



We create chemistry

BASF India Limited, Mumbai - 400 072, India

August 28, 2017

The Market Operations Department
BSE Limited,
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400 001

Name of the Company : **BASF India Limited**
Security Code : **500042**

Dear Sir,

Re: Submission of Annual Report for the financial year ended 31st March, 2017

We enclose herewith the Annual Report containing the Directors' Report and its annexures, Management Discussion and Analysis Report, Corporate Governance Report and Audited Financial Statements along with the Notice of the 73rd Annual General Meeting of the Company for the financial year ended 31st March, 2017 for your reference and records.

Kindly acknowledge the receipt of the above.

Thanking you.

Yours Faithfully,
For BASF India Limited

Pradeep Chandan
Director – Legal, General Counsel
& Company Secretary

Pankaj Bahl
Manager – Company Secretarial

Encl : a.a.

Cc: The Assistant Manager – Listing
The National Stock Exchange of India Limited
Exchange Plaza,
Plot No. C/1, G Block
Bandra – Kurla Complex
Bandra (East), Mumbai – 400051.

Registered Office

BASF India Limited
Plot No 37, Chandivali Farm Road,
Chandivali, Andheri (East), -
Mumbai - 400 072, India.

Tel +91 22 2858 0200

Fax +91 22 2858 0299

CIN - L33112MH1943FLC003972

www.india.basf.com

**We create chemistry
for a sustainable future**



Annual Report 2016-2017
BASF India Limited

 **BASF**
We create chemistry

Co-creating innovative solutions: Viswanath Mahadevan (center) and Vijay Bhuskute (right), from BASF along with a customer from a key construction company, review application results of Ucrete®.



Message from the Chairman & Managing Director

Dear Shareholders,

The world witnessed political and economic volatility in 2016. Amidst this unpredictability, India saw relative political and economic stability, by recording one of the highest Gross Domestic Product (GDP) growth rates in the world and witnessing some impactful long-term reforms like demonetization and GST. However, demonetization slowed activity in cash-dependent sectors. The manufacturing sector was sluggish in 2016 owing to weaker domestic demand and subdued bank credit. All of these developments had an impact on your Company.

In this environment, your Company continued to expand its business. Our sales increased by 7% over the previous year and stood at Rs. 55,257.9 million. On the back of a normal monsoon, our Agricultural Solutions business grew by 8%. Pricing pressure on our flagship crop protection products due to generics eroded margins, which was partly offset by cost saving measures. Performance Products grew 9% with significant improvement in profitability; higher sales of Dispersion and Care Chemicals products from Dahej plant was a key driver. Sales of Functional Materials & Solutions grew by 8% benefiting from the growth of the auto industry. Our Chemicals business suffered from overcapacities in petrochemicals but realized better prices on monomers due to market instability.

Capacity and asset utilization as well as operating margins significantly improved, and we optimized our working capital. We resolved technical issues at the Dahej site and obtained key customer approvals, after successful audits. Our Thane site turned 50, highlighting our long-term focus on safety and sustainability as well as our broad production capabilities. We continued to increase our investment, with the opening of our sixth construction chemicals plant in India, in Kharagpur, to meet the increasing demand for high quality construction chemicals in the Eastern part of India.

Your Company also introduced a host of new products and solutions. The Crop Protection business continued to diversify its portfolio by launching Seltima® and Basagran® for rice crop this year. Your Company further consolidated its position in corn markets by introducing its product Tynzer™ in several new geographies. Our Construction Chemicals division launched MasterSeal® sealants range and MasterWeld® adhesive range for buildings, MasterLife® CI 220, a unique dual mechanism corrosion inhibitor for fresh concrete and MasterProtect® 7000 CR, a state-of-the-art corrosion resistant coating. Our Chemicals Intermediates business diversified its portfolio by introducing products such as N Octyl Pyrrolidone for agro formulations and Ionic liquids (Basionics) for anti-static application across several industries.

As part of our strategic portfolio management, we divested our Industrial Coatings business to AkzoNobel and the Leather Chemicals business to the Stahl Group. Such divestments will help us to focus resources on profitable growth opportunities in the future.

Safety continues to be top priority for your Company, both for our own operations and for our contractors. Among other initiatives, we adopted the Globally Harmonized System (GHS) of classification, in line with our commitment to the highest standards of product stewardship, and labelling. Today, all our product packaging in India uses GHS labels.

Our CSR initiatives continued to focus on WASH (Water, Sanitation and Hygiene) and education. At Dahej, Mangalore and Mumbai, we worked closely with the local communities around our sites, to conduct behavioral change programs, provide piped water and install digital classrooms.

Your Company received recognitions from various customers and stakeholders this year. The Coatings and Fuel & Lubricants teams won many awards from key customers like Ford Motors and Mahindra, for contributing to their success, as suppliers. Our Ankleshwar site won second place in Ankleshwar Industries Association (AIA) Anandapura Trophy for Highest Manufacturing Performance (in terms of turnover) in the large-scale category. Working Mother and AVTAR recognised your Company as one of the 'Best Companies for Women in India'. Your Company was also ranked 2nd out of top 500 companies listed on Bombay Stock Exchange on compliance of secretarial audit norms.

To support the growth of our business, we further strengthened our organizational culture in 2016. One of the core competencies at BASF, embracing diversity, was formalized with the formation of a Diversity + Inclusion team. The launch of new policies like work-from-home and flexi-time helped bring in a more contemporary work culture. Ongoing initiatives like Fit@BASF have helped employees lead a healthier and more active life.

The future holds promise, and I look forward with optimism. India is set to play a leading role in the field of sustainability and has demonstrated this by setting ambitious targets under the Paris Agreement on climate change. Your Company is ideally placed to take advantage of the opportunities that this move will provide. Sustainability and innovation, the twin pillars of sustained, long-term growth, are firmly founded at your Company. We will continue to work to keep our stakeholders connected and engaged, in line with our corporate purpose: to create chemistry for a sustainable future.

With best wishes,

Raman Ramachandran, Ph.D.

Thursday, 28 th September, 2017 at 3.00 p.m. at Yashwantrao Chavan Pratishthan Auditorium, Y. B. Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai – 400 021.		Page
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BASF India Limited

Registered Office:

Plot No. 37, Chandivali Farm Road,
Chandivali, Andheri (East), Mumbai – 400 072.
Telephone : +91 22 28580200 Fax: +91 22 28580299
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 & C-68 Pt., 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

(1) Ankleshwar

Unit I: Plot Nos. 6214/6216, GIDC Phase IV
Ankleshwar – 393 002, Gujarat.

Unit II: Plot No. 8001, GIDC Phase VI
Ankleshwar – 393 002, Gujarat.

(2) 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.

Offices

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

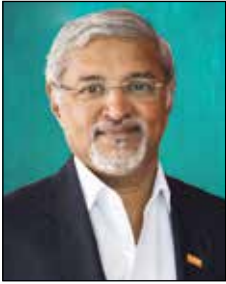
Registrar & Share Transfer Agent

TSR Darashaw Limited
Unit : BASF India Limited,
6-10, 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



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(except colour sections)

Board of Directors



Raman Ramachandran, Ph.D.
Chairman & Managing Director



Mr. R. A. Shah



Mr. R. R. Nair



Mr. Pradip P. Shah



Mr. Arun Bewoor



Dr. Andrea Frenzel



Mr. Raimar Jahn



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



Dr. Lakshmi Nadkarni
Alternate Director



Mr. Rajesh Naik
Whole-time Director

Management Committee

Dr. Raman Ramachandran

Dr. Rajan Venkatesh

Mr. Narendranath J. Baliga

Mr. Sylvain Huguenard

Mr. Pradeep Chandan

Mr. Rajesh Naik

Dr. Lakshmi Nadkarni

Ms. Sunita Sule

Mr. Pradeep Chandan
Director – Legal, General Counsel & Company Secretary

Statutory Auditors

B S R & Co. LLP
Chartered Accountants
5th Floor, Lodha Excelus,
Apollo Mills Compound,
N. M. Joshi Marg, Mahalaxmi,
Mumbai – 400 011, 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, 4th 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) HDFC Bank Limited
- (v) BNP Paribas
- (vi) The Bank of Tokyo and Mitsubishi UFJ Limited
- (vii) Credit Agricole CIB

Internal Auditors

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

Secretarial Auditors

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



Your Company inaugurated a new production plant for concrete admixtures in Kharagpur, West Bengal, in May 2016. This is our sixth construction chemicals plant in India.



Your Company participates in various events that help showcase its innovative technologies and product portfolio. Seen in the picture is Sanjeev Gandhi, Member of the Board of Executive Directors of BASF SE, responsible for the region Asia Pacific, along with Raman Ramachandran, Chairman and Managing Director, BASF India Limited and Head, South Asia, at the India Chem event in Mumbai, in September 2016.



Your Company is one of the founding members of Together for Sustainability (TfS) - a global initiative of leading chemical companies, to enhance sustainability within the supply chain. In the above photos, your Company is seen playing a major part in the first India event of TfS in September 2016.

Directors' Report

Your Directors have pleasure in presenting their Report for the financial year ended 31st March, 2017.

Financial Results

(Rs. in million)

Description	Year ended 31.3.2017	Year ended 31.3.2016
Revenue from operations (Gross of excise)	55,257.9	51,568.2
Loss before tax and exceptional items	(294.8)	(2,024.8)
Exceptional items	170.1	1,721.1
Loss before tax after exceptional items	(124.7)	(303.7)
Tax	16.6	—
Loss after tax	(141.3)	(303.7)
Dividend	43.3	43.3
Corporate Tax on Dividend	8.8	8.8

Note: The financial results for the year ended 31st March, 2017 are in compliance with the Indian Accounting Standards (IND AS) and accordingly the results for the previous year ended 31st March, 2016 have been restated.

Performance

Revenue from operations (Gross of excise) at Rs. 55,257.9 million, represents an increase of 7% over the previous year. Your Company reported a loss after tax (after exceptional items) of Rs. 141.3 million for the year ended 31st March, 2017 as compared to loss after tax (after exceptional items) of Rs. 303.7 million in the previous year. The recovery is mainly due to effective utilization of the production capacity at the Dahej plant and improved performance of the Functional Materials & Solutions and Performance Products segments.

Although the Agricultural Solutions business recorded modest growth in sales during the year as compared to the previous year, its profitability was impacted due to generic competition resulting in lower realisations.

The Functional Materials & Solutions segment of your Company which comprises of the coatings, construction chemicals, performance materials and process catalysts technologies business recorded good growth in sales and profits as compared to the previous year.

The Performance Products segment, which includes performance chemicals, dispersions & pigments, care chemicals, nutrition & health products and paper chemicals business registered good growth both in terms of sales and margins during the year under review.

The Chemicals segment of your Company comprises of intermediates, petrochemicals & monomers businesses. During the year, the sales of the Chemicals segment were lower as compared to the previous year on account of lower feedstock prices as well as limited volume availability on certain product lines. Moreover, Chemicals segment results are not comparable due to internal transfer of certain manufacturing assets from the Chemicals segment to Functional Materials & Solutions segment during the year.

Export sales stood at Rs. 5,250.7 million during the year under review.

BASF enters India Crop protection market for Rice

In January, 2017, your Company entered the crop protection market for rice in India and would be offering a range of new solutions to boost yields in India by managing rice diseases, weeds and pests. With the launch of products i.e. Seltima[®], Adexar[®] and Basagran[®], your Company will provide comprehensive solutions that effectively meet consumers' expectations for healthy, high quality food.

Restructuring of businesses

Sale of Industrial Coatings business to AkzoNobel

Pursuant to the sale of global industrial coatings business by BASF SE, Germany to AkzoNobel, the industrial coatings business of your Company was transferred to Akzo Nobel India Limited with effect from 14th December, 2016. With this divestiture, your Company would continue to emphasize on core automotive OEM & decorative paints business.

Divestment of Leather Chemicals business

In March, 2017, BASF SE, Germany and Stahl Group announced the sale of BASF's leather chemicals business to the Stahl Group. Consequently, your Company's leather chemicals business will be transferred to Stahl Group, subject to receipt of requisite approvals. The transaction is expected to close in fourth quarter of 2017. Under the arrangement, your Company would supply leather chemical products from its manufacturing facilities to Stahl Group under mid to long-term supply agreements. Presently, the leather chemicals business forms part of the Performance Products segment of the Company.

Dividend

In view of the improvement in the operational and financial performance of your Company during the year, your Directors have recommended to maintain a dividend of Re. 1/- per equity share of Rs. 10/- each (i.e. 10%) for the financial year ended 31st March, 2017, subject to the approval of the members at the 73rd Annual General Meeting of the Company to be held on 28th September, 2017. The dividend will absorb Rs. 43.3 million and the dividend distribution tax to be borne by the Company would amount to Rs. 8.8 million. The amount towards payment of dividend and dividend distribution tax will be distributed from the General Reserve, in compliance with the provisions of the Companies Act, 2013.

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

Change in the Registrar & Share Transfer Agent

During the year, your Company appointed TSR Darashaw Limited (SEBI Registration No. INR000004009) having its registered office at 6-10, H. M. Patrawala Industrial Estate, Near Famous Studio, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai – 400011, as the new Registrar and Share Transfer Agent of the Company in place of Sharepro Services (India) Private Limited with effect from 15th June, 2016.

Corporate Social Responsibility

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

Mr. R. R. Nair and Mr. Arun Bewoor, Independent Directors along with Mr. Narendranath J. Baliga are members of the CSR Committee.

Mr. Pradeep Chandan, Director – Legal, General Counsel & 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 the revised Schedule VII of the Companies Act, 2013.

During the year under review, due to impact on profitability, your Company was not required to spend any amount 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 projects/activities.

Your Company continued its efforts to drive sustainability and focused on activities of water, health, education, environment and resource efficiency.

Based on the above, your Company undertook CSR projects mainly in the area of community drinking water supply, waste management, sanitation facilities, education and hygiene and has spent an amount of Rs. 1.34 million as direct expenditure for projects & programs and Rs. 0.09 million on overheads aggregating to Rs. 1.43 million in the financial year 2016-2017, details of which are provided in **Annexure I** of this Report.

Finance & Accounts

Your Company continued to optimise bank 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 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 1.2 as at 31st March, 2017.

Capital Expenditure

Capital expenditure incurred during the year aggregated to Rs. 834.4 million.

Credit Rating

The credit rating awarded to the Company by CRISIL on its long term & short term debt programs is 'AAA/ Negative/ A1+'.

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 Obligations and Disclosure Requirements) Regulations, 2015, 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 Obligations and Disclosure Requirements) Regulations, 2015.

A separate report on Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 along with a Certificate of Compliance from the Statutory Auditors, forms part of this Report.

Business Responsibility Report

Regulation 34(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 2016-17 has also been hosted on the Company's website, which can be accessed at www.basf.com/in

Vigil Mechanism

Your Company has established a vigil mechanism 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://on.basf.com/whistle-blower>

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 31st March, 2017 and of the loss 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**.

Directors

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Dr. Andrea Frenzel retires by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment.

During the year, Dr. Rainer Diercks and Mr. Gops Pillay resigned from the Board of your Company with effect from the close of business hours as on 31st March, 2017. Your Directors place on record their sincere appreciation of the invaluable contributions made by Dr. Rainer Diercks and Mr. Gops Pillay in the growth and performance of the Company.

Mr. Raimar Jahn was appointed as Director of your Company in place of Dr. Rainer Diercks with effect from 1st April, 2017 in terms of Article 134 of the Articles of Association and the provisions of Section 161 of the Companies Act, 2013. Further, Mr. Narendranath J. Baliga resigned as Alternate Director to Dr. Andrea Frenzel with effect from the close of business hours on 31st March, 2017 and was appointed as Alternate Director to Mr. Raimar Jahn with effect from 1st April, 2017.

Mr. Rajesh Naik ceased to act as an Alternate Director to Dr. Rainer Diercks with effect from the close of business hours on 31st March, 2017 and was appointed as a Whole-time Director of your Company for a period of 2 years from 1st April, 2017 to 31st March, 2019.

Dr. Lakshmi Nadkarni was appointed as an Alternate Director to Dr. Andrea Frenzel with effect from 1st April, 2017.

As required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the details of the Directors seeking appointment/re-appointment at the ensuing Annual General Meeting are provided on page no. 53 in the Corporate Governance Report forming part of this Annual Report.

Performance Evaluation of the Board

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has devised a policy containing criteria for evaluating the performance of the Executive, Non-Executive and Independent Directors, 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 has been explained on page no. 50 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://on.basf.com/nom-rem-committee>

Auditors

The term of B S R & Co. LLP, Chartered Accountants (Registration No. 101248W/W-100022) as Statutory Auditors of the Company is upto the conclusion of the 73rd Annual General Meeting to be held on 28th September, 2017. As per the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder, they shall not be eligible for re-appointment.

Based on the recommendation of the Audit Committee, the Board of Directors of your Company at its meeting held on 10th November, 2016 have recommended to the Shareholders, the appointment of M/s. Price Waterhouse Chartered Accountants LLP (Registration No. 012754N/N500016) as the new Statutory Auditors of your Company for a period of 5 years from the conclusion of the 73rd Annual General Meeting till the conclusion of the Annual General Meeting of the Company to be held in the year 2022 (subject to ratification of the appointment by the members at every Annual General Meeting held after this Annual General Meeting till the expiry of their term). M/s. Price Waterhouse Chartered Accountants LLP have confirmed to the Company that their appointment, if made at the 73rd Annual General Meeting, would be within the limits prescribed under Section 141 of the Companies Act, 2013 and that they are not disqualified from appointment within the meaning of the said Act.

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 2016-17 and to furnish the report to the Board. The Secretarial Audit Report dated 4th May, 2017 forms part of this Report as **Annexure IV**.

Auditors' Report & Secretarial Audit Report

There are no qualifications/reservations/emphasis of matter placed by the Statutory Auditors and the Secretarial Auditors in their respective Reports for the financial year ended 31st March, 2017.

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 2017-18. The Cost Auditors have certified that their appointment is within the limits of Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified from appointment within the meaning of the said Act.

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, details of which are provided on page nos. 48 and 49 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 the transactions, which are repetitive in nature. Such transactions are audited and 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://on.basf.com/related-party>

The Company does not have contracts or arrangements with its Related Parties under Section 188(1) of the Companies Act, 2013, which are not on arms' length basis and hence the details are not disclosed in Form AOC-2 as prescribed under the Companies Act, 2013 and the Rules framed thereunder.

The Company has entered into material transactions with related parties viz., BASF SE, BASF South East Asia Pte. Ltd., BASF Belgium Co-ordination Centre on arms' length basis under Regulation 23 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and the same are within the maximum limits approved by the shareholders

at the 71st Annual General Meeting of the Company. The shareholders at the 72nd Annual General Meeting have also approved the materials transactions with BASF Hong Kong Limited. Your Directors draw the attention of the members to Note No. 44 of the Financial Statements which sets out related party disclosures under Indian Accounting Standards (IND AS).

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. The Company has given advance against salary to some employees in terms of the applicable policies of the Company.

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. 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 members of the Company. Any member interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company.

Prevention of Sexual Harassment at 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 Complaints Committee (ICC) and the names of the Committee members are displayed on the notice board in each office. All employees (permanent, contractual, temporary, trainees) are covered by this policy. Allegations of sexual harassment reported shall be expeditiously and discreetly investigated and disciplinary action, if required, would be taken in accordance with the policy.

There were no complaints of sexual harassment received during the financial year 2016-17.

Training programs on the policy are also conducted at regular intervals. During the year under report, your Company conducted 3 workshops/awareness programmes on the policy for the employees.

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.

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 is covered under the Management Discussion and Analysis Report forming part of this Annual Report.

Significant and material orders passed by the Regulators or Courts

The relevant pending litigations with regulators or courts have been disclosed as Contingent Liabilities in note no. 34 of the notes to the financial statements for the year ended 31st March, 2017. There are no significant and material orders passed by the Regulators/Courts, which would impact the going concern status of the Company and its future operations.

Material changes and commitments affecting the financial position of the Company

There have been no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this Report.

Board Meetings

Six Board Meetings were held during the financial year 2016-17 on the following dates:

- | | |
|------------------------------------|-------------------------------------|
| (1) 3 rd May, 2016 | (2) 4 th August, 2016 |
| (3) 11 th August, 2016 | (4) 10 th November, 2016 |
| (5) 1 st February, 2017 | (6) 23 rd March, 2017 |

Declaration of Independence

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Extract of Annual Return

The extract of the Annual Return in Form MGT-9 forms part of this Report as **Annexure V**.

Personnel and Welfare

Your Directors place on record their sincere appreciation of the contribution made by the employees at all levels to the significant improvement on the operations 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 members and investors for their confidence in the Company.

On behalf of the Board of Directors

RAMAN RAMACHANDRAN, Ph.D.
Chairman & Managing Director
(DIN: 00200297)

Mumbai

Dated : 4th May, 2017

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>The CSR Committee has formulated the CSR Policy and has recommended the activities to be undertaken by the Company as specified under the revised Schedule VII of the Companies Act, 2013.</p> <p>The Company has undertaken various community initiatives and projects under its CSR program "Saksham"- Empowering Communities. Water, Sanitation and Hygiene (WASH) and Education are the mainstay of the CSR programs of the Company.</p> <p>The Company has focused its CSR projects on community development around its manufacturing sites. The programs are executed in and around Dahej, Thane and Mangalore.</p> <p>The Company believes that its CSR programs require long-term commitment and continuity. Hence, even though the Company was not mandatorily required to spend any amount towards CSR in the financial year 2016-17, the Company decided to continue support to the communities, which had benefited from its CSR programs.</p> <p>In the field of WASH, behavioural change is as important as the creation of physical infrastructure. Regular awareness and behavioural change programs have been conducted by the Company to encourage people to change their habits.</p> <p>The Company had built 232 individual household toilets at Dahej during the course of the previous two financial years (FY 2014-15 and 2015-16). In the financial year 2016-17, the Company focussed on programs that encouraged the usage of these toilets. All these 232 households were surveyed and awareness programs were subsequently conducted in order to influence behavioural change.</p> <p>Counselling sessions, street plays and movie shows were conducted among community groups. Menstrual hygiene sessions were conducted for nearly 300 girl students and free menstrual hygiene kits were provided to them.</p> <p>In the area of physical infrastructure, piped water connection was provided to 6 Anganwadi centres.</p> <p>The Company had provided 600 household waste bins for 300 houses at Dahej in the previous two financial years (FY 2014-15 and 2015-16). 24 community waste bins at 12 hamlets that segregate organic and inorganic waste were also installed in the previous two financial years. During the financial year 2016-17, the Company focussed on improving the overall waste management system in the village. The attempt was to encourage households to segregate waste and to make full use of its waste disposal site.</p> <p>At Mangalore, the Company funded the construction of one school toilet. This is a part of the Company's long-term commitment to build 10 school toilets over a period of time.</p> <p>At Thane, the Company continued to focus on communities around its manufacturing site at Turbhe and funds were allocated for setting up two digital classrooms for 2 schools. Funds were also contributed for providing educational books for a library catering to underprivileged children.</p> <p>The CSR Policy of the Company is available on the Company's website and can be accessed at: http://on.basf.com/csr-policy</p>
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2.	The Composition of the CSR Committee.	Mr. R. R. Nair, Chairman (Independent Director) Mr. Arun Bewoor (Independent Director) Mr. Narendranath J. Baliga (Chief Financial Officer & Alternate Director) Mr. Pradeep Chandan (Secretary of the Committee)
3.	Average net profit of the Company for the last three financial years	N.A.
4.	Prescribed CSR Expenditure (two percent of the amount as shown in item 3 above)	N.A. (Due to impact on profitability, the Company was not required to mandatorily spend any amount on CSR. However, in order to maintain project sustainability, the Board of Directors decided to spend Rs. 1.5 million on CSR activities during FY 2016-17)
5.	Details of CSR spent during the financial year:	
	(1) Total amount spent for the Financial Year	Rs. 1.43 million
	(2) Amount unspent, if any;	Nil
	(3) Manner in which the amount spent during the financial year	Refer table on page no. 13 of this Report



Piped water connection at 6 Anganwadi centres in Dahej, Gujarat.



Inauguration of school toilet, Mangalore.



WASH – Water, Sanitation and Hygiene awareness program at Dahej, Gujarat.



Digital classroom installed at Navjeevan Hindi Vidyalaya, Turbhe.

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 Directly or through implementing agency
					Direct expenditure on projects or programs	Overheads		
1.	Piped water connection at 6 Anganwadi centres	WASH (Water, Sanitation and Hygiene)	Village Dahej, Bharuch District, Gujarat	0.10	0.09	0.01	0.10	Milan Foundation
2.	Awareness programs on menstrual hygiene			0.29	0.27	0.02	0.29	
3.	Behavioural change programs on sanitation & hygiene			0.36	0.34	0.02	0.36	
Total CSR amount spent in Dahej				0.75	0.70	0.05	0.75	
1.	Construction of new school toilet	WASH (Water, Sanitation and Hygiene)	Mangalore, Karnataka	0.39	0.35	0.04	0.39	Leaf Society
2.	Behavioural change programs on sanitation & hygiene			0.02	0.02	—	0.02	
3.	Awareness programs on menstrual hygiene			0.04	0.04	—	0.04	
Total CSR amount spent in Mangalore				0.45	0.41	0.04	0.45	
1.	Installation of digital class room at school	Education	Navi Mumbai Municipal School, Navi Mumbai	0.15	0.15	—	0.15	Aarambh
2.	Installation of digital classroom at school		Navjeevan High School, Turbhe	0.07	0.07	—	0.07	
3.	Providing educational books to community library		Navi Mumbai	0.01	0.01	—	0.01	
Total CSR amount spent in Navi Mumbai				0.23	0.23	—	0.23	
Total CSR amount spent				1.43	1.34	0.09	1.43	

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.

RAMAN RAMACHANDRAN, Ph.D.
Chairman & Managing Director
(DIN: 00200297)

R. R. NAIR
Chairman, CSR Committee
(DIN: 00202551)

Mumbai
Dated : 4th May, 2017

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	Plot No. 37, Chandivali Farm Road, Chandivali, Andheri (East), Mumbai – 400 072						
4.	Website	www.basf.com/in						
5.	E-mail ID	pankaj.bahl@basf.com						
6.	Financial Year reported	2016-2017						
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	<p>Manufacture and sale of chemicals & chemical products</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Product</th> <th></th> <th>NIC Code</th> </tr> </thead> <tbody> <tr> <td>Chemicals & Chemical Products</td> <td>Chapter 25 to 40 of ITC (HS) Code</td> <td>20</td> </tr> </tbody> </table>	Product		NIC Code	Chemicals & Chemical Products	Chapter 25 to 40 of ITC (HS) Code	20
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) Texapon N 701 GT 2) Ethylenediamine Pure 3) Elastocool EH 2030/1						
9.	Total number of locations where business activity is undertaken by the Company:							
	i. Number of International Locations	Nil						
	ii. Number of National Locations	The Company has 9 manufacturing sites and 16 offices all over India						
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.	Total Turnover	Rs. 55,257.9 million
3.	Total loss after taxes	Rs. (141.3) million
4.	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Due to impact on its profitability, the Company was not required to mandatorily spend any amount on CSR activities during the financial year 2016-17. However, to maintain project sustainability, the Board of Directors of the Company decided to spend Rs. 1.5 million on CSR projects/activities during the year.
5.	List of activities in which expenditure in 4 above has been incurred	i) Community drinking water supply ii) Waste Management iii) Sanitation facilities iv) Education 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 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 : Dr. Raman Ramachandran
 - Designation : Chairman & Managing Director
 - b) Details of the BR head:

Sr. No.	Particulars	Details
1.	DIN Number	00200297
2.	Name	Dr. Raman Ramachandran
3.	Designation	Chairman & Managing Director
4.	Telephone number	022-28580200
5.	E-mail ID	raman.ramachandran@basf.com



BASF's ecovio® is a certified compostable plastic bag, with the potential to play a key role in addressing challenges of waste management as envisaged by the Plastic Waste Management Rules, 2016.

2. Principle-wise (as per NVGs) 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 and the same are in line with the 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 adopted & implemented by the Company in line with the local legislations & corporate guidelines. The policies 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 http://on.basf.com/csr-policy 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 www.basf.com/in .								
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 Complaints Committee has also been constituted at each establishment of the Company to look into complaints of sexual harassment.								
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 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?
This is the first year of applicability of Business Responsibility Reporting to the Company. Henceforth, the Report shall be published annually by the Company. The Report can be viewed on the website of the Company 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 behavior and ensure compliance & 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 were 6 complaints received during the financial year 2016-17, which have been satisfactorily resolved.

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

1. List up to 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?

1) ecovio® – Compostable Plastic

BASF's ecovio® is a certified compostable plastic and it plays a key role in addressing the challenges of waste management. It also helps in more sustainable food waste management as it links organic food waste to agriculture. Proper source segregation allows food waste to be disposed in compostable waste bags which further get converted to compost in standard composting conditions. Compost from food waste can be used in agriculture as it is an excellent nutrient for the soil and also helps in preventing soil erosion and water retention.

ecovio® is gaining increasing acceptance for shopping bags, fruit & vegetable bags and organic waste bags. ecovio® compostable polymers are increasingly being used also for packaging. Brand owners today recognize the important role that compostable plastics, like ecovio® can play in resource recovery and in creating a more sustainable plastic waste management system.

2) MasterGlenium 8600 Series – Smart Dynamic Concrete

This technology makes the concrete robust and durable. The general practice in the construction industry is to use more cement to give strength to the structure. MasterGlenium 8600 series has the potential to optimize the mix design, which helps reduce the amount of cement used, and consequently, reduce the carbon footprint. As every kilogram of cement produced gives rise to CO₂ (Carbon dioxide), the polymers of Smart Dynamic Concrete are so designed to induce less cement in the concrete mix. Less cement means less carbon dioxide emission, reducing the carbon footprint. The resources used in the entire process of making concrete such as batching plants, pumps, vibrators, pipelines and labours are also optimized resulting in lesser consumption of electricity & diesel.

3) MasterKure Range – Curing Compound

Water curing is a general practice in the construction industry. Curing is done to contain the water inside the concrete matrix for hydration of cement, to gain strength. Once the concrete is poured in the form, and shutters are removed, water is sprinkled on the surface of the concrete at regular intervals for 7 days continuously. By using the Company's curing compound, water curing can be eliminated and the usage of water can be reduced by upto 40%.

4) Eco Dispersions

The Company has been able to make dispersions with very low ppm of unreacted monomers through a BASF patented technology. The Company's Eco Dispersions have enabled paint companies to formulate paints with low Volatile Organic Contents, which have no smell. Consequently, both the painter as well as the occupant enjoy a safe and comfortable experience and the occupant is able to occupy the premises immediately after painting.

5) 3c1b "wet on wet" solvent born process for application of automotive coatings

Most of the automotive Original Equipment Manufacturers ("OEMs") seek to create sustainable solutions by making their processes more and more efficient, save energy in the process and thereby reduce the overall cost. The Company's coatings offer a "wet on wet" process of application for all the layers of spray coats to automotive OEMs. This technology results in lower material consumption and saving on process time thereby saving intermittent baking operation (energy saving).

The process offers many benefits such as:

- Shorter Processes – Higher productivity
- Reduction in complexity and thickness – Direct Saving to Customer
- Energy saving – Eco efficiency
- Environmental benefit – lower volatile organic content

By offering this technology in the market, the Company helps in promoting sustainability at large.

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 has been conducting TfS (Together for Sustainability) audits for the last several years. The Company has completed more than 200 supplier audits in the last 5 years. Through these audits, it is ensured that the supplier implements & follows sustainability practices (Environmental, Safety & Governance Guidelines – ESG Guidelines). These audits are conducted by third parties as well as by the Company's experts. The Company provides recommendations to suppliers wherever improvements are needed and monitors the implementation of the same. The Company has completed more than 100 on-line assessments in the last 3 years where suppliers, who are not undergoing audits, self-certify their adherence. The on-line assessments are carried out by a third party, EcoVadis and their report is shared with the suppliers.

Further, the Company re-uses the packaging materials (IBC, drums etc.) and also recovers the solvents for re-use, wherever possible. 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 uses Roll-on / Roll-off (RORO) model for transporting goods between the southern & northern parts of the country. 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 moves filled containers of finished goods & raw materials using railways as well.

The Company has, along with its peers, founded NicerGlobe, an independent platform which provides real-time monitoring of dangerous goods across the length and breadth of India. This helps in monitoring any deviations in speed or route or driving time restrictions. This results in minimizing transport related incidents.

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 small & medium enterprises in the Indian chemical Industry to compete in the global market. Many of the Company's packaging suppliers are also small or medium enterprises.

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

The Company is committed towards increasing waste efficiency through the ISO 14004 certification for all its manufacturing sites. Waste is segregated into hazardous and non-hazardous waste and processed through a robust waste management system.

Solid waste generated in the effluent treatment plant is sent to the cement industry as co-fuel. This reduces the net greenhouse gas emissions. All other wastes are segregated based on their characteristics, collected and stored in an appropriate manner. The waste is then disposed of as per the hazardous waste authorization issued by the State Pollution Control Board.

The following wastes are recycled/reused whereas the remaining wastes are disposed of through authorised agencies following the guidelines prescribed by State Pollution Control Boards:

- Waste water generated from wet scrubbers and washing of vessels is re-used.
- Dust generated from dust collection systems is re-used.

Principle 3: Businesses should promote the wellbeing of all employees

Sr. No.	Particulars	Details
1.	Total No. of employees	1868
2.	Total No. of employees hired on temporary/contractual/casual basis	2768
3.	No. of permanent women employees.	132
4.	No. of permanent employees with disabilities	1
5.	Whether there are any employee associations that are recognized by management	Refer Note below*

* 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' authorised representatives. The Company has engaged with trade unions at its manufacturing sites at Thane, Mangalore & Ankleshwar. Through continual dialogue with these associations, 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 Complaints 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 under mentioned employees were given safety & skill up-gradation training in the last year?

Permanent Employees

100% of employees were given safety training in the form of on-the-job, classroom, interactive audio-visual training. At the Company's manufacturing site at Dahej, the Company had approximately 13 million Safe Man hours.

The Company has a robust skill assessment programme 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 2% of annual hours are spent for training. This training includes mandatory trainings, soft skill training & discipline specific training.

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

Permanent Women Employees

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/Temporary/Contractual Employees

All casual/temporary/contractual employees are imparted training in the area of environment, health & safety and also domain training through their contractors.

Employee with Disabilities

There is only one employee with permanent disability, who has been imparted training in the area of environment, health & safety.

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 carried out engagements with its investors, employees, customers, suppliers, business partners, 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, etc. The Company reaches out to its external stakeholders on a regular basis through press releases, analyst meets 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 background, 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 31st March 2017.

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 was one stakeholder complaint received by the Company during the financial year 2016-17 and the same is being addressed by the Company.

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 that all its manufacturing sites in India must 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.

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.

Climate change is one of the key challenges faced by our country today. It has become imperative to slow down the increase of greenhouse gas emissions and use the existing resources more efficiently.

BASF Group has undertaken several environmental initiatives in the areas of reduction in greenhouse gases and energy efficiency programmes. BASF Group has achieved significant reductions of greenhouse gas emissions between 1990 and 2009. The absolute emission volume in the chemicals business fell by 27% to 29.3 million tons of CO₂ equivalents in 2009 compared to 1990.

BASF's global goal is to achieve a 25% 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 25% 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.

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 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.

1. Utilization of sludge from the Effluent treatment plant as a co-fuel in cement manufacturing

The Company has been exploring the possibility of using the ETP (Effluent Treatment Plant) sludge as a co-fuel in 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 1400C.
- Conservation of fossil fuel by the cement industry.

2. 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-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

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 31st March, 2017.

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
- Bombay Chamber of Commerce & Industry
- Indian Chemical Council
- Indo German Chamber of Commerce
- Crop Life India

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

The Company also conducts lectures on various topics including Corporate Governance & Business Ethics to Management Students at the Indo-German Chamber of Commerce under the 'Seminar Series of Indo German Training Centre'.

Principle 8: Businesses should support inclusive growth and equitable development

1. 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 of the Companies Act, 2013. The Company has undertaken various community initiatives and projects under its CSR Program "Saksham" – Empowering Communities. Water, Sanitation and Hygiene (WASH) and Education are the mainstay of the CSR programs of the Company. These programs are executed in and around the Company's production sites at Dahej, Thane 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 2016-17.

2. 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 Milan Foundation, Ahmedabad, Leadership through Education & Action Foundation (LEAF), Chennai & Aarambh, Navi Mumbai to implement the Company's CSR initiatives.

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.

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 2016-17, due to impact on the profitability, the Company was not required to spend any amount on CSR initiatives. However, in order to maintain sustainability of the projects, the Board of Directors of the Company decided to spend Rs. 1.5 million on CSR activities.

The details of the projects / activities undertaken by the Company are given in the Annexure on CSR activities forming part of the Directors' Report for 2016-17.

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 community drinking water supply, waste management, sanitation facilities and education & hygiene. The Company has 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 (NGOs) engage with community leaders & other important stakeholders to ensure effective adoption by the Community.

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

1. What percentage of customer complaints/consumer cases are pending as on the end of 12 months' period ended March 31, 2017?

~ 1% of the total customer complaints are pending as on 31st March 2017 before the various Courts in India.

2. 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.

3. 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.

4. Whether the Company carried out any consumer survey/consumer satisfaction trends?

The Company had conducted an online Customer Satisfaction Survey in the previous year, which was administered by an agency based in Germany.

On behalf of the Board of Directors

RAMAN RAMACHANDRAN, Ph.D.
Chairman & Managing Director
(DIN : 00200297)

Mumbai

Dated : 4th May, 2017

Statement containing particulars pursuant to Section 134(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), Ankleshwar & 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:

- Installation of Variable Frequency Drive to agitator, pump motors & induced draft fans.
- Replacing the sodium vapour/CFL bulbs/illumination lamp/conventional lights with energy efficient LED lamps/ lights.
- Installation of energy efficient cooling tower, scroll chillers and turbo ventilator.
- Replacement of old agitator with efficient agitator.
- Optimization of compressed air leakages.
- Replacement of Thermo dynamic steam trap with Thermostatic steam trap to reduce steam losses.
- Downsizing of various pumps.
- Purchase of electricity from private players through open access resulted in reduction of electricity rate.
- Replacement of bigger Boiler burner with efficient and smaller burner, resulting in natural gas saving.
- Capacity optimization of high energy utilization pumps resulted in reduction of electricity consumption.
- Condensate water collection and recycling.
- Diesel operated forklift replaced by Battery operated forklift, thereby leading to reduction in diesel consumption and gas emission.

Reduction in process water consumption in plants was achieved by:

- Change in plant process.
- Reduction of effluent water load from plants to Effluent Treatment Plant (ETP).
- Recycling of waste water inside the plants.
- Use of ETP recycle water for cooling tower.
- Water harvesting.
- Condensation recovery.
- Process yield improvement, reducing waste.

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

- Initiating employee engagement program to identify & develop energy saving measures, operation excellence.
- 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.
- Introduction of steam injector and replacement of steam trap to reduce steam leakage.
- Optimization of Natural Gas consumption in Spray dryer & downsizing of Boiler burner.

Requisite data in respect of Energy Consumption is given below:

	1.4.2016 to 31.3.2017	1.4.2015 to 31.3.2016
(a) Power & Fuel Consumption		
1. Electricity		
(a) Purchased		
Units (in '000 kwh)	65,578.9	65,146.0
Total amount (Rs. in million)	433.9	547.0
Rate per unit (Rs.)	6.8	7.7
(b) Own generation		
Through diesel generator		
Units (in '000 kwh)	857.7	693.3
Units per litre of oil	3.1	3.1
Cost per unit (Rs.)	16.4	16.7
2. Coal (specify quality and where used)		
Qty. (tonnes)	N.A.	N.A.
Total cost	N.A.	N.A.
Average rate	N.A.	N.A.
3. Furnace oil/fuels		
Qty. (k. litre)	593.3	614.6
Total Amount (Rs. in million)	12.5	16.2
Average rate (Rs./litre)	21.2	24.4
4. Natural Gas		
Qty. (KNCM)	12,930.4	13,195.0
Total cost	380.5	493.0
Average rate	28.5	32.0
5. Others/Internal Generation (Qty.)	N.A.	N.A.
Total cost rate/unit	N.A.	N.A.

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:

- Further up-gradation 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.

Work on Global Research projects include:

- Collaborative research with BASF SE, BASF Schweiz AG and BASF Corporation in USA 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 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.

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 become even more efficient and sustainable. Processes have been looked with various aspects, which include safety, efficiency, quality, quantity and sustainability.

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

3. Expenditure on R&D: Rs. 72.68 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 Specialty 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., as 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:

During the year, the Company has not entered into agreements with BASF SE and/or its group Companies for sourcing of technical know-how.

During the year 2014, the Company entered into the following agreements with BASF SE and/or its Group Companies for sourcing the following technical know-how:

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

The Company has 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. 5,250.7 million.

Foreign exchange expenditure during the year: Rs. 2,306.4 million.

On behalf of the Board of Directors

RAMAN RAMACHANDRAN, Ph.D.
Chairman & Managing Director
(DIN: 00200297)

Mumbai

Dated : 4th May, 2017

Secretarial Audit Report

Form No. MR-3

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2017.

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 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 31st March, 2017, 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, minute books forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 to the extent applicable provisions of:

- I. The Companies Act, 2013 ("**The Act**") 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, 2009;
 - 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, National Stock Exchange of India Limited.
- VI. The Management has identified and confirmed the applicable Acts, Laws and Regulations specifically applicable to the Company being in Chemical Sector as given in Annexure to the Secretarial Audit Report.

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

- i) Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.
- ii) The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015;
- ii) The Listing Agreements entered into by the Company with the BSE Limited and National Stock Exchange of India Limited.

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

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

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 the Company has:

1. Shifted the Registered office of the Company from “3rd Floor, VIBGYOR Towers, Plot No.C-62, ‘G’ Block, Bandra Kurla Complex, Mumbai – 400098” to “Plot No. 37, Chandivali Farm Road, Chandivali, Andheri (East), Mumbai – 400072”, with effect from 1st April, 2016.
2. Approved appointment of TSR Darashaw Limited as the New Registrar & Share Transfer Agent (RTA) and obtained shareholders’ approval to keep, maintain and preserve the Register & Index of Members, copies of Annual Returns together with other required documents with the RTA with effect from 15th June, 2016.
3. Declared and paid the Final dividend for the financial year ended 31st March, 2016 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.
4. Approved at its Board meeting held on 10th November, 2016 appointment of M/s. Price Waterhouse Chartered Accountants LLP as the new Statutory Auditors of the Company in place of M/s. B S R & Co. LLP, for a period of 5 years from the conclusion of the 73rd Annual General Meeting of the Company to be held in 2017, subject to approval of the shareholders of the Company in ensuing Annual General Meeting.
5. Mr. Gops Pillay and Mr. Rainer Diercks resigned from the post of Non-Executive Director of the Company with effect from close of Business hours as on 31st March, 2017.

Date: 4th May, 2017

Place: Mumbai

For **HS Associates**
Company Secretaries

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

Annexure to the Secretarial Audit Report

OTHER APPLICABLE LAWS

1. Factories Act, 1948.
2. The Contract Labour (Regulation & Abolition) Act 1970.
3. Air & Water (Prevention and Control of Pollution) Acts.
4. The Air (Prevention and Control of Pollution) Act, 1981 and the Rules made thereunder.
5. The Water (Prevention and Control of Pollution) Cess Act and Rules.
6. Environment Protection Act, 1986 read with Environment (Protection) Rules, 1986.
7. The Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989.
8. Industrial Disputes Act, 1947.
9. Workmen Compensation Act, 1923 and Rules 1924.
10. Labour Welfare Funds Act.
11. Indian Boilers Act, 1923.
12. GIDC/ MIDC/KIADB Act and Rules.
13. Chemical Weapons Convention Act, 2000.
14. The Narcotics Drugs and Psychotropic Substances Act, 1985.

15. The Explosives Act, 1884.
16. The Inflammable Substances Act, 1952.
17. Insecticides Act, 1968 and Rules, 1993.
18. Legal Metrology (Packaged Commodities) Rules, 2011.
19. Fertilizer (Control) Order, 1985.
20. Competition Act, 2002.
21. The Petroleum Act 1934 read with Petroleum Rules, 2002.
22. The Apprentices Act, 1961 and Rules, 1991.
23. Employees Provident Funds and Miscellaneous Provisions Act, 1952.
24. Trade Union Act, 1926 read with Central Trade Union Regulation 1938.
25. Employees' State Insurance Act, 1948.
26. Equal Remuneration Act, 1976.
27. Industrial Employment (Standing Order) Act, 1946 and Rules made thereunder.
28. Minimum Wages Act, 1948.
29. Payment of Wages Act, 1936.
30. Payment of Bonus Act, 1965.
31. Private Security Agency (Regulation) Act, 2005.
32. Solvent Raffinate & Slop (Licensing) Order, 2007.
33. Payment of Gratuity Act, 1972 and Rules made thereunder.
34. Maternity Benefit Act, 1961.
35. Shops & Establishment Act.
36. State Employees Compensation Act, 1923.
37. Child Labour (Prohibition & Regulation) Act, 1986.
38. MRTU & PULP Act & Rules.
39. Motor Vehicles Act, 1988 and Rules, 1989.
40. State Profession Tax Acts.
41. Service Tax Act, 1994.
42. Central Sales Tax Act, 1956.
43. Income Tax Act, 1961.
44. State VAT Acts and Rules made thereunder.
45. Central Excise Act, 1944 and Central Excise Rules, 2002.
46. Karnataka Value Added Tax Act and Rules made thereunder.
47. Karnataka Tax on Profession, Trades, Callings and Employments Act, 1976 and Rules, 1976.
48. Karnataka Entry of Goods Act.
49. Customs Act, 1962/Customs Tariff Act, 1975.
50. Indian Stamp Act, 1899 and State Stamp Acts & Rules made thereunder.
51. Transfer of Property Act, 1882.
52. Indian Contract Act, 1872.
53. Sale of Goods Act, 1930.
54. Information Technology Act, 2000.
55. Prevention of Money Laundering Act, 2002.
56. Consumer Protection Act, 1986.
57. Trade Marks Act, 1999.
58. Patents Act, 1970.
59. Drugs and Cosmetics Act, 1940.
60. Foreign Trade Act, 1962 and Foreign Trade Policy.

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN

(As on the financial year ended 31st March, 2017)

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION DETAILS OF THE COMPANY:

Corporate Identification Number (CIN)	L33112MH1943FLC003972
Registration date	13 th May, 1943
Name of the Company	BASF India Limited
Category/Sub Category of the Company	Public Company/Subsidiary of BASF SE, a Company incorporated outside India
Address of the Registered Office of the Company	Plot No. 37, Chandivali Farm Road, Chandivali, Andheri (East), Mumbai – 400 072
Contact details	Tel. No. : +91 22 28580200 E-mail : pankaj.bahl@basf.com Website : www.basf.com/in
Whether Listed Company	Listed on BSE Ltd. (BSE) and The National Stock Exchange of India Limited (NSE).
Name, Address and contact details of Registrar and Share Transfer Agent	TSR Darashaw Limited 6-10, 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 E-mail : csg-unit@tsrdarashaw.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

There is no single product contributing 10% or more to the total turnover of the Company.

III. PARTICULARS OF HOLDING COMPANIES:

Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
BASF Societas Europaea 67056 Ludwigshafen, Germany together with 1. BASF Schweiz AG Klybeckstrasse 141 4057 Basel Schweiz 2. BASF Construction Solutions GmbH Dr.-Albert-Frank-Str. 32 83308 Trostberg / Germany	Foreign Company	Holding Company	* 73.33%	2(46)

* BASF Societas Europaea 48.37%
BASF Schweiz AG 20.58%
BASF Construction Solutions GmbH 4.38%

IV. SHAREHOLDING PATTERN OF THE COMPANY AS ON 31ST MARCH, 2017:

i) Category-wise Shareholding:

Category code	Category of Shareholders	No. of Shares held at the beginning of the year (1 st April, 2016)				No. of Shares held at the end of the year (31 st March, 2017)				% Change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A	Promoters									
(1)	Indian									
(a)	Individuals / Hindu Undivided Family	—	—	—	—	—	—	—	—	—
(b)	Central Government	—	—	—	—	—	—	—	—	—
(c)	State Government (s)	—	—	—	—	—	—	—	—	—
(d)	Bodies Corporate	—	—	—	—	—	—	—	—	—
(e)	Banks / Financial Institutions	—	—	—	—	—	—	—	—	—
(f)	Any Others (specify)	—	—	—	—	—	—	—	—	—
Sub-Total (A) (1)		—	—	—	—	—	—	—	—	—
(2)	Foreign									
(a)	NRIs Individuals	—	—	—	—	—	—	—	—	—
(b)	Other Individuals	—	—	—	—	—	—	—	—	—
(c)	Bodies Corporate	31,743,220	—	31,743,220	73.33	31,743,220	—	31,743,220	73.33	—
(d)	Banks / Financial Institutions	—	—	—	—	—	—	—	—	—
(e)	Qualified Foreign Investor	—	—	—	—	—	—	—	—	—
(f)	Any other (specify)	—	—	—	—	—	—	—	—	—
Sub-Total (A) (2)		31,743,220	—	31,743,220	73.33	31,743,220	—	31,743,220	73.33	—
Total Shareholding Promoter (A) = (A) (1) + (A) (2)		31,743,220	—	31,743,220	73.33	31,743,220	—	31,743,220	73.33	—
(B)	Public Shareholding									
(1)	Institutions									
(a)	Mutual Funds/UTI	267,181	1,557	268,738	0.62	248,634	1,262	249,896	0.58	-0.04
(b)	Banks / Financial Institutions	617,884	1,845	619,729	1.43	12,133	2,140	14,273	0.03	-1.40
(c)	Central Government	—	—	—	—	—	—	—	—	—
(d)	State Governments (s)	—	30	30	—	—	30	30	0.00	—
(e)	Venture Capital Funds	—	—	—	—	—	—	—	—	—
(f)	Insurance Companies	1,176,388	—	1,176,388	2.72	2,735,777	—	2,735,777	6.32	3.60
(g)	Foreign Institutional Investors	488,094	270	488,364	1.13	1,226,485	270	1,226,755	2.83	1.71
(h)	Foreign Venture Capital Investors	—	—	—	—	—	—	—	—	—
(i)	Any Others (specify)	—	—	—	—	—	—	—	—	—
Sub-Total (B) (1)		2,549,547	3,702	2,553,249	5.90	4,223,029	3,702	4,226,731	9.76	3.87
(2)	Non-Institutions									
(a)	Bodies Corporates									
	i. Indian	2,025,564	5,705	2,031,269	4.69	745,971	5,705	751,676	1.74	-2.95
	ii. Overseas	—	—	—	—	—	—	—	—	—
(b)	Individuals									
	i. Individual Shareholders holding nominal share capital upto Rs. 1 lakh	5,247,699	659,304	5,907,003	13.66	4,822,978	632,532	5,455,510	12.60	-1.05
	ii. Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh	692,657	31,502	724,159	1.67	732,294	31,502	763,796	1.76	0.09
(c)	Any Others (specify)									
	i. Non-Resident Indian	316,060	9,795	325,855	0.75	219,199	9,795	228,994	0.53	-0.22
	ii. Overseas Corporate Bodies	—	—	—	—	—	—	—	—	—
	iii. Foreign Nationals	500	—	500	—	—	—	—	—	—
	iv. Trust	385	—	385	—	5,768	—	5,768	0.01	0.01
	v. Foreign Bodies	—	—	—	—	—	—	—	—	—
	vi. NBFC	—	—	—	—	109,945	—	109,945	0.25	0.25
Sub-Total (B) (2)		8,282,865	706,306	8,989,171	20.77	6,636,155	679,534	7,315,689	16.90	-3.87
Total Public Shareholding (B) = (B)(1) + (B)(2)		10,832,412	710,008	11,542,420	26.67	10,859,184	683,236	11,542,420	26.67	0.00
Total (A) + (B)		42,575,632	710,008	43,285,640	100.00	42,602,404	683,236	43,285,640	100.00	0.00
(C)	Shares held by Custodian for GDRs & ADRs									
(1)	Promoter and Promoter Group	—	—	—	—	—	—	—	—	—
(2)	Public	—	—	—	—	—	—	—	—	—
Grand Total (A) + (B) + (C)		42,575,632	710,008	43,285,640	100.00	42,602,404	683,236	43,285,640	100.00	0.00

ii) Shareholding Pattern of the Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (01.04.2016)			Shareholding at the end of the year (31.03.2017)			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1.	BASF Societas Europaea	20,939,259	48.37	NIL	20,939,259	48.37	NIL	NIL
2.	BASF Schweiz AG	8,907,900	20.58	NIL	8,907,900	20.58	NIL	NIL
3.	BASF Construction Solutions GmbH	1,896,061	4.38	NIL	1,896,061	4.38	NIL	NIL
	TOTAL	31,743,220	73.33	NIL	31,743,220	73.33	NIL	NIL

iii) There was no change in the Promoters' shareholding during the Financial Year 2016-17.

iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name of the Shareholder	Increase/Decrease in Shareholding during the year		Shareholding at the beginning of the year (01.04.2016)		Cumulative Shareholding during the year (31.03.2017)	
				No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	BAJAJ ALLIANZ LIFE INSURANCE COMPANY LTD.	April 1, 2016	At the beginning of the year	1,176,859	2.72		
		April 8, 2016	Sale	-1,000	0.00	1,175,859	2.72
		April 22, 2016	Sale	-20,000	-0.05	1,155,859	2.67
		April 29, 2016	Purchase	14,000	0.03	1,169,859	2.70
		May 6, 2016	Sale	-16,300	-0.04	1,153,559	2.66
		May 13, 2016	Sale	-13,154	-0.03	1,140,405	2.63
		May 20, 2016	Sale	-15,000	-0.03	1,125,405	2.60
		June 3, 2016	Purchase	5,000	0.01	1,130,405	2.61
		June 10, 2016	Sale	-40,000	-0.09	1,090,405	2.52
		June 24, 2016	Sale	-1,469	0.00	1,088,936	2.52
		June 30, 2016	Purchase	15,000	0.03	1,103,936	2.55
		July 1, 2016	Purchase	14,946	0.03	1,118,882	2.58
		July 8, 2016	Purchase	20,054	0.05	1,138,936	2.63
		July 29, 2016	Sale	-4,000	-0.01	1,134,936	2.62
		August 4, 2016	Purchase	5,000	0.01	1,139,936	2.63
		September 2, 2016	Purchase	10,000	0.02	1,149,936	2.66
		September 23, 2016	Sale	-100,000	-0.23	1,049,936	2.43
		September 30, 2016	Purchase	40,000	0.09	1,089,936	2.52
		October 7, 2016	Purchase	17,500	0.04	1,107,436	2.56
		October 14, 2016	Sale	-30,000	-0.07	1,077,436	2.49
October 21, 2016	Sale	-100,000	-0.23	977,436	2.26		
October 28, 2016	Purchase	20,000	0.05	997,436	2.30		
November 4, 2016	Purchase	6,000	0.01	1,003,436	2.32		
November 11, 2016	Purchase	5,000	0.01	1,008,436	2.33		

Sr. No.	Name of the Shareholder	Increase/Decrease in Shareholding during the year		Shareholding at the beginning of the year (01.04.2016)		Cumulative Shareholding during the year (31.03.2017)	
				No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
		November 25, 2016	Purchase	9,000	0.02	1,017,436	2.35
		December 16, 2016	Purchase	9,999	0.02	1,027,435	2.37
		December 23, 2016	Purchase	10,001	0.02	1,037,436	2.40
		December 31, 2016	Purchase	12,000	0.03	1,049,436	2.42
		January 6, 2017	Purchase	20,000	0.05	1,069,436	2.47
		January 20, 2017	Purchase	1,000	0.00	1,070,436	2.47
		January 27, 2017	Purchase	13,940	0.03	1,084,376	2.51
		February 3, 2017	Purchase	55,060	0.13	1,139,436	2.63
		February 10, 2017	Sale	-200,000	-0.46	939,436	2.17
		February 17, 2017	Purchase	9,925	0.02	949,361	2.19
		February 24, 2017	Purchase	5,075	0.01	954,436	2.20
		March 3, 2017	Purchase	12,000	0.03	966,436	2.23
		March 10, 2017	Purchase	14,365	0.03	980,801	2.27
		March 17, 2017	Purchase	6,000	0.01	986,801	2.28
		March 24, 2017	Purchase	16,000	0.04	1,002,801	2.32
		March 31, 2017	Purchase	30,000	0.07	1,032,801	2.39
		March 31, 2017	At the end of the year			1,032,801	2.39
2.	GENERAL INSURANCE CORPORATION OF INDIA	April 1, 2016	At the beginning of the year	699,999	1.62		
		March 31, 2017	At the end of the year			699,999	1.62
3.	LIFE INSURANCE CORPORATION OF INDIA	April 1, 2016	At the beginning of the year	576,588	1.33		
		March 31, 2017	At the end of the year			576,588	1.33
4.	GOLDMAN SACHS INDIA LIMITED	April 1, 2016	At the beginning of the year	—	0.00	—	0.00
		September 30, 2016	Purchase	100,741	0.23	100,741	0.23
		October 14, 2016	Purchase	30,000	0.07	130,741	0.30
		October 21, 2016	Purchase	101,500	0.23	232,241	0.54
		February 10, 2017	Purchase	226,538	0.52	458,779	1.06
		March 31, 2017	Purchase	7,221	0.02	466,000	1.08
		March 31, 2017	At the end of the year			466,000	1.08
5.	FIRST STATE INDIAN SUBCONTINENT FUND	April 1, 2016	At the beginning of the year	157,883	0.36		
		April 29, 2016	Purchase	14,574	0.03	172,457	0.40
		May 27, 2016	Purchase	795	0.00	173,252	0.40
		June 10, 2016	Purchase	19,512	0.05	192,764	0.45
		June 17, 2016	Purchase	8,786	0.02	201,550	0.47
		June 30, 2016	Purchase	5,862	0.01	207,412	0.48
		August 11, 2016	Purchase	53,628	0.12	261,040	0.60
		August 12, 2016	Purchase	14,597	0.03	275,637	0.64
		August 19, 2016	Purchase	302	0.00	275,939	0.64
		August 26, 2016	Purchase	7,119	0.02	283,058	0.65
		September 2, 2016	Purchase	6,493	0.02	289,551	0.67
		September 9, 2016	Purchase	19,612	0.05	309,163	0.71
		September 16, 2016	Purchase	28,431	0.07	337,594	0.78
		March 31, 2017	At the end of the year			337,594	0.78

Sr. No.	Name of the Shareholder	Increase/Decrease in Shareholding during the year		Shareholding at the beginning of the year (01.04.2016)		Cumulative Shareholding during the year (31.03.2017)	
				No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
6.	ATUL LIMITED	April 1, 2016	At the beginning of the year	261,396	0.60		
		March 31, 2017	At the end of the year			261,396	0.60
7.	THE NEW INDIA ASSURANCE COMPANY LIMITED	April 1, 2016	At the beginning of the year	268,488	0.62		
		September 16, 2016	Sale	-5,000	-0.01	263,488	0.61
		September 23, 2016	Sale	-17,533	-0.04	245,955	0.57
		September 30, 2016	Sale	-21,043	-0.05	224,912	0.52
		October 7, 2016	Sale	-6,424	-0.01	218,488	0.50
		March 31, 2017	At the end of the year			218,488	0.50
8.	UNITED INDIA INSURANCE COMPANY LIMITED	April 1, 2016	At the beginning of the year	162,901	0.38		
		March 31, 2017	At the end of the year			162,901	0.38
9.	CAISSE DE DEPOT ET PLACEMENT DU QUEBEC-FIRST STATE INVESTMENTS INTERNATIONAL LIMITED	April 1, 2016	At the beginning of the year	88,197	0.20		
		April 29, 2016	Purchase	7,909	0.02	96,106	0.22
		May 27, 2016	Purchase	428	0.00	96,534	0.22
		June 10, 2016	Purchase	10,488	0.02	107,022	0.25
		June 17, 2016	Purchase	5,098	0.01	112,120	0.26
		June 30, 2016	Purchase	3,403	0.01	115,523	0.27
		August 11, 2016	Purchase	13,764	0.03	129,287	0.30
		August 12, 2016	Purchase	4,222	0.01	133,509	0.31
		August 26, 2016	Purchase	2,018	0.00	135,527	0.31
		September 2, 2016	Purchase	1,841	0.00	137,368	0.32
		September 9, 2016	Purchase	5,558	0.01	142,926	0.33
		September 16, 2016	Purchase	8,057	0.02	150,983	0.35
		March 31, 2017	At the end of the year			150,983	0.35
		10.	IDBI MF – DIVERSIFIED EQUITY FUND OPERATIVE A/C	April 1, 2016	At the beginning of the year	100,000	0.23
May 27, 2016	Purchase			14,929	0.03	114,929	0.27
March 31, 2017	At the end of the year					114,929	0.27

Note: The above information is based on the weekly beneficiary position received from Depositories.

v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name of the Director	Increase/Decrease in Shareholding during the year		Shareholding at the beginning of the year (01.04.2016)		Cumulative Shareholding during the year (31.03.2017)	
				No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	Mr. R. A. Shah	April 1, 2016	At the beginning of the year	*80	0.00	80	0.00
		March 31, 2017	At the end of the year	0	0.00	80	0.00
		Total :		*80	0.00	80	0.00

* Held jointly with Ms. Shefali Shah (first holder)

Note: None of the Directors & Key Managerial Personnel except Mr. R. A. Shah hold any equity shares of the Company.

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. in million)

	Secured Loan excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal amount	—	13,492.2	—	13,492.2
ii. Interest due but not paid	—	—	—	—
iii. Interest accrued but not due	—	136.9	—	136.9
Total (i+ii+iii)	—	13,629.1	—	13,629.1
Change in Indebtedness during the financial year				
Addition	—	59,553.7	—	59,553.7
Reduction	—	60,277.5	—	60,277.5
Net Change	—	(723.8)	—	(723.8)
Indebtedness at the end of the financial year				
i. Principal amount	—	12,765.4	—	12,765.4
ii. Interest due but not paid	—	—	—	—
iii. Interest accrued but not due	—	139.9	—	139.9
Total (i+ii+iii)	—	12,905.3	—	12,905.3

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director (MD), Whole-time Directors (WTD):

(Amount in Rupees)

Sr. No.	Particulars of Remuneration	Name of MD / WTD		
		Dr. Raman Ramachandran (CMD)	*Mr. Narendranath J. Baliga	**Mr. Rajesh Naik
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	32,807,760	12,871,875	10,016,915
	(b) Value of perquisites under section 17(2) of the Income Tax Act, 1961	2,507,481	3,263,498	1,006,412
	(c) Profits in lieu of salary under section 17(3) of the Income-Tax Act, 1961	—	—	—
2.	Stock Option	—	—	—
3.	Sweat Equity	—	—	—
4.	Commission			
	– as % of profit	—	—	—
	– others	—	—	—
5.	Others, please specify (Co. contribution to PF and SA exempted amount)	1,715,100	883,800	602,880
	Total (A)	37,030,341	17,019,173	11,626,207

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

** Mr. Rajesh Naik has been appointed as a Whole-time Director of the Company with effect from 1st April, 2017. Earlier acted as Alternate Director to Dr. Rainer Diercks upto 31st March, 2017

B. Remuneration to Other Directors:**(Amount in Rupees)**

Sr. No.	Particulars of Remuneration	Name of Director				Total Amount
		Mr. R. A. Shah	Mr. R. R. Nair	Mr. Pradip Shah	Mr. Arun Bewoor	
1.	Independent Directors					
	Sitting fees for attending Board/ Committee Meetings	1,150,000	1,400,000	1,150,000	1,150,000	4,850,000
	Commission	NIL	NIL	NIL	NIL	NIL
	Others	NIL	NIL	NIL	NIL	NIL
	Total (1)	1,150,000	1,400,000	1,150,000	1,150,000	4,850,000
2.	Other Non-Executive Directors	Mr. Gops Pillay	Dr. Rainer Diercks	Dr. Andrea Frenzel		—
	Sitting Fees for attending Board/Committee Meetings	NIL	NIL	NIL	—	NIL
	Commission	NIL	NIL	NIL	—	NIL
	Others	NIL	NIL	NIL	—	NIL
	Total (2)	NIL	NIL	NIL	—	NIL
3.	Total (B)= (1+2)	1,150,000	1,400,000	1,150,000	1,150,000	4,850,000
4.	Total Managerial Remuneration (A+B)	70,525,721				

C. Remuneration to Key Managerial Personnel Other than MD/Manager/WTD:**(Amount in Rupees)**

Sr. No.	Particulars of Remuneration	Mr. Pradeep Chandan (Company Secretary)
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	10,720,866
	(b) Value of perquisites under section 17(2) of the Income Tax Act, 1961	1,181,444
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	
2.	Stock Option	NIL
3.	Sweat Equity	NIL
4.	Commission	NIL
	– as % of profit	NIL
	– others	NIL
5.	Others, please specify (Co. contribution to PF and SA exempted amount)	742,908
	Total	12,645,218

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	—	—	—	—	—
Punishment	—	—	—	—	—
Compounding	—	—	—	—	—
B. DIRECTORS					
Penalty	—	—	—	—	—
Punishment	—	—	—	—	—
Compounding	—	—	—	—	—
C. OTHER OFFICERS IN DEFAULT					
Penalty	—	—	—	—	—
Punishment	—	—	—	—	—
Compounding	—	—	—	—	—

On behalf of the Board of Directors

RAMAN RAMACHANDRAN, Ph.D.
Chairman & Managing Director
(DIN : 00200297)

Mumbai
Dated : 4th May, 2017

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 of each Director to the median remuneration of the employees of the Company for the financial year 2016-2017: **(Amount in Rupees)**

Sr. No.	Name of Director	Remuneration	Median Remuneration of Employees	Ratio
1.	Dr. Raman Ramachandran (Chairman & Managing Director)	37,030,341	950,412	38.96
2.	*Mr. Narendranath J. Baliga (Chief Financial Officer & Alternate Director)	17,019,173	950,412	17.91
3.	**Mr. Rajesh Naik (Alternate Director)	11,626,207	950,412	12.23

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

** Mr. Rajesh Naik has been appointed as Whole-time Director of the Company with effect from 1st April, 2017. Earlier acted as Alternate Director to Dr. Rainer Diercks upto 31st March, 2017.

2. Percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary in the financial year 2016-2017:

Sr. No.	Name	Designation	Percentage increase in remuneration
1.	Dr. Raman Ramachandran	Chairman & Managing Director	4.22
2.	* Mr. Narendranath J. Baliga	Chief Financial Officer & Alternate Director	5.95
3.	**Mr. Rajesh Naik	Alternate Director	11.15
4.	Mr. Pradeep Chandan	Company Secretary	6.93

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

** Mr. Rajesh Naik has been appointed as Whole-time Director of the Company with effect from 1st April, 2017. Earlier acted as Alternate Director to Dr. Rainer Diercks upto 31st March, 2017.

3. Percentage increase in the median remuneration of employees in the financial year 2016-2017 is 3.75%.
4. The number of permanent employees on the rolls of the Company as on 31st March, 2017 are 1,868.
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 7.06% and for other employees is 3.75%.

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 and 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 during the year is as per the Remuneration Policy of the Company.

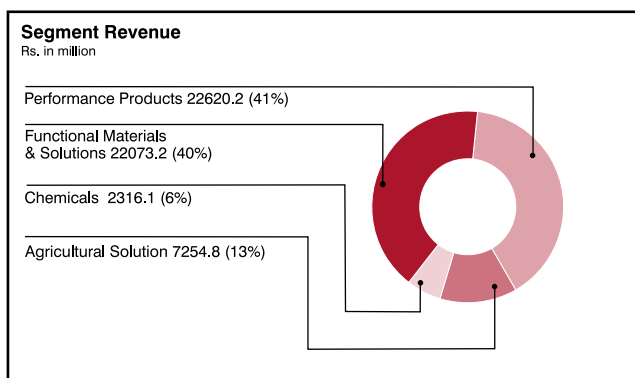
On behalf of the Board of Directors

RAMAN RAMACHANDRAN, Ph.D.
Chairman & Managing Director
(DIN : 00200297)

Mumbai

Dated : 4th May, 2017

Management Discussion and Analysis Report



The world witnessed political and economic volatility in 2016. While oil and commodity prices have relatively stabilized over the year, concerns from the slowing Chinese economy due to geo political risks continue.

The Indian economy grew by a robust 7.9% in 2015-16 and is expected to grow by ~7% in 2016-17. A good monsoon is expected to lead to a healthy growth of more than 4% in the agriculture sector. Due to the impact of demonetization, the industry and service sectors are expected to grow lower around 6% and 8% respectively in 2016-17. Manufacturing sector is expected to perform lower in the high single digit compared to 10.6% in the previous year.

In 2016-17, the domestic automobile industry performed in the wake of new launches. Production of four wheeler light vehicles grew by 8.9% while two wheelers also showed a decent performance registering a growth of 5.8%.

The Indian construction industry is estimated to grow by 3% in 2016-17.

The reform initiatives of the Government of India like Goods and Services Tax, formalization of parallel economy, focus on rural economy, improving domestic demand, controlled fiscal deficit and inflation are some of the key factors which are likely to lead to the overall growth of the Indian economy.

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

AGRICULTURAL SOLUTIONS



Your Company launched two fungicides and one herbicide for the rice crop protection segment. Seen in the picture are (L-R) Rajendra Velagala, Business Director, Crop Protection, South Asia; Markus Heldt, President, Crop Protection, BASF SE; Raman Ramachandran, Chairman & Managing Director, BASF India Limited & Head, South Asia and Gustavo Palerosi Carneiro, Senior Vice President, Crop Protection, Asia Pacific.

The Agricultural Solutions business includes agrochemicals like insecticides, herbicides, fungicides and plant growth regulators.

The sales of the products of your Company's Agricultural Solutions business are dependent on the monsoon. Normal monsoon in the year 2016 supported sales of all products across the country. Diversification efforts within Soybean and beyond were pursued during the year.

Vitality index or sales realized with new products was further increased through TYNZER™ in corn, XELORA™ and OPERA™ in soybean, ACRISIO™ and MERIVON™ in specialty crops like grapes.

Your Company successfully introduced two new fungicides namely: SELTIMA™ and ADEXAR™ and one selective herbicide, BASAGRAN™ in Rice. Many training and marketing programs were carried out to launch these products within the farming community, which have been well received by farmers during the year.

Your Company continued to promote sustainable farming by educating farmers on the safe use of agrochemicals through the 'Suraksha Hamesha' program.

PERFORMANCE PRODUCTS

The Performance Products business includes performance chemicals, dispersions & pigments, care chemicals, nutrition & health products and paper chemicals. The business caters to the requirements of a wide spectrum of industries, including leather, plastics & coatings, detergent formulators, pharmaceuticals, automobile and oil.

During the year under review, the leather chemicals business witnessed challenges due to stringent pollution norms implemented by the government and the demonetization drive. Despite the challenging market conditions, this business maintained market share and profits due to a clear focus on enhancing customer service through innovative, sustainable and reliable products and offerings. In March 2017, worldwide, BASF SE and Stahl Group entered into an agreement to combine BASF's leather chemicals business with the Stahl Group, subject to receipt of requisite approvals. Your Company would supply leather chemical products from its manufacturing facilities to Stahl Group under mid to long-term supply agreements.

The Care Chemicals business of your Company caters to the personal care, home care and formulation technology sectors. Rise in disposable income and increased awareness amongst consumers have contributed to the increase in sales in the personal care industry. In the laundry care category, the business witnessed good growth in surface cleaning and dish washing categories. This growth has been ably supported by your Company's investment in the Dahej site.

Improvement in the quality of lifestyles have made consumers more aware of better performing and higher efficiency products in the home care industry. This is expected to drive demand for your Company's polymers, fluorescent whitening agents, stain removers and surfactants. The formulation technology sector was characterized by growth in agrochemical additives, surfactants for textile chemicals and specialty additives. New opportunities for the products of this business were also realized in the rubber and paper industry. Key focus areas have been identified for specialty additives, with its offerings to enhance industrial processes.

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 and automotive. Expansion plans of major polymer producers and expected shift from natural fibers to plastic in the packaging sector will give rise to the demand for light stabilizers and antioxidants. Focused business development activities undertaken during the year helped to significantly increase the sales of this business.

The Fuel and Lubricants business of your Company caters to the automotive, fuel, lubricants, refinery and refrigeration industries. This business registered good growth in sales as compared to the previous year. New markets for coolants for tractors were identified and products introduced. Additionally, brake fluids were established in the service fill replacement markets of the automotive OEM's (Original Equipment Manufacturers) during the year. With new product launches and entry into new market segments, growth prospects for this business look optimistic.

The Water Solutions business of your Company provides solutions to raw water, industrial and municipal effluents. In spite of a poor sugar season, with secured orders from key accounts and leveraging the cross business unit synergies by introducing our products/solutions in new applications/markets, the sales of the Water Solutions business of your Company grew over previous year.

The Oilfield Solutions cater to the service companies that carry out work for the oil sector. Growth opportunities have been identified in the enhanced oil recovery areas and efforts are ongoing.

Your Company's Mining Solutions are mainly focused on the coal and alumina mining sectors. With reforms in the mining sector, this business is expected to grow, but industry related challenges continue to remain.

The Nutrition & Health business of your Company offers a comprehensive range of products and solutions for Human Nutrition, Animal Nutrition, Pharma Solutions and Flavours & Fragrances. This business demonstrated strong growth across segments. The focus of your Company continues to remain on excipients and certain core API's in the pharma segment. Your Company is committed to food fortification to address malnutrition, leveraging on BASF's vitamin portfolio.



Trade fair visitors, including customers, distributors and representatives from leather and fashion institutes, looking at leather samples at the BASF booth at the India International Leather Fair in Chennai, in February 2017.

Focus is also on improving the productivity and efficiency by employing varied performance ingredients in the poultry, dairy and aqua segment. With new assets expected online in China and Malaysia in the financial year 2017-18, your Company's focus is to grow its business in pharma and establish new business in flavours and fragrances.

The Dispersions & Pigments business of your Company comprises of pigments, resins, dispersions and additives, which cater to the needs of the adhesives, paper, paints & coatings, printing & packaging, plastics and construction industries. The sales of this business were increased as a result of the enhanced footprint to service North/West customers from Dahej and South customers from Mangalore. Innovative paper coating binders were introduced to improve paper quality & printability. The decorative and construction industry as well as the plastic and printing and packaging grew building upon the right product mix and strong collaborative engagement with key customers. This business registered growth in profits during the year under review.



Honda Motorcycles and Scooters India (HMSI), presented your Company's Automotive Coatings (EC) division with the Best Supplier award, for outstanding overall performance in 2016, at its 17th Supplier Convention held on February 17, 2017.

The Paper Chemicals – wet end business of your Company caters to diverse industry segments such as graphical paper, newsprint, and packaging paper and enjoys substantial customer goodwill and industry leadership. Innovative solutions to encourage paper recycling and reduction in the usage of water in the paper manufacturing process were also introduced.

Exports of imaging products continued to rise. A comprehensive product portfolio along with requisite technical expertise enabled this business to grow in sales and profits during the year.

CHEMICALS

Your Company's Chemicals business includes intermediates, petrochemicals & monomers. The chemicals supplied by the Company cater to the requirement of a wide range of user industries including coatings, life sciences, construction additives, food and feed, pharmaceuticals, agrochemicals, plastics and fibers, process chemicals and intermediates.

The Intermediates Division of your Company caters to more than 20 major industry segments such as pharmaceuticals, agrochemicals, coatings, epoxy, leather, food, feed, etc. Major growth drivers for the business were exports of agrochemicals and pharmaceuticals actives. During the year, this business registered good growth in sales, specifically in the amines, acids and specialties portfolios. However, lower feedstock prices, coupled with limited volume availability on certain product lines impacted the performance of this business. With continued growth in pharma sector, increase in export by agrochemical manufacturers and growing thrust in the auto and appliance industries, the outlook for this business looks positive.

The Petrochemicals business of your Company comprises Oxo alcohols, Solvents, Acrylic monomers and Plasticizers. Due to overcapacities on the supply side (primarily in China and new capacities that have come up in Middle East), the mid-term outlook is challenging. However, despite this, your Company retained most key customers. Your Company shall continue to have close engagement with its customers and position itself as one of the key suppliers in the Indian market. BASF's innovative and trusted non-phthalate plasticizer Hexamoll DINCH continues to make strong inroads into a range of applications.

The Monomers business deals in basic raw materials for polyurethane & polyamides and intermediates. Strong market conditions in sectors such as flexible PU foam, Construction, Footwear, Flexible packaging etc. contributed to the growth of the methylene diphenyl diisocyanate business.

In the polyamides and precursor business, focus was on the packaging and monofilament segment, where substantial growth was seen both in value and volume terms. Local availability of Toluene diisocyanate (TDI) and increasing capacity for Isocyanates in Asia with fluctuating raw material prices continues to be a challenge for this business in the mid-term. In the third and fourth quarters of the financial year, your Company significantly improved profits for these products because of instability in the industry. Your Company will continue to have a strong engagement with customers and with the methylene diphenyl diisocyanate (MDI) splitter at Dahej, it is expected that the Company shall maintain its position as one of the key suppliers to the market.

FUNCTIONAL MATERIALS & SOLUTIONS

The Functional Materials & Solutions segment of your Company comprises of the Coatings, Construction Chemicals, Performance Materials and Process Catalyst businesses.

The automotive coatings business comprises of coatings for passenger cars, commercial vehicles and two wheelers. In the financial year 2016-2017, the automotive coatings business grew at an average rate. Demonetization had a dampening effect on the business from December, 2016 to February, 2017. Going forward, in view of the imminent implementation of Goods and Services Tax, the automotive industry is expected to do well. The business focused on developing new products as well as enhancing supply share at existing accounts and enabled acquisition of new customers.



Your company has a strong play in the Polyurethane (PU) market in India and this was showcased in the recent PU Tech trade fair. Seen above are visitors at your Company's booth at PU Tech, New Delhi, in March 2017.

Pursuant to the sale of global industrial coatings business by BASF SE, Germany to AkzoNobel, the industrial coatings business of your Company was transferred to Akzo Nobel India Limited with effect from 14th December 2016.

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

The Admixture Systems segment in the construction chemicals division caters to customers from the ready-mix, precast, site mix, underground construction and the cement producing industries. This segment was affected in the financial year due to delays in the execution of infrastructure projects, liquidity concerns and increased price pressure from domestic and overseas competition.

During the year, a new Admixture plant was commissioned at Kharagpur, West Bengal that produces the entire range of admixtures and accelerators and caters to the demands of customers based in East India and Bhutan.

The Construction Systems segment offers a wide range of products and solutions such as industrial floorings, grouting and anchoring systems, concrete repair and protection materials, crack repair and injection resins, joint sealants, tiling products, waterproofing membranes and exterior insulation and facade systems. This business registered substantial growth driven by higher value in Waterproofing, Flooring and Repair systems.

The Performance Materials business of your Company caters to the requirements of the Consumer, Construction, Industrial Product applications and Transportation Industries. Performance Materials business (primarily Polyurethane and Engineering plastics) achieved significant growth in sales volume during the year by continuing to capture new markets through business development and improving share at OEMs and their suppliers. The production unit for CELLASTO® at Dahej ramped up production and achieved full capacity utilization in the year under report. The Company maintains a positive outlook towards growth in this sector through increased penetration of its light weight solutions with engineering plastics and polyurethanes for metal replacement and new integrated seating solutions such as ELASTOSKIN®.

The Consumer industry business continues to have a strong presence in the appliance (refrigerator), footwear and furniture markets. Sales to the appliance market registered growth by addition of new customers and gaining volume from existing customers, which resulted in increased utilization of our integrated polyurethane production at Dahej.

In the footwear market, your Company is one of the leading suppliers. While competition led to drop in volumes in the year under report, the Company will continue to engage with customers and further strengthen its participation by leveraging its local supply capabilities from the Dahej plant.

The Polyurethanes business of your Company continued to register growth in the construction industry due to value added services provided to large customers and introduction of our system solutions in new markets.

Overall, the Performance Materials business delivered good growth in sales volumes throughout the fiscal year. But rising costs of raw materials associated with temporary shortage of feedstock for key components led to a price increase during the first quarter of 2017.

The Process Catalysts business of your Company caters to the refining, petrochemicals and downstream base and fine chemicals industries. During the year, this business registered growth in sales of refining catalysts as well as chemical catalysts. Commercial supplies from the fine chemicals catalyst plant at Mangalore, which caters to the

pharmaceutical & agrochemical industries, also picked up during the year and the momentum is expected to build up further in the coming years. The medium term outlook for process catalysts remains positive on the prospects of growth in the refining, petrochemical and pharmaceutical segments in India.

TECHNICAL MANAGEMENT

During the year, production volumes at your Company's plants increased over the previous year. Dahej site has ramped up production by registering higher production volumes during the year.

During the year, your Company inaugurated its new production plant at Kharagpur, West Bengal. With this, your Company will meet the increasing demands for high quality construction chemicals in the eastern part of India and Bhutan.

Your Company's CELLASTO® plant at Dahej site has been certified for TS 16949. The Ankleshwar site won "AIA Anandapura Trophy" for Excellent Manufacturing Performance for the year 2015-2016 from Ankleshwar Industries Association (AIA). Thane Site has been honoured with State Level Energy Conservation Award for the fourth time in a row.

Your Company's plants at Mangalore, Dahej, Ankleshwar and Nellore were audited by BASF SE, Group Auditors, which resulted in successful safety performance.

Your Company took up many operational excellence initiatives for optimizing cost as under:

- Project for yield improvement.
- Capacity debottlenecking was carried out at some of the Company's plants, which led to improved capacities.
- Adequate water availability was ensured by enhancing storage capacity.

In line with the policy of prioritizing various energy conservation measures, your Company has started purchasing power from Open Access grid at Dahej & Mangalore plants thereby reducing the cost of purchased power.

In line with your Company's purpose "We create chemistry for a sustainable future", your Company and other leading players from the Indian chemical industry gathered in Mumbai on September 20, 2016 for the Together for Sustainability (TfS) summit, part of a global initiative to improve sustainability practices within the supply chains of the chemical industry. These programs have been successful in spreading awareness on sustainability and have been well appreciated by the suppliers. The panel discussions on "Sustainability Journey – Partners in progress" and "Sustainability Walk – Way ahead" provided great insights on the current challenges of the Indian chemical industry and about adapting new methods to eliminate challenges and implement best practices in the supply chain.

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 authorisation matrix form the basis for the internal control systems. The efficiency and effectiveness of the internal control system over financial reporting has been performed by the management by evaluating, documenting, testing and reporting the relevant processes and controls.

Your Company's internal control systems are also supplemented by an extensive program of internal audit by an independent firm of Chartered Accountants. Internal audits are conducted on a regular basis and a summary of the observations and recommendations of such audits are placed before the Board of Directors of your Company. In line with BASF Group policies, the Group's Internal Auditors also perform audits periodically in selected areas of operations. The Audit Committee constituted by the Board of Directors reviews the internal financial control systems on an ongoing basis.



Technical engineers at Ankleshwar site take part in a visual workshop that helps increase safety and thereby reduce chances of Lost Time Injury for workers.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

During the year, your Company focused on identifying and hiring the right quality of talent and develop their potential for undertaking leadership positions in the future.

Your Company emphasizes on maintaining a leadership pipeline for the future and has been grooming leaders to develop their respective teams and employees. As one of the core pillars of BASF's global strategy is to form the best team in the industry, your Company is committed to building an organization of high performers.

Your Company maintains strategic dialogues with Unions at manufacturing sites to manage collaborative industrial relations environment and promote workplace co-operation, flexibility, productivity and competitiveness.

The Company employed 1868 persons as on 31st March, 2017.

During the year, your Company continued with its global advertising campaign for enhanced brand awareness in relevant markets, covering print, television and online media. This campaign was well supported by media activities and market presence initiatives such as seminars, customer symposia and industry events.

On behalf of the Board of Directors

RAMAN RAMACHANDRAN, Ph.D.
Chairman & Managing Director
(DIN : 00200297)

Mumbai

Dated : 4th May, 2017



Your Company recognizes the efforts of employees towards its growth. Seen in the above picture are recipients of the Long Service Awards (for employees completing 30 years at your Company).



Your Company conducted lectures on Corporate Governance and Business Ethics to sensitise management students at Indo-German Chamber of Commerce.

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.

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 our high compliance 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 AS ON 4TH MAY, 2017

The Company is fully compliant with the Corporate Governance norms in respect of constitution of the Board of Directors. The Board at BASF India Limited 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
Dr. Raman Ramachandran	1 st October, 2013	Chairman & Managing Director	6	6	NIL	NIL
Mr. Rajesh Naik (Whole-time Director)#	1 st April, 2017	Director – Manufacturing	6	5	NIL	NIL
Mr. Narendranath J. Baliga (Chief Financial Officer & Alternate Director)§	1 st January, 2015	Vice President – Finance & Corporate Processes, South Asia	6	5	NIL	NIL
Dr. Lakshmi Nadkarni (Alternate Director to Dr. Andrea Frenzel)†	1 st April, 2017	Director – Human Resources	6	NIL	NIL	NIL

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

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

Appointed as Whole-time Director with effect from 1st April, 2017. Earlier acted as Alternate Director to Dr. Rainer Diercks i.e. upto 31st March, 2017. As Alternate Director to Dr. Rainer Diercks, attended meetings during FY 2016-17.

§ Resigned as Alternate Director to Dr. Andrea Frenzel with effect from the close of business hours as on 31st March, 2017. Appointed as an Alternate Director to Mr. Raimar Jahn with effect from 1st April, 2017.

† Appointed as an Alternate Director to Dr. Andrea Frenzel with effect from 1st April, 2017.

By virtue of being in whole-time employment of the Company, the Alternate Directors have also been appointed as 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. Gops Pillay***	30 th April, 2013	6	1*	NIL	NIL
Dr. Rainer Diercks ***	23 rd January, 2006	6	1*	NIL	NIL
Dr. Andrea Frenzel	1 st January, 2015	6	1*	NIL	NIL
Mr. Raimar Jahn #	1 st April, 2017	6	NIL	NIL	NIL

* Attended the Board Meeting held on 11th August, 2016.

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

*** Resigned as Director of the Company with effect from the close of business hours as on 31st March, 2017.

Appointed as a Director of the Company in place of Dr. Rainer Diercks with effect from 1st April, 2017.

(iii) INDEPENDENT NON-EXECUTIVE 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. R. A. Shah	24 th April, 1968	Director	6	6	9***	Membership – 3 Chairmanship – 4
Mr. R. R. Nair	3 rd March, 2001	Director	6	6	2	Membership – 2 Chairmanship – Nil
Mr. Pradip P. Shah	31 st January, 2000	Director	6	6	8	Membership – 6 Chairmanship – 1
Mr. Arun Bewoor	19 th January, 2010	Director	6	6	3	Membership – Nil Chairmanship – Nil

* 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 per declaration received from Mr. R. A. Shah, he is acting as Non-Executive Non-Independent Director in 3 Listed Companies.

As per the declarations / disclosures received from Mr. R. A. Shah, Mr. R. R. Nair, Mr. Pradip Shah and Mr. Arun Bewoor, 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. R. A. Shah, Mr. R. R. Nair, Mr. Pradip Shah and Mr. Arun Bewoor, were appointed as Independent Directors of the Company to hold office for a term of 5 consecutive years from 1st April, 2014 to 31st March, 2019 and are not liable to retire by rotation.

The terms and conditions of appointment of Independent Directors are available on the Company's website viz.; www.basf.com/in at: <http://on.basf.com/terms-conditions>

The Company also has a familiarization programme for its Independent Directors, which is available at: <http://on.basf.com/independent-dir> and at: <http://on.basf.com/familiarization-details>

• **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 2016-17 on the following dates:

- | | |
|------------------------------------|-------------------------------------|
| (1) 3 rd May, 2016 | (2) 4 th August, 2016 |
| (3) 11 th August, 2016 | (4) 10 th November, 2016 |
| (5) 1 st February, 2017 | (6) 23 rd March, 2017 |

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 meeting. However, in case of special and urgent business need, 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 subsequent Board Meeting. The notice and the agenda of Board Meetings along with the draft of 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. R. A. Shah, Mr. Pradip P. Shah, Mr. R. R. Nair and Mr. Arun Bewoor, 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 with the Company 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.

Mr. Gops Pillay, Dr. Rainer Diercks and Dr. Andrea Frenzel were not paid any commission during the financial year 2016-2017. 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.

3. AUDIT COMMITTEE

The Board of Directors of the Company constituted an Audit Committee on 1st March, 2001. The Chairman of the Audit Committee is an Independent Non-Executive Director. During the financial year 2016-2017, 4 Audit Committee Meetings were held on 3rd May, 2016, 4th August, 2016, 10th November, 2016, and 1st February, 2017 respectively.

The present composition of the Audit Committee is as follows:

Name	Date of Appointment	No. of Meetings during FY 2016-17	
		Held	Attended
Mr. R. R. Nair, Chairman	12 th July, 2006	4	4
Mr. R. A. Shah	1 st March, 2001	4	4
Mr. Pradip P. Shah	1 st March, 2001	4	4
Mr. Arun Bewoor	19 th January, 2010	4	4

Mr. R. R. Nair has an M.A. Degree from Kerala University and a Post Master's Diploma from IIT Kharagpur. He is also an alumni of Stanford & Michigan Universities and has specialized in the field of strategic human resource management and organization development. Mr. R. R. Nair was a former Director – HR for Unilever group companies and presently a CEO Coach for business leaders. Mr. R. A. Shah is a senior partner of M/s. Crawford Bayley & Co., Solicitors & Advocates and specializes in a broad spectrum of Corporate laws. Mr. Pradip P. Shah holds a Master's degree in Business Administration from Harvard Business School. Mr. Pradip P. Shah is also a first rank holder in Chartered Accountancy examinations. He is also a Cost Accountant. Mr. Arun Bewoor has received Advanced Management Education from Indian Institute of Management, Ahmedabad & 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 Obligations and Disclosure Requirements) Regulations, 2015.

Mr. Narendranath J. Baliga, Vice President, Finance & Corporate Processes, South Asia was present at all the meetings of the Audit Committee as a Permanent Invitee.

Mr. Pradeep Chandan, Director – Legal, General Counsel & Company Secretary was appointed as Secretary of the Audit Committee on 2nd 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 Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.

The minutes of the meetings of the Audit Committee were noted at the Board Meetings. The Chairman of the Audit Committee, Mr. R. R. Nair, was present at the 72nd Annual General Meeting held on 11th August, 2016.

Statutory Auditors, Internal Auditors and Cost Auditors, as needed, are invitees to the meetings.

The terms of reference of the Audit Committee (stipulated by the Board) under Regulation 18 and Schedule II Part C of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are as under:

- a. 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.
- b. Recommend the appointment, re-appointment and, if required, replacement or removal of Statutory Auditors & 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 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 and 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.
 - Qualifications 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 and 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 29th July, 2013. The Chairman of the Nomination & Remuneration Committee is an Independent Non-Executive Director. During the financial year 2016-2017, 2 meetings of the Nomination & Remuneration Committee were held on 3rd May, 2016 and 23rd March, 2017 respectively.

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

Name	Date of Appointment	No. of Meetings during FY 2016-17	
		Held	Attended
Mr. R. R. Nair, Chairman	29 th July, 2013	2	2
Mr. R. A. Shah	29 th July, 2013	2	2
Mr. Pradip P. Shah	29 th July, 2013	2	2
Dr. Raman Ramachandran	1 st October, 2013	2	2

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

The minutes of the meetings of the Nomination and Remuneration Committee were noted at the Board Meetings. The Chairman of the Nomination & Remuneration Committee, Mr. R. R. Nair, was present at the 72nd Annual General Meeting held on 11th August, 2016.

The key terms of reference of the Nomination & Remuneration Committee (stipulated by the Board) under Regulation 19 and Schedule II Part D of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are as under:

- To 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.
- To formulate criteria for evaluation of the performance of Independent Directors and the Board;
- To devise a policy on Board diversity;

- To 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.
- To extend or continue the term of appointment of the Independent Directors on the basis of the report of performance evaluation of the Independent Directors.

- **Performance Evaluation Criteria for Independent Directors (ID)**

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

- **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 Board evaluation 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 Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of the Independent Directors of the Company was also held on 23rd March, 2017 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. Considering the performance of the Company for the financial year ended 31st March, 2017, the Independent Directors of the Company did not receive any commission from the Company. Only sitting fees were paid to the Independent Directors for attending the meetings of the Board and/or Committee thereof as fixed by the Board of Directors of the Company. Reference may be made to table (b) on page 51 for details of sitting fees paid to Independent Directors for the financial year ended 31st March, 2017.

- **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:

- a) Company's operations.
- b) Number of Board Meetings & Committee meetings attended during a financial year.
- c) Time devoted towards the affairs of the Company.
- d) Performance of the Company during a financial year.
- e) Additional work/areas performed.

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

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 2016-17, 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 Employee Stock Options Scheme for its Directors and Employees. Some of the senior management personnel are however eligible for the BASF Option Program of the Parent Company, BASF SE, Germany.

Details of remuneration paid to all the Directors during the year 2016-17 are as under:

(a) MANAGING DIRECTOR / ALTERNATE DIRECTORS

(Amount in Rupees per annum)

Remuneration	Dr. Raman Ramachandran	*Mr. Narendranath J. Baliga	**Mr. Rajesh Naik	Total
Salary & Benefits @	26,315,091	13,912,298	10,224,068	50,451,457
Performance Linked Incentive#	10,715,250	3,106,875	1,402,139	15,224,264
Total	37,030,341	17,019,173	11,626,207	65,675,721

@ Salary & Benefits includes Salary, Benefits, Provident Fund and Superannuation but excluding provision for contribution to Gratuity Fund and Group Insurance, leave encashment & long service awards.

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 has also been appointed as Whole-time Director.

** Mr. Rajesh Naik has been appointed as a Whole-time Director of the Company with effect from 1st April, 2017. Earlier acted as Alternate Director to Dr. Rainer Diercks upto 31st March, 2017

(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 31st March, 2017 are as follows:

Mr. R. A. Shah #	Mr. R. R. Nair	Mr. Pradip P. Shah	Mr. Arun Bewoor
Rs. 1,150,000	Rs. 1,400,000	Rs. 1,150,000	Rs. 1,150,000

M/s. Crawford Bayley & Co., Advocates & Solicitors, 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 with the Company do not exceed 10% of the gross receipts of M/s. Crawford Bayley & Co.

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

(c) No remuneration was paid to the Non-Executive Foreign Directors during the financial year 2016-17.

5. **STAKEHOLDERS' RELATIONSHIP COMMITTEE**

The Board of Directors of the Company constituted a Shareholders'/Investors' Grievance Committee on 1st March, 2001. The said Committee was renamed as Stakeholders' Relationship Committee on 31st July, 2014. The Chairman of the Stakeholders' Relationship Committee is an Independent Non-Executive Director. During the financial year 2016-2017, 2 meetings of the Stakeholders' Relationship Committee were held on 10th November, 2016 and 23rd March, 2017 respectively. The minutes of the Stakeholders' Relationship Committee are noted at the Board Meeting. The Chairman of the Stakeholders' Relationship Committee Mr. R. R. Nair, was present at the 72nd Annual General Meeting held on 11th August, 2016.

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

Name	Date of Appointment	No. of Meetings during FY 2016-17	
		Held	Attended
Mr. R. R. Nair, Chairman	7 th May, 2008	2	2
Dr. Raman Ramachandran	1 st October, 2013	2	2
Mr. Arun Bewoor	19 th January, 2010	2	2
Mr. Narendranath J. Baliga	1 st January, 2015	2	2

The terms of reference of the Stakeholders' Relationship Committee covers the matters specified in Part D of the Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Committee looks into redressal of shareholders' and investors' complaints/grievances. The Committee also looks into complaints concerning transfer of shares, non-receipt of annual report, non-receipt of dividends etc. 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.

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 2016-17.

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

Mr. Pradeep Chandan

Director – Legal, General Counsel & Company Secretary

BASF India Limited

Plot No. 37, Chandivali Farm Road,

Chandivali, Andheri (East),

Mumbai – 400072, India.

Tel: +91 22 2858 0200 Fax: +91 22 2858 0299

E-mail ID: investor-grievance-india@basf.com Website: 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 st April, 2016	Received during the financial year	Cleared/attended during the financial year	Pending as on 31 st March, 2017
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)	Nil	4	3	1
Total	Nil	4	3	1

During the financial year under review, 4 complaints were received out of which 3 complaints have been redressed/ answered to the satisfaction of the shareholders. The fourth complaint was resolved post 31st March, 2017. 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 Listing Regulations.

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 Schedule II Part B of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the financial year ended 31st March, 2017 was placed before the Board at its meeting held on 4th May, 2017 and the same is also annexed to this Report.

6. 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. 11th August, 2016 at 3.00 p.m.
2. 20th August, 2015 at 3.00 p.m.
3. 27th August, 2014 at 3.00 p.m.

Special resolutions were passed at the previous 3 AGMs for the following matters and same were approved with requisite majority.

72 nd AGM: 11 th August, 2016	
1.	Keeping of Register and Index of Members, copies of Annual Returns and other documents at the office of the Company's Registrar and Share Transfer Agent, TSR Darashaw Limited.
71 st AGM: 20 th August, 2015	
1.	Appointment of Mr. Narendranath J. Baliga (DIN:07005484) as Chief Financial Officer & Alternate Director to Dr. Andrea Frenzel (DIN: 07070693) and being in the whole-time employment of the Company, as Whole-time Director and fixation of his remuneration and payment of minimum remuneration to him in the event of losses or inadequacy of profits.
2.	Adoption of new set of Articles of Association of the Company.
3.	Approving the limits for material related party transactions for each financial year.
70 th AGM: 27 th August, 2014	
1.	Payment of Commission to Independent Directors.
2.	Increase in the borrowing limits as per provisions of Section 180(1)(c) of the Companies Act, 2013.
3.	Payment of minimum remuneration to the Managing Director and Whole-time Directors, in case 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 by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company had extended e-voting facility to its members to cast their votes electronically on all resolutions set forth in the Notice convening the 72nd Annual General Meeting held on 11th August, 2016. On the day of the Annual General Meeting, the Company also conducted a poll on all the resolutions and the resolutions were passed with the requisite majority.

(b) **Attendance of Directors at 72nd AGM during the last financial year:**

All the Directors of the Company were present at the last AGM held on 11th August, 2016.

Mr. Narendranath J. Baliga (Chief Financial Officer) and Mr. Rajesh Naik, being Alternate Directors to Dr. Andrea Frenzel and Dr. Rainer Diercks, respectively, were present at the last AGM held on 11th August, 2016 as Invitees.

7. DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT

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

- Dr. Andrea Frenzel was appointed as a Director of the Company on 1st January, 2015 in the casual vacancy caused by the resignation of Mr. Andrew Postlethwaite. Dr. Andrea Frenzel holds a doctorate degree from University of Goettingen, Germany and has completed post-doctoral year at the University of Wisconsin in Madison. Dr. Frenzel started her career in 1997 with BASF SE as a Research Scientist in the area of Heterogeneous Catalysis. In 2000, Dr. Frenzel worked as Manager – New Business Development in the Global Business Unit Inorganic Specialties. In 2003, Dr. Frenzel was appointed as Executive Board Assistant of BASF SE. In 2005, Dr. Frenzel was appointed as Director, Global Development of Business unit Performance Chemicals for Detergents and Formulators. Thereafter, in 2007, Dr. Frenzel was appointed as Director, Strategies, BASF SE. In 2010, Dr. Frenzel was appointed as Vice President, Business Management Pigments North America, BASF Corporation. Dr. Frenzel was Senior Vice President, Strategic Planning, BASF SE since 2013 and has assumed responsibility as President for the Regional Division effective 1st March, 2017.
- Dr. Lakshmi Nadkarni has more than 25 years of corporate experience in Human Resource function. Dr. Lakshmi spent five years in academia at the University of Poona while pursuing a doctoral programme in Industrial Sociology soon after completing Master's in Sociology and Social Welfare. Her corporate career began with consumer industry at Reckitt Benckiser in India followed by the responsibility as Head of Human Resources for its Sri Lanka operations. She has spent 10 years in the chemical industry, firstly with BASF India and later with Dow Chemicals as the HR Leader. Her last stint was with Pfizer Ltd. as Director & Head Human Resources – South Asia. She is presently Director – Human Resources (South Asia).
- Mr. Rajesh Naik is a Chemical Engineer from MS University, Vadodara. Mr. Naik joined BASF on 7th April, 2014. He has valuable experience of over 22 years and has worked with Companies like Asian Paints, EI Dupont India Private Limited, etc. Prior to joining the Company, Mr. Naik was working as Vice President – Marketing with English Indian Clay Ltd. (EICL) based at Bangalore. Mr. Naik has acted as Alternate Director to Dr. Rainer Diercks upto 31st March, 2017.

Directors seeking appointment/re-appointment do not hold any shares in the Company either in their own name or for any other person on a beneficial basis.

Directors seeking appointment/re-appointment may hold shares of BASF SE, parent Company as part of the BASF Option Program.

Directors seeking appointment/re-appointment do not hold any Directorship/ Committee positions in any other Company in India.

8. DISCLOSURES

(a) The Company does not have any subsidiary.

(b) The Company has formulated a policy on 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 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 approval of the non-related shareholders for transactions with material related parties namely; BASF SE, BASF South East Asia Pte. Ltd., BASF Belgium Co-ordination Centre and BASF Hong Kong Limited were obtained at the 71st and 72nd Annual General Meetings of the Company held on 20th August, 2015 and 11th August, 2016, respectively. 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. 44 to the Accounts 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, 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)/ 3rd 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 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 Obligations and Disclosure Requirements) Regulations, 2015.
- (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) The Management Discussion & Analysis Report forms part of this Annual Report.

9. 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). These results are not sent to each household of shareholders.
- 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 in the 'Investor Relations' section.
- During the year, the Company made a presentation to the Analysts' on 5th August, 2016 and the presentation has been updated on the Company's web site, viz., www.basf.com/in in the 'Investor Relations' section.

10. GENERAL SHAREHOLDERS INFORMATION

- (a) The Annual General Meeting of the Company will be held on Thursday, 28th September, 2017 at 3.00 p.m. at Yashwantrao Chavan Pratishthan Auditorium, Y. B. Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai – 400021.

- (b) The Company's financial year begins on 1st April and ends on 31st March.

Financial Calendar — (tentative)	Results for quarter ending June 30, 2017	5 th week of July, 2017
	Annual General Meeting	28 th September, 2017
	Results for quarter ending September 30, 2017	2 nd / 3 rd week of November, 2017
	Results for quarter ending December 31, 2017	4 th week of January, 2018
	Results for the year ending March 31, 2018	1 st / 2 nd week of May, 2018

- (c) Period of book closure: Friday, 22nd September, 2017 to Thursday, 28th September, 2017 (both days inclusive) for the purposes of Annual General Meeting and payment of dividend.
- (d) Dividend payment date: On or after 3rd October, 2017.
- (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 2017-18 to both the Stock Exchanges.

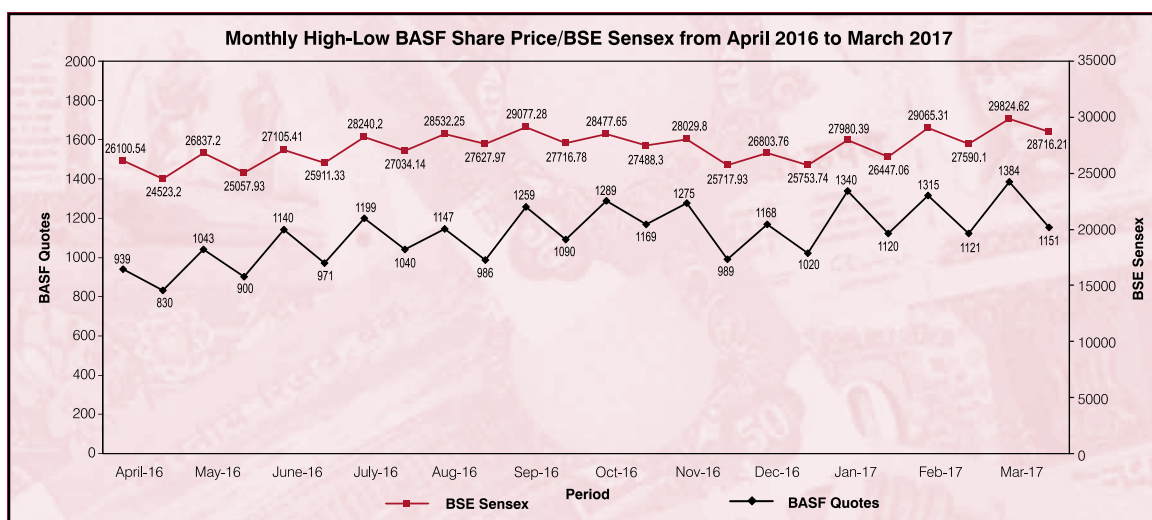
- (f) Stock Code : 500042
SYMBOL : BASF
Demat ISIN No. (NSDL & CDSL) : INE373A01013

(g) Market Price Data:

High/low market price of the Company's equity shares traded on BSE Ltd. and National Stock Exchange of India Limited during each month in the last financial year ended on 31st March, 2017 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 2016 TO MARCH 2017
(Share prices in Rs.)

BSE			NSE		
MONTH	HIGH (DATE)	LOW (DATE)	MONTH	HIGH (DATE)	LOW (DATE)
April	939.45 (27.04.2016)	829.95 (06.04.2016)	April	940 (27.04.2016)	826.50 (06.04.2016)
May	1042.50 (12.05.2016)	900 (02.05.2016)	May	1042.80 (12.05.2016)	900 (02.05.2016)
June	1140.35 (30.06.2016)	970.80 (06.06.2016)	June	1144 (30.06.2016)	970 (06.06.2016)
July	1198.50 (11.07.2016)	1040.20 (27.07.2016)	July	1185 (11.07.2016)	1010 (28.07.2016)
August	1147 (31.08.2016)	986 (04.08.2016)	August	1147 (30.08.2016)	990.10 (04.08.2016)
September	1258.80 (29.09.2016)	1090 (09.09.2016)	September	1259.95 (29.09.2016)	1087 (09.09.2016)
October	1288.95 (24.10.2016)	1168.55 (19.10.2016)	October	1289.70 (24.10.2016)	1166 (13.10.2016)
November	1275 (03.11.2016)	988.50 (21.11.2016)	November	1273 (03.11.2016)	990 (21.11.2016)
December	1168 (30.12.2016)	1020 (02.12.2016)	December	1170 (30.12.2016)	1015.60 (06.12.2016)
January	1340 (30.01.2017)	1120 (06.01.2017)	January	1348 (30.01.2017)	1120 (06.01.2017)
February	1314.95 (01.02.2017)	1121 (15.02.2017)	February	1319.50 (01.02.2017)	1121.60 (15.02.2017)
March	1384 (31.03.2017)	1150.95 (01.03.2017)	March	1398.50 (31.03.2017)	1147 (01.03.2017)



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

Registered Office & Investors Relation Centre

TSR Darashaw Limited

Unit : BASF India Limited

6-10, 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

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

Name	Phone No.	Fax No.
Ms. Mary George	022-6617 8484	022-6617 8494

- (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 31st March, 2017 was as follows:

Category (No. of shares)	No. of shareholders	Percentage	No. of shares	Percentage
1-500	39,512	94.59	2,587,532	5.98
501-1000	1,185	2.84	899,516	2.08
1001-2000	569	1.36	814,945	1.88
2001-3000	188	0.45	463,800	1.07
3001-4000	67	0.16	240,518	0.56
4001-5000	76	0.18	353,795	0.82
5001-10000	105	0.25	747,423	1.73
10001 and above	72	0.17	37,178,111	85.88
Total	41,774	100.00	43,285,640	100.00

- (k) The shareholding pattern of the Company as on 31st March, 2017 was as follows:

Category	No. of shares	% of total capital
Foreign Promoters	31,743,220	73.33
Directors and relatives of Directors	80	0.00
NRIs and FIIs	1,455,749	3.36
Financial Institutions and Mutual Funds	250,191	0.58
State Government	30	0.00
Insurance Companies	2,735,777	6.32
Nationalised and other Banks	13,978	0.03
Domestic Corporate Bodies/Trusts	867,389	2.00
General Public including shares in transit	6,219,226	14.38
Total	43,285,640	100.00

- (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 31st March, 2017, 42,602,404 equity shares, representing 98.42% 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:

Ankleshwar, Gujarat	
Unit I Plot Nos. 6214/6216, GIDC Phase IV Ankleshwar – 393 002, Gujarat.	Unit II Plot No. 8001, GIDC Phase VI, Ankleshwar – 393 002, Gujarat.
Nellore, Andhra Pradesh	Dahej, Gujarat
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.

Nalagarh, Himachal Pradesh	Kharagpur, West Bengal
Khasra No. 87/1 Village: Beer Plassi Nalagarh, District: Solan, Himachal Pradesh.	Plot No. F-7, Vidyasagar Industrial Park, Kharagpur, Paschim Medinipur, West Bengal.
Mangalore, Karnataka	
Bala/Thokur Village, Surathkal-Bajpe Road, Mangalore Taluka, Dakshina Kannada District, Karnataka – 575030.	
Navi Mumbai, Maharashtra	
Plot Nos. 12 & 13, TTC Industrial Area, MIDC, Thane-Belapur Road, Turbhe, Navi Mumbai – 400705, Maharashtra.	Plot Nos. C-68 & C-68Pt., TTC Industrial Area, MIDC Thane-Belapur Road, Turbhe, Navi Mumbai – 400613, Maharashtra.

- (o) Address for correspondence:
Mr. Pankaj Bahl
BASF India Limited,
Plot No. 37, Chandivali Farm Road,
Chandivali, Andheri (East)
Mumbai – 400072, India.
Tel. : 022- 28580200/ Fax: 022- 28580299
Email : pankaj.bahl@basf.com

- (p) Top Ten Shareholders of the Company as on 31st March, 2017

Sr. No.	Name of the Shareholder(s)	Holdings	% in the total capital
1.	BASF SE	20,939,259	48.37
2.	BASF Schweiz AG	8,907,900	20.58
3.	BASF Construction Solutions GmbH	1,896,061	4.38
4.	Bajaj Allianz Life Insurance Company Limited	1,032,801	2.39
5.	General Insurance Corporation of India	699,999	1.62
6.	Life Insurance Corporation of India	576,588	1.33
7.	Goldman Sachs India Limited	466,000	1.08
8.	First State Indian Subcontinent Fund	337,594	0.78
9.	Atul Limited	261,396	0.60
10.	The New India Assurance Company Limited	218,488	0.50

- (q) Share price: Rs 1371.70 per share on BSE Limited as on 4th May, 2017.

11. 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://on.basf.com/conduct>

All the Board members and Senior Management personnel have complied with the Code of Conduct.

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 Obligations and Disclosure Requirements) Regulations, 2015.

12. 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

RAMAN RAMACHANDRAN, Ph.D.
Chairman & Managing Director
(DIN: 00200297)

Mumbai
Dated: 4th May, 2017

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

May 4, 2017

The Board of Directors
BASF India Limited
Plot No. 37, Chandivali Farm Road,
Chandivali, Andheri (East),
Mumbai – 400072

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 31st March, 2017 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 31st March, 2017 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

RAMAN RAMACHANDRAN, Ph.D.
Chairman & Managing Director
(DIN: 00200297)

NARENDRANATH J. BALIGA
Vice President – Finance & Corporate Processes, South Asia
(DIN: 07005484)

INDEPENDENT AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

To

The Members of BASF India Limited

1. This certificate is issued in accordance with the terms of our agreement dated 24th March, 2017.
2. This report contains details of compliance of conditions of corporate governance by BASF India Limited ('the Company') for the year ended 31st March, 2017 as stipulated in regulations 17-27, clause (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') pursuant to the Listing Agreement of the Company with Stock exchanges.

Management's Responsibility for compliance with the conditions of Listing Regulations

3. The compliance with the terms and conditions contained in the corporate governance is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents.

Auditors' Responsibility

4. Our examination 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.
5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31st March, 2017.
6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. In our opinion, and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.
9. 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.

Restriction on use

10. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Yezdi Nagporewalla

Partner

Membership No: 049265

Mumbai

4th May, 2017

Independent Auditors' Report to the Members of BASF India Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of BASF India Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS financial statements").

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, the 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 the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the relevant rules issued thereunder.

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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. 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 A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 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 Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with the relevant rules issued thereunder.
 - (e) On the basis of the written representations received from the directors as on 31 March 2017, taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2017, 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and
 - (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 Ind AS financial statements – Refer Note 34 or 40 to the Ind AS financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standard for material foreseeable losses, if any, on long term contracts including derivative contracts. Refer Note 16 to the Ind AS financial statements.
 - 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 Company did not have any holdings or dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 – Refer Note 9 to the Ind AS financial statements.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Yezdi Nagporewalla

Partner

Membership No: 049265

Mumbai

4th May, 2017

Annexure A to the Independent Auditors' Report – 31 March 2017

(Referred to in our report of even date)

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In accordance with this 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. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except in respect of the lease cum sale agreement for one of the Company's manufacturing locations (gross block: Rs. 16.4 million and net block Rs. Nil included under leasehold land), the Company is in the process of complying with the terms of the lease cum sale agreement so as to execute the final sale agreement and obtain the right to ownership.
- ii. The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained. The discrepancies noticed on verification between the physical stocks and the 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 Companies Act, 2013 ("the Act"). Accordingly, paragraphs 3(iii)(a), (b) and (c) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has not given any loan, made any investment, given any guarantee, or provided any security under Section 185 and 186 of the Act. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.
- v. In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Professional tax, Income-tax, Sales-tax, Service tax, Duty of Customs, Duty of Excise, Value added tax, and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Professional tax, Income-tax, Sales-tax, Service-tax, Duty of Customs, Duty of Excise, Value added tax and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Income-tax, Sales-tax, Service tax, Duty of Customs, Duty of Excise and Value added tax which have not been deposited with the appropriate authorities on account of any dispute other than those mentioned in the Appendix to this report.

Annexure A to the Independent Auditors' Report – 31 March 2017

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions or banks. The Company does not have any loans or borrowings from government or dues to debenture holders during the year.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they are raised.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, 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. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- xvi. According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Yezdi Nagporewalla

Partner

Membership No: 049265

Mumbai

4th May, 2017

Appendix to the Independent Auditors' Report – 31 March 2017

Name of the Statute	Nature of the dues	Amounts (in million)	Amount paid in dispute (in million)	Period	Forum where the dispute is pending
Central Excise Act, 1944	Duty interest and penalty	0.85		2014-2015	Additional Commissioner
		1.83	—	1982-1983 2008-2009 2011-2012	Assistant Commissioner of Central Excise
		0.66	—	2007-2008	Central Excise & Service Tax Appellate Tribunal
		3.31	—	2007-2008	Commissioner of Central Excise
		2.04	—	2008-2009	Commissioner (Appeals)
		0.51	—	2009-2010 2010-2011	Deputy Commissioner of Central Excise
		3.13	—	1992-1993 2000-2001	High Court
		12.33	—		Total
The Customs Act, 1962	Duty interest and penalty	0.89	—	2012-2013	Assistant Commissioner of Central Excise
		12.10	—	1992-1993	Central Excise & Service Tax Appellate Tribunal
		95.00	—	2005-2006	Supreme Court
		107.99	—		Total
The Service Tax Act, 1975	Tax, Interest and Penalty	0.04	—	2008-2010 2010-2011	Assistant Commissioner – Central Excise
		5.08	—	2005-2010 Apr. 2008 to Jan. 2013 Jan. 2005 to Mar. 2008	Central Excise & Service Tax Appellate Tribunal
		1.56	—	Dec. 2007 to Sep. 2009	Commissioner (Appeals)
		21.80	—	2005-2006 to 2009-2010	Commissioner of Central Excise
		13.87	—	2006-2010 2008-2009 to 2012-2013 2009-2010	Commissioner of Service Tax
		0.12	—	Jan. 2012 to Aug. 2014	Assistant Commissioner – Central Excise
		42.47	—		Total
State and Central Sales Tax Act, 1956	Non-Submission of forms	0.38	—	2006-2007	Additional Commissioner of Sales Tax
		11.23	—	2009-2010 2012-2013 2013-2014	Appellate Deputy Commissioner
		4.02	—	2002-2003 2007-2008	Commissioner of Sales Tax
		46.09	39.82	2013-2014 2014-2015 2011-2012 2010-2011	Deputy Commissioner of Sales Tax
		43.86	37.70	2011-2012 2012-2013 2010-2011 2008-2009 2009-2010	Deputy Commissioner of Sales Tax (Appeals)
		174.78	22.36	2006-2007 2007-2008 2008-2009 2009-2010 2010-2011 2011-2012 2013-2014 2014-2015	Joint Commissioner of Sales Tax (Appeals)
		3.22	—	2005-2006 2008-2009	Joint Commissioner of Sales Tax
		283.58	99.88		Total

Appendix to the Independent Auditors' Report – 31 March 2017

Name of the Statute	Nature of the dues	Amounts (in million)	Amount paid in dispute (in million)	Period	Forum where the dispute is pending
State and Central Sales Tax Act, 1956	Tax interest and penalty	1.67	—	2006-2007	Additional Commissioner of Sales Tax
		0.14	—	2011-2012	Assistant Commissioner of Sales Tax
		14.75	—	2009-2010 2012-2013 2013-2014	Appellate Deputy Commissioner
		69.39	—	2007-2008 2008-2009 2009-2010 2011-2012 2010-2011 2012-2013	Deputy Commissioner of Sales Tax (Appeals)
		12.48	11.67	2009-2010 2010-2011 2013-2014 2014-2015	Deputy Commissioner of Sales Tax
		360.78	38.97	2006-2007 2007-2008 2008-2009 2009-2010 2010-2011 2011-2012	Joint Commissioner of Sales Tax (Appeals)
		1.61	0.07	2006-2007 2007-2008 1993-1994 1994-1995 2004-2005	Tribunal
		22.12	0.74	2013-2014 2006-2007 2005-2006	Joint Commissioner of Sales Tax
		7.71	—	2002-2003	Commissioner of Sales Tax
		490.64	51.45		Total
The Income Tax Act, 1961	Tax interest and demand	0.02	—	2010-2011	Assistant Commissioner of Income Tax
		186.19	67.50	2006-2007 2008-2009 2009-2010 2010-2011 2013-2014	Commissioner of Income Tax (Appeals)
		54.48	7.60	2009-2010	Deputy Commissioner of Income Tax
		2.70	2.70	2000-2001 2003-2004 2006-2007	High Court
		594.91	253.67	2000-2001 2002-2003 2003-2004 2006-2007 2007-2008 2008-2009 2009-2010 2010-2011 2011-2012 2012-2013	Income Tax Appellate Tribunal
		838.30	331.47		Total

Annexure B to the Independent Auditors' Report of even date on the Ind AS Financial Statements of BASF India Limited – 31 March 2017

(Referred to in our report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of BASF India Limited (“the Company”) as of 31 March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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 Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting 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, issued by ICAI and 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 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 over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 Ind AS 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 system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company’s internal financial control over financial reporting 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 over financial reporting 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 B to the Independent Auditors' Report of even date on the Ind AS Financial Statements of BASF India Limited – 31 March 2017

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, 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 ICAI.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Yezdi Nagporewalla

Partner

Membership No: 049265

Mumbai

4th May, 2017

Balance Sheet as at March 31, 2017

Rs. in million

	Notes	March 31, 2017	March 31, 2016	April 1, 2015
ASSETS				
1. Non-current assets				
(a) Property plant and equipment	1 A	12,218.1	12,843.1	13,398.4
(b) Capital work-in-progress	1 B	328.6	551.4	741.8
(c) Goodwill	1 C	—	—	17.1
(d) Other intangible assets	1 C	5.8	45.6	91.1
(e) Financial assets				
(i) Trade receivable	2	52.9	44.1	44.1
(ii) Other financial assets	3	807.2	828.4	646.8
(f) Deferred tax assets (net)	4	—	—	—
(g) Current tax assets (net)	6	976.4	906.9	741.1
(h) Other non-current asset	5	304.5	258.2	149.6
Total non-current assets		14,693.5	15,477.7	15,830.0
2. Current assets				
(a) Inventories	7	9,201.3	8,075.8	9,907.7
(b) Financial assets				
(i) Trade receivables	8	10,909.8	10,423.4	9,318.3
(ii) Cash and cash equivalents	9	245.0	23.8	293.0
(iii) Bank balances other than cash and cash equivalents	9	6.0	7.9	983.9
(iv) Other financial assets	10	235.8	218.0	243.8
(c) Other current assets	11	3,444.7	3,461.6	3,343.8
(d) Assets classified as held for sale	12	69.4	77.4	4.3
Total current assets		24,112.0	22,287.9	24,094.8
Total assets		38,805.5	37,765.6	39,924.8
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	13	432.9	432.9	432.9
(b) Other equity	14	10,589.7	10,727.2	11,249.8
Total equity		11,022.6	11,160.1	11,682.7
LIABILITIES				
Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	15	6,927.9	9,255.7	9,522.0
(ii) Other financial liabilities	16	937.9	335.8	370.2
(b) Provisions	17	340.3	315.1	310.3
(c) Other non-current liabilities	18	77.8	65.4	280.5
Total non-current liabilities		8,283.9	9,972.0	10,483.0
Current liabilities				
(a) Financial liabilities				
(i) Borrowings	19	3,660.2	4,236.5	6,480.0
(ii) Trade payables	20	12,305.1	11,057.9	9,946.8
(iii) Other financial liabilities	21	2,745.3	494.5	323.1
(b) Provisions	17	272.2	333.2	199.7
(c) Other current liabilities	22	516.2	511.4	809.5
Total current liabilities		19,499.0	16,633.5	17,759.1
Total liabilities		27,782.9	26,605.5	28,242.1
Total equity and liabilities		38,805.5	37,765.6	39,924.8

Significant accounting policies

1

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

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

Yezdi Nagporewalla
Partner
Membership No.: 049265

Mumbai, 4th May, 2017

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

Raman Ramachandran, Ph.D.
Chairman & Managing Director
DIN: 00200297

Narendranath J. Baliga
Chief Financial Officer
DIN: 07005484

Pradeep Chandan
Company Secretary
FCS No.: F2852

R. R. Nair DIN: 00202551
R. A. Shah DIN: 00009851
Pradip P. Shah DIN: 00066242
Arun Bewoor DIN: 00024276
Rajesh Naik DIN: 06935998
Lakshmi Nadkarni DIN: 07076164
Directors

Mumbai, 4th May, 2017

Statement of Profit and Loss for the year ended March 31, 2017

Rs. in million

	Notes	March 31, 2017	March 31, 2016
Revenue from operations:			
Sale of products		53,112.3	49,475.9
Sales of services		1,957.2	1,916.8
Other operating revenues		188.4	175.5
		55,257.9	51,568.2
Other income	23	115.1	29.0
		55,373.0	51,597.2
Expenditure:			
Cost of materials consumed	24	19,532.9	20,087.3
Purchase of traded goods		17,534.4	13,452.8
Changes in inventories	25	(137.8)	982.5
Excise duty		4,411.7	4,096.1
Employee benefit expenses	26	3,283.6	3,275.8
Finance costs	27	1,416.4	1,480.6
Depreciation and amortisation	28	1,690.3	1,630.9
Other expenses	29	7,936.3	8,616.0
		55,667.8	53,622.0
Loss before exceptional item and tax		(294.8)	(2,024.8)
Exceptional items	38	170.1	1,721.1
Loss before tax		(124.7)	(303.7)
Tax expenses:	30		
Current tax		—	—
Income tax for previous periods		16.6	—
		16.6	—
Loss for the period		(141.3)	(303.7)
Other comprehensive income			
Items that will not be reclassified to statement of profit and loss			
Remeasurement (Loss)/Gain of post employment benefit		50.6	(13.0)
Income tax relating to these items		—	—
Other comprehensive income for the year, net of tax		50.6	(13.0)
Total comprehensive income for the period		(90.7)	(316.7)
Weighted average number of equity shares outstanding during the year		43,284,958	43,284,958
Basic and diluted earnings per share (in Rs.)		(3.3)	(7.0)
Face value per share (in Rs.)		10.00	10.00

Significant accounting policies

1

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

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

Yezdi Nagporewalla
Partner
Membership No.: 049265

Mumbai, 4th May, 2017

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

Raman Ramachandran, Ph.D.
Chairman & Managing Director
DIN: 00200297

Narendranath J. Baliga
Chief Financial Officer
DIN: 07005484

Pradeep Chandan
Company Secretary
FCS No.: F2852

R. R. Nair DIN: 00202551
R. A. Shah DIN: 00009851
Pradip P. Shah DIN: 00066242
Arun Bewoor DIN: 00024276
Rajesh Naik DIN: 06935998
Lakshmi Nadkarni DIN: 07076164
Directors

Mumbai, 4th May, 2017

Cash Flow Statement for the year ended March 31, 2017

Rs. in million

	March 31, 2017		March 31, 2016	
A. Cash flow from operating activities				
Net (loss) before tax		(124.7)		(303.7)
Adjustments for:				
Exceptional items (Refer note 38)	(170.1)		(1,721.1)	
Depreciation/amortisation	1,690.3		1,630.9	
Finance costs	1,416.4		1,480.6	
Loss on sale of fixed assets (net)	16.4		16.0	
Interest income	(12.2)		(18.2)	
Unrealised loss on foreign exchange (net)	(253.1)		463.0	
Provision for loss allowance	64.0	2,751.7	98.3	1,949.5
Operating cash flow before working capital changes		2,627.0		1,645.8
(Increase) in trade receivables	(416.9)		(1,246.6)	
Decrease/(Increase) in other financial assets	3.4		(158.4)	
(Increase) in other current and non-current assets	(77.2)		(196.1)	
(Increase)/Decrease in inventories	(1,125.5)		1,703.9	
Increase/(Decrease) in other financial liabilities	43.8		(409.6)	
Increase in long-term provisions	25.2		4.8	
Increase in trade payables	1,207.5		1,203.8	
Increase/(Decrease) in other current and non-current liabilities	16.9		(513.7)	
(Decrease)/Increase in short-term provisions	(7.4)	(330.2)	120.5	508.6
Cash generated from operations		2,296.8		2,154.4
Direct taxes paid (net)		(86.1)		(165.8)
Net cash generated from operating activities		2,210.7		1,988.6
B. Cash flow from investing activities				
Acquisition of property plant and equipment (net of capital creditors and including capital advances if any)		(850.4)		(919.0)
Realisation on sale of property plant and equipment		66.4		876.1
Divestiture of industrial coatings business		111.7		—
Divestiture of textile business		—		1,040.0
Liquidation of short-term deposits		0.5		975.0
Interest received		12.2		21.0
Net cash (used in)/generated from investing activities		(659.6)		1,993.1
C. Cash flow from financing activities				
(Repayment) of short-term borrowings		(576.3)		(2,243.5)
Repayment of long-term borrowings		—		(778.8)
Dividend paid		(50.7)		(207.4)
Interest paid		(702.9)		(1,021.2)
Net cash (used in) financing activities		(1,329.9)		(4,250.9)
Net increase/(decrease) in cash and cash equivalents		221.2		(269.2)

Cash Flow Statement for the year ended March 31, 2017

Rs. in million

	March 31, 2017		March 31, 2016	
Opening cash and cash equivalents				
Cheques on hand		—		76.3
Bank balances		23.8		216.7
		23.8		293.0
Closing cash and cash equivalents				
Cheques on hand		—		—
Bank balances		245.0		23.8
(Refer Note 9 for cash and cash equivalents)		245.0		23.8

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

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

Yezdi Nagporewalla
Partner
Membership No.: 049265

Mumbai, 4th May, 2017

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

Raman Ramachandran, Ph.D.
Chairman & Managing Director
DIN: 00200297

Narendranath J. Baliga
Chief Financial Officer
DIN: 07005484

Pradeep Chandan
Company Secretary
FCS No.: F2852

R. R. Nair DIN: 00202551
R. A. Shah DIN: 00009851
Pradip P. Shah DIN: 00066242
Arun Bewoor DIN: 00024276
Rajesh Naik DIN: 06935998
Lakshmi Nadkarni DIN: 07076164
Directors

Mumbai, 4th May, 2017

Statement of changes in equity as at March 31, 2017

Rs. in million

	Notes	Total
A. Equity share capital		
As at April 1, 2015		432.9
Changes in equity share capital	13	—
As at March 31, 2016		432.9
Changes in equity share capital	13	—
As at March 31, 2017		432.9

Rs. in million

	Reserves and surplus					Other comprehensive income	Total
	Capital reserve	Securities premium	Amalgamation reserve	General reserve	Retained earnings		
B. Other equity							
As at April 1, 2015	3.0	646.5	371.7	10,046.9	181.7	—	11,249.8
(Loss) for the year	—	—	—	—	(303.7)	—	(303.7)
Remeasurement of the net defined benefit asset/liability, net of tax effect	—	—	—	—	—	(13.0)	(13.0)
Total	3.0	646.5	371.7	10,046.9	(122.0)	(13.0)	10,933.1
Less: Dividends including dividend distribution tax	—	—	—	—	(208.4)	—	(208.4)
Add: Effects from Employee stock option expense	2.5	—	—	—	—	—	2.5
Balance at March 31, 2016	5.5	646.5	371.7	10,046.9	(330.4)	(13.0)	10,727.2
Balance at April 1, 2016	5.5	646.5	371.7	10,046.9	(330.4)	(13.0)	10,727.2
(Loss) for the year	—	—	—	—	(141.3)	—	(141.3)
Remeasurement of the net defined benefit asset/liability, net of tax effect	—	—	—	—	—	50.6	50.6
Total	5.5	646.5	371.7	10,046.9	(471.7)	37.6	10,636.5
Less: Dividends including dividend distribution tax	—	—	—	—	(52.1)	—	(52.1)
Add: Effects from Employee stock option expense	5.3	—	—	—	—	—	5.3
Balance at March 31, 2017	10.8	646.5	371.7	10,046.9	(523.8)	37.6	10,589.7

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

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

Yezdi Nagporewalla
Partner
Membership No.: 049265

Mumbai, 4th May, 2017

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

Raman Ramachandran, Ph.D.
Chairman & Managing Director
DIN: 00200297

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Chief Financial Officer
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Rajesh Naik DIN: 06935998
Lakshmi Nadkarni DIN: 07076164

Directors

Mumbai, 4th May, 2017

Notes to the Financial Statements for the year ended March 31, 2017

1. Significant Accounting Policies

a. Basis of preparation

(i) Compliance with Ind AS

The financial statements of BASF India Limited ('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 Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The financial statements are presented in Indian Rupees (INR) which is also a 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.

These financial statements are the first financial statements of the Company under Ind AS. Refer note 45 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

The accounting policies adopted in the preparation of the financial statements are consistent with those of the previous year. The financial statements were authorised for issue by the Company's Board of Directors on 4th May 2017.

(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 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 & 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 42
- (b) Measurement and likelihood of occurrence of provisions and contingencies – Note 34 and 40
- (c) Recognition of deferred tax assets – Note 4
- (d) Measurement of useful lives for property, plant and equipment and intangible assets – Note 1(d) and 1(e)

c. Revenue recognition

Sales of products and Indent commission are recognised when risks and rewards of ownership of the products are passed on to the customers, which is generally on dispatch of goods and there is no significant uncertainty regarding amount of the consideration that will be derived. Sales include excise duty but exclude trade discounts, rebates and sales tax.

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

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.

Notes to the Financial Statements for the year ended March 31, 2017

1. Significant Accounting Policies (Continued)

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 standby 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.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 (transition date) measured as per the previous GAAP and use that as its deemed cost as at date of transition.

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 which may/are different than those indicated in Schedule II of the Act.

Block of asset	Useful life
Buildings	30 years
Plant and machinery	5-20 years
Computers	4 years
Vehicles	4 years
Furniture and fixtures	8 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. 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.

Notes to the Financial Statements for the year ended March 31, 2017

1. Significant Accounting Policies (Continued)

g. Borrowing

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).

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.

h. Inventories

Inventories 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. Excise duty on goods manufactured by the Company and remaining in inventory is included as a part of 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 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 Statement of Profit and 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.

Notes to the Financial Statements for the year ended March 31, 2017

1. Significant Accounting Policies (Continued)

k. Financial instruments (Continued)

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.

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 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 losses 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 32 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 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, 2017

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).

Level 1: Fair value based on quoted, unadjusted prices on active markets

Level 2: Fair value based on parameters for which directly or indirectly quoted prices on active market are available

Level 3: Fair value based on parameters for which there is no observable market data

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 provision for impairment.

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.

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 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, Employee State Insurance and Labour Welfare Fund are recognized as expense in the Statement of Profit and Loss on an accrual basis.

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. Re-measurement recognised in Other Comprehensive Income is recognised immediately in retained earnings and will be reclassified to Statement of Profit and Loss.

Notes to the Financial Statements for the year ended March 31, 2017

1. Significant Accounting Policies (Continued)

p. Employee benefits (Continued)

Eligible employees receive benefits from a provident fund which is a defined benefit/contribution 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.

Other long term employee benefits

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. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss.

Termination benefits

Compensation paid to employees under Voluntary Retirement Scheme/Severance payments are recognised as an expense 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 43 B 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

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 transfer 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 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 Statement of Profit and 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.

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.

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

Notes to the Financial Statements for the year ended March 31, 2017

1. Significant Accounting Policies (Continued)

r. Taxation (Continued)

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 is 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. 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.

Current and deferred tax is recognised in Statement of Profit and 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 includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

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.

v. Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of Cash Flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of Cash Flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable from 1 April, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The effect on the financial statements is being evaluated by the Company.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The requirements of the amendment have no impact on the financial statements as the Company does not have any cash settled awards.

Notes to the Financial Statements as at March 31, 2017

1(A). Property, plant and equipment

Rs. in million

	Gross Block					Depreciation					Net Block	Net Block
	As at April 1, 2016	Additions	Asset classified as held for sale (Note 12)	Deductions	As at March 31, 2017	As at April 1, 2016	Depreciation for the year	Asset classified as held for sale (Note 12)	Deductions	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
Freehold land	28.3	—	—	0.5	27.8	—	—	—	—	—	27.8	28.3
Leasehold land	284.3	—	—	7.9	276.4	13.2	14.8	—	0.1	27.9	248.5	271.1
Buildings (refer note)	2,890.9	527.5	3.4	6.3	3,408.7	147.6	168.4	0.2	0.3	315.5	3,093.2	2,743.3
Plant & machinery and computers	10,700.2	395.9	5.0	15.7	11,075.4	1,280.5	1,355.7	2.3	6.9	2,627.0	8,448.4	9,419.7
Furniture and fixtures	193.0	75.7	0.4	2.3	266.0	33.9	40.2	0.1	1.6	72.4	193.6	159.1
Vehicles	110.2	20.9	—	1.2	129.9	30.6	31.8	—	1.1	61.3	68.6	79.6
Office equipments	181.0	35.5	—	2.0	214.5	39.0	39.0	—	1.5	76.5	138.0	142.0
Total	14,387.9	1,055.5	8.8	35.9	15,398.7	1,544.8	1,649.9	2.6	11.5	3,180.6	12,218.1	12,843.1

1(B). Capital work-in-progress

Rs. in million

	As at April 1, 2016	Additions	Amounts Capitalised	As at March 31, 2017
Capital work-in-progress	551.4	834.4	1,057.2	328.6

1(C). Goodwill and Intangible assets

Rs. in million

	Gross Block				Amortisation				Net Block	Net Block
	As at April 1, 2016	Additions	Deductions	As at March 31, 2017	As at April 1, 2016	Amortisation/impairment for the year	Deductions	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
Goodwill	17.1	—	—	17.1	17.1	—	—	17.1	—	—
Software	98.9	0.6	—	99.5	53.3	40.4	—	93.7	5.8	45.6
Total	116.0	0.6	—	116.6	70.4	40.4	—	110.8	5.8	45.6

Note:

Buildings include **Rs. 0.03 million** (Previous Year Rs. 0.03 million) being the value of shares in various co-operative societies.

Notes to the Financial Statements as at March 31, 2017

1(A). Property, plant and equipment

Rs. in million

	Gross Block					Depreciation					Net Block	
	As at April 1, 2015	Additions	Asset classified as held for sale (Note 12)	Deductions	As at March 31, 2016	As at April 1, 2015	Depreciation for the year	Asset classified as held for sale (Note 12)	Deductions	As at March 31, 2016	As at March 31, 2016	
Freehold land	93.1	—	64.8	—	28.3	—	—	—	—	—	28.3	
Leasehold land	275.0	9.3	—	—	284.3	—	13.2	—	—	13.2	271.1	
Buildings (Note a)	2,802.1	159.2	13.6	56.8	2,890.9	—	152.5	0.9	4.0	147.6	2,743.3	
Plant & machinery and computers	9,865.5	863.0	—	28.3	10,700.2	—	1,287.2	—	6.7	1,280.5	9,419.7	
Furniture and fixtures	135.5	67.0	—	9.5	193.0	—	35.9	—	2.0	33.9	159.1	
Vehicles	74.4	39.1	—	3.3	110.2	—	32.7	—	2.1	30.6	79.6	
Office equipments	152.8	28.2	—	—	181.0	—	39.0	—	—	39.0	142.0	
Total	13,398.4	1,165.8	78.4	97.9	14,387.9	—	1,560.5	0.9	14.8	1,544.8	12,843.1	

1(B). Capital work-in-progress

Rs. in million

	As at April 1, 2015	Additions (Refer Note b)	Amounts Capitalised	Adjustment (Refer Note c)	As at March 31, 2016
Capital work-in-progress	741.8	1,117.8	1,173.6	133.6	551.4

1(C). Goodwill and Intangible assets

Rs. in million

	Gross Block				Amortisation				Net Block	
	As at April 1, 2015	Additions	Deductions	As at March 31, 2016	As at April 1, 2015	Amortisation/impairment for the year	Deductions	As at March 31, 2016	As at March 31, 2016	
Goodwill	17.1	—	—	17.1	—	17.1	—	17.1	—	
Software	91.1	7.8	—	98.9	—	53.3	—	53.3	45.6	
Total	108.2	7.8	—	116.0	—	70.4	—	70.4	45.6	

Notes:

- Buildings include Rs. 0.03 million (Previous Year Rs. 0.03 million) being the value of shares in various co-operative societies.
- Additions include borrowing costs of Rs. 12.2 million (net of interest income Rs. 0.3 million) [Previous year Rs. 105.5 million (net of interest income Rs. 26.0 million)] have been included in the additions to the capital work-in-progress.
- Deduction to capital work-in-progress represents amount recovered from group companies.
- Deemed cost as defined under Ind AS 101 is calculated as follows:

Rs. in million

Property, plant and equipment	Gross block of assets under Previous GAAP	Accumulated depreciation under Previous GAAP	Deemed cost recognised under Ind AS
Freehold land	93.1	—	93.1
Leasehold land	297.9	22.9	275.0
Buildings	3,450.1	648.0	2,802.1
Plant & machinery and computers	15,276.1	5,410.6	9,865.5
Furniture and fixtures	430.9	295.4	135.5
Vehicles	165.2	90.8	74.4
Office equipment	328.0	175.2	152.8
Total	20,041.3	6,642.9	13,398.4

Goodwill and Intangible assets	Gross block of assets under Previous GAAP	Accumulated amortisation under Previous GAAP	Deemed cost recognised under Ind AS
Goodwill	68.8	51.7	17.1
Software	205.8	114.7	91.1
Total	274.6	166.4	108.2

Notes to the Financial Statements as at March 31, 2017

2. Non-current trade receivable (Unsecured, considered good)

Rs. in million

	March 31, 2017	March 31, 2016	April 1, 2015
Long-term trade receivables	52.9	44.1	44.1
	52.9	44.1	44.1

3. Other financial assets

(Unsecured, considered good)

Rs. in million

	March 31, 2017	March 31, 2016	April 1, 2015
Refund receivable from government authorities	550.7	461.2	281.9
Security deposits	255.3	231.7	229.8
Derivatives with positive fair values	—	133.8	130.7
Loan to employees	1.2	1.7	1.8
Interest accrued but not due on fixed deposits	—	—	2.6
	807.2	828.4	646.8

4. Deferred tax assets (net)

Rs. in million

	March 31, 2017	March 31, 2016	April 1, 2015
Deferred tax assets			
Temporary differences on account of:			
Loss allowance on trade receivables	160.6	138.5	104.4
Carried forward loss	695.9	854.6	731.5
Others (Amounts allowable on a payment basis under the Income Tax Act, 1961)	225.7	218.8	184.1
Total deferred tax assets	1,082.2	1,211.9	1,020.0
Deferred tax liabilities			
Temporary differences on account of:			
Carrying value of property plant and equipment	(1,082.2)	(1,211.9)	(1,020.0)
Total deferred tax liabilities	(1,082.2)	(1,211.9)	(1,020.0)
Deferred tax assets (net)	—	—	—

Deferred tax asset arising from unused tax losses has been recognized only to the extent of sufficient taxable temporary differences (i.e. deferred tax liability) since the Company is having a trend of recent losses.

5. Other non-current assets

(Unsecured, considered good)

Rs. in million

	March 31, 2017	March 31, 2016	April 1, 2015
Capital advances	43.4	91.2	60.9
Prepayments	15.4	15.0	17.1
Amount deposited with tax authorities	245.7	152.0	71.6
	304.5	258.2	149.6

6. Current tax assets (net)

Rs. in million

	March 31, 2017	March 31, 2016	April 1, 2015
Opening balance	906.9	741.1	586.3
Add: Taxes paid	69.5	165.8	154.8
Less: Current tax payable for the year	—	—	—
Closing balance	976.4	906.9	741.1

Notes to the Financial Statements as at March 31, 2017

7. Inventories

(Valued at lower of cost and net realisable value)

Rs. in million

	March 31, 2017	March 31, 2016	April 1, 2015
Raw materials	3,914.3	2,938.2	3,794.3
Finished goods	2,627.6	2,338.6	3,339.2
Traded goods	2,482.7	2,638.5	2,625.6
Stock-in-process	48.0	43.4	38.2
Others			
Packing materials	120.8	110.3	103.2
Fuel oil	7.9	6.8	7.2
	9,201.3	8,075.8	9,907.7
Goods in transit (included above)			
Raw materials	1,873.6	1,008.4	1,489.6
Traded goods	1,178.0	846.3	1,158.7

Amounts recognised in Statement of Profit and Loss

(Write-up)/Write downs of inventories to net realisable value amounted to **Rs. (139.2) million** (Previous Year Rs. 13.9 million). These were recognised as an (income)/expense during the year and included in 'cost of materials consumed' in Statement of Profit and Loss.

8. Trade receivables

Rs. in million

	March 31, 2017	March 31, 2016	April 1, 2015
Considered good:			
– Secured	57.4	88.0	139.0
– Unsecured	10,852.4	10,335.4	9,179.3
	10,909.8	10,423.4	9,318.3
Considered doubtful	464.0	400.0	301.7
	11,373.8	10,823.4	9,620.0
Less: Loss allowance on trade receivables	464.0	400.0	301.7
	10,909.8	10,423.4	9,318.3
<i>Of the above, dues from companies where directors are interested</i>	77.2	24.1	57.4

9. Cash and bank balances

Rs. in million

	March 31, 2017	March 31, 2016	April 1, 2015
<i>Cash and cash equivalents</i>			
Cheques on hand	—	—	76.3
Balances with banks:			
– In current accounts	245.0	23.8	216.7
	245.0	23.8	293.0
<i>Bank balances other than cash and cash equivalents:</i>			
– In unpaid dividend account	5.9	7.3	8.3
– Deposits with original maturity of more than three months but less than twelve months	0.1	0.6	975.6
	6.0	7.9	983.9
	251.0	31.7	1,276.9
Of the above			
Restricted bank balance (unpaid dividend account)	5.9	7.3	8.3

The disclosure requirement as envisaged in notification G.S.R. 308 (E) dated 30th March, 2017 is not applicable to the Company as it does not maintain any cash balance.

Notes to the Financial Statements as at March 31, 2017

10. Other financial assets

(Unsecured, considered good)

Rs. in million

	March 31, 2017	March 31, 2016	April 1, 2015
<i>To parties other than related parties</i>			
Security deposits	195.9	205.2	237.3
Derivatives with positive fair values	26.5	1.7	1.6
Loan to employees	13.4	11.1	4.9
	235.8	218.0	243.8

11. Other current assets

(Unsecured, considered good)

Rs. in million

	March 31, 2017	March 31, 2016	April 1, 2015
Prepayments	55.3	64.6	135.6
Advances to vendors	360.2	687.5	439.9
Balances with government authorities	3,023.4	2,709.5	2,768.3
Balance with gratuity fund	5.8	—	—
	3,444.7	3,461.6	3,343.8

12. Assets classified as held for sale

Rs. in million

	March 31, 2017	March 31, 2016	April 1, 2015
Assets held for sale	69.4	77.4	4.3
	69.4	77.4	4.3
Asset held for sale includes following:			
Non-core assets (residential apartments)	1.4	15.5	4.3
Land for biotechnology research	61.9	61.9	—
Leather chemical business assets	6.1	—	—
Total	69.4	77.4	4.3
Fair value measurement:			
Non-core assets (residential apartments)	201.5	243.6	130.0
Land for biotechnology research	61.9	61.9	—
Leather chemical business assets	6.1	—	—
Total	269.5	305.5	130.0

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 intends to dispose off land for biotechnology research. No impairment loss was recognised on reclassification of the freehold land as held for sale.
- (iii) The Company intends to dispose off leather chemical business assets pursuant to global divestment.

Notes to the Financial Statements as at March 31, 2017

13. Share capital

Rs. in million

	March 31, 2017	March 31, 2016	April 1, 2015
Authorised:			
54,359,715 (Previous Year 54,359,715) Equity Shares of Rs. 10/- each	543.6	543.6	543.6
Issued:			
43,285,640 (Previous Year 43,285,640) Equity Shares of Rs. 10/- each	432.9	432.9	432.9
Subscribed and paid-up:			
43,284,958 (Previous Year 43,284,958) Equity Shares of Rs. 10/- each fully paid	432.9	432.9	432.9
	432.9	432.9	432.9

a. Reconciliation of number of equity shares outstanding as at the beginning and at the end of reporting year

Particulars	March 31, 2017		March 31, 2016		April 1, 2015	
	Number	Rs. in million	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	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	March 31, 2017	March 31, 2016	April 1, 2015
BASF Societas Europea	Ultimate Holding Company	20,939,259	20,939,259	20,939,259
BASF Schweiz AG	Subsidiary of Ultimate Holding Company	8,907,900	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	1,896,061	1,896,061

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

Name of Shareholder	Relationship	March 31, 2017		March 31, 2016		April 1, 2015	
		Number	Percentage	Number	Percentage	Number	Percentage
BASF Societas Europea	Ultimate Holding Company	20,939,259	48.37%	20,939,259	48.37%	20,939,259	48.37%
BASF Schweiz AG	Subsidiary of Ultimate Holding Company	8,907,900	20.58%	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, 2017

14. Other equity

Rs. in million

	March 31, 2017	March 31, 2016	April 1, 2015
Securities premium reserve	646.5	646.5	646.5
Amalgamation reserve	371.7	371.7	371.7
General reserve	10,046.9	10,046.9	10,046.9
Capital reserves	10.8	5.5	3.0
Retained earnings	(486.2)	(343.4)	181.7
	10,589.7	10,727.2	11,249.8

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 Companies Act, 2013

Securities premium reserve	March 31, 2017	March 31, 2016
Balance at beginning of the year	646.5	646.5
Balance at end of the year	646.5	646.5

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 Companies Act, 2013

Amalgamation reserve	March 31, 2017	March 31, 2016
Balance at beginning of the year	371.7	371.7
Balance at end of the year	371.7	371.7

Capital reserve

Capital reserve is used to account for effects from employee stock option expense.

Capital reserve	March 31, 2017	March 31, 2016
Balance at beginning of the year	5.5	3.0
Add: Effects from Employee stock option expense	5.3	2.5
Balance at end of the year	10.8	5.5

General reserve	March 31, 2017	March 31, 2016
Balance at beginning of the year	10,046.9	10,046.9
Balance at end of the year	10,046.9	10,046.9

Surplus	March 31, 2017	March 31, 2016
Balance at beginning of the year	(343.4)	181.7
Add: Net (Loss) for the year	(141.3)	(303.7)
Items of other comprehensive income/(loss)		
Add/(Less): Remeasurement of the net defined benefit asset/liability, net of tax effect	50.6	(13.0)
Less: Dividend	(43.3)	(173.1)
Less: Tax on proposed dividend	(8.8)	(35.3)
Balance at end of the year	(486.2)	(343.4)

Notes to the Financial Statements as at March 31, 2017

15. Borrowings (non-current)

(Unsecured)

Rs. in million

	March 31, 2017	March 31, 2016	April 1, 2015
Term loan from related party:			
– External Commercial Borrowings from BASF Belgium Coordination Center Comm. V.	9,105.2	9,255.7	9,522.0
Less: Current maturities of long-term debt (refer note 21)	(2,177.3)	—	—
	6,927.9	9,255.7	9,522.0

Terms of repayment

Interest is payable half yearly on 15th June and 15th December at 4.93% p.a. The repayment schedule is as follows:

Financial Year	Amount payable in USD (Million) March 31, 2017	Amount payable in USD (Million) March 31, 2016	Amount payable in USD (Million) April 1, 2015
2017-18	33.0	33.0	45.0
2018-19	76.5	76.5	76.5
2019-20	5.0	5.0	28.5
2020-21	23.5	23.5	—
Total term loans from related parties	138.0	138.0	150.0

16. Other financial liabilities

Rs. in million

	March 31, 2017	March 31, 2016	April 1, 2015
Derivatives with negative fair values	867.0	271.5	281.1
Accrual for employee benefits	70.9	64.3	89.1
	937.9	335.8	370.2

17. Provisions

Rs. in million

	Non-current			Current		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Provision for employee benefits:						
– Compensated absences	309.0	285.0	281.5	41.2	47.1	47.8
– Long service award	31.3	30.1	28.8	3.1	3.0	4.1
– Gratuity (Refer note 42)	—	—	—	—	64.2	61.7
Other provisions (Refer note 40)	—	—	—	227.9	218.9	86.1
	340.3	315.1	310.3	272.2	333.2	199.7

Notes to the Financial Statements as at March 31, 2017

18. Other non-current liabilities

Rs. in million

	March 31, 2017	March 31, 2016	April 1, 2015
Others:			
– Deposits from customers	77.4	65.0	276.8
– Others	0.4	0.4	3.7
	77.8	65.4	280.5

19. Borrowings (Current) (Unsecured)

Rs. in million

	March 31, 2017	March 31, 2016	April 1, 2015
Overdraft facilities from bank	660.3	236.5	—
Short-term loan from bank	749.9	—	3,800.0
Commercial papers	2,250.0	4,000.0	2,680.0
	3,660.2	4,236.5	6,480.0

Overdraft facilities and Short-term loan from banks carry average interest ranging from 6% to 9% p.a. computed on daily basis on the actual amount utilised and is repayable on demand and maturity respectively.

Commercial papers carry average interest ranging from 6% to 7% p.a. repayable on maturity in May 2017.

20. Trade payables

Rs. in million

	March 31, 2017	March 31, 2016	April 1, 2015
Micro, Small and Medium Enterprises (Refer Note 37)	35.4	35.7	18.8
Others	12,269.7	11,022.2	9,928.0
	12,305.1	11,057.9	9,946.8

21. Other financial liabilities

Rs. in million

	March 31, 2017	March 31, 2016	April 1, 2015
Current maturities of long-term debts (Refer Note 15)	2,177.3	—	—
Unpaid dividends*	5.9	7.3	7.4
Capital creditors	128.0	209.8	120.6
Derivatives with negative fair values	294.2	140.5	44.1
Interest accrued but not due on borrowings	139.9	136.9	151.0
	2,745.3	494.5	323.1

* There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.

22. Other current liabilities

Rs. in million

	March 31, 2017	March 31, 2016	April 1, 2015
Advances received from customers	278.0	354.4	671.8
Other payables:			
– In the nature of statutory dues	238.2	157.0	137.7
	516.2	511.4	809.5

Notes to the Financial Statements for the year ended March 31, 2017

23. Other income

Rs. in million

	March 31, 2017	March 31, 2016
Interest income (Gross)	12.2	18.5
Less: Transferred to capital work-in-progress	—	(0.3)
Miscellaneous income	102.9	10.8
	115.1	29.0

24. Cost of materials consumed

Rs. in million

	March 31, 2017	March 31, 2016
Raw materials:		
Stock at commencement	2,938.2	3,794.3
Add: Purchases	19,570.7	18,328.1
Less: Stock at close	(3,914.3)	(2,938.2)
	18,594.6	19,184.2
Packing materials consumed	938.3	903.1
	19,532.9	20,087.3

25. Changes in inventories

Rs. in million

	March 31, 2017	March 31, 2016
Stock at close		
Finished goods	2,627.6	2,338.6
Traded goods	2,482.7	2,638.5
Stock-in-process	48.0	43.4
Sub-total	5,158.3	5,020.5
Stock at commencement		
Finished goods	(2,338.6)	(3,339.2)
Traded goods	(2,638.5)	(2,625.6)
Stock-in-process	(43.4)	(38.2)
Sub-total	(5,020.5)	(6,003.0)
	(137.8)	982.5

26. Employee benefit expenses

Rs. in million

	March 31, 2017	March 31, 2016
Salaries, wages, bonus	2,792.7	2,795.4
Contribution to provident and other funds (Refer Note 42)	184.5	170.2
Share based payments (Refer Note 42)	5.3	2.5
Gratuity (Refer Note 42)	46.5	53.2
Staff welfare expense	254.6	254.5
	3,283.6	3,275.8

Notes to the Financial Statements for the year ended March 31, 2017

27. Finance costs

Rs. in million

	March 31, 2017	March 31, 2016
Interest on borrowings	705.9	1,007.2
Add: Exchange differences regarded as an adjustment to borrowing costs	(151.9)	486.1
Total interest cost	554.0	1,493.2
Add: Effects from fair valuation of long-term derivatives	862.4	(12.7)
	1,416.4	1,480.6

28. Depreciation and amortisation

Rs. in million

	March 31, 2017	March 31, 2016
Depreciation expense	1,649.9	1,560.5
Amortisation expense	40.4	70.4
	1,690.3	1,630.9

29. Other expenses

Rs. in million

	March 31, 2017	March 31, 2016
Freight and handling charges	1,546.2	1,458.3
Power and fuel	973.1	1,144.0
Professional charges	676.4	753.4
Communication/system expenses	773.1	984.0
Foreign exchange loss (net)	306.7	375.5
Sales promotion expenses	353.5	401.6
Travelling	329.2	443.2
Rent (Refer Note 36)	762.5	814.9
Royalty	436.4	471.1
Consumption of stores and spare parts	303.7	286.3
Service fees	153.8	142.9
Repairs — Machinery	241.9	191.7
— Buildings	89.1	106.6
— Others	28.8	43.8
Insurance	84.4	84.9
Rates and taxes		
— Excise duty	48.1	(19.6)
— Others	133.7	190.4
Bad debts written off	40.5	18.6
Loss allowance on trade receivables (net)	64.0	98.3
Loss on sale of property, plant and equipment (net)	16.4	16.0
Miscellaneous expenses	573.4	603.5
Corporate Social Responsibility expenses (Refer Note 41)	1.4	6.6
	7,936.3	8,616.0

Notes to the Financial Statements for the year ended March 31, 2017

30. Income tax expense

Rs. in million

	March 31, 2017	March 31, 2016
(a) Income tax expense		
<i>Current tax</i>		
Current tax	—	—
Income tax for previous periods	16.6	—
Total current tax expense	16.6	—
<i>Deferred tax</i>		
Decrease/(Increase) in deferred tax asset	129.7	(191.9)
(Increase)/Decrease in deferred tax liabilities	(129.7)	191.9
Total deferred tax expense/(benefit)	—	—
Income tax expense	16.6	—
(b) Reconciliation of tax expense and the accounting profit multiplied with India's tax rate:		
(Loss) before income tax expense	(124.7)	(303.7)
Income tax rate	34.6%	34.6%
Taxable income	(43.2)	(105.1)
Tax effect of amount which are not deductible (taxable) in calculating taxable income	—	—
Income tax expense	—	—
(c) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	1,726.7	1,244.1
Potential tax benefit @ 34.61%	597.6	430.6

Unused tax losses represents unabsorbed depreciation which can be carried forward indefinitely.

31. Payment to auditors (net of service tax)

Rs. in million

	March 31, 2017	March 31, 2016
As auditors	10.4	10.4
For other services	6.1	5.9
For reimbursement of expenses	2.0	1.7
Total	18.5	18.0

Notes to the Financial Statements for the year ended March 31, 2017

32. 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 accounting standard Ind AS 113.

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.

Rs. in million

	Fair value hierarchy	Valuation category and technique	March 31, 2017	March 31, 2016	April 1, 2015
Financial assets					
Derivatives - no hedge accounting	Level 2	Fair value through profit and loss. 'Valuation technique - The use of dealer quotes for similar instruments'.	26.5	135.5	132.3
Financial liabilities					
Derivatives - no hedge accounting	Level 2	Fair value through profit and loss. 'Valuation technique - The use of dealer quotes for similar instruments'.	1,161.2	411.9	325.1

The Company has exposure to following risks and how these risks are mitigated:

(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 non-performance 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, 2017

32. 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

	March 31, 2017	March 31, 2016	March 31, 2015
Trade payable			
USD	7,445.5	7,193.9	6,757.4
AUD	0.2	0.1	—
CHF	0.2	1.3	1.4
EUR	36.1	31.0	26.2
GBP	0.5	—	0.6
JPY	14.5	0.3	—
SEK	—	0.2	—
Non-current borrowings			
USD	9,105.2	9,255.7	9,522.0
Other current liabilities			
USD	1.9	—	—
Trade receivables			
USD	1,725.2	2,041.8	1,446.6
EUR	11.9	673.7	22.8
THB	—	0.2	—
Other current assets			
USD	23.2	—	—
EUR	1.2	—	—
SEK	2.7	—	—
Other non-current asset			
USD	1.4	—	—
CHF	0.6	—	—
EUR	0.7	—	—
GBP	—	1.7	—
Cash and cash equivalents (EEFC account)			
USD	111.9	—	—

	March 31, 2017	March 31, 2016
Forward contracts		
USD	14,684.9	14,246.6
EUR	—	(634.1)

	March 31, 2017	March 31, 2016
Net exposure		
USD	6.1	161.2
EUR	22.2	(8.6)
JPY	14.5	0.3
GBP	0.5	(1.7)
AUD	0.2	0.1
CHF	(0.4)	1.3
SEK	(2.7)	0.2

(b) Sensitivity

The sensitivity of profit or loss to changes in exchange rates by 10%* arises mainly from foreign currency denominated financial instruments

Currency	March 31, 2017		March 31, 2016	
	Increase in profit	Decrease in profit	Increase in profit	Decrease in profit
USD	0.1	(0.1)	16.1	(16.1)
EUR	2.2	(2.2)	1.4	(1.4)
JPY	1.2	(1.2)	0.3	(0.3)

* Holding all other variables constant

Notes to the Financial Statements for the year ended March 31, 2017

32. 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 company's requirement.

(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

	Weighted average interest rates	% of total loans	March 31, 2017	Weighted average interest rates	% of total loans	March 31, 2016
External commercial borrowings	4.9%	71.3%	9,105.2	4.9%	68.6%	9,255.7
Short term borrowings, Commercial paper, Overdraft facilities	8.0%	28.7%	3,660.2	8.0%	31.4%	4,236.5
Total borrowings		100%	12,765.4		100%	13,492.2

(b) Sensitivity

The sensitivity of profit or loss to changes in exchange rates arises mainly from changes in interest rates:

Rs. in million

	March 31, 2017	March 31, 2016
Interest rates increase by 100 basis points*	128.0	134.9
Interest rates decrease by 100 basis points*	(128.0)	(134.9)

* Holding all 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. 9,447 million** (Previous Year Rs. 8,178 million), Debentures for **Rs. 200 million** (Previous Year Rs. 200 million) as on 31 March 2017.

(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. Future cash flows are not discounted here. 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 March 31, 2017	Upto 1 year	1 year to 2 years	2 years to 3 years	more than 3 years	Total
Non-derivatives					
Borrowings	5,837.5	5,047.5	329.9	1,550.5	12,765.4
Trade payables	12,305.1	—	—	—	12,305.1
Other financial liabilities	273.8	70.9	—	—	344.7
Total non-derivative liabilities	18,416.4	5,118.4	329.9	1,550.5	25,415.2
Derivatives					
Derivatives with negative fair values	294.2	610.8	256.2	—	1,161.2
Total derivative liabilities	294.2	610.8	256.2	—	1,161.2

Notes to the Financial Statements for the year ended March 31, 2017

32. Fair value measurement (Continued)

(iii) Liquidity risk (Continued)

(b) Maturities of financial liabilities (Continued)

Rs. in million

Contractual maturities of financial liabilities March 31, 2016	Upto 1 year	1 year to 2 years	2 years to 3 years	more than 3 years	Total
Non-derivatives					
Borrowings	4,236.5	2,213.3	5,130.9	1,911.5	13,492.2
Trade payables	11,057.9	—	—	—	11,057.9
Other financial liabilities	354.0	64.3	—	—	418.3
Total non-derivative liabilities	15,648.4	2,277.6	5,130.9	1,911.5	24,968.4
Derivatives					
Derivatives with negative fair values	140.5	211.4	60.1	—	411.9
Total derivative liabilities	140.5	211.4	60.1	—	411.9

Contractual maturities of financial liabilities April 1, 2015	Upto 1 year	1 year to 2 years	2 years to 3 years	more than 3 years	Total
Non-derivatives					
Borrowings	6,480.0	—	2,856.6	6,665.4	16,002.0
Trade payables	9,946.8	—	—	—	9,946.8
Other financial liabilities	279.0	89.1	—	—	368.1
Total non-derivative liabilities	16,705.8	89.1	2,856.6	6,665.4	26,316.9
Derivatives					
Derivatives with negative fair values	44.1	210.7	70.3	—	325.1
Total derivative liabilities	44.1	210.7	70.3	—	325.1

(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 grant 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.

(a) Provision for expected credit loss

– For trade receivables under life time expected credit loss model (simplified approach)

Year ended March 31, 2017

Rs. in million

Ageing	Not due	0-90 days past due	091-180 days past due	181-270 days past due	271-360 days past due	More than 360 days past due	Total
Gross carrying amount	9,883.1	896.0	142.3	135.3	47.0	322.9	11,426.6
Less: carrying amount of receivable from related parties*	1,386.0	137.0	15.3	0.3	0.0	8.3	1,546.9
Balance carrying amount	8,497.1	759.0	127.0	135.0	47.0	314.6	9,879.7
Expected loss rate	0%	3.4%	19.9%	47.4%	73.8%	100%	
Expected credit losses (loss allowance provision)	0.1	25.6	25.3	64.0	34.4	314.6	464.0
Carrying amount of trade receivable (net of impairment)	9,883.0	870.4	117.0	71.3	12.3	8.7	10,962.7

Notes to the Financial Statements for the year ended March 31, 2017

32. Fair value measurement (Continued)

(iv) Credit risk (Continued)

(a) Provision for expected credit loss (Continued)

Year ended March 31, 2016

Rs. in million

Ageing	Not due	0-90 days past due	091-180 days past due	181-270 days past due	271-360 days past due	More than 360 days past due	Total
Gross carrying amount	9,451.2	868.7	113.2	76.5	62.1	295.8	10,867.5
Less: carrying amount of receivable from related parties*	2,065.3	20.2	0.1	3.3	5.4	15.4	2,109.6
Balance carrying amount	7,385.9	848.5	113.1	73.2	56.7	280.4	8,757.9
Expected loss rate	0%	1.3%	6.6%	60.2%	100.0%	100.0%	
Expected credit losses (loss allowance provision)	—	11.2	7.5	44.2	56.7	280.4	400.0
Carrying amount of trade receivable (net of impairment)	9,451.2	857.5	105.7	32.4	5.4	15.3	10,467.5

Year ended March 31, 2015

Ageing	Not due	0-90 days past due	091-180 days past due	181-270 days past due	271-360 days past due	More than 360 days past due	Total
Gross carrying amount	8,177.3	1,008.1	114.5	49.4	34.7	280.0	9,664.1
Less: carrying amount of receivable from related parties*	1,635.5	32.7	0.1	4.0	2.0	10.8	1,685.0
Balance carrying amount	6,541.8	975.4	114.4	45.4	32.7	269.2	7,979.1
Expected loss rate	0%	0.1%	1.2%	14.9%	70.9%	100.0%	
Expected credit losses (loss allowance provision)	—	1.0	1.4	6.8	23.2	269.3	301.7
Carrying amount of trade receivable (net of impairment)	8,177.3	1,007.2	113.1	42.6	11.5	10.7	9,362.4

* Related party receivables are not subjected to expected credit loss as there is no default risk.

– For other financial assets - High quality assets, negligible credit risk (under 12 month 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, 2017	1,043.0	0%	—	1,043.0
March 31, 2016	1,046.4	0%	—	1,046.4
April 1, 2015	890.6	0%	—	890.6

(b) Reconciliation of loss allowance provision

Loss allowance on April 1, 2015	301.7
Changes in loss allowance	98.3
Loss allowance on March 31, 2016	400.0
Changes in loss allowance	64.0
Loss allowance on March 31, 2017	464.0

Significant estimates and judgements

Impairment of financial assets

The impairment provision for the financial assets disclosed above are based on 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.

Notes to the Financial Statements for the year ended March 31, 2017

33. 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 part of the Company's financial planning.

Generally a mix of commercial paper programme and bank loans is used for short term financing while group loans are used for financing funding requirements.

The goal is to optimise the Company's capital cost financing conditions.

The Company monitors capital on the basis of the following ratios:

1. **Equity ratio** - Total equity divided by Total assets

Rs. in million

	March 31, 2017	March 31, 2016	April 1, 2015
Total equity	11,022.6	11,160.1	11,682.7
Total assets	38,805.5	37,765.6	39,924.8
Equity ratio	28.4%	29.6%	29.3%

2. **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

	March 31, 2017	March 31, 2016	April 1, 2015
Total debt	12,765.4	13,492.2	16,002.0
Total equity	11,022.6	11,160.1	11,682.7
Equity ratio	1.2	1.2	1.4

(b) Dividends

Rs. in million

	March 31, 2017	March 31, 2016
(i) Equity shares		
Dividend for the year March 31, 2016 of Re. 1 (March 31, 2015 of Rs. 4) per fully paid share	43.3	173.1
Proposed dividend		
(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 Re. 1 for the year ended March 31, 2017 (Previous year Re. 1) per fully paid share. This proposed dividend is subject to the approval of shareholders in the ensuing Annual General Meeting	43.3	43.3

34. Contingent liabilities

Rs. in million

Nature	March 31, 2017	March 31, 2016
Contingent liabilities not provided for		
a) Claims against the Company not acknowledged as debt	51.9	59.4
In respect of which the Company has counterclaim	—	68.7
b) Demand for taxes and duties in respect of which the company has preferred appeals with appropriate authorities		
a. Income tax	767.7	636.1
b. Customs, Excise, Service tax and Sales tax *	135.8	138.8

* Commercial taxes department had issued demand notices amounting to Rs. 956.9 million (excludes interest and penalty) for the periods April 2006 - March 2010 and periods February 2011 to March 2011 by treating 100%

Notes to the Financial Statements for the year ended March 31, 2017

34. Contingent liabilities (Continued)

of the stock transfers as interstate sales to unregistered dealers. The Company had filed appeals against the aforesaid demand notices with the Honorable Karnataka Appellate Tribunal which set aside and remanded back the impugned reassessment orders for the above referred periods for fresh assessment to lower authorities. In view of this outcome, currently there are no demand notices against the Company and thus the contingent liability on this account is Nil (Previous Year Rs. Nil). Infact, the Company was aggrieved by certain observations & inferences of the Honorable Karnataka Appellate Tribunal and thus had filed the relevant appeals with the Honorable Central Sales Tax Appellate Authority (CSTAA), New Delhi.

Under the de-novo re-assessment proceedings, the Commercial taxes department has issued proposition notices amounting to Rs. 748.8 million (excludes interest and penalty) for the periods April 2006 – March 2010. However, the Company has requested to the tax authorities to keep these proceedings in abeyance during the pendency of the above referred appeals at CSTAA.

The Company, on the basis of legal opinions, does not consider these stock transfers as interstate sales.

35. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided (net of advances) for **Rs. 336.8 million** (Previous Year Rs. 536.7 million).

36. Operating lease

The Company has taken vehicles and office facilities under operating leases.

a) Total minimum lease payments in respect of non-cancellable leases are as follows:

	Rs. in million	
	March 31, 2017	March 31, 2016
Due		
Not later than one year	24.3	102.6
Later than one year but not later than five years	10.5	25.5
Later than five years	—	—
Total	34.8	128.1

b) Lease rent of **Rs. 762.5 million** (Previous Year Rs. 814.9 million) towards cancellable and non cancellable leases has been included under "Rent" in the Statement of Profit and Loss.

37. 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 above Act are made for the amounts due to the Micro and Small enterprises, who have registered with the competent authorities:

	Rs. in million	
Particulars	March 31, 2017	March 31, 2016
The principal amount and the interest due thereon remaining unpaid to any Micro/Small supplier as at the end of the year.	35.4	35.7
The interest paid by the buyer as above, along with the amount of payments made beyond the appointed date during each accounting 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.	—	3.9
The amount of interest accrued and remaining unpaid at the end of each accounting year.	0.4	5.7
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 small/micro enterprise.	14.2	13.8

Notes to the Financial Statements for the year ended March 31, 2017

38. Exceptional items

Rs. in million

Particulars	March 31, 2017	March 31, 2016
Profit on sale of its non-core assets (i.e. residential properties)	58.4	820.6
Profit on divestiture of industrial coatings business pursuant to global divestment	111.7	—
Profit on divestiture of textile chemical business pursuant to global divestment	—	900.5
Total	170.1	1,721.1

39. 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
March 31, 2017			
Financial assets			
Trade receivable	11,364.0	401.3	10,962.7
Total	11,364.0	401.3	10,962.7
March 31, 2016			
Financial assets			
Trade receivable	10,698.1	230.6	10,467.5
Total	10,698.1	230.6	10,467.5
April 1, 2015			
Financial assets			
Trade receivable	9,592.5	230.1	9,362.4
Total	9,592.5	230.1	9,362.4

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 receivable and only the net amount is settled.

40. Other provisions

Rs. in million

	March 31, 2017	March 31, 2016
At the commencement of the year	218.9	86.1
Provisions made during the year	9.0	132.8
At the end of the year	227.9	218.9

Other provisions represents provisions for certain tax related items, the outflow of which would depend on the cessation of the respective events.

41. Corporate Social Responsibility ('CSR')

As per Section 135 of the Act, a Company meeting the applicability threshold, needs to spend at least 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. Nil** (Previous Year Rs. 18 million)

(b) The areas of CSR activities and contributions made thereto are as follows:

Rs. in million

Amount spent during the year on ;	March 31, 2017	March 31, 2016
1) Construction/Acquisition of any assets	—	—
2) For purposes other than (1) above:		
– Promoting education facilities, sanitation and making available safe drinking water	1.4	6.6

Notes to the Financial Statements for the year ended March 31, 2017

42. Employee Benefits

Defined contribution plans:

Company's contribution to defined contribution funds amounting to **Rs. 49.8 million** (Previous Year Rs. 53.1 million) has been charged to the Statement of Profit and Loss.

Defined benefit plans and other Long term employee benefits:

Gratuity is payable to all eligible employees of the Company on superannuation, 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.

Eligible employees can carry forward and encash leave on superannuation, death, permanent disablement and resignation as per Company's policy.

Long Service Awards are payable to employees on completion of specified years of service.

Rs. in million

	Gratuity Funded	
	March 31, 2017	March 31, 2016
a) Reconciliation of present value of defined benefit obligation		
Balance at the beginning of the year	567.5	545.2
Benefits paid	(40.5)	(56.9)
Current service cost	45.6	51.4
Interest cost	42.6	40.0
Past service gain	—	—
Actuarial gain/loss recognised in Other Comprehensive Income		
– Changes in demographic assumption	(5.0)	—
– Changes in financial assumptions	29.3	(2.3)
– Changes of experience adjustments	(76.0)	(7.9)
Transfers in/(out)	—	(2.0)
Balance at the end of the year	563.6	567.5
b) Reconciliation of present value of plan assets		
Balance at the beginning of the year	503.3	483.4
Contributions paid into plan	64.2	61.9
Benefits paid	(40.5)	(56.9)
Return on plan assets (excluding interest income)	(0.9)	(23.2)
Interest cost	41.7	38.2
Return on plan assets recognised as Other Comprehensive Income	—	—
Balance at the end of the year	567.8	503.3
c i) Expenses recognised in the Statement of Profit and Loss		
Current service cost	45.6	51.4
Interest cost	42.6	40.0
Past service gain	—	—
Interest income	(41.7)	(38.2)
Expenses recognised in the Statement of Profit and Loss	46.5	53.2
ii) Remeasurements recognised in Other Comprehensive Income		
Actuarial (loss) on defined benefit obligation	(51.5)	(10.2)
Return on plan assets excluding interest income	0.9	23.3
	(50.6)	13.0

Notes to the Financial Statements for the year ended March 31, 2017

42. Employee Benefits (Continued)

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:-

	March 31, 2017	March 31, 2016	April 1, 2015
Government of India securities	8%	9%	10%
State government securities	45%	45%	44%
Public Sector Unit bonds	7%	11%	15%
Private sector bonds	25%	19%	17%
Fixed deposit and others	8%	8%	6%
Special deposit scheme	5%	7%	7%
Mutual funds	2%	1%	1%
Total	100%	100%	100%

The assumptions used for actuarial valuation as at 31st March are as follows:-

	March 31, 2017	March 31, 2016	April 1, 2015
Discount rate	7%	8%	8%
Expected salary increase rate	6% - 8% p.a.	6% - 8% p.a.	6% - 8% p.a.
Attrition Rate	2% - 6% p.a.	2% - 6% p.a.	2% - 6% p.a.
In-service mortality rates	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) 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.

The estimate of future salary increase, considered in the actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Rs. in million

Expected total benefit payments	March 31, 2017	March 31, 2016
Year 1	64.4	58.4
Year 2	53.7	54.5
Year 3	54.3	48.8
Year 4	39.2	50.7
Year 5	45.9	35.9
Next 5 years	199.4	215.2

Sensitivity analysis - defined benefit obligation end of period

Rs. in million

	March 31, 2017	March 31, 2016
Discount rate +100 basis points	(524.1)	(525.5)
Discount rate -100 basis points	605.2	615.3
Salary Increase Rate +1%	601.7	612.0
Salary Increase Rate -1%	(526.4)	(527.6)
Attrition Rate +1%	(560.8)	(567.4)
Attrition Rate -1%	563.5	567.3

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

Notes to the Financial Statements for the year ended March 31, 2017

42. Employee Benefits (Continued)

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 contribution expected to be made by the Company during the financial year **2017-2018 is Rs. 68.0 million** (Previous Year Rs. 64.2 million)

Risk exposure

The fund assets 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-rating 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 15% of the total portfolio at any time. Further, investments are made only in high grade bonds of up to AA+ rating. 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.

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 and there is no shortfall as at March 31, 2017.

The details of fund and plan assets position as at 31 March is given below:

Rs. in million

	March 31, 2017	March 31, 2016
Plan assets as year end, at fair value	2,732.5	2,341.4
Present value of benefit obligation at year end	2,711.4	2,336.0
Cost of shortfall in interest rate guarantee	—	—
Assumptions used in determining the present value obligation to the interest rate guarantee under the Deterministic Approach:		
– Discount rate	7.1%	7.8%
– Average remaining tenure of the investment portfolio	6 years	7 years
– Expected guaranteed interest rate	8.7%	9.0%

During the year ended 31st March, 2017, amount recognised in the Statement of Profit and Loss for Employee provident fund is **Rs. 118.8 million** (Previous Year Rs. 121.1 million).

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.

Notes to the Financial Statements for the year ended March 31, 2017

42. Employee Benefits (Continued)

Share-based payments (Continued)

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 forfeit, without any subsequent payment obligations toward 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 these 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.

		March 31, 2017	March 31, 2016	April 1, 2015
Charge included in employee benefit expense (note 26)	Rs. in million	5.3	2.5	—
Adjustment in equity on transition to Ind AS	Rs. in million	—	—	3.0
Options outstanding at the beginning of the year	Nos	6,053.0	2,246.0	—
Options granted during the year	Nos	2,236.0	3,807.0	2,246.0
Options forfeited, exercised or expired during the year	Nos	(96.0)	—	—
Outstanding at the end of the year	Nos	8,193.0	6,053.0	2,246.0
Fair value of options and parameters used for valuation		Dec 31, 2016	Dec 31, 2015	Dec 31, 2014
Fair value of BASF SE's shares	Euro	46.7	22.7	20.8
Volume-weighted average market price of BASF SE's shares	Euro	69.9	88.7	81.0
Expected volatility of BASF SE's shares	%	25.0	29.1	28.6
Dividend yield	%	3.3	4.0	3.9
Risk-free interest rate	%	(0.1)	0.4	0.3

43. Operating Segments

The Company has following business segments for reporting purpose.

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.
- Performance Products – The Performance Products segment consists of the Dispersions & Pigments, Care Chemicals, Nutrition & Health and Performance Chemicals divisions.
- Speciality Chemicals and high-value fine chemicals for the food, pharmaceuticals, animal feed and cosmetics industries. Speciality chemicals include additives, water treatment and paper treatment, home and fabric care chemicals.
- Chemicals – The Chemicals segment consists of the Petrochemicals, Monomers and Intermediates divisions.
- Functional Materials & Solutions – The Functional Materials & Solutions segment comprises the Catalysts, Construction Chemicals, Coatings and Performance Materials divisions.
- Others – Includes technical and service charges other than those specifically identifiable to above segments.

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, 2017

43. Operating Segments (Continued)

(a) Business Segments

The previous year's figures are given in light type below each item

Rs. in million

	Agricultural Solution	Performance Products	Chemicals	Functional Materials & Solutions	Others	Un-allocated	Total
Segment revenue	7,254.8	22,620.2	2,316.1	22,073.2	993.6	—	55,257.9
	6,732.1	20,720.5	2,690.5	20,470.2	954.8	—	51,568.2
Less: Inter-segment revenue	—	—	—	—	—	—	—
Sales/Revenue from operations	7,254.8	22,620.2	2,316.1	22,073.2	993.6	—	55,257.9
	6,732.1	20,720.5	2,690.5	20,470.2	954.8	—	51,568.2
Segment result	350.9	544.8	408.2	57.8	57.6	—	1,419.3
	441.7	225.3	(341.3)	(572.8)	73.5	—	(173.6)
Finance costs						1,416.4	1,416.4
						1,480.6	1,480.6
Interest income						12.2	12.2
						18.2	18.2
Other un-allocable expenditure net of un-allocable income						309.8	309.8
						388.9	388.9
(Loss) before tax and exceptional item							(294.8)
							(2,024.8)
Exceptional item gain (Refer note 38)	—	—	—	111.7	—	58.4	170.1
	—	900.5	—	—	—	820.6	1,721.1
Tax							16.6
							—
(Loss) after tax							(141.3)
							(303.7)

Rs. in million

	Agricultural Solution	Performance Products	Chemicals	Functional Materials & Solutions	Others	Un-allocated	Total
OTHER INFORMATION							
Segment assets	4,260.9	16,260.9	1,028.9	15,823.1	204.4	1,227.4	38,805.5
	4,661.9	16,276.7	2,392.7	13,076.8	450.1	909.3	37,767.5
Segment liabilities	1,282.8	11,839.0	666.0	10,213.8	109.0	3,672.3	27,782.9
	1,532.9	10,011.0	2,354.1	8,383.1	79.6	4,244.8	26,605.5
Capital expenditure	52.6	406.8	0.9	374.1	—	—	834.4
	82.1	449.8	129.6	446.6	9.8	—	1,117.8
Depreciation and amortisation	40.6	823.7	3.6	822.4	—	—	1,690.3
	44.4	864.9	136.0	585.7	—	—	1,630.9
Non cash charges - Bad debts and Loss allowance on trade receivables	4.5	46.1	2.5	10.9	—	—	64.0
	4.1	27.1	0.8	84.9	—	—	116.9

(b) Geographic Segments

Rs. in million

	Domestic	Exports	Total
Revenues	50,007.2	5,250.7	55,257.9
	44,055.0	7,513.2	51,568.2
Total assets	36,714.1	2,091.4	38,805.5
	34,872.0	2,895.5	37,767.5
Capital expenditure	834.4	—	834.4
	1,117.8	—	1,117.8

Notes:

- Segment related financial disclosures of Chemical & Functional Materials & Solutions are strictly not comparable on account of an internal transfer of certain manufacturing assets from Chemicals segment to Functional Materials & Solutions segment with effect from 1st April, 2016.
- 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, 2017

44. Related Party Disclosure

a) Parties where control exists

BASF Societas Europaea ('SE')	Ultimate holding company
BASF Schweiz AG	Party with significant influence

b) Other related parties with whom transactions have taken place during the year Fellow Subsidiaries

BASF (China) Company Ltd.	BASF Espanola S.L.
BASF (Malaysia) Sdn. Bhd.	BASF Francs S.A.S.
BASF (Thai) Limited	BASF FZE
BASF Advanced Chemicals Co., Ltd.	BASF Hock Mining Chemical (China) Co. Ltd.
BASF Agro B.V. Arnhem (NL)	BASF Hong Kong Ltd.
BASF Agrochemical Products B.V.	BASF Intertrade AG
BASF Antwerpen N.V.	BASF IP Licensing GmbH
BASF Asia Pacific Service Centre Sdn. Bhd.	BASF Italia S.p.A.
BASF Australia Ltd.	BASF Japan Ltd.
BASF Bangladesh Ltd.	BASF Lanka (Private) Limited
BASF Belgium Coordination Center Comm. V.	BASF Metals Ltd.
BASF Business Services GmbH	BASF Mexicana S.A. De C.V.
BASF Business Services Holding GmbH	BASF Nederland B.V.
BASF Care Chemicals (Shanghai) Co. Ltd.	BASF New Zealand Ltd.
BASF Catalyst India Private Limited	BASF Pakistan (Pvt.) Limited
BASF Catalysts (Shanghai) Co. Ltd.	BASF Paper Chemicals (Jiangsu) Co., Ltd.
BASF Chemcat (Thailand) Ltd.	BASF Personal Care and Nutrition GmbH
BASF Chemicals & Polymers	BASF Petronas Chemicals Sdn. Bhd.
BASF Chemicals Co., Ltd.	BASF Pharma (Evionnaz) SA
BASF Chemicals India Private Limited	BASF Philippines Inc
BASF Chile SA	BASF Plant Science Company GmbH
BASF Coatings GmbH	BASF PLC
BASF Coatings S.A.	BASF Poliuretanos Ltda.
BASF Coatings SAS.	BASF Polyurethane Specialties (China), Co Ltd.
BASF Colors & Effects GmbH	BASF Polyurethanes (China) Co. Ltd.
BASF Colors & Effects Singapore Pte. Ltd.	BASF Polyurethanes Licencing GmbH
BASF Company Ltd.	BASF Poyurethanes GmbH
BASF Construction Chemicals (China) Co., Ltd.	BASF S.A.
BASF Construction Chemicals Egypt S	BASF Schwarzheide GmbH
BASF Construction Chemicals Espana S.L.	BASF Shanghai Coatings Co. Ltd.
BASF Construction Chemicals Europe AG	BASF South Africa (PTY) Ltd.
BASF Construction Chemicals Italia Spa	BASF South East Asia Pte. Ltd.
BASF Construction Chemicals South Africa (PTY) Ltd.	BASF Specialty Chemicals (Nanjing) Co. Ltd.
BASF Construction Chemicals UAE LLC	BASF Taiwan Ltd.
BASF Construction Solutions GmbH	BASF Türk Kimya Sanayi ve Ticaret Ltd. Sti.
BASF Construction Systems (China) Co. Ltd.	Cognis IP Management GmbH
BASF Corporation	Construction Research & Technology GmbH
BASF East Asia Regional Headquarters Ltd.	P.T. BASF Care Chemicals Indonesia
BASF Electronic Materials	Shanghai Gaoqiao-BASF Dispersions Co., Ltd.
P.T. BASF Indonesia	Shanghai MBT & SCG High-tech Construction Chemicals Co. Ltd.
PCI Augsburg GmbH	Thai Ethoxylate Co., Ltd.
Saudi BASF for Building	Watson Bowman Acme Corp.
Shanghai BASF Polyurethane Co., Ltd.	

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.

Whole – Time Director

Mr. Rajesh Naik

Chief Financial Officer

Mr. Narendranath J. Baliga

Company Secretary

Mr. Pradeep Chandan

Independent Directors

Mr. R. A. Shah

Mr. R. R. Nair

Mr. Pradip P. Shah

Mr. Arun Bewoor

Notes to the Financial Statements for the year ended March 31, 2017

44. Related Party Disclosure (Continued)

e) Details of transactions of Ultimate holding company, Party with significant influence and Fellow subsidiaries for the year ended March 31, 2017

Rs. in million

Nature of Transactions	Ultimate holding company/Party with significant influence		Fellow subsidiaries		Total	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Sale of Goods						
BASF SE	1,320.1	1,763.3	—	—	1,320.1	1,763.3
BASF South East Asia Pte. Ltd.	—	—	1,780.8	2,557.7	1,780.8	2,557.7
Others	—	—	217.8	242.8	217.8	242.8
Sub-Total	1,320.1	1,763.3	1,998.6	2,800.5	3,318.7	4,563.8
Services Rendered (including reimbursements)						
BASF SE	524.6	578.8	—	—	524.6	578.8
BASF South East Asia Pte. Ltd.	—	—	889.7	869.8	889.7	869.8
Others	—	—	601.9	679.0	601.9	679.0
Sub-Total	524.6	578.8	1,491.6	1,548.8	2,016.2	2,127.6
Interest Expense on ECB Loan (including incidental charges)						
BASF Belgium Coordination Centre	—	—	460.0	501.3	460.0	501.3
Sub-Total	—	—	460.0	501.3	460.0	501.3
Purchase of Goods/Materials						
BASF SE	1,907.6	1,345.7	—	—	1,907.6	1,345.7
BASF South East Asia Pte. Ltd.	—	—	6,812.8	6,346.7	6,812.8	6,346.7
BASF Company Ltd.	—	—	3,684.3	3,809.2	3,684.3	3,809.2
Others	—	—	5,543.2	4,680.2	5,543.2	4,680.2
Sub-Total	1,907.6	1,345.7	16,040.3	14,836.1	17,947.9	16,181.8
Services Received						
BASF SE	243.4	648.9	—	—	243.4	648.9
BASF Schweiz AG	12.5	11.1	—	—	12.5	11.1
BASF South East Asia Pte. Ltd.	—	—	334.3	372.9	334.3	372.9
BASF Asia-Pacific Service Centre Sdn. Bhd.	—	—	174.8	204.3	174.8	204.3
BASF Business Services GmbH	—	—	260.9	72.6	260.9	72.6
Others	—	—	307.5	304.7	307.5	304.7
Sub-Total	255.9	660.0	1,077.5	954.5	1,333.4	1,614.5
Purchase of Assets						
BASF SE	0.1	—	—	—	0.1	—
BASF Coatings GmbH	—	—	3.2	—	3.2	—
BASF Polyurethanes GmbH	—	—	—	1.4	—	1.4
BASF Polyurethane Specialties (China), Co Ltd	—	—	0.5	—	0.5	—
Sub-Total	0.1	—	3.7	1.4	3.7	1.4
Royalty						
BASF SE	42.3	31.9	—	—	42.3	31.9
BASF Polyurethanes Licencing GmbH	—	—	185.9	170.9	185.9	170.9
BASF Coatings GmbH	—	—	74.4	76.6	74.4	76.6
Construction Research & Technology GmbH	—	—	114.9	150.3	114.9	150.3
Cognis IP Mangement GmbH	—	—	18.9	41.4	18.9	41.4
Sub-Total	42.3	31.9	394.1	439.2	436.4	471.1
Dividend						
BASF SE	20.9	83.8	—	—	20.9	83.8
BASF Schweiz AG	8.9	35.6	—	—	8.9	35.6
BASF Construction Solutions GmbH	—	—	1.9	7.6	1.9	7.6
Sub-Total	29.8	119.4	1.9	7.6	31.7	127.0
ECB Loan repaid during the year						
BASF Belgium Coordination Center Comm. V.	—	—	—	778.8	—	778.8
Sub-Total	—	—	—	778.8	—	778.8
Consideration for divestiture of textile chemicals business						
BASF SE	—	399.1	—	—	—	399.1
Sub-Total	—	399.1	—	—	—	399.1

Notes to the Financial Statements for the year ended March 31, 2017

44. Related Party Disclosure (Continued)

e) Details of transactions of Ultimate holding company, Party with significant influence and Fellow subsidiaries for the year ended March 31, 2017 (Continued)

Rs. in million

Nature of Transactions	Ultimate holding company/Party with significant influence			Fellow subsidiaries			Total		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Outstanding Receivables									
BASF SE	540.0	877.6	524.5	—	—	—	540.0	877.6	524.5
BASF South East Asia Pte. Ltd.	—	—	—	634.4	640.5	755.1	634.4	640.5	755.1
BASF Agrochemical Products B.V.	—	—	—	—	287.6	—	—	287.6	—
Others	—	—	—	372.5	303.5	405.6	372.5	303.5	405.6
Sub-Total	540.0	877.6	524.5	1,006.9	1,231.6	1,160.7	1,546.9	2,109.2	1,685.2
Outstanding Payables									
BASF SE	1,154.7	625.3	820.5	—	—	—	1,154.7	625.3	820.5
BASF Schweiz AG	3.4	4.9	5.3	—	—	—	3.4	4.9	5.3
BASF South East Asia Pte. Ltd.	—	—	—	1,710.5	2,232.9	2,161.6	1,710.5	2,232.9	2,161.6
BASF Company Ltd.	—	—	—	1,253.5	1,113.5	1,503.2	1,253.5	1,113.5	1,503.2
BASF Agro B.V. Arnhem (NL)	—	—	—	404.9	1,096.3	143.9	404.9	1,096.3	143.9
Others	—	—	—	2,428.5	1,701.2	2,361.7	2,428.5	1,701.2	2,361.7
Sub-Total	1,158.1	630.2	825.8	5,797.4	6,143.7	6,170.3	6,955.5	6,774.0	6,996.2
ECB Loan Outstanding (including interest accrued not due)									
BASF Belgium Coordination Center Comm. V.	—	—	—	9,238.7	9,392.6	9,673.0	9,238.7	9,392.6	9,673.0
Sub-Total	—	—	—	9,238.7	9,392.6	9,673.0	9,238.7	9,392.6	9,673.0

Purchase of Goods/Materials during the year are net of non-recurring price adjustment received for **Rs. 258 million** (Previous Year: Rs. 806 million).

f) Details of Contributions to post employment benefit plan

Rs. in million

Name of the post employment benefit plan	2016-17	2015-16
BASF India Ltd. Provident Fund	93.1	95.9
BASF India Ltd. Employees Gratuity Fund	64.2	61.9
BASF India Ltd. Superannuation Fund Trust	56.0	66.3
Sub-Total	213.3	224.1

Notes to the Financial Statements for the year ended March 31, 2017

44. Related Party Disclosure (Continued)

g) Details of transactions with Key management personnel

Rs. in million

Particulars	2016-17	2015-16
Short term employee benefits	78.3	66.7
Post employment benefits	44.7	42.1
Long term employee benefits	0.1	0.1
Share based payments *	1.8	1.2
Total compensation	124.9	110.1

* 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	2016-17	2015-16
Sitting fees	4.9	5.5

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.
- The Company has not recorded any impairment of receivables related to amounts owed by related parties (Previous Year Rs. Nil)

45. First-time adoption of Ind AS

For the purposes of reporting as set out in Note 1 (a) (i), these are the Company's first financial statements prepared in accordance with Ind AS. For the year ended March 31, 2016 the Company had prepared its financial statements in accordance with Companies (Accounting Standard) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ("Previous GAAP").

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended March 31, 2017 including the comparative information for the year ended March 31, 2016 and the opening Ind AS Balance Sheet on the date of transition i.e. April 1, 2015.

In preparing its opening Ind AS Balance Sheet as at April 1, 2015 and in presenting the comparative information for the year ended March 31, 2016, the Company has adjusted amounts reported in financial statements prepared in accordance with Previous GAAP. An explanation of how the transition from Previous GAAP to Ind AS has affected the financial performance, cash flows and financial position is set out in the following tables and the notes that accompany the tables.

A. Optional exemptions availed and mandatory exceptions

A.1 Ind AS optional exemptions

A.1.1 Deemed cost

Ind AS 101 permits a first time adopter to elect to continue with the carrying value for all its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly the Company has elected to measure all its property, plant and equipment and intangible assets at their previous GAAP carrying value.

A.1.2 Business combination

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. The Company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

Notes to the Financial Statements for the year ended March 31, 2017

45. First-time adoption of Ind AS (Continued)

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

Ind AS estimates as at April 1, 2015 are consistent with the estimates as at the same date in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Impairment of financial assets based on expected credit loss model.
- Fair value of financial instruments carried at fair value through profit and loss.

A.2.2 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial asset on the basis of facts and the circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances as existing at the date of transition if retrospective application is impracticable. Accordingly, the company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

B. Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flow for prior periods. The following tables represents the reconciliations from previous GAAP to Ind AS.

Reconciliation of equity as at the date of transition (April 1, 2015)

Rs. in million

	Previous GAAP*	Adjustments	Ind AS
ASSETS			
1. Non-current assets			
(a) Property, plant and equipment	13,398.4	—	13,398.4
(b) Capital work-in-progress	741.8	—	741.8
(c) Goodwill	17.1	—	17.1
(d) Other intangible assets	91.1	—	91.1
(e) Financial assets			
(i) Trade receivable	44.1	—	44.1
(ii) Other financial assets	1,794.6	(1,147.8)	646.8
(f) Deferred tax assets (net)	—	—	—
(g) Current tax assets (net)	741.1	—	741.1
(h) Other non-current asset	149.6	—	149.6
Total non-current assets	16,977.8	(1,147.8)	15,830.0
2. Current assets			
(a) Inventories	9,907.7	—	9,907.7
(b) Financial assets			
(i) Trade receivables	9,318.3	—	9,318.3
(ii) Cash and cash equivalents	293.0	—	293.0
(iii) Bank balances other than cash and cash equivalents	983.9	—	983.9
(iv) Other financial assets	243.8	—	243.8
(c) Other current assets	3,950.3	(606.5)	3,343.8
(d) Assets classified as held for sale	4.3	—	4.3
Total current assets	24,701.3	(606.5)	24,094.8
Total assets	41,679.1	(1,754.3)	39,924.8

Notes to the Financial Statements for the year ended March 31, 2017

45. First-time adoption of Ind AS (Continued)

Reconciliation of equity as at the date of transition (April 1, 2015)

Rs. in million

	Previous GAAP*	Adjustments	Ind AS
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	432.9	—	432.9
(b) Other equity	11,187.7	62.1	11,249.8
Total equity	11,620.6	62.1	11,682.8
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	9,522.0	—	9,522.0
(ii) Other financial liabilities	2,000.9	(1,630.7)	370.2
(b) Provisions	310.3	—	310.3
(c) Other non-current liabilities	280.5	—	280.5
Total non-current liabilities	12,113.7	(1,630.7)	10,483.0
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	6,480.0	—	6,480.0
(ii) Trade payables	9,968.0	(21.2)	9,946.8
(iii) Other financial liabilities	279.1	44.0	323.1
(b) Provisions	408.2	(208.5)	199.7
(c) Other current liabilities	809.5	—	809.5
Total current liabilities	17,944.8	(185.7)	17,759.1
Total liabilities	30,058.5	(1,816.4)	28,242.0
Total equity and liabilities	41,679.1	(1,754.3)	39,924.8

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Reconciliation of equity as at March 31, 2016

Rs. in million

	Previous GAAP*	Adjustments	Ind AS
Assets			
1. Non-current assets			
(a) Property, plant and equipment	13,257.4	(414.3)	12,843.1
(b) Capital work-in-progress	551.4	—	551.4
(c) Goodwill	—	—	—
(d) Other intangible assets	45.6	—	45.6
(e) Financial assets			
(i) Trade receivable	44.1	—	44.1
(ii) Other financial assets	1,404.4	(576.0)	828.4
(f) Deferred tax assets (net)	—	—	—
(g) Current tax assets (net)	906.9	—	906.9
(h) Other non-current asset	258.2	—	258.2
Total non-current assets	16,468.0	(990.3)	15,477.7

Notes to the Financial Statements for the year ended March 31, 2017

45. First-time adoption of Ind AS (Continued)

Rs. in million

	Previous GAAP*	Adjustments	Ind AS
2. Current assets			
(a) Inventories	8,075.8	—	8,075.8
(b) Financial assets			
(i) Trade receivables	10,423.4	—	10,423.4
(ii) Cash and cash equivalents	23.8	—	23.8
(iii) Bank balances other than cash and cash equivalents	7.9	—	7.9
(iv) Other financial assets	793.3	(575.3)	218.0
(c) Other current assets	3,461.6	—	3,461.6
(d) Assets classified as held for sale	77.4	—	77.4
Total current assets	22,863.3	(575.3)	22,287.9
Total assets	39,331.2	(1,565.6)	37,765.6
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	432.9	—	432.9
(b) Other equity	11,180.1	(452.9)	10,727.2
Total equity	11,613.0	(452.9)	11,160.1
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	9,255.7	—	9,255.7
(ii) Other financial liabilities	1,396.4	(1,060.6)	335.8
(b) Provisions	315.1	—	315.1
(c) Other non-current liabilities	65.4	—	65.4
Total non-current liabilities	11,032.6	(1,060.6)	9,972.0
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	4,236.5	—	4,236.5
(ii) Trade payables	11,198.3	(140.4)	11,057.9
(iii) Other financial liabilities	354.0	140.5	494.5
(b) Provisions	385.4	(52.2)	333.2
(c) Other current liabilities	511.4	—	511.4
Total current liabilities	16,685.6	(52.1)	16,633.5
Total liabilities	27,718.2	(1,112.7)	26,605.5
Total equity and liabilities	39,331.2	(1,565.6)	37,765.6

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Notes to the Financial Statements for the year ended March 31, 2017

45. First-time adoption of Ind AS (Continued)

Reconciliation of total comprehensive income for the year ended March 31, 2016

Rs. in million

	Previous GAAP*	Adjustments	Ind AS
Revenue from operations			
Sale of products	45,379.8	4,096.1	49,475.9
Sale of services	1,916.8	—	1,916.8
Other operating revenues	175.5	—	175.5
	47,472.1	4,096.1	51,568.2
Other income	29.0	—	29.0
	47,501.1	4,096.1	51,597.2
Expenditure:			
Cost of materials consumed	20,321.9	(234.6)	20,087.3
Purchase of traded goods	13,452.8	—	13,452.8
Changes in inventories	982.5	—	982.5
Excise duty	—	4,096.1	4,096.1
Employee benefit expenses	3,286.1	(10.3)	3,275.8
Finance costs	1,013.6	467.0	1,480.6
Depreciation and amortisation	1,754.4	(123.5)	1,630.9
Other expenses	8,366.4	249.6	8,616.0
	49,177.7	4,444.3	53,622.0
Loss before exceptional item and tax	(1,676.6)	(348.2)	(2,024.8)
Exceptional item	1,721.1	—	1,721.1
Profit/(Loss) before tax	44.5	(348.2)	(303.7)
Tax expenses:			
Current tax (MAT)	30.5	(30.5)	—
MAT credit	(30.5)	30.5	—
Income tax for previous periods	—	—	—
	—	—	—
Profit/(Loss) for the period	44.5	(348.2)	(303.7)
Other comprehensive income			
Items that will not be reclassified to statement of profit and loss			
Remeasurement (Loss)/Gain of post employment benefit	—	(13.0)	(13.0)
Income tax relating to these items	—	—	—
Other comprehensive income for the year, net of tax	—	(13.0)	(13.0)
Total comprehensive income for the period	44.5	(361.2)	(316.7)

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Notes to the Financial Statements for the year ended March 31, 2017

45. First-time adoption of Ind AS (Continued)

Reconciliation of total equity as at March 31, 2016 and April 1, 2015

Rs. in million

	March 31, 2016	April 1, 2015
Total equity (shareholder's funds) as per previous GAAP	11,613.0	11,620.6
Adjustments:		
Proposed dividend including dividend distribution tax	52.1	208.4
Net impact of exchange (loss) differences which were earlier capitalized under Para 46A, now being fair valued as mark to market through Statement of Profit and Loss	(505.2)	(82.9)
Impact of depreciation due to earlier capitalization of exchange differences under Para 46A, derecognized w.e.f. 1 st April, 2015	123.5	—
Effects of measuring financial instruments on trade contracts at fair value	(120.4)	(60.2)
Others	(2.9)	(3.1)
Total adjustments	(452.9)	62.2
Total equity as per Ind AS	11,160.1	11,682.8

Reconciliation of total comprehensive income for the year ended March 31, 2016

Rs. in million

	March 31, 2016
Profit after tax as per previous GAAP	44.5
Adjustments:	
Less: Effects of measuring financial instruments at fair value	(482.1)
Less: Impact of depreciation due to earlier capitalization of exchange differences under Para 46A, derecognized w.e.f. 1 st April, 2015	123.5
Add: Remeasurement of post-employment benefit obligations	13.0
Less: Others	(2.6)
Total adjustments	(348.2)
Profit after tax as per Ind AS	(303.7)
Other Comprehensive Income	(13.0)
Total comprehensive income as per Ind AS	(316.7)

Impact of Ind AS adoption on cash flow for the year ended March 31, 2016

Rs. in million

	Previous GAAP*	Adjustments	Ind AS
Net cash flow from operating activities	2,529.3	(540.7)	1,988.6
Net cash flow from investing activities	477.7	1,515.4	1,993.1
Net cash flow from financing activities	(4,252.2)	1.3	(4,250.9)
Net (decrease) in cash and cash equivalents	(1,245.2)	976.0	(269.2)
Cash and cash equivalents as at April 1, 2015	1,276.3	(983.3)	293.0
Cash and cash equivalents as at March 31, 2016	31.1	(7.3)	23.8

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Notes to the Financial Statements for the year ended March 31, 2017

45. First-time adoption of Ind AS (Continued)

C. Notes to first-time adoption

1. Proposed dividend

Under the previous GAAP, dividend proposed by the board of directors after the balance sheet date but before the approval of the financial statement were considered to be adjusting events and accordingly recognised (alongwith related dividend distribution tax) as a liability. Under Ind AS, such dividend are recognised when it is approved by the shareholders in the general meeting. Accordingly, provision for proposed dividend and dividend distribution tax of Rs. 52.1 million as at March 31, 2016 and (as at April 1, 2015 Rs. 208.4 million) recognised under previous GAAP has been reversed.

2. Excise duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty is presented on the face of the Statement of Profit and Loss as a part of expense. This change has resulted in an increase in total revenue from operation and total expenses for the year ended March 31, 2016 Rs. 4,096.1 million. There is no impact on the total equity and Total Comprehensive Income for the year ended March 31, 2016.

3. Lease arrangement

Under previous GAAP, arrangement that did not take legal form of lease were accounted for based on the legal form of such arrangements example tolling arrangement. Under Ind AS any arrangement (even if not legally structured as lease) which conveys a right to use an asset in return for a payment or a series of payments are identified as lease provided certain conditions are met. In case such arrangements are determined to be in the nature of lease, such arrangements are required to be classified into finance or operating leases as per the requirement of Ind AS 17, Leases. The Company has entered into certain tolling arrangements which have been identified to be in the nature of lease and have been classified as operating lease arrangements. This change has resulted in reduction in cost of materials consumed of Rs. 234.6 million with a corresponding increase in other expenses. There is no impact on the total equity and Total Comprehensive Income for the year ended March 31, 2016.

4. Remeasurement of post-employment benefit obligations

Under Ind AS, remeasurement of defined benefit plans i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined liability are recognised in Other Comprehensive Income instead of Statement of Profit and Loss. Under the previous GAAP, these remeasurement were forming part of the Statement of Profit and Loss for the year. As a result of this change, the profit for the year ended March 31, 2016 decreased by Rs. 13.0 million. There is no impact on the total equity and Total Comprehensive Income as on April 1, 2015 or March 31, 2016.

5. Employee stock option expense

Under Ind AS, the cost of the share based payments offered by Ultimate Holding Company is recognised based on the fair value of the options at grant date. Under the previous GAAP, the cost of such share based payments was not being recognised. As a result of this change, the profit for the year ended March 31, 2016 decreased by Rs. 2.5 million with a corresponding credit in capital reserve. There is no impact on the total equity as on April 1, 2015 or March 31, 2016.

6. Long-term foreign currency monetary items

Under previous GAAP, the Company adopted paragraph 46A of AS 11 the Effects of Changes in Foreign Exchange Rates. Paragraph 46A provided an alternative accounting treatment with respect to capitalisation of amortised premium on forward contracts, which would then be depreciated over the balance life of the asset. Ind AS 101 includes an optional exemption that allows a first-time adopter to continue the above accounting treatment in respect of the long-term foreign currency monetary items recognised in the financial statements. The Company has not availed the above exemption.

7. Accounting for forward contracts

Under Ind AS, foreign exchange forward contracts are mark-to-market as at each Balance Sheet date and unrealised net gain or loss is recognised in profit and loss. Derivative assets and derivative liabilities are presented on gross basis. The Company has not opted for hedge accounting and all derivatives outstanding at the end of the period have been fair valued.

Notes to the Financial Statements for the year ended March 31, 2017

45. First-time adoption of Ind AS (Continued)

7. Accounting for forward contracts (Continued)

Long term foreign currency monetary items

Rs. in million

	March 31, 2016	April 1, 2015
Property plant and equipment	(414.3)	—
Other financial assets (non-current)	(576.0)	(1,147.8)
Other financial assets (current)	(575.3)	(606.5)
Other financial liabilities (non-current)	(1,060.6)	(1,630.7)
Trade payable	(140.4)	(21.2)
Other financial liabilities (current)	140.5	44.0
Other equity	(505.1)	(146.5)

As a result of this, the profit for the year ended March 31, 2016 decreased by Rs. 358.6 million. Consequently, the total equity decreased by an equivalent amount.

8. Retained earnings

Retained earnings as at April 1, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

9. Other comprehensive income

Under Ind AS all items of income and expense recognised in a period should be included in Statement of Profit and Loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the Statement of Profit and Loss as 'Other Comprehensive Income' includes remeasurement of defined benefit plan. The concept of Other Comprehensive Income did not exist under previous GAAP.

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

Yezdi Nagporewalla
Partner
Membership No.: 049265

Mumbai, 4th May, 2017

For and on behalf of Board of Directors of

BASF India Limited
(CIN No.: L33112MH1943FLC003972)

Raman Ramachandran, Ph.D.
Chairman & Managing Director
DIN: 00200297

Narendranath J. Baliga
Chief Financial Officer
DIN: 07005484

Pradeep Chandan
Company Secretary
FCS No.: F2852

R. R. Nair DIN: 00202551
R. A. Shah DIN: 00009851
Pradip P. Shah DIN: 00066242
Arun Bewoor DIN: 00024276
Rajesh Naik DIN: 06935998
Lakshmi Nadkarni DIN: 07076164
Directors

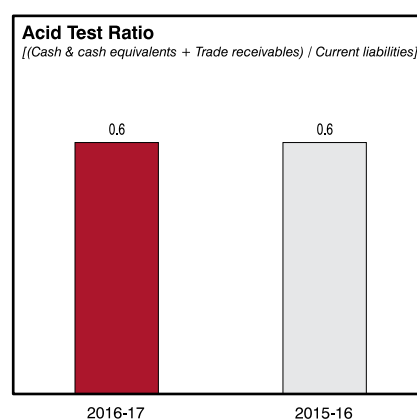
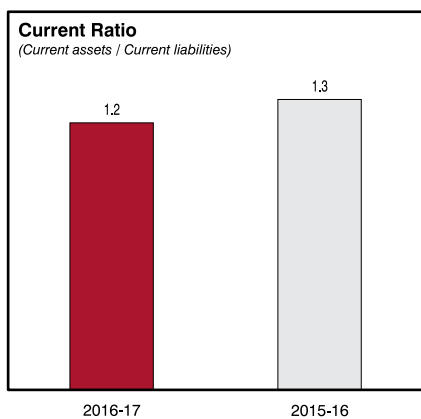
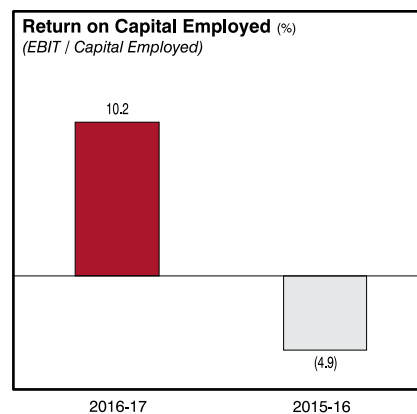
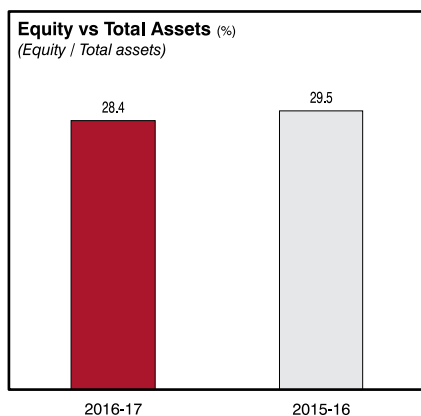
Mumbai, 4th May, 2017

BASF India Limited Highlights – At a glance*

Rs. in Million

	2016-17	2015-16
Sales	55,257.9	51,568.2
(Loss) before tax and before exceptional items	(294.8)	(2,024.8)
Loss after tax	(141.3)	(303.7)
Earning per share	(3.3)	(7.0)
Total assets	38,805.5	37,765.6
Borrowings	12,765.4	13,492.2
Shareholders' equity	11,022.6	11,160.1
Depreciation	1,690.3	1,630.9
Capital expenditure	834.4	1,117.8
Exports	5,250.7	7,513.2
R & D cost	72.68	9.0
Personnel cost (Total)	3,283.6	3,275.8
Dividend amount	43.3	43.3
Dividend in %	10%	10%
Number of employees	1,868	1,904
Number of shareholders	41,774	45,264

* Financial highlights for the last ten years is not given on account of non-comparability of data due to Ind AS transition w.e.f. April 1, 2015.



Fit@BASF



Employees at BASF India offices seen taking part in various Fit@BASF activities including Stepathon and Table Tennis tournament.

Employee wellness



Smart meal stations were launched for our Mumbai offices between August and October 2016. The station offers healthy and nutritious breakfast as well as lunch options for employees. Seen (on the L side) is a Lunch and Learn session conducted to create awareness on ergonomics at the workplace.

LEAP leadership



The leadership team of your Company seen emphasizing the LEAP (Leadership, Energy, Action, Performance) behavior, in a fun manner – which forms the cornerstone of the culture.

We create chemistry that makes compost love plastic.



Most plastics don't biodegrade, but ecovio® plastics from BASF disappear completely when composted in a controlled environment. Using compostable bags for collection of organic waste makes disposal more hygienic and convenient. Rather than ending up in landfills, the waste is turned into valuable compost. When the plastic bag you use today can mean a cleaner future for the environment, it's because at BASF, we create chemistry.

www.wecreatechemistry.com

 - **BASF**

We create chemistry

NOTICE

NOTICE is hereby given that the SEVENTY THIRD ANNUAL GENERAL MEETING of BASF INDIA LIMITED will be held at Yashwantrao Chavan Pratishthan Auditorium, Y. B. Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai – 400021 on Thursday, 28th September, 2017 at 3.00 p.m. to transact the following business, namely:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended 31st March, 2017, including the audited Balance Sheet as at 31st March, 2017 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To declare dividend on Equity Shares @ 10% i.e. Re. 1/- per equity share for the financial year ended 31st March, 2017.
3. To appoint a Director in place of Dr. Andrea Frenzel (DIN: 07070693), who retires by rotation at this Annual General Meeting and being eligible offers herself for re-appointment.
4. To consider and approve the appointment of M/s. Price Waterhouse Chartered Accountants LLP (Firm Registration No.: 012754N/N500016), as the Statutory Auditors of the Company and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 139, 141, 142 and all other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time and based on the recommendation of the Audit Committee and the Board of Directors of the Company, the consent of the members of the Company be and is hereby accorded to appoint M/s. Price Waterhouse Chartered Accountants LLP (FRN: 012754N/N500016) as the Statutory Auditors of the Company for a period of 5 years from the conclusion of this Annual General Meeting till the conclusion of the Annual General Meeting of the Company to be held in the year 2022 (subject to ratification of the appointment by the members at every Annual General Meeting held after this Annual General Meeting), and the Board of Directors of the Company be and are hereby authorised to fix the remuneration payable to them as per the recommendation of the Audit Committee.”

SPECIAL BUSINESS

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

“RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder and based on the recommendation of the Audit Committee and the approval of the Board of Directors of the Company, the remuneration payable to M/s. R. Nanabhoy & Co., Cost Accountants (Firm Registration No: 000010), appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost accounting records of the Company for the financial year ending 31st March, 2018, amounting to Rs. 14.30 lakhs (Rupees Fourteen Lakhs Thirty Thousand Only) plus applicable taxes and reimbursement of out of pocket expenses, in connection with the said audit, be and is hereby ratified and confirmed;

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

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

“RESOLVED THAT pursuant to the provisions of Section 20 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, consent of the members of the Company be and is hereby accorded to charge from a member in advance, a sum equivalent to the estimated expenses of delivery of the documents through a particular mode if any request has been made by such member for delivery of such document to him/her through such mode of service, provided that such request along with the requisite fee has been duly received by the Company at least one week in advance of the despatch of the document by the Company;

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all acts, deeds, matters and things as may be necessary, proper or expedient to give effect to this resolution.”

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

“RESOLVED THAT in accordance with the provisions of 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 as amended and/or any other guidelines issued by the Central Government from time to time (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to such approvals, as may be applicable and to the extent required in this regard and based on the recommendation of the Nomination & Remuneration Committee and the approval of the Board of Directors of the Company, the consent of the members of the Company be and is hereby accorded to the appointment of Mr. Rajesh Naik (DIN: 06935998) as Whole-time Director of the Company and to his receiving remuneration, benefits and amenities as Whole-time Director for a period of 2 years from 1st April, 2017 to 31st March, 2019, upon the terms, conditions and stipulations contained in the Agreement to be entered into between the Company and Mr. Rajesh Naik, a draft whereof is placed before the meeting and initialled by the Chairman for the purpose of identification;

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to vary the terms and conditions of appointment, including the remuneration payable to Mr. Rajesh Naik, provided, however, that the remuneration payable to Mr. Rajesh Naik shall be in accordance with the provisions specified in Sections 197, 198 and Schedule V of the Companies Act, 2013 or any amendments thereto as may be made from time to time;

RESOLVED FURTHER THAT where, in any financial year, during the tenure of appointment of Mr. Rajesh Naik, the Company has no profits or its profits are inadequate, the Company shall pay remuneration, benefits and amenities to Mr. Rajesh Naik as specified in the draft Agreement referred to above, based on the approval of the Nomination & Remuneration Committee and the Board of Directors of the Company and subject to obtaining other necessary approvals, as may be required, in accordance with the provisions of Sections 197, 198 and Schedule V of the Companies Act, 2013 or any amendments thereto as may be made from time to time. In that event, the following perquisites shall, however, not be included in the computation of the ceiling on remuneration specified hereinabove;

- (a) Contribution to provident fund, superannuation fund or annuity fund and benefits under the Company's Pension Scheme, to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961;
- (b) Gratuity payable at a rate not exceeding half month's salary for each completed year of service; and
- (c) Encashment of leave at the end of the tenure;

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

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

“RESOLVED THAT in accordance with the provisions of Sections 161(2), 196, 197 and 198 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 as amended and/or any other guidelines issued by the Central Government from time to time (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to such approvals, as may be applicable and to the extent required in this regard and based on the recommendation of the Nomination & Remuneration Committee and the approval of the Board of Directors of the Company, the consent of the members of the Company be and is hereby accorded to the appointment of Dr. Lakshmi Nadkarni (DIN: 07076164), as Alternate Director to Dr. Andrea Frenzel (DIN: 07070693) and being in whole-time employment of the Company, as a Whole-time Director of the Company and to her receiving remuneration, benefits and amenities for a period of 2 years from 1st April, 2017 to 31st March, 2019, upon the terms, conditions and stipulations contained in the Agreement to be entered into between the Company and Dr. Lakshmi Nadkarni, a draft whereof is placed before the meeting and initialled by the Chairman for the purpose of identification;

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to vary the terms and conditions of appointment, including the remuneration payable to Dr. Lakshmi Nadkarni, provided, however, that the remuneration payable to Dr. Lakshmi Nadkarni shall be in accordance with the provisions specified in Sections 197, 198 and Schedule V of the Companies Act, 2013 or any amendments thereto as may be made from time to time;

RESOLVED FURTHER THAT in the event of Dr. Lakshmi Nadkarni ceasing to be Alternate Director at any time, during the aforesaid term and being re-appointed as Alternate Director of the Company, Dr. Lakshmi Nadkarni shall continue as Whole-time Director of the Company on the aforesaid terms and conditions upon such re-appointment except that during the period that she ceases to be Alternate Director of the Company, she shall continue as an employee of the Company on the same terms and conditions as aforesaid;

RESOLVED FURTHER THAT where, in any financial year, during the tenure of appointment of Dr. Lakshmi Nadkarni, the Company has no profits or its profits are inadequate, the Company shall pay remuneration, benefits and amenities to Dr. Lakshmi Nadkarni as specified in the draft Agreement referred to above, based on the approval of the Nomination & Remuneration Committee and the Board of Directors of the Company and subject to obtaining other necessary approvals, as may be required, in accordance with the provisions of Sections 197, 198 and Schedule V of the Companies Act, 2013 or any amendments thereto as may be made from time to time. In that event, the following perquisites shall, however, not be included in the computation of the ceiling on remuneration specified hereinabove;

- (a) Contribution to provident fund, superannuation fund or annuity fund and benefits under the Company's Pension Scheme, to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961;
- (b) Gratuity payable at a rate not exceeding half month's salary for each completed year of service; and
- (c) Encashment of leave at the end of the tenure;

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

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

“RESOLVED THAT pursuant to the provisions of Sections 197, 198 read with Schedule V and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as may be applicable (including any statutory modification or re-enactment thereof for the time being in force) and based on the approval of the Nomination & Remuneration Committee and the Board of Directors of the Company and subject to such approvals, as may be applicable and to the extent required in this regard, the consent of the members of the Company be and is hereby accorded for payment of remuneration by way of salary, performance linked incentive, perquisites and any other allowances to the following Directors of the Company, within the maximum limits of remuneration detailed hereunder, as minimum remuneration, in the event the Company has no profits or its profits are inadequate, during the period stated therein, as may be mutually agreed between the Board and the said Directors of the Company:

Particulars	Dr. Raman Ramachandran	Mr. Narendranath J. Baliga*	Mr. Rajesh Naik	Dr. Lakshmi Nadkarni*
Designation	Chairman & Managing Director	Chief Financial Officer & Alternate Director	Whole-time Director	Alternate Director to Dr. Andrea Frenzel
Period of approval for payment of remuneration within maximum limits, as minimum remuneration	1 st April, 2017 to 31 st March, 2018	1 st April, 2017 to 31 st December, 2019	1 st April, 2017 to 31 st March, 2019	1 st April, 2017 to 31 st March, 2019
Salary, special and other allowances as may be determined by the Board of Directors from time to time.	Not exceeding Rs. 2,50,00,000 p.a. (Present monthly basic salary being Rs. 13,55,417)	Not exceeding Rs. 2,25,00,000 p.a. (Present monthly basic salary being Rs. 7,00,417)	Not exceeding Rs. 2,25,00,000 p.a. (Present monthly basic salary being Rs. 4,58,450)	Not exceeding Rs. 2,25,00,000 p.a. (Present monthly basic salary being Rs. 5,82,860)
Performance linked incentive as may be determined by the Board of Directors from time to time.	Not exceeding Rs.1,75,00,000 p.a.	Not exceeding Rs.1,00,00,000 p.a.	Not exceeding Rs.1,00,00,000 p.a.	Not exceeding Rs.1,00,00,000 p.a.
Perquisites including furnished/unfurnished accommodation, house rent allowance in lieu thereof, medical reimbursement for self and family, leave travel concession for self and family, club fees, personal accident insurance, medical insurance, group term insurance and other benefits and amenities payable in accordance with the rules of the Company from time to time.	Not exceeding Rs.1,50,00,000 p.a.	Not exceeding Rs.1,50,00,000 p.a.	Not exceeding Rs.1,50,00,000 p.a.	Not exceeding Rs.1,50,00,000 p.a.

* Being in the whole-time employment of the Company, also appointed as a Whole-time Director of the Company.

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

By Order of the Board of Directors

PRADEEP CHANDAN
*Director – Legal, General Counsel
& Company Secretary*

Registered Office:

Plot No. 37, Chandivali Farm Road,
Chandivali, Andheri (East)
Mumbai 400 072.

CIN: L33112MH1943FLC003972

Dated: 4th May, 2017

Route map to the venue of the AGM



The prominent landmark for the venue is Mantralaya.

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF ON A POLL/E-VOTING ONLY AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. IN ORDER TO BE EFFECTIVE, THE INSTRUMENT APPOINTING PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY ATLEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. A PERSON CAN ACT AS A PROXY ON BEHALF OF NOT MORE THAN FIFTY (50) MEMBERS AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT ONE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR MEMBER.
3. A Proxy Form is annexed to this Notice. Proxies submitted on behalf of Companies, Societies etc., must be supported by an appropriate resolution/authorization, as applicable. Corporate Members intending to send their authorised representatives to attend the Annual General Meeting pursuant to Section 113 of the Companies Act, 2013, are requested to send to the Company, a certified copy of the relevant Board Resolution together with the respective specimen signatures of those representative(s) authorised under the said resolution to attend and vote on their behalf at the meeting.
4. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Business to be transacted at the Meeting is annexed hereto and forms part of this Notice.
5. The Register of Members and the Share Transfer Books of the Company will be closed from Friday, 22nd September, 2017 to Thursday, 28th September, 2017 (both days inclusive) for the purpose of determining the eligibility of the members entitled to dividend (subject to the approval of the members at the Annual General Meeting).
6. Dividend as recommended by the Board of Directors, if approved at the Annual General Meeting, will be paid on or after 3rd October, 2017 in respect of shares held in physical form, to those members whose names appear in the Company's Register of Members as on 28th September, 2017 and in respect of shares held in electronic form, to those "Deemed Members" whose names appear in the statement of Beneficial Ownership furnished by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) at the close of business hours on Thursday, 21st September, 2017.
7. Members are requested to submit their queries/requests for clarification, if any, on the Annual Report so as to reach the Company by Thursday, 21st September, 2017 which will enable the Company to furnish replies at the Annual General Meeting.
8. Members are requested to notify any change in their address or bank mandate to: (a) their respective Depository Participants in case of shares held in electronic form; or (b) the Company's Registrar & Share Transfer Agent, TSR Darashaw Limited (TSRD) at 6-10, H. M. Patrawala Industrial Estate, Near Famous Studio, 20, Dr. E. Moses Road, Mahalaxmi (West), Mumbai – 400 011, in case of shares held in physical form.
9. Members holding shares under multiple folios are requested to submit their applications to TSRD for consolidation of folios into a single folio.
10. Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, any money transferred to the unpaid dividend account of the Company, which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the unpaid dividend account, shall be transferred by the Company to the Investor Education and Protection Fund (IEPF) of the Central Government.

Accordingly, the Company has transferred Rs. 6,11,940 and Rs. 2,87,287, being the unclaimed dividend amounts of the Company and the erstwhile Ciba India Limited (amalgamated with the Company) respectively, for the financial year ended 31st March, 2009 to the IEPF on 21st October, 2016 & 1st October, 2016, respectively.

The Company has sent separate reminders to the shareholders of the Company on 12th April, 2017 & 29th April, 2017, respectively, requesting them to claim their dividend for the financial year ended 31st March, 2010. As required under the provisions of Section 124(2) of the Companies Act, 2013, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 11th August, 2016 (i.e. date of last Annual General Meeting of the Company) on the website of the Company (www.basf.com/in) and also filed the same with the Ministry of Corporate Affairs.

Those members who have so far not encashed their dividend warrants for the following financial years, may approach the Company for the payment thereof, failing which the same will be transferred to the Investor Education and Protection Fund, on the respective dates mentioned there against.

Financial Year ended	Dates on which unpaid dividend amount will be credited/transferred to the Investor Education and Protection Fund
31.03.2010	15.09.2017
31.03.2011	28.09.2018
31.03.2012	29.09.2019
31.03.2013	05.10.2020
31.03.2014	02.10.2021
31.03.2015	23.09.2022
31.03.2016	23.09.2023

In terms of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), in addition to the unpaid or unclaimed dividend which is required to be transferred by the Company to IEPF, equity shares relating to such unpaid/unclaimed dividend are also required to be transferred to IEPF Account. Members are requested to take note of the aforesaid newly notified sections of the Companies Act, 2013 and claim their unclaimed dividends immediately to avoid transfer of the underlying shares to the IEPF Account. Details of unpaid/unclaimed dividend are uploaded on the website of the Company before transferring to IEPF. The Company provides an opportunity to the shareholders to claim the unpaid/unclaimed dividend due to them, failing which shares (held either in physical or electronic mode) shall be transferred by the Company to IEPF Account. Shareholders can however, claim both, the unclaimed dividend amount and the equity shares transferred to IEPF Account from the IEPF Authority, by making an application in the manner specified under the IEPF Rules.

11. SEBI has mandated the submission of Permanent Account Number (PAN) by each participant in the securities market. Members holding shares in physical form can furnish their PAN to TSRDL/Company Secretarial Department of the Company.
12. With respect to the payment of dividend, the Company provides the facility of remittance of dividend amount electronically through National Automated Clearing House (NACH) to all shareholders holding shares in electronic and physical forms. Shareholders holding shares in physical form who wish to avail NACH facility, may submit their bank details viz., Name of the Bank and Branch, their A/c type and Core Banking A/c No. with 9 digit MICR and 11 digit IFSC code along with the copy of cancelled cheque in the prescribed form, which can be obtained from the Company's Registrar & Share Transfer Agent, TSR Darashaw Limited (TSRDL), 6-10, H. M. Patrawala Industrial Estate, Near Famous Studio, 20, Dr. E. Moses Road, Mahalaxmi (West), Mumbai – 400 011. Requests for payment of dividend through NACH for the year 2016-2017 should be lodged with TSRDL on or before the book closure date i.e. Thursday, 21st September, 2017.

13. The Company's Equity Shares are listed on the BSE Limited, P.J. Towers, Dalal Street, Mumbai – 400 001 and National Stock Exchange of India Limited, Exchange Plaza, C-1, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051. The Company has paid the annual listing fees for the financial year 2017-2018 to both the Stock Exchanges. The Company has also paid the annual custody charges levied by National Securities Depository Limited and Central Depository Services (India) Limited for the financial year 2017-2018.
14. In terms of Section 72 of the Companies Act, 2013, and Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014, every holder of securities of the Company may, at any time, nominate, in the prescribed manner, a person to whom his/her securities in the Company shall vest in the event of his/her death. Members, who wish to avail of this facility, may fill in the prescribed Form No. SH-13 and forward the same to TSRDL.
15. Details of the Directors seeking appointment/re-appointment under Item Nos. 3, 7 and 8 of this Notice are provided at page no. 53 of the Annual Report.
16. Members holding shares in physical form, who desire to take part in the Green Initiative of the Company, are requested to register their e-mail addresses with the Company by filling up the 'E-communication Registration' Form, which is available on the website of the Company www.basf.com/in and send the said form to TSRDL duly signed by the first named shareholder as per the specimen signature recorded with the Company/Registrar and Share Transfer Agent. On registration, all the communications will be sent to the e-mail address of the member registered with the Company. Members holding shares in electronic form are requested to register their e-mail addresses with their Depository Participant. Members are entitled to receive communication in physical form, free of cost, upon making a request for the same.
17. An electronic copy of the Annual Report 2016-2017 along with the Notice are being sent to all those members whose e-mail addresses are registered with the Company/Depository Participant(s). Members are requested to print the Attendance Slips and submit a duly filled in Attendance Slip at the Registration Counter at the Annual General Meeting. For members who have not registered their e-mail addresses, physical copies of the Annual Report 2016-2017 are being sent by the permitted modes. Members may also note that the Notice of the 73rd Annual General Meeting, Attendance Slip and the Annual Report are available on the Company's website www.basf.com/in. Physical copies of the aforesaid documents and the documents referred to in the Notice will also be available at the Company's Registered Office in Mumbai for inspection during normal business hours on working days.
18. Voting through electronic means:

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 by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is providing remote e-voting facility to enable the members to cast their votes electronically on all the resolutions set forth in the Notice convening the 73rd Annual General Meeting. The Company has engaged the services of National Securities Depository Limited (NSDL) to provide the remote e-voting facilities.

The instructions for remote e-voting are provided in the Attendance Slip, which is enclosed along with the Annual Report. Members are advised to read the instructions carefully before exercising their vote.
19. Members are requested to bring their copy of the Annual Report along with them to the meeting.

Explanatory Statement

Pursuant to Section 102 of the Companies Act, 2013.

Item No. 5

M/s. R. Nanabhoy & Co., Cost Accountants (Firm Registration No. 000010), were appointed as the Cost Auditors of the Company to conduct the audit of the cost records of Company's products viz., Insecticides, Dyes, Paints, Varnishes & Chemicals for the financial year 2016-2017. M/s. R. Nanabhoy & Co., Cost Accountants, have conveyed their willingness to act as the Cost Auditors of the Company for the financial year ending 31st March, 2018 and have informed the Company that their appointment, if made, would be within the limits provided in Section 141(3)(g) or any other applicable provisions of the Companies Act, 2013, for the financial year ending 31st March, 2018.

The Board of Directors of the Company at its meeting held on 4th May, 2017 have appointed them as the Cost Auditors of the Company for the financial year ending 31st March, 2018.

In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration of the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors is required to be ratified by the Members. The remuneration payable to M/s. R. Nanabhoy & Co., Cost Auditors of the Company for conducting the audit of the cost records for the financial year ending 31st March, 2018 as recommended by the Audit Committee and approved by the Board of Directors at its meeting held on 4th May, 2017, is Rs. 14.30 lakhs (Rupees Fourteen Lakhs Thirty Thousand Only) plus applicable taxes and reimbursement of out of pocket expenses.

Accordingly, the consent of the Members of the Company is sought to ratify the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2018.

The Board of Directors recommend the Ordinary Resolution set out at Item No. 5 of the accompanying Notice for the approval of the Members of the Company.

None of the Directors or Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, in the resolution set out at Item No. 5 of the Notice.

Item No. 6

As per the provisions of Section 20 of the Companies Act, 2013, a document may be served on any member by sending it to him/her by post or by registered post or by speed post or by courier or by delivery at his/her office or residence address or by such electronic or other mode as may be prescribed. Further, proviso to sub-section (2) of Section 20 states that a member may request for delivery of any document through a particular mode, for which he/she shall pay such fees in advance as may be determined by the Company in its Annual General Meeting.

Accordingly, the Board of Directors of the Company have proposed that members be charged a sum equivalent to the estimated expenses of delivery of the documents through a particular mode, if any, requested by a member for delivery of such documents to him/her through such mode of service.

The Board of Directors recommend the Ordinary Resolution set out at Item No. 6 of the accompanying Notice for the approval of the Members of the Company.

None of the Directors or Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, in the resolution set out at Item No. 6 of the Notice.

Item No. 7

1. The Board of Directors of the Company at its meeting held on 23rd March, 2017, based on the recommendation of the Nomination & Remuneration Committee and subject to the approval of the members, appointed Mr. Rajesh Naik as Whole-time Director of the Company for a period of 2 years from 1st April, 2017 to 31st March, 2019, on the terms and conditions as detailed in para 3 below. A brief profile of Mr. Rajesh Naik in terms of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is detailed in para 2 below.
2. Mr. Rajesh Naik, presently 47 years of age, is a Chemical Engineer from MS University, Vadodara. Mr. Rajesh Naik joined BASF on 7th April, 2014. He has valuable experience of over 25 years and has worked with Companies like Asian Paints and EI Dupont India Private Limited. Prior to joining the Company, Mr. Rajesh Naik was working as Vice-President–Marketing with EICL Limited based at Bangalore. Mr. Rajesh Naik does not hold any Directorship/Committee positions in any other Company in India. He is not related to any other Director of the Company. Mr. Rajesh Naik acted as an Alternate Director to Dr. Rainer Diercks upto the close of business hours as on 31st March, 2017. Having regard to his qualifications, experience and association with the Company, the Board of Directors of the Company considers that it will be in the interest of the Company to appoint Mr. Rajesh Naik as Whole-time Director of the Company for a period of 2 years from 1st April, 2017 to 31st March, 2019.
3. The essential terms and conditions of his appointment and remuneration payable are as under:
 - (i) Mr. Rajesh Naik shall carry out such functions and duties as may be entrusted to him by the Managing Director of the Company from time to time.
 - (ii) Period of Agreement: 2 years from 1st April, 2017 to 31st March, 2019.
 - (iii) Remuneration: The remuneration payable to Mr. Rajesh Naik by way of salary, performance linked incentive, perquisites and any other allowances shall be determined by the Board from time to time on the recommendation/approval of the Nomination & Remuneration Committee and shall be in accordance with the provisions of Sections 197, 198 and Schedule V of the Companies Act, 2013 or any amendments thereto as may be made from time to time. The remuneration payable to Mr. Rajesh Naik as determined by the Board of Directors, based on the approval of the Nomination & Remuneration Committee, is as under:
 - (a) Salary, special allowance and any other allowances, not exceeding Rs. 2,25,00,000 per annum, the current basic salary with effect from 1st April, 2017 being Rs. 4,58,450 per month.
 - (b) In addition to remuneration payable under (a) above, Mr. Rajesh Naik is entitled to perquisites including furnished/unfurnished accommodation/house rent allowance in lieu thereof, medical reimbursements for self and family, leave travel concession for self and family, club fees, personal accident insurance, medical insurance, group term insurance and other benefits and amenities payable in accordance with the rules of the Company from time to time.

The monetary value of the perquisites aforesaid not exceeding Rs.1,50,00,000 p.a.
 - (c) Performance linked incentive as may be determined by the Board from time to time, not exceeding Rs.1,00,00,000 p.a.
 - (d) Company's contribution to provident fund, superannuation fund and benefit under the Company's pension scheme, gratuity and encashment of leave at the end of the tenure will be permitted, in accordance with the rules of the Company. The Company's contribution to provident fund and superannuation fund benefits under the Company's pension scheme, gratuity and encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites stated in 3(iii)(b) above to the extent these, either singly or put together, are not taxable under the Income-tax Act, 1961. The Company shall provide a car to Mr. Rajesh Naik and the expenses

connected therewith will be borne by the Company. These perquisites will also not be included in the computation of the ceiling on perquisites. For the purpose of computing the ceiling on perquisites, the same would be valued as per the Income Tax Rules, 1962, wherever applicable.

- (e) Where in any financial year during the tenure of appointment of Mr. Rajesh Naik, the Company has no profits or its profits are inadequate, the Company shall pay remuneration, benefits and amenities to Mr. Rajesh Naik as specified in the draft Agreement, after obtaining necessary approvals, as may be required, in accordance with the provisions of Sections 197, 198 and Schedule V of the Companies Act, 2013 or any amendments thereto as may be made from time to time.

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

- (a) Contribution to provident fund, superannuation fund or annuity fund and benefits under the Company's Pension Scheme, to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961;
 - (b) Gratuity payable at a rate not exceeding half month's salary for each completed year of service; and
 - (c) Encashment of leave at the end of the tenure;
- (f) The total remuneration payable by way of salary, performance linked incentive, perquisites and any other allowances, contribution to provident fund, superannuation fund and benefits under the Company's pension scheme to Mr. Rajesh Naik shall be as per the limits prescribed under Sections 197, 198 and Schedule V of the Companies Act, 2013.

(iv) Other Terms:

1. Mr. Rajesh Naik shall not become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company without the prior approval of the Central Government.
2. Mr. Rajesh Naik shall be entitled to housing loan as per the rules of the Company.
3. Mr. Rajesh Naik shall be entitled to reimbursement of actual expenses incurred in the course of Company's business.
4. Mr. Rajesh Naik shall be entitled to fully paid leave as per the rules of the Company.
5. The appointment may be terminated by the Company or Mr. Rajesh Naik by giving not less than 6 months' notice in writing.
6. Mr. Rajesh Naik shall observe the secrecy obligations with regard to the business and operations of the Company.
7. The Agreement also sets out the mutual rights and obligations of the Company and Mr. Rajesh Naik.

In compliance with the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013, the Special Resolution in terms as set out at Item No. 7 of the accompanying notice is now being placed before the members for their approval.

A copy of the draft Agreement to be executed between the Company and Mr. Rajesh Naik will be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday, upto and including the date of the Annual General Meeting.

Mr. Rajesh Naik does not hold any shares in the Company either by himself or for any other person on a beneficial basis.

The Board of Directors recommends the passing of the resolution set out at Item No. 7 of the accompanying Notice as a Special Resolution.

Except Mr. Rajesh Naik and his relatives, none of the others Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested in the resolution set out at Item No. 7 of this Notice. This Explanatory Statement may also be regarded as a disclosure under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Item No. 8

1. The Board of Directors of the Company at its meeting held on 23rd March, 2017, on the recommendation of the Nomination & Remuneration Committee appointed Dr. Lakshmi Nadkarni as Alternate Director to Dr. Andrea Frenzel to represent her during her absence from India.
2. Dr. Lakshmi Nadkarni, Alternate Director to Dr. Andrea Frenzel being in the whole-time employment of the Company is deemed to be the Whole-time Director of the Company under the provisions of Section 2(94) of the Companies Act, 2013. Accordingly, the Board of Directors of the Company at its meeting held on 23rd March, 2017, on the recommendation of the Nomination & Remuneration Committee and subject to the approval of the Members of the Company appointed Dr. Lakshmi Nadkarni as Whole-time Director of the Company for a period of 2 years from 1st April, 2017 to 31st March, 2019, on the terms and conditions as detailed in para 4 below. A brief profile of Dr. Lakshmi Nadkarni in terms of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is detailed in para 3 below.
3. Dr. Lakshmi Nadkarni, presently 57 years of age, has more than 25 years of corporate experience in Human Resource function. Dr. Lakshmi spent five years in academia at the University of Poona while pursuing a doctoral programme in Industrial Sociology soon after completing Master's in Sociology and Social Welfare. Her corporate career began with consumer industry at Reckitt Benckiser in India followed by the responsibility as Head of Human Resources for its Sri Lanka operations. She has spent 10 years in the chemical industry, firstly with BASF India and later with Dow Chemicals as the HR Leader. Her last stint was with Pfizer Ltd. as Director & Head Human Resources – South Asia. Dr. Lakshmi Nadkarni does not hold any Directorship/Committee positions in any other Company in India. She is not related to any other Director of the Company.
4. The essential terms and conditions of her appointment and remuneration payable are as under:
 - (i) Dr. Lakshmi Nadkarni has been appointed as Alternate Director to Dr. Andrea Frenzel. By virtue of being in the whole-time employment of the Company, she is deemed to be the Whole-time Director of the Company. She shall carry out her function as Director – Human Resource (South Asia) and such other functions/duties as may entrusted to her by the Company.
 - (ii) Period of Agreement: 2 years from 1st April, 2017 to 31st March, 2019.
 - (iii) Remuneration: The remuneration payable to Dr. Lakshmi Nadkarni by way of salary, performance linked incentive, perquisites and any other allowances, shall be determined by the Board from time to time on the recommendation/approval of the Nomination & Remuneration Committee and shall be in accordance with the provisions of Sections 197, 198 and Schedule V of the Companies Act, 2013 or any amendments thereto as may be made from time to time. The remuneration payable to Dr. Lakshmi Nadkarni as determined by the Board, based on the approval of the Nomination & Remuneration Committee, is as under:
 - (a) Salary, special allowance and any other allowances, not exceeding Rs. 2,25,00,000 per annum, the current basic salary with effect from 1st April, 2017 being Rs. 5,82,860 per month.
 - (b) In addition to remuneration payable under (a) above, Dr. Lakshmi Nadkarni is entitled to perquisites including furnished/unfurnished accommodation/house rent allowance in lieu thereof, medical

reimbursements for self and family, leave travel concession for self and family, club fees, personal accident insurance, medical insurance, group term insurance and other benefits and amenities payable in accordance with the rules of the Company from time to time.

The monetary value of the perquisites aforesaid not exceeding Rs.1,50,00,000 p.a.

- (c) Performance linked incentive as may be determined by the Board from time to time, not exceeding Rs.1,00,00,000 p.a.
- (d) Company's contribution to provident fund, superannuation fund and benefit under the Company's pension scheme, gratuity and encashment of leave at the end of the tenure will be permitted, in accordance with the rules of the Company. The Company's contribution to provident fund and superannuation fund benefits under the Company's pension scheme, gratuity and encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites stated in 3(iii)(b) above to the extent these, either singly or put together, are not taxable under the Income-tax Act, 1961. The Company shall provide a car to Dr. Lakshmi Nadkarni and the expenses connected therewith will be borne by the Company. These perquisites will also not be included in the computation of the ceiling on perquisites. For the purpose of computing the ceiling on perquisites, the same would be valued as per the Income Tax Rules, 1962, wherever applicable.
- (e) Where in any financial year during the tenure of appointment of Dr. Lakshmi Nadkarni, the Company has no profits or its profits are inadequate, the Company shall pay remuneration, benefits and amenities to Dr. Lakshmi Nadkarni as specified in the draft Agreement, after obtaining necessary approvals, as may be required, in accordance with the provisions of Sections 197, 198 and Schedule V of the Companies Act, 2013 or any amendments thereto as may be made from time to time.

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

- (a) Contribution to provident fund, superannuation fund or annuity fund and benefits under the Company's Pension Scheme, to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961;
- (b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
- (c) Encashment of leave at the end of the tenure;
- (f) The total remuneration payable by way of salary, performance linked incentive, perquisites and any other allowances, contribution to provident fund, superannuation fund and benefits under the Company's pension scheme to Dr. Lakshmi Nadkarni shall be as per the limits prescribed under Sections 197, 198 and Schedule V of the Companies Act, 2013.

(iv) Other Terms:

1. Dr. Lakshmi Nadkarni shall not become interested or otherwise concerned directly or through her husband and/or minor children in any selling agency of the Company without the prior approval of the Central Government.
2. Dr. Lakshmi Nadkarni shall be entitled to housing loan as per the rules of the Company.
3. Dr. Lakshmi Nadkarni shall be entitled to reimbursement of actual expenses incurred in the course of Company's business.
4. Dr. Lakshmi Nadkarni shall be entitled to fully paid leave as per the rules of the Company.

5. The appointment may be terminated by the Company or Dr. Lakshmi Nadkarni by giving not less than 6 months' notice in writing.
6. Dr. Lakshmi Nadkarni shall observe the secrecy obligations with regard to the business and operations of the Company.
7. The Agreement also sets out the mutual rights and obligations of the Company and Dr. Lakshmi Nadkarni.

In compliance with the provisions of Sections 196, 197, 198 read with Schedule V and any other applicable provisions of the Companies Act, 2013, the Special Resolution in terms as set out at Item No. 8 of the accompanying notice is now being placed before the members for their approval.

A copy of the draft Agreement to be executed between the Company and Dr. Lakshmi Nadkarni will be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday, upto and including the date of the Annual General Meeting.

Dr. Lakshmi Nadkarni does not hold any shares in the Company either by herself or for any other person on a beneficial basis.

The Board of Directors recommends the passing of the resolution set out at Item No. 8 of the accompanying Notice as an Special Resolution.

Except Dr. Lakshmi Nadkarni and her relatives, none of the others Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested in the resolution set out at Item No. 8 of this Notice. This Explanatory Statement may also be regarded as a disclosure under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Item No. 9

In terms of Section II of Part II of Schedule V of the Companies Act, 2013, payment of remuneration within maximum limits, as minimum remuneration to a managerial person in any financial year where the Company has no profits or inadequate profits, requires the prior approval of the members of the Company.

As per Part II Section II (B) of Schedule V of the Companies Act, 2013, if in any financial year during the currency of the tenure of the managerial person, a Company has no profits or its profits are inadequate, it may pay remuneration to a managerial person without seeking approval of Central Government if the following conditions are satisfied:

- The managerial person is not having any interest in the capital of the Company or its Holding Company or any of its Subsidiaries directly or indirectly or through any statutory structures;
- The managerial person is not having any direct or indirect interest or related to the Directors or Promoters of the Company or its Holding Company or any of its Subsidiaries at any time during last two years before or on the date of appointment;
- The managerial person is having a graduate level qualification with expert and specialized knowledge in the field of his/her profession.

All the conditions stated above are being fulfilled by Dr. Raman Ramachandran, Mr. Narendranath J. Baliga, Mr. Rajesh Naik and Dr. Lakshmi Nadkarni. Neither do they have any direct or indirect interest in the capital of the Company or through any other statutory structures and are not related to the Directors or Promoters of the Company at any time.

In view of fulfillment of all the conditions by the said managerial personnel, no approval of the Central Government is required to be sought for payment of remuneration to them in the event of loss or inadequacy of profits.

The Board of Directors of the Company at their meetings held on 23rd March, 2017 and 4th May, 2017, on the recommendation of the Nomination & Remuneration Committee and subject to the approval of the members, have approved the payment of remuneration within the maximum limits as detailed hereunder, as minimum remuneration to the following Directors in the event the Company has no profits or inadequate profits during the period stated therein:

Particulars	Dr. Raman Ramachandran	Mr. Narendranath J. Baliga*	Mr. Rajesh Naik	Dr. Lakshmi Nadkarni*
Designation	Chairman & Managing Director	Chief Financial Officer & Alternate Director	Whole-time Director	Alternate Director to Dr. Andrea Frenzel
Period of approval for payment of remuneration within maximum limits, as minimum remuneration	1 st April, 2017 to 31 st March, 2018	1 st April, 2017 to 31 st December, 2019	1 st April, 2017 to 31 st March, 2019	1 st April, 2017 to 31 st March, 2019
Salary, special and other allowances as may be determined by the Board of Directors from time to time.	Not exceeding Rs. 2,50,00,000 p.a. (Present monthly basic salary being Rs. 13,55,417)	Not exceeding Rs. 2,25,00,000 p.a. (Present monthly basic salary being Rs. 7,00,417)	Not exceeding Rs. 2,25,00,000 p.a. (Present monthly basic salary being Rs. 4,58,450)	Not exceeding Rs. 2,25,00,000 p.a. (Present monthly basic salary being Rs. 5,82,860)
Performance linked incentive as may be determined by the Board of Directors from time to time.	Not exceeding Rs.1,75,00,000 p.a.	Not exceeding Rs.1,00,00,000 p.a.	Not exceeding Rs.1,00,00,000 p.a.	Not exceeding Rs.1,00,00,000 p.a.
Perquisites including furnished/unfurnished accommodation, house rent allowance in lieu thereof, medical reimbursement for self and family, leave travel concession for self and family, club fees, personal accident insurance, medical insurance, group term insurance and other benefits and amenities payable in accordance with the rules of the Company from time to time.	Not exceeding Rs.1,50,00,000 p.a.	Not exceeding Rs.1,50,00,000 p.a.	Not exceeding Rs.1,50,00,000 p.a.	Not exceeding Rs.1,50,00,000 p.a.

* Being in the whole-time employment of the Company, also appointed as a Whole-time Director of the Company.

Approval of the members is sought for payment of remuneration within the maximum limits as minimum remuneration to the said managerial personnel in the event the Company has no profits or inadequate profits during the above mentioned period.

The Board of Directors recommends the passing of the resolution set out at Item No. 9 of the accompanying Notice as a Special Resolution, which is only an enabling resolution with a view to gain flexibility in the emerging environment.

Except Dr. Raman Ramachandran, Mr. Narendranath J. Baliga, Mr. Rajesh Naik, Dr. Lakshmi Nadkarni and their relatives, none of the other Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested in the resolution set out at Item No. 9 of this Notice.

ADDITIONAL INFORMATION:

Statement containing additional information as per category B(iv) of Part II of Section II of Schedule V of the Companies Act, 2013 for Item No. 9. of the accompanying Notice.

1. General Information:

- (i) Nature of Industry – Manufacture and Sale of Chemicals.
- (ii) Date of commencement of commercial production – Existing Company, commercial production commenced in 1943.

(iii) Financial performance based on given indicators:

(Rs. million)

Particulars	2016-2017	2015-2016	2014-2015
Sales	55,257.9	51,568.2	47,057.6
Loss Before Tax	(124.7)	(303.7)	(658.6)
Loss After Tax	(141.3)	(303.7)	(669.0)
Dividend on Equity %	10%	10%	40%

(iv) Foreign investments or collaborations, if any:

BASF SE along with its Group Companies holds 73.33% of the voting capital of the Company. The Company has entered into various agreements with BASF SE, its parent Company for sourcing technical know-how and proprietary technical information and support on an ongoing basis.

2. Information about the Appointees:

(i) Background Details –

- The background details of Dr. Raman Ramachandran, Chairman & Managing Director is as under:
 - Dr. Raman Ramachandran has completed his Bachelors' and Masters' degree in Science (Agriculture) from Tamilnadu Agricultural University, Coimbatore and Indian Agricultural Research Institute, New Delhi, respectively. Dr. Raman Ramachandran holds a doctorate degree from the University of Adelaide, Australia. Dr. Raman Ramachandran joined BASF in August, 2000 pursuant to the merger of erstwhile Cynamid India Limited with BASF India Limited. In January, 2005, Dr. Raman Ramachandran was appointed as Chief Executive of the Agricultural Products Division and also served as Director on the Board of BASF India Limited from April, 2006 till April, 2008. In January, 2008, Dr. Raman Ramachandran was appointed as Vice-President, Marketing, Asia Pacific, Singapore and thereafter in March, 2012 was appointed as the Senior Vice President, Crop Protection, Asia Pacific, BASF South East Asia Pte. Limited, Singapore.
 - The Shareholders of the Company at their Annual General Meeting held on 27th August, 2014, had, subject to the approval of the Central Government, appointed of Dr. Raman Ramachandran as the Managing Director of the Company for the period from 1st October, 2013 to 31st March, 2018.
- The background details of Mr. Narendranath J. Baliga, Chief Financial Officer & Alternate Director is as under:
 - Mr. Narendranath J. Baliga has graduated in Business Management from Mysore University and thereafter qualified as a Chartered Accountant from the Institute of Chartered Accountants of India, New Delhi. Mr. Baliga joined BASF in April 1994. Mr. Baliga has valuable experience of over 23 years in the area of Finance, Accounting & Controlling, including exposure in Germany to Supply Chain and Process & Enterprise Architecture functions.
 - The Shareholders of the Company at their Annual General Meeting held on 20th August, 2015, had, subject to the approval of the Central Government, appointed Mr. Narendranath J. Baliga as an Alternate Director to Dr. Andrea Frenzel and by virtue of being in the whole-time employment of the Company, also appointed as a Whole-time Director of the Company for the period from 1st January, 2015 to 31st December, 2019.
- The background details of Mr. Rajesh Naik and Dr. Lakshmi Nadkarni, have been provided in the Explanatory Statements under Item Nos. 7 and 8 of the Notice respectively.

(ii) Past Remuneration –

The remuneration paid to Dr. Raman Ramachandran, Mr. Narendranath J. Baliga, Mr. Rajesh Naik and Dr. Lakshmi Nadkarni for the financial year 2016-2017 were Rs. 3,70,30,341, Rs. 1,70,19,173, Rs. 1,16,26,207 and Rs. 1,41,48,519 respectively.

(iii) Recognition or Awards – N.A.

(iv) Job Profile and Suitability–

- The details in respect of job profile and suitability of Dr. Raman Ramachandran, Chairman and Managing Director of the Company are as under:
 - Dr. Raman Ramachandran shall exercise and perform all such powers and duties as the Board of Directors of the Company shall from time to time determine, and subject to the superintendence, control, direction, and restriction from time to time given and imposed by the Board and/or the Articles of Association of the Company. He shall have control of and full executive responsibility for the general conduct and management of the business and affairs of the Company. He shall have the power to enter into contracts on behalf of the Company in the ordinary course of the business and to do and perform all other acts and things which in the ordinary course of business he may consider necessary and proper or in the interest of the Company. He shall devote sufficient time and whole-time attention to the business of the Company for which he is made accountable and shall use his best endeavour to promote the Company's interests and welfare. The details in respect of suitability are given in point no. 2 in the "Information about the Appointees" section under the heading "Background Details".
- The details in respect of job profile of Mr. Narendranath J. Baliga, Chief Financial Officer & Alternate Director are as under:
 - Mr. Narendranath J. Baliga shall carry out such functions & duties as Chief Financial Officer as such other functions/duties as may be entrusted to him by the Company from time to time.
- The details in respect of job profile/suitability of Mr. Rajesh Naik, Whole-time Director and Dr. Lakshmi Nadkarni, Alternate Director have been provided in the Explanatory Statements under Item Nos. 7 and 8 of the Notice respectively.

(v) Remuneration proposed

The remuneration proposed is detailed in the resolution.

(vi) Comparative remuneration Profile with respect to Industry, size of the Company, profile of the position and person:

Taking into consideration the size of the Company and the individual profiles of Dr. Raman Ramachandran, Mr. Narendranath J. Baliga, Mr. Rajesh Naik & Dr. Lakshmi Nadkarni, and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level positions in other Companies in the industry.

(vii) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any –

Dr. Raman Ramachandran has no pecuniary relationship directly or indirectly with the Company or its managerial personnel other than their remuneration in the capacity of Chairman & Managing Director of the Company.

Mr. Narendranath J. Baliga, Dr. Lakshmi Nadkarni and Mr. Rajesh Naik have no pecuniary relationship directly or indirectly with the Company or its managerial personnel other than their remuneration.

Other Information:

(a) Reason for losses/inadequacy of profits:

- Additional depreciation and interest on account of Dahej plant.
- Pressure on selling prices of agrochemical products resulting into lower margins coupled with capacity utilization of Dahej Plant not being at an optimum level.

(b) Steps taken or proposed to be taken for improvement:

- Profit situation is expected to improve in future years with better capacity utilisation.

(c) Expected increase in productivity and profit in measurable terms:

- Increased capacity utilisation at Dahej plant is expected to improve profits of the Company. Moreover, with the improved business situation, the Company is expected to perform better.

The Special Resolution as set out at Item No. 9 of the Notice is in the interest of the Company and the Board recommends the same for the approval of the members.

Except Dr. Raman Ramachandran, Mr. Narendranath J. Baliga, Mr. Rajesh Naik, Dr. Lakshmi Nadkarni, and their relatives, none of the other Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested, in the resolution set out at Item No. 9 of this Notice. This Explanatory Statement may also be regarded as a disclosure under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

By Order of the Board of Directors

PRADEEP CHANDAN
*Director – Legal, General Counsel
& Company Secretary*

Registered Office:

Plot No. 37, Chandivali Farm Road,
Chandivali, Andheri (East)
Mumbai 400 072.

CIN: L33112MH1943FLC003972

Dated: 4th May, 2017

BASF INDIA LIMITED

Registered Office:

Plot No. 37, Chandivali Farm Road, Chandivali, Andheri (East), Mumbai – 400 072
CIN: L33112MH1943FLC003972, E-mail ID: investor-grievance-india@basf.com Website: www.basf.com/in,
Tel: +91 22 2858 0200 Fax: +91 22 2858 0299

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s) : _____
Registered Address : _____ _____
E-mail ID : _____ *Folio No./DP ID and Client ID : _____

* For details with respect to your Folio No./DP ID, Client ID and number of shares, please refer to the Attendance Slip enclosed along with the Annual Report.

I/We, being the member(s) of _____ shares of the above named Company, hereby appoint

1. Name: _____ E-mail ID: _____
Address: _____
Signature: _____, or failing him/her
2. Name: _____ E-mail ID: _____
Address: _____
Signature: _____, or failing him/her
3. Name: _____ E-mail ID: _____
Address: _____
Signature: _____

as my/our proxy to attend and vote (on a poll/e-voting) for me/us and on my/our behalf at the 73rd Annual General Meeting of the Company, to be held on Thursday, the 28th day of September, 2017 at 3.00 p.m. at Yashwantrao Chavan Pratishthan Auditorium, Y. B. Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai – 400 021 and at any adjournment thereof in respect of such resolutions and in such manner as are indicated below:

Resolution No.	Description of the Resolution	Optional*	
		For	Against
Ordinary Business			
1.	Adoption of Audited Financial Statements, Directors' Report & Auditors' Report for the financial year ended 31 st March, 2017.		
2.	Declaration of Dividend for the financial year 2016-2017.		
3.	Re-appointment of Dr. Andrea Frenzel (DIN: 07070693) as Director, who retires by rotation.		
4.	Appointment of M/s. Price Waterhouse Chartered Accountants LLP (Firm Registration No.: 012754N/N500016), as the Statutory Auditors of the Company and to fix their remuneration.		
Special Business			
5.	Ratification of remuneration payable to M/s. R. Nanabhoy & Co. (Firm Registration No. 000010), Cost Auditor for the financial year ending 31 st March, 2018.		
6.	Fees/charges for service/delivery of any document through a particular mode under Section 20 of the Companies Act, 2013, on request of the members of the Company.		
7.	Special Resolution for appointment of Mr. Rajesh Naik (DIN: 06935998) as Whole-time Director of the Company for a period of 2 years from 1 st April, 2017 to 31 st March, 2019 and fixation of his remuneration.		
8.	Special Resolution for 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 st April, 2017 to 31 st March, 2019 and fixation of her remuneration.		
9.	Special Resolution for payment of remuneration within maximum limits, as minimum remuneration to the Managerial Personnel in the event of losses or inadequacy of profits.		

Signed this _____ day of _____ 2017.

Signature of Member

Signature of Proxy holder(s)

Affix Revenue Stamp

- Notes:**
1. *It is optional to put a 'X' in the appropriate column against the respective resolutions indicated in the table above. If you leave the 'For' or 'Against' column blank against any or all resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
 2. A Proxy need not be a Member of the Company. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as proxy on behalf of not more than fifty Members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as proxy for any other Member.
 3. For the detailed resolutions, explanatory statement and notes, please refer to the Notice of the 73rd Annual General Meeting of the Company.
 4. This form of Proxy, to be effective, should be duly completed and deposited at the Registered Office of the Company at Plot No. 37, Chandivali Farm Road, Chandivali, Andheri (East), Mumbai-400 072 not later than 48 hours before the commencement of the aforesaid meeting.



We create chemistry

BASF India Limited

Registered Office : Plot No. 37, Chandivali Farm Road, Chandivali, Andheri (East), Mumbai - 400 072, India.

Tel: +91 22 2858 0200 • Fax: +91 22 2858 0299

Website: www.basf.com/in

Email: investor-grievance-india@basf.com

CIN: L33112MH1943FLC003972

Attendance Slip for 73rd Annual General Meeting
(to be handed over at the Registration Counter at the venue of the Meeting)

I/We hereby record my/our presence at the 73rd Annual General Meeting of the Company on Thursday, 28th September, 2017 at 3.00 p.m. at Yashwantrao Chavan Pratishthan Auditorium, Y. B. Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai - 400 021.

Signature of the Member / Proxy present _____

Note : The practice of distributing copies of the Annual Report at the Annual General Meeting has been discontinued. Hence, Members/ Proxy holders attending the Meeting are requested to bring their copies of the Annual Report with them.

PLEASE CUT HERE AND BRING THE ABOVE ATTENDANCE SLIP AT THE MEETING



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Website: www.basf.com/in

Email: investor-grievance-india@basf.com

CIN: L33112MH1943FLC003972

Dear Member,

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 by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide remote e-voting facility to the Members to cast their votes by electronic means on all the resolutions set forth in the Notice convening the 73rd Annual General Meeting to be held on Thursday, 28th September, 2017 at 3.00 p.m. The Company has engaged the services of National Securities Depository Limited (NSDL) to provide the remote e-voting facility:

Your electronic voting particulars are set out below:

ELECTRONIC VOTING PARTICULARS

EVEN (Electronic Voting Event Number)	User ID	Password

The remote e-voting facility will be available during the voting period indicated below:

Commencement of remote e-voting period	End of remote e-voting period
From 9.00 a.m. IST on Monday, 25 th September, 2017	Till 5.00 p.m. IST on Wednesday, 27 th September, 2017

- Notes:**
1. Please read the instructions printed overleaf before exercising your vote.
 2. These details and instructions form an integral part of the Notice of the 73rd Annual General Meeting to be held on Thursday, 28th September, 2017.
 3. The voting rights of members shall be in proportion to the paid up value of their shares in the equity share capital of the Company as on the cut-off date i.e. Thursday, 21st September, 2017, for the purpose of e-voting.

P.T.O.

INSTRUCTIONS FOR REMOTE E-VOTING

- a) Open your internet browser and type the following URL: <https://www.evoting.nSDL.com>
- b) Click on '**Shareholder Login**'.
- c) If you are already registered with NSDL for remote e-voting, then you can use your existing User ID and Password to cast your vote. If you have forgotten your Password, you can reset your Password by using '**Forgot User details/Password**' option available on www.evoting.nSDL.com. Kindly note the new Password.
- d) If you are logging in for the first time or if your e-mail address is not registered with the Company/Depository Participant(s), please enter the User ID and initial Password mentioned overleaf and click '**Login**'.
- e) If you have a registered e-mail address, you will receive the User ID and initial Password mentioned via e-mail. You may download the PDF file attachment named "BASF e-voting.pdf" containing the User ID and initial Password by using the Client ID (in case you are holding shares in demat mode) or Folio Number (in case you are holding shares in physical mode) as the password. You will not receive this pdf file if you are already registered with NSDL for remote e-voting.
- f) The **Password Change Menu** will appear on your screen. Change to a new Password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both. Kindly note the new Password. Please do not share your Password with any other person and take utmost care to keep your Password confidential.
- g) Home page of remote e-voting will open. Click on **e-voting Active Voting Cycles**.
- h) Select '**EVEN**' (**Electronic Voting Event Number**) of BASF India Limited provided overleaf.
- i) Once you enter the number, the **Cast Vote** page will open. Now you are ready for remote e-voting.
- j) On the voting page, enter the number of shares mentioned overleaf (which represents the number of votes) and thereafter cast your vote by selecting either "**FOR**" or "**AGAINST**" on each resolution. Once you have voted on a resolution, click **Submit**.
- k) Click on '**Confirm**' when prompted. Upon confirmation, the message '**Vote cast successfully**' will be displayed. Please note that once your vote is cast on the selected resolution, it cannot be changed or modified.
- l) Voting has to be done for each item of the notice separately. During the remote e-voting period, you can log in any number of times till you have voted on all the Resolution(s). In case you do not cast your vote on any specific resolution, you will be deemed to have abstained from voting for that resolution.
- m) Members holding multiple folios/demat accounts need to repeat the voting process separately for each folio/demat account.
- n) Institutional members (i.e., other than individuals, HUF, NRI etc.) are required to send a scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter, along with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer via e-mail at: cstaizonkhumri@gmail.com with a copy to evoting@nsdl.co.in. The documents should reach the Scrutinizer on or before the close of remote e-voting period i.e. 5.00 p.m. IST on Wednesday, 27th September, 2017.
- o) Persons who have acquired the equity shares of the Company after the dispatch of the Annual Report and are Members as on 21st September, 2017, may send a request for obtaining their User ID and Password to evoting@nsdl.co.in or csg-unit@tsrdarashaw.com or contact TSR Darashaw Limited on 022-66568484. However, if you are already registered with NSDL for remote e-voting, then you can use your existing User ID and Password for casting your votes.
- p) In case of any queries regarding e-voting, you may refer to the 'Frequently Asked Questions' (FAQs) and 'e-voting user manual' available in the 'Download' Section of NSDL's e-voting website www.evoting.nSDL.com. You may also contact NSDL via e-mail at evoting@nsdl.co.in or on their toll free no.1800-222-990 or contact TSR Darashaw Limited via e-mail at csg-unit@tsrdarashaw.com or on tel no. 022-66568484.
- q) You may also update your mobile phone number and e-mail address in the user profile details of the folio, which may be used for sending future communications.

General:

1. The remote e-voting period commences on Monday, 25th September, 2017 (from 9.00 a.m. IST) and ends on Wednesday, 27th September, 2017 (till 5.00 p.m. IST). Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 21st September, 2017, may cast their votes electronically. Remote e-voting will not be allowed beyond 5.00 p.m. on Wednesday, 27th September, 2017 and the e-voting module will be disabled by NSDL thereafter. A member who has cast his/her vote by using remote e-voting shall be entitled to attend the Annual General Meeting (AGM) of the Company either in person or through a duly appointed proxy, but shall not be allowed to vote on the resolutions at the AGM. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.
2. The facility for voting through ballot on-site e-voting will also be made available at the AGM, and Members or their proxies attending the AGM who have not cast their vote by remote e-voting, will be able to vote at the AGM.
3. Mr. Taizoon Khumri, Practising Company Secretary, T.M. Khumri & Co., Company Secretaries, 12-13, Esplanade, 3rd Floor, 3, Amrit Keshav Nayak Marg, Fort, Mumbai - 400001 having Membership No. FCS-993 (COP No.: 88), has been appointed as the Scrutinizer to scrutinize the remote e-voting process and voting by ballot on-site e-voting at the AGM in a fair and transparent manner.
4. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, count the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses who are not in the employment of the Company. The Scrutinizer shall submit a consolidated Scrutinizer's Report of the total votes cast in favour of or against the resolutions, not later than 48 hours after the conclusion of the AGM to the Chairman of the Company, who shall countersign the same. The Chairman will declare the result of voting within 48 hours after the conclusion of the AGM.
5. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.basf.com/in and on the website of NSDL. The results will also be communicated to the stock exchanges where the shares of the Company are listed.
6. Subject to receipt of the requisite number of votes, the resolutions shall be deemed to have been passed on the date of the AGM i.e. 28th September, 2017.

By order of the Board of Directors
For BASF India Limited

Pradeep Chandan
Director- Legal, General Counsel
& Company Secretary

Dated: 4th May, 2017