



We create chemistry

BASF India Limited, Mumbai - 400 051, India

July 6, 2018

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, 2018

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 74th Annual General Meeting of the Company for the financial year ended 31st March, 2018 for your reference and record.

Kindly take the same on record.

Thanking you.

Yours Faithfully,
For BASF India Limited

Pradeep M. Chandan
Director – Legal, General Counsel (South Asia)
& 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
The Capital
1204-C, 12th Floor, 'A' Wing
Plot No. C-70, 'G' Block
Bandra Kurla Complex, Bandra (East)
Mumbai - 400 051, India

Tel.: +91 22 6278 5600

CIN - L33112MH1943FLC003972

www.basf.com/in



Annual Report 2017-2018

BASF India Limited

We create chemistry
for a sustainable future





Message from the Chairman & Managing Director

Dear Shareholders,

World growth strengthened in 2017 to 3.8%, with a rebound in global trade led by advanced economies. India too witnessed growth as government initiatives to revive the economy increased Gross Domestic Product (GDP) in the last two quarters. While most sectors gradually recovered from GST and demonetization, climbing crude oil prices and falling value of Rupee are concern areas.

In my last year's message, I highlighted how your Company is moving towards profitable and sustainable growth. You would be pleased to know that we expanded our business with sales increasing by 10% on a comparable basis (adjusted for GST and Excise) to Rs. 55,834 million. Despite an erratic monsoon, our agricultural business saw strong double-digit growth driven by volume from new product launches. The Chemicals business too, saw strong double-digit growth mainly driven by price and supported by volume. Considering the improved operational and financial performance, your Company has recommended a dividend payment of Rs. 3/- per equity share of Rs. 10/- each (i.e. 30%) for the financial year 2017-18.

To ensure seamless delivery of services and smooth transition for customers, we were ready for GST implementation from day one. New products for rice from the Crop Protection business were successfully established. Our focus on farmer safety under the 'Suraksha Hamesha' initiative continued with the introduction of an improved version of personal protection equipment 'Sanrakshan kits'. The Fuel and Lubricants business team launched Glysantin®, a high-performance engine coolant on Amazon India's website to enhance digital outreach.

Operational efficiency and resource optimization led to increased volumes across various manufacturing sites. Production is being ramped up for Cellasto®, used in the suspension system of automobiles, at our Dahej plant. We prioritized various energy conservation measures and introduced solar power at the Mangalore facility, reducing carbon emissions by ~13,400 tons per annum. Additionally, this year, we brought R&D activities in Mumbai under one roof.

We completed the divestiture of the Leather Chemicals business to Stahl Group. Such strategic portfolio management helped us to move further on the path to profitable growth.

Our CSR initiatives continued to focus on Water, Sanitation and Hygiene (WASH) and education. We worked closely with the local communities around our sites in Dahej, Mangalore and Ankleshwar, conducting behavioural change programs, providing piped water and installing a digital classroom.

Recognitions from customers and stakeholders continued. The EHS team won the Indian Chemical Council Certificate of Merit for Best Compliant Company for Distribution Code under Responsible Care. The Coatings team won multiple awards from key customers including Best Supplier Award from Honda Motorcycles and Scooters, while our Performance Materials team won the Best Business Partner award from Haier India. Your Company was also named as the most compliant company amongst S&P's BSE 500 companies in CimplifyFive's 3rd Secretarial Audit report.

Your Company believes that committed and qualified teams are the key to contribute towards a sustainable future. To this effect, we introduced several initiatives through the Diversity & Inclusion team constituted in 2016. 'Working Mother and AVTAR' recognized your Company as one of the '100 Best Companies for Women in India' for the second time in a row. We boosted employee morale through initiatives like Fit@BASF, Fun@BASF and The Knowledge Series.

As we look into the future, we would continue our focus on maintaining profitable and sustainable growth. We see that customers and stakeholders are aligning with companies making advancements towards reducing impact on environment and climate change. This trend will make sustainable chemistry a reality, placing your Company at a strategic advantage. Our sharp focus on customer centricity and digitization will help us continue leading the industry. On behalf of the Board of Directors, I thank you all for your valuable trust and continued support.

With best wishes,

Raman Ramachandran, Ph.D.

“To ensure seamless delivery of services and smooth transition for customers, we were ready for GST implementation from day one.”

Friday, 10 th August, 2018 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	Notes to the Financial Statements for the year ended March 31, 2018	75
Registered Office:		
The Capital, 'A' Wing, 1204-C 12 th Floor, Plot No. C-70, 'G'-Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051. Telephone : +91 6278 5600 Website : www.basf.com/in E-mail ID : investor-grievance-india@basf.com		
Corporate Identification Number: L33112MH1943FLC003972		
Works:		
<u>Maharashtra (Navi Mumbai)</u>		
(1) Plot Nos. 12 & 13, TTC Industrial Area, MIDC, Thane-Belapur Road, Turbhe, Navi Mumbai – 400 705.		
(2) Plot Nos. C-68, TTC Industrial Area, MIDC, Thane-Belapur Road, Turbhe, Navi Mumbai – 400 613.		
<u>Karnataka (Mangalore)</u>		
Bala/Thokur Village, Surathkal-Bajpe Road, Mangalore Taluka, Dakshina Kannada District, Karnataka – 575 030.		
<u>Gujarat</u>		
(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.		
<u>Andhra Pradesh (Nellore)</u>		
Plot 1 & 1A, APIIC Industrial Park, Menakur Village, Block B, Naidupet Mandal, SPSR Nellore District, Andhra Pradesh.		
<u>Himachal Pradesh (Nalagarh)</u>		
Khasra No. 87/1, Village: Beer Plassis, Nalagarh, District: Solan, Himachal Pradesh.		
<u>West Bengal (Kharagpur)</u>		
Plot No. F-7, Vidyasagar Industrial Park, Kharagpur, Paschim Medinipur, West Bengal.		
Branch Offices:		
Ahmedabad, Bangalore, Chennai, Delhi, Hyderabad, Kolkata and Pune.		
Registrar & Share Transfer Agent:		
TSR Darashaw 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

Mr. Narendranath J. Baliga

Dr. Rajan Venkatesh (upto 31st March, 2018)

Mr. Bejoy Chandran (w.e.f. 1st June, 2018)

Mr. Sylvain Huguenard (upto 31st December, 2017)

Mr. Brioux Boisdequin (w.e.f. 1st June, 2018)

Mr. Pradeep M. Chandan

Dr. Lakshmi Nadkarni

Mr. Rajesh Naik

Ms. Sunita Sule

Mr. Srinivas Pranesh (upto 31st May, 2018)

Mr. Jayant Bahekar (w.e.f. 1st June, 2018)

Statutory Auditors

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

Cost Auditors

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

Advocates & Solicitors

- (i) Messrs Crawford Bayley & Co.
State Bank Building, 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) BNP Paribas
- (v) The Bank of Tokyo and Mitsubishi UFJ Limited
- (vi) Credit Agricole CIB

Internal Auditors

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

Secretarial Auditors

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

Mr. Pradeep M. Chandan
Director – Legal, General Counsel (South Asia)
& Company Secretary



Your Company participates in various events to build stakeholder engagement. Seen in the picture is Dr. Raman Ramachandran, Chairman & Managing Director at the inaugural session of Chemtech “Specialty Chemicals World Expo 2017”.



Your Company was one of the key sponsors for the TEDx event in Mumbai in February 2018. This was a day-long conference with over 5000+ participants, featuring 20+ eminent speakers from different walks of life, sharing innovative & sustainable ideas. Seen in the picture are Mr. Narendranath J. Baliga, Chief Financial Officer and Mr. Biju Mathew – Head, Supply Chain and Information Services with key products showcasing innovation at BASF product booth.



Seen in the above image are the Board Members and Key Managerial Personnel of your Company along with Dr. Ramkumar Dhruva – President, AS Division, Asia Pacific (Fourth from Left).

Directors' Report

Your Directors have pleasure in presenting their Report for the financial year ended 31st March, 2018.

Financial Results

(Rs. in million)

Description	Year ended 31.3.2018	Year ended 31.3.2017
Revenue from operations (Net of GST/Excise)	55,834.0	50,782.2
Profit /(Loss) before tax and exceptional items	1,024.6	(294.8)
Exceptional items	1,585.7	170.1
Profit /(Loss) before tax after exceptional items	2,610.3	(124.7)
Tax	145.3	16.6
Profit /(Loss) after tax	2,465.0	(141.3)
Dividend	129.9	43.3
Corporate Tax on Dividend	26.7	8.8

Note: As per Indian Accounting Standard 18 on Revenue and Schedule III of the Companies Act, 2013, Revenue from Operations for the period July 1, 2017 to March 31, 2018 does not include Goods and Services Tax (GST), however Revenue from Operations till the period ended June 30, 2017 and other comparative periods includes Excise Duty.

Performance

Revenue from operations (net of GST/Excise) at Rs. 55,834 million, represents an increase of 10% over the previous year. Your Company reported a profit after tax (after exceptional items) of Rs. 2,465 million for the year ended 31st March, 2018 as compared to loss after tax (after exceptional items) of Rs. 141.3 million in the previous year due to good performance in all business segments.

The Agricultural Solutions business of your Company registered good growth in sales and profits during the year as compared to the previous year mainly due to increased sales realised from successful launch of new products as well as diversification into new crops like rice & corn.

The Chemicals segment of your Company comprising of the Intermediates, Petrochemicals & Monomers businesses registered substantial increase in sales & profits during the year mainly due to better realisation coupled with strong domestic demand driven by increase in prices of Monomers and Amine related products.

The Functional Materials & Solutions segment of your Company which comprises of the Performance Materials, Coatings, Construction Chemicals and Process Catalysts Technologies business registered modest growth in sales during the year under review as compared to the previous year. However, it registered good growth in profits on account of better margins in performance materials business, driven by good performance in transportation segment.

The Performance Products segment, which includes Performance Chemicals, Dispersions & Pigments, Care Chemicals, Nutrition & Health products and Paper Chemicals businesses registered higher sales & margins during the year under review as compared to the previous year owing to increase in volumes from Dahej Plant & improved profitability of the Dispersions business.

Export sales stood at Rs. 6,847.5 million during the year under review.

Acquisition of Solvay's global polyamide business

In September 2017, BASF SE, Germany signed an agreement to acquire Solvay's integrated polyamide business globally. The acquisition would complement BASF's engineering plastics portfolio and expand BASF's position as a solution provider for the transportation, construction, industrial applications and consumer industries.

Acquisition of significant parts of Bayer's global seeds & non-selective herbicide businesses and additional crop protection businesses & assets

In October 2017, BASF SE, Germany, signed an agreement to acquire significant parts of Bayer's seed and non-selective herbicide businesses. Further, in April 2018, BASF SE signed an agreement to acquire, inter-alia, Bayer's entire vegetable seeds business, operating under the global trademark Nunhems®, Research & Development platform for hybrid wheat and complete state-of-the-art digital farming platform xarvio™, which it has offered to divest in the context of its planned acquisition of Monsanto.

Both the transactions complement BASF's crop protection business and biotechnology activities, adding new capabilities and opportunities for profitable growth and innovation.

BASF and Solenis join forces by combining paper wet-end and water chemicals businesses globally

In May 2018, BASF SE, Germany signed, an agreement with Solenis, USA to globally combine BASF's Paper wet-end & water chemicals business with Solenis. Consequently, your Company's paper wet-end and water chemicals business would be transferred to Solenis in India, subject to requisite approvals. Presently, the paper wet-end and water chemicals business of the Company forms part of the Performance Products segment of the Company.

Expansion of manufacturing capacity of Cellasto® and cessation of Thermoplastic Polyurethane (TPU) manufacturing at Dahej Plant, Gujarat

Your Company is in the process of expanding its manufacturing capacity for Cellasto®, which is used in the suspension system of automobiles to reduce noise, vibration and harshness. The expansion at the Dahej Plant will serve India's growing automotive market for both two wheeler and four wheeler vehicles.

Further, in line with the changing customer needs in the South Asian region, your Company has discontinued TPU manufacturing at the Dahej Plant. However, your Company will continue supplying South Asian markets from its global network, which would ensure seamless supply to customers.

Update on divestment of Leather Chemicals business to Stahl

Pursuant to the global sale of BASF's Leather Chemicals business to Stahl Group, the Leather Chemicals business of your Company has been transferred to Stahl India Private Limited with effect from 30th September, 2017. Your Company has received an aggregate sum of Rs. 1,976.3 million (including GST) from Stahl India Private Limited as the consideration for the sale of the business.

Dividend

In view of the improvement in the operational and financial performance of the Company, your Directors have recommended a dividend of Rs. 3/- per equity share of Rs. 10/- each (i.e. 30%) for the financial year ended 31st March, 2018, subject to the approval of the members at the 74th Annual General Meeting of the Company to be held on 10th August, 2018. The dividend will absorb Rs. 129.9 million and the dividend distribution tax to be borne by the Company would amount to Rs. 26.7 million.

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

Change of Registered Office of the Company

The Registered Office of your Company has been shifted from Plot No. 37, Chandivali Farm Road, Chandivali, Andheri (East), Mumbai-400072 to The Capital, ‘A’ Wing, 1204-C, 12th Floor, Plot No. C-70, ‘G’ – Block, Bandra Kurla Complex, Bandra (East), Mumbai-400051 with effect from 1st December, 2017.

Corporate Social Responsibility

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

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

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

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

During the year under review, 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 activities.

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

Finance & Accounts

Your Company continued to optimise 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 0.6 as at 31st March, 2018.

Capital Expenditure

Capital expenditure incurred during the year aggregated to Rs. 679.4 million.

Credit Rating

During the year, CRISIL revised its outlook on the Non-Convertible Debenture programme of your Company to ‘Stable’ from ‘Negative’ while reaffirming the rating at ‘CRISIL AAA’. The ratings of the Fixed Deposits and Commercial Paper were also reaffirmed at ‘FAAA/Stable’ and ‘CRISIL A1+’, respectively.

Further, India Ratings and Research Private Limited awarded a credit rating of “IND A1+” for the Commercial Paper programme of Rs. 750 crore.

Instruments with these ratings are considered to have the highest degree of safety regarding timely servicing of financial obligations & carry lowest credit risk.

Fixed Deposits

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

Management Discussion and Analysis Report

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

Corporate Governance

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

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

Business Responsibility Report

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

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

The BRR for the financial year 2017-18 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 Whistle Blower Policy for employees, Directors and third parties to report their genuine concerns, details of which have been given in the Corporate Governance Report annexed to this Report. This policy is available on the Company's website and can be accessed at: <http://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, 2018 and of the profit of the Company for that period;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the annual accounts on a going concern basis;
- (v) they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively; and
- (vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

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

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

Directors

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Rajesh Naik retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Dr. Raman Ramachandran was re-appointed as Chairman & Managing Director of the Company for a term of one year from 1st April, 2018 to 31st March, 2019, subject to the approval of the shareholders at the ensuing Annual General Meeting 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. In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, the appointment of Mr. Raimar Jahn would be considered at the ensuing Annual General Meeting as Dr. Rainer Diercks was liable to retire by rotation at the ensuing Annual General Meeting, had he continued as the Director of the Company.

As required under the SEBI Listing Regulations, the details of the Directors seeking appointment/re-appointment at the ensuing Annual General Meeting are provided on page no. 56 in the Corporate Governance Report, forming part of this Annual Report.

Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations, the Company has devised a policy containing criteria for evaluating the performance of the Executive, Non-Executive and Independent Directors, Key Managerial Personnel, Board and its Committees based on the recommendation of the Nomination & Remuneration Committee. Feedback was sought by way of a structured questionnaire covering various aspects of the Board's functioning, such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. The manner in which the evaluation has been carried out is explained on page no. 53 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

M/s. Price Waterhouse Chartered Accountants LLP (Registration No. 012754N/N500016), Mumbai, have been appointed as Statutory Auditors of the Company at the Annual General Meeting held on 28th September, 2017. They have confirmed to the Company that they are not disqualified from continuing to act as Statutory Auditors for the financial year 2018-2019.

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 2017-18 and to furnish the report to the Board. The Secretarial Audit Report dated 4th May, 2018 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 Auditor and the Secretarial Auditor in their respective Reports for the financial year ended 31st March, 2018.

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 2018-19. They have confirmed that their appointment is within the limits of Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified from acting as Cost Auditors.

Composition of the Audit Committee

As required by Section 177(8) read with Section 134(3) of the Companies Act, 2013 and the Rules framed thereunder, the composition of the Audit Committee is in line with the provisions of the Companies Act, 2013 and SEBI Listing Regulations, details of which are provided on page nos. 51 and 52 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. 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>

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).

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

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

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

Extract of Annual Return

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

Particulars of Employees

The particulars of employees required to be furnished pursuant to Section 197(12) of the Companies Act, 2013 read with sub-rules 2 and 3 of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended, forms part of this Report as **Annexure VII**. 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 the Workplace

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

As per the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder, your Company has adopted a Policy for Prevention of sexual harassment at Workplace and has constituted an Internal Committee (IC) 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 are expeditiously and discreetly investigated and disciplinary action, if required, is taken in accordance with the policy.

There were no complaints of sexual harassment received during the financial year 2017-18.

Training programs on the policy are also conducted at regular intervals. During the year under report, your Company conducted 2 workshops/awareness programmes on the policy for the employees. Your Company also rolled out an e-learning module to sensitize & create awareness amongst the employees of the Company on prevention of sexual harassment.

Risk Management

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

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, 2018. 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 2017-18 on the following dates:

- | | |
|--------------------------------------|-------------------------------------|
| (1) 4 th May, 2017 | (2) 31 st July, 2017 |
| (3) 28 th September, 2017 | (4) 14 th November, 2017 |
| (5) 5 th February, 2018 | (6) 27 th March, 2018 |

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 the SEBI Listing Regulations.

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 in the performance 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, 2018

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 Schedule VII of the Companies Act, 2013.</p> <p>The Company has undertaken various community initiatives and projects under its different CSR programs. 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, Mangalore and Ankleshwar.</p> <p>The Company believes that its CSR programs require a long-term commitment and continuity. Hence, even though the Company was not mandatorily required to spend any amount towards CSR in the financial year 2017-18, the Company decided to continue support to the communities, which had benefited from its CSR programs.</p> <p>The Company had built 232 individual household toilets at Dahej during the course of the previous three financial years (FY 2014-15, 2015-16 and 2016-17). In the financial year 2017-18, the Company constructed 15 more individual household toilets. The Company believes that behavioural change programs are just as important as physical infrastructure to bring about an end to open defecation. Therefore, the Company conducted a series of awareness programs on sanitation and use of toilets to bring about a change in entrenched behaviour.</p> <p>At Mangalore, the Company has built one public toilet near its manufacturing site. The toilet will benefit, among others, a number of truck drivers who do not have access to a proper public toilet facility in the area. The Company has also conducted an awareness campaign on sanitation for users of the toilet. In line with its commitment to raising awareness on sanitation among school children, the Company has also conducted awareness programs for 150 school children on personal hygiene, safe sanitation, usage of toilet, solid and liquid waste management.</p> <p>The Company focused on a digital educational model that offers an important tool for improving the teaching standards in schools by installing a digital e-learning classroom at Dadhal Primary School near Ankleshwar, which will benefit 470 students of the school.</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>
2.	The Composition of the CSR Committee.	<p>Mr. R. R. Nair, Chairman (Independent Director)</p> <p>Mr. Arun Bewoor (Independent Director)</p> <p>Mr. Rajesh Naik (Whole-time Director)</p> <p>Mr. Pradeep M. Chandan (Secretary of the Committee)</p>
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 2017-18)

5.	Details of CSR spent during the financial year:	
	(1) Total amount spent for the Financial Year	Rs. 1.5 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



As part of our CSR activities, we engaged with local communities in Dahej to conduct educational programs around Menstrual health.

Details of CSR Amount Spent

(Rs. in million)

Sr. No.	CSR Project or Activity identified	Sector in which the project is covered	Projects or programs 1) Local area or other 2) Specify the State and district where projects or programs were undertaken	Amount Outlay (budget) project or program wise	Amount spent on the projects or programs		Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
					Direct expenditure on projects or programs	Overheads		
1.	Construction of 15 individual household toilets and conduct of behavioural change programs on sanitation and hygiene	WASH (Water, Sanitation and Hygiene)	Village Dahej, District Bharuch, Gujarat	0.7	0.7	0.0	0.7	Sulabh Sanitation Mission Foundation
Total CSR amount spent in Dahej				0.7	0.7	0.0	0.7	
1.	*Construction of Public toilet	WASH (Water, Sanitation and Hygiene)	Mangalore, Karnataka	0.5	0.4	0.1	0.5	Leaf Society
2.	Behavioural change programs on sanitation & hygiene			0.1	0.1	0.0	0.1	
Total CSR amount spent in Mangalore				0.6	0.5	0.1	0.6	
1.	Installation of one digital e-learning classroom	Education	Village Dadhal, District Bharuch	0.2	0.2	0.0	0.2	Next Education India Private Limited
Total CSR amount spent in Ankleshwar				0.2	0.2	0.0	0.2	
Total CSR amount spent				1.5	1.4	0.1	1.5	

* Necessary approvals from the Authorities for construction of public toilet have already been obtained. The construction will be completed by June 2018.

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, 2018

Business Responsibility Report

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Sr. No.	Particulars/Activities	Details									
1.	Corporate Identification Number (CIN) of the Company	L33112MH1943FLC003972									
2.	Name of the Company	BASF INDIA LIMITED									
3.	Registered office address	The Capital, 'A'-wing, 1204-C, 12 th floor, Plot No. C-70, 'G' – Block, Bandra Kurla Complex, Bandra (East), Mumbai-400051.									
4.	Website	www.basf.com/in									
5.	E-mail ID	investor-grievance-india@basf.com									
6.	Financial Year reported	2017-2018									
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3">Manufacture and sale of chemicals & chemical products</th> </tr> <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>	Manufacture and sale of chemicals & chemical products			Product		NIC Code	Chemicals & Chemical Products	Chapter 25 to 40 of ITC (HS) Code	20
Manufacture and sale of chemicals & chemical products											
Product		NIC Code									
Chemicals & Chemical Products	Chapter 25 to 40 of ITC (HS) Code	20									
8.	List three key products/services that the Company manufactures/provides	1) 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 ii. Number of National Locations	Nil The Company has 9 manufacturing sites and 14 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 (Net of GST/Excise)	Rs. 55,834 million
3.	Total Profit after taxes	Rs. 2,465 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 2017-18. 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 point 4 above has been incurred	i) Sanitation facilities ii) 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	022-67243700 / 67243800
5.	E-mail ID	raman.ramachandran@basf.com



Our Care Chemicals team held a symposium for more than 70 representatives of key customers in Delhi. The event presented personal care solutions in hair, body, oral, skin and sun care, emphasizing BASF's role as a total solutions provider to the industry.

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

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Whether the Company has policies for each of the 9 Principles?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2.	Whether the policies have been formulated in consultation with the relevant stakeholders?	Yes								
3.	Whether the policies conform to any national/international standards? If yes, specify?	Most of the principles are covered by our Code of Conduct 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/guidelines pertaining to local laws and systems are approved by the Board and signed by the relevant senior management personnel, including the Managing Director.								
5.	Does the Company have a specified Committee of the Board/Director/Official to oversee the implementation of the policies?	The Company has a Committee for Corporate Social Responsibility. For other policies, the Company has put in place internal framework/Committees to monitor their implementation from time to time.								
6.	Indicate the link for the policies to be viewed online.	The Company's CSR Policy is available at 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 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/guidelines and procedures are audited by the Company's Internal as well as the BASF Group's Auditors.								

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

3. Governance related to BR:

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

SECTION E: PRINCIPLE-WISE PERFORMANCE

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

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

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

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

There was only 1 complaint received during the financial year 2017-18, which has 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?

i) Keropur® – the formula for FUEL differentiation

All oil refineries seek to create sustainable solutions by making their processes more efficient. BASF has been able to develop Keropur® – Gasoline multifunctional performance packages at optimized parts per million levels that meets the WWF Charter requirement of lowest additive concentration. Keropur® gasoline performance packages protect the intake system of engines by forming a fluid protective film and prevent the formation of deposits (keep clean effect) and also remove existing deposits (clean up effect). This applies to both Port Fuel Injection and Direct Injection Spark Ignition engines. Keropur® technology not only helps refineries reduce their formulation cost and meet the target performance & regulatory requirement but equally helps end-consumers with maximum engine cleanliness, protection against corrosion, better fuel economy, lower emissions and a better driving experience.

ii) ecovio® – Compostable Plastic

BASF's ecovio® is a certified compostable plastic, which 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 water retention and in preventing soil erosion. ecovio® is gaining increasing acceptance for shopping bags, fruit & vegetable bags and organic waste bags. ecovio® compostable polymers are increasingly being used for packaging as well.

iii) 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.

iv) 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.

v) 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 EHS (Environment, Health and Safety) audits for the last several years. The Company has completed more than 200 supplier audits in the last 5 years. The Company is gradually shifting its focus to TfS (Together for Sustainability). Through these audits, it is ensured that the supplier implements and follows sustainability practices (Environmental, Safety & Governance Guidelines – ESG Guidelines). These audits are conducted by third parties. The Company provides recommendations to suppliers wherever improvements are needed and monitors the implementation of the same. The Company has completed more than 50 TfS audits and more than 100 online assessments in the last 3 years. The online assessments are carried out by a third party, EcoVadis and their report is shared with the suppliers.

Further, the Company reuses the packaging materials (IBC, drums etc.) and also recovers the solvents for reuse, 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 has started use of multi-modal transport (road, rail and sea) for transporting goods within the country in addition to the Roll-on/Roll-off (RORO) model. The Company also uses coastal shipping for transporting hazardous chemicals, which is less polluting than road transportation and minimizes the risk of accidents.

The Company has, along with its peers, founded NicerGlobe, an independent platform which provides real-time monitoring of the movement of dangerous goods across the length and breadth of India. This helps in monitoring any deviations in speed or route or driving time restrictions, which results in minimizing transport related incidents. Apart from this, almost all the filled containers being transported by road are enabled with GPS for real-time monitoring.

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 (SME) in the Indian chemical industry to compete in the global market. Many of the Company’s packaging and service suppliers are small or medium enterprises. The Company is associated with about 75 SME suppliers & service providers.

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.

~ 23% of the treated effluent at the Company’s Navi Mumbai production site is used for washing, cleaning and gardening thereby contributing towards sustainability.

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

Sr. No.	Particulars	Details
1.	Total No. of employees	1804
2.	Total No. of employees hired on temporary/contractual/casual basis	2867
3.	No. of permanent women employees	125
4.	No. of permanent employees with disabilities	1
5.	Whether there are any employee associations that are recognized by management	Refer Note below*
6.	Percentage of permanent employees being members of this recognized employee association?	17%

* 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 unions, the Company strives to maintain cordial relationships with employees and work towards their welfare.

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

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

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

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

Permanent Employees:

100% 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 5.2 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. ~ 31,100 man hours of training was imparted to the Company's employees (including contractual employees) at the manufacturing sites.

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

Permanent Women Employees:

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.

Further, the Company has also provided training to 49 trainees including 11 women at its Manufacturing sites under the National Employability Enhancement Mission (NEEM).

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

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

The Company has mapped its internal and external stakeholders in a structured way and 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 also 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, 2018.

Principle 5: Businesses should respect and promote human rights

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

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

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

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

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

There were no stakeholder complaints received by the Company during the financial year 2017-18.

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

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

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

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

The Company's Dahej manufacturing site was awarded Responsible Care® certification for 3 years by The Indian Chemical Council, which conducted an independent audit to verify the implementation of Responsible Care®. The Company's Thane manufacturing site has also continued its energy conservation measures and has been awarded Energy Conservation Award for the third consecutive year by the Government of Maharashtra. The Company's Mangalore site was recognized by the Karnataka Government as the second-place winner of "Best Safe Industrial Boiler in Karnataka."

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.

The Company's Mangalore manufacturing site has also initiated procurement of solar energy, which is expected to reduce 13,400 tons of carbon per annum.

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

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

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

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

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

The Company does not have any Clean Development Mechanism Projects.

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

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

The Company has been 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 14000°C.
- Conservation of fossil fuel by the cement industry.

ii. Bio Boiler:

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

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

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

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

The benefits of the Bio-Boiler are as follows:

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

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, 2018.

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
- CropLife 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 'CropLife 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.

Suggestions/recommendations on changes/amendments required on laws, as may be applicable, are also taken up through the Industry Associations for submission to the concerned Ministry.

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

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 Programs which are focussed on Water, Sanitation and Hygiene (WASH) and Education. These programs are executed in and around the Company's production sites at Dahej, Mangalore and Ankleshwar. 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 2017-18.

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 Sulabh Sanitation Mission Foundation, New Delhi, Leadership through Education & Action Foundation (LEAF), Chennai, Next Education India Pvt. Ltd., Hyderabad, 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 2017-18, 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 activities undertaken by the Company are given in the Annexure on CSR activities forming part of the Directors' Report for 2017-18.

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

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

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

The key achievements of Suraksha Hamesha program are as follows:

Year	Farmers covered	Women farmers covered	Spray men covered	Participation of agriculture department officials
2017-18	47,611	2,466	7,731	956

The Company has also developed a first of its kind 'Sanrakshan Kit', which contains certified personal protection equipment designed to meet the safety requirements of farmers and is made available to the farmers at a subsidized price.

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 31st March, 2018?

~ 1% of the total customer complaints are pending as on 31st March, 2018 before 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?

During the financial year 2015-16, the Company had conducted an online Customer Satisfaction Survey, which was administered by an agency based in Germany. Similarly, the Company will be conducting a customer satisfaction survey in the financial year 2018-19.

On behalf of the Board of Directors

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

Mumbai

Dated : 4th May, 2018



Your Company inaugurated its latest warehouse for Coatings business in Mangalore in April 2018.

Statement containing particulars pursuant to Section 136(3)(m) of the Companies Act, 2013 and Rule 8 of the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report.

A. CONSERVATION OF ENERGY

The Company continued its policy of giving priority to energy conservation measures including regular review of energy generation, distribution, consumption and effective control on utilization of energy in its manufacturing facilities at Navi Mumbai (Maharashtra), Mangalore (Karnataka), 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:

- Replacing the sodium vapour/CFL bulbs/illumination lamp/conventional lights with energy efficient LED lamps/lights.
- Replacement of old motor with energy efficient motor.
- Generation of steam by using Briquette fired boiler.
- Process optimization in various production plants.
- Installing Orifice on air inlet line of Filter press enabled reduced air consumption.
- Providing timer for air diffuser and agitator to reduce electricity consumption.
- Installation of Variable Frequency Drive and mechanical seals in various pumps for power saving.
- Reduction in electricity demand for lower fixed cost charges.
- New technology air dryer installed (HOC type against heatless type) which resulted in subsequent power saving.
- Downsizing of various pumps.
- Purchase of electricity from private players through open access resulted in reduction of electricity rate.

Reduction in process water consumption in plants was achieved by:

- 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 and gardening.
- Rain water harvesting system.
- Condensation recovery.
- Drip irrigation and sprinkler system for tree plantation and gardening.

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

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

Requisite data in respect of Energy Consumption is given below:

	Current Year 1.4.2017 to 31.3.2018	Previous Year 1.4.2016 to 31.3.2017
Power & Fuel Consumption		
1. Electricity		
(a) Purchased		
Units (in '000 kwh)	64,258.4	65,578.9
Total amount (Rs. in million)	447.9	433.9
Rate per unit (Rs.)	7.2	6.8
(b) Own generation		
Through diesel generator		
Units (in '000 kwh)	760.8	857.7
Units per litre of oil	3.6	3.1
Cost per unit (Rs.)	15.4	16.4
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)	506.4	593.3
Total Amount (Rs. in million)	16.4	12.5
Average rate (Rs./litre)	63.0	21.2
4. Natural Gas		
Qty (KNCM)	13,083.9	12930.4
Total cost	408.5	380.5
Average rate	30.4	28.5
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 upgradation and improvement of safety instruments/aspects.
- Basic research in enhancing quality of life with sustainable solutions.
- Introduction of new products in existing production lines.
- Development of new products/formulations including water based dye solutions.
- Development of new analytical methods.
- Testing of new research compounds and formulations in greenhouse & fields for efficacy and safety against economically important agricultural pests and diseases.

Work on Global Research projects include:

- Collaborative research with BASF SE, BASF Schweiz AG and BASF Corporation, 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's technical support laboratory at Mangalore is actively involved in the area of developing new coatings technologies and testing services for global customers. This laboratory was a part of developing two new clearcoat technologies with improved environmental resistance, better appearance and better scratch resistance.

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

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

In its endeavor to create chemistry for a sustainable future, for the benefit of customers, the R&D Centre developed new products during the year. Some of these new products were introduced in the market. Production processes have been improved with respect to their safety, efficiency, quality, quantity and sustainability.

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

3. Expenditure on R&D: Rs. 73.7 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 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. 6,847.5 million.

Foreign exchange expenditure during the year: Rs. 2,470.4 million.

On behalf of the Board of Directors

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

Mumbai

Dated : 4th May, 2018

SECRETARIAL AUDIT REPORT

Form No. MR-3

FOR FINANCIAL YEAR ENDED ON 31ST MARCH, 2018.

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

To,
The Members,
BASF INDIA LIMITED

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period ended on 31st March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers and minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018, 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 Sector Specific Laws as applicable to the Company being in Chemical Sector as given in **Annexure – 1**.

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

- i) Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India along with revised Secretarial Standards 1 and 2 as issued by The Institute of Company Secretaries of India with effect from 1st October, 2017.
- ii) The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

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

We further report that:

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

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

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

We further report that during the Audit period the Company has:

1. Shifted its registered office from Plot No. 37, Chandivali Farm Road, Chandivali, Andheri (East), Mumbai-400072 to The Capital, A Wing, 1204-C, 12th Floor, Plot No. C-70, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai-400051 with effect from 1st December, 2017.
2. Transferred the shares to IEPF Authority for Financial Year ended 2008-09 & 2009-10 pursuant to Section 124(5) of the Companies Act, 2013 read with the applicable rules made thereunder.
3. Declared and paid the Final dividend for the financial year ended 31st March, 2017 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. Obtained Shareholders approval pursuant to the provisions of Sections 139, 141, 142 and all other applicable provisions of the Companies Act, 2013 for appointment of M/s. Price Waterhouse Chartered Accountants LLP (FRN: 012754N/N500016) as the Statutory Auditors of the Company for a period of 5 years.
5. Obtained Shareholders approval for payment of remuneration payable to M/s. R. Nanabhoy & Co., Cost Accountants (Firm Registration No: 000010) as Cost Auditors for the financial year ended 31st March, 2018, pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013.
6. Obtained Shareholders approval for charging fees for service/delivery of documents through a particular mode under Section 20 of the Companies Act, 2013, on request of the members of the Company.
7. Obtained Shareholders approval pursuant to Sections 196, 197, 198 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for appointment of Mr. Rajesh Naik (DIN: 06935998) as Whole-time Director of the Company for a period of 2 years from 1st April, 2017 to 31st March, 2019 and fixation of his remuneration.
8. Obtained Shareholders approval pursuant to 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 for appointment of Dr. Lakshmi Nadkarni (DIN: 07076164), as Alternate Director to Dr. Andrea Frenzel (DIN: 07070693) and by virtue of being in whole-time employment of the Company as a Whole-time Director for a period of 2 years from 1st April, 2017 to 31st March, 2019 and fixation of her remuneration.
9. Obtained Shareholders approval for payment of remuneration within maximum limits, as minimum remuneration to Managerial personnel, Dr. Raman Ramachandran, Chairman & Managing Director, Mr. Narendranath J. Baliga, Chief Financial Officer & Alternate Director, Mr. Rajesh Naik, Whole-time Director and Dr. Lakshmi Nadkarni, Alternate Director to Dr. Andrea Frenzel in the event of losses or inadequacy of profits, 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.

Date: 4th May, 2018

Place: Mumbai

For **HS Associates**
Company Secretaries

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

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

Annexure – 1

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

1. 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, 1953.
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, 1971.
18. Legal Metrology (Packaged Commodities) Rules, 2011.
19. Fertilizer (Control) Order, 1985.
20. Employees Provident Funds and Miscellaneous Provisions Act, 1952.
21. Industrial Employment (Standing Order) Act, 1946 and Rules made thereunder.
22. Minimum Wages Act, 1948.
23. Payment of Wages Act, 1936.
24. Payment of Bonus Act, 1965.
25. Solvent Raffinate & Slop (Licensing) Order, 2007.
26. Payment of Gratuity Act, 1972 and Rules made thereunder.
27. Maternity Benefit Act, 1961.
28. Trade Marks Act, 1999.
29. Patents Act, 1970.
30. Drugs and Cosmetics Act, 1940.

Date: 4th May, 2018

Place: Mumbai

**For HS Associates
Company Secretaries**

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

Annexure – 2

To,
The Members,
BASF INDIA LIMITED

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness, appropriateness of financial records and books of accounts of the Company.
4. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
5. The Secretarial audit report is neither an assurance as to the future viability of the Company nor of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Date: 4th May, 2018
Place: Mumbai

**For HS Associates
Company Secretaries**

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

FORM NO. AOC – 2

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

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

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

There were no contracts or arrangements or transactions of the Company during the year ended 31st March, 2018, which were not at arm's length basis.

2. Details of material contracts or arrangements or transactions at arms' length basis:

Name(s) of the related party & nature of relationship	Nature of contract/arrangement/ transaction	Duration of contract / arrangement/ transaction	Salient terms of the contracts/ arrangements/ transactions	Amount (Rs. in million)
BASF Societas Europaea (BASF SE), Parent Company	(a) Sale and/or purchase of goods. (b) Availing or rendering of services. (c) Payment of Royalty for Technical Collaboration/ Assistance.	On-going transactions	As per Inter Company Transfer Pricing (ICTP) Guidelines	(a) 4,288.4 (b) 908.2 (c) 26.8
BASF Hong Kong Limited, Affiliate Company	(a) Sale and/or purchase of goods. (b) Availing or rendering of services.			(a) 3,291.3 (b) 283.4
BASF South East Asia Pte. Ltd. (BSEA), Affiliate Company	(a) Sale and/or purchase of goods. (b) Availing or rendering of services.			(a) 5,518.8 (b) 929.2
BASF Company Ltd., Affiliate Company	(a) Sale and/or purchase of goods. (b) Availing or rendering of services.			(a) 5,978 (b) 74.2

On behalf of the Board of Directors

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

Mumbai
Dated : 4th May, 2018

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN

(As on the financial year ended 31st March, 2018)

[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	The Capital, 'A'-wing, 1204-C, 12 th floor, Plot No. C-70, 'G' – Block, Bandra Kurla Complex, Bandra (East), Mumbai-400051.
Contact details	Tel. No. : +91 22 67243700/3800 E-mail : investor-grievance-india@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 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 E-mail : csg-unit@tsrdarashaw.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

The Company is into the business of manufacture and sale of chemicals & chemical products. However, 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, 2018:

i) Category-wise Shareholding:

Category code	Category of Shareholders	No. of Shares held at the beginning of the year (1 st April, 2017)				No. of Shares held at the end of the year (31 st March, 2018)				% 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	248,634	1,262	249,896	0.58	559,307	483	559,790	1.29	0.71
(b)	Banks / Financial Institutions	12,133	2,140	14,273	0.03	12,461	985	13,446	0.03	0.00
(c)	Central Government	—	—	—	—	—	—	—	—	—
(d)	State Government (s)	—	30	30	—	—	30	30	0.00	—
(e)	Venture Capital Funds	—	—	—	—	—	—	—	—	—
(f)	Insurance Companies	2,735,777	—	2,735,777	6.32	2,635,280	—	2,635,280	6.09	-0.23
(g)	Foreign Institutional Investors	1,226,485	270	1,226,755	2.83	1,013,706	—	1,013,706	2.34	-0.49
(h)	Foreign Venture Capital Investors	—	—	—	—	—	—	—	—	—
(i)	Any Others (specify)	—	—	—	—	—	—	—	—	—
	Sub-Total (B) (1)	4,223,029	3,702	4,226,731	9.76	4,220,754	1,498	4,222,252	9.75	-0.01
(2)	Non-Institutions									
(a)	Bodies Corporates									
	i. Indian	583,677	5,705	589,382	1.36	561,876	4,224	566,100	1.31	-0.05
	ii. Overseas	—	—	—	—	—	—	—	—	—
(b)	Individuals									
	i. Individual Shareholders holding nominal share capital upto Rs. 1 lakh	4,621,928	632,532	5,254,460	12.14	4,712,645	528,345	5,240,990	12.11	-0.03
	ii. Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh	704,547	31,502	736,049	1.70	589,751	31,502	621,253	1.44	-0.26
(c)	Any Others (specify)									
	i. Non-Resident Indian	219,199	9,795	228,994	0.53	248,203	8,992	257,195	0.59	0.06
	ii. Alternative Investment Fund	—	—	—	—	124,218	—	124,218	0.29	0.29
	iii. Clearing Members	139,227	—	139,227	0.32	73,224	—	73,224	0.17	-0.15
	iv. Trusts	5,768	—	5,768	0.01	4,190	—	4,190	0.01	0.00
	v. FPIs	—	—	—	—	350	—	350	0.00	0.00
	vi. Bodies Corporate NBFC	109,945	—	109,945	0.25	88,241	—	88,241	0.20	-0.05
	vii. Director or Director's relatives	80	—	80	—	80	—	80	0.00	0.00
	viii. Investor Education & Protection Fund	—	—	—	—	90,608	—	90,608	0.21	0.21
	ix. HUF	228,717	—	228,717	0.53	221,467	—	221,467	0.51	-0.02
	x. LLP	23,067	—	23,067	0.05	32,252	—	32,252	0.07	0.02
	Sub-Total (B) (2)	6,636,155	679,534	7,315,689	16.90	6,747,105	573,063	7,320,168	16.91	0.01
	Total Public Shareholding (B) = (B)(1) + (B)(2)	10,859,184	683,236	11,542,420	26.67	10,967,859	574,561	11,542,420	26.67	0.00
	Total (A) + (B)	42,602,404	683,236	43,285,640	100.00	42,711,079	574,561	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)	42,602,404	683,236	43,285,640	100.00	42,711,079	574,561	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 (01.04.2017)			Shareholding at the end of the year (31.03.2018)			% 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 2017-18.

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 (01.04.2017)		Cumulative Shareholding during the year (31.03.2018)	
				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, 2017	At the beginning of the year	1,032,801	2.39	—	—
		April 7, 2017	Purchase	28,000	0.06	1,060,801	2.45
		April 28, 2017	Purchase	6,000	0.01	10,66,801	2.46
		May 19, 2017	Sale	-15,000	-0.03	1,051,801	2.43
		May 26, 2017	Sale	-50,000	-0.12	1,001,801	2.31
		June 30, 2017	Purchase	2,500	0.01	1,004,301	2.32
		July 14, 2017	Sale	-1,600	0.00	1,002,701	2.32
		July 28, 2017	Sale	-5,000	-0.01	997,701	2.30
		September 1, 2017	Purchase	2,000	0.00	999,701	2.31
		September 8, 2017	Purchase	2,000	0.00	1,001,701	2.31
		September 21, 2017	Purchase	5,000	0.01	1,006,701	2.33
		October 6, 2017	Purchase	12,500	0.03	1,019,201	2.35
		November 17, 2017	Purchase	5,000	0.01	1,024,201	2.37
		December 22, 2017	Purchase	2,000	0.00	1,026,201	2.37
		January 12, 2018	Sale	-7,500	-0.02	1,018,701	2.35
		January 19, 2018	Sale	-50,000	-0.12	968,701	2.24
		February 16, 2018	Sale	-24,740	-0.06	943,961	2.18
		March 9, 2018	Sale	-10,000	-0.02	933,961	2.16
		March 16, 2018	Purchase	10,000	0.02	943,961	2.18
		March 23, 2018	Purchase	2,000	0.00	945,961	2.19
March 30, 2018	Purchase	3,000	0.01	948,961	2.19		
March 31, 2018	At the end of the year	—	—	948,961	2.19		

Sr. No.	Name of the Shareholder	Increase/Decrease in Shareholding during the year		Shareholding at the beginning of the year (01.04.2017)		Cumulative Shareholding during the year (31.03.2018)	
				No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
2.	GENERAL INSURANCE CORPORATION OF INDIA	April 1, 2017	At the beginning of the year	699,999	1.62	—	—
		December 1, 2017	Sale	-3,275	-0.01	696,724	1.61
		December 8, 2017	Sale	-6,724	-0.02	690,000	1.59
		March 31, 2018	At the end of the year	—	—	690,000	1.59
3.	LIFE INSURANCE CORPORATION OF INDIA	April 1, 2017	At the beginning of the year	576,588	1.33	—	—
		March 31, 2018	At the end of the year	—	—	576,588	1.33
4.	FRANKLIN TEMPLETON MUTUAL FUND A/C FRANKLIN INDIA HIGH GROWTH COMPANIES	April 1, 2017	At the beginning of the year	—	—	—	—
		October 31, 2017	Purchase	400,000	0.92	400,000	0.92
		November 17, 2017	Purchase	68,900	0.16	468,900	1.08
		November 24, 2017	Sale	-3,900	-0.01	465,000	1.07
		February 9, 2018	Purchase	5,654	0.01	470,654	1.09
		March 23, 2018	Purchase	4,346	0.01	475,000	1.10
		March 31, 2018	At the end of the year	—	—	475,000	1.10
5.	ATUL LIMITED	April 1, 2017	At the beginning of the year	261,396	0.60	—	—
		March 31, 2018	At the end of the year	—	—	261,396	0.60
6.	FIRST STATE INDIAN SUBCONTINENT FUND	April 1, 2017	At the beginning of the year	337,594	0.78	—	—
		April 14, 2017	Purchase	4,460	0.01	342,054	0.79
		April 21, 2017	Purchase	2,548	0.01	344,602	0.80
		April 28, 2017	Purchase	419	0.00	345,021	0.80
		May 5, 2017	Purchase	2,098	0.00	347,119	0.80
		May 12, 2017	Purchase	23,590	0.05	370,709	0.86
		May 26, 2017	Purchase	2,744	0.01	373,453	0.86
		June 23, 2017	Sale	-4,266	-0.01	369,187	0.85
		July 7, 2017	Sale	-13,278	-0.03	355,909	0.82
		September 28, 2017	Purchase	1,188	0.00	357,097	0.82
		September 29, 2017	Purchase	2,479	0.01	359,576	0.83
		October 6, 2017	Purchase	1,379	0.00	360,955	0.83
		November 17, 2017	Sale	-50,757	-0.12	310,198	0.72
		November 24, 2017	Sale	-6,512	-0.02	303,686	0.70
		December 1, 2017	Sale	-3,616	-0.01	300,070	0.69
		December 8, 2017	Sale	-7,255	-0.02	292,815	0.68
		January 12, 2018	Sale	-46,248	-0.11	246,567	0.57
		January 25, 2018	Sale	-24,522	-0.06	222,045	0.51
		March 31, 2018	At the end of the year	—	—	222,045	0.51
7.	THE NEW INDIA ASSURANCE COMPANY LIMITED	April 1, 2017	At the beginning of the year	218,488	0.50	—	—
		July 7, 2017	Sale	-2,992	-0.01	215,496	0.50
		July 14, 2017	Sale	-4,243	-0.01	211,253	0.49
		March 31, 2018	At the end of the year	—	—	211,253	0.49

Sr. No.	Name of the Shareholder	Increase/Decrease in Shareholding during the year		Shareholding at the beginning of the year (01.04.2017)		Cumulative Shareholding during the year (31.03.2018)	
				No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
8.	UNITED INDIA INSURANCE COMPANY LIMITED	April 1, 2017	At the beginning of the year	162,901	0.38	—	—
		March 31, 2018	At the end of the year	—	—	162,901	0.38
9.	INDIA ACORN FUND LTD	April 1, 2017	At the beginning of the year	0	0.00	-	-
		October 20, 2017	Purchase	12,738	0.03	12,738	0.03
		October 27, 2017	Purchase	61,262	0.14	74,000	0.17
		November 3, 2017	Purchase	2,800	0.01	76,800	0.18
		November 10, 2017	Purchase	14,316	0.03	91,116	0.21
		December 8, 2017	Purchase	18,884	0.04	110,000	0.25
		December 22, 2017	Purchase	9,100	0.02	119,100	0.28
		March 16, 2018	Sale	-11,813	-0.03	107,287	0.25
		March 23, 2018	Sale	-5,916	-0.01	101,371	0.23
March 31, 2018	At the end of the year	—	—	101,371	0.23		
10.	CAISSE DE DEPOT ET PLACEMENT DU QUEBEC-FIRST STATE INVESTMENTS INTERNATIONAL LIMITED	April 1, 2017	At the beginning of the year	150,983	0.35	—	—
		April 14, 2017	Purchase	1,970	0.00	152,953	0.35
		April 21, 2017	Purchase	1,125	0.00	154,078	0.36
		April 28, 2017	Purchase	185	0.00	154,263	0.36
		May 5, 2017	Purchase	567	0.00	154,830	0.36
		May 12, 2017	Purchase	6,376	0.01	161,206	0.37
		May 26, 2017	Purchase	741	0.00	161,947	0.37
		June 23, 2017	Sale	-1,790	0.00	160,157	0.37
		July 7, 2017	Sale	-5,573	-0.01	154,584	0.36
		October 20, 2017	Sale	-7,421	-0.02	147,163	0.34
		November 17, 2017	Sale	-16,634	-0.04	130,529	0.30
		November 24, 2017	Sale	-2,686	-0.01	127,843	0.30
		December 1, 2017	Sale	-1,492	0.00	126,351	0.29
		December 8, 2017	Sale	-2,992	-0.01	123,359	0.28
		January 12, 2018	Sale	-12,278	-0.03	111,081	0.26
		January 25, 2018	Sale	-11,113	-0.03	99,968	0.23
March 31, 2018	At the end of the year	—	—	99,968	0.23		

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 (01.04.2017)		Cumulative Shareholding during the year (31.03.2018)	
				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, 2017	At the beginning of the year	*80	0.00	80	0.00
		March 31, 2018	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	—	12,745.5	—	12,745.5
ii. Interest due but not paid	—	—	—	—
iii. Interest accrued but not due	—	139.9	—	139.9
Total (i+ii+iii)	—	12,885.4	—	12,885.4
Change in Indebtedness during the financial year				
Addition	—	68,142.5	—	68,142.5
Reduction	—	72,266.7	—	72,266.7
Net Change	—	(4,124.2)	—	(4,124.2)
Indebtedness at the end of the financial year				
i. Principal amount	—	8,676.9	—	8,676.9
ii. Interest due but not paid	—	—	—	—
iii. Interest accrued but not due	—	84.3	—	84.3
Total (i+ii+iii)	—	8,761.2	—	8,761.2

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

(Amount in Rupees)

Sr. No.	Particulars	Name of MD/ WTD			
		Dr. Raman Ramachandran (CMD)	*Mr. Narendranath J. Baliga	**Dr. Lakshmi Nadkarni	***Mr. Rajesh Naik (WTD)
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	39,930,321	16,039,206	13,448,459	11,667,945
	(b) Value of perquisites under section 17(2) of the Income Tax Act, 1961	2,557,355	3,290,500	1,376,544	1,078,020
	(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)	2,014,200	1,039,800	898,992	660,168
	Total (A)	44,501,876	20,369,506	15,723,995	13,406,133

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

** Dr. Lakshmi Nadkarni has been appointed as Alternate Director. Being in the whole-time employment of the Company, she is also deemed to be Whole-time Director.

*** Mr. Rajesh Naik has been appointed as Whole-time Director of the Company with effect from 1st April, 2017.

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

Sr. No.	Particulars	Name of Director				Total Amount
1.	Independent Directors	Mr. R. A. Shah	Mr. R. R. Nair	Mr. Pradip Shah	Mr. Arun Bewoor	
	Sitting fees for attending Board/Committee Meetings	1,300,000	1,67,5000	1,300,000	1,225,000	5,500,000
	Commission	NIL	NIL	NIL	NIL	NIL
	Others	NIL	NIL	NIL	NIL	NIL
	Total (1)	1,300,000	1,675,000	1,300,000	1,225,000	5,500,000
2.	Other Non-Executive Directors	Dr. Andrea Frenzel	Mr. Raimar Jahn			—
	Sitting Fees for attending Board/Committee Meetings	NIL	NIL	—	—	NIL
	Commission	NIL	NIL	—	—	NIL
	Others	NIL	NIL	—	—	NIL
	Total (2)	NIL	NIL	—	—	NIL
3.	Total (B) = (1+2)	1,300,000	1,675,000	1,300,000	1,225,000	5,500,000
4.	Total Managerial Remuneration (A+B)	99,501,510				

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

Sr. No.	Particulars of Remuneration	Mr. Pradeep M. Chandan (Company Secretary)
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	12,973,479
	(b) Value of perquisites under section 17(2) of the Income Tax Act, 1961	1,257,456
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	NIL
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)	803,724
	Total	15,034,659

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, 2018



Your Company regularly invests in training employees to enhance their skills as well as to promote Gender Diversity. Seen in the picture are senior management leaders being trained in Mumbai as part of a training program called Breaking Bias under Diversity & Inclusion initiative.

Annexure VII

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 2017-2018: (Amount in Rupees)

Sr. No.	Name of Director	Remuneration	Median Remuneration of Employees	Ratio
1.	Dr. Raman Ramachandran (Chairman & Managing Director)	44,501,876	1,032,276	43.11
2.	*Mr. Narendranath J. Baliga (Chief Financial Officer & Alternate Director)	20,369,506	1,032,276	19.73
3.	**Dr. Lakshmi Nadkarni (Alternate Director)	15,723,995	1,032,276	15.23
4.	***Mr. Rajesh Naik (Whole-time Director)	13,406,133	1,032,276	12.99

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

** Dr. Lakshmi Nadkarni has been appointed as Alternate Director. Being in the whole-time employment of the Company, she is also deemed to be Whole-time Director.

*** Mr. Rajesh Naik has been appointed as Whole-time Director of the Company with effect from 1st April, 2017.

2. Percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary in the financial year 2017-2018:

Sr. No.	Name	Designation	Percentage increase in remuneration
1.	Dr. Raman Ramachandran	Chairman & Managing Director	20.18
2.	Mr. Narendranath J. Baliga	Chief Financial Officer & Alternate Director	19.69
3.	Dr. Lakshmi Nadkarni	Alternate Director	13.85
4.	Mr. Rajesh Naik	Whole-time Director	15.31
5.	Mr. Pradeep M. Chandan	Company Secretary	18.90

3. Percentage increase in the median remuneration of employees in the financial year 2017-2018 is 8.61%.
4. The number of permanent employees on the rolls of the Company as on 31st March, 2018 are 1,804.
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 17.59% and for other employees is 8.61%.

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.

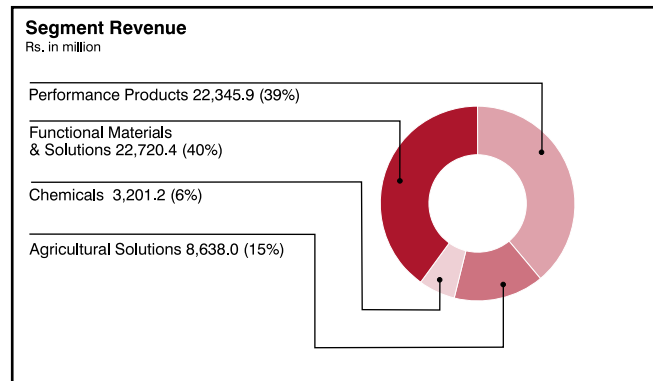
7. It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.

On behalf of the Board of Directors

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

Mumbai
Dated : 4th May, 2018

Management Discussion and Analysis Report



The global economy grew steadily at 3.8% in 2017. Global prices for oil and raw materials rose moderately, which helped to stabilize the economic situation in the exporting countries. At the same time, the price level remained low enough so as not to dampen the demand and economic development in the importing countries like India.

India's economy is expected to grow at a lower rate of ~6.5% in 2017-18, due to the continued impact of demonetisation and implementation of Goods and Services Tax (GST). Agriculture is estimated to grow at ~3% in 2017-18 while the industry and service sectors are expected to grow around 4.5% and 8% respectively. Manufacturing sector is expected to grow lower at around 5.5% compared to 7.9% in the previous year.

In 2017-18, passenger utility vehicles, three wheelers and two wheelers led the growth in the domestic automobile industry. Production of four wheeler light vehicles grew by 6.8% while two wheelers registered a high 16.1% growth.

The Indian construction industry is estimated to grow more than 3% in 2017-18.

Government of India's reform initiatives like simplification of GST, digitalization, focus on rural economy, bank recapitalization and insolvency rules are likely to contribute to the growth of the Indian economy while rising oil prices and widening fiscal deficit are key challenges that will need to be addressed.

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 a new version of its "Sanrakshan Kit", an affordable, high-quality set of personal protection equipment designed to encourage good agricultural practices and promote safety in the presence of Shri. Ashwani Kumar, Joint Secretary (Plant Protection), Department of Agriculture & Farmer's Welfare, Government of India.

The Agricultural Solutions business includes products for crop protection like insecticides, herbicides, fungicides and plant growth regulators.

The sales of the products of your company's Agricultural Solutions business are dependent on the monsoon. An erratic monsoon in the year 2017 had its impact on herbicides sales in soybean markets. However, with strategic efforts on diversification within and beyond soybean helped to mitigate the impact. Newly launched products on rice viz., SELTIMA™, ADEXAR™ and BASAGRAN™ have been established well.

Sales realized from new products further improved with significant growth in sales of TYNZER™ in corn, XELORA™ and OPERA™ in soybean and wheat, ACRISIO™ and MERIVON™ in specialty crops such as grapes.

In keeping with your Company's commitment to stewardship, 'Suraksha Hamesha', a farmers education initiative on safe handling of crop protection chemicals was extended to spray men and housewives in addition to the farmers across the country. The 'Sanrakshan Kit' containing Personal Protection Equipment (PPE), was further improved with additional components and was also made more affordable to the farmers at a subsidized price.

PERFORMANCE PRODUCTS

The Performance Products segments includes the Performance Chemicals, Dispersions & Pigments, Care Chemicals, Nutrition & Health products and Paper Chemicals businesses. This segment caters to the requirements of a wide spectrum of industries, including plastics & coatings, detergent formulators, pharmaceuticals, automobile and oil.

During the year under review, the Leather Chemicals business of your Company was transferred to Stahl India Private Limited with effect from 30th September, 2017, pursuant to global sale of BASF's Leather Chemicals business to Stahl Group. However, your Company is supplying leather chemical products from its manufacturing facilities to Stahl India Private Limited under a supply arrangement.

The Care Chemicals business of your Company caters to the personal care, home care and formulation technology sectors. The year started with headwinds due to the lingering effects of demonetization, roll out of GST and volatile feedstock market, resulting in a relatively slow start to the year. However, as the external environment stabilized, there was gradual acceleration in demand. In the personal care market, your Company continued to maintain its position through focused customer approach, effective channel management and a robust sales pipeline.

The home care market witnessed stronger growth in the cleaning category ably supported by new business in premium formulations through sustainable solutions. Your Company increased customer centricity for personal and home care market through enhanced participation in customer events. The formulation technology business, in addition to the volatile environment, faced supply constraints in focused product lines. Your Company capitalized business from newer segments in agro and textile and added applications such as metal surface treatment.

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. 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.

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

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. New business development activities undertaken during the year helped to significantly increase the sales of this business as compared to the previous year.



The Dispersions and Resins business of your Company hosted two separate workshops led by the Architectural Coatings & Formulation Additives team and Paper Chemicals teams in Mumbai. During the workshop, the Paper Chemicals team launched Acronal S728 (paper coatings latex) for customers.

The Fuel and Lubricants business of your Company caters to the automotive, fuel, lubricants, refinery and refrigeration industries. This business ventured into the untapped markets of Polyisobutene, base-stocks and compounded lubricants. New aftermarket avenues for coolant were identified and products introduced. Fuel additives were established in the factory to fill markets of the premium automotive OEM's (Original Equipment Manufacturers) during the year. Fuel and Lubricant

Solutions provide products that are safe and contribute to sustainability, meet environmental concerns enabling energy efficiency by end consumers.

The Mining business caters to solid-liquid separation applications in various mineral processing areas viz coal, iron ore, mineral sand, alumina, zinc and lead, copper, construction sand etc. This exercise enables the end user to recycle and reuse the maximum quantity of process water, which results in drastic reduction in fresh water intake from time to time. Recently, your Company developed an Iron ore palletization binder, which is a novel solution to the industry. Both mining and oil industry is showing a positive trend and expect to tap the opportunities in business growth in the existing market.

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, except pharma, which was impacted on account of US FDA regulatory issues. 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.

Efforts are being focused on improving the productivity and efficiency by employing varied performance ingredients in the poultry, dairy and aqua segment. With new facilities expected in Malaysia during the year, your Company's focus is to establish new business in flavours and fragrances. The Flavours & Fragrances, Animal & Human Nutrition businesses were impacted due to an event of force majeure declared in BASF SE's plant in Germany.

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 these businesses grew during the year as a result of the enhanced footprint to service customers in the North/West regions from the Dahej Plant and customers in the South from the Mangalore Plant. Sales to the decorative and construction industry grew at a rate higher than the market due to the right product mix and development of a strong collaborative engagement with key customers. Innovation and aggressive selling strategies enabled higher sales of Paper coating binders.

CHEMICALS



Tina Low, Vice President, BASF Nutrition & Health Asia Pacific, and Dr. Raman Ramachandran, Chairman & Managing Director, inaugurating the technical pharma lab in Navi Mumbai.

Your Company's Chemicals segment includes Intermediates, Petrochemicals & Monomers.

The chemicals supplied by the Company cater to more than 22 major industry segments, such as pharmaceuticals, agrochemicals, coatings, epoxy, leather, food & feed, adhesives, dyes etc. Major growth drivers for the business were exports of agrochemicals and pharmaceuticals actives as India is becoming a global manufacturing hub for pharma and agrochemical active ingredients. During the year, this business registered good growth in sales, specifically in the amines, acids and specialties portfolios. With a view of enlarging the Company's business portfolio, the Chemicals business introduced more than six new products in the market and acquired several new customers. With continued growth in pharma and agrochemicals sector and growing thrust in the auto, appliance and coatings, the outlook for this business is positive.

The Petrochemicals business of your Company comprises Oxo alcohols, Solvents, Acrylic monomers and Plasticizers. These products are used in a variety of end user industries including paints, coatings and adhesives. During the year, despite supply constraints, your Company delivered strong growth in the Petrochemicals business taking advantage of BASF's global production footprint. Domestic demand remains strong and your Company will continue to work closely with customers to position itself as one of the key reliable suppliers in the market. BASF's innovative and trusted non-phthalate plasticizer Hexamoll DINCH continues to make inroads into a range of applications.

The Monomers business deals in basic raw materials for polyurethanes & polyamides and its precursors. 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.

FUNCTIONAL MATERIALS & SOLUTIONS



Your Company won the REALTY+ INTERIOR EXTERIOR AWARDS 2018 for its MasterBuilders 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.

The Coatings business for automotive and two wheelers faced challenging market conditions due to the effect of demonetization and GST. The business focused on developing new products as well as enhancing supply share at existing accounts. With GST being fully implemented, it is expected that the automotive industry will grow in the current year.

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

The Admixture Systems business unit of the Construction Chemicals business caters to customers from the ready-mix, precast, site mix, underground construction and the cement producing industries. This unit was affected during the year due to delays in the execution of infrastructure projects, liquidity concerns and increased price pressure from domestic as well as overseas competition.

The Construction Systems of the Construction Chemicals business 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 good growth driven by higher value in Waterproofing, Flooring and Repair systems.

During the year, your Company launched new products such as MasterLife® CI220 (Auxiliary segment), MasterSeal® 635 (Waterproofing systems) and MasterSeal® 7000CR (Repair & Protection system).

The Construction Chemicals business was impacted adversely due to demonetisation as well as GST implementation.

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

The passenger vehicle market registered a healthy growth in 2017-18 and your Company's product lines that cater to the Interior, Exterior, Under Bonnet and Vehicle Suspension related applications grew above the market. The business continues to sweat the assets of its Engineering Plastics unit at Thane and CELLASTO® production unit at Dahej Plant. The CELLASTO® segment is in the process of expanding its production facilities at Dahej Plant to cater to the increasing needs of the Automotive segment for "Made in India" products.

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

The footwear market was impacted by introduction of the GST during the year. The end customers in this sector face an Inverted Duty structure. This led to lower sales of Polyurethane products of the Footwear business.

The Construction industry faced stiff competition during the year under report, which has impacted its volumes.

Although the Performance Materials business showed good growth during the year, the rising costs of raw materials and increased competition is expected to have a moderate impact on the business in the short term and your Company maintains a cautiously optimistic outlook for the current year.

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 industries in India.

TECHNICAL MANAGEMENT

During the year, production volumes at your Company's plants increased over the previous year. Dahej site continued to ramp up production and registered higher volumes in all its plants.

Debottlenecking of the Dispersion plants at Dahej and Mangalore have been initiated. Debottlenecking of the Care Chemicals Plant and Splitter were successfully completed during the year.

Your Company's plants at Dahej & Kharagpur were audited by BASF SE's Group Auditors, which resulted in successful safety performance.

Your Company has undertaken various operational excellence initiatives for optimizing cost as under:

- Yield improvement, alternate raw material introduction.
- Cycle time reduction, batch size optimization.
- Introduction of new technology for air dryer.

In line with the policy of prioritizing various energy conservation measures and use of clean energy, your Company has introduced solar power at Mangalore site, which would result in reduction of 13,400 tons of carbon per annum.

Your Company's plants at Ankleshwar and Thane have been certified for ISO 9000 (2015). Mangalore Plant has been certified for ISO 50001 Energy Management system.

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

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 Audit Committee/ 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.



Your Company's team for Supply Chain - South Asia won critical acclaim at Global Logistics Awards 2018 presented by TATA Strategic Management Group in Mumbai.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

During the year, your Company focused on identifying and hiring the right quality of talent and to develop their potential for undertaking leadership positions in the future. Your Company also focused on diversity and more than half the candidates hired under the Company's GROW program were women. Diversity & Inclusion continued to remain an area of focus with programs and key performance indicators being introduced and monitored throughout the year 2017-18.

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. The New Leader program introduced this year was designed by BASF globally but adapted for local implementation and made sustainable by using the leader lead facilitation model.

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 1804 persons as on 31st March, 2018.

AWARDS AND RECOGNITION

BASF's Supply Chain team in South Asia received two awards for Excellence in Supply Chain Planning, Best Health and Safety Initiative in Logistics at the Global Logistics Awards 2018 – an industry event held in Mumbai. Your Company was adjudged the winner for its efforts in improving safety standards and operational efficiency at its dangerous goods warehouse. Your Company is also working towards digitization of key activities in the supply chain which will ensure reduced call tracking time and lead to transparency in customer servicing.



To develop future leadership for your Company, a New Leader Program was initiated in 2017. Seen in the picture is the team attending the first such workshop under the program.

On behalf of the Board of Directors

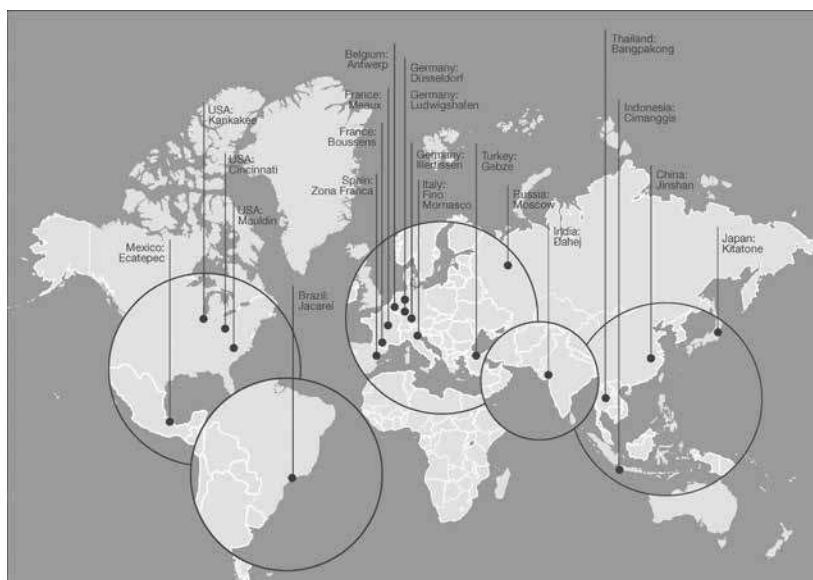
RAMAN RAMACHANDRAN, Ph.D.
Chairman & Managing Director
(DIN : 00200297)

Mumbai

Dated : 4th May, 2018



Your Company received the ICC (Indian Chemical Council) Certificate of Merit for Best Compliant Company for Distribution Code under Responsible Care®. This was presented to the Environment, Health and Safety team of your Company at a special function organized on September 29, 2017 in Mumbai.



BASF India's Dahej site got certified for the production of sustainable palm oil products. Dahej is now among 20 BASF sites worldwide certified according to the Roundtable on Sustainable Palm Oil (RSPO) supply chain standard.

Report on Corporate Governance

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

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

- Creative
- Open
- Responsible
- Entrepreneurial

The value "Responsible" indicates that the Company acts responsibly as an integral part of society by adhering to high compliance 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, 2018

The Company is fully compliant with the Corporate Governance norms in respect of constitution of the Board of Directors. The Company's Board 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. 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	5 ^	NIL	NIL
Mr. Rajesh Naik (Whole-time Director) #	1 st April, 2017	Director – Manufacturing	6	6	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.

*** Re-appointed as the Chairman & Managing Director of the Company from 1st April, 2018 to 31st March, 2019 subject to the approval of the shareholders at the forthcoming Annual General Meeting scheduled on 10th August, 2018.

Appointed as Whole-time Director of the Company with effect from 1st April, 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.

^ Attended the Board Meeting held on 28th September, 2017 as invitees.

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

(ii) NON-EXECUTIVE DIRECTORS

Name	Date of Appointment	No. of Meetings held during the Last Financial Year	No. of Meetings Attended	No. of Memberships in Boards of other Companies**	No. of Memberships/ Chairmanships in Committees
Dr. Andrea Frenzel	1 st January, 2015	6	2	NIL	NIL
Mr. Raimar Jahn ***	1 st April, 2017	6	1	NIL	NIL

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

*** Appointed as a Director of the Company in place of Dr. Rainer Diercks with effect from 1st April, 2017 & represented by Alternate Director during his absence from India.

(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 – 5
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 – 1

* 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 familiarisation programme for its Independent Directors, which is available at: <http://on.basf.com/independent-dir> and at: <https://bit.do/basffamiliarisationpolicy2017-18>

• **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 2017-18 on the following dates:

- | | |
|--------------------------------------|-------------------------------------|
| (1) 4 th May, 2017 | (2) 31 st July, 2017 |
| (3) 28 th September, 2017 | (4) 14 th November, 2017 |
| (5) 5 th February, 2018 | (6) 27 th March, 2018 |

The Board/Committee meetings are prescheduled and a tentative annual calendar of Board and Committee meetings is circulated to the Directors well in advance to enable them to plan their schedule and ensure meaningful participation in the meetings. However, in case of special and urgent business 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 drafts 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. R. R. Nair, Mr. Pradip P. Shah 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.

Dr. Andrea Frenzel and Mr. Raimar Jahn were not paid any commission during the financial year 2017-2018. 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, Mr. R. R. Nair is an Independent Non-Executive Director. During the financial year 2017-2018, 4 Audit Committee Meetings were held on 4th May, 2017, 31st July, 2017, 14th November, 2017, and 5th February, 2018 respectively.

The present composition of the Audit Committee is as follows:

Name	Date of Appointment	No. of Meetings during FY 2017-18	
		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 through their executive education programmes. He 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 Regulations.

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 M. Chandan, Director – Legal, General Counsel (South Asia) & 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 Regulations 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 73rd Annual General Meeting held on 28th September, 2017.

Statutory Auditors, Internal Auditors and Cost Auditors, as needed, are invited 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 Regulations 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, Internal Auditors and Cost Auditors, fixation of the audit fees and approving payments for any other services.
- c. Review with the Management, the annual and quarterly financial statements/results and auditor's report thereon before submission to the Board, focusing primarily on:
 - Matters required to be included in the Directors' Responsibility Statement forming part of the Board's Report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
 - Changes, if any, in the accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on exercise of judgement by the Management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing & other legal requirements concerning financial statements.
 - Disclosure of any related party transactions.
 - Modified opinion(s) in draft audit report.
- d. Review with the Management, the performance of Statutory and Internal Auditors and adequacy of internal control systems.
- e. Review and monitor Auditors' independence 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 2017-2018, 4 meetings of the Nomination & Remuneration Committee were held on 4th May, 2017, 31st July, 2017, 14th November, 2017 and 27th March, 2018 respectively.

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

Name	Date of Appointment	No. of Meetings during FY 2017-18	
		Held	Attended
Mr. R. R. Nair, Chairman	29 th July, 2013	4	4
Mr. R. A. Shah	29 th July, 2013	4	4
Mr. Pradip P. Shah	29 th July, 2013	4	4
Dr. Raman Ramachandran	1 st October, 2013	4	4

Mr. Pradeep M. 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 73rd Annual General Meeting held on 28th September, 2017.

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 Regulations 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/Committees**

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 Regulations, a separate meeting of the Independent Directors of the Company was also held on 27th March, 2018 to evaluate the performance of the Chairman, Non-Independent Directors and the Board as a whole and also to assess the quality, quantity and timelines of flow of information between the management of the Company and the Board.

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

The remuneration to be paid to the Independent Non-Executive Directors is decided by the Board based on the recommendation of the Nomination & Remuneration Committee and subject to the approval of the shareholders of the Company. The remuneration shall not exceed 1% of the net profit of the Company for each financial year calculated as per the provisions of the Companies Act, 2013. The Independent Directors of the Company did not receive any commission from the Company for the financial year ended 31st March, 2018. 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 54 for details of sitting fees paid to Independent Directors for the financial year ended 31st March, 2018.

- **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 provisions 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 2017-18, 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 2017-18 are as under:

(a) MANAGING DIRECTOR / ALTERNATE DIRECTORS

(Amount in Rupees per annum)

Remuneration	Dr. Raman Ramachandran	*Mr. Narendranath J. Baliga	**Dr. Lakshmi Nadkarni	***Mr. Rajesh Naik	Total
Salary & Benefits @	29,156,558	15,395,305	13,654,656	11,601,844	69,808,363
Performance Linked Incentive#	15,345,318	4,974,201	2,069,339	1,804,289	24,193,147
Total	44,501,876	20,369,506	15,723,995	13,406,133	94,001,510

@ 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 is deemed to be Whole-time Director of the Company.

** Dr. Lakshmi Nadkarni has been appointed as an Alternate Director to Dr. Andrea Frenzel with effect from 1st April, 2017. Being in the whole-time employment of the Company, she is deemed to be Whole-time Director of the Company.

*** Mr. Rajesh Naik has been appointed as a Whole-time Director of the Company with effect from 1st April, 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, 2018 are as follows:

Mr. R. A. Shah #	Mr. R. R. Nair	Mr. Pradip P. Shah	Mr. Arun Bewoor
1,300,000	1,675,000	1,300,000	1,225,000

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 2017-18.

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 2017-2018, 2 meetings of the Stakeholders' Relationship Committee were held on 14th November, 2017 and 27th March, 2018 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 73rd Annual General Meeting held on 28th September, 2017.

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

Name	Date of Appointment	No. of Meetings during FY 2017-18	
		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. Rajesh Naik	15 th May, 2017	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 Regulations. 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 2017-18.

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

Mr. Pradeep M. Chandan

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

BASF India Limited

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

12th Floor, Plot No.C-70, 'G' Block,

Bandra Kurla Complex,

Bandra (East), Mumbai-400051.

Tel: +91 22 62785600

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, 2017	Received during the financial year	Cleared/attended during the financial year	Pending as on 31 st March, 2018
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	1	1	Nil
SEBI Complaints Redressal System (SCORES)	1	11	12	Nil
Total	1	12	13	Nil

During the financial year under review, 12 complaints were received and the same have been redressed/ answered to the satisfaction of the shareholders. There were no investor grievances which remained unattended/pending for resolution for more than 30 days. Requests for share transfers and dematerialization received during the financial year have been processed within the time limit prescribed under the SEBI Listing Regulations.

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 Regulations for the financial year ended 31st March, 2018 was placed before the Board at its meeting held on 4th May, 2018 and the same is also annexed to this Report.

6. ANNUAL GENERAL MEETINGS

(a) During the last three years, the 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. 28th September, 2017 at 3.00 p.m.
2. 11th August, 2016 at 3.00 p.m.
3. 20th August, 2015 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.

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

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.

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of the SEBI Listing Regulations, 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 73rd Annual General Meeting held on 28th September, 2017. On the day of the Annual General Meeting, the Company also conducted e-voting at the venue on all the resolutions and the resolutions were passed with the requisite majority.

(b) Attendance of Directors at 73rd AGM during the last financial year:

All the Directors of the Company were present at the last AGM held on 28th September, 2017.

Mr. Narendranath J. Baliga (Chief Financial Officer) and Dr. Lakshmi Nadkarni, being Alternate Directors to Mr. Raimar Jahn and Dr. Andrea Frenzel, respectively, were present at the last AGM held on 28th September, 2017 as Invitees.

7. DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT

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

- Mr. Raimar Jahn is currently the President of BASF's Performance Materials business. Mr. Jahn joined BASF's Latin America division in 1985. He had held multiple leadership positions in the BASF's plastics and coatings divisions in Germany, Belgium, Mexico and the U.S. Mr. Raimar Jahn was appointed as a Director of the 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.
- 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. Dr. Raman Ramachandran was appointed as the Chairman & Managing Director of BASF India Limited from 1st October, 2013 to 31st March, 2018. The Board of Directors of the Company have re-appointed Dr. Raman Ramachandran as the Chairman & Managing Director of the Company for a term of one year effective 1st April, 2018, subject to the approval of the shareholders.
- 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 23 years and has worked with Companies like Asian Paints, El 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 was appointed as the Whole-time Director of the Company with effect from 1st April, 2017 at the 73rd Annual General Meeting held on 28th September, 2017. In terms of the provisions of Section 152 of the Companies Act, 2013, Mr. Naik retires by rotation at the ensuing AGM of the Company, and being eligible, has offered himself for re-appointment.

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.
- Do not hold any Directorship/Committee positions in any other Public Companies in India.
- May hold shares of BASF SE, Parent Company as part of the BASF Option Program.

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 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 Financial Statements in the Annual Report and they are not in conflict with the interest of the Company.

- (c) The Company has complied with the requirements of the Stock Exchanges, Securities and Exchange Board of India (SEBI) and other statutory authorities on all matters relating to capital markets during the last three years. No strictures or penalties have been imposed on the Company either by SEBI or the Stock Exchanges or any other statutory authority for non-compliance of any matter related to the capital markets.
- (d) The Company has formulated a Whistle Blower Policy which provides adequate safeguards against victimization of employee(s)/Director(s)/ third 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 Regulations.
- (f) Risk Management:
The Company has a mechanism in place to inform the Board about the risk assessment and minimization procedures and periodical review to ensure that management controls risk through means of a properly defined framework.
- (g) The Company manages its foreign exchange risks by hedging its net exposure with the use of appropriate hedging instruments (e.g. forward contracts). The derivatives are used only for hedging purposes and speculation is strictly prohibited.
- (h) The Management Discussion & Analysis Report forms part of this Annual Report.
- (i) The Company has complied with the corporate governance requirements specified in Regulations 17 to 27 and the mandatory requirements under Schedule II and Regulation 46 of the SEBI Listing Regulations.
- (j) The Corporate Governance Report of the Company for the financial year ended 31st March, 2018 is in compliance with the SEBI Listing Regulations.
- (k) The status of adoption of the non-mandatory requirements as specified in sub-regulation 1 of Regulation 27 of the SEBI Listing Regulations are as follows:
 - (i) The Board: The Chairman of the Company is an Executive Chairman;
 - (ii) Shareholder Rights: Half-yearly and other quarterly results are published in newspapers, uploaded on Company's website www.basf.com/in;
 - (iii) Modified opinion(s) in audit report: The Company has a regime of un-qualified financial statements. Auditors have not raised any qualification on the financial statements;
 - (iv) Separate posts of Chairperson and CEO: Dr. Raman Ramachandran is the Chairman and Managing Director of the Company; and
 - (v) Reporting of Internal Auditor: M/s Mahajan & Aibara, Chartered Accountants, Mumbai, Internal Auditors of the Company reports to the Audit Committee.

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 18th September, 2017 and the presentation has been uploaded 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 Friday, 10th August, 2018 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, 2018	5 th week of July 2018
	Annual General Meeting	10 th August, 2018
	Results for quarter ending September 30, 2018	5 th week of October, 2018
	Results for quarter ending December 31, 2018	1 st week of February, 2019
	Results for the year ending March 31, 2019	1 st week of May, 2019

(c) Period of book closure: Saturday, 28th July, 2018 to Friday, 3rd August, 2018 (both days inclusive) for the purposes of Annual General Meeting and payment of dividend.

(d) Dividend payment date: On or after 13th August, 2018.

(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 2018-19 to both the Stock Exchanges.

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

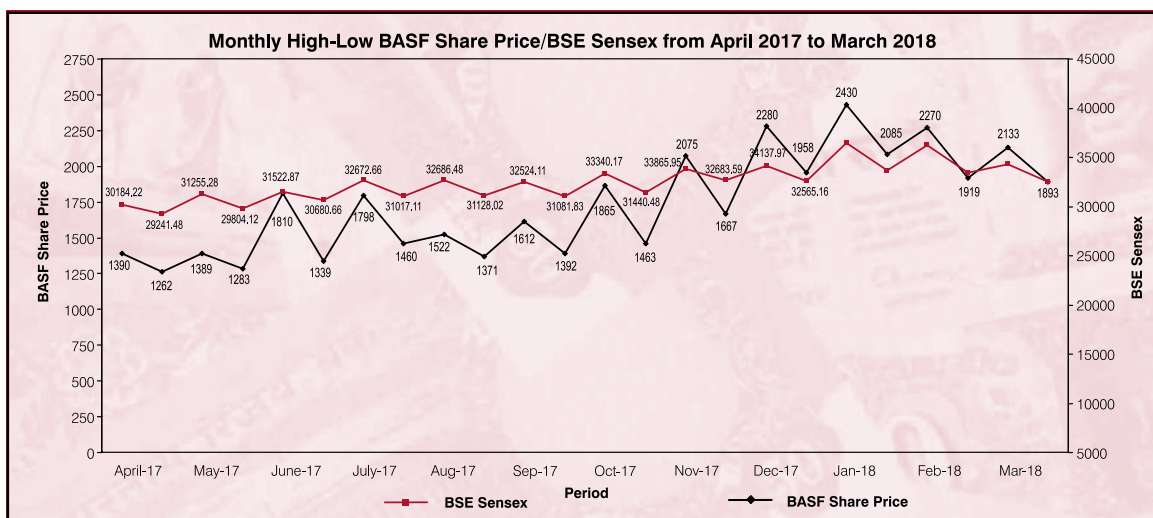
(g) Market Price Data:

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, 2018 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 2017 TO MARCH 2018

(Share prices in Rs.)

BSE			NSE		
MONTH	HIGH (DATE)	LOW (DATE)	MONTH	HIGH (DATE)	LOW (DATE)
April	1389.90 (03.04.2017)	1262.10 (10.04.2017)	April	1392.05 (03.04.2017)	1262.15 (10.04.2017)
May	1389.00 (05.05.2017)	1283.00 (23.05.2017)	May	1390.00 (05.05.2017)	1280.05 (30.05.2017)
June	1809.85 (30.06.2017)	1339.00 (06.06.2017)	June	1812.40 (30.06.2017)	1337.55 (06.06.2017)
July	1798.45 (03.07.2017)	1460.00 (31.07.2017)	July	1800.00 (03.07.2017)	1461.15 (31.07.2017)
August	1522.00 (31.08.2017)	1371.00 (11.08.2017)	August	1520.00 (28.08.2017)	1360.00 (11.08.2017)
September	1612.45 (20.09.2017)	1392.00 (28.09.2017)	September	1617.45 (20.09.2017)	1385.05 (27.09.2017)
October	1865.00 (17.10.2017)	1462.60 (05.10.2017)	October	1869.90 (17.10.2017)	1461.60 (05.10.2017)
November	2075.00 (22.11.2017)	1667.00 (10.11.2017)	November	2079.95 (22.11.2017)	1683.10 (08.11.2017)
December	2280.00 (21.12.2017)	1958.40 (06.12.2017)	December	2275.00 (26.12.2017)	1950.00 (07.12.2017)
January	2430.00 (08.01.2018)	2085.10 (02.01.2018)	January	2429.90 (08.01.2018)	2064.40 (04.01.2018)
February	2270.00 (12.02.2018)	1919.00 (5.02.2018)	February	2267.00 (12.02.2018)	1900.00 (05.02.2018)
March	2133.00 (09.03.2018)	1893.30 (28.03.2018)	March	2149.00 (09.03.2018)	1900.00 (26.03.2018)



(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. Kshama Ghole	022 - 6656 8484	022 - 6656 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 lodgement, 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, 2018 was as follows:

Category (No. of shares)	No. of shareholders	Percentage	No. of shares	Percentage
1-500	38,749	94.57	2,693,427	6.22
501-1000	1,189	2.90	893,173	2.06
1001-2000	549	1.34	786,010	1.82
2001-3000	174	0.42	432,540	1.00
3001-4000	75	0.18	267,794	0.62
4001-5000	65	0.16	300,249	0.69
5001-10000	102	0.25	728,890	1.68
10001 and above	73	0.18	37,183,557	85.91
Total	40,976	100.00	43,285,640	100.00

(k) The shareholding pattern of the Company as on 31st March, 2018 was as follows:

Category	No. of shares	% of total capital
Foreign Promoters	31,743,220	73.33
Directors & relatives of Directors	80	0.00
NRIs, OCBs, FIIs, FPIs	1,271,251	2.94
Financial Institutions & Mutual Funds	559,835	1.29
State Government	30	0.00
Insurance Companies	2,635,280	6.09
Nationalised and other Banks	13,401	0.03
Domestic Corporate Bodies/Trusts	888,225	2.05
Investor Education and Protection Fund	90,608	0.21
Public Shareholders	6,083,710	14.06
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, 2018, 4,27,11,079 equity shares, representing 98.67% 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 Plassis 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, TTC Industrial Area, MIDC Thane-Belapur Road, Turbhe, Navi Mumbai – 400613, Maharashtra.

(o) Address for correspondence:

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

(p) Top Ten Shareholders of the Company as on 31st March, 2018

Sr. No.	Name of the Shareholder(s)	No. of shares	% of 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	948,961	2.19
5.	General Insurance Corporation of India	690,000	1.59
6.	Life Insurance Corporation of India	576,588	1.33
7.	Franklin Templeton Mutual Fund A/c Franklin India High Growth Companies Fund	475,000	1.10
8.	Atul Limited	261,396	0.60
9.	First State Indian Subcontinent Fund	222,045	0.51
10.	The New India Assurance Company Limited	211,253	0.49

(q) Share price: Rs. 2,168.30 per share on BSE Limited as on 4th May, 2018.

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.

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, 2018

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

May 4, 2018

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

COMPLIANCE CERTIFICATE

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

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2018 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, 2018 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
Chairman & Managing Director
(DIN: 00200297)

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

INDEPENDENT AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of BASF India Limited

We have examined the compliance of conditions of Corporate Governance by BASF India Limited, for the year ended March 31, 2018 as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015").

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was carried out in accordance with the Guidance Note on Reports or Certificates for Special Purpose, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Mumbai
4th May, 2018

Jeetendra Mirchandani
Partner
Membership Number: 048125

Independent Auditors' Report to the Members of BASF India Limited

Report on the Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying financial statements of BASF India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

2. 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 to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including 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.
5. 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 and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements 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.
6. 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 auditors' 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.
7. 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

8. 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, of the state of affairs of the Company as at March 31, 2018, and its total comprehensive income (comprising of profit and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

9. The Ind AS financial statements of the Company for the year ended March 31, 2017, were audited by another firm of chartered accountants under the Companies Act, 2013, who, vide their report dated May 4, 2017, expressed an unmodified opinion on those financial statements. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. 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 Cash Flow Statement and the 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 specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on March 31, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
 - (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2018 on its financial position in its Ind AS financial statements – Refer Notes 34 and 40.
 - ii. The Company has long-term contracts including derivative contracts as at March 31, 2018 for which there were no material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018.
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018.

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

Jeetendra Mirchandani
Partner
Membership Number: 048125

Place : Mumbai
Date : May 4, 2018

Annexure A to the Independent Auditors' Report

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of BASF India Limited on the Ind AS financial statements for the year ended March 31, 2018.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of BASF India Limited ("the Company") as of March 31, 2018 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

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls 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 deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system 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 financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. 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 A to the Independent Auditors' Report

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. 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

8. 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 March 31, 2018, 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.

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

Chartered Accountants

Jeetendra Mirchandani

Partner

Membership Number: 048125

Place : Mumbai

Date : May 4, 2018

Annexure B to the Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of BASF India Limited on the Ind AS financial statements for the year ended March 31, 2018

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
 - (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
 - (c) The title deeds of immovable properties, as disclosed in Note 1A on fixed assets to the financial statements, are held in the name of the Company, except in respect of leasehold land held at one of the Company's manufacturing locations (having Gross Block: Rs. 21.4 Million and Net Block: Rs. Nil). The Company is in the process of complying with terms of the lease cum sale agreement and basis completion thereof, would execute the final sale agreement to obtain right of ownership thereon.
- ii. The physical verification of inventory (excluding stocks with third parties) have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory by Management as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act"). Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of sales tax, income tax, service tax, value added tax and profession tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, duty of customs, duty of excise, cess, goods and service tax with effect from July 1, 2017 and other material statutory dues, as applicable, with the appropriate authorities.
 - (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of goods and service tax which have not been deposited on account of any dispute. Refer Appendix I for the particulars of dues of income tax, sales tax, service tax, duty of customs and duty of excise, value added tax as at March 31, 2018 which have not been deposited on account of a dispute.

Annexure B to the Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of BASF India Limited on the Ind AS financial statements for the year ended March 31, 2018

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

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

Chartered Accountants

Jeetendra Mirchandani

Partner

Membership Number: 048125

Place : Mumbai

Date : May 4, 2018

Appendix 1

Referred to in paragraph vii(b) of our Annexure B to the Independent Auditors' Report of even date to the members of BASF India Limited on the Ind AS financial statements for the year ended March 31, 2018

Sr. No.	Name of the Statute	Nature of Dues	Amounts (Rs. in million)	Period to which the amount relates	Forum where dispute is pending
1.	The Income Tax Act, 1961	Income Tax liability (including interest and penalty, as applicable)	424.0	Assessment Years 2000-01, 2002-03, 2004-05, 2007-2008, 2013-14 and 2014-15	Appellate Authority — up to Commissioner's level
			290.3	Assessment Years 2007-08 to 2012-13	Income Tax Appellate Tribunal
			1.5	Assessment Years 2002-03 and 2006-07	High Court
			Sub Total	715.8	
2.	The Central Sales Tax Act, 1956 and Local Sales Tax Acts	Sales Tax and Value Added Tax Liability (including interest and penalty, as applicable)	453.8	Financial Years 2002-2003, 2005-2006 to 2015-2016	Appellate Authority — up to Commissioner's level
			15.1	Financial Years 1993-94 to 1994-95, 2004-05, 2006-07, 2009-10 to 2014-15	Custom, Excise and Service Tax Appellate Tribunal
			Sub Total	468.9	
3.	The Finance Act, 1994	Service Tax Liability (including interest and penalty, as applicable)	67.3	Financial Years 2005-06 to 2010-11	Appellate Authority — up to Commissioner's level
			383.9	Financial Years 2004-05 to 2012-13	Custom, Excise and Service Tax Appellate Tribunal
			Sub Total	451.2	
4.	The Customs Tariff Act, 1975	Customs Duty (including interest and penalty, as applicable)	41.4	Financial Years 2003-04 to 2005-06	Supreme Court of India
			50.0	Financial Years 2014-15, 2015-16 to 2016-17	Additional Director General of Foreign Trade
			1.8	Financial Years 2012-13	Custom, Excise and Service Tax Appellate Tribunal
			Sub Total	93.2	
5.	The Central Excise Act, 1944	Excise Duty Liability (including interest and penalty, as applicable)	20.4	Financial Years 1997-1998, 2007-08, 2009-10, 2011-12 to 2014-15	Appellate Authority — up to Commissioner's level
			9.1	Financial Years 1981-82, 2011-12 to 2012-13	Custom, Excise and Service Tax Appellate Tribunal
			Sub Total	29.5	
	Total		1,758.6		

Balance Sheet as at March 31, 2018

Rs. in million

	Notes	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	1 A	11,169.2	12,218.1
Capital work-in-progress	1 B	274.8	328.6
Intangible assets	1 C	4.3	5.8
Financial assets			
(i) Other financial assets	2	231.1	256.5
Deferred tax assets (net)	3	460.2	—
Current tax assets (net)	4	825.9	858.9
Other non-current assets	5	390.5	412.1
Total non-current assets		13,356.0	14,080.0
Current assets			
Inventories	6	10,191.7	9,201.3
Financial assets			
(i) Trade receivables	7	10,923.5	10,688.2
(ii) Cash and cash equivalents	8	81.0	245.0
(iii) Bank balances other than cash and cash equivalents	8	5.2	6.0
(iv) Other financial assets	9	942.8	1,061.0
Other current assets	10	2,901.1	3,394.6
Assets classified as held for sale	11	62.3	69.4
Total current assets		25,107.6	24,665.5
Total assets		38,463.6	38,745.5
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	432.9	432.9
Other equity	13	13,005.9	10,589.7
Total equity		13,438.8	11,022.6
LIABILITIES			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	14	3,206.8	6,927.9
(ii) Other financial liabilities	15	525.4	1,015.3
Provisions	16	503.3	342.1
Other non-current liabilities	17	92.6	0.4
Total non-current liabilities		4,328.1	8,285.7
Current liabilities			
Financial liabilities			
(i) Borrowings	18	1,734.3	3,640.3
(ii) Trade payables	19	12,738.8	11,828.8
(iii) Other financial liabilities	20	5,227.9	3,138.9
Provisions	16	404.7	353.1
Current tax liabilities	21	136.2	—
Other current liabilities	22	454.8	476.1
Total current liabilities		20,696.7	19,437.2
Total liabilities		25,024.8	27,722.9
Total equity and liabilities		38,463.6	38,745.5

Significant accounting policies

1

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

In terms of our report of even date.

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

Jeetendra Mirchandani
Partner
Membership No.: 048125

Place: Mumbai
Date : May 4, 2018

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

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

Place: Mumbai
Date : May 4, 2018

Statement of Profit and Loss for the year ended March 31, 2018

Rs. in million

	Notes	Year ended March 31, 2018	Year ended March 31, 2017
Revenue from operations:			
Sale of products (including excise duty)		54,994.4	53,112.3
Sales of services		1,795.5	1,893.2
Other operating revenues		436.9	188.4
		57,226.8	55,193.9
Other income	23	229.3	115.1
Total Income		57,456.1	55,309.0
Expenses:			
Cost of materials consumed	24	27,438.3	19,532.9
Purchase of stock-in-trade		13,521.5	17,534.4
Changes in inventories of finished goods, Stock-in-trade and Work-in-progress	25	(414.8)	(137.8)
Excise duty		1,392.8	4,411.7
Employee benefit expenses	26	3,514.3	3,219.6
Finance costs	27	1,129.6	1,416.4
Depreciation and amortisation	28	1,533.9	1,690.3
Other expenses	29	8,315.9	7,936.3
Total Expenses		56,431.5	55,603.8
Profit/(Loss) before exceptional items and tax		1,024.6	(294.8)
Exceptional items	38	1,585.7	170.1
Profit/(Loss) before tax		2,610.3	(124.7)
Tax expenses:	30		
Current tax (including Minimum alternate tax 'MAT')		555.6	—
Deferred tax (including MAT credit availed Rs. 553.9 million [Previous Year Rs. Nil])		(460.2)	—
Income tax for previous periods		49.9	16.6
		145.3	16.6
Profit/(Loss) for the year		2,465.0	(141.3)
Other comprehensive income			
Items that will not be reclassified to statement of profit and loss			
(Loss)/Gain on remeasurement of post employment benefit plan		(7.8)	50.6
Income tax relating to these items		1.7	—
Other comprehensive income for the year, net of tax		(6.1)	50.6
Total comprehensive income for the year		2,458.9	(90.7)
Weighted average number of equity shares outstanding during the year		43,284,958	43,284,958
Basic and diluted earnings per share (in Rs.)		56.9	(3.3)
Face value per share (in Rs.)		10.0	10.0

Significant accounting policies

1

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

In terms of our report of even date.

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

Jeetendra Mirchandani
Partner
Membership No.: 048125

Place: Mumbai
Date : May 4, 2018

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

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

Place: Mumbai
Date : May 4, 2018

Cash Flow Statement for the year ended March 31, 2018

Rs. in million

	For the year ended March 31, 2018		For the year ended March 31, 2017	
A. Cash flow from operating activities				
Profit/(Loss) before tax		2,610.3		(124.7)
Adjustments for:				
Exceptional items (Refer Note 38)	(1,585.7)		(170.1)	
Depreciation/amortisation	1,533.9		1,690.3	
Interest cost	898.5		554.0	
Effects from fair valuation of derivatives on borrowings (net)	231.1		862.4	
(Profit)/Loss on sale of fixed assets (net)	(10.9)		16.4	
Interest income	(36.8)		(12.2)	
Unrealised (gain)/loss on derivative transactions (net)	(238.4)		66.7	
Unrealised (gain)/loss on foreign exchange (net)	(99.1)		(253.1)	
(Reversal)/Provision for loss allowance on trade receivables (net)	(56.1)	636.5	64.0	2,818.4
Operating cash flow before working capital changes		3,246.8		2,693.7
Adjustments for changes in working capital:				
(Increase) in trade receivables	(277.4)		(416.9)	
Decrease in other financial assets	159.0		3.4	
Decrease/(Increase) in other current and non-current assets	495.5		(77.2)	
(Increase) in inventories	(1,156.6)		(1,125.5)	
Increase in other financial liabilities	107.7		(22.9)	
Increase in long term provisions	87.5		25.2	
Increase in trade payables	711.9		1,207.5	
Increase in other current and non-current liabilities	(83.8)		16.9	
Increase/(Decrease) in short-term provisions	51.6	95.4	(7.4)	(396.9)
Cash generated from operations		3,342.2		2,296.8
Income taxes paid (net)		(442.2)		(86.1)
Net cash generated from operating activities		2,900.0		2,210.7
B. Cash flow from investing activities				
Acquisition of property, plant and equipment (net of capital creditors and including capital advances if any)		(670.8)		(850.4)
Realisation on sale of property, plant and equipment and residential properties		280.5		66.4
Proceeds from divestiture of industrial coatings business		—		111.7
Proceeds from divestiture of leather chemicals business (including receipts towards deferred income)		1,936.0		—
Liquidation of short-term deposits		—		0.5
Interest received		36.8		12.2
Net cash generated from/(used in) investing activities		1,582.5		(659.6)

Cash Flow Statement for the year ended March 31, 2018 (continued)

Rs. in million

	For the year ended March 31, 2018		For the year ended March 31, 2017	
C. Cash flow from financing activities				
Repayment of borrowings (net)		(3,720.8)		(576.3)
Dividend paid		(52.8)		(50.7)
Interest paid		(872.9)		(702.9)
Net cash (used in) financing activities		(4,646.5)		(1,329.9)
Net (decrease)/increase in cash and cash equivalents		(164.0)		221.2
	As at March 31, 2018		As at March 31, 2017	
Opening cash and cash equivalents				
Balances with banks:				
— In current accounts		245.0		—
Deposits with original maturity of less than three months		—		23.8
		245.0		23.8
Closing cash and cash equivalents				
Balances with banks:				
— In current accounts		81.0		245.0
Deposits with original maturity of less than three months (Refer Note 8 for cash and cash equivalents)		—		—
		81.0		245.0

Notes:

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

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

In terms of our report of even date.

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

Jeetendra Mirchandani
Partner
Membership No.: 048125

Place: Mumbai
Date : May 4, 2018

For and on behalf of Board of Directors of

BASF India Limited
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Arun Bewoor DIN: 00024276
Rajesh Naik DIN: 06935998
Lakshmi Nadkarni DIN: 07076164
Directors

Place: Mumbai
Date : May 4, 2018

Statement of changes in equity as at March 31, 2018

Rs. in million

	Notes	Total
A. Equity share capital		
As at April 1, 2016		432.9
Changes in equity share capital	12	—
As at March 31, 2017		432.9
Changes in equity share capital	12	—
As at March 31, 2018		432.9

Rs. in million

	Reserves and surplus					Total
	Share Options Outstanding Account	Securities premium	Amalgamation reserve	General reserve	Retained earnings	
B. Other equity (Refer Note 13)						
Balance at April 1, 2016	5.5	646.5	371.7	10,046.9	(343.4)	10,727.2
Profit for the year	—	—	—	—	(141.3)	(141.3)
Other comprehensive income:						
— 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	(434.1)	10,636.5
Transactions with owners in their capacity as owners:						
— Dividends including dividend distribution tax	—	—	—	—	(52.1)	(52.1)
— Employee stock option expense	5.3	—	—	—	—	5.3
Balance at March 31, 2017	10.8	646.5	371.7	10,046.9	(486.2)	10,589.7
Balance at April 1, 2017	10.8	646.5	371.7	10,046.9	(486.2)	10,589.7
Profit for the year	—	—	—	—	2,465.0	2,465.0
Other comprehensive income:						
— Remeasurement of the net defined benefit asset/liability, net of tax effect	—	—	—	—	(6.1)	(6.1)
Total	10.8	646.5	371.7	10,046.9	1,972.7	13,048.6
Transactions with owners in their capacity as owners:						
— Dividends including dividend distribution tax	—	—	—	—	(52.1)	(52.1)
— Employee stock option expense	9.4	—	—	—	—	9.4
Balance at March 31, 2018	20.2	646.5	371.7	10,046.9	1,920.6	13,005.9

For significant accounting policies, refer Note 1.

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

In terms of our report of even date.

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

Jeetendra Mirchandani
Partner
Membership No.: 048125

Place: Mumbai
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**For and on behalf of Board of Directors of
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Rajesh Naik DIN: 06935998

Lakshmi Nadkarni DIN: 07076164

Directors

Place: Mumbai
Date : May 4, 2018

Notes to the Financial Statements for the year ended March 31, 2018

Background of the Company

BASF India Limited (the 'Company') is a public limited Company domiciled in India with its registered office located in Mumbai. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The Company's portfolio is organized into four segments: Chemicals, Performance Products, Functional Materials & Solutions and Agricultural Solutions.

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 other relevant provisions and amendments of the Act.

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

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

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

(ii) Basis of measurement

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

- certain financial assets and liabilities (including derivative instruments) and contingent consideration that is measured at fair value,
- assets held for sale – measured at 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 3
- (d) Measurement of useful lives for property, plant and equipment and intangible assets – Note 1(d) and 1(e)
- (e) Loss allowance on trade receivables and other financial assets – Note 32(iv)

c. Revenue recognition

Sales of products and Indent commission are recognised when significant risks and rewards of ownership of the products are passed on to the customers and there is no significant uncertainty regarding amount of the consideration that will be derived. Sales are inclusive of Excise duty and net of returns, trade discount, rebates, sales tax and goods and service tax (GST).

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

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

Notes to the Financial Statements for the year ended March 31, 2018

1. Significant Accounting Policies (Continued)

c. Revenue recognition (Continued)

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.

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

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.

Depreciation

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

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

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

The Company reviews the residual value, useful lives and depreciation method annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.

Leasehold land and Leasehold improvements are amortised over the period of lease or useful life whichever is lower.

e. Intangible assets and amortization

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

f. Impairment of non-financial assets

The carrying amounts of assets are reviewed at each Balance Sheet date for any indication of impairment based on internal/external factors. Where the carrying value exceeds the estimated recoverable amount, provision for impairment is made to adjust the carrying value to the recoverable amount. The recoverable amount is the greater of the assets estimated net realizable value and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate discounting rate. 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, 2018

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.

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

h. Inventories

Inventories including raw materials, work-in-progress, traded and finished goods are valued at cost or estimated net realisable value, whichever is lower. The costs are determined on weighted average basis and includes expenditure, incurred in acquiring inventories production of conversion costs and other costs incurred in bringing them to their present location and condition. Fixed production overheads are allocated on the basis of normal capacity of production facilities. Excise duty on goods manufactured by the Company and remaining in inventory is included as a part of valuation of finished goods for the year ended March 31, 2017 and goods and service tax (GST) is excluded from valuation of finished goods for the year ended March 31, 2018. 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

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

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

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

Notes to the Financial Statements for the year ended March 31, 2018

1. Significant Accounting Policies (Continued)

k. Financial instruments (Continued)

Subsequent measurement

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

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

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

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

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 the Statement of Profit and Loss.

Notes to the Financial Statements for the year ended March 31, 2018

1. Significant Accounting Policies (Continued)

k. Financial instruments (Continued)

Measurement of fair values

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

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

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

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

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

p. Employee benefits

Short Term Employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and are recognized in the Statement of Profit and Loss as an expense at the undiscounted amount on an accrual basis.

Post Employment Employee benefits

The Company's contributions to defined contribution plans such as Superannuation Fund, Employee State Insurance and Labour Welfare Fund are recognized as expense in the Statement of Profit and Loss on an accrual basis.

Eligible employees receive benefits from a provident fund which is a defined benefit plan. Both the employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company contributes a part of the contributions to the BASF India Limited

Notes to the Financial Statements for the year ended March 31, 2018

1. Significant Accounting Policies (Continued)

p. Employee benefits (Continued)

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

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 not be reclassified to Statement of Profit and Loss.

Other long term employee benefits

The Company's liabilities towards Compensated Absences and Long Service Awards to employees are determined on the basis of valuations, as at Balance Sheet date, carried out by an independent actuary using Projected Unit Credit Method. The benefits are discounted using the appropriate market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss.

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

Termination benefits

Compensation paid to employees under Voluntary Retirement Scheme/Severance payments are recognised as an expense in the Statement of Profit and Loss when employees accept the scheme/payments.

Share based payments

The Ultimate Holding Company ('BASF SE') offers Share Price based compensation program ('option program') for senior executives of BASF group. Participation in this program is voluntary.

Options mentioned above are issued by BASF SE and the cost of such options is not recharged to the Company. However, the Company recognises these share based payment transactions of BASF SE in accordance with the requirement of paragraph 43 A and 43 B of Ind AS 102 – Share Based Payments. As required under para 43B of Ind AS 102, since the Company receives the services of the employees to whom the options have been granted by BASF SE and the Company has no obligation to settle these options, the Company accounts for these services as an equity settled share based payment transaction.

q. Leases

As a Lessee

Determining whether an arrangement contains lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded that for a finance lease that is impracticable to separate the lease payments reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognized using the incremental borrowing rate

Assets held under leases

Leases of property, plant and equipment that 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.

Notes to the Financial Statements for the year ended March 31, 2018

1. Significant Accounting Policies (Continued)

q. Leases (Continued)

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 adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

The Company recognises Minimum Alternate Tax credit under the Income Tax Act, 1961 as an asset only when and to the extent there is convincing evidence that the Company will be liable to pay normal income tax during the specified period.

Deferred tax charge or credit and correspondingly deferred tax liability or asset is recognised using tax rates that have been enacted or substantively enacted at the Balance Sheet date. Deferred tax is recognised, subject to the consideration of prudence, on temporary differences, being the difference between carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognized to the extent that it probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of history of recent losses, the Company recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized. 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 tax assets and liabilities are offset where the entity has legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability 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 financial institutions, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Balance Sheet.

u. Derivative financial instruments

The Company enters majorly into foreign exchange forward contracts to mitigate the foreign currency exposure risk.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in Statement of Profit and Loss depends on the nature of the hedge relationship. Derivative assets and derivative liabilities are presented on gross basis in the Balance Sheet.

Notes to the Financial Statements for the year ended March 31, 2018

1. Significant Accounting Policies (Continued)

v. Standards issued but not yet effective

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 (the 'Rules') on March 28, 2018. The rules shall be effective from reporting periods beginning on or after April 1, 2018. Amendments to Ind AS as per these rules are mentioned below:

Ind AS 115 – Revenue from contracts with customers

Ind AS 115, Revenue from contracts with customers deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a promised good or service and thus has the ability to direct the use and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard replaces Ind AS 18 Revenue and Ind AS 11 Construction contracts and related appendices.

The Company is in the process of assessing the detailed impact of Ind AS 115, though it is expected that application of Ind AS 115 will not significantly change the timing of the Company's revenue recognition. The Company intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of April 1, 2018 and that comparatives will not be restated.

Appendix B to Ind AS 21 – Foreign currency transactions and advance consideration

The appendix clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability). If there are multiple payments or receipts for one item, date of transaction should be determined as above for each payment or receipt.

The management is in process of assessing the impact of above amendment, though it is expected that impact from the amendment would not be significant. The Company intends to adopt the amendments prospectively from April 1, 2018.

Ind AS 40 – Investment property – Transfers of investment property

The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer. The list of evidence for a change of use in the standard was re-characterised as a non-exhaustive list of examples and scope of these examples have been expanded to include assets under construction/development and not only transfer of completed properties.

The management has assessed the effects of the amendment on classification of existing property at April 1, 2018 and concluded that no reclassifications are required. The Company intends to adopt the amendments prospectively from April 1, 2018.

Ind AS 12 – Income taxes regarding recognition of deferred tax assets on unrealised losses

The amendments clarify the accounting for deferred taxes where an asset is measured at fair value and that fair value is below the asset's tax base. The Company shall apply the amendments to Ind AS 12 retrospectively in accordance with Ind AS 8.

The management is in process of assessing the impact of above amendment, though it is expected that impact from the amendment would not be significant. The Company will adopt the amendments from April 1, 2018.

Notes to the Financial Statements as at March 31, 2018

1(A). Property, plant and equipment

Rs. in million

	Gross Block				Depreciation / Amortisation					Net Block
	As at April 1, 2017	Additions	Deductions	As at March 31, 2018	As at April 1, 2017	For the year	Write down during the year [Refer Note (b) below]	Deductions	As at March 31, 2018	As at March 31, 2018
Freehold land	27.8	—	—	27.8	—	—	—	—	—	27.8
Leasehold land [Refer Note (a) below]	276.4	—	—	276.4	27.9	3.1	—	—	31.0	245.4
Buildings [Refer Note (b) below]	3,408.7	245.5	6.7	3,647.5	315.5	167.4	2.7	1.5	484.1	3,163.4
Plant & Machinery and Computers	11,075.4	375.1	52.0	11,398.5	2,627.0	1,236.0	237.9	60.8	4,040.1	7,358.4
Furniture and fixtures	266.0	52.1	10.6	307.5	72.4	49.4	—	9.7	112.1	195.4
Vehicles	129.9	16.1	0.3	145.7	61.3	33.0	—	0.5	93.8	51.9
Office equipments	214.5	42.7	5.8	251.4	76.5	41.8	8.1	1.9	124.5	126.9
Total	15,398.7	731.5	75.4	16,054.8	3,180.6	1,530.7	248.7	74.4	4,885.6	11,169.2

1(B). Capital work-in-progress

Rs. in million

	As at April 1, 2017	Additions	Amounts Capitalised	As at March 31, 2018
Capital work-in-progress	328.6	679.4	733.2	274.8

1(C). Intangible assets

Rs. in million

	Gross Block				Amortisation					Net Block
	As at April 1, 2017	Additions	Deductions	As at March 31, 2018	As at April 1, 2017	For the year	Write down during the year [Refer Note (b) below]	Deductions	As at March 31, 2018	As at March 31, 2018
Goodwill	17.1	—	—	17.1	17.1	—	—	—	17.1	—
Software	99.5	1.7	—	101.2	93.7	3.2	—	—	96.9	4.3
Total	116.6	1.7	—	118.3	110.8	3.2	—	—	114.0	4.3

Notes:

- Includes gross block of Rs. 21.4 million and net block Rs. Nil (Previous year: gross block Rs. 21.4 million and net block Rs. Nil) for which the Company is in the process of complying with the terms of lease cum sale agreement and basis completion thereof, would execute the final sale agreement to obtain right of ownership thereon.
- Buildings include **Rs. 0.01 million** (Previous Year Rs. 0.03 million) being the value of shares in various co-operative societies.
- Gross block and accumulated depreciation of assets written down aggregated Rs. 589.0 million and Rs. 340.3 million, respectively. Also refer Note 38.

Notes to the Financial Statements as at March 31, 2018

1(A). Property, plant and equipment

Rs. in million

	Gross Block					Depreciation / Amortisation					Net Block	
	As at April 1, 2016	Additions	Asset classified as held for sale (Note 11)	Deductions	As at March 31, 2017	As at April 1, 2016	For the year	Asset classified as held for sale (Note 11)	Deductions	As at March 31, 2017	As at March 31, 2017	
Freehold land	28.3	—	—	0.5	27.8	—	—	—	—	—	27.8	
Leasehold land [Refer Note (a) below]	284.3	—	—	7.9	276.4	13.2	14.8	—	0.1	27.9	248.5	
Buildings [Refer Note (b) below]	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	
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	
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	
Vehicles	110.2	20.9	—	1.2	129.9	30.6	31.8	—	1.1	61.3	68.6	
Office equipments	181.0	35.5	—	2.0	214.5	39.0	39.0	—	1.5	76.5	138.0	
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	

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). Intangible assets

Rs. in million

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

Notes:

- Includes gross block of Rs. 21.4 million and net block Rs. Nil (Previous Year: gross block Rs. 21.4 million and net block Rs. Nil) for which the Company is in the process of complying with the terms of lease cum sale agreement and basis completion thereof, would execute the final sale agreement to obtain right of ownership thereon.
- Buildings include Rs. 0.03 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, 2018

2. Other financial assets (Unsecured, considered good)

Rs. in million

	As at March 31, 2018	As at March 31, 2017
Security deposits	230.3	255.3
Loan to employees	0.8	1.2
	231.1	256.5

3. Deferred tax assets (net)

Rs. in million

	As at March 31, 2018	As at March 31, 2017
Deferred tax assets		
Temporary differences on account of:		
Loss allowance on trade receivables	115.9	160.6
Carried forward loss (Refer Note 30)	250.6	695.9
Minimum Alternate tax (MAT) credit receivable	554.0	—
Others (Amounts allowable on a payment basis under the Income Tax Act, 1961)	256.5	225.7
Total deferred tax assets	1,177.0	1,082.2
Deferred tax liabilities		
Temporary differences on account of:		
Carrying value of property, plant and equipment	(716.8)	(1,082.2)
Total deferred tax liabilities	(716.8)	(1,082.2)
Deferred tax assets (net)	460.2	—

Note: During the current year the Company has recognised deferred tax assets including MAT credit considering the operating profits earned by the Company (Refer Note 30).

Deferred tax asset for the previous year ended March 31, 2017, arising from unused tax losses had been recognized only to the extent of sufficient taxable temporary differences (i.e. deferred tax liability) since the Company was having a trend of recent losses.

4. Current tax assets (net)

Rs. in million

	As at March 31, 2018	As at March 31, 2017
Opening balance	858.9	789.4
Add: Taxes paid	16.9	86.1
Less: Provision for earlier years	49.9	16.6
Closing balance	825.9	858.9

5. Other non-current assets (Unsecured, considered good)

Rs. in million

	As at March 31, 2018	As at March 31, 2017
Capital advances	23.8	43.4
Other advances:		
— Prepayments	11.3	15.4
— Amount recoverable from tax authorities	355.4	353.3
	390.5	412.1

Notes to the Financial Statements as at March 31, 2018

6. Inventories

(Valued at lower of cost and net realisable value)

Rs. in million

	As at March 31, 2018	As at March 31, 2017
Raw materials	4,439.5	3,914.3
Finished goods	2,435.6	2,627.6
Stock-in-trade	3,107.5	2,482.7
Work-in-progress	30.0	48.0
Others		
Packing materials	177.3	120.8
Fuel oil	1.8	7.9
	10,191.7	9,201.3
Goods in transit (included above)		
Raw materials	2,298.3	1,873.6
Stock-in-trade	1,243.9	1,178.0
Finished goods	121.8	—

Amounts recognised in Statement of Profit and Loss

Write downs of inventories to net realisable value amounted to **Rs. 226.8 million** (Previous Year Rs. 98.5 million). These were recognised as an expense/(income) during the year and included in 'cost of materials consumed' and 'Changes in inventories of finished goods, Stock-in-trade and Work-in-progress' in Statement of Profit and Loss.

7. Trade receivables

Rs. in million

	As at March 31, 2018	As at March 31, 2017
Considered good:		
– Secured	47.0	57.4
– Unsecured	10,876.5	10,630.8
	10,923.5	10,688.2
Considered doubtful	334.9	464.0
	11,258.4	11,152.2
Less: Loss allowance on trade receivables	334.9	464.0
	10,923.5	10,688.2
<i>Of the above, dues from companies where directors are interested</i>	185.4	77.2

For Trade Receivables from related parties, refer Note 44.

8. Cash and bank balances

Rs. in million

	As at March 31, 2018	As at March 31, 2017
Cash and cash equivalents		
Balances with banks:		
– In current accounts	81.0	245.0
Deposits with original maturity of less than three months	—	—
	81.0	245.0
Bank balances other than cash and cash equivalents:		
– In unpaid dividend account	5.2	5.9
– Deposits with original maturity of more than three months but less than twelve months	—	0.1
	5.2	6.0
	86.2	251.0
Of the above		
Earmarked bank balance (unpaid dividend account)	5.2	5.9

The Company does not maintain any Cash balances and accordingly there are no holdings or dealings in Specified Bank Notes, during the period from November 8, 2016 to December 30, 2016, as envisaged in notification G.S.R. 308 (E) dated March 30, 2017.

Notes to the Financial Statements as at March 31, 2018

9. Other financial assets

(Unsecured, considered good)

Rs. in million

	As at March 31, 2018	As at March 31, 2017
Security deposits	50.7	25.0
Derivatives with positive fair values	41.1	26.5
Loan to employees	12.1	13.4
Refund receivable from government authorities	838.9	721.6
Others receivable from related parties	—	274.5
	942.8	1,061.0

10. Other current assets

(Unsecured, considered good)

Rs. in million

	As at March 31, 2018	As at March 31, 2017
Prepayments	48.1	35.3
Advances to vendors	175.4	330.1
Balances with government authorities	2,677.6	3,023.4
Balance with gratuity fund	—	5.8
	2,901.1	3,394.6

11. Assets classified as held for sale

Rs. in million

	As at March 31, 2018	As at March 31, 2017
Assets held for sale	62.3	69.4
	62.3	69.4
Asset held for sale includes following:		
Non-core assets (residential apartments)	0.4	1.4
Land for biotechnology research	61.9	61.9
Leather chemical business assets	—	6.1
	62.3	69.4
Fair value measurement:		
Non-core assets (residential apartments)	87.7	201.5
Land for biotechnology research	61.9	61.9
Leather chemical business assets	—	6.1
	149.6	269.5

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 related to 'Agricultural Solution' segment. No impairment loss was recognised on reclassification of the freehold land as held for sale.
- (iii) The Company has disposed off leather chemical business assets pursuant to global divestment during the year ended March 31, 2018.
- (iv) Refer Note 38 for gains/ losses from sale of these assets.

Notes to the Financial Statements as at March 31, 2018

12. Share capital

Rs. in million

	As at March 31, 2018	As at March 31, 2017
Authorised:		
54,359,715 (Previous Year 54,359,715) Equity Shares of Rs. 10/- each	543.6	543.6
Issued:		
43,285,640 (Previous Year 43,285,640) Equity Shares of Rs. 10/- each	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

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

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number	Rs. in million	Number	Rs. in million
Shares outstanding at the beginning and at the end of the year	43,284,958	432.9	43,284,958	432.9

b. Rights, preferences and restrictions attached to the shares

The Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c. Equity shares held by Ultimate Holding Company/Holding Company and/or their associates or subsidiaries

Name of Shareholder	Relationship	As at March 31, 2018	As at March 31, 2017
BASF Societas Europea	Ultimate Holding Company	20,939,259	20,939,259
BASF Schweiz AG	Subsidiary of Ultimate Holding Company	8,907,900	8,907,900
BASF Construction Solutions GmbH (Formerly known as BASF Construction Chemicals GmbH)	Subsidiary of Ultimate Holding Company	1,896,061	1,896,061

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

Name of Shareholder	Relationship	As at March 31, 2018		As at March 31, 2017	
BASF Societas Europea	Ultimate Holding Company	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%

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, 2018

13. Other equity

Rs. in million

	As at March 31, 2018	As at March 31, 2017
Securities premium reserve	646.5	646.5
Amalgamation reserve	371.7	371.7
Share options outstanding account	20.2	10.8
General reserve	10,046.9	10,046.9
Retained earnings	1,920.6	(486.2)
	13,005.9	10,589.7

Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Act.

Securities premium reserve	As at March 31, 2018	As at March 31, 2017
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 Act.

Amalgamation reserve	As at March 31, 2018	As at March 31, 2017
Balance at beginning of the year	371.7	371.7
Balance at end of the year	371.7	371.7

Share options outstanding account

Share options outstanding account is used to account for effects from employee stock option expense.

Share options outstanding account	As at March 31, 2018	As at March 31, 2017
Balance at beginning of the year	10.8	5.5
Add: Employee stock option expense	9.4	5.3
Balance at end of the year	20.2	10.8

General reserve	As at March 31, 2018	As at March 31, 2017
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	As at March 31, 2018	As at March 31, 2017
Balance at beginning of the year	(486.2)	(343.4)
Add: Profit/(Loss) for the year	2,465.0	(141.3)
Items of other comprehensive income/(loss):		
Less: Remeasurement of the net defined benefit asset/liability, net of tax effect	(6.1)	50.6
Appropriations:		
Less: Dividend [Refer Note 33(b)]	(43.3)	(43.3)
Less: Dividend distribution tax	(8.8)	(8.8)
Balance at end of the year	1,920.6	(486.2)

Notes to the Financial Statements as at March 31, 2018

14. Borrowings

(Unsecured)

Rs. in million

	As at March 31, 2018	As at March 31, 2017
Term loan from related party:		
– External commercial borrowings from BASF Belgium Coordination Center Comm. V.	6,942.6	9,105.2
Less: Current maturities of long-term debt (Refer Note 20)	(3,735.8)	(2,177.3)
	3,206.8	6,927.9

Terms of repayment

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

Financial Year	As at March 31, 2018		As at March 31, 2017	
	Amount payable in USD (Million)	Amount payable in Rs. (Million)	Amount payable in USD (Million)	Amount payable in Rs. (Million)
2017-18	—	—	33.0	2,177.3
2018-19	56.5	3,735.8	76.5	5,047.5
2019-20	5.0	330.6	5.0	329.9
2020-21	23.5	1,553.8	23.5	1,550.5
2021-22*	20.0	1,322.4	—	—
Total term loans from related parties	105.0	6,942.6	138.0	9,105.2

* Under the revised agreement terms entered into with BASF Belgium Coordination Center Comm. V. on April 27, 2018, borrowings aggregating USD 20 Million which were originally due for payment in financial year 2018-19, are now due in financial year 2021-22 with interest rate of 6 months EURIBOR + 147 basis point per annum. The said USD loan amount will be converted into equivalent EURO loan amount at the EURO/USD exchange rate as on May 29, 2018.

Net debt Reconciliation	Cash and Cash Equivalents	Liabilities from financing activities (Refer Note below)
Net debt as at March 31, 2017	245.0	12,885.4
Cash flows	(164.0)	—
Interest expense	—	655.4
Repayments	—	(3,720.8)
Foreign exchange adjustments	—	(185.9)
Interest paid	—	(872.9)
Net debt as at March 31, 2018	81.0	8,761.2

Note: Liabilities from financial activities include Non-current borrowings (Note 14), Current borrowings (Note 18), Current maturities of long-term debts (Note 20) and Interest accrued but not due on borrowings (Note 20).

15. Other financial liabilities

Rs. in million

	As at March 31, 2018	As at March 31, 2017
Derivatives with negative fair values	360.1	867.0
Deposits from customers	71.0	77.4
Accrual for employee benefits	94.3	70.9
	525.4	1,015.3

16. Provisions

Rs. in million

	Non-current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits:				
– Compensated absences	—	—	361.7	350.0
– Long service award	25.1	31.3	2.1	3.1
– Gratuity (Refer Note 42)	—	—	40.9	—
Other provisions (Refer Note 40)	478.2	310.8	—	—
	503.3	342.1	404.7	353.1

Notes to the Financial Statements as at March 31, 2018

17. Other non-current liabilities

Rs. in million

	As at March 31, 2018	As at March 31, 2017
Deferred revenue	92.6	—
Others	—	0.4
	92.6	0.4

18. Borrowings

(Unsecured)

Rs. in million

	As at March 31, 2018	As at March 31, 2017
Overdraft facilities from bank	242.9	660.3
Short-term loan from bank	499.9	749.9
Commercial papers	991.5	2,230.1
	1,734.3	3,640.3

Overdraft facilities and Short-term loan from banks carry average interest ranging from 7% to 9% p.a. computed on daily basis on the actual amount utilised and are repayable on demand and maturity respectively.

Commercial papers carry average interest ranging from 6% to 8% p.a. over the financial year. Outstanding Commercial Papers are repayable on maturity in May 2018 (Previous Year: repayable in May 2017).

19. Trade payables

Rs. in million

	As at March 31, 2018	As at March 31, 2017
Micro, Small and Medium Enterprises (Refer Note 37)	122.0	35.4
Others	12,616.8	11,793.4
	12,738.8	11,828.8

For payables to related parties, Refer Note 44.

20. Other financial liabilities

Rs. in million

	As at March 31, 2018	As at March 31, 2017
Current maturities of long-term debts (Refer Note 14)	3,735.8	2,177.3
Unpaid dividends*	5.2	5.9
Capital creditors (Refer Note 44)	110.0	128.0
Derivatives with negative fair values	879.3	365.2
Accrual for employee benefits	413.3	322.6
Interest accrued but not due on borrowings	84.3	139.9
	5,227.9	3,138.9

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

21. Current tax liabilities

Rs. in million

	As at March 31, 2018	As at March 31, 2017
Opening balance	—	—
Add: Current tax payable for the year	561.5	—
Less: Taxes paid	425.3	—
	136.2	—

22. Other current liabilities

Rs. in million

	As at March 31, 2018	As at March 31, 2017
Advances received from customers	215.7	277.9
Deferred revenue	62.2	—
Statutory dues payable	176.9	198.2
	454.8	476.1

Notes to the Financial Statements for the year ended March 31, 2018

23. Other income

Rs. in million

	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest income	19.1	12.2
Interest on income tax refunds	17.7	—
Profit on sale of fixed assets (net)	10.9	—
Reversal of Loss allowance on trade receivables (net)	56.1	—
Miscellaneous income	125.5	102.9
	229.3	115.1

24. Cost of materials consumed

Rs. in million

	For the year ended March 31, 2018	For the year ended March 31, 2017
Raw materials:		
Stock at the beginning of the year	3,914.3	2,938.2
Add: Purchases	26,960.4	19,570.7
Less: Stock at the end of the year	(4,439.5)	(3,914.3)
Cost of raw materials consumed	26,435.2	18,594.6
Packing materials consumed	1,003.1	938.3
	27,438.3	19,532.9

25. Changes in inventories of finished goods, Stock-in-trade and Work-in-progress

Rs. in million

	For the year ended March 31, 2018	For the year ended March 31, 2017
Stock at the end of the year:		
Finished goods	2,435.6	2,627.6
Stock-in-trade	3,107.5	2,482.7
Work-in-progress	30.0	48.0
Sub-total	5,573.1	5,158.3
Stock at the beginning of the year:		
Finished goods	(2,627.6)	(2,338.6)
Stock-in-trade	(2,482.7)	(2,638.5)
Work-in-progress	(48.0)	(43.4)
Sub-total	(5,158.3)	(5,020.5)
	(414.8)	(137.8)

26. Employee benefit expenses

Rs. in million

	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries, wages and bonus	3,131.9	2,846.4
Contribution to provident and other funds (Refer Note 42)	155.4	145.4
Share based payments (Refer Note 42)	9.4	5.3
Gratuity (Refer Note 42)	44.3	46.5
Staff welfare expense	173.3	176.0
	3,514.3	3,219.6

Notes to the Financial Statements for the year ended March 31, 2018

27. Finance costs

Rs. in million

	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest on borrowings	655.4	705.9
Add: Exchange differences regarded as an adjustment to borrowing costs	169.4	(151.9)
Total interest cost	824.8	554.0
Add: Effects from fair valuation of derivatives on borrowings	231.1	862.4
Interest on income tax	73.7	—
	1,129.6	1,416.4

28. Depreciation and amortisation

Rs. in million

	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation of Property, plant and equipment	1,530.7	1,649.9
Amortisation of intangible assets	3.2	40.4
	1,533.9	1,690.3

29. Other expenses

Rs. in million

	For the year ended March 31, 2018	For the year ended March 31, 2017
Freight and handling charges	1,628.4	1,546.2
Power and fuel	946.3	973.1
Professional charges (Refer Note 31)	689.7	676.4
Communication / system expenses	1,103.5	773.1
Foreign exchange loss [net of gain on fair valuation of trade derivatives Rs. 238.4 million (Previous year loss Rs. 66.7 million)]	228.0	306.7
Sales promotion expenses	467.5	353.5
Travelling	342.6	329.2
Rent (Refer Note 36)	812.9	762.5
Royalty	494.9	436.4
Consumption of stores and spare parts	340.6	303.7
Service fees	81.6	153.8
Repairs — Machinery	239.3	241.9
— Buildings	103.0	89.1
— Others	23.0	28.8
Insurance	101.3	84.4
Rates and taxes		
— Excise duty	—	48.1
— Others	195.1	133.7
Bad debts written off	73.0	40.5
Less: Utilisation of loss allowance on trade receivables	(73.0)	(40.5)
	—	—
Loss allowance on trade receivables (net)	—	104.5
Loss on sale of property, plant and equipment (net)	—	16.4
Miscellaneous expenses	516.7	573.4
Corporate Social Responsibility expenses (Refer Note 41)	1.5	1.4
	8,315.9	7,936.3

Notes to the Financial Statements for the year ended March 31, 2018

30. Income tax expense

Rs. in million

	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Income tax expense		
Current tax		
Current tax	555.6	—
Income tax for previous periods	49.9	16.6
Total current tax expense	605.5	16.6
Deferred tax		
Decrease / (Increase) in deferred tax asset	(94.8)	129.7
Increase / (Decrease) in deferred tax liabilities	(365.4)	(129.7)
Total deferred tax expense/(benefit)	(460.2)	—
Income tax expense	145.3	16.6
Current tax impact on items included in Other comprehensive income	(1.7)	—
Total income tax expense	143.6	16.6
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit/(Loss) before income tax expense	2,610.3	(124.7)
Income tax rate	34.61%	34.61%
Tax on income	903.4	(43.2)
Tax effect of items in reconciliations		
Recognition of deferred tax on unutilised tax losses (Refer Note 3)	(505.2)	—
Impact of derivatives	(97.1)	(13.2)
Tax effects for prior years and others	(157.5)	73.0
Income tax expense	143.6	16.6
(c) Tax losses	As at March 31, 2018	As at March 31, 2017
Unused tax losses for which no deferred tax asset has been recognised*	—	1,459.8
Potential tax benefit @ 34.61%	—	505.2

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

* Based on income tax return filed by the Company

31. Payment to auditors

Professional charges in Note 29 includes payment to auditors as follows:

Rs. in million

	For the year ended March 31, 2018	For the year ended March 31, 2017
As auditors	8.9	10.4
For other services	5.1	6.1
For reimbursement of expenses	1.3	2.0
Total	15.3	18.5

Notes to the Financial Statements for the year ended March 31, 2018

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.

All other financial assets and financial liabilities are carried at amortised costs.

Rs. in million

	Fair value hierarchy	Valuation category and technique	As at March 31, 2018	As at March 31, 2017
Financial assets				
Derivatives - no hedge accounting	Level 2	Fair value through profit and loss. Valuation technique – The use of dealer quotes for similar instruments.	41.1	26.5
Financial liabilities				
Derivatives - no hedge accounting	Level 2	Fair value through profit and loss. Valuation technique – The use of dealer quotes for similar instruments.	1,239.4	1,232.2

There are no reclassification between different levels during the year.

Risks exposure:

(i) Foreign currency risk

The Company is exposed to foreign-currency risks during the normal course of business. These risks are hedged through a determined strategy employing derivative instruments. Hedging is only employed for underlying items from the operating business. The risks from the underlying transactions and the derivatives are constantly monitored. Where the derivatives have a positive value, the Company is exposed to credit risks from the derivative transactions in the event of nonperformance of the other party. To minimise the default risk on derivatives with the positive market values, transactions are exclusively conducted with credit worthy banks and partners and are subject to predefined credit limits. The contracting and execution of derivative financial instruments for hedging purposes are conducted according to internal guidelines and subject to strict control mechanism.

The sensitivity analysis is conducted by simulating a 10% appreciation/depreciation of the functional currency against respective other currencies.

Notes to the Financial Statements for the year ended March 31, 2018

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

	As at March 31, 2018	As at March 31, 2017
Trade payable		
USD	8,925.0	7,445.5
AUD	—	0.2
CHF	1.6	0.2
EUR	116.6	36.1
GBP	1.7	0.5
JPY	—	14.5
MYR	0.9	—
Borrowings		
USD	6,942.6	9,105.2
Other current liabilities		
USD	3.3	1.9
Trade receivables		
USD	1,793.2	1,725.2
EUR	12.4	11.9
HKD	1.4	—
Other current assets		
USD	11.5	23.2
EUR	3.8	1.2
SEK	—	2.7
Other non-current asset		
USD	—	1.4
CHF	—	0.6
EUR	—	0.7
Cash and cash equivalents (EEFC account)		
USD	3.3	111.9

	As at March 31, 2018	As at March 31, 2017
Forward contracts		
USD	13,273.1	14,684.9

	As at March 31, 2018	As at March 31, 2017
Net exposure (after forward contracts)		
USD*	789.8	6.1
EUR	100.4	22.2
JPY	—	14.5
GBP	1.7	0.5
AUD	—	0.2
CHF	1.6	(0.4)
HDK	(1.4)	—
MYR	0.9	—
SEK	—	(2.7)

* Subsequent to the year end, this exposure has been hedged on next working day due to public holiday.

(b) Sensitivity

The sensitivity of profit or loss to changes in exchange rates by 10%* arises mainly from foreign currency denominated financial instruments. Impact of sensitivity on net exposure for major currency balances is as follows:

Currency	As at March 31, 2018		As at March 31, 2017	
	Increase in profit	Decrease in profit	Increase in profit	Decrease in profit
USD	79.0	(79.0)	0.6	(0.6)
EUR	10.0	(10.0)	2.2	(2.2)
JPY	—	—	1.5	(1.5)

* Holding all other variables constant.

Notes to the Financial Statements for the year ended March 31, 2018

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 the Company's requirements.

(a) Interest rate risk exposure

The exposure of Company's borrowing to interest rate changes at the end of the year are as follows:

Rs. in million

	As at March 31, 2018			As at March 31, 2017		
	Weighted average interest rates	% of total loans	Total Borrowings	Weighted average interest rates	% of total loans	Total Borrowings
External commercial borrowings (Fixed rate)	4.9%	80.0%	6,942.6	4.9%	71.4%	9,105.2
Short term borrowings, Commercial paper, Overdraft facilities (Variable rate)	8.0%	20.0%	1,734.3	8.0%	28.6%	3,640.3
Total		100%	8,676.9		100%	12,745.5

(b) Sensitivity

The sensitivity of profit or loss to changes in interest rates/exchange rates:

Rs. in million

	As at March 31, 2018	As at March 31, 2017
Rates increase by 100 basis points*	86.8	127.5
Rates decrease by 100 basis points*	(86.8)	(127.5)

* 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. 11,547 million** (Previous Year Rs. 9,447 million), Debentures for **Rs. 200 million** (Previous Year Rs. 200 million) as on March 31, 2018.

(b) Maturities of financial liabilities

The interest and principal payments as well as other payments for derivative financial instruments are relevant for the presentation of the maturities of the contractual cash flows from financial liabilities. Derivatives are included using their net cash flow, provided they have a negative fair value and therefore represent a liability. Derivatives with positive fair values are assets and are therefore not considered. Trade accounts payable are generally interest-free and due within one year. Therefore, the carrying amount of trade accounts payable equals the sum of future cash flows.

Rs. in million

Contractual maturities of financial liabilities as at March 31, 2018	Upto 1 year	1 year to 2 years	2 years to 3 years	more than 3 years	Total
Non-derivatives					
Borrowings	5,470.1	330.6	1,553.8	1,322.4	8,676.9
Trade payables	12,738.8	—	—	—	12,738.8
Other financial liabilities	612.7	165.3	—	—	778.0
Total non-derivative liabilities	18,821.6	495.9	1,553.8	1,322.4	22,193.7
Derivatives					
Derivatives with negative fair values	879.3	360.1	—	—	1,239.4
Total derivative liabilities	879.3	360.1	—	—	1,239.4

Notes to the Financial Statements for the year ended March 31, 2018

32. Fair value measurement (Continued)

(iii) Liquidity risk (Continued)

(b) Maturities of financial liabilities (Continued)

Rs. in million

Contractual maturities of financial liabilities as at March 31, 2017	Upto 1 year	1 year to 2 years	2 years to 3 years	more than 3 years	Total
Non-derivatives					
Borrowings	5,817.6	5,047.5	329.9	1,550.5	12,745.5
Trade payables	11,828.8	—	—	—	11,828.8
Other financial liabilities	596.5	148.2	—	—	744.7
Total non-derivative liabilities	18,242.9	5,195.7	329.9	1,550.5	25,319.0
Derivatives					
Derivatives with negative fair values	365.2	610.8	256.2	—	1,232.2
Total derivative liabilities	365.2	610.8	256.2	—	1,232.2

(iv) Credit risk

Credit risk arise when counterparties do not fulfill their contractual obligations. The Company regularly analyses the credit worthiness of relevant customers and grants credit limits on the basis of this analysis. Due to the diversified customer structure of the Company, there is no significant concentration of default risk. The carrying amount of all receivables, loans plus the nominal value of other financial obligations subject to expected credit loss and default risk represents the maximum default risk for the Company. The expected credit losses are calculated taking into consideration the credit rating of the customer, probability of default for various different credit ratings.

(a) Provision for expected credit loss

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

Year ended March 31, 2018

Rs. in million

Ageing	Not due	Overdue	Total
Gross carrying amount	10,029.3	1,229.1	11,258.4
Less: carrying amount of receivable from related parties	1,397.6	58.7	1,456.3
Balance carrying amount	8,631.7	1,170.4	9,802.1
Expected loss rate	0.5%	25.0%	
Expected credit losses (loss allowance provision)	42.8	292.1	334.9
Carrying amount of trade receivable (net of impairment)	9,986.5	937.0	10,923.5

Year ended March 31, 2017

Rs. in million

Ageing	Not due	Over due	Total
Gross carrying amount	9,608.7	1,543.5	11,152.2
Less: carrying amount of receivable from related parties	1,386.0	160.9	1,546.9
Balance carrying amount	8,222.7	1,382.6	9,605.3
Expected loss rate	0.0%	33.6%	
Expected credit losses (loss allowance provision)	0.1	463.9	464.0
Carrying amount of trade receivable (net of impairment)	9,608.6	1,079.6	10,688.2

* 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 months expected credit loss)

Rs. in million

Particulars	Estimated gross carrying amount at default	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
March 31, 2018	1,173.9	0%	—	1,173.9
March 31, 2017	1,317.5	0%	—	1,317.5

Notes to the Financial Statements for the year ended March 31, 2018

32. Fair value measurement (Continued)

(iv) Credit risk (Continued)

(b) Reconciliation of loss allowance provision for Trade Receivables

Rs. in million

Loss allowance on March 31, 2017	400.0
Less: Utilisation towards bad debts	(40.5)
Add/(Less): Changes in loss allowance	104.5
Loss allowance on March 31, 2017	464.0
Less: Utilisation towards bad debts	(73.0)
Add/(Less): Changes in loss allowance	(56.1)
Loss allowance on March 31, 2018	334.9

Significant estimates and judgements

Impairment of financial assets

The impairment provision for the financial assets disclosed above are based on credit ratings, assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting year.

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 a 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:

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

Rs. in million

	As at March 31, 2018	As at March 31, 2017
Total equity	13,438.8	11,022.6
Total assets	38,463.6	38,745.5
Equity ratio	34.9%	28.4%

- Debt equity ratio** – Total debt divided by Total equity

Total debt = Long term borrowings + Short term borrowings + Current maturities of long term debts

Rs. in million

	As at March 31, 2018	As at March 31, 2017
Total debt	8,676.9	12,745.5
Total equity	13,438.8	11,022.6
Debt Equity ratio	0.6	1.2

(b) Dividends

Rs. in million

	As at March 31, 2018	As at March 31, 2017
(i) Equity shares		
Dividend for the year March 31, 2017 of Re. 1 (March 31, 2016 of Re. 1) per fully paid share	43.3	43.3
Proposed dividend		
(ii) Dividend not recognised at the end of reporting year		
In addition to the above dividend, since year end, the Board of Directors have recommended the payment of a dividend of Rs. 3 for the year ended March 31, 2018 (Previous year Re. 1) per fully paid share. This proposed dividend is subject to the approval of shareholders at the ensuing Annual General Meeting.	129.9	43.3

Notes to the Financial Statements for the year ended March 31, 2018

34. Contingent liabilities

Rs. in million

Nature	As at March 31, 2018	As at March 31, 2017
Contingent liabilities not provided for (excluding interest & penalties)		
a) Claims against the Company not acknowledged as debt	47.9	51.9
In respect of which the Company has counterclaim	—	—
b) Demand for taxes and duties in respect of which the company has preferred appeals with appropriate authorities		
a. Income tax	945.1	767.7
b. Customs, Excise, Service tax and Sales tax*	74.8	68.5
Total	1,067.8	888.1

* Commercial taxes department had issued demand notices amounting to Rs. 893.1 million (excluding interest and penalty) for the periods April 2006 to March 2010 by treating 100% 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 Rs. Nil (Previous Year Rs. Nil). In fact, the Company was aggrieved by certain observations and 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.

The Honorable CSTAA has already granted stay for the period July 2006 to March 2007, July 2007 to March 2008 and April 2008 to March 2010 against the de-novo reassessment proceedings considering the pendency of the appeals at CSTAA. The Honorable CSTAA is yet to hear the stay application for the periods April 2006 to June 2006 and April 2007 to June 2007.

The amount in respect of other periods, if any, are currently not determinable.

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

35. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided (net of advances) for **Rs. 313.2 million** (Previous Year Rs. 336.8 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

	As at March 31, 2018	As at March 31, 2017
Due		
Not later than one year	69.8	24.3
Later than one year but not later than five years	22.7	10.5
Later than five years	—	—
Total	92.5	34.8

b) Lease rent of **Rs. 812.9 million** (Previous Year Rs. 762.5 million) towards cancellable and non cancellable leases has been included under "Rent" in Note 29 to the Financial Statements.

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 Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act') are made for the amounts due to the Micro and Small enterprises, who have registered with the competent authorities:

Rs. in million

Particulars	As at March 31, 2018	As at March 31, 2017
The principal amount and the interest due thereon remaining unpaid to any supplier registered under the MSMED Act as at the end of the year.	122.0	35.4
The interest paid by the buyer in terms of Sections 16 of the MSMED Act, along with the amount of payments made beyond the appointed date during each account year	—	—
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act.	8.0	—
The amount of interest accrued and remaining unpaid at the end of each accounting year.	8.5	0.4
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.	22.7	14.2

Notes to the Financial Statements for the year ended March 31, 2018

38. Exceptional items

Rs. in million

Particulars	As at March 31, 2018	As at March 31, 2017
Profit on sale of its non-core assets (i.e. residential properties)	268.6	58.4
Profit on divestiture of industrial coatings business pursuant to global divestment	—	111.7
Profit on divestiture of leather chemicals business pursuant to global divestment (net of write down of assets Rs. 6.2 million)	1,559.6	—
Write down of Thermoplastic Polyurethane (TPU) assets, due to cessation of its manufacturing	(242.5)	—
Total	1,585.7	170.1

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
	(Financial Assets: Trade Receivables)	(Financial Liabilities: Rebates / Discounts)	(Net Financial Assets: Trade Receivables)
As at March 31, 2018	11,443.4	519.9	10,923.5
Total	11,443.4	519.9	10,923.5
As at March 31, 2017	11,089.5	401.3	10,688.2
Total	11,089.5	401.3	10,688.2

Trade receivables

The Company gives rebates/discounts for certain business units. Under the terms of contract, the amounts payable by the Company are offset against receivables from customers and only the net amount is settled. The relevant amounts have therefore been presented net in the Balance Sheet.

40. Other provisions

Rs. in million

	As at March 31, 2018	As at March 31, 2017
At the commencement of the year	310.8	301.8
Provisions made during the year (net)	173.6	9.0
Utilisation during the year	6.2	—
At the end of the year	478.2	310.8

Other provisions represents provisions for certain income tax, indirect taxes and other legal matters, the outflow of which would depend on settlement/conclusion of these matters with the relevant authorities or cessation of the respective events.

41. Corporate Social Responsibility ('CSR')

As per Section 135 of the Companies Act, 2013 ('the Act') a Company meeting the applicability threshold, needs to spend atleast 2% of its average net profit for the immediately preceding three financial years on CSR activities. The major areas for CSR activities are promoting education facilities, sanitation and making available safe drinking water. A CSR committee has been formed by the Company as per the Act.

(a) Gross amount required to be spent by the Company during the year: **Rs. Nil** (Previous Year Rs. Nil)

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

Rs. in million

Amount spent during the year on;	For the year ended March 31, 2018	For the year ended March 31, 2017
1) Construction/Acquisition of any assets	—	—
2) For purposes other than (1) above:		
– Promoting education facilities, sanitation and making available safe drinking water	1.5	1.4

Notes to the Financial Statements for the year ended March 31, 2018

42. Employee Benefits

Defined contribution plans:

The Company's contribution to defined contribution funds comprising of Superannuation fund and Employees' state insurance schemes amounting to **Rs. 49.6 million** (Previous year Rs. 50.1 million) (net of recoveries) 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 retirement, death, permanent disablement and resignation in terms of provisions of the Payment of Gratuity Act, 1972, or as per the Company's scheme whichever is more beneficial. The Company irrevocably contributes funds to a separate Gratuity Trust which is recognised by Income Tax authorities.

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	
	As at March 31, 2018	As at March 31, 2017
a) Reconciliation of present value of defined benefit obligation		
Balance at the beginning of the year	562.1	567.5
Benefits paid from plan	(65.5)	(40.5)
Benefits paid from employer	(4.9)	—
Current service cost	45.5	44.1
Interest cost	37.5	42.6
Actuarial gain/loss recognised in Other Comprehensive Income		
– Changes in demographic assumption	(2.2)	(4.9)
– Changes in financial assumptions	(0.8)	29.3
– Changes of experience adjustments	7.9	(76.0)
Transfers (out) on divestiture of leather chemicals business	(18.9)	—
Balance at the end of the year	560.7	562.1
b) Reconciliation of present value of plan assets		
Balance at the beginning of the year	567.8	503.3
Contributions paid into plan	—	64.2
Benefits paid	(65.5)	(40.5)
Return on plan assets (excluding interest income)	(2.9)	(0.9)
Interest cost	38.7	41.7
Transfer out on divestiture of leather chemicals business	(18.3)	—
Balance at the end of the year	519.8	567.8
c) i. Expenses recognised in the Statement of Profit and Loss		
Current service cost	45.5	45.6
Interest cost	37.5	42.6
Interest income	(38.7)	(41.7)
Expenses recognised in the Statement of Profit and Loss	44.3	46.5
ii. Remeasurements recognised in Other Comprehensive Income		
Actuarial loss/(gain) on defined benefit obligation	4.9	(51.5)
Return on plan assets excluding interest income	2.9	0.9
	7.8	(50.6)

Notes to the Financial Statements for the year ended March 31, 2018

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:-

	As at March 31, 2018	As at March 31, 2017
Government of India securities	8%	8%
State Government securities	50%	45%
Public Sector unit bonds	6%	7%
Private Sector bonds	21%	25%
Fixed deposit and others	7%	8%
Special deposit scheme	6%	5%
Mutual funds	2%	2%
Total	100%	100%

The assumptions used for actuarial valuation are as follows:

	As at March 31, 2018	As at March 31, 2017
Discount rate	7.9%	7.1%
Expected salary increase rate	6% – 9% p.a.	6% – 8% p.a.
Attrition Rate	2% – 9% p.a.	2% – 6% p.a.
In-service mortality rates	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	As at March 31, 2018	As at March 31, 2017
Year 1	75.9	64.4
Year 2	60.6	53.7
Year 3	44.7	54.3
Year 4	52.3	39.2
Year 5	45.3	45.9
Next 5 years	212.0	199.4

Sensitivity analysis – defined benefit obligation end of period

Rs. in million

	As at March 31, 2018	As at March 31, 2017
Discount rate +100 basis points	(526.1)	(524.1)
Discount rate –100 basis points	599.4	605.2
Salary Increase Rate +1%	596.1	601.7
Salary Increase Rate –1%	(528.4)	(526.4)
Attrition Rate +1%	(559.4)	(560.8)
Attrition Rate –1%	561.9	563.5

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with projected unit credit method at the end of reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance Sheet.

Notes to the Financial Statements for the year ended March 31, 2018

42. Employee Benefits (Continued)

The method and type of assumptions used in preparing the sensitivity analysis for current year are in line with previous year.

The contribution expected to be made by the Company during the financial year 2018-2019 is **Rs 80.4 million** (Previous Year Rs. 68.0 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, 2018.

The details of fund and plan assets position as at year end is given below:

Rs. in million

	As at March 31, 2018	As at March 31, 2017
Plan assets as year end, at fair value	2,865.1	2,732.5
Present value of benefit obligation at year end	2,855.7	2,711.4
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	7.9%	7.1%
– Average remaining tenure of the investment portfolio	5 years	6 years
– Expected guaranteed interest rate	8.7%	8.7%

During the year ended March 31, 2018, amount recognised in the Statement of Profit and Loss for Employee provident fund (net of recoveries) is **Rs. 105.8 million** (Previous year Rs. 95.3 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, 2018

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 forfeited, 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.

		For the year ended March 31, 2018	For the year ended March 31, 2017
Charge included in employee benefit expense (Refer Note 26)	Rs. in million	9.4	5.3
Options outstanding at the beginning of the year	Nos	8,193.0	6,053.0
Options granted during the year	Nos	3,768.0	2,236.0
Options forfeited, exercised or expired during the year	Nos	—	(96.0)
Outstanding at the end of the year	Nos	11,961.0	8,193.0
Fair value of options and parameters used for valuation		As at December 31, 2017	As at December 31, 2016
Fair value of BASF SE's shares	Euro	33.9	46.7
Volume-weighted average market price of BASF SE's shares	Euro	73.4	69.9
Expected volatility of BASF SE's shares	%	23.6	25.0
Dividend yield	%	3.4	3.3
Risk-free interest rate	%	0.2	(0.1)

43. Operating Segments

The Company has following business segments for reporting purpose. The divisions are allocated to the segments based on their business models

Details of type of products included in each segment:

- Agricultural Solution – The Agricultural Solutions segment consists of the Crop Protection division. Agricultural Solution is seasonal in nature.
- Performance Products – The Performance Products segment consists of the Dispersions & Pigments, Leather Chemicals, 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, 2018

43. Operating Segment (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	8,638.0	22,345.9	3,201.2	22,720.4	321.3	—	57,226.8
	7,254.8	22,620.2	2,316.1	22,073.2	929.6	—	55,193.9
Less: Inter-segment revenue	—	—	—	—	—	—	—
Sales / Revenue from operations	8,638.0	22,345.9	3,201.2	22,720.4	321.3	—	57,226.8
	7,254.8	22,620.2	2,316.1	22,073.2	929.6	—	55,193.9
Segment result	534.4	785.2	599.4	510.2	62.6	—	2,491.8
	350.9	544.8	408.2	57.8	57.6	—	1,419.3
Finance costs						1,129.6	1,129.6
						1,416.4	1,416.4
Interest income						36.8	36.8
						12.2	12.2
Other un-allocable expenditure net of un-allocable income						374.4	374.4
						309.8	309.8
Profit/(Loss) before tax and exceptional item							1,024.6
							(294.8)
Exceptional item gain (Refer note 38)	—	1,559.6	—	(242.5)	—	268.6	1,585.7
	—	—	—	111.7	—	58.4	170.1
Tax							145.3
							16.6
Profit/(Loss) after tax							2,465.0
							(141.3)

Rs. in million

	Agricultural Solution	Performance Products	Chemicals	Functional Materials & Solutions	Others	Un-allocated	Total
OTHER INFORMATION							
Segment assets	4,496.0	15,363.2	1,232.6	15,588.7	410.8	1,372.3	38,463.6
	4,267.4	16,285.8	1,030.4	15,847.3	204.8	1,109.8	38,745.5
Segment liabilities	1,690.5	10,725.8	884.7	9,830.6	16.7	1,876.5	25,024.8
	1,281.0	11,822.4	665.1	10,199.5	108.9	3,646.0	27,722.9
Capital expenditure	49.5	317.8	2.2	309.9	—	—	679.4
	52.6	406.8	0.9	374.1	—	—	834.4
Depreciation and amortisation	37.6	768.8	4.5	723.0	—	—	1,533.9
	40.6	823.7	3.6	822.4	—	—	1,690.3
Non cash charges - Bad debts and Loss allowance on trade receivables	17.8	(64.0)	1.9	(11.8)	—	—	(56.1)
	4.5	46.1	2.5	10.9	—	—	64.0

(b) Geographic Segments

Rs. in million

	Domestic	Exports	Total
Revenues	50,379.3	6,847.5	57,226.8
	48,090.8	7,103.1	55,193.9
Total assets	36,755.1	1,708.5	38,463.6
	36,654.1	2,091.4	38,745.5
Capital expenditure	679.4	—	679.4
	834.4	—	834.4

Notes:

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, 2018

44. Related Party Disclosure

a) Parties where control exists

BASF Societas Europaea ('SE') Ultimate holding company
 BASF Schweiz AG Party where control exists

b) Other related parties with whom transactions have taken place during the year or balances outstanding at the year end. Parties under common control

BASF - Ypc Company Limited	BASF Hong Kong Ltd.
BASF (China) Company Ltd.	BASF Intertrade AG
BASF (Malaysia) Sdn. Bhd.	BASF IP Licencing GmbH (Earlier Known as
BASF (Thai) Limited	BASF Polyurethanes Licencing GmbH)
BASF Advanced Chemicals Co., Ltd.	BASF Italia S.P.A.
BASF Agro B.V. Arnhem (NI)	BASF Japan Ltd.
BASF Agrochemical Products B.V.	BASF Lanka (Private) Limited
BASF Antwerpen N.V.	BASF Metals Ltd.
BASF Asia Pacific India Pvt Ltd (merged with BASF	BASF Nederland B.V.
Catalysts India Private Limited)	BASF New Zealand Ltd.
BASF Asia Pacific Service Centre Sdn Bhd	BASF Pakistan (Pvt.) Limited
BASF Australia Ltd.	BASF Paper Chemicals (Huizhou) Co., Ltd.
BASF Bangladesh Ltd.	BASF Paper Chemicals (Jiangsu) Co., Ltd.
BASF Belgium Coordination Center Comm. V.	BASF Personal Care And Nutrition GmbH
BASF Business Services GmbH	BASF Petronas Chemicals Sdn Bhd
BASF Business Services Holding GmbH	BASF Pharma (Evionnaz) SA
BASF Care Chemicals (Shanghai) Co., Ltd.	BASF Philippines Inc
BASF Catalyst India Private Limited	BASF Plant Science Company GmbH
BASF Catalysts (Shanghai) Co., Ltd.	BASF Plc
BASF Chemcat (Thailand) Ltd.	BASF Poliuretanos Ltd.
BASF Chemicals Co., Ltd.	BASF Poliuretanos Ltda.
BASF Chemicals India Private Limited	BASF Polyurethane Specialties (China) Co., Ltd.
BASF Chile SA	BASF Polyurethanes (China) Co., Ltd.
BASF Coatings GmbH	BASF Polyurethanes GmbH
BASF Coatings S.A.S. (Merged with BASF	BASF S.A.
France S.A.S.)	BASF Schweiz AG
BASF Colors & Effect Singapore Pte Ltd.	BASF Services Europe GmbH
BASF Colors & Effects GmbH	BASF Shanghai Coatings Co., Ltd.
BASF Colors & Effects Shanghai Ltd.	BASF South Africa (Pty) Ltd.
BASF Company Ltd.	BASF South East Asia Pte Ltd.
BASF Construction Chemicals (China) Co., Ltd.	BASF Specialty Chemicals (Nanjing) Co., Ltd.
BASF Construction Chemicals Egypt S	BASF Taiwan Ltd.
BASF Construction Chemicals Espana S.L.	BASF Türk Kimya Sanayi Ve Ticaret Ltd. Sti.
BASF Construction Chemicals Europe AG	Chemetall India Private Ltd.
BASF Construction Chemicals Italia Spa	Cognis Ip Management GmbH
BASF Construction Chemicals South Africa (Pty) Ltd.	Construction Research & Technology GmbH
BASF Construction Chemicals UAE LLC	P.T. BASF Care Chemicals Indonesia
BASF Construction Solutions GmbH	P.T. BASF Indonesia
BASF Construction Systems (China) Co., Ltd.	PCI Augsburg GmbH
BASF Corporation	PT BASF Distribution Indonesia
BASF Crop Protection (Jiangsu) Co., Ltd.	Saudi BASF For Building
BASF East Asia Regional Headquarters Ltd.	Shanghai BASF Polyurethane Co., Ltd.
BASF Electronic Materials (Shanghai) Co. Ltd.	Shanghai Gaoqiao-BASF Dispersions Co., Ltd.
BASF Espanola S.L.	Shanghai MBT & SCG High-tech Construction
BASF France S.A.S.	Chemicals Co., Ltd.
BASF FZE	Thai Ethoxylate Co., Ltd.
BASF Hock Mining Chemical (China) 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

Dr. Raman Ramachandran

Whole – Time Director

Mr. Narendranath J. Baliga

Mr. Rajesh Naik

Dr. Lakshmi Nadkarni

Company Secretary

Mr. Pradeep M. 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, 2018

44. Related Party Disclosure (Continued)

e) Details of transactions with parties where control exists / under common control for the year ended March 31, 2018

Rs. in million

Nature of Transactions	Parties where control exists		Parties under common control		Total	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Sale of Goods						
BASF SE	1,243.3	1,320.1	—	—	1,243.3	1,320.1
BASF Hong Kong Ltd.	—	—	525.0	—	525.0	—
BASF South East Asia Pte. Ltd.	—	—	1,302.0	1,780.8	1,302.0	1,780.8
Others	—	—	292.2	217.8	292.2	217.8
Sub-Total	1,243.3	1,320.1	2,119.2	1,998.6	3,362.5	3,318.7
Services Rendered (including reimbursements)						
BASF SE	535.0	524.6	—	—	535.0	524.6
BASF Hong Kong Ltd.	—	—	283.4	4.6	283.4	4.6
BASF South East Asia Pte. Ltd.	—	—	550.7	889.7	550.7	889.7
Others	—	—	552.8	597.3	552.8	597.3
Sub-Total	535.0	524.6	1,386.9	1,491.6	1,921.9	2,016.2
Interest Expense on ECB Loan (including incidental charges)						
BASF Belgium Coordination Centre	—	—	395.9	460.0	395.9	460.0
Sub-Total	—	—	395.9	460.0	395.9	460.0
Purchase of Goods/Materials						
BASF SE	3,045.1	1,907.6	—	—	3,045.1	1,907.6
BASF South East Asia Pte. Ltd.	—	—	4,216.8	6,812.8	4,216.8	6,812.8
BASF Company Ltd.	—	—	5,978.0	3,684.3	5,978.0	3,684.3
BASF Hong Kong Ltd.	—	—	2,766.3	0.1	2,766.3	0.1
Others	—	—	5,372.5	5,543.1	5,372.5	5,543.1
Sub-Total	3,045.1	1,907.6	18,333.6	16,040.3	21,378.7	17,947.9
Services Received						
BASF SE	373.2	243.4	—	—	373.2	243.4
BASF Schweiz AG	15.5	12.5	—	—	15.5	12.5
BASF South East Asia Pte. Ltd.	—	—	378.5	334.3	378.5	334.3
BASF Asia-Pacific Service Centre Sdn. Bhd.	—	—	187.5	174.8	187.5	174.8
BASF Business Services GmbH	—	—	389.6	260.9	389.6	260.9
Others	—	—	224.3	307.5	224.3	307.5
Sub-Total	388.7	255.9	1,179.9	1,077.5	1,568.6	1,333.4
Royalty						
BASF SE	26.7	42.3	—	—	26.7	42.3
BASF IP Licencing GmbH (earlier known as BASF Polyurethanes Licencing GmbH)	—	—	245.0	185.9	245.0	185.9
BASF Coatings GmbH	—	—	71.1	74.4	71.1	74.4
Construction Research & Technology GmbH	—	—	126.9	114.9	126.9	114.9
Cognis IP Mangement GmbH	—	—	25.2	18.9	25.2	18.9
Sub-Total	26.7	42.3	468.2	394.1	494.9	436.4
Dividend						
BASF SE	20.9	20.9	—	—	20.9	20.9
BASF Schweiz AG	8.9	8.9	—	—	8.9	8.9
BASF Construction Solutions GmbH	—	—	1.9	1.9	1.9	1.9
Sub-Total	29.8	29.8	1.9	1.9	31.7	31.7

Notes to the Financial Statements for the year ended March 31, 2018

44. Related Party Disclosure (Continued)

e) Details of transactions with parties where control exists/under common control for the year ended March 31, 2018 (Continued)

Rs. in million

Nature of Transactions	Parties where control exists		Parties under common control		Total	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
ECB Loan repaid during the year (including foreign exchange loss on settlement)						
BASF Belgium Coordination Center Comm. V.	—	—	2,333.7	—	2,333.7	—
Sub-Total	—	—	2,333.7	—	2,333.7	—
Purchase of Assets						
BASF SE	—	0.1	—	—	—	0.1
BASF Polyurethanes (China) Co. Ltd.	—	—	0.6	—	0.6	—
BASF Coatings GmbH	—	—	4.0	3.2	4.0	3.2
BASF Polyurethane Specialties (China), Co. Ltd.	—	—	—	0.5	—	0.5
Sub-Total	—	0.1	4.7	3.7	4.7	3.8
Outstanding Receivables						
BASF SE	391.6	540.0	—	—	391.6	540.0
BASF Hong Kong Ltd.	—	—	535.8	1.3	535.8	1.3
Others	—	—	528.8	1,005.6	528.8	1,005.6
Sub-Total	391.6	540.0	1,064.7	1,006.8	1,456.3	1,546.9
Outstanding Payables						
BASF SE	1,566.2	1,154.7	—	—	1,566.2	1,154.7
BASF Schweiz AG	2.8	3.4	—	—	2.8	3.4
BASF Hong Kong Ltd.	—	—	1,480.6	9.8	1,480.6	9.8
BASF Company Ltd.	—	—	1,665.0	1,253.5	1,665.0	1,253.5
BASF Agro B.V. Arnhem (NL)	—	—	1,066.6	404.9	1,066.6	404.9
Others	—	—	2,308.9	4,129.2	2,308.9	4,129.2
Sub-Total	1,569.0	1,158.1	6,521.1	5,797.3	8,090.1	6,955.5
ECB Loan Outstanding (including interest accrued not due)						
BASF Belgium Coordination Center Comm. V.	—	—	7,026.6	9,238.7	7,026.6	9,238.7
Sub-Total	—	—	7,026.6	9,238.7	7,026.6	9,238.7

Purchase of goods / materials are net of non recurring price adjustments for **Rs. Nil** (Previous Year Rs. 258 million).

f) Details of Contributions to post employment benefit plan

Rs. in million

Name of the post employment benefit plan	2017-18	2016-17
BASF India Ltd. Provident Fund	106.5	93.1
BASF India Ltd. Employees Gratuity Fund	—	64.2
BASF India Ltd. Superannuation Fund Trust	56.5	56.0
Sub-Total	163.0	213.3

g) Details of transactions with Key Management Personnel

Rs. in million

Particulars	2017-18	2016-17
Short term employee benefits	109.0	78.3
Post-employment benefits	51.9	44.7
Long-term employee benefits	—	0.1
Employee share based payments*	1.4	1.8
Total compensation	162.3	124.9

* Some of the key managerial personnel are eligible for share based payments of the Ultimate Holding Company for which there is no cash outflow from the Company.

Notes to the Financial Statements for the year ended March 31, 2018

44. Related Party Disclosure (Continued)

h) Payment of sitting fees to Independent Directors

Rs. in million

Particulars	2017-18	2016-17
Sitting fees	5.5	4.9

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. As per Indian Accounting Standard 18 on Revenue and Schedule III of the Companies Act, 2013, Revenue from Operations for the period July 1, 2017 to March 31, 2018 does not include Goods and Service Tax (GST), however Revenue from Operations till the period ended June 30, 2017 and for the year ended March 31, 2017 includes Excise Duty. In view of the aforesaid restructuring of indirect taxes, Revenue from Operations for the year ended March 31, 2018 are not comparable with previous year. The below table reflects details of Revenue from Operations net of Excise Duty.

Rs. in million

	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue from Operations	57,226.8	55,193.9
Less: Excise duty	(1,392.8)	(4,411.7)
Revenue from Operations (net of excise duty)	55,834.0	50,782.2

46. Pursuant to the global agreement between BASF SE (Germany) and Solenis (USA), the Board of Directors of the Company have approved, at their Meeting held on May 3, 2018, the proposal to transfer the paper wet-end and water chemicals business of the Company to Solenis in India, subject to such approvals, as may be necessary. The sales from the paper wet-end and water chemicals business is approximately Rs. 1,400 million p.a and it forms part of the Performance Products segment. The transaction is anticipated to close by the end of 2018 at the earliest. The financial effects of this proposed transfer have not been considered in these financial statements.

47. Previous year figures have been regrouped/reclassified, wherever necessary to conform to current year classification.

In terms of our report of even date.

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

Jeetendra Mirchandani
Partner
Membership No.: 048125

Place : Mumbai
Date : May 4, 2018

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 M. Chandan
Company Secretary
FCS No.: 2852

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

Place : Mumbai
Date : May 4, 2018

BASF India Limited

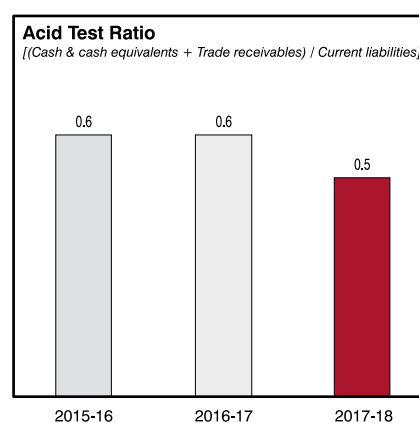
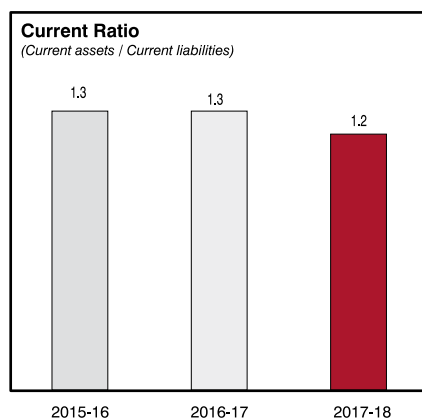
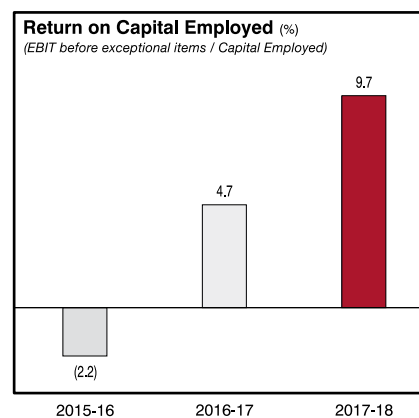
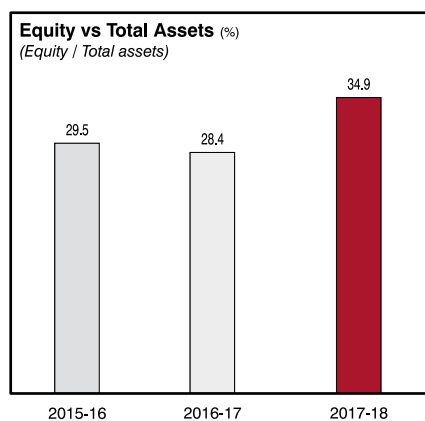
Highlights – At a glance

Rs. in Million

	2015-16	2016-17	2017-18
Revenue from operations (net of excise duty/GST)	47,472.1	50,782.2	55,834.0
Profit / (Loss) before tax and before exceptional items	(2,024.8)	(294.8)	1,024.6
Profit / (Loss) after tax	(303.7)	(141.3)	2,465.0
Earnings per share	(7.0)	(3.3)	56.9
Total assets	37,765.6	38,745.5	38,463.6
Borrowings	13,492.2	12,745.5	8,676.9
Shareholder's equity	11,160.1	11,022.6	13,438.8
Depreciation	1,630.9	1,690.3	1,533.9
Capital expenditure	1,117.8	834.4	679.4
Exports	7,513.2	7,103.1	6,847.5
R&D cost	9.0	72.7	73.7
Personnel cost (Total)	3,275.8	3,219.6	3,514.3
Proposed dividend amount	43.3	43.3	129.9
Dividend in %	10%	10%	30%
Number of employees	1,904	1,868	1,804
Number of shareholders	45,264	41,774	40,976

Notes:

- Financial highlights are given only for three years on account of non-comparability of data due to Ind AS transition w.e.f 1st April, 2015.
- Previous year figures have been regrouped / reclassified, wherever necessary to conform to current year classification.
- Revenue from operations has been adjusted with excise duty/GST for relevant periods for coherent comparison.





At BASF India, we believe in ensuring a good work life balance and therefore promote an active lifestyle. Seen in the above images is the wholehearted support for celebrations of World Yoga Day and Sports Day at various locations.



As a part of industry and academia outreach, we supported AZeotropy- IIT Bombay's annual symposium for Chemical Engineering students. Seen in the above picture are students from IIT Bombay and other prominent Engineering Colleges with BASF India's HR team at Innovation Campus, in Navi Mumbai

Actively pursuing a Diversity and Inclusion agenda has led to recognition for your Company. BASF was awarded by Working Mothers and AVTAR as one of the 100 Best Companies for Women in India.



Your Company conducted the third session of The Knowledge Series event in Mumbai by inviting Dr. Aashish Contractor, who is widely recognized as the pioneer of cardiac rehabilitation in India to talk on fitness.

The IT services team of your Company undergoing a customer engagement training.

The future is not what you dream, but what you make.

Our innovations help cities use less energy, make the air we breathe cleaner and turn electric transport into a practical reality. That's why at BASF, we're optimistic about the future.

Find out more at
wecreatechemistry.com

 **BASF**

We create chemistry

NOTICE

NOTICE is hereby given that the SEVENTY FOURTH ANNUAL GENERAL MEETING of BASF INDIA LIMITED will be held at Yashwantrao Chavan Pratishtan Auditorium, Y. B. Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai – 400021 on Friday, 10th August, 2018 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, 2018, including the audited Balance Sheet as at 31st March, 2018 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 @30% i.e. Rs.3/- per equity share for the financial year ended 31st March, 2018.
3. To appoint a Director in place of Mr. Rajesh Naik (DIN: 06935998), who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.

SPECIAL BUSINESS

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

“RESOLVED THAT Mr. Raimar Jahn (DIN:07819517), who was appointed as Director of the Company from 1st April, 2017 and whose term of office as Director of the Company expires at this meeting under Section 161(4) of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing as per the provisions of Section 160 of the Companies Act, 2013 from a member intimating his intention to propose Mr. Raimar Jahn (DIN:07819517) as a candidate for the office of Director, be and is hereby appointed as Director of the Company.”

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

“RESOLVED THAT in accordance with the provisions of Sections 196, 197, 198, 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any amendment(s), modification(s) or re-enactment thereof) and in terms of the Articles of Association of the Company 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 re-appointment of Dr. Raman Ramachandran (DIN:00200297) as the Chairman & Managing Director of the Company and to his receiving, benefits and amenities as the Chairman & Managing Director for a term of one year from 1st April, 2018 to 31st March, 2019, upon the terms, conditions and stipulations contained in the Agreement to be entered into between the Company and Dr. Raman Ramachandran, a draft whereof is placed before the meeting and initialed for the purpose of identification;

RESOLVED FURTHER THAT based on the recommendation of the Nomination & Remuneration Committee, 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. Raman Ramachandran, provided, however, that the remuneration payable to Dr. Raman Ramachandran 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 the financial year 2018-2019, the Company has no profits or its profits are inadequate, the Company shall pay remuneration, benefits and amenities to Dr. Raman Ramachandran 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 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."

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 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any amendment(s), modification(s) or re-enactment thereof) 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, 2019, amounting to Rs.14.30 lakhs (Rupees Fourteen Lakhs and 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."

7. 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 188 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 & such other Rules as may be applicable to the Company and in terms of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment(s), modification(s) or re-enactment thereof), the approval of the Members of the Company be and is hereby accorded for entering into transaction(s) (including on-going transactions) in the ordinary course of business and on arms' length basis with the following related parties upto the maximum amount mentioned herein, in each financial year, for a period of 5 years on such terms and conditions as may be mutually agreed between the Company and the said related parties:

(Rs. in crores)

Sr. No.	Name of the Related Party	Relationship	Nature of transaction(s)* (singly or all taken together)	Existing limits pursuant to the Members' approval dated 20 th August, 2015/ 11 th August, 2016	Revised/New limits {maximum value of the transaction(s) per annum}
1	BASF Societas Europaea (BASF SE)	Parent Company	(a) Sale and/or purchase of chemicals/materials. (b) Availing or rendering of services. (c) Payment of Royalty for Technical Collaboration/ Assistance. (d) Purchase/ Sale of Assets/ Business. (e) Payment of Dividend.	1000	1500
2	BASF Hong Kong Limited	Affiliate Company	(a) Sale and/or purchase of chemicals/materials. (b) Availing or rendering of services.	2000	5000
3	BASF South East Asia Pte. Ltd.	Affiliate Company	(a) Sale and/or purchase of chemicals/materials. (b) Availing or rendering of services.	2000	2500
4	BASF Company Ltd.	Affiliate Company	(a) Sale and/or purchase of chemicals/materials. (b) Availing or rendering of services.	—	2000
5	BASF Petronas Chemicals Sdn Bhd	Affiliate Company	(a) Sale and/or purchase of chemicals/materials. (b) Availing or rendering of services.	—	1500
6	BASF Ireland Limited	Affiliate Company	(a) External Commercial Borrowing (ECB) Loan (including Assignment of Loan). (b) Interest on ECB Loan. (c) Repayment of ECB Loan as per arrangement.	—	1200

* Transaction(s) are entered in the ordinary course of business and on arms' length basis.

RESOLVED FURTHER THAT all the actions, decisions & approvals accorded by the Board of Directors (including the Audit Committee) in this connection be and are hereby approved & confirmed and the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters & things and to take such steps, settle any queries, difficulties, doubts that may arise with regard to any transaction(s) with the related parties and execute such agreements, documents and writings and to make such filings, as may be necessary or desirable for the purpose of giving effect to this resolution and for the matters connected therewith or incidental thereto in the best interest of the Company.”

By Order of the Board of Directors

PRADEEP M. CHANDAN
*Director – Legal, General Counsel (South Asia)
& Company Secretary*

Registered Office:

The Capital, ‘A’ Wing, 1204-C
12th Floor, Plot No. C-70,
‘G’-Block, Bandra Kurla Complex,
Bandra (East), Mumbai-400051.

CIN: L33112MH1943FLC003972

Dated: 22nd June, 2018

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. The requirement to place the matter relating to the ratification of appointment of Statutory Auditors by Members at every Annual General Meeting is done away with vide notification dated 7th May, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Statutory Auditors, who were appointed at the Annual General Meeting held on 28th September, 2017
5. 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.
6. The Register of Members and the Share Transfer Books of the Company will be closed from Saturday, 28th July, 2018 to Friday, 3rd August, 2018 (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).
7. Dividend as recommended by the Board of Directors, if approved at the Annual General Meeting, will be paid on or after 13th August, 2018 in respect of shares held in physical form, to those members whose names appear in the Company's Register of Members as on 3rd August, 2018 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 Friday, 27th July, 2018.
8. Members are requested to submit their queries/requests for clarification, if any, on the Annual Report so as to reach the Company by Friday, 3rd August, 2018, which will enable the Company to furnish replies at the Annual General Meeting.
9. 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.
10. Members holding shares under multiple folios are requested to submit their applications to TSRDL for consolidation of folios into a single folio.
11. 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. 1,204,592, being the unclaimed dividend amount of the Company for the financial year ended 31st March, 2010 to IEPF on 9th October, 2017. The Company has also transferred Rs. 657,057 pertaining to the net sale proceeds arising out of the consolidation of fractional entitlements paid in connection with the merger of Ciba India Limited with BASF India Limited remaining unclaimed for a period of seven years from the date of its payment, on 15th January, 2018.

The Company has sent reminders to the Members of the Company on 16th February, 2018 and 18th May, 2018 requesting them to claim their dividend for the financial year ended 31st March, 2011. 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 28th September, 2017 (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 IEPF 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
31.03.2011	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
31.03.2017	08.11.2024

In terms of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules') as amended, 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 provisions 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.

In respect of the unpaid/unclaimed dividend pertaining to the financial years ended 31st March, 2009 & 31st March, 2010, the Company has already transferred the shares to IEPF.

The Company provides an opportunity to the Members to claim the unpaid/ unclaimed dividend pertaining to the financial years 31st March, 2011 onwards, due to them, failing which shares (held either in physical or electronic mode) shall be transferred by the Company to IEPF Account. Members 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.

12. Securities and Exchange Board of India 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.
13. 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 Members holding shares in electronic and physical form. Members 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 2017-2018 should be lodged with TSRDL on or before the book closure date i.e. Friday, 27th July, 2018.

14. 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 2018-2019 to both the Stock Exchanges.
15. 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 of 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.
16. Details of the Directors seeking appointment/re-appointment under Item Nos. 3, 4 and 5 of this Notice are provided at page no. 56 of the Annual Report.
17. 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 Member 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.
18. An electronic copy of the Annual Report 2017-2018 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 2017-2018 are being sent by the permitted modes. Members may also note that the Notice of the 74th 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.
19. 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 and Regulation 44 of the Securities and Exchange Board of India (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 74th Annual General Meeting. The Company has engaged the services of National Securities Depository Limited 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.
20. 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. 4

The Board of Directors of the Company at their meeting held on 23rd March, 2017 appointed Mr. Raimar Jahn as a Director of the Company effective 1st April, 2017 in the casual vacancy caused by the resignation of Dr. Rainer Diercks.

Mr. Jahn is presently 60 years of age and is currently the President of BASF's Performance Materials business. Mr. Jahn joined BASF's Latin America division in 1985. He had held multiple leadership positions in the BASF's plastics and coatings divisions in Germany, Belgium, Mexico and the U.S.

In terms of Section 161(4) of the Companies Act, 2013 and Article 134 of the Articles of Association of the Company, Mr. Raimar Jahn holds office upto the date of the forthcoming Annual General Meeting, being the date on which Dr. Rainer Diercks would have retired by rotation, had he continued to be Director of the Company.

The Company has received a notice in writing under Section 160(1) of the Companies Act, 2013 from a Member, signifying his intention to propose the candidature of Mr. Raimar Jahn for the office of Director liable to retire by rotation.

Mr. Raimar Jahn does not hold any shares in the Company by himself or for any other person on a beneficial basis. He does not hold any other Directorships/Committee positions in any other Company in India. He is not related to any other Director of the Company.

The Nomination & Remuneration Committee and the Board of Directors of the Company recommend his appointment as Director of the Company, liable to retire by rotation.

Except Mr. Raimar Jahn and his 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. 4 of this Notice. This Explanatory Statement may also be regarded as a disclosure under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations).

Item No. 5

1. The Members of the Company at their 70th Annual General Meeting held on 27th August, 2014, had, subject to the approval of the Central Government, appointed Dr. Raman Ramachandran as the Managing Director of the Company for the period from 1st October, 2013 to 31st March, 2018.
2. The Board of Directors of the Company, at their meeting held on 14th November, 2017, based on the recommendation of the Nomination & Remuneration Committee and subject to the approval of the Members of the Company, have re-appointed Dr. Raman Ramachandran as the Chairman and Managing Director of the Company for a term of one year from 1st April, 2018 to 31st March, 2019 on the terms and conditions detailed in para 4 below. A brief profile of Dr. Raman Ramachandran in terms of Regulation 36(3) of the SEBI Listing Regulations is detailed in para 3 below.
3. Dr. Raman Ramachandran, presently 60 years of age, 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 Cyanamid 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. Ltd., Singapore. Presently, he holds memberships in the Nomination & Remuneration Committee and Stakeholders' Relationship Committee of the Company. He does not hold any other Directorship/ Committee positions in any other Listed Company in India and is not related to any other Director of the Company.

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 re-appoint Dr. Raman Ramachandran as the Chairman and Managing Director of the Company for a term of one year from 1st April, 2018 to 31st March, 2019.

4. The essential terms and conditions of his re-appointment and remuneration payable are as under:
- (i) 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 endeavours to promote the Company's interests and welfare.
 - (ii) Period of Agreement: 1st April, 2018 to 31st March, 2019.
 - (iii) Remuneration: The remuneration payable to Dr. Raman Ramachandran 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. Raman Ramachandran as determined by the Board of Directors, based on the recommendation of the Nomination & Remuneration Committee, is as under:
 - (a) Salary, special allowance and any other allowances, not exceeding Rs. 25,000,000 per annum, the current basic salary with effect from 1st April, 2018 being Rs. 1,567,500 per month.
 - (b) In addition to remuneration payable under (a) above, Dr. Raman Ramachandran 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.15,000,000 per annum.
 - (c) Performance linked incentive as may be determined by the Board from time to time, not exceeding Rs.17,500,000 per annum.

- (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 4(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 with driver to the Managing Director and telephone facilities at the residence of Managing Director 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 the financial year 2018-2019, the Company has no profits or its profits are inadequate, the Company shall pay remuneration, benefits and amenities to Dr. Raman Ramachandran as specified in the Agreement, based on the approval of the Nomination & Remuneration Committee and the Board of Directors of the Company and subject to 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:

- 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;
- Gratuity payable at a rate not exceeding half month's salary for each completed year of service; and
- Encashment of leave at the end of the tenure;

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. He does not have any direct or indirect interest in the capital of the Company or through any other statutory structures and is not related to the Directors or Promoters of the Company at any time.

In view of fulfillment of all the conditions by Dr. Raman Ramachandran, no approval of the Central Government is required to be sought for payment of remuneration to him in the event of loss or inadequacy of profits.

- (f) The total remuneration payable to Dr. Raman Ramachandran 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 shall be as per the limits prescribed under Sections 197, 198 and Schedule V of the Companies Act, 2013.

(iv) Other Terms:

1. Dr. Raman Ramachandran shall be entitled to reimbursement of all actual expenses including those incurred on entertainment and travelling in the course of Company's business.
2. Dr. Raman Ramachandran shall be entitled to housing loan as per the rules of the Company and if permitted under the Companies Act, 2013.
3. Dr. Raman Ramachandran shall be entitled to fully paid leave as per the rules of the Company.
4. Dr. Raman Ramachandran would be entitled to any other benefits or privileges as may be available to the other senior executives of the Company.
5. Dr. Raman Ramachandran shall not directly or indirectly engage himself in any business or occupation other than BASF's.
6. Dr. Raman Ramachandran shall observe the secrecy obligations with regard to the business and operations of the Company.
7. The appointment may be terminated by either party by giving to the other 6 months' notice in writing.

In compliance with the provisions of Sections 196, 197, 198, 203 and any other applicable provisions of the Companies Act, 2013, the Ordinary Resolution in terms as set out at Item No. 5 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. Raman Ramachandran will be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on working days, upto and including the date of the Annual General Meeting.

Dr. Raman Ramachandran does not hold any shares in the Company either by himself or for any other person on a beneficial basis.

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.

Except Dr. Raman Ramachandran and his 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. 5 of this Notice. This Explanatory Statement may also be regarded as a disclosure under SEBI Listing Regulations.

Item No. 6

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 2017-2018. 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, 2019 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, 2019.

The Board of Directors of the Company at their meeting held on 4th May, 2018 have appointed M/s. R. Nanabhoy & Co., as the Cost Auditors of the Company for the financial year ending 31st March, 2019.

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, 2019 as recommended by the Audit Committee and approved by the Board of Directors at its meeting held on 4th May, 2018, will not exceed Rs.14.30 lakhs (Rupees Fourteen Lakhs and 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, 2019.

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

Section 188 of the Companies Act, 2013 (as amended) read with Rules 15 and 16 of Companies (Meetings of Board and its Powers) Rules, 2014 prescribes the procedure for approval of related party transaction(s). Regulation 23 of the SEBI Listing Regulations has also prescribed seeking of Members' approval for material related party transaction(s).

The proviso to Section 188 also states that nothing in Section 188(1) will apply to any transaction entered into by the Company in its ordinary course of business and on arms' length basis. In terms of the explanation to Regulation 23 of the SEBI Listing Regulations, transaction(s) with a related party are considered material if the transaction(s) to be entered into individually or taken together with previous transaction(s) during a financial year exceed 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

The Related Party Transactions (including on-going transactions), as mentioned in the resolution are in the ordinary course of business and at arms' length but however may exceed 10% of the annual turnover of the Company in each financial year.

In terms of Regulation 23(4) of the SEBI Listing Regulations, all material Related Party Transaction(s) shall require the approval of the Members through Ordinary Resolution and all entities/persons that are directly/indirectly related parties of the Company shall abstain from voting on such resolutions.

Accordingly, the Promoter Group Shareholders shall abstain from voting on this resolution for approval of material related party transactions.

The disclosures required to be made under the provisions of the Companies Act, 2013 and the Companies (Meeting of Board and its Powers) Rules, 2014 as amended are given herein below:

1. Nature of relationship: The Related Parties are Affiliate Companies of BASF India Limited. BASF SE is the ultimate holding Company of all BASF Companies worldwide.
2. Name of the Director or Key Managerial Personnel who is related, if any: None of the Directors or Key Managerial Personnel are related.

3. Nature, material terms, monetary value and particulars of the contract or arrangement: See resolution no. 7 of this Notice.
4. Any other information relevant or important for the Members to take a decision on the proposed resolution: The transactions of the Company with the aforementioned related parties put up for approval are in the ordinary course of business and on arms' length basis. These transactions are based on business requirements and are necessary for the smooth and efficient functioning of your Company.

Keeping in view the intent of the law, all transactions (irrespective of the nature of the transactions) with the Related Parties have been aggregated while applying threshold limits for seeking your approval.

The above contracts/arrangements/transactions as mentioned in the resolution are approved by the Audit Committee and the Board of Directors as the same are in the interest of the Company. Approval of the Members is also sought for all the actions, decisions and approvals accorded by the Board of Directors (including the Audit Committee) in connection with the aforementioned related party transactions.

The Board of Directors recommend the Ordinary Resolution set out at Item No. 7 of the accompanying Notice for the approval of the unrelated Members of the Company in terms of Regulation 23 of the SEBI Listing Regulations.

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. 7 of the Notice.

By Order of the Board of Directors

PRADEEP M. CHANDAN
*Director – Legal, General Counsel (South Asia)
& Company Secretary*

Registered Office:

The Capital, 'A' Wing, 1204-C,
12th Floor, Plot No. C-70,
'G'-Block, Bandra Kurla Complex,
Bandra (East), Mumbai-400051.

CIN: L33112MH1943FLC003972

Dated: 22nd June, 2018



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BASF INDIA LIMITED

Registered Office:

The Capital, 'A' Wing, 1204-C, 12th Floor, Plot No. C-70, 'G'- Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051
CIN: L33112MH1943FLC003972, E-mail ID: investor-grievance-india@basf.com Website: www.basf.com/in,
Tel: +91 22 62785600

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 74th Annual General Meeting of the Company, to be held on Friday, the 10th day of August, 2018 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, 2018.		
2.	Declaration of Dividend for the financial year 2017-2018.		
3.	Re-appointment of Mr. Rajesh Naik (DIN: 06935998) as a Whole-time Director, who retires by rotation.		
Special Business			
4.	Appointment of Mr. Raimar Jahn (DIN:07819517) as a Director.		
5.	Re-appointment of Dr. Raman Ramachandran (DIN: 00200297) as the Chairman and Managing Director of the Company from 1 st April, 2018 to 31 st March, 2019 and fixation of his remuneration.		
6.	Ratification of remuneration payable to M/s. R. Nanabhoy & Co. (Firm Registration No. 000010), Cost Auditors for the financial year ending 31 st March, 2019.		
7.	Approval of the annual limit for material related party transactions for a period of 5 years.		

Signed this _____ day of _____ 2018.

Signature of Member

Signature of Proxy holder(s)

Affix
Revenue
Stamp

Notes:

- *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.
- 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.
- For the detailed resolutions, explanatory statement and notes, please refer to the Notice of the 74th Annual General Meeting of the Company.
- This form of Proxy, to be effective, should be duly completed and deposited at the Registered Office of the Company at The Capital, 'A' Wing, 1204-C, 12th Floor, Plot No. C-70, 'G'- Block, Bandra Kurla Complex, Bandra (East), Mumbai-400051 not later than 48 hours before the commencement of the aforesaid meeting.



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BASF India Limited

Regd. Office : The Capital, 'A' Wing, 1204-C, 12th Floor,
Plot No. C-70, 'G' Block, Bandra Kurla Complex,
Bandra (East), Mumbai - 400 051, India.
Tel: +91 22 62785600 • Website: www.basf.com/in
Email: investor-grievance-india@basf.com
CIN: L33112MH1943FLC003972

Attendance Slip for 74th 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 74th Annual General Meeting of the Company on Friday, 10th August, 2018 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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BASF India Limited

Regd. Office : The Capital, 'A' Wing, 1204-C, 12th Floor,
Plot No. C-70, 'G' Block, Bandra Kurla Complex,
Bandra (East), Mumbai - 400 051, India.
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Email: investor-grievance-india@basf.com
CIN: L33112MH1943FLC003972

Dear Member,

Pursuant to provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of the SEBI (Listing 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 74th Annual General Meeting to be held on Friday, 10th August, 2018 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 Tuesday, 7 th August, 2018	Till 5.00 p.m. IST on Thursday, 9 th August, 2018

- Notes:**
- Please read the instructions printed overleaf before exercising your vote.
 - These details and instructions form an integral part of the Notice of the 74th Annual General Meeting to be held on Friday, 10th August, 2018.
 - 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 of Friday, 3rd August, 2018.

P.T.O.

INSTRUCTIONS FOR REMOTE E-VOTING

Step 1 : Login to NSDL e-voting system at <https://www.evoting.nsdl.com/>

Step 2 : Cast your vote electronically on NSDL's e-voting system.

Details on Step 1 are mentioned below:

How to login to the NSDL e-voting website?

1. Visit the e-voting website of NSDL by opening your web browser and typing the URL: <https://www.evoting.nsdl.com/>
2. Once the home page of e-voting system is launched, click on the icon 'Login' which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.
Alternatively, if you are registered for NSDL e-services, i.e. IDEAS, you can login at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you login to NSDL e-services after using your login credentials, click on e-voting and you can proceed to Step 2, i.e., cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares, i.e. Demat [NSDL or Central Depository Services (India) Limited (CDSL)] or Physical	User ID
a) For Members who hold shares in demat account with NSDL.	8-character DP ID followed by 8 digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16-digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN, followed by Folio Number registered with the Company. For example, if EVEN is 108516 and your folio number is 001***, then your user ID is 108516001***

5. Your password details are given below:
 - a) If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL's e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and change your password, as prompted by the system.
 - c) How to retrieve your 'initial password'?
 - (i) If your e-mail ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your e-mail ID. Trace the email sent to you from NSDL from your mailbox. Open the e-mail and open the attachment (pdf file). The password to open the file is your 8 digit client ID for NSDL account or the last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The file contains your 'User ID' and your 'initial password'.
 - (ii) If your e-mail ID is not registered, your 'initial password' is communicated to you on your postal address.
6. If you have not received the 'initial password' or are unable to retrieve it, or have forgotten your password, then:
 - a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com
 - b) Click on "Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com
 - c) If you are still unable to get the password by aforementioned options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
7. After entering your password, agree to the terms and conditions by checking the box.
8. Then click on "Login" button.
9. After you click on the "Login" button, home page of e-voting will open.

Details on Step 2 are mentioned below:

How to cast your vote electronically on NSDL e-voting system?

1. After successful login at Step 1, you will be able to see the home page of e-voting. Click on e-voting. Then, click on Active Voting Cycles.
2. After clicking the Active Voting Cycles, you will be able to see the "EVEN" of all the Companies in which you are holding shares and whose voting cycle is in active status.
3. Select the "EVEN" of the Company for which you wish to cast your vote.
4. Now you are ready for e-voting as the voting page opens.
5. Cast your vote by selecting appropriate options, i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit". Also click on "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to estaizoonkhumri@gmail.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in, or contact Ms. Pallavi Mhatre, Assistant Manager, National Securities Depository Limited, Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400013 at the designated e-mail address: pallavid@nsdl.co.in / evoting@nsdl.co.in or at telephone no. 022-24994545 who will also address grievances connected with voting by electronic means.
4. The remote e-voting period commences on Tuesday, 7th August, 2018 (from 9.00 a.m. IST) and ends on Thursday, 9th August, 2018 (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 3rd August, 2018, may cast their votes electronically. Remote e-voting will not be allowed beyond 5.00 p.m. on Thursday, 9th August, 2018 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.
5. The facility for voting through ballot or 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.
6. 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 at the AGM in a fair and transparent manner.
7. 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 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 or any other person duly authorized by him, who shall countersign the same. The result of voting will be declared within 48 hours after the conclusion of the AGM.
8. 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.
9. 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. 10th August, 2018.

By order of the Board of Directors
For BASF India Limited

Mumbai
Dated: 22nd June, 2018

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