and Loss</b>	<b>49.1</b>	45.3
<b>IV) Remeasurements recognised in other comprehensive income</b>		
Actuarial loss/ (gain) on defined benefit obligation	68.2	(7.6)
Return on plan assets excluding interest income	84.3	(21.5)
	<b>152.5</b>	(29.1)

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:-

	As at March 31, 2020	As at March 31, 2019
Government of India securities	10%	10%
State government securities	59%	57%
Public Sector Unit bonds	6%	—
Private sector bonds	15%	22%
Fixed deposit and others	1%	2%
Special deposit scheme	6%	6%
Mutual funds	3%	3%
<b>Total</b>	<b>100%</b>	100%

The assumptions used for actuarial valuation are as follows:-

	As at March 31, 2020	As at March 31, 2019
Discount rate	6.04%	7.70%
Expected salary increase rate	6% - 8% p.a.	6% - 8% p.a.
Attrition Rate	2% - 9% p.a.	2% - 9% p.a.
In-service mortality rates	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate

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.

## Notes to the Financial Statements for the year ended March 31, 2020

### 43. Employee Benefits (Continued)

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

Rs. in million

Expected total benefit payments	As at March 31, 2020	As at March 31, 2019
Year 1	47.9	77.1
Year 2	55.2	43.8
Year 3	49.1	51.0
Year 4	57.3	47.0
Year 5	45.8	52.7
Next 5 years	189.4	189.7

Sensitivity analysis – defined benefit obligation end of period:

Rs. in million

	As at March 31, 2020	As at March 31, 2019
Discount rate +100 basis points	538.5	491.4
Discount rate –100 basis points	622.6	557.8
Salary Increase Rate +1%	618.6	554.9
Salary Increase Rate –1%	541.2	493.5
Attrition Rate +1%	573.2	522.6
Attrition Rate –1%	583.3	522.8

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with projected unit credit method at the end of reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance Sheet. The method and type of assumptions used in preparing the sensitivity analysis for current year are in line with previous year.

The contribution expected to be made by the Company during the financial year 2020-21 is **Rs. 201.5 million** (Previous Year: Rs. 82.7 million).

#### (ii) Provident Fund

The Company has an obligation to fund any shortfall on the yield of the Company's Trust investments over the administered interest rates on an annual basis. These administered rates are notified by the Government annually. The Actuarial Society of India has issued the final guidance for measurement of provident fund liabilities. The actuary has accordingly provided a valuation based on the below provided assumptions as at March 31, 2020.

The details of fund and plan assets position as at year end is given below:

Rs. in million

	As at March 31, 2020	As at March 31, 2019
Plan assets as year end, at fair value	2,953.2	3,142.4
Present value of benefit obligation at year end	3,074.6	3,080.4
Excess of plan obligation over plan assets	121.4	—
Cost of shortfall in interest rate guarantee	33.1	—
<b>Net liability</b> [Refer note (c) below]	<b>154.5</b>	—
Assumptions used in determining the present value obligation to the interest rate guarantee under the Deterministic Approach:		
Discount rate	6.04%	7.70%
Average remaining tenure of the investment portfolio	5 years	5 years
Expected guaranteed interest rate	8.5%	8.7%

During the year ended March 31, 2020, amount recognised in the Statement of Profit and Loss for the Company's Contribution to Employee provident fund (net of recoveries, if any) is **Rs. 155.4 million** (Previous Year: Rs. 126.1 million).

# Notes to the Financial Statements for the year ended March 31, 2020

## 43. Employee Benefits (Continued)

### Risk exposure

The fund assets for Gratuity and Provident fund are maintained by BASF trust fund, a legally independent funded plan, which is financed by contribution of employees and the employer as well as the return on plan asset.

### Following risk-mitigating strategies are adopted for the Funds:

Being managed passively, the debt segments of the portfolios are predominantly exposed to Credit Risk and Reinvestment Risk. These risks are managed in the following manner:

**Reinvestment risk:** Reinvestment risk is minimized by spreading maturities of debt investments across various years. Here a balance is struck between minimizing reinvestment risk and maximizing yield given the term structure of interest rates, issuance pattern of debt instruments and their liquidity.

Owing to the investment regulation, the Funds have also invested in Equity Mutual Funds which are exposed to Market Risk.

**Market risk:** Market risk is minimized by (a) ensuring that schemes selected for investment have high-ranking by independent agencies (b) large-cap orientation and (c) have a track record of superior down-side management. Further, volatilities in returns of these schemes are minimized by staggering deployment in the schemes across months which bring in cost-averaging. Performance of the schemes is monitored on a monthly basis. Corrective action, if required, is recommended for schemes that underperform their peers and the benchmark consistently.

**Credit risk:** Credit risk is minimized by spreading exposure to multiple debt issuers, i.e. by not allowing exposure to an individual debt issuer to exceed by 5%-10% (depending on the issuer type) of the total portfolio at any time. Further, investments are made only in high grade bonds. Rating migrations in the instruments held in the portfolios are tracked regularly and are reported to the Trustees in case of downgrades. Corrective action on downgrades is suggested, if deemed necessary.

- (c) Probable incremental employee benefit liability that may arise on the Company due to likely shortfall in fund balance considering uncertainty in recoverability of certain investments held by the Gratuity Trust - **Rs. 56.5 million** (Previous Year: Nil) and Provident Fund Trust - **Rs. 154.5 million** (Previous Year: Nil), has been included as remeasurement costs in 'Other comprehensive income'.

### (d) Share-based payments:

The Ultimate Holding Company ('BASF SE') offers Share Price based compensation program ('option program') for senior executives of BASF group. Participation in this program is voluntary.

The option program starts every year on July 1. After the two-year vesting period, the options can be exercised for a period of six years. Options that have not been exercised by the end of the exercise period of the respective program are forfeited, without any subsequent payment obligations towards the bearer.

The model used in the valuation of the option plans are based on the arbitrage-free valuation model according to Black-Scholes. The fair values of the options are determined using the binomial model.

The Company has recognized share based payment transactions of BASF SE as equity settled share based payment transaction in accordance with the requirements of paragraph 43 A and 43 B of Ind AS 102 Share Based Payments, since the Company receives the services of the employees to whom the options have been granted by BASF SE and the Company has no obligation to settle these options.

		For the year ended March 31, 2020	For the year ended March 31, 2019
Charge included in employee benefit expense (Refer Note 27)	Rs. in million	6.7	5.2
Options outstanding at the beginning of the year	Nos	13,930.0	11,961.0
Options granted during the year	Nos	8,476.0	3,312.0
Options forfeited, exercised or expired during the year	Nos	(132.0)	(1,343.0)
<b>Outstanding at the end of the year</b>	Nos	<b>22,274.0</b>	13,930.0
<b>Fair value of options and parameters used for valuation</b>		<b>As at December 31, 2019</b>	<b>As at December 31, 2018</b>
Fair value of BASF SE's shares	Euro	20.5	10.5
Volume-weighted average market price of BASF SE's shares	Euro	68.2	85.5
Expected volatility of BASF SE's shares	%	23.4	25.3
Dividend yield	%	4.8	5.3
Risk-free interest rate	%	(0.3)	0.0



# Notes to the Financial Statements for the year ended March 31, 2020

## 43. Employee Benefits (Continued)

### (e) Other long term employee benefits:

#### (i) Long service awards:

Long Service Awards are payable to employees on completion of specified years of service.

#### (ii) Compensated absences:

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

For compensated absences, the amount of the provision of **Rs. 379.7 million** (Previous Year: Rs. 348.0 million) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. Leave obligations not expected to be settled within the next 12 months is **Rs. 346.9 million** (Previous Year: Rs. 293.7 million).

## 44. Operating Segments

The Company has reorganised its segment structure with effect from January 1, 2019. The new segment structure will enable an even more differentiated steering of the business, taking into account market-specific requirements and the competitive environment. It will further increase the transparency of the segment results. Previous period segment figures are regrouped in accordance with revised segment structure.

The Company has following business segments for reporting purpose. The divisions are allocated to the segments based on their business models.

### Details of type of products included in each segment:

- Agricultural Solution – The Agricultural Solutions segment consists of the Crop Protection division. Agricultural Solution is seasonal in nature
- Materials – The Materials segment comprises Performance Materials divisions and the Monomers divisions
- Industrial Solutions – The Industrial Solutions segment consists of the Dispersions & Pigments divisions and Performance Chemicals divisions
- Surface Technologies – The Surface Technologies segment comprises the Catalysts, Coatings and Construction Chemicals divisions
- Nutrition & Care – The Nutrition & Care segment consists of the Care Chemicals and Nutrition & Health divisions
- Chemicals – The Chemicals segment consists of the Petrochemicals and Intermediates divisions
- Others – Others includes activities that are not allocated to any of the continued operating divisions. These includes remaining activities after divestiture of leather and textile chemicals business, paper wet-end and water chemicals business, technical and service charges other than those specifically identifiable to above segments. Also includes transactions relating to leather and textile chemicals business, paper wet-end and water chemicals business during the year of respective divestiture.

Un-allocable Corporate Assets mainly includes Current tax assets (net), Deferred tax assets (net), Cash and cash equivalents and other un-allocable assets.

Un-allocable Corporate Liabilities mainly includes current borrowings and other un-allocable liabilities.

# Notes to the Financial Statements for the year ended March 31, 2020

## 44. Operating Segments (Continued)

### (a) Business Segments

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

Rs. in million

	Agricultural Solution	Materials	Industrial Solutions	Surface Technologies	Nutrition & Care	Chemicals	Others	Un-allocated	Total
Segment revenue	11,140.1	16,922.8	11,919.0	8,488.1	14,650.6	10,160.3	2,229.6	—	75,510.5
	9,333.2	16,462.3	11,478.8	8,113.8	7,580.8	1,450.0	5,837.8	—	60,256.7
Less: Inter-segment revenue	—	—	—	—	—	—	—	—	—
<b>Sales/ Revenue from operations</b>	<b>11,140.1</b>	<b>16,922.8</b>	<b>11,919.0</b>	<b>8,488.1</b>	<b>14,650.6</b>	<b>10,160.3</b>	<b>2,229.6</b>	<b>—</b>	<b>75,510.5</b>
	9,333.2	16,462.3	11,478.8	8,113.8	7,580.8	1,450.0	5,837.8	—	60,256.7
<b>Segment result</b>	<b>612.4</b>	<b>(373.8)</b>	<b>531.9</b>	<b>429.8</b>	<b>(214.4)</b>	<b>247.8</b>	<b>258.0</b>	<b>—</b>	<b>1,491.7</b>
	661.6	(860.4)	525.6	77.7	(312.2)	153.3	372.5	—	618.1
Finance costs								834.0	834.0
								851.1	851.1
Interest income								65.4	65.4
								46.3	46.3
Other un-allocable expenditure (net of un-allocable income)								352.0	352.0
								355.3	355.3
<b>Profit/(Loss) before tax and exceptional item</b>									<b>371.1</b>
									(542.0)
<b>Exceptional item gain/(loss) (net) (Refer note 39)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(293.1)</b>	<b>—</b>	<b>(31.5)</b>	<b>—</b>	<b>(324.6)</b>
	—	—	46.0	—	(169.4)	—	1,384.0	—	1,260.6
<b>Tax</b>									<b>(138.6)</b>
									(98.6)
<b>Profit/(Loss) after tax</b>									<b>185.1</b>
									817.2

Rs. in million

	Agricultural Solution	Materials	Industrial Solutions	Surface Technologies	Nutrition & Care	Chemicals	Others	Un-allocated	Total
<b>OTHER INFORMATION</b>									
Segment assets	6,662.9	11,633.3	6,718.8	5,507.7	8,297.2	3,255.4	789.2	3,024.4	45,888.9
	6,633.7	9,976.1	6,435.8	5,331.4	6,051.6	658.1	1,416.3	1,991.8	38,494.8
Segment liabilities	2,902.7	7,809.0	4,249.4	2,415.1	6,759.0	4,376.3	162.9	3,354.3	32,028.7
	1,838.1	6,072.2	3,952.9	2,294.3	3,345.4	298.0	825.5	5,739.5	24,365.9
Capital expenditure	10.6	385.9	198.9	81.5	31.4	0.4	18.2	—	726.9
	19.6	113.5	344.4	82.2	67.4	3.2	44.2	—	674.5
Depreciation and amortisation	140.3	643.3	368.2	244.7	363.4	11.5	29.2	—	1,800.6
	34.6	461.1	289.9	215.9	368.5	2.4	98.5	—	1,470.9
Non cash charges - Bad debts and Loss allowance on trade receivables	21.6	18.3	3.3	33.3	9.2	5.8	(1.8)	—	89.7
	36.4	21.4	(0.6)	(22.4)	8.0	—	0.1	—	42.9

### (b) Geographic Segments

Rs. in million

	Domestic	Exports	Total
Revenues	71,874.4	3,636.1	75,510.5
	52,445.6	7,811.1	60,256.7
Non-current assets (excluding financial instruments & deferred/ income tax asset)	10,035.3	—	10,035.3
	10,391.3	—	10,391.3

#### Note:

#### Revenue from major customer:

The Company is not reliant on revenues from transactions with any single customer and does not receive 10% or more of its revenue from transactions with any single external customers.

# Notes to the Financial Statements for the year ended March 31, 2020

## 45. Related Party Disclosure

- a) **Parties where control exists**  
 BASF Societas Europaea ('SE') Ultimate holding company  
 BASF Schweiz AG Party where control exists
- b) **Other related parties with whom transactions have taken place during the year or balances outstanding at the year end.**
- Parties under common control**
- |  |  |
|--|--|
| BASF Advanced Chemicals Co., Ltd.                                  | BASF Japan Ltd.  |
| BASF Agricultural Solutions Seed US LLC                            | BASF Lanka (Private) Limited   |
| BASF Agro B.V. Arnhem (NL)   | BASF (Malaysia) Sdn. Bhd.  |
| BASF Agrochemical Products B.V.                                    | BASF Metals Ltd.   |
| BASF Antwerpen N.V.  | BASF Mexicana S.A. DE C.V.   |
| BASF Asia-Pacific Service Centre Sdn.Bhd.                          | BASF Nederland B.V.  |
| BASF Australia Ltd.  | BASF New Business GmbH   |
| BASF Bangladesh Ltd  | BASF Pakistan (Pvt.) Limited   |
| BASF Belgium Coordination Center Comm. V.                          | BASF Paper Chemicals (Huizhou) Co. Ltd.  |
| BASF Business Services GmbH  | BASF Paper Chemicals (Jiangsu) Co., Ltd.                                       |
| BASF Care Chemicals (Shanghai) Co. Ltd.                            | BASF Performance Polyamides Korea Co. Ltd.                                     |
| BASF Catalysts Germany GmbH  | BASF Personal Care and Nutrition GmbH  |
| BASF Catalysts (Shanghai) Co.Ltd.                                  | BASF Petronas Chemicals Sdn. Bhd.  |
| BASF Catalysts India Private Limited                               | BASF Philippines INC   |
| BASF Chemicals & Polymers Pakistan (Private) Ltd.                  | BASF Plant Science Company GmbH  |
| BASF Chemicals Co.,Ltd.  | BASF PLC   |
| BASF Chemicals India Pvt. Ltd.                                     | BASF Poliuretanos Ltda.  |
| BASF (China) Company Ltd.  | BASF Polyurethane Licencing GmbH   |
| BASF Coatings de Mexico, S.A. de C.                                | BASF Polyurethane Specialties (China) Co., Ltd.                                |
| BASF Coatings GmbH   | BASF Polyurethanes (China) Co.Ltd  |
| BASF Coatings S.A.   | BASF Polyurethanes GmbH  |
| BASF Coatings S.A.S.   | BASF S.A.  |
| BASF Coatings Spa  | BASF Services Europe GmbH  |
| BASF Colors & Effects GmbH   | BASF Shanghai Coatings Co. Ltd.  |
| BASF Colors & Effects Shanghai Ltd.                                | BASF South Africa (Pty) Ltd.   |
| BASF Colors & Effects Singapore Pte. Ltd                           | BASF South East Asia Pte. Ltd.   |
| BASF Colors & Effects USA LLC                                      | BASF Specialty Chemicals (Nanjing) Co. Ltd.                                    |
| BASF Colors and Effects India Pvt. Ltd.<br>(w.e.f. August 9, 2018) | BASF Taiwan Ltd.   |
| BASF Company Ltd.  | BASF (Thai) Limited  |
| BASF Construction Chemicals (China) Co., Ltd.                      | BASF Türk Kimya Sanayi ve Ticaret Ltd. Sti.                                    |
| BASF Construction Chemicals Egypt S.A.E.                           | BASF Vietnam Co. Ltd.  |
| BASF Construction Chemicals Espana S.L.                            | BASF - YPC Company Limited   |
| BASF Construction Chemicals Europe AG                              | Chemetall India Private Limited  |
| BASF Construction Chemicals Italia Spa                             | Cognis IP Management GmbH  |
| BASF Construction Chemicals LLC                                    | Construction Research & Technology GmbH  |
| BASF Construction Chemicals UAE LLC                                | EnerG2 Technologies, Inc.  |
| BASF Construction Solutions GmbH                                   | inge GmbH  |
| BASF Construction Systems (China) Co.Ltd.                          | Master Builders Solutions India Private Limited<br>(w.e.f. September 26, 2019) |
| BASF Corporation   | Nunhems India Private Limited<br>(w.e.f. August 16, 2018)                      |
| BASF Crop Protection (Jiangsu) Co.,Ltd.                            | PCI Augsburg GmbH  |
| BASF East Africa Ltd.  | P.T. BASF Care Chemicals Indonesia   |
| BASF East Asia Regional Headquarters Ltd.                          | P.T. BASF Distribution Indonesia   |
| BASF Espanola S.L.   | P.T. BASF Indonesia  |
| BASF France S.A.S.   | Saudi BASF for Building Materials Co. Ltd.                                     |
| BASF Hock Mining Chemical (China) Co. Ltd.                         | Solenis Chemicals India Private Limited<br>(w.e.f. January 31, 2019)           |
| BASF Hong Kong Ltd.  | Shanghai BASF Polyurethane Co.,Ltd.  |
| BASF Intertrade AG   | Thai Ethoxylate Co., Ltd.  |
| BASF IP Licensing GmbH   |  |
| BASF Ireland Limited   |  |
| BASF Italia S.p.A.   |  |
- c) **Post employment benefit plans**  
 BASF India Ltd. Provident Fund  
 BASF India Ltd. Employees Gratuity Fund  
 BASF India Ltd. Superannuation Fund Trust
- d) **Key Management Personnel**
- Chairman & Managing Director**  
 Mr. Raman Ramachandran, Ph.D.  
 (till March 31, 2019)
- Managing Director**  
 Mr. Narayan Krishnamohan  
 (w.e.f. April 1, 2019)
- Chairman & Independent Director**  
 Mr. Pradip P. Shah  
 (Chairman w.e.f. April 1, 2019)
- Whole-Time Directors**  
 Mr. Narendranath J. Baliga  
 Mr. Rajesh Naik  
 Dr. Lakshmi Nadkarni (till March 31, 2019)
- Company Secretary & Whole-Time Director**  
 Mr. Pradeep Chandan  
 (Whole-Time Director w.e.f. April 1, 2019)
- Other Independent Directors**  
 Mr. Arun Bewoor  
 Mr. R. A. Shah  
 Mr. R. R. Nair (till March 31, 2019)  
 Mrs. Shyamala Gopinath (w.e.f. January 23, 2019)

# Notes to the Financial Statements for the year ended March 31, 2020

## 45. Related Party Disclosure (Continued)

e) Details of transactions with parties where control exists/ under common control for the year ended March 31, 2020

Rs. in million

Nature of Transactions	Parties where control exists		Parties under common control		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Sale of Goods</b>						
BASF SE	370.5	2,123.1	—	—	370.5	2,123.1
BASF Hong Kong Ltd.	—	—	832.2	1,256.2	832.2	1,256.2
BASF Corporation	—	—	249.9	458.7	249.9	458.7
Solenis Chemicals India Private Limited	—	—	215.1	170.8	215.1	170.8
Others	—	—	268.2	448.0	268.2	448.0
<b>Sub-Total</b>	<b>370.5</b>	<b>2,123.1</b>	<b>1,565.4</b>	<b>2,333.7</b>	<b>1,935.9</b>	<b>4,456.8</b>
<b>Services Rendered (including reimbursements)</b>						
BASF SE	449.8	614.6	—	—	449.8	614.6
BASF Hong Kong Ltd.	—	—	238.6	793.8	238.6	793.8
BASF Nederland B.V.	—	—	268.5	0.2	268.5	0.2
Others	—	—	751.8	927.1	751.8	927.1
<b>Sub-Total</b>	<b>449.8</b>	<b>614.6</b>	<b>1,258.9</b>	<b>1,721.1</b>	<b>1,708.7</b>	<b>2,335.7</b>
<b>Interest Expense on ECB Loan and ICD's (including incidental charges)</b>						
BASF Belgium Coordination Center Comm. V.	—	—	—	67.3	—	67.3
BASF Ireland Limited	—	—	101.4	142.9	101.4	142.9
Nunhems India Private Limited	—	—	60.3	43.4	60.3	43.4
BASF Catalysts India Private Limited	—	—	4.3	15.9	4.3	15.9
Chemetall India Private Limited	—	—	33.5	33.1	33.5	33.1
<b>Sub-Total</b>	<b>—</b>	<b>—</b>	<b>199.5</b>	<b>302.6</b>	<b>199.5</b>	<b>302.6</b>
<b>Purchase of Goods/Materials</b>						
BASF SE	4,595.2	4,645.7	—	—	4,595.2	4,645.7
BASF Company Ltd.	—	—	4,793.5	6,043.5	4,793.5	6,043.5
BASF Hong Kong Ltd.	—	—	20,019.7	7,920.7	20,019.7	7,920.7
BASF South East Asia Pte. Ltd.	—	—	5,178.3	790.2	5,178.3	790.2
BASF Petronas Chemicals Sdn Bhd	—	—	4,908.1	931.1	4,908.1	931.1
Others	—	—	5,945.6	4,811.3	5,945.6	4,811.3
<b>Sub-Total</b>	<b>4,595.2</b>	<b>4,645.7</b>	<b>40,845.2</b>	<b>20,496.8</b>	<b>45,440.4</b>	<b>25,142.5</b>
<b>Services Received (including reimbursements)</b>						
BASF SE	392.3	492.8	—	—	392.3	492.8
BASF Schweiz AG	—	7.9	—	—	—	7.9
BASF South East Asia Pte. Ltd.	—	—	242.6	368.9	242.6	368.9
BASF Asia-Pacific Service Centre Sdn. Bhd.	—	—	205.9	229.4	205.9	229.4
BASF Business Services GmbH	—	—	507.7	414.5	507.7	414.5
Others	—	—	249.7	227.8	249.7	227.8
<b>Sub-Total</b>	<b>392.3</b>	<b>500.7</b>	<b>1,205.9</b>	<b>1,240.6</b>	<b>1,598.2</b>	<b>1,741.3</b>
<b>Royalty</b>						
BASF SE	11.4	17.3	—	—	11.4	17.3
BASF IP Licencing GmbH (earlier known as BASF Polyurethanes Licencing GmbH)	—	—	218.9	266.0	218.9	266.0
BASF Coatings GmbH	—	—	67.7	66.6	67.7	66.6
Construction Research & Technology GmbH	—	—	127.1	130.4	127.1	130.4
Cognis IP Mangement GmbH	—	—	32.4	38.6	32.4	38.6
<b>Sub-Total</b>	<b>11.4</b>	<b>17.3</b>	<b>446.1</b>	<b>501.5</b>	<b>457.5</b>	<b>518.9</b>
<b>Dividend</b>						
BASF SE	104.7	62.8	—	—	104.7	62.8
BASF Schweiz AG	44.5	26.7	—	—	44.5	26.7
BASF Construction Solutions GmbH	—	—	9.5	5.7	9.5	5.7
<b>Sub-Total</b>	<b>149.2</b>	<b>89.5</b>	<b>9.5</b>	<b>5.7</b>	<b>158.7</b>	<b>95.2</b>

# Notes to the Financial Statements for the year ended March 31, 2020

## 45. Related Party Disclosure (Continued)

e) Details of transactions with parties where control exists/under common control for the year ended March 31, 2020 (Continued)

Rs. in million

Nature of Transactions	Parties where control exists		Parties under common control		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>ECB Loan and ICDs availed during the year</b>						
Nunhems India Private Limited	—	—	330.0	1,600.0	330.0	1,600.0
BASF Catalysts India Private Limited	—	—	—	500.0	—	500.0
Chemetall India Private Limited	—	—	650.0	1,000.0	650.0	1,000.0
<b>Sub-Total</b>	—	—	980.0	3,100.0	980.0	3,100.0
<b>ECB Loan and ICDs repaid during the year including forex loss on settlements</b>						
BASF Belgium Coordination Center Comm. V.	—	—	—	1,806.9	—	1,806.9
BASF Ireland Limited	—	—	410.9	2,711.1	410.9	2,711.1
Nunhems India Private Limited	—	—	1,830.0	100.0	1,830.0	100.0
BASF Catalysts India Private Limited	—	—	350.0	150.0	350.0	150.0
Chemetall India Private Limited	—	—	1,650.0	—	1,650.0	—
<b>Sub-Total</b>	—	—	4,240.9	4,768.0	4,240.9	4,768.0
<b>Purchase of Assets</b>						
BASF SE	—	0.4	—	—	—	0.4
BASF Schweiz AG	0.1	—	—	—	0.1	—
BASF Polyurethanes (China) Co Ltd	—	—	6.9	—	6.9	—
BASF Coatings GmbH	—	—	—	1.1	—	1.1
BASF Polyurethane Specialties (China), Co Ltd	—	—	—	1.3	—	1.3
BASF Chemicals India Pvt. Ltd.	—	—	—	4.2	—	4.2
BASF Polyurethanes GmbH	—	—	3.7	1.4	3.7	1.4
<b>Sub-Total</b>	0.1	0.4	10.6	8.0	10.7	8.4
<b>Outstanding Receivables</b>						
BASF SE	99.5	693.0	—	—	99.5	693.0
BASF Hong Kong Ltd.	—	—	54.3	395.2	54.3	395.2
BASF Corporation	—	—	58.0	266.1	58.0	266.1
Others	—	—	314.2	796.0	314.2	796.0
<b>Sub-Total</b>	99.5	693.0	426.5	1,457.3	526.0	2,150.3
<b>Outstanding Payables</b>						
BASF SE	2,814.8	2,103.6	—	—	2,814.8	2,103.6
BASF Hong Kong Ltd.	—	—	6,759.9	2,022.5	6,759.9	2,022.5
BASF South East Asia Pte. Ltd.	—	—	1,894.0	391.2	1,894.0	391.2
Others	—	—	6,550.1	4,075.6	6,550.1	4,075.6
<b>Sub-Total</b>	2,814.8	2,103.6	15,204.0	6,489.3	18,018.8	8,592.9
<b>ECB Loan &amp; ICDs Outstanding (including interest accrued not due)</b>						
BASF Ireland Limited	—	—	3,310.8	3,421.1	3,310.8	3,421.1
Nunhems India Private Limited	—	—	—	1,508.0	—	1,508.0
BASF Catalysts India Private Limited	—	—	—	351.9	—	351.9
Chemetall India Private Limited	—	—	—	1,005.0	—	1,005.0
<b>Sub-Total</b>	—	—	3,310.8	6,286.0	3,310.8	6,286.0
<b>Divestiture of pigment business</b>						
BASF Colors and Effects India Private Limited	—	—	—	190.0	—	190.0
<b>Sub – Total</b>	—	—	—	190.0	—	190.0
<b>Divestiture of paper and water chemical business</b>						
Solenis Chemicals India Private Limited	—	—	—	2,520.0	—	2,520.0
<b>Sub – Total</b>	—	—	—	2,520.0	—	2,520.0

# Notes to the Financial Statements for the year ended March 31, 2020

## 45. Related Party Disclosure (Continued)

### f) Details of Contributions to post employment benefit plan:

Rs. in million

Name of the post employment benefit plan	2019-20	2018-19
BASF India Ltd. Provident Fund	333.3	317.8
BASF India Ltd. Employees Gratuity Fund	12.8	40.9
BASF India Ltd. Superannuation Fund Trust	51.6	56.0
<b>Sub-Total</b>	<b>397.7</b>	<b>414.7</b>

### g) Details of transactions with Key Management Personnel:

Rs. in million

Particulars	2019-20	2018-19
Short term employee benefits	101.8	137.4
Post-employment benefits	6.6	5.7
Long-term employee benefits	—	—
Employee share based payments*	1.9	0.7
<b>Total compensation</b>	<b>110.3</b>	<b>143.8</b>

\* Key managerial personnel are eligible for share based payments of the Ultimate Holding Company for which there is no cash outflow from the Company.

### h) Payment of sitting fees to independent directors:

Rs. in million

Particulars	2019-20	2018-19
Sitting fees	5.1	6.2

### i) Terms and conditions:

- All outstanding balances are unsecured and are repayable as per terms of credit and settlement occurs in cash.
- All related party transactions entered during the year were in ordinary course of business and on arms length basis.

## 46. Disclosure under Indian Accounting Standard 115

Effective April 1, 2018, the Company has adopted Indian Accounting Standard 115 - 'Revenue from Contracts with Customers' ('Ind AS 115') with modified retrospective approach. Adoption of Ind AS 115 did not have any material impact on the financial statements of the Company.

### Deferred revenue:

The Company has disclosed contract liability towards deferred revenue as per terms of customer contracts aggregating **Rs. 25.6 million** (Previous Year: Rs. 96.1 million) as on March 31, 2020 in Notes 18 and 23. Further, an amount of **Rs. 70.5 million** (Previous year: Rs. 58.7 million) was recognized as revenue in the current year which was included in deferred revenue at beginning of the year. Remaining deferred revenue will be recognised in subsequent periods based on terms of the contract.

### Contract liability

- Contract liability in respect of amount collected in advance towards satisfaction of performance obligations for goods/ services to customers has been reflected as "Advances received from customers" in Note 23 - Other Current Liabilities.
- Contract liability resulting from customer incentive programmes is recognised as sales when obligation is fulfilled based on the points redeemed. Generally, redemption of points happens towards the end of the respective scheme tenure. Contract liability in respect of customer incentive schemes has been adjusted in Revenue and reflected as "Accrual for customer incentive schemes" in Note 23 - Other Current Liabilities.

**47.** As informed to stock exchanges on September 10, 2018, the Company has replaced the agency business with merchandise business model effective April 1, 2019 and hence revenue from operations for certain business segments for the year ended March 31, 2020 is strictly not comparable to previous year.

## Notes to the Financial Statements for the year ended March 31, 2020

**48.** Further to intimation to the stock exchange on December 23, 2019, the Board of Directors of the Company at its Meeting held on February 11, 2020, have approved the proposal to transfer its construction chemicals business to Master Builders Solutions India Pvt. Ltd., a fellow subsidiary Company, at a consideration of Rs. 5,951.6 million, subject to such other approvals, as may be required. The Company's construction chemicals business, which forms part of the Surface Technologies segment, has generated sales of Rs. 4,728.6 million for the year ended March 31, 2020.

The business transfer was also approved by the shareholders of the Company vide postal ballot results announced on April 22, 2020. The Company has entered into a business transfer agreement with Master Builders Solutions India Pvt. Ltd. on May 14, 2020. The transaction is expected to close by second quarter of the financial year 2020-21.

Accordingly, the non-current assets of this business have been considered as held for sale as on March 31, 2020, as required by Indian Accounting Standard (Ind AS) 105 – 'Non-current Assets Held for Sale and Discontinued Operations'. Refer Note 12 for assets held for sale.

**49.** The COVID-19 pandemic has severely disrupted business operations due to lockdown and other emergency measures imposed by the governments. The operations of the Company were impacted, due to shutdown of plants and offices following nationwide lockdown. The Company continues with its operations in a phased manner in line with directives from the authorities.

The Company has evaluated the impact of this pandemic on its business operations, liquidity and financial position and based on management's review of current indicators and economic conditions there is no material impact on its financial statements as at March 31, 2020. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly the impact may be different from that estimated as at the date of approval of these financial statements. The Company will continue to monitor any material changes to future economic conditions.

**50.** Previous year figures have been regrouped/ reclassified, wherever necessary to conform to current year classification.

In terms of our report of even date.

**For Price Waterhouse Chartered Accountants LLP**  
Firm Registration No: 012754N/ N500016  
Chartered Accountants

**Jeetendra Mirchandani**  
Partner  
Membership No.: 048125

Place: Pune  
Date : May 22, 2020

**For and on behalf of Board of Directors of  
BASF India Limited**  
(CIN No.: L33112MH1943FLC003972)

**Pradip P. Shah**  
Chairman  
DIN : 00066242

**Narendranath J. Baliga**  
Chief Financial Officer  
DIN: 07005484

**Narayan Krishnamohan**  
Managing Director  
DIN : 08350849

**Pradeep Chandan**  
Company Secretary  
FCS No.: 2852

Place: Mumbai  
Date : May 22, 2020

R. A. Shah                   DIN: 00009851  
Arun Bewoor               DIN: 00024276  
Shyamala Gopinath      DIN: 02362921  
Rajesh Naik                DIN: 06935998  
Directors

# BASF India Limited

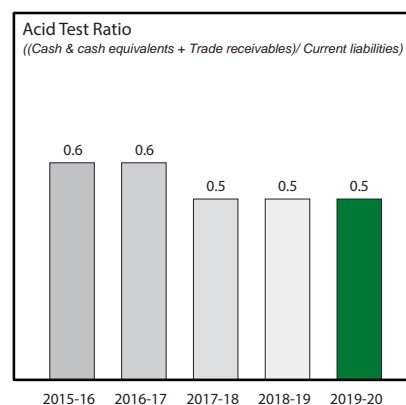
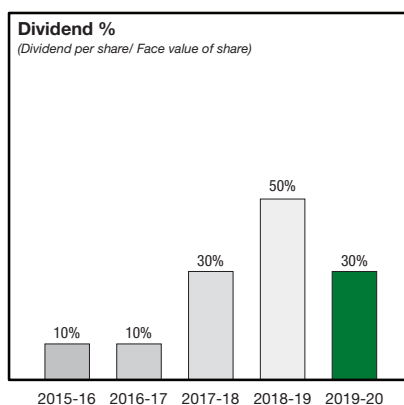
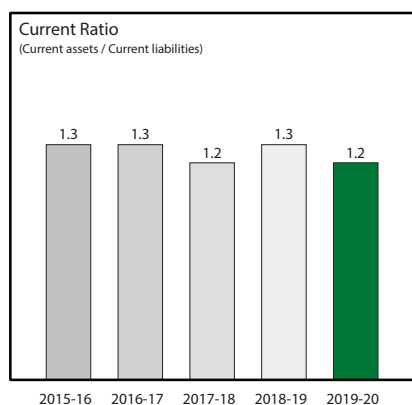
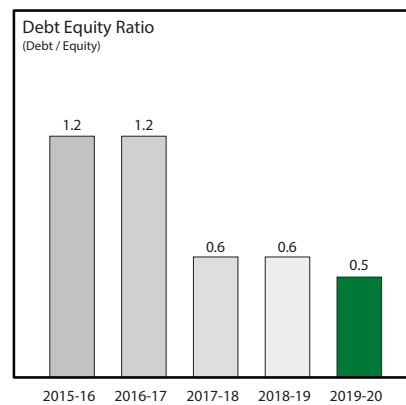
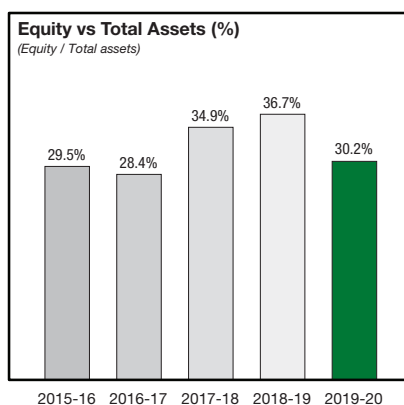
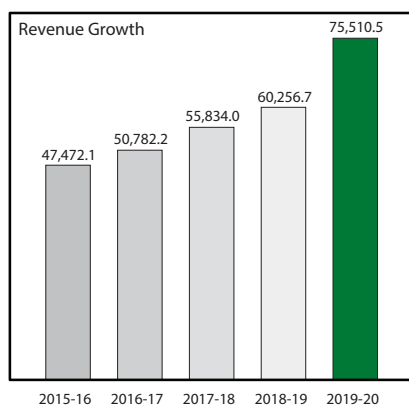
## Highlights – At a glance

Rs. in Million

	2015-2016	2016-2017	2017-2018	2018-2019	2019-20
<b>Revenue and Earnings</b>					
Revenue from operations (net of excise duty/GST)	47,472.1	50,782.2	55,834.0	60,256.7	<b>75,510.5</b>
Earnings before interest and tax (EBIT)	(544.2)	1,121.6	2,154.2	309.1	<b>1,205.1</b>
Profit / (Loss) before exceptional item and tax	(2,024.8)	(294.8)	1,024.6	(542.0)	<b>371.1</b>
Profit/ (Loss) after tax	(303.7)	(141.3)	2,465.0	817.2	<b>185.1</b>
Earnings per share (Re. per share)	(7.0)	(3.3)	56.9	18.9	<b>4.3</b>
Exports	7,513.2	7,103.1	6,847.5	7,811.1	<b>3,636.1</b>
<b>Capital expenditure, depreciation and amortisation</b>					
Capital expenditure	1,117.8	834.4	679.4	674.5	<b>726.9</b>
Depreciation	1,630.9	1,690.3	1,533.9	1,470.9	<b>1,800.6</b>
<b>Number of employees and personnel cost</b>					
Number of employees at year-end	1,904	1,868	1,804	1,673	<b>1,502</b>
Personnel cost	3,275.8	3,219.6	3,514.3	3,764.7	<b>3,608.3</b>
<b>Key Balance Sheet numbers</b>					
Total assets	37,765.6	38,745.5	38,463.6	38,494.8	<b>45,888.9</b>
Borrowings	13,492.2	12,745.5	8,676.9	9,122.1	<b>6,629.5</b>
Shareholder's equity	11,160.1	11,022.6	13,438.8	14,128.9	<b>13,860.2</b>
<b>Appropriation of profits</b>					
Dividend amount	43.3	43.3	129.9	216.4	<b>129.9</b>
Dividend per share	1.0	1.0	3.0	5.0	<b>3.0</b>

### Notes:

- Financial highlights are given only for five years on account of non-comparability of data due to Ind AS transition w.e.f 1st April 2015.
- Previous year figures have been regrouped/ reclassified, wherever necessary to conform to current year classification.
- Revenue from operations has been adjusted with excise duty/ GST for relevant periods for coherent comparison.







IIT Half marathon Mumbai where many employees participated to complete the marathon.



On International Corporate Volunteering Week, we invited NGO's iVolunteer and Teach4India to our office in Mumbai to share information about various corporate volunteering options available for employees.



Employees participate in a Yoga session as part of Fitness at Work program.



Global Safety Days celebrations at Dahej to emphasize on safety first, always.



Annual Sports Day at Mangalore site where colleagues participate in a game of Badminton.



Thane site annual picnic where colleagues indulge in an intense game of tug of war.

# Your future is also ours.

Our innovations help cities use less energy, make the air we breathe cleaner and turn electric transport into a practical reality. That's why at BASF, we're optimistic about the future.

Find out more at  
[wecreatechemistry.com](http://wecreatechemistry.com)

 **BASF**

We create chemistry