

BASF India Coatings Private Limited

Balance Sheet as at March 31, 2026

(Rs. in million)

ASSETS

Non-current assets
Property, plant and equipment
Right-of-use assets
Capital work-in-progress
Intangible assets
Financial assets
(i) Loans
(ii) Other financial assets
Deferred tax assets (net)
Income tax assets (net)
Other non-current assets
Total non-current assets

Current assets
Inventories
Financial assets
(i) Trade receivables
(ii) Cash and cash equivalents
(iii) Other financial assets
Other current assets
Total current assets

Total assets

EQUITY AND LIABILITIES

Equity
Equity share capital
Other equity
Total equity

LIABILITIES

Non-current liabilities
Financial liabilities
(i) Lease liabilities
(ii) Other financial liabilities
Provisions
Total non-current liabilities

Current liabilities
Financial liabilities
(i) Borrowings
(ii) Lease liabilities
(iii) Trade payables
(a) Outstanding dues to Micro Enterprises and Small Enterprises
(b) Outstanding dues to creditors other than micro enterprises and small enterprises
(iv) Other financial liabilities
Provisions
Other current liabilities
Total current liabilities

Total liabilities

Total equity and liabilities

Material accounting policies

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

Notes	March 31, 2026	March 31, 2025
1 A	941.1	818.1
1 B	82.0	90.0
1 C	29.6	135.5
1 D	73.0	-
2	0.1	0.2
3	0.8	2.4
4	65.0	55.8
5	42.7	6.2
6	17.5	34.6
	<u>1,251.8</u>	<u>1,142.8</u>
7	1,332.8	1,501.6
8	1,668.0	1,035.0
9	131.1	133.0
10	61.3	44.1
11	490.0	122.3
	<u>3,683.2</u>	<u>2,836.0</u>
	<u>4,935.0</u>	<u>3,978.8</u>
12	2,119.1	2,119.1
13	(243.1)	(220.2)
	<u>1,876.0</u>	<u>1,898.9</u>
37	70.2	79.3
14	9.7	-
14A	70.6	51.7
	<u>150.5</u>	<u>131.0</u>
15	580.8	320.8
37	17.3	12.9
16	50.6	30.9
	2,088.7	1,478.7
17	58.0	54.0
18	44.0	41.5
19	69.1	10.1
	<u>2,908.5</u>	<u>1,948.9</u>
	<u>3,059.0</u>	<u>2,079.9</u>
	<u>4,935.0</u>	<u>3,978.8</u>
1.1		
1-48		

As per our report of even date attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No: 117366W/W-100018

Viral R. Shah
Partner
Membership No: 117654

Place: Mumbai
Date: 19 May 2026

For and on behalf of Board of Directors of
BASF India Coatings Private Limited
CIN No.: U20229MH2023PTC415224

Sunil Sarangi
Managing Director
DIN : 10422451

Place: Mangaluru
Date: 19 May 2026

Nils Lessmann
Director
DIN : 10892307

Place: Muenster, Germany
Date: 19 May 2026

BASF India Coatings Private Limited

Statement of Profit and Loss for the year ended March 31, 2026

(Rs. in million)

	Notes	Year ended March 31, 2026	Year ended March 31, 2025
Revenue from operations	43		
Sale of products		5,639.7	4,608.0
Sale of services		303.0	78.0
Other operating revenues		23.9	14.5
		<u>5,966.6</u>	<u>4,700.5</u>
Other income	20	2.1	6.3
Total Income		<u>5,968.7</u>	<u>4,706.8</u>
Expenses			
Cost of materials consumed	21	3,757.9	3,276.8
Purchase of stock-in-trade		37.6	14.4
Changes in inventories of finished goods, stock-in-trade and work-in-progress	22	(17.3)	(71.4)
Employee benefit expenses	23	530.1	412.6
Finance costs	24	23.5	4.6
Depreciation and amortisation expenses	25	131.2	101.9
Other expenses	26	<u>1,532.7</u>	<u>1,175.6</u>
Total Expenses		<u>5,995.7</u>	<u>4,914.5</u>
Loss before tax		(27.0)	(207.7)
Tax expense/ (credit):	27		
Current tax		(7.9)	(38.6)
Deferred tax		<u>(7.9)</u>	<u>(38.6)</u>
Loss for the year		<u>(19.1)</u>	<u>(169.1)</u>
Other comprehensive income / (loss)			
Items that will not be reclassified to statement of profit and loss			
Gain/ (Loss) on remeasurement of post employment benefit plan		(5.1)	3.2
Income tax relating to these items		<u>1.3</u>	<u>(0.8)</u>
Other comprehensive income / (loss) for the year, net of tax		<u>(3.8)</u>	<u>2.4</u>
Total comprehensive income / (loss) for the year		<u>(22.9)</u>	<u>(166.7)</u>
Weighted average number of equity shares outstanding during the year		21,19,10,000	21,19,10,000
Basic and diluted earnings per share (in Rs.)		(0.1)	(0.8)
Face value per share (in Rs.)		10.0	10.0

Material accounting policies

1.1

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

1-48

As per our report of even date attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No: 117366W/W-100018

Viral R. Shah
Partner
Membership No: 117654

Place: Mumbai
Date: 19 May 2026

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

Sunil Sarangi
Managing Director
DIN : 10422451

Place: Mangaluru
Date: 19 May 2026

Nils Lessmann
Director
DIN : 10892307

Place: Muenster, Germany
Date: 19 May 2026

BASF India Coatings Private Limited

Statement of Cash Flows for the year ended March 31, 2026

(Rs. in million)

	For the year ended March 31, 2026	For the year ended March 31, 2025
A Cash flow from operating activities		
Loss before tax	(27.0)	(207.7)
Adjustments for:		
Depreciation and amortisation expenses	131.2	101.9
Finance costs	23.5	4.6
Unrealised loss/ (gain) on derivative transactions (net)	(12.6)	-
Unrealised loss/ (gain) on foreign exchange (net)	24.4	(5.7)
Provision for loss allowance on trade receivables (net)	9.9	4.7
Operating cash flow before working capital changes	149.4	(102.2)
Adjustments for changes in working capital:		
(Increase)/ Decrease in trade receivables	(616.0)	(1,039.8)
(Increase)/ Decrease in other financial assets	(2.90)	-
(Increase)/ Decrease in other current and non current assets	(350.6)	(39.7)
(Increase)/ Decrease in inventories	168.8	(377.0)
Increase/ (Decrease) in other financial liabilities	21.1	46.6
Increase/ (Decrease) in long term provisions	13.8	14.2
Increase/ (Decrease) in trade payables	578.4	1,513.1
Increase/ (Decrease) in other current and non current liabilities	59.0	10.1
Increase/ (Decrease) in short-term provisions	2.5	(5.5)
Cash generated from operations	23.5	19.8
Income taxes paid (net)	(36.6)	(6.2)
Net cash generated from / (used in) operating activities	(13.1)	13.6
B Cash flow from investing activities:		
Purchase of property plant and equipment (net of capital creditors and including capital advances)	(211.6)	(189.5)
Net cash (used in) investing activities	(211.6)	(189.5)
C Cash flow from financing activities		
Inter corporate deposits received (Refer Note 42) (excluding renewals during the year)	950.0	-
Inter corporate deposits repaid (Refer Note 42) (excluding renewals during the year)	(830.0)	-
Other short-term borrowings taken / (repaid) (net)	(25.0)	85.0
Interest paid	(17.5)	(2.6)
Payment of lease liabilities	(19.6)	(9.4)
Net cash generated from financing activities	57.9	73.0
Net (decrease) / increase in cash and cash equivalents	(166.8)	(102.9)
Cash and cash equivalents at the beginning of the financial year	(102.8)	0.1
Cash and cash equivalents at the end of the financial year	(269.6)	(102.8)

BASF India Coatings Private Limited**Statement of Cash Flows for the year ended March 31, 2026 (Continued)**

(Rs. in million)

	As at March 31, 2026	As at March 31, 2025
Opening cash and cash equivalents		
Balances with banks:		
- In current accounts (Refer Note 9 for cash and cash equivalents)	133.0	0.1
Bank overdraft	(235.8)	-
	<u>(102.8)</u>	<u>0.1</u>
Closing cash and cash equivalents		
Balances with banks:		
- In current accounts (Refer Note 9 for cash and cash equivalents)	131.1	133.0
Bank overdraft	(400.7)	(235.8)
	<u>(269.6)</u>	<u>(102.8)</u>

Notes:

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

Material accounting policies (Refer Note 1.1)

The accompanying notes form an integral part of the financial statements. (Note 1 - 48)

As per our report of even date attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No: 117366W/W-100018

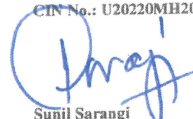


Viral R. Shah
Partner
Membership No: 117654

Place: Mumbai
Date: 19 May 2026



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



Sunil Sarangi
Managing Director
DIN : 10422451



Nils Lessmann
Director
DIN : 10892307

Place: Mangaluru
Date: 19 May 2026

Place: Muenster, Germany
Date: 19 May 2026

BASF India Coatings Private Limited

Statement of changes in equity as at March 31, 2026

(Rs. in million)

A. Equity share capital

	Notes	Rs. in million
As at March 31, 2024		0.1
Changes in equity share capital	12	2,119.0
As at March 31, 2025		2,119.1
Changes in equity share capital	12	-
As at March 31, 2026		2,119.1

B. Other equity (Refer Note 13)

	Retained earnings	Reserves and Surplus Capital Reserve	Total
Balance at April 1, 2024	-	(51.4)	(51.4)
Loss for the year	(169.1)	-	(169.1)
Change in net assets pursuant to Business Transfer (Refer note 46)	-	(2.1)	(2.1)
Other comprehensive income / (loss):			
- Remeasurement of the net defined benefit asset/ liability, net of tax effect	2.4	-	2.4
Transfer to capital reserve	20.7	(20.7)	
Balance at March 31, 2025	(146.0)	(74.2)	(220.2)
Balance at April 1, 2025	(146.0)	(74.2)	(220.2)
Loss for the year	(19.1)	-	(19.1)
Other comprehensive income / (loss):			
- Remeasurement of the net defined benefit asset/ liability, net of tax effect	(3.8)	-	(3.8)
Balance at March 31, 2026	(168.9)	(74.2)	(243.1)

For material accounting policies, refer Note 1.1

The accompanying notes form an integral part of the financial statements. (Note 1 - 48)

As per our report of even date attached.

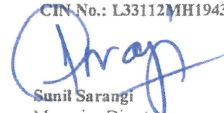
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No: 117366W/W-100018


Viral R. Shah
Partner
Membership No: 117654

Place: Mumbai
Date: 19 May 2026



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


Sunil Sarangi
Managing Director
DIN : 10422451

Place: Mangaluru
Date: 19 May 2026


Nils Lessmann
Director
DIN : 10892307

Place: Muenster, Germany
Date: 19 May 2026

BASF India Coatings Private Limited

Notes to the financial statements for the year ended March 31, 2026

Background of the Company

BASF India Coatings Private Limited (the 'Company') is engaged in manufacturing and trading of chemicals and chemical products related to Coatings business.

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

1.1 Material accounting policies

a. Basis of preparation

(i) Compliance with Ind AS

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

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

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

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 item:

- certain financial assets and liabilities (including derivative instruments) and contingent consideration that is measured at fair value,
- assets held for sale – measured at carrying amount or fair value less cost to sale whichever is low,
- Net defined benefit (asset)/liability – Fair value of plan assets less present value of defined benefit obligations.

(iii) New and amended standards adopted by the Company

The Ministry of Corporate Affairs vide notification dated 9 September 2024 and 28 September 2024 notified the Companies (Indian Accounting Standards) Second Amendment Rules, 2024 and Companies (Indian Accounting Standards) Third Amendment Rules, 2024, respectively, which amended / notified certain accounting standards (see below), and are effective for annual reporting periods beginning on or after 1 April 2024:

- Insurance contracts - Ind AS 117; and
- Lease Liability in Sale and Leaseback – Amendments to Ind AS 116



BASF India Coatings Private Limited

Notes to the financial statements for the year ended March 31, 2026

1.1 Material accounting policies *(Continued)*

(iii) New and amended standards adopted by the Company *(Continued)*

Ind AS 1, Presentation of Financial Statements, w.e.f. April 1, 2025:

The amendment relates to classification of liabilities as current or non current and non-current liabilities with covenants. In the context of classifying a liability as current, it removes the requirement of existence of a right to defer settlement for at least 12 months after the reporting date and instead requires that the said right should exist on the reporting date and have substance. The amendment also introduces guidance on classification of liabilities with covenants.

Ind AS 107, Financial Instruments: Disclosures, w.e.f. April 1, 2025:

The amendment introduces enhanced disclosure requirements for supplier finance arrangements (such as supply-chain finance or reverse factoring). Entities are required to disclose information that enables users of financial statements to assess the effects of such arrangements on the entity's liabilities, cash flows and exposure to liquidity risk. The disclosures include the nature and terms of the arrangements, the carrying amounts of related financial liabilities, the portion for which suppliers have already been paid by finance providers, and a comparison of payment terms under supplier finance arrangements with those of normal trade payables.

These amendments did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

b. Use of estimates and judgements

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made by management that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known or 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 40
- b. Measurement of useful lives for property, plant and equipment & intangible assets and impairment– Note 1.1(d), 1.2(c) and 1.2(e)
- c. Loss allowance on trade receivables and other financial assets – Note 1.1(g), Note 1.2(d) and Note 33(iv)
- d. Determination of lease terms and incremental borrowing rate – Note 37 and Note 1.1(h)



BASF India Coatings Private Limited

Notes to the financial statements for the year ended March 31, 2026 (Continued)

1.1 Material accounting policies (Continued)

c. Revenue Recognition

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

Sale of services includes indent commission and revenue from technical and service charges to group and other companies based on terms of the respective agreement. 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.

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

- The Company does not adjust the promised amount of consideration for the effects of a significant financing component
- The Company recognises the incremental costs of obtaining a contract as an expense when incurred
- No information on remaining performance obligations as of March 31, 2026 that have an expected original term of one year or less was reported.

d. Depreciation on Property, Plant and Equipment

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 annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The Company reviews the residual value, useful lives and depreciation method annually



BASF India Coatings Private Limited

Notes to the financial statements for the year ended March 31, 2026 (Continued)

1.1 Material accounting policies (*Continued*)

d. Depreciation on Property, Plant and Equipment (*Continued*)

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, unless the entity expects to use the assets beyond the lease term.

e. Inventories

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

f. Financial instruments

The Company classifies its financial asset at amortised cost only when if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect contractual cash flows, and
- the contractual terms give rise to 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.

g. Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business and reflects the Company's unconditional right to consideration (that is, payment is due only on the passage of time). Trade receivables are recognised initially at the transaction price as they do not contain significant financing components. The company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost, less loss allowance on account of expected credit loss.

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



BASF India Coatings Private Limited

Notes to the financial statements for the year ended March 31, 2026 (Continued)

1.1 Material accounting policies (*Continued*)

h. Leases

As a Lessee

As a lessee, the Company generally recognises for all leases a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

The Company separates non-lease components, such as services from lease payments. Lease liabilities are measured at the present value of the remaining lease payments, taking into account the incremental borrowing rate.

Lease payments are discounted using the interest rate implicit in the lease contracts if that rate can be determined from the lease contracts. If the discount rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company uses a risk free rate of interest which is adjusted for lease term, country risk and currency risk.

A right-of-use asset is recognized at the same amount as the lease liability. After capitalization at commencement date, whereby the right-of-use asset is measured at cost, the right-of-use asset is generally depreciated over the lease term using the straight-line method. Lease payments are allocated between principal and finance cost. The finance cost is charged to statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of liability for each period.

A number of leases include extension and termination options. Extension and termination options are taken into account on recognition of the lease liability only if the Company is reasonably certain that these options will be exercised in the future. Estimates and expectations which are asserted at the commencement date of the lease liability and the right-of-use asset and pertain to future payments not yet determined on the date of provision are assessed continuously during the lease term. If subsequently improved or changed knowledge influences the expected payment profile over time, the lease liability is remeasured. Any amount on account of re-measurement of lease liabilities is adjusted to the right-of-use assets. Where the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in the income statement.



BASF India Coatings Private Limited

Notes to the financial statements for the year ended March 31, 2026 (Continued)

1.1 Material accounting policies *(Continued)*

h. Leases *(Continued)*

Initial direct costs are excluded for the measurement of right-of-use assets at the date of initial application. The Company exercises the exemption for lease arrangements with a maximum term of 12 months (short-term leases) and low-value assets. Payments associated with such short-term leases and low-value assets are recognised as an expense in Statement of Profit and Loss. Variable lease payments that depend on usage and / or other variable conditions are recognised in the Statement of Profit and Loss in the period in which the conditions that trigger those payments occur.

1.2 Other Accounting Policies

a. Revenue Recognition

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

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

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

b. Property, plant and equipment

Recognition and measurement

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

Subsequent expenditure

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



BASF India Coatings Private Limited

Notes to the financial statements for the year ended March 31, 2026 (Continued)

1.2 Other accounting policies (Continued)

b. Property, plant and equipment (Continued)

Derecognition

An item of property, plant and equipment is derecognised 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.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

c. 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. Computer software is amortized over a period of four years and other intangible assets are amortized over a period of 2 to 4 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.

d. Financial Instruments

Financial assets

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

Measurement

At initial recognition, the Company measures a financial asset (excluding trade receivables which do not contain a significant financing component) 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 the Statement of Profit and Loss.

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

Subsequent measurement

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

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



BASF India Coatings Private Limited

Notes to the financial statements for the year ended March 31, 2026 (Continued)

1.2 Other Accounting Policies (Continued)

d. Financial Instruments (Continued)

- 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.

Financial liabilities

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

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

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

Offsetting

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

Impairment of financial assets (other than trade receivables)

The Company assesses on a forward-looking basis the expected credit loss associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk since its initial recognition. Note 38 details how the Company determines whether there has been a significant increase in credit risk.

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



BASF India Coatings Private Limited

Notes to the financial statements for the year ended March 31, 2026 (Continued)

1.2 Other Accounting Policies (Continued)

d. Financial Instruments (Continued)

retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

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

Measurement of fair values

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

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

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.

e. 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 realisable value and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate discounting rate. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed, and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.



BASF India Coatings Private Limited

Notes to the financial statements for the year ended March 31, 2026 (Continued)

1.2 Other Accounting Policies *(Continued)*

f. Borrowings

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

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

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

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

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

g. 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.

h. Non-current assets (or disposal groups) held for sale

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.



BASF India Coatings Private Limited

Notes to the financial statements for the year ended March 31, 2026 (Continued)

1.2 Other Accounting Policies *(Continued)*

h. Non-current asset (or disposal groups) held for sale *(Continued)*

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.

i. 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.

j. Employee Benefits

Short Term Employee Benefits

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

Post Employment Employee Benefits

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



BASF India Coatings Private Limited

Notes to the financial statements for the year ended March 31, 2026 (Continued)

1.2 Other Accounting Policies (Continued)

j. Employee Benefits (Continued)

The Company's liability towards gratuity, which is a defined benefit plan, is determined on the basis of valuations, as at Balance Sheet date, carried out by an independent actuary using Projected Unit Credit Method. Remeasurement of the net defined benefit liability which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling if any (excluding interest) are recognised immediately in the Balance Sheet with a charge or credit recognised in Other Comprehensive Income in the period in which they occur. Re-measurement recognised in Other Comprehensive Income is recognised immediately in retained earnings and will not be reclassified to Statement of Profit and Loss.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

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

Provident Fund

Eligible employees receive benefits from a provident fund which is a defined contribution plan. Both the employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The company pays provident fund contributions to publicly administered provident funds as per local regulations. The company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

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.



BASF India Coatings Private Limited

Notes to the financial statements for the year ended March 31, 2026 (Continued)

1.2 Other Accounting Policies (Continued)

j. Employee Benefits (Continued)

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.

k. 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 and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. It measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty. It establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

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 is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of history of recent losses, the Company recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized.

Deferred tax assets – unrecognized or recognized are reviewed at each reporting date and are recognized/reduced to the extent that it is probable/no longer probable respectively that related tax benefit will be realized. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and these relate to income taxes levied by the same tax authorities and are intended to settle current tax liabilities and assets on a net basis or such tax assets and liabilities will be realized simultaneously.

Current tax assets and liabilities are offset where the entity has legally enforceable right to offset and intends either to settle on net a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.



BASF India Coatings Private Limited

Notes to the financial statements for the year ended March 31, 2026 (Continued)

1.2. Other Accounting Policies (*Continued*)

l. 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.

m. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with financial institutions, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Balance Sheet.

n. 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. Derivative assets and derivative liabilities are presented on gross basis in the Balance Sheet.

o. Dividends

The final dividend on shares is recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

p. Exceptional items

Exceptional items reflect items which individually or, if of a similar type, in aggregate, are disclosed separately due to their size or incidence in order to obtain clear and consistent presentation of the Company's performance.



BASF India Coatings Private Limited

Notes to the financial statements for the year ended March 31, 2026 (Continued)

1.2. Other Accounting Policies (*Continued*)

q. 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.

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

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made, unless the possibility of outflow of resources embodying economic benefits are remote. When some or all of the economic benefits required to settle, a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

r. Business combination - common control transaction

- The assets and liabilities of the business are reflected at their carrying amounts
- The identity of the reserves are preserved and the reserves of the transferor become the reserves of the transferee.
- The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

s. New and amended standards issued but not effective

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2026, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.



BASF India Coatings Private Limited

Notes to the financial statements as at March 31, 2026 (Continued)

(Rs. in million)

1(A). Property, plant and equipment

Particulars	Gross Block				Depreciation/ Amortisation				Net Block
	As at April 1, 2025	Additions	Deductions	As at March 31, 2026	As at April 1, 2025	For the year	Deductions	As at March 31, 2026	As at March 31, 2026
Buildings	360.6	39.5	-	400.1	106.3	21.0	-	127.3	272.8
Plant & machinery and Computers	1,050.1	187.6	0.2	1,237.5	501.8	86.9	0.2	588.5	649.0
Furniture and fixtures	24.3	7.0	-*	31.3	13.4	2.7	-*	16.1	15.2
Vehicles	2.6	-	-	2.6	2.6	-	-	2.6	-
Office equipment	38.9	1.5	-	40.4	34.3	2.0	-	36.3	4.1
Total	1,476.5	235.6	0.1	1,711.8	658.4	112.6	0.1	770.8	941.1

*Amount is below rounding off norms

1(B). Right-of-use assets

(Refer Note 37)

Particulars	Gross Block				Depreciation/ Amortisation				Net Block
	As at April 1, 2025	Additions	Deductions	As at March 31, 2026	As at April 1, 2025	For the year	Deductions	As at March 31, 2026	As at March 31, 2026
Right-of-use land	81.3	-	-	81.3	2.3	9.0	-	11.3	70.0
Right-of-use Buildings	24.8	9.0	-	33.8	13.8	8.0	-	21.8	12.0
Total	106.1	9.0	-	115.1	16.1	17.0	-	33.1	82.0

1(C). Capital work-in-progress

(Refer Note 29)

Particulars	As at April 1, 2025	Additions	Amounts Capitalised	As at March 31, 2026
Capital work-in-progress	135.5	204.3	310.2	29.6
Total	135.5	204.3	310.2	29.6

1(D). Intangible assets

Particulars	Gross Block				Amortisation				Net Block
	As at April 1, 2025	Additions	Deductions	As at March 31, 2026	As at April 1, 2025	For the year	Deductions	As at March 31, 2026	As at March 31, 2026
Software	-	74.6	-	74.6	-	1.6	-	1.6	73.0
Total	-	74.6	-	74.6	-	1.6	-	1.6	73.0

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BASF India Coatings Private Limited

Notes to the financial statements as at March 31, 2026 (Continued)

(Rs. in million)

1(A). Property, plant and equipment

Particulars	Gross Block				Depreciation/ Amortisation				Net Block
	As at April 1, 2024	Additions	Deductions	As at March 31, 2025	As at April 1, 2024	For the year	Deductions	As at March 31, 2025	As at March 31, 2025
Buildings	330.4	30.2	-	360.6	93.3	13.0	-	106.3	254.3
Plant & machinery and Computers	814.8	235.3	-	1,050.1	426.4	75.4	-	501.8	548.3
Furniture and fixtures	23.5	0.8	-	24.3	11.1	2.3	-	13.4	10.9
Vehicles	2.6	-	-	2.6	2.6	-	-	2.6	-
Office equipment	38.8	0.1	-	38.9	32.2	2.1	-	34.3	4.6
Total	1,210.1	266.4	-	1,476.5	565.6	92.8	-	658.4	818.1

1(B). Right-of-use assets

(Refer Note 37)

Particulars	Gross Block				Depreciation/ Amortisation				Net Block
	As at April 1, 2024	Additions	Deductions	As at March 31, 2025	As at April 1, 2024	For the year	Deductions	As at March 31, 2025	As at March 31, 2025
Right-of-use land	-	81.3	-	81.3	-	2.3	-	2.3	79.0
Right-of-use Buildings	12.0	12.8	-	24.8	7.0	6.8	-	13.8	11.0
Total	12.0	94.1	-	106.1	7.0	9.1	-	16.1	90.0

1(C). Capital work-in-progress

(Refer Note 29)

Particulars	As at April 1, 2024	Additions	Amounts Capitalised	As at March 31, 2025
Capital work-in-progress	205.0	196.9	266.4	135.5
Total	205.0	196.9	266.4	135.5

1(D). Intangible assets

Particulars	Gross Block				Amortisation				Net Block
	As at April 1, 2024	Additions	Deductions	As at March 31, 2025	As at April 1, 2024	For the year	Deductions	As at March 31, 2025	As at March 31, 2025
Software	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-



BASF India Coatings Private Limited

Notes to the financial statements as at March 31, 2026 (Continued)

(Rs. in million)

2	Loans (non-current) <i>(Unsecured, considered good)</i>	As at March 31, 2026	As at March 31, 2025
	Loan to employees	0.1	0.2
		<u>0.1</u>	<u>0.2</u>
3	Other financial assets (non-current) <i>(Unsecured, considered good)</i>	As at March 31, 2026	As at March 31, 2025
	Security deposits	0.8	2.4
		<u>0.8</u>	<u>2.4</u>
4	Deferred tax assets (net)	As at March 31, 2026	As at March 31, 2025
	Deferred tax assets		
	Temporary differences on account of:		
	Loss allowance on trade receivables	3.7	1.2
	Business loss	47.0	11.3
	Impact of lease liabilities	1.2	0.5
	Carrying value of property plant and equipment	-	21.8
	Others (Amounts allowable on a payment basis under the Income Tax Act, 1961)	24.2	21.0
	Total deferred tax assets	<u>76.1</u>	<u>55.8</u>
	Deferred tax liabilities		
	Temporary differences on account of:		
	Carrying value of property plant and equipment	(11.1)	-
	Total deferred tax liabilities	<u>(11.1)</u>	<u>-</u>
	Deferred tax assets (net)	<u>65.0</u>	<u>55.8</u>
5	Income tax assets (net)	As at March 31, 2026	As at March 31, 2025
	Advance payment of Income Tax [Net of Provision for Taxation Rs. Nil]	42.7	6.2
		<u>42.7</u>	<u>6.2</u>
6	Other non-current assets <i>(Unsecured, considered good)</i>	As at March 31, 2026	As at March 31, 2025
	Prepayments	17.5	34.6
		<u>17.5</u>	<u>34.6</u>
7	Inventories <i>(Valued at lower of cost and net realisable value)</i>	As at March 31, 2026	As at March 31, 2025
	Raw materials	822.6	1,019.7
	Finished goods	422.3	413.4
	Stock-in-trade	22.9	23.8
	Work-in-progress	34.4	25.1
	Others		
	Packing materials	12.8	8.6
	Stores and spares	17.8	11.0
		<u>1,332.8</u>	<u>1,501.6</u>
	Goods in transit (included above)		
	Raw materials	334.4	343.4
	Stock-in-trade	10.5	5.3
	Finished goods	0.7	3.4

Amounts recognised in Statement of Profit and Loss

Write off of inventories to net realisable value amounted to **Rs. 17.9 million** (Previous year: Rs. 12.9 million). These were recognised in the Statement of Profit and Loss during the year under the heads 'cost of materials consumed' and 'Changes in inventories of finished goods, stock-in-trade and work-in-progress'.

BASF India Coatings Private Limited**Notes to the financial statements as at March 31, 2026 (Continued)**

(Rs. in million)

8 Trade receivables

Considered good:

Secured

Unsecured

Credit impaired

Less : Loss allowance on trade receivables

For aging of Trade receivables, refer Note 30.

As at March 31, 2026

As at March 31, 2025

-	-
1,668.0	1,035.0
1,668.0	1,035.0
14.5	4.7
1,682.5	1,039.7
14.5	4.7
1,668.0	1,035.0

9 Cash and cash equivalents**Cash and bank balances**

Balances with banks:

- In current accounts

As at March 31, 2026

As at March 31, 2025

131.1	133.0
131.1	133.0

10 Other financial assets (current)*(Unsecured, considered good)*

Derivatives with positive fair values

Security deposits

Refund receivable from government authorities

Others receivable from customers

As at March 31, 2026

As at March 31, 2025

12.6	-
2.4	-
2.2	
44.1	44.1
61.3	44.1

11 Other current assets*(Unsecured, considered good)*

Prepayments

Advances to vendors

Balances with government authorities

Advances to employees

As at March 31, 2026

As at March 31, 2025

19.4	15.2
19.4	7.9
451.1	99.1
0.1	0.1
490.0	122.3



BASF India Coatings Private Limited

Notes to the financial statements as at March 31, 2026 (Continued)

(Rs. in million)

As at March 31, 2026 As at March 31, 2025

12 Share capital

Authorised:

220,000,000 (Previous Year 220,000,000) Equity Shares of Rs. 10/- each

2,200.0 2,200.0

Issued:

211,910,000 (Previous Year 211,910,000) Equity Shares of Rs. 10/- each

2,119.1 2,119.1

Subscribed and paid-up:

211,910,000 (Previous Year 211,910,000) Equity Shares of Rs. 10/- each fully paid

2,119.1 2,119.1

2,119.1 2,119.1

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

Particulars	As at March 31, 2026		As at March 31, 2025	
	Number	Rs. in million	Number	Rs. in million
Shares outstanding at the beginning of the year	21,19,10,000	2,119.1	10,000	0.1
Add : - Issued during the year	-	-	21,19,00,000	2,119.0
Shares outstanding at the end of the year	21,19,10,000	2,119.1	21,19,10,000	2,119.1

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, 2026	As at March 31, 2025
BASF India Limited	Holding Company	21,19,10,000	21,19,10,000

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

Name of Shareholder	Relationship	As at March 31, 2026		As at March 31, 2025	
		Number	Percentage	Number	Percentage
BASF India Limited	Holding Company	21,19,10,000	100%	21,19,10,000	100%

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

During the previous year, the Company has issued and allotted 211,900,000 equity shares of Rs. 10 each as fully paid equity share for consideration other than cash i.e., pursuant to the purchase of business on slump sale basis from BASF India Limited (Refer Note 46).

f. Details of shareholding of promoters:

Name of the promoter	Number of shares	As at March 31, 2026		As at March 31, 2025		
		Percentage of total number of shares	Percentage of change during the year ended March 31, 2026	Number of shares	Percentage of total number of shares	Percentage of change during the year ended March 31, 2025
BASF India Limited	21,19,10,000	100%	-	21,19,10,000	100%	-
Total	21,19,10,000	100%	-	21,19,10,000	100%	-

BASF India Coatings Private Limited**Notes to the financial statements as at March 31, 2026 (Continued)**

(Rs. in million)

13 Other equity**As at March 31, 2026** As at March 31, 2025

Retained earnings	(168.9)	(146.0)
Capital Reserve	(74.2)	(74.2)
	<u>(243.1)</u>	<u>(220.2)</u>

(a) Retained earnings

This represents surplus of profit and loss account.

As at March 31, 2026 As at March 31, 2025

Balance at beginning of the year	(146.0)	-
Add: Loss for the year	(19.1)	(169.1)
Items of other comprehensive income/(loss):		
Add/ (Less): Remeasurement of the net defined benefit asset/ liability, net of tax effect	(3.8)	2.4
Less: Transfer to Capital reserve	-	20.7
Balance at end of the year	<u>(168.9)</u>	<u>(146.0)</u>

(b) Capital Reserve

Capital Reserve represents the movement between net identified assets/liabilities of Coatings business and purchase consideration

As at March 31, 2026 As at March 31, 2025

Balance at beginning of the year	(74.2)	(51.4)
Add / Less: Change in net assets pursuant to Business Transfer (Refer note 46)	-	(2.1)
Add / Less: Profit / loss (Refer note 46)	-	(20.7)
Balance at end of the year	<u>(74.2)</u>	<u>(74.2)</u>



BASF India Coatings Private Limited**Notes to the financial statements as at March 31, 2026 (Continued)**

(Rs. in million)

14 Other financial liabilities (non-current)	As at March 31, 2026	As at March 31, 2025
Accrual for employee benefits	9.7	-
	<u>9.7</u>	<u>-</u>
14A Provisions (non-current)	As at March 31, 2026	As at March 31, 2025
Provision for employee benefits (Refer Note 40)		
- Long service award	8.4	8.2
- Gratuity	62.2	43.5
	<u>70.6</u>	<u>51.7</u>
15 Borrowings (current)	As at March 31, 2026	As at March 31, 2025
<i>(Secured)</i>		
From bank - overdraft facilities	400.7	235.8
<i>(Unsecured)</i>		
Short-term loan from bank	60.0	85.0
Inter Corporate deposits ("ICDs") from group companies (Refer Note 42)	120.0	-
Interest accrued but not due on borrowings	0.1	-
	<u>580.8</u>	<u>320.8</u>
a) Terms of repayment		
Short-term loan and bank overdraft are in the nature of working capital loans taken by the Company which carries interest ranging from 6.5% to 7.75% from and are repayable on due dates as agreed with bank. Bank overdraft is secured by guarantee given by ultimate holding company ('BASF SE') (Refer Note 42).		
Inter Corporate Deposit is received from Holding Company during the year having interest ranging from 5.40% to 7.15% (Previous Year – Not Applicable), repayable by April 2026, for working capital requirements. The maximum outstanding during the year is Rs 650.0 million (Previous year Nil)		
16 Trade payables	As at March 31, 2026	As at March 31, 2025
(a) Outstanding dues to Micro Enterprises and Small Enterprises (Refer Note 38)	50.6	30.9
(b) Outstanding dues to creditors other than micro enterprises and small enterprises	2,088.7	1,478.7
	<u>2,139.3</u>	<u>1,509.6</u>
For payables to related parties, refer Note 42.		
For aging of Trade payables, refer Note 31.		
17 Other financial liabilities (current)	As at March 31, 2026	As at March 31, 2025
Capital creditors	-	7.4
Accrual for employee benefits	58.0	46.6
	<u>58.0</u>	<u>54.0</u>
18 Provisions (current)	As at March 31, 2026	As at March 31, 2025
Provision for employee benefits (Refer Note 40)		
- Compensated absences	43.4	41.0
- Long service award	0.6	0.5
	<u>44.0</u>	<u>41.5</u>
19 Other current liabilities	As at March 31, 2026	As at March 31, 2025
Advances received from customers	0.6	1.0
Statutory dues payable	68.5	9.1
	<u>69.1</u>	<u>10.1</u>



BASF India Coatings Private Limited

Notes to the financial statements as at March 31, 2026 (Continued)

(Rs. in million)

20. Other income	For the year ended March 31, 2026	For the year ended March 31, 2025
Foreign exchange gain (net)	-	5.6
Miscellaneous income	2.1	0.7
	<u>2.1</u>	<u>6.3</u>
21. Cost of materials consumed	For the year ended March 31, 2026	For the year ended March 31, 2025
Raw materials :		
Stock at the beginning of the year	1,019.7	721.4
Add: Purchases	3,394.5	3,398.5
Less: Stock at the end of the year	(822.6)	(1,019.7)
Cost of raw materials consumed	<u>3,591.6</u>	<u>3,100.2</u>
Packing materials consumed	166.3	176.6
	<u>3,757.9</u>	<u>3,276.8</u>
22. Changes in inventories of finished goods, stock-in-trade and work-in-progress	For the year ended March 31, 2026	For the year ended March 31, 2025
Stock at the end of the year		
Finished goods	422.3	413.4
Stock-in-trade	22.9	23.8
Work-in-progress	34.4	25.1
Sub-total	<u>479.6</u>	<u>462.3</u>
Stock at the beginning of the year		
Finished goods	(413.4)	(362.2)
Stock-in-trade	(23.8)	(28.7)
Work-in-progress	(25.1)	-
Sub-total	<u>(462.3)</u>	<u>(390.9)</u>
	<u>(17.3)</u>	<u>(71.4)</u>
23. Employee benefit expenses	For the year ended March 31, 2026	For the year ended March 31, 2025
Salaries, wages and bonus	466.1	371.1
Contribution to provident and other funds (Refer Note 40)	29.6	26.0
Gratuity (Refer Note 40)	13.5	11.8
Staff welfare expense	20.9	3.6
	<u>530.1</u>	<u>412.6</u>

BASF India Coatings Private Limited**Notes to the financial statements as at March 31, 2026 (Continued)**

(Rs. in million)

24. Finance costs	For the year ended March 31, 2026	For the year ended March 31, 2025
Interest on borrowings	16.5	2.6
Interest on lease liabilities	5.9	2.0
Interest- others	1.1	-
	23.5	4.6
25. Depreciation and amortisation expenses	For the year ended March 31, 2026	For the year ended March 31, 2025
Depreciation of Property, plant and equipment	112.6	92.8
Amortisation of Right-of-use assets	17.0	9.1
Amortisation of intangible assets	1.6	-
	131.2	101.9
26. Other expenses	For the year ended March 31, 2026	For the year ended March 31, 2025
Freight and handling charges	70.1	111.2
Power and fuel	109.7	26.5
Professional charges (Refer Note 28)	745.1	643.9
Communication / system expenses	167.1	31.6
Foreign exchange loss (net) [Includes net gain Rs. 12.6 million (Previous Year: Nil) on fair valuation of trade derivatives]	24.4	-
Sales promotion expenses	5.3	2.9
Travelling	35.8	28.2
Subcontracting charges	28.3	26.6
Rent (Refer Note 37)	15.0	4.7
Royalty	158.0	140.7
Consumption of stores and spare parts	27.8	12.9
Repairs		
- Machinery	25.0	24.9
- Buildings	7.3	4.7
- Others	12.9	5.8
Insurance	24.7	17.7
Rates and taxes	9.1	21.9
Loss allowance on trade receivables (net)	9.9	4.7
Miscellaneous expenses	57.2	66.9
	1,532.7	1,175.6



BASF India Coatings Private Limited

Notes to the financial statements as at March 31, 2026 (Continued)

(Rs. in million)

27. Tax expense

	For the year ended March 31, 2026	For the year ended March 31, 2025
(a) Income tax expense		
Current tax		
Current tax	-	-
Income tax impact on items included in Other comprehensive income	-	-
Total current tax expense	-	-
Deferred tax (including tax on Other comprehensive income)(Refer Note 4)		
(i) (Increase) / Decrease in deferred tax assets	(20.3)	(35.3)
(ii) Increase / (Decrease) in deferred tax liabilities	11.1	(2.5)
Total deferred tax (credit)/ expense [(i)+(ii)]	(9.2)	(37.8)
Total tax (credit)/ expense	(9.2)	(37.8)

Income tax impact on items included in Other comprehensive income

Total income tax (credit)/ expense

(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate

	For the year ended March 31, 2026	For the year ended March 31, 2025
Profit / (Loss) before income tax expense	(27.0)	(207.7)
Other comprehensive income / (loss) (before tax)	(5.1)	3.2
Total	(32.1)	(204.5)
Income tax rate	25.17%	25.17%
Tax on income	(8.1)	(51.5)
Tax effect of items in reconciliations		
Current tax not recognised for restated period	-	8.3
Impact of Other expenses	(1.1)	-
Impact of stamp duty on business transfer	-	5.4
Total tax expense	(9.2)	(37.8)

28. Payment to auditors (net of taxes)

Professional charges in Note 26 includes payment to auditors as follows:

	For the year ended March 31, 2026	For the year ended March 31, 2025
As auditors :		
- Statutory Audit*	2.7	2.5
- Tax Audit	0.4	0.4
For reimbursement of expenses	0.5	-
Total	3.6	2.9

* (March 31, 2026 includes Rs 0.7 million pertaining to FY 24-25)

BASF India Coatings Private Limited

Notes to the financial statements as at March 31, 2026 (Continued)

29 Aging of Capital work-in-progress (CWIP)

(a) Aging of CWIP:

	Amount in capital work-in-progress for a period of				Rs. in million
	Less than 1 year	1 - 2 years	2 -3 years	More than 3 years	Total
Projects in progress	29.6 133.5	-	-	-	29.6 133.5
Total	29.6 133.5	-	-	-	29.6 133.5

The previous Year's figures are given in italic light type below each item.

There were no temporarily suspended projects as on Balance Sheet date of current year as well as previous year.

(b) Completion schedule for capital work-in-progress whose completion is overdue or has exceeded its cost compared to its original plan:

	To be completed in				Rs. in million
	Less than 1 year	1 - 2 years	2 -3 years	More than 3 years	Total
Projects in progress:					
i) Routine Small Capex	- 50.4	-	-	-	- 50.4
Total	- 50.4	-	-	-	- 50.4

The previous Year's figures are given in italic light type below each item.

30 Aging of Trade Receivables:

	Not Due	Outstanding for following periods from due date of payment					Rs. in million
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables							
Considered good	1,305.5 231.5	286.8 803.5	75.7 -	- -	- -	- -	1,668.0 1,035.0
Credit impaired	8.5 4.2	5.7 0.5	0.3 -	0.0 -	- -	- -	14.5 4.7
Disputed Trade Receivables							
Credit impaired	- -	- -	- -	- -	- -	- -	- -
Total	1,314.0 233.7	292.5 804.0	76.0 -	0.0 -	- -	- -	1,682.5 1,039.7

The previous Year's figures are given in italic light type below each item.

31 Aging of Trade Payables:

	Unbilled	Not Due	Outstanding for following periods from due date of payment				Rs. in million
			Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Payables							
Micro enterprises and small enterprises	- -	47.4 29.3	3.2 1.6	- -	- -	- -	50.6 30.9
Others	26.4 618.3	1,478.9 650.2	560.3 210.2	23.1 -	- -	- -	2,088.7 1,478.7
Disputed Trade Payables							
Micro enterprises and small enterprises	- -	- -	- -	- -	- -	- -	- -
Others	- -	- -	- -	- -	- -	- -	- -
Total	26.4 618.3	1,526.3 679.5	563.5 211.8	23.1 -	- -	- -	2,139.3 1,509.6

The previous Year's figures are given in italic light type below each item.

BASF India Coatings Private Limited
Notes to the financial statements as at March 31, 2026 (Continued)
32 Financial Ratios:

Ratio	Numerator	Denominator	Current year ended March 31, 2026	Previous year ended March 31, 2025	% variance	Reason for variance (wherever % variance is > 25%)
Current Ratio (times)	Current Assets	Current Liabilities	1.3	1.5	-13%	Below threshold
Return on Equity (net worth) (%)	Profit After Tax (PAT)	Total Equity	Not Applicable since the Company incurred a loss		NA	Not Applicable
Inventory Turnover Ratio (times)	Cost of goods sold [Refer Note (i) below]	Average Inventory	2.7	2.5	9%	Below threshold
Trade Receivables Turnover Ratio (times)	Revenue from Operations	Average Trade Receivables	4.4	4.5	-3%	Below threshold
Trade Payables Turnover Ratio (times)	Total Purchases [Refer Note (ii) below]	Average Trade Payables	1.9	2.3	-17%	Below threshold
Net Capital Turnover Ratio (times)	Revenue from Operations	Average Working capital (Current assets - Current liabilities)	7.2	5.3	36%	On account of higher revenue from operations
Net Profit Ratio (%)	Profit After Tax (PAT)	Revenue from Operations	Not Applicable since the Company incurred a loss		NA	Not Applicable
Return on Capital Employed (%)	Earnings Before Interest & Tax before exceptional items	Capital Employed (Shareholder's Equity + borrowings)	Not Applicable since the Company incurred a loss		NA	Not Applicable
Operating Profit Margin (%)	Earnings Before Interest & Tax (EBIT) before exceptional items	Revenue from Operations	-0.1%	-4.3%	-99%	On account of higher loss in previous year
Interest Coverage Ratio (times)	Earnings Before Interest Tax & Depreciation (EBITDA) before exceptional items	Finance cost	5.4	(22.0)	-125%	On account of higher loss in previous year

Notes:

(i) Cost of goods sold = Cost of materials consumed + Purchase of stock-in-trade + Changes in inventories of finished goods, stock-in-trade and work-in-progress.

(ii) Total purchases = Purchase of Raw Materials (as disclosed in Note 21) + Purchase of stock-in-trade.

(iii) Average balances are derived by taking average of Opening balance and closing balance.

BASF India Coatings Private Limited

Notes to the financial statements as at March 31, 2026 (Continued)

33 Fair value measurement

Financial instruments

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under Indian accounting standard 113 - 'Fair value measurement'.

Explanation of each

Level 1: Determination of the fair value based on quoted, unadjusted prices on active markets.

Level 2: Determination of fair value based on parameters for which directly or indirectly quoted prices on active market are available.

Level 3: Determination of fair value based on parameters for which there is no observable market data.

Fair values for financial assets and liabilities (other than those disclosed below) approximates the carrying amount.

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

<i>Rs. in million</i>				
	Fair value hierarchy	Valuation category and technique	As at March 31, 2026	As at March 31, 2025
Financial assets				
Derivatives - no hedge accounting	Level 2	Fair value through profit and loss. Valuation technique - use of dealer quotes for similar instruments.	12.6	-

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as at March 31, 2026.

<i>Rs. in million</i>			
Particulars	Amortised cost	Total carrying value	Total fair value
Financial assets			
Loans	0.1	0.1	0.1
Trade receivables	1,668.0	1,668.0	1,668.0
Cash and cash equivalents	131.1	131.1	131.1
Other financial assets	62.1	62.1	62.1
Total	1,861.3	1,861.3	1,861.3
Financial liabilities			
Lease liabilities	87.5	87.5	87.5
Borrowings	580.8	580.8	580.8
Trade payables	2,139.3	2,139.3	2,139.3
Other financial liabilities	67.7	67.7	67.7
Total	2,875.3	2,875.3	2,875.3

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as at March 31, 2025.

<i>Rs. in million</i>			
Particulars	Amortised cost	Total carrying value	Total fair value
Financial assets			
Loans	0.2	0.2	0.2
Trade receivables	1,035.0	1,035.0	1,035.0
Cash and cash equivalents	133.0	133.0	133.0
Other financial assets	46.5	46.5	46.5
Total	1,214.7	1,214.7	1,214.7
Financial liabilities			
Lease liabilities	92.2	92.2	92.2
Borrowings	320.8	320.8	320.8
Trade payables	1,509.6	1,509.6	1,509.6
Other financial liabilities	54.0	54.0	54.0
Total	1,976.6	1,976.6	1,976.6

Risk Exposure:

(i) Foreign currency risk

The fluctuation in foreign currency exchange rate may have potential impact on the statement of profit and loss and other comprehensive income and equity, where any transaction references more than one currency or where assets and liabilities are denominated in a currency other than the functional currency of the Company. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to foreign currency risks.

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

BASF India Coatings Private Limited**Notes to the financial statements as at March 31, 2026 (Continued)****33 Fair value measurement (Continued)****(i) Foreign currency risk (Continued)****(a) Foreign currency risk exposure:**

The Company's exposure to foreign currency risk at the end of the reporting year is as follows:

<i>Rs. in million</i>		
	As at March 31, 2026	As at March 31, 2025
Trade payable		
USD	1,224.1	500.4
EUR	20.6	-
JPY	1.8	-
Trade receivables		
USD	524.8	66.6
EUR	79.0	-
Forward contracts	As at March 31, 2026	As at March 31, 2025
USD	552.0	-
EUR	-	-
Net exposure	As at March 31, 2026	As at March 31, 2025
USD	147.3	433.8
EUR	(58.4)	-
JPY	1.8	-



BASF India Coatings Private Limited

Notes to the financial statements as at March 31, 2026 (Continued)

33 Fair value measurement (Continued)

(i) Foreign currency risk (Continued)

(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, 2026		As at March 31, 2025	
	Increase in exchange rate	Decrease in exchange rate	Increase in exchange rate	Decrease in exchange rate
USD	14.7	(14.7)	43.4	(43.4)
EUR	(5.8)	5.8	-	-
JPY	0.2	(0.2)	-	-

* Holding all other variables constant

(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.

(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.

(a) Financing arrangements

The company has access to undrawn borrowing facilities from banks for **Rs. 163.1 million** (Previous year Rs. 315.8 million) as on March 31, 2026

(b) Maturities of financial liabilities

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. Contractual maturities of lease liabilities are disclosed on an undiscounted basis.

Contractual maturities of financial liabilities As at March 31, 2026	Rs. in million			
	Upto 1 year	1 year to 2 years	2 years to 3 years	more than 3 years
Non derivatives				
Borrowings	580.8	-	-	-
Trade payables	2,139.3	-	-	-
Lease liabilities	22.3	17.0	11.9	56.6
Other financial liabilities	58.0	-	-	-
Total	2,800.4	17.0	11.9	56.6

(b) Maturities of financial liabilities (Continued)

Contractual maturities of financial liabilities As at March 31, 2025	Rs. in million			
	Upto 1 year	1 year to 2 years	2 years to 3 years	more than 3 years
Non derivatives				
Borrowings	320.8	-	-	-
Trade payables	1,509.6	-	-	-
Lease liabilities	18.5	17.2	13.7	68.5
Other financial liabilities	54.0	-	-	-
Total	1,582.1	17.2	13.7	68.5

(iv) Credit risk

Trade receivables

Credit risk arise when counterparties do not fulfil 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 company uses simplified approach for trade receivables whereby the loss allowance is measured at an amount equal to the lifetime expected credit losses. The carrying amount of all receivables 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 and loss given default.

Counterparties generally considered as stage 3 when they becomes insolvent or are in a finance related legal dispute with the company. Receivable are derecognised when they are definitively found to be uncollectable such as in the event of concluded insolvency proceedings.

Accordingly expected credit loss is recognised under two stages as follows :

Stage 2 - Loss allowance at an amount equivalent lifetime expected credit losses at the reporting date for the customers with High, Medium and Low rating based on internal and external credit ratings

Stage 3 - Loss allowance on account of credit impaired at the reporting date

BASF India Coatings Private Limited**Notes to the financial statements as at March 31, 2026 (Continued)****33 Fair value measurement (Continued)****(iv) Credit risk (Continued)****Cash and bank balances**

For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

Security deposits and other receivables

The Company periodically monitors the recoverability and credit risks of its security deposits and other receivables. The Company evaluates 12 month expected credit losses of all the financial assets for which credit risk has not increased. In case credit risk has increased significantly, the Company considers life time expected credit losses for the purpose of impairment provisioning.

Accordingly, Cash and bank balances, Security deposits and other receivables, are subject to the impairment requirements of Ind AS 109 and the identified impairment loss was immaterial.

(a) Provision for expected credit loss:

	<i>Rs. in million</i>	
	Gross carrying amount	
Creditworthiness	As at March 31, 2026	As at March 31, 2025
High/medium credit rating	963.5	260.5
Low credit rating	719.0	779.2

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

Year ended March 31, 2026				<i>Rs. in million</i>
Ageing	Stage 2	Stage 3		Total
Gross carrying amount	1,682.5	-		1,682.5
Expected loss rate	0.9%	-		
Expected credit losses (loss allowance provision)	14.5	-		14.5
Carrying amount of trade receivable (net of impairment)	1,668.0	-		1,668.0

Year ended March 31, 2025				<i>Rs. in million</i>
Ageing	Stage 2	Stage 3		Total
Gross carrying amount	1,039.7	-		1,039.7
Expected loss rate	0.5%	-		
Expected credit losses (loss allowance provision)	4.7	-		4.7
Carrying amount of trade receivable (net of impairment)	1,035.0	-		1,035.0

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.



BASF India Coatings Private Limited

Notes to the financial statements as at March 31, 2026 (Continued)

34 Capital management

(a) Risk management

The aim of capital structure management is to maintain the financial flexibility needed to further develop the Company's business portfolio and take advantage of strategic opportunities. The objective of the Company's financing policy are to secure solvency, limit financial risks and optimise the cost of capital.

The Company's capital structure is managed using equity and debt ratios as a part of the Company's financial planning.

Generally a mix of inter corporate deposits, overdraft facilities and bank loans are used for short term financing.

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

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

1. Equity ratio - Total equity divided by Total assets

	<i>Rs. in million</i>	
	As at March 31, 2026	As at March 31, 2025
Total equity	1,876.0	1,898.9
Total assets	4,935.0	3,978.8
Equity ratio	38.0%	47.7%

2. Debt equity ratio - Total debt divided by Total Equity

	<i>Rs. in million</i>	
	As at March 31, 2026	As at March 31, 2025
Total debt	580.8	320.8
Total equity	1,876.0	1,898.9
Debt Equity ratio	0.31	0.17



BASF India Coatings Private Limited

Notes to the financial statements as at March 31, 2026 (Continued)

35 Contingent liabilities

Contingent liability of the Company as at March 31, 2026 is Nil (Previous Year Nil)

36 Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided (net of advances) for **Rs. 81.8 million** (Previous year Rs. 46.0 million)

37 Leases

The Company has taken on lease warehouses, office facilities, land etc.

The lease liabilities are measured at the present value of the remaining lease payments, discounted using the leasee's incremental borrowing rate. The weighted average incremental borrowing rate used to discount the gross lease liability additions during the current year & previous year was 4 to 9%.

a) Amounts recognised in the Statement of Profit and Loss:

	For the year ended March 31, 2026	<i>Rs. in million</i> For the year ended March 31, 2025
(i) Amortisation charge on Right-of-use assets (Refer Notes 1(B) and 25)	17.0	9.1
(ii) Interest expense for lease liabilities (Refer Note 24)	5.9	2.0
(iii) Rent expense (Refer Note 26):		
- Expenses for short-term leases and others	15.0	4.7
Total	37.9	15.8

b) Other disclosures:

(i) Lease liabilities:

	<i>Rs. in million</i> As at March 31, 2026	As at March 31, 2025
Non-current lease liabilities	70.2	79.3
Current lease liabilities	17.3	12.9
Total lease liabilities	87.5	92.2

For maturity profile of Lease liabilities, refer Note 33(iii)(b)

(ii) Additions to the right-of-use assets and carrying values of right-of-use assets as at end of reporting year / period are disclosed in Note 1(B).

c) Net debt Reconciliation

Net debt Reconciliation	As at March 31, 2026		As at March 31, 2025	
	Cash and Cash Equivalents	Liabilities from financing activities	Cash and Cash Equivalents	Liabilities from financing activities
Opening Net debt	133.0	85.0	0.1	-
Cash inflow (net)	(1.9)	95.0	132.9	85.0
Interest expense	-	17.6	-	2.6
Interest Paid	-	(17.5)	-	(2.6)
Closing Net debt (I)	131.1	180.1	133.0	85.0
Opening lease liabilities	-	92.2	-	5.5
Interest on leases liabilities	-	5.9	-	2.0
Change in lease liabilities during the year	-	9.0	-	9.1
Repayment of lease liabilities	-	(19.6)	-	(9.4)
Closing lease liabilities (II)	-	87.5	-	92.2
Total closing Net debt (I+II)	131.1	267.6	133.0	177.2

BASF India Coatings Private Limited

Notes to the financial statements as at March 31, 2026 (Continued)

38 Micro, Small and Medium Enterprises Development Act, 2006

On the basis of information and records available with the Management, the following disclosure pursuant to the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act') are made for the amounts due to the Micro and Small enterprises, who have registered with the competent authorities:

Particulars	Rs. in million	
	As at March 31, 2026	As at March 31, 2025
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 / period.		
- Principal amount	49.7	30.8
- Interest amount	0.0	-
The interest paid / settled by the buyer in terms of Sections 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of payments made beyond the appointed date during each account year / period		-
- Principal amount	101.2	1.6
- Interest amount	-	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	0.8	0.1
The amount of interest accrued and remaining unpaid at the end of each accounting year / period.	0.8	0.1
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the micro, small and medium enterprise.	0.9	0.1

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)
March 31, 2026	1,707.3	39.3	1,668.0
Total	1,707.3	39.3	1,668.0
March 31, 2025	1,045.2	10.2	1,035.0
Total	1,045.2	10.2	1,035.0

* Amounts set off under "Not due" aging bucket in Note 30.

Trade receivables

The Company gives rebates/ discounts. Under the terms of contract, the amounts payable by the Company are offset against receivables from customers and only the net amount is settled (i.e. after adjustment of credit notes towards rebates/ discounts). The relevant amounts have therefore been presented net in the Balance Sheet.

BASF India Coatings Private Limited

Notes to the financial statements as at March 31, 2026 (Continued)

40 Employee benefits:

a) Defined contribution plans:

The Company's contribution to defined contribution funds comprising of Superannuation fund, provident fund, Employees' State Insurance Schemes and National Pension System (NPS) scheme amounting to **Rs. 29.6 million** (Previous year Rs. 26.0 million) (net of recoveries) has been charged to the Statement of Profit and Loss.

b) Defined benefit plans:

(i) Gratuity

Gratuity is payable to all eligible employees of the Company on retirement, death, permanent disablement and resignation in terms of provisions of the Social Security rules, 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.

	<i>Rs. in million</i>	
	Gratuity Funded	
	As at March 31, 2026	As at March 31, 2025
I) Reconciliation of present value of defined benefit obligation		
Balance at the beginning of the year	103.6	100.7
Benefits paid from plan	(6.4)	(12.9)
Current service cost	9.3	9.0
Past service cost*	1.3	-
Interest cost	6.7	6.8
Actuarial gain/loss recognised in other comprehensive income		
-Changes in financial assumptions	(1.0)	3.8
-Changes of experience adjustments	(1.4)	(3.8)
Transfer in pursuant to Business Transfer Agreement (Refer note 46)	-	-
Balance at the end of the year	112.1	103.6
II) Reconciliation of present value of plan assets		
Balance at the beginning of the year	60.1	65.8
Benefits paid	(6.4)	(12.9)
Return on plan assets (excluding interest income)	3.7	4.0
Actuarial Gains and Losses on Plan Assets	(7.5)	3.2
Transfer in pursuant to Business Transfer Agreement (Refer note 46)	-	-
Balance at the end of the year	49.9	60.1
Net liability (I-II)	62.2	43.5
III) Expenses recognised in the Statement of Profit and Loss		
Current service cost	9.3	9.0
Past service cost	1.3	-
Interest cost	6.7	6.8
Interest income	(3.7)	(4.0)
Expenses recognised in the Statement of Profit and Loss	13.6	11.8
IV) Remeasurements recognised in other comprehensive income		
Actuarial loss/ (gain) on defined benefit obligation	(2.4)	0.0
Return on plan assets excluding interest income	7.5	(3.2)
	5.1	(3.2)

*The "Past Service Cost" in the table above is on account of the implementation of the wages definition as given in the new labour code.

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, 2026	As at March 31, 2025
Government of India securities	24%	30%
State government securities	13%	12%
Public Sector Unit bonds	36%	32%
Fixed deposit and others	0%	16%
Special deposit scheme	5%	0%
Mutual funds	21%	10%
Total	100%	100%

BASF India Coatings Private Limited

Notes to the financial statements as at March 31, 2026 (Continued)

40 Employee benefits (Continued):

The assumptions used for actuarial valuation are as follows:-

	As at March 31, 2026	As at March 31, 2025
Discount rate	6.85%	6.72%
Expected salary increase rate	6% - 8% p.a.	6% - 8% p.a.
Attrition Rate	2% - 9% p.a.	2% - 9% p.a.
In-service mortality rates	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate

The expected rate of return on assets is based on the expectation of the average long term rate of return on investment of the fund, during the estimated term of obligation.

The obligations are measured at the present value of estimated future cash flows by using a discount rate that is determined with reference to the market yields at the Balance Sheet date on Government Bonds which is consistent with the estimated terms of the obligation.

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

Expected total benefit payments	As at March 31, 2026	As at March 31, 2025
Year 1	10.1	8.8
Year 2	10.7	9.6
Year 3	15.6	9.7
Year 4	9.2	14.0
Year 5	9.9	8.3
Next 5 years	56.3	52.4

Sensitivity analysis - defined benefit obligation end of period

	As at March 31, 2026	As at March 31, 2025
Discount rate +100 basis points	104.6	96.5
Discount rate -100 basis points	120.5	111.7
Salary Increase Rate +100 basis points	120.0	111.2
Salary Increase Rate -100 basis points	105.0	96.8
Attrition Rate +100 basis points	111.6	103.2
Attrition Rate -100 basis points	112.7	104.2

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

The contribution expected to be made by the Company during the financial year 2026-27 is **Rs. Nil** (Previous year Rs. Nil).

c) Other long term employee benefits:

(i) Long service awards:

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

(ii) Compensated absences:

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

For compensated absences, the amount of the provision of **Rs. 43.4 million** (Previous period: Rs. 41.0 million) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. Leave obligations not expected to be settled within the next 12 months is **Rs. 39.1 million** (Previous period: Rs. 37.0 million) as per actuarial report.

BASF India Coatings Private Limited

Notes to the financial statements as at March 31, 2026 (Continued)

41 Operating Segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components and for which discrete financial information is available. All operating segments' operating results are reviewed by the Company's Chief Operating Decision Maker to make decision about resources to be allocated to the segments and assess their performance.

The Company has identified business segment as its Primary Segment.

The Company engaged in the manufacture of Coatings chemicals which, in the context of IndAS 108 "Segment Reporting" constitutes a single reportable business segment. Thus the segment revenue, segment results, total carrying value of segment assets and segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation during the year are all reflected in financial statements as at and for the year ended March 31, 2026 and March 31, 2025.

A. Geographic Segments

	<i>Rs. in million</i>		
	Domestic	Exports	Total
Revenue from operations	5,423.8	542.8	5,966.6
	<i>4,528.5</i>	<i>172.0</i>	<i>4,700.5</i>
Non-current assets (excluding financial instruments & deferred/ income tax asset)	1,143.2	-	1,143.2
	<i>1,078.2</i>	<i>-</i>	<i>1,078.2</i>

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

B. Revenue from major customer:

Revenue from customers that individually constituted more than 10% of the Company's revenue are as follows

	For the year ended March 31, 2026	For the year ended March 31, 2025
Customer A	899.9	903.7
Customer B	747.4	615.8
Customer C	737.6	482.6

BASF India Coatings Private Limited

Notes to the financial statements as at March 31, 2026 (Continued)

42 Related Party Disclosure

a) Parties where control exists

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

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 (Shanghai) Coatings Manufacturing Company Limited	BASF Company Ltd.
BASF Asia-Pacific Service Centre Sdn. Bhd.	BASF Corporation
BASF Bangladesh Ltd.	BASF Digital Solutions GmbH
BASF Chemicals India Private Limited	BASF East Asia Regional Headquarters Ltd.
BASF Chemicals India Pvt. Ltd.	BASF Española S.L.
BASF Coatings (Guangdong) Co. Ltd.	BASF Hong Kong Ltd.
BASF Coatings Company Limited	BASF Japan Ltd.
BASF Coatings Española S.L.	BASF Services Europe GmbH
BASF Coatings France SAS	BASF Shanghai Coatings Co. Ltd.
BASF Coatings GmbH	BASF South East Asia Pte. Ltd.
BASF Coatings Japan LLC	BASF Vietnam Co., Ltd.
BASF Coatings Limited	Chemetall India Private Limited
BASF Coatings LLC	PT BASF Coatings Indonesia
BASF Coatings Mexicana	PT BASF Distribution Indonesia
BASF Coatings Technology (Shanghai) Co., Ltd.	Shanghai Chemetall Chemicals Co. Ltd.
BASF Coatings Vietnam Co. Ltd.	

c) Key management personnel

Sunil Sarangi (Managing Director)
Anil Choudhary (Director) (till March 31, 2026)
Manohar Kamath (Director) (till March 31, 2026)
Nils Lessmann (Director)

d) Details of transactions with parties where control exists/ under common control for the year ended March 31, 2026

Rs. in million

Nature of Transactions	Ultimate holding company/ Holding company		Parties under common control		Total	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Sale of Goods						
PT BASF Distribution Indonesia	-	-	10.6	-	10.6	-
BASF (Shanghai) Coatings Manufacturing Company Limited	-	-	159.4	1.0	159.4	1.0
Others	-	-	13.2	22.0	13.2	22.0
Sub-Total	-	-	183.2	23.0	183.2	23.0
Services Rendered						
BASF India Limited	3.5	-	-	-	3.5	-
BASF Coatings LLC	-	-	23.9	35.2	23.9	35.2
BASF Coatings GmbH	-	-	290.1	42.7	290.1	42.7
Others	-	-	2.6	-	2.6	-
Sub-Total	3.5	-	316.6	77.9	320.1	77.9
Purchase of Goods/Materials						
BASF SE	40.5	64.3	-	-	40.5	64.3
BASF India Limited	137.7	161.1	-	-	137.7	161.1
BASF Coatings GmbH	-	-	273.2	278.2	273.2	278.2
BASF Coatings Española S.L.	-	-	278.1	241.0	278.1	241.0
BASF Coatings Japan LLC	-	-	150.5	70.8	150.5	70.8
BASF Coatings LLC	-	-	50.6	0.6	50.6	0.6
Others	-	-	82.2	217.6	82.2	217.6
Sub-Total	178.2	225.4	834.6	808.2	1,012.8	1,033.6
Services Received#						
BASF SE	95.9	146.4	-	-	95.9	146.4
BASF India Limited	289.2	551.1	-	-	289.2	551.1
BASF Digital Solutions GmbH	-	-	103.4	19.0	103.4	19.0
BASF Coatings GmbH	-	-	324.7	79.0	324.7	79.0
BASF Asia-Pacific Service Centre Sdn. Bhd.	-	-	78.2	11.7	78.2	11.7
BASF Coatings Technology (Shanghai) Co., Ltd.	-	-	53.7	-	53.7	-
Others	-	-	49.2	22.0	49.2	22.0
Sub-Total	385.1	697.5	609.2	131.7	994.3	829.2
Royalty						
BASF Coatings GmbH	-	-	157.5	140.7	157.5	140.7
Sub-Total	-	-	157.5	140.7	157.5	140.7
Interest expenses on Inter Corporate Deposits						
BASF India Limited	14.9	-	-	-	14.9	-
Sub-Total	14.9	-	-	-	14.9	-
Issue of shares (Refer note 45)						
BASF India Limited	-	2,119.0	-	-	-	2,119.0
Sub-Total	-	2,119.0	-	-	-	2,119.0

Services received mainly consist of Support service charges, Professional charges, Communication / system expenses, etc

Note - For the year ended March 31, 2026, the above disclosed transactions includes transactions pertaining to restated periods which were incurred by BASF India Limited. All related party transactions entered during the year were in ordinary course of business and on arms length basis.

BASF India Coatings Private Limited
Notes to the financial statements as at March 31, 2026 (Continued)
42 Related Party Disclosure (Continued)

e) Details of transactions with parties where control exists/ under common control for the year ended March 31, 2026 (Continued)

Rs. in million

Nature of transactions	Ultimate holding company/ Holding company		Parties under common control		Total	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Inter Corporate Deposits received during the year (including renewals during the year)						
BASF India Limited	2,390.0	-	-	-	2,390.0	-
Sub-Total	2,390.0	-	-	-	2,390.0	-
Inter Corporate Deposits repayment made during the year (including renewals during the year)						
BASF India Limited	2,270.0	-	-	-	2,270.0	-
Sub-Total	2,270.0	-	-	-	2,270.0	-
Inter Corporate Deposits received Outstanding (including interest accrued not due)						
BASF India Limited	120.0	-	-	-	120.0	-
Sub-Total	120.0	-	-	-	120.0	-
Outstanding Receivables						
BASF Coatings Japan LLC	-	-	-	-	-	-
BASF Coatings LLC	-	-	64.9	35.2	64.9	35.2
BASF Coatings GmbH	-	-	311.6	15.0	311.6	15.0
BASF (Shanghai) Coatings Manufacturing Company Limited	-	-	214.1	2.3	214.1	2.3
Others	-	-	21.8	6.6	21.8	6.6
Sub-Total	-	-	612.4	59.1	612.4	59.1
Outstanding Payables						
BASF SE	70.9	27.1	-	-	70.9	27.1
BASF India Limited	107.2	252.5	-	-	107.2	252.5
BASF Coatings GmbH	-	-	616.4	169.1	616.4	169.1
BASF Coatings Española S.L.	-	-	163.8	129.9	163.8	129.9
BASF Coatings Japan LLC	-	-	128.3	70.1	128.3	70.1
Others	-	-	218.6	83.7	218.6	83.7
Sub-Total	178.1	279.6	1,127.1	452.9	1,305.2	732.5

f) Details of transactions with Key Management Personnel

Rs. in million

Particulars	March 31, 2026	March 31, 2025
Short term employee benefits	11.9	3.2
Post-employment benefits	0.6	6.9
Total	12.5	10.1

g) Guarantee received

Rs. in million

Particulars	March 31, 2026	March 31, 2025
BASF SE	543.8	462.0
Total	543.8	462.0

43 Disclosure under Indian Accounting Standard 115

Reconciliation of Revenue recognised with contract price

Rs. in million

	For the year ended March 31, 2026	For the year ended March 31, 2025
Contract Price	5,995.8	4,703.5
Adjustment for: Rebates/ discounts/ customer incentive scheme	(29.2)	(3.0)
Revenue from operations	5,966.6	4,700.5

BASF India Coatings Private Limited
Notes to the financial statements as at March 31, 2026 (Continued)
42 Related Party Disclosure (Continued)

e) Details of transactions with parties where control exists/ under common control for the year ended March 31, 2026 (Continued)

Rs. in million

Nature of transactions	Ultimate holding company/ Holding company		Parties under common control		Total	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Inter Corporate Deposits received during the year (including renewals during the year)						
BASF India Limited	2,390.0	-	-	-	2,390.0	-
Sub-Total	2,390.0	-	-	-	2,390.0	-
Inter Corporate Deposits repayment made during the year (including renewals during the year)						
BASF India Limited	2,270.0	-	-	-	2,270.0	-
Sub-Total	2,270.0	-	-	-	2,270.0	-
Inter Corporate Deposits received Outstanding (including interest accrued not due)						
BASF India Limited	120.0	-	-	-	120.0	-
Sub-Total	120.0	-	-	-	120.0	-
Outstanding Receivables						
BASF Coatings Japan LLC	-	-	-	-	-	-
BASF Coatings LLC	-	-	64.9	35.2	64.9	35.2
BASF Coatings GmbH	-	-	311.6	15.0	311.6	15.0
BASF (Shanghai) Coatings Manufacturing Company Limited	-	-	214.1	2.3	214.1	2.3
Others	-	-	21.8	6.6	21.8	6.6
Sub-Total	-	-	612.4	59.1	612.4	59.1
Outstanding Payables						
BASF SE	70.9	27.1	-	-	70.9	27.1
BASF India Limited	107.2	252.5	-	-	107.2	252.5
BASF Coatings GmbH	-	-	616.4	169.1	616.4	169.1
BASF Coatings Española S.L.	-	-	163.8	129.9	163.8	129.9
BASF Coatings Japan LLC	-	-	128.3	70.1	128.3	70.1
Others	-	-	218.6	83.7	218.6	83.7
Sub-Total	178.1	279.6	1,127.1	452.9	1,305.2	732.5

f) Details of transactions with Key Management Personnel

Rs. in million

Particulars	March 31, 2026	March 31, 2025
Short term employee benefits	11.9	3.2
Post-employment benefits	0.6	6.9
Total	12.5	10.1

g) Guarantee received

Rs. in million

Particulars	March 31, 2026	March 31, 2025
BASF SE	543.8	462.0
Total	543.8	462.0

43 Disclosure under Indian Accounting Standard 115

Reconciliation of Revenue recognised with contract price

Rs. in million

	For the year ended March 31, 2026	For the year ended March 31, 2025
Contract Price	5,995.8	4,703.5
Adjustment for: Rebates/ discounts/ customer incentive scheme	(29.2)	(3.0)
Revenue from operations	5,966.6	4,700.5

BASF India Coatings Private Limited

Notes to the financial statements as at March 31, 2026 (Continued)

44 Relationship with Struck off Companies

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

- 45 The transactions until December 31, 2024 were recorded in SAP R/3 instance. The Company uses SAP HANA (ERP System) effective January 1, 2025 as its primary accounting software for recording all transactions and maintaining its books of accounts. SAP as said above has a feature of recording audit trail (edit log) facility and has been operated effectively throughout the year. The Company has adequate mechanisms in form of security audit logging, review of change activities and access rights authorisation review in place for changes made by users with specific privilege access rights and direct changes if any made on database level.
- Further, the Company has been maintaining daily backup of books of accounts and other records, on servers physically located in India throughout the year and the audit trail has been preserved by the Company as per the statutory requirements for record retention.

46 Business Combination

Globally, BASF's Coatings division has decided to migrate from the existing Enterprise Resource Planning (ERP) system to a new ERP system, i.e., S/4HANA. Due to this intended migration and to capture the potential and benefits of the new ERP system, the Coatings businesses worldwide, which are part of legal entities with multiple operating divisions, will be transferred to separate legal entities.

In view of the above, the BASF India Limited ('Holding Company' or 'Parent entity') incorporated BASF India Coatings Private Limited ('the Subsidiary') as its wholly owned subsidiary on December 11, 2023. The Board of Directors of the Holding Company at its meeting held on February 12, 2024 had approved the transfer of Company's Coatings business to its wholly owned subsidiary, on slump sale and at arm's length basis as determined by an Independent Valuer i.e., for consideration of Rs. 1,820 million, subject to necessary adjustments, as may be required, on the closing date in accordance with the conditions specified in the Business Transfer Agreement.

Consequently, as per requirement of Appendix C to Ind AS-103 on Business Combinations, the Company has accounted the acquisition of Coatings business as common control transaction effective December 11, 2023 (date of incorporation). Accordingly, the financial statements of the Company for the year ended March 31, 2024 have been restated to include results for Coatings business with effect from December 11, 2023 (i.e. the common control acquisition date) including all the business transactions relating to the Coatings business with effect from December 11, 2023 to March 31, 2024 and from April 1, 2024 to December 31, 2024 even though the actual business transactions has, contractually and legally, started only with effect from January 1, 2025 i.e. after conclusion of slump sale.

As of the closing date December 31, 2024, Purchase consideration was revised to Rs 2,119.0 million as per conditions specified under Business Transfer Agreement.

Effective January 1, 2025, the Coatings Business of the holding Company was transferred to the Company, for a total consideration of Rs 2,119.0 million settled through the issuance of 211,900,000 equity shares of face value of Rs 10 each by the Company.

Previous year financial statements include loss of Rs 21.4 million for period April 1, 2024 to December 31, 2024 as per restated financials in compliance with Appendix C to Ind AS-103 on Business Combinations. However, these form part of transactions under erstwhile coatings division of BASF India Limited prior to slump sale.

Movement of Capital Reserve

Particulars	Amount
Purchase consideration payable to BASF India Limited	2,119.0
Less: Difference on account of net assets transferred as at December 11, 2023	1,745.5
Capital Reserve as at December 11, 2023	373.5
Less: Difference on account of net assets transferred as at March 31, 2024 (including profit for the period and net of deferred tax)	322.1
Capital Reserve as at March 31, 2024	51.4
Less: Difference on account of net assets transferred as at December 31, 2024 (including loss for the period and net of deferred tax)	(22.8)
Capital Reserve as at December 31, 2024	74.2



BASF India Coatings Private Limited**Notes to the financial statements as at March 31, 2026 (Continued)****46 Business Combination (Continued)**

The position of assets and liabilities as at the common control acquisition date (December 11, 2023) is as follows

	As at December 11, 2023
Assets	
Non current	
Property, plant and equipment	591.2
Right-of-use assets	6.4
Capital work-in-progress	143.0
Financial assets	2.7
Other non-current assets	18.5
	761.7
Current	
Inventories	996.2
Financial assets	44.1
Other current assets	19.4
	1,059.7
Total Assets (A)	1,821.4
Liabilities	
Non current	
Financial liabilities	6.9
Provisions	26.0
	32.9
Current	
Financial liabilities	
Provisions	43.1
	43.1
Total Liabilities (B)	75.9
Net Asset transferred (C) = (A-B)	1,745.5



BASF India Coatings Private Limited
Notes to the financial statements as at March 31, 2026 (Continued)
46 Business Combination (Continued)
Re-stated Balance sheet as on March 31, 2024

Particulars	Period ended March 31, 2024		
	Before effect of business combination	Effect of Coatings business purchased	Revised balance post effect of business combination
Non-current assets			
Property, plant and equipment	-	644.5	644.5
Right-of-use assets	-	5.0	5.0
Capital work-in-progress	-	205.0	205.0
Financial assets	-		
(i) Loans	-	0.2	0.2
(ii) Other financial assets	-	2.4	2.4
Deferred tax assets (net)	-	18.0	18.0
Income tax assets (net)	-	-	-
Other non-current assets	-	16.3	16.3
Total non-current assets	-	891.4	891.4
Current assets			
Inventories	-	1,124.6	1,124.6
Financial assets			
(i) Trade receivables	-	-	-
(ii) Cash and cash equivalents	0.1	-	0.1
(iii) Other financial assets	-	44.1	44.1
Other current assets	-	100.8	100.8
Total current assets	0.1	1,269.5	1,269.6
Total assets (A)	0.1	2,160.9	2,161.0
LIABILITIES			
Non-current liabilities			
Financial liabilities			
(i) Lease liabilities	-	0.9	0.9
Provisions	-	40.7	40.7
Total non-current liabilities	-	41.6	41.6
Current liabilities			
(i) Lease liabilities	-	4.6	4.6
(ii) Trade payables	0.7	(0.6)	0.1
(iii) Other financial liabilities	-	2,119.0	2,119.0
Provisions	-	47.0	47.0
Other current liabilities	-	-	-
Total current liabilities	0.7	2,170.0	2,170.7
Total liabilities (B)	0.7	2,211.6	2,212.3
Net Asset (C) = (A-B)	(0.6)	(50.7)	(51.3)



BASF India Coatings Private Limited

Notes to the financial statements as at March 31, 2026 (Continued)

46 Business Combination (Continued)

Re-stated Statement of Profit and loss for the period from December 11, 2023 to March 31, 2024

Particulars	For the period from December 11, 2023 to March 31, 2024		
	Before effect of business combination	Effect of Coatings business purchased	Revised balance post effect of business combination
Total Income	-	1,510.4	1,510.4
Total Expenses	0.8	1,488.1	1,488.9
Profit / (Loss) before tax	(0.8)	22.3	21.5
Tax expense/ (credit)	-	(14.7)	(14.7)
Profit / (Loss) for the year	(0.8)	37.0	36.2
Total comprehensive income for the year	(0.8)	27.3	26.5

Details of profit and loss for nine months ended December 31, 2024 of Coatings undertaking, which has been included in the statement of profit and loss for the year ended March 31, 2025 of the Company

Particulars	April 1, 2024 to December 31, 2024	January 1, 2025 to March 31, 2025
Total Income	3,508.4	1,198.4
Total Expenses	3,536.0	1,378.5
Profit / (Loss) before tax	(27.6)	(180.1)
Tax expense/ (credit)	(6.9)	(31.7)
Profit / (Loss) for the year	(20.7)	(148.4)

- 47 BASF SE, Germany (Ultimate Holding Company) had globally announced on October 10, 2025 that BASF SE and funds managed by global investment firm Carlyle (NASDAQ: CG), in partnership with Qatar Investment Authority (QIA), has entered into a binding transaction agreement relating to BASF's automotive OEM coatings, automotive refinish coatings, and surface treatment businesses ("BASF Coatings"). Further, BASF will reinvest in the coatings business holding a 40% equity stake.

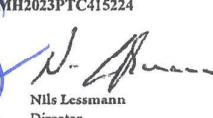
Further during the year, the Board of Directors of the BASF India Limited (BIL) (Holding Company) at its meeting held on March 30, 2026 has decided & approved the transfer / sale of the 100% stake held in BASF India Coatings Private Limited, a Wholly Owned Subsidiary of the Company, to Bond German BidCo 2 GmbH and Bond France BidCo SAS (Carlyle Group Companies). The transaction is expected to close during the first quarter of FY 2026-27 and thereafter BASF India Coatings Private Limited would cease to be wholly owned subsidiary of the BASF India Limited.

- 48 The financial statements were approved for issue by the board of directors on May 19, 2026 and are subject to the approval of the shareholders at the Annual General meeting .



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


Sudil Sarangi
Managing Director
DIN : 10422451


Nils Lessmann
Director
DIN : 10892307

Place: Mangaluru Place: Muenster, Germany
Date: 19 May 2026 Date: 19 May 2026