

INDEPENDENT AUDITOR’S REPORT

**To The Members of BASF India Coatings Private Limited
Report on the Audit of the Financial Statements**

Opinion

We have audited the accompanying financial statements of BASF India Coatings Private Limited (the “Company”), which comprise the Balance Sheet as at March 31, 2024, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the period from December 11, 2023 till March 31, 2024, and notes to the financial statements, including a summary of material accounting policies and other explanatory information.

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 Indian Accounting Standards prescribed under section 133 of the Act, (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, and its loss, total comprehensive loss, its cash flows and the changes in equity for the period from December 11, 2023 till March 31, 2024.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (“SA”s) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor’s Responsibility 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 (“ICAI”) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Information Other than the Financial Statements and Auditor’s Report Thereon
 (“Other Information”)**

- The Company’s Board of Directors is responsible for the other information. The Other Information comprises the Director’s report but does not include the financial statements and our auditor’s 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 during the course of our audit or otherwise appears to be materially misstated.

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- 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

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 including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including Ind AS 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 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.

In preparing the financial statements, management and Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

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.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism 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 financial controls 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.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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 financial controls that we identify during our audit.

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.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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 Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the Directors as on March 31, 2024, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024, from being appointed as a director in terms of Section 164(2) of the Act.

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- 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements.
- g) In our opinion and to the best of our information and according to the explanations given to us, the Company being a private Company, section 197 of the Act related to the managerial remuneration is not applicable.
- h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
 - v. The Company has not declared or paid any dividend during the period and has not proposed final dividend for the period.
 - vi. We draw the reference to Note 15 to the financial statements which states that the Company has not used any accounting software for maintaining its books of account for the period from December 11, 2023 till March 31, 2024. Accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable to the Company.

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As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial period from December 11, 2023 till March 31, 2024.

2. As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

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Sanjiv V. Pilgaonkar
Partner
(Membership No. 039826)
(UDIN No. 24039826BKCOEK8222)

Place: Mumbai
Date: May 13, 2024

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of BASF India Coatings Private Limited (the "Company") as at March 31, 2024 in conjunction with our audit of the financial statements of the Company for the period from December 11, 2023 till March 31, 2024.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls with reference to financial statements based on the internal control with reference to financial statements 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. 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 the 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls 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.

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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A Company's internal financial control 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 control 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.

Inherent Limitations of Internal Financial Controls with reference to financial statements

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 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

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2024, based on the criteria for internal financial control with reference to financial statements 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.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

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Place: Mumbai
Date: May 13, 2024

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- (i) As the Company does not hold any property, plant and equipment or intangible assets, reporting under clause 3(i) of the Order is not applicable.
- (ii) In respect of the Company's inventories:
 - (a) The Company does not have any inventory and hence reporting under clause 3(ii)(a) of the Order is not applicable.
 - (b) According to the information and explanations given to us, at any point of time of the period, the Company has not been sanctioned any working capital facility from banks or financial institutions. Hence, reporting under clause 3(ii)(b) of the Order is not applicable.
- (iii) The Company has not made investments in, provided any guarantees or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the period. Hence, reporting under clause 3(iii) of the Order is not applicable.
- (iv) The Company has not granted any loans, made investments or provided guarantees or securities. Hence, reporting under clause 3(iv) of the Order is not applicable.
- (v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.
- (vi) As explained in Note 14 to the financial statements, the transfer of the Coatings Business from BASF India Limited (i.e. the holding company) to the Company, is to be consummated by end of calendar year 2024. Pending such transfer, no operations were carried out during the period. Hence the question of maintenance of cost records under section 148(1) of the Companies Act, 2013 doesn't arise. Accordingly, reporting under clause 3(vi) of the Order is not applicable.
- (vii) In respect of statutory dues:
 - (a) There are no undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues, applicable to the Company, during the period.
 - (b) There are no statutory dues referred in sub-clause (a) above which have not been deposited on account of disputes as on March 31, 2024.
- (viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the period.
- (ix) (a) The Company has not taken any loans or other borrowings from any lender. Hence, reporting under clause 3(ix)(a) of the Order is not applicable to the Company.
 - (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

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- (c) The Company has not taken any term loan, since its incorporation i.e. December 11, 2023. Hence, reporting under clause 3(ix)(c) of the Order is not applicable.
- (d) The Company has not raised any funds on short term basis. Hence, reporting under clause 3(ix)(d) of the Order is not applicable.
- (e) The Company did not have any subsidiary or associate or joint venture during the period. Hence, reporting under clause 3(ix)(e) of the Order is not applicable.
- (f) The Company has not raised any loans during the period. Hence, reporting on clause 3(ix)(f) of the Order is not applicable.
- (x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the period. Hence, reporting under clause 3(x)(a) of the Order is not applicable.
- (b) During the period, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally). Hence, reporting under clause 3(x)(b) of the Order is not applicable.
- (xi) (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the period.
- (b) No report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the period and up to the date of this report.
- (c) The provision of section 177(9) of the Companies Act, 2013, related to vigil mechanism, do not apply to the Company. Hence, reporting under clause 3(xi)(c) of the Order is not applicable.
- (xii) The Company is not a Nidhi Company. Hence, reporting under clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion, the Company is in compliance with section 188 of the Companies Act, 2013 for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards. The provisions of section 177 of the Companies Act, 2013 do not apply to the Company.
- (xiv) In our opinion and based on our examination, the Company is not required to have internal audit system as per provisions of the Companies Act, 2013. Hence, reporting under clause 3(xiv) of the order is not applicable.
- (xv) The Company has not entered into any non-cash transactions with any of its directors or directors of its holding company or persons connected with such directors. Also, the Company does not have any subsidiary company or an associate company. Hence, reporting for compliance with the provisions of section 192 of the Companies Act, 2013 is not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.
- (b) The Group does not have any Core Investment Company (CIC) as part of the group and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.

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- (xvii) The Company was incorporated on December 11, 2023 and has incurred cash losses amounting to Rs. 775 thousand during the financial period covered by our audit.
- (xviii) There has been no resignation of the statutory auditors of the Company during the period.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans (refer note 14 to the financial statements) and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report which is not mitigated indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) The Company was incorporated on December 11, 2023. Therefore, the question of it having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year does not arise. Hence, provisions of Section 135 of the Act are not applicable to the Company. Accordingly, reporting under clause 3(xx) of the Order is not applicable for the period.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

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Sanjiv V. Pilgaonkar
Partner
(Membership No. 039826)
(UDIN No. 24039826BKCOEK8222)

Place: Mumbai
Date: May 13, 2024

BASF India Coatings Private Limited

Balance Sheet as at March 31, 2024

(Rs. in thousands)

	Notes	March 31, 2024
ASSETS		
Current assets		
Financial assets		
(i) Cash and cash equivalents	3	72
Total current assets		72
Total assets		72
EQUITY AND LIABILITIES		
Equity		
Equity share capital	4	100
Other equity		(775)
Total equity		(675)
LIABILITIES		
Current liabilities		
Financial liabilities		
(i) Trade payables		
(a) Total outstanding dues to Micro Enterprises and Small Enterprises		-
(b) Total outstanding dues to creditors other than micro enterprises and small enterprises	5	747
Total current liabilities		747
Total liabilities		747
Total equity and liabilities		72
Material accounting policies	2	
The accompanying notes form an integral part of the financial statements.		

In terms of our report of even date.

For Deloitte Haskins & Sells LLP

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Chartered Accountants

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Pilgaonkar

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Sanjiv V. Pilgaonkar

Partner

Membership No: 039826

Place: Mumbai

Date: May 13, 2024

For and on behalf of Board of Directors of

BASF India Coatings Private Limited

CIN No.: U20220MH2023PTC415224

Sunil Kumar Sarangi

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Managing Director

DIN : 10422451

Manohar Shrikant Kamath

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Manohar Kamath

Director

DIN : 05126825

Place: Mumbai

Date: May 13, 2024

Anil Kumar Choudhary

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Anil Choudhary

Director

DIN : 07733817

BASF India Coatings Private Limited

Statement of Profit and Loss for the period from December 11, 2023 to March 31, 2024

(Rs. in thousands)

	Notes	For the period from December 11, 2023 to March 31, 2024
Revenue from operations		
Revenue		-
Other income		-
Total Income		-
Expenses		
Other expenses		
- Professional charges		207
- Payment to auditors (refer note 6)		540
- Others (Rates and taxes)		28
Total Expenses		775
Loss before tax		(775)
Tax expense/ (credit):		
Current tax		-
Deferred tax		-
Loss for the period		(775)
Other comprehensive income / (loss)		
Items that will not be reclassified to statement of profit and loss		-
Other comprehensive income / (loss) for the period, net of tax		-
Total comprehensive loss for the period		(775)
Basic and diluted earnings per share (in Rs.)	12	(77.47)
Face value per share (in Rs.)		10.00
Material accounting policies	2	
The accompanying notes form an integral part of the financial statements.		

In terms of our report of even date.

For Deloitte Haskins & Sells LLP

Firm Registration No: 117366W/W-100018

Chartered Accountants

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Partner

Membership No: 039826

Place: Mumbai

Date: May 13, 2024

For and on behalf of Board of Directors of

BASF India Coatings Private Limited

CIN No.: U20220MH2023PTC415224

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Director

DIN : 07733817

Manohar Kamath

Director

DIN : 05126825

Place: Mumbai

Date: May 13, 2024

BASF India Coatings Private Limited

Statement of changes in equity for the period from December 11, 2023 to March 31, 2024

(Rs. in thousands)

A. Equity share capital

	Notes	Rs. in thousands
As at December 11, 2023 (Date of incorporation)		-
Changes in equity share capital	4	100
As at March 31, 2024		100

B. Other equity

	Reserves and Surplus
	Retained earnings
As at December 11, 2023 (Date of incorporation)	-
Loss for the period	(775)
Other comprehensive income / (loss)	-
Total	(775)

Material accounting policies (Refer note 2)

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

In terms of our report of even date.

For Deloitte Haskins & Sells LLP

Firm Registration No: 117366W/W-100018

Chartered Accountants

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Partner

Membership No: 039826

Place: Mumbai

Date: May 13, 2024

For and on behalf of Board of Directors of

BASF India Coatings Private Limited

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Managing Director

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Director

DIN : 05126825

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Anil Choudhary

Director

DIN : 07733817

Place: Mumbai

Date: May 13, 2024

BASF India Coatings Private Limited

Statement of Cash Flows for the period from December 11, 2023 to March 31, 2024

(Rs. in thousands)

For the period from
December 11, 2023 till
March 31, 2024

A Cash flow from operating activities	
Loss before tax	(775)
Adjustments for changes in working capital:	
Increase/ (Decrease) in trade payables	747
	<u>747</u>
Cash generated from operations	(28)
Income taxes paid (net)	-
	<u>-</u>
Net cash (used in) operating activities	(28)
B Cash flow from investing activities:	
Acquisition of intangible (net of capital creditors and including capital advances)	-
	<u>-</u>
Net cash (used in) investing activities	-
C Cash flow from financing activities	
Proceeds from issuance of shares	100
	<u>100</u>
Net cash generated from financing activities	100
Net (decrease) / increase in cash and cash equivalents	<u>72</u>
Cash and cash equivalents as at December 11, 2023 (Date of incorporation)	-
	<u>-</u>
Cash and cash equivalents at the end of the period (refer note 3)	72

Notes:

- The above Cash Flow Statement has been prepared under the "Indirect Method" setout in Indian Accounting Standard - 7 on Statement of Cash Flows.

Material accounting policies (Refer note 2)

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

In terms of our report of even date.

For Deloitte Haskins & Sells LLP

Firm Registration No: 117366W/W-100018

Chartered Accountants

Sanjiv Vasant
Pilgaonkar

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Vasant Pilgaonkar
Date: 2024.05.13 15:51:36
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Sanjiv V. Pilgaonkar

Partner

Membership No: 039826

Place: Mumbai

Date: May 13, 2024

For and on behalf of Board of Directors of

BASF India Coatings Private Limited

CIN No.: U20220MH2023PTC415224

Sunil
Kumar
Sarangi

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Sarangi
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Sunil Sarangi

Managing Director

DIN : 10422451

Manohar
Shrikant
Kamath

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by Manohar
Shrikant Kamath
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Manohar Kamath

Director

DIN : 05126825

Place: Mumbai

Date: May 13, 2024

Anil Kumar
Choudhary

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by Anil Kumar
Choudhary
Date: 2024.05.13
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Anil Choudhary

Director

DIN : 07733817

BASF India Coatings Private Limited

Notes to the Financial Statements (Continued)

1. Background of the Company

BASF India Coatings Private Limited (the 'Company') has been incorporated on December 11, 2023 to undertake manufacturing and trading of chemicals and chemical products related to Coating business.

The Company is a private limited company incorporated and domiciled in India with its registered office located in Mumbai. The Company is wholly owned subsidiary of BASF India Limited.

2. Material 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 thousands, 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 Company has identified twelve months as its operating cycle.

(ii) Going concern

The financial statements have been prepared on a going concern basis for reasons stated in Note 14 to the financial statements.

b. Financial Instruments

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.

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

Derecognition of financial liabilities

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.

BASF India Coatings Private Limited

Notes to the Financial Statements (Continued)

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.

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.

c. 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.

d. 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.

e. New and amended standards issued but not effective

Ministry of Corporate Affairs (“MCA”) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the period ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

BASF India Coatings Private Limited**Notes to financial statements (Continued)**

(Rs. in thousands)

3	Cash and cash equivalents	As at March 31, 2024
	Balances with banks:	
	- In current accounts	72
		72
4	Share capital	As at March 31, 2024
	Authorised :	
	10,000 Equity Shares of Rs.10/- each	100
	Issued:	
	10,000 Equity Shares of Rs.10/- each	100
	Subscribed and paid-up:	
	10,000 Equity Shares of Rs.10/- each fully paid	100
		100

a. Reconciliation of number of equity shares

Particulars	Period ended March 31, 2024	
	Number	Rs. in thousands
As at December 11, 2023 (Date of incorporation)	-	-
Add : - Issued during the period	10,000	100
As at March 31, 2024	10,000	100

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, if any 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	Period ended March 31, 2024	
		Number	Percentage
BASF India Limited	Holding Company	10,000	100%

d. Equity shares in the Company held by each shareholder holding more than 5% shares

Name of Shareholder	Relationship	Period ended March 31, 2024	
		Number	Percentage
BASF India Limited	Holding Company	10,000	100%

e. Information on equity shares allotted without receipt of cash or allotted as bonus shares or shares bought back

None

f. Details of shareholding of promoters:

Name of the promoter	Period ended March 31, 2024	
	Number of shares	Percentage of total number of shares
BASF India Limited	10,000	100%

The Company was incorporated on December 11, 2023 and since then there is no change in shareholding of promoters.

BASF India Coatings Private Limited

Notes to financial statements (Continued)

(Rs. in thousands)

5 Trade Payables (also refer Note 14)	As at March 31, 2024
Total outstanding dues to Micro Enterprises and Small Enterprises (refer note 8)	-
Total outstanding dues to creditors other than micro enterprises and small enterprises (refer note 5(i))	747
	<u>747</u>

5(i) Aging of Trade Payables:

	Unbilled	Not Due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Payables							
Micro enterprises and small enterprises	-	-	-	-	-	-	-
Others	540	-	207	-	-	-	747
Disputed Trade Payables							
Micro enterprises and small enterprises	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Total	540	-	207	-	-	-	747

6 Payment to auditors	For the period from December 11, 2023 to March 31, 2024
As auditors	500
For reimbursement of expenses	40
	<u>540</u>

7 Commitments and contingencies
Contingent liability of the Company as at March 31, 2024 is Rs. Nil.
Commitments of the Company as at March 31, 2024 is Rs. Nil

8 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:

Particulars	As at March 31, 2024
The principal amount and the interest due thereon remaining unpaid to any supplier registered under the MSMED Act as at the end of the period.	
- Principal amount	-
- Interest amount	-
The interest paid / settled 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 period	
- Principal amount	-
- Interest amount	-
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.	-
The amount of interest accrued and remaining unpaid at the end of accounting period.	-
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.	-

BASF India Coatings Private Limited

Notes to financial statements (Continued)

(Rs. in thousands)

9 Financial instruments

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as at March 31, 2024. All other financial assets and financial liabilities are carried at amortised costs.

Financial assets	Cash, and other financial assets at amortised cost	Total carrying value	Total fair value
Cash and cash equivalents	72	72	72
Total	72	72	72

Financial liabilities	Other financial liabilities (at cost)	Total carrying value	Total fair value
Trade payables	747	747	747
Total	747	747	747

10 Related Party Disclosure

Parties where control exists

BASF Societas Europaea ('SE')	Ultimate holding company
BASF India Limited	Holding company

Details of transactions with parties where control exists for the period ended March 31, 2024

Nature of Transactions	Holding Company
Issue of equity shares	100
Outstanding balances	
Outstanding Payables	-

11 Relationship with Struck off Companies

The company did not have any transactions with the companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 during the period.

12 Earning per share

As at March 31, 2024

Loss for the period (a)	(775)
Weighted average number of equity shares outstanding during the period (b)	10,000
Basic and diluted earnings per share (in Rs.) (a)/(b)	(77.47)
Face value per share (in Rs.)	10.00

BASF India Coatings Private Limited

Notes to financial statements (Continued)

(Rs. in thousands)

13 Financial Ratios:

Ratio	Numerator	Denominator	Period ended March 31, 2024
Current Ratio (times)	Current Assets	Current Liabilities	0.10
Return on Equity (net worth) (%)	Loss After Tax	Total Equity	Not Applicable since the Company incurred a loss during the period
Inventory Turnover Ratio (times)	Cost of goods sold	Average Inventory	Not Applicable
Trade Receivables Turnover Ratio (times)	Revenue from Operations	Average Trade Receivables	Not Applicable
Trade Payables Turnover Ratio (times)	Total Purchases	Average Trade Payables	Not Applicable
Net Capital Turnover Ratio (times)	Revenue from Operations	Average working capital (Current assets - Current liabilities)	Not Applicable
Net Profit Ratio (%)	Loss After Tax	Revenue from Operations	Not Applicable
Return on Capital Employed (%)	Earnings Before Interest & Tax before exceptional items	Capital Employed (Shareholder's Equity + borrowings)	Not Applicable since the Company incurred a loss during the period
Operating Profit Margin (%)	Earnings Before Interest & Tax (EBIT) before exceptional items	Revenue from Operations	Not Applicable
Interest Coverage Ratio (times)	Earnings Before Interest Tax & Depreciation (EBITDA) before exceptional items	Finance cost	Not Applicable

14 Going concern assumption

The Board Directors of the Company had, at its meeting held on February 12, 2024, approved the business transfer agreement between BASF India Limited ('Holding Company' or the 'Parent') and the Company for transfer of "Coatings Business" of holding company to the Company, on a slump sale basis at a value determined by an Independent Valuer i.e., for a consideration of Rs.1,820,000 thousand, subject to specific adjustments as may be required, on the closing date, in accordance with the conditions specified in the Business Transfer Agreement. The consideration shall be settled by way of issuance of equity shares by the Company at the time of closing of the transaction which is expected by end of calendar year 2024. The liabilities of the Company are expected to be discharged out of inflows from operations of the Coatings Business.

15 The Company is in process of setting up ERP system, i.e., S/4HANA which is expected to go live by end of calendar year 2024. Accordingly, the Company has maintained its books of accounts for the period commencing on December 11, 2023, and ending on March 31, 2024 manually.

16 The Company has been incorporated on December 11, 2023. Hence there are no comparative figures to be reported.

17 The financial statements were approved for issue by the board of directors on May 13, 2024 and are subject to the approval of the shareholders at the Annual General meeting .

**For and on behalf of Board of Directors of
BASF India Coatings Private Limited
CIN No.: U20220MH2023PTC415224**

Sunil
Kumar
Sarangi
Digitally signed
by Sunil Kumar
Sarangi
Date: 2024.05.13
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Sunil Sarangi
Managing Director
DIN : 10422451

Manohar
Shrikant
Kamath
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Shrikant Kamath
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Manohar Kamath
Director
DIN : 05126825

Anil Kumar
Choudhary
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by Anil Kumar
Choudhary
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Anil Choudhary
Director
DIN : 07733817

Place: Mumbai
Date: May 13, 2024