

The BASF logo, consisting of a white square with a smaller white square inside, followed by the letters "BASF" in a bold, white, sans-serif font.

We create chemistry

# Annual Report 2020-2021

BASF India Limited

#collaboratingforcare





## Message from the Managing Director

Dear Shareholders,

I write this message to you against the backdrop of a receding second wave of the COVID-19 pandemic. Unlike the first, the second wave has been far more aggressive in its intensity and geographic spread leading to a tremendous impact on the nation, its citizens and economy. The national lockdown during April and May 2020 resulted in various operational and supply chain challenges that your Company was able to mitigate by establishing stringent safe operating protocols at its sites and offices. The measures adopted at our manufacturing sites coupled with the resilience and commitment demonstrated by our team enabled the Company to successfully meet the strong demand from our customers in the second half of the financial year.

Your Company undertook various measures addressing the health and welfare of its employees, their families, and the communities in which we operate. As a preventive measure, we actively promoted vaccination amongst our employees and organized dedicated camps at our manufacturing sites and offices, wherever possible. In addition, your Company donated lifesaving medical equipment, oxygen cylinders and oxygen concentrators to augment the medical infrastructure in the vicinity of our facilities. We partnered with industry players to install three state-of-the-art mobile acute care units that augmented the availability of ICU beds during the peak of the crisis. I take this opportunity to thank you, our team and the Board of Directors for the trust and guidance in helping deal with this unprecedented situation and emerge stronger than ever before.

Post the national lockdown in Q1 and gradual resumption of industrial activity in Q2, the economy witnessed a strong bounce back in Q3 and Q4 of FY 20-21. India's GDP which had contracted by 24.4% in Q1 FY 21 now stands at minus 7.3% for the full year. The agriculture sector aided by a favourable monsoon proved resilient to the impact of the first wave of the pandemic and is estimated to have grown at 3.4% in FY 20-21. The automotive sector which accounts for a substantial portion of business for your Company, transitioned to the BS VI emission standards in April 2020 and emerged from the complete shutdown during Q1 with a "V-shaped" recovery in Q3 and Q4.

Against the backdrop of this macro environment, I am pleased to share the financial performance of your Company. Revenue from operations grew by 26% Y-o-Y in FY 2021 to INR 95,583.4 million, along with robust growth in Profit After Tax of INR 5,526.1 million compared to INR 228.7 million in the previous year. Most business segments of your Company including Agricultural Solutions, segments focused on the Automotive industry as well as the Nutrition and Care Chemicals business delivered profitable growth. You would be happy to note that the Board of Directors of your Company have recommended a special dividend of INR. 5 per equity share, due to portfolio restructuring measures in addition to a final dividend of INR. 5 per equity share for the financial year ended 31st March 2021, aggregating to INR. 10 per equity share i.e. 100%.

Focused measures for continuous improvement in the areas of operating margins, working capital and fixed costs across our diverse portfolio was the foundation to achieve this strong performance in a challenging year. The stellar results for your Company would not be possible without an engaged and motivated employee force. My heartfelt gratitude and respect for colleagues who have continued to perform at the highest levels despite the challenges and adversities.

To strengthen competitiveness, your Company continued to optimize its business portfolio with the divestiture of the Construction Chemicals business in July 2020 and the acquisition as well as subsequent merger of erstwhile BASF Performance Polyamides India Private Limited business into our Materials segment in February 2021. Further, your Company continued with the planned expansions for the Dahej and Mangalore plants.

Very pleased to share that our manufacturing site at Mangalore celebrated 2 milestones – completion of 25 years of operations and a decade of successful operations for the Technology Coatings Center. We also continued to receive recognitions from key stakeholders and customers in 2020-21, a testimony of our superlative achievements.

Our on-going digitalization initiatives ensured business continuity and efficiency gains, resulting in customers experiencing minimal supply chain disruptions even during the lockdown. Our teams adapted to the new ways of working and enhanced customer engagement with virtual collaborations contributing to our above market growth.

While the short-term prospects from a business and economy perspective seems uncertain, the medium to long term growth potential remains intact. Health and safety of our work force will continue to remain important for our success. The models predict potential upcoming waves of the pandemic, however an improvement in vaccination rates and the overall health care system should enable the nation to deal with the future waves better and reduce the risks of disruptions to economic activity.

To summarize, your Company is confident that with the measures undertaken, the nation will tide over the crisis. We remain committed to our priorities of sustainable and profitable growth.

Stay safe and take care!

Best wishes,

**Narayan Krishnamohan**

Friday, 6<sup>th</sup> August 2021 at 3.00 p.m. through Video Conferencing/Other Audio Visual Means.

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**Agenda**

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

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

The Capital, 'A' Wing, 1204-C  
12<sup>th</sup> Floor, Plot No. C-70,  
'G'-Block, Bandra Kurla Complex,  
Bandra (East), Mumbai – 400051.  
Telephone : +91 6278 5600, 6724 3700 / 6724 3800  
Website : www.basf.com/in  
E-mail ID : investor-grievance-india@basf.com

**Corporate Identification Number:**

L33112MH1943FLC003972

**Manufacturing Sites:****Maharashtra (Navi Mumbai)**

Plot Nos. 12 & 13, TTC Industrial Area, MIDC,  
Thane-Belapur Road, Turbhe, Navi Mumbai – 400 705.

**Karnataka (Mangalore)**

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

**Gujarat (Dahej)**

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

**Gujarat (Panoli)**

Village Umarwada,  
Survey No 432/1+2,  
Taluka Ankleshwar, Gujarat - 393 001  
India.

**Offices:**

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

**Registrar & Share Transfer Agent:**

TSR Darashaw Consultants Private Limited  
Unit : BASF India Limited,  
C-101, 1<sup>st</sup> Floor, 247 Park,  
Lal Bahadur Shastri Marg,  
Vikhroli (West), Mumbai – 400 083.  
Tel. No. : +91 22 66568484 Extn: 411/412/413  
Fax No. : +91 22 66568494  
Email : csg-unit@tcplindia.co.in

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## Board of Directors

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Mr. Pradip P. Shah  
*Chairman*



Mr. Narayan Krishnamohan  
*Managing Director*



Mr. R. A. Shah



Mr. Arun Bewoor



Mrs. Shyamala Gopinath



Dr. Ramkumar Dhruva



Mr. Dirk Bremm



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



Mr. Pradeep Chandan  
Company Secretary  
& Alternate Director



Mr. Rajesh Naik  
Manufacturing Head &  
Whole-time Director

### Management Committee

Mr. Narayan Krishnamohan  
Mr. Narendranath J. Baliga  
Mr. Brioux Boisdequin  
Mr. Pradeep Chandan  
Mr. Rajesh Naik

### Statutory Auditors

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

### Cost Auditors

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

### Advocates & Solicitors

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

### Bankers

- (i) Citibank N.A.
- (ii) Deutsche Bank AG
- (iii) BNP Paribas
- (iv) Credit Agricole CIB
- (v) Bank of America
- (vi) HDFC Bank
- (vii) Mizuho Bank

### Internal Auditors

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

### Secretarial Auditors

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

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

Mr. Pradeep Chandan



Dr. Markus Kamieth - Member of the Board of Executive Directors of BASF SE shared a video message as the Keynote speaker at India Chem 2021 organized by FICCI along with the Department of Chemicals and Petrochemicals (DCPC). He highlighted his expectations for India to collaborate with the European Union to develop it as a key investment destination.



Mr. Narayan Krishnamohan, Managing Director, BASF India Limited participated as a panellist during the 5<sup>th</sup> session of the ICC Sustainability Conclave. This was organized in association with the International Council of Chemical Associations (ICCA), United Nations Environment Program (UNEP) & Department of Chemicals & Petrochemicals (DCPC), Ministry of Chemicals & Fertilizers, Government of India

## Directors' Report

Your Directors have pleasure in presenting their Report for the financial year ended 31<sup>st</sup> March 2021.

### Financial Results

(Rs. in million)

Description	Year ended 31.3.2021	Year ended 31.3.2020
Revenue from operations	95,583.4	75,945.6
Profit before tax and exceptional items	4,378.7	423.6
Exceptional items	4,020.9	(324.6)
Profit before tax	8,399.6	99.0
Tax expense/(credit)	2,873.5	(129.7)
Profit after tax	5,526.1	228.7
Dividend	432.9	129.9

\* The results for the financial year ended 31<sup>st</sup> March 2020, include results of erstwhile BASF Performance Polyamides India Private Limited ('BPPIL') from 1<sup>st</sup> February 2020 (i.e. the common control acquisition date) and are therefore strictly not comparable.

### Performance

Revenue from operations at Rs. 95,583.4 million, represents an increase of 26% over the previous year mainly due to robust volume growth in merchandise business and improved price realisation. Your Company reported a Profit before tax and exceptional items of Rs. 4,378.7 million for the year ended 31<sup>st</sup> March 2021 as compared to Profit before tax and exceptional items of Rs. 423.6 million in the previous year. Further, your Company reported a substantial increase in profit after tax of Rs. 5,526.1 million for the financial year ended 31<sup>st</sup> March 2021 as compared to profit after tax of Rs. 228.7 million in the previous year.

The Agricultural Solutions business of your Company registered good growth in sales during the financial year as compared to the previous year, mainly due to normal monsoon, increased sales from products for crops like corn and cotton, strong rabi season leading to improved performance in fungicides and overall positive market sentiments driving revenue growth. The margins improved significantly mainly due to volume growth, price increase and lower input material costs.

The Industrial Solutions segment of your Company comprising of the Dispersions, Resins, Additives & Performance Chemicals businesses registered increase in sales due to growth in volumes arising out of supply constraints in market, improved selling price and higher merchandise volumes from sales of plastic additives. The margins also significantly improved due to increased volumes, higher selling prices and lower input cost.

The Materials segment of your Company comprising of the Performance Materials & Monomers businesses registered good growth in sales during the year under review as compared to the previous year. This was mainly due to sustained volumes despite slowdown in the first half of the financial year 2020-21, rebound observed in transportation, appliances & industrial segments, acquisition of Performance Polyamides business and higher merchandise sales in packaging, mattresses, and footwear industry. The margins improved due to considerably high price realisation arising out of supply constraints for Crude MDI, higher volumes and lower input costs.

The Surface Technologies segment of your Company comprising of the Catalysts, Coatings & Construction Chemicals businesses registered lower sales due to the impact of lockdown followed by sluggish demand. Although the margins of the Coatings Solutions business were impacted, the gross margins improved from lower input prices. The Catalysts business registered higher merchandise volumes, but its margins were impacted due to lower price realisation as compared to the input costs. As a part of BASF's global portfolio optimization, the Construction Chemicals business of the Company was transferred to Master Builders Solutions India Pvt Ltd on 1<sup>st</sup> July 2020.

The Nutrition & Care segment of your Company comprising of the Care Chemicals, Nutrition & Health Care businesses registered a significant increase in sales during the year under review as compared to the previous year mainly due to strong growth in sales of products used for vitamins & nutritional supplements supported by better pricing strategy & improved margins.

During the year under review, the sales & profits of the Chemicals segment of your Company comprising of the Petrochemicals & Intermediates businesses increased substantially due to high revenue growth of products supplied to agro, pharma, fragrance & speciality ingredients segments.

Export sales stood at Rs. 2,396.9 million during the year under review.

#### **Divestiture of Company's Construction Chemicals business to Master Builders Solutions India Pvt Ltd**

The Board of Directors of your Company at their meeting held on 11<sup>th</sup> February 2020 had approved the divestiture of its Construction Chemicals business to Master Builders Solutions India Private Limited for a consideration of Rs. 5,951.6 million, subject to the approval of the Shareholders of the Company and such other approvals as may be required. For this purpose, the Board had also taken into consideration the independent valuation report of Deloitte Touche Tohmatsu India LLP.

The Shareholders of the Company approved the said divestiture by way of Postal Ballot on 21<sup>st</sup> April 2020 and accordingly, your Company's construction chemicals business was transferred to Master Builders Solutions India Private Limited with effect from 1<sup>st</sup> July 2020 after the receipt of consideration of Rs. 5,951.6 million.

#### **Merger of BASF Performance Polyamides India Pvt Ltd with BASF India Ltd**

BASF Performance Polyamides India Pvt Ltd was originally incorporated as Rhodia Polymers & Specialties India Pvt Ltd on 31<sup>st</sup> January 2011 and carried on the business of manufacture/trading of performance polyamides with a manufacturing site at Panoli, Gujarat. It has a wide range of engineering plastics (major brand: Technyl®) and serves the automobiles, electrical and consumer goods segments.

Pursuant to the approval of the Shareholders of the Company at the 76<sup>th</sup> Annual General Meeting held on 6<sup>th</sup> August 2020, the Company had, on 18<sup>th</sup> August 2020, acquired 100% stake in BASF Performance Polyamides India Pvt Ltd for a consideration of Rs. 3,029.0 million, thereby making it your Company's wholly owned subsidiary. The Board of Directors of your Company at their meeting held on 27<sup>th</sup> August 2020 had approved the Scheme of Merger by way of absorption of BASF Performance Polyamides India Pvt Ltd. with the Company, subject to the necessary statutory & regulatory approvals, including the approval of the Hon'ble National Company Law Tribunal, Mumbai.

The merger of BASF Performance Polyamides India Pvt Ltd. with the Company strengthens the Company's position as a solution provider for key industries & would enhance market access to key growth markets. It would also help the Company in expanding its existing 'Materials' segment and extend value chain through backward integration into key raw materials. The Performance Polyamides business also has operational synergies with the Engineering Plastics business of your Company and merging BASF Performance Polyamides India Pvt Ltd. with the Company ensures focused management thereby resulting in efficiency of management and maximizing value to the Shareholders.

As BASF Performance Polyamides India Pvt Ltd. was a wholly owned subsidiary of the Company, no consideration was paid by your Company pursuant to the said merger and the investment of your Company in the equity shares of BASF Performance Polyamides India Pvt Ltd. stands cancelled. Further, there was no change in the shareholding of the Company, pursuant to the said merger.

The Hon'ble National Company Law Tribunal, Mumbai vide its Order dated 6<sup>th</sup> January 2021 sanctioned the Scheme of Merger, effective 1<sup>st</sup> February 2021 (being the Appointed & Effective Date) and accordingly, BASF Performance Polyamides India Pvt Ltd stands merged with the Company.

### **Share Capital**

Pursuant to the above mentioned Scheme of Merger by way of absorption of BASF Performance Polyamides India Pvt Limited with the Company, as sanctioned by the Hon'ble National Company Law Tribunal, Mumbai vide its Order dated 6<sup>th</sup> January 2021, there is an increase in the authorised share capital of the Company to the extent of authorised share capital of BASF Performance Polyamides India Pvt Ltd. Consequently, the revised authorised share capital of the Company, as on 31<sup>st</sup> March 2021 aggregates Rs. 715,597,150/- which is divided into 71,559,715 equity shares of Rs. 10/- each.

### **Dividend**

The Board of Directors of your Company have recommended a special dividend of Rs. 5/- per equity share i.e. 50% due to the portfolio restructuring measures. This is in addition to a final dividend of Rs. 5/- per equity share i.e. 50% for the financial year ended 31<sup>st</sup> March 2021. The aggregate dividend would be Rs. 10/- per equity share i.e. 100%, which is subject to the approval of the Shareholders at the forthcoming Annual General Meeting on 6<sup>th</sup> August 2021.

Further, as per Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the top 1000 listed entities based on market capitalization are required to formulate a Dividend Distribution Policy. Accordingly, your Company has formulated its Dividend Distribution Policy, which is available on the Company's website at <http://bit.do/basfdividenddistributionpolicy>

### **Directors**

In accordance with the provisions of Section 152 (6) of the Companies Act, 2013, Mr. Rajesh Naik being eligible, offers himself for re-appointment as a Director of the Company at the 77<sup>th</sup> Annual General Meeting of the Company to be held on 6<sup>th</sup> August 2021.

As required under the SEBI Listing Regulations, the details of Director(s) seeking re-appointment at the ensuing Annual General Meeting is provided on page no. 56 of the Corporate Governance Report, forming part of this Annual Report.

### **Finance & Accounts**

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

Your Company follows a prudent financing policy and aims to maintain optimum financial gearing at all times. Your Company's debt equity ratio was 0.1 as at 31<sup>st</sup> March 2021.

### **Capital Expenditure**

Capital expenditure incurred during the year aggregated to Rs. 647.4 million.

### **Credit Rating**

During the year, CRISIL Ltd re-affirmed a credit rating of 'CRISIL AAA' and assigned a 'Negative' outlook for long term debt programme of your Company. The ratings on the Fixed Deposits and Commercial Paper have been re-affirmed at 'FAAA/Stable' and 'CRISIL A1+', respectively.

Further, India Ratings and Research Private Limited has also maintained a credit rating of 'IND A1+' for Commercial Paper Programme of Rs. 7,500.0 million of your Company.

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

### **Fixed Deposits**

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



## Management Discussion and Analysis Report

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

## Corporate Governance

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

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

## Corporate Social Responsibility

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

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

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

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

During the year, 1 meeting of CSR Committee was held on 6<sup>th</sup> August 2020 to recommend the CSR activities to be undertaken by the Company during the financial year 2020-2021. Your Company was required to spend an amount of Rs. 5.37 million on CSR activities during the financial year 2020-2021. Your Company undertook CSR activities mainly in the areas of COVID-19 relief measures viz. distribution of food supplies around Dahej Production Site, donation of ventilators to hospitals, support the launch of 3 state-of-the-art Mobile Acute Care units in Mumbai and other CSR activities under your Company's Water, Sanitation and Hygiene (WASH) & Education theme, details of which are provided in **Annexure I** of this Report.

Further, erstwhile BASF Performance Polyamides India Pvt Ltd, wholly owned subsidiary which has merged with the Company, effective 1<sup>st</sup> February 2021 (being the Appointed Date) has also spent an amount of Rs. 5.91 million mainly towards Covid-19 related CSR activities.

## Business Responsibility Report

Regulation 34(2) of the SEBI Listing Regulations, *inter alia*, provides that the Annual Report of the top 1000 listed entities based on market capitalization, should include a Business Responsibility Report ("BRR").

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

The BRR for the financial year 2020-2021 has also been hosted on the Company's website, which can be accessed at [www.basf.com/in](http://www.basf.com/in)

## Vigil Mechanism

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

## Directors' Responsibility Statement

Your Directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31<sup>st</sup> March 2021 and of the profit of the Company for that period;

- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the annual accounts on a going concern basis;
- (v) they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively; and
- (vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

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

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

#### **Performance Evaluation**

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations, the Company has devised a policy containing criteria for evaluating the performance of the Executive, Non-Executive and Independent Directors, Key Managerial Personnel, Board and its Committees. Feedback was sought by way of a structured questionnaire covering various aspects of the Board's functioning, such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations, and governance. The manner in which the evaluation has been carried out is explained on page no. 52 of the Corporate Governance Report, forming part of this Annual Report.

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

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

#### **Auditors**

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

#### **Secretarial Audit**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. H S Associates, Practising Company Secretaries, Mumbai (C.P. 1483), to conduct the Secretarial Audit of the Company for the financial year 2020-2021 and to furnish the report to the Board. The Secretarial Audit Report dated 11<sup>th</sup> May 2021 forms part of this Report as **Annexure IV**.

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

There are no qualifications/reservations placed by the Statutory Auditor and the Secretarial Auditor in their respective Reports for the financial year ended 31<sup>st</sup> March 2021.

#### **Cost Audit**

The Board of Directors, in pursuance of Section 148 of the Companies Act, 2013, have appointed M/s. R. Nanabhoy & Co., Cost Accountants, Mumbai, having Registration No. 000010, for conducting the audit of the cost accounting records maintained by the Company for the financial year 2021-2022. They have confirmed that their appointment is within the limits of Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified from acting as Cost Auditors.

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

As required by Section 177(8) read with Section 134(3) of the Companies Act, 2013 and the Rules framed thereunder, the composition of the Audit Committee is in line with the provisions of the Companies Act, 2013 and SEBI Listing Regulations, details of which are provided on page nos. 50 and 51 of the Corporate Governance Report, forming part of this Annual Report.

## Related Party Transactions

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

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

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

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

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

During the financial year 2020-2021, except the investment of Rs. 3,029.0 million made by the Company for acquisition of 100% stake in erstwhile BASF Performance Polyamides India Pvt Ltd, which got subsequently merged with the Company effective 1<sup>st</sup> February 2021, the Company has not provided any loan to any person or body corporate or given any guarantee or provided security in connection with such loan or made any investment in the securities of any body corporate pursuant to Section 186 of the Companies Act, 2013.

Further, the Shareholders of the Company had on 3<sup>rd</sup> April 2021, by way of Postal Ballot, have approved the special resolution for placement of Inter-Corporate Corporate Deposits with BASF Catalysts India Pvt Ltd, BASF Chemicals India Pvt Ltd and / or other BASF Group Companies for an aggregate amount not exceeding Rs. 7,500 million.

## Web-link of Annual Return

The Annual Return of the Company for the financial year ended 31<sup>st</sup> March 2021 in prescribed Form MGT-7 is available on the Company's website and can be accessed at <http://tiny.cc/AnnualReturn2020-21> and the Certification of Annual Return by Company Secretary in Practice in prescribed Form MGT-8 can be accessed at <http://tiny.cc/FormMGT8>.

## Particulars of Employees

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

## Prevention of sexual harassment at the Workplace

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

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

There was no complaint of sexual harassment received during the financial year 2020-2021.

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

## **Risk Management**

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

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

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

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

Certain litigations pending with Regulators or Courts have been disclosed as Contingent Liabilities in note no. 35 of the notes to the financial statements for the financial year ended 31<sup>st</sup> March 2021. There are no other significant and material orders passed by the Regulators/Courts, which would impact the going concern status of the Company and its future operations.

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

The COVID-19 situation continues to evolve. The Company has evaluated the impact of this pandemic on its business operations, liquidity and financial position and based on management's review of current indicators and economic conditions, no additional adjustment is required in the financial statements for the financial year ended 31<sup>st</sup> March 2021. Given the uncertainty associated with its nature and duration, the impact may be different from that estimated as at the date of approval of the Audited Financial Statements for the financial year ended 31<sup>st</sup> March 2021. The Company will continue to monitor any material changes to future economic conditions.

## **Board Meetings**

Six Board Meetings were held during the financial year 2020-2021 on the following dates:

- |                                   |                                   |
|-----------------------------------|-----------------------------------|
| (1) 22 <sup>nd</sup> May 2020     | (2) 6 <sup>th</sup> August 2020   |
| (3) 27 <sup>th</sup> August 2020  | (4) 4 <sup>th</sup> November 2020 |
| (5) 9 <sup>th</sup> February 2021 | (6) 30 <sup>th</sup> March 2021   |

## **Declaration of Independence**

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

## **Employee Relations**

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

## **Acknowledgments**

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

On behalf of the Board of Directors  
For BASF India Limited

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

NARAYAN KRISHNAMOHAN  
*Managing Director*  
(DIN: 08350849)

*Mumbai*

*Dated : 11<sup>th</sup> May 2021*

## Annual Report on CSR activities

## 1. Brief outline on CSR Policy of the Company.

In line with the CSR Policy and Schedule VII of the Companies Act, 2013, the CSR Committee has outlined the activities to be undertaken by the Company. Key focus areas, as identified by the Company for community initiatives were Water, Sanitation and Hygiene (WASH) and Education around its manufacturing sites. However, during the financial year 2020-21, owing to the pandemic, your Company decided to additionally focus on COVID-19 relief measures.

Your Company engaged in local community efforts including:

- Donation of ventilators to hospitals in Mangalore, Karnataka and Dahej, Gujarat
- Support the launch of 3 state-of-the-art Mobile Acute Care units at the Jumbo COVID-19 Care Centre in Bandra-Kurla Complex, Mumbai in partnership with the other chemical industry players
- Distribution of food supplies among communities in Dahej, Gujarat

In continuation with the WASH and Education theme, your Company initiated the following:

- WASH activities at Mangalore
- Donation of 150 mobile phones to municipal school children at Navi Mumbai to promote digital education.

## 2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Arun Bewoor	Independent Director	1	1
2	Mr. R. A. Shah	Independent Director	1	1
3	Mr. Rajesh Naik	Manufacturing Head & Whole-time Director	1	1

3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company.

The CSR Policy of the Company is available on the Company's website and can be accessed at <http://bit.do/basfcsrpolicy>

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable – **Not Applicable**
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any – **NIL**
6. Average net profit of the Company as per section 135(5) – **Rs. 268.4 million**
7. (a) Two percent of average net profit of the Company as per section 135(5) – **Rs. 5.37 million**  
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years – **Nil**  
 (c) Amount required to be set off for the financial year – **Nil**

Total CSR obligation for the financial year (7a+7b-7c) – **Rs. 5.37 million**

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs. million)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
5.37	NIL	NIL	NIL	NIL	NIL

- (b) Details of CSR amount spent against **ongoing projects** for the financial year – **NIL**

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (in Rs. million)	Mode of implementation Direct (Yes/No)	Mode of implementation – Through implementing agency	
				State	District			Name	CSR registration number
1.	Ventilator for COVID-19 relief	Promotion of Health Care facilities	Yes	Gujarat	Dahej	0.83	Yes	–	–
2.	Grocery supplies for COVID-19 relief	Eradication of hunger	Yes	Gujarat	Dahej	0.47	Yes	–	–
3.	Ventilator for COVID-19 relief	Promotion of Health Care facilities	Yes	Karnataka	Mangalore	1.18	Yes	–	–
4.	Mobile Acute Care Unit for COVID-19 relief and post COVID medical usage in rural areas	Promotion of Health Care facilities	Yes	Maharashtra	Mumbai	1.5	No	Freedom For You Foundation	CSR00002885
5.	WASH activity	Promotion of health care facilities & sanitation	Yes	Karnataka	Mangalore	0.42	No	Leadership through Education and Action (LEAF) Foundation	–
6.	Smartphone donation	Promotion of education among children	Yes	Maharashtra	Thane	0.97	Yes	–	–
	<b>TOTAL</b>					<b>5.37</b>			

(d) Amount spent in Administrative Overheads – Nil

(e) Amount spent on Impact Assessment, if applicable – Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) – **Rs. 5.37 million**

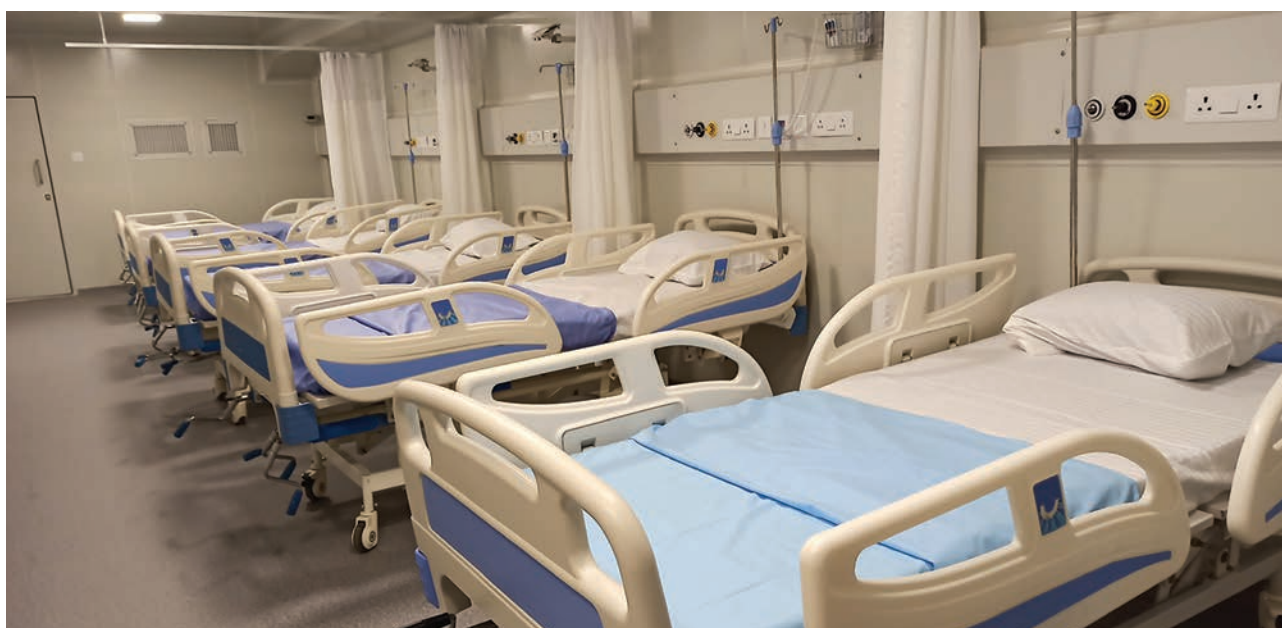
We hereby affirm that the CSR Policy, as approved by the Board, has been implemented and the CSR Committee monitors the implementation of the CSR Projects and activities in compliance with our CSR objectives.

ARUN BEWOOR  
Chairman, CSR Committee  
(DIN: 00024276)

NARAYAN KRISHNAMOHAN  
Managing Director  
(DIN: 08350849)

Mumbai

Dated : 11<sup>th</sup> May 2021



In partnership with the industry, your Company sponsored three state-of-the-art mobile Acute Care Units in one of the largest COVID-19 care centers in Mumbai. Each unit with five Intensive Care Unit (ICU) beds supports several patients each day.

## Business Responsibility Report

### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Sr. No.	Particulars/Activities	Details						
1.	Corporate Identification Number (CIN) of the Company	L33112MH1943FLC003972						
2.	Name of the Company	BASF INDIA LIMITED						
3.	Registered office address	The Capital, 'A'-wing, 1204-C, 12 <sup>th</sup> Floor, Plot No. C-70, 'G' – Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400051.						
4.	Website	www.basf.com/in						
5.	E-mail ID	investor-grievance-india@basf.com						
6.	Financial Year reported	2020-2021						
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Manufacture and sale of chemicals & chemical products						
		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Product</th> <th style="width: 30%;"></th> <th style="width: 20%;">NIC Code</th> </tr> </thead> <tbody> <tr> <td>Chemicals &amp; Chemical Products</td> <td>Chapter 25 to 40 of ITC (HS) Code</td> <td style="text-align: center;">20</td> </tr> </tbody> </table>	Product		NIC Code	Chemicals & Chemical Products	Chapter 25 to 40 of ITC (HS) Code	20
		Product		NIC Code				
Chemicals & Chemical Products	Chapter 25 to 40 of ITC (HS) Code	20						
8.	List three key products/services that the Company manufactures/provides	1) Cellasto® NVH 2) Texapon N 701 GT 3) Acronal IN 004 AP						
9.	Total number of locations where business activity is undertaken by the Company:							
	i. Number of International Locations ii. Number of National Locations	Nil  The Company has 4 manufacturing sites and 13 offices all over India.						
10.	Markets served by the Company	The Company serves national and international markets						

### SECTION B: FINANCIAL DETAILS OF THE COMPANY

Sr. No.	Particulars/Activities	Details
1.	Paid up Capital	Rs. 432.9 million
2.	Revenue from Operations	Rs. 95,583.4 million
3.	Total Profit after taxes	Rs. 5,526.1 million
4.	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Rs. 5.37 million by the Company and Rs. 5.91 million by erstwhile BASF Performance Polyamides India Pvt Ltd, which has merged with the Company, effective 1 <sup>st</sup> February 2021. The amount spent on CSR activities is 2% of the average net profits as computed under Section 135 of the Companies Act, 2013
5.	List of activities in which expenditure in point 4 above has been incurred	Covid-19 relief measures, Water, Sanitation and Hygiene and Education.

## SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/Companies?  
As of 31<sup>st</sup> March 2021, the Company does not have any Subsidiary Company.
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s) – Not Applicable
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities?

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

## SECTION D: BUSINESS RESPONSIBILITY (BR) INFORMATION

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

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



Your Company has ensured strict safety protocols and social distancing measuring across offices & manufacturing sites. Seen in the picture are Mangalore site employees being briefed.



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

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

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

3. Governance related to BR:

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

## SECTION E: PRINCIPLE-WISE PERFORMANCE

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

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

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

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

There was no stakeholder complaint received during the financial year 2020-2021.

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

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

During the financial year 2020-2021, due to Covid-19 induced restrictions, the entire world had undergone a sudden shift and the needs of the industries and workforces had changed drastically.

COVID-19 had a devastating impact on our social lives and our living standards, and called for urgent innovation and support to industry. In this situation, the following Products from our Performance Materials business used creativity to find new avenues to support the people and industries: -

- **Face Mask**

Mask is the basic tool to suppress transmission of virus and save lives during the Covid-19 pandemic. BASF together with Permionics found that there was a need to develop and manufacture high efficiency particulate and bacterial filters for Masks. BASF supplied 4 different Ultrason® grades (PESU) to Permionics and with their membrane domain knowledge & various trials, 2 grades of Ultrason® were finalized, which resulted in the creation of a unique protective, washable, breathable fabric. This is first of its kind application of Ultrason® material. This distinctive fabric is used as a Middle Layer in Face Mask – Defend 99 manufactured by Azista and marketed by Hetero Healthcare Ltd.

- **ecovio® Food Pouches**

During the COVID-19 pandemic, Indian migrant workers, faced multiple hardships. With factories and workplaces shut down due to the lockdown imposed in the country, millions of migrant workers had to deal with the loss of income, food shortages and uncertainty about their future. During this time, BASF Biopolymers teamed up with its distributor Unik Polypack in Mumbai to manufacture certified compostable food pouches made of ecovio®. The pouches were used to pack and distribute meals to the affected people.

- **Elastopor® Solutions for Clean Room Panels, Medical Unit and Vaccine Boxes**

**Isolation wards for Covid-19 Patients:** Our rigid Polyurethane (PU) insulation solutions were used in manufacturing clean room panels, which were extensively used for erecting isolation wards for Covid-19 patients. BASF supported its customers by supplying them with the material despite the lockdown.

**Vaccine Boxes:** BASF's insulation solutions helped last mile connectivity for transportation of Covid-19 vaccine. The lower thermal conductivity solutions helped achieving desired insulation for the duration specified by the Government of India.

**Medical Unit:** BASF partnered with Rinac India for manufacturing of a medical unit for Covid-19 patients as a part of CSR project.

BASF Group has also launched a chemical recycling project i.e. ChemCycling™ with the aim to manufacture high-performance products from chemically recycled plastic waste on an industrial scale. BASF cooperates with technology partners who use a thermochemical process called pyrolysis to transform plastic waste into secondary raw material (pyrolysis oil). This oil is fed into BASF's production network (Verbund) at the beginning of the value chain, thereby saving fossil resources.

Further, ChemCycling™ would also help achieving the following objectives:

- Recycle plastic waste for which no high-value recycling processes are established yet
- Turn plastic waste into feedstock for the chemical industry and thus contribute to a circular economy
- Replace fossil resources and save CO<sub>2</sub> emissions against conventional plastics production

Apart from the above, the following BASF products have also contributed to environment and sustainability:

**i) Single Coat Metallic Paint System**

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

**ii) Pyrrolidine – Key starting material (KSM) for Active Pharma Ingredients (API)**

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

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

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

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

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

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

- The Company had conducted EHS (Environment, Health and Safety) audits for several years. Currently, the Company is focusing on TFS (Together for Sustainability) assessments and audits conducted by third party. Through these audits, it is ensured that the supplier implements and follows sustainability practices (Environmental, Safety and Governance Guidelines – ESG Guidelines). The Company provides recommendations to suppliers wherever improvements are needed and monitors their implementation. The Company has completed 89 online assessments & 19 audits in the last 4 years through Ecovadis, a third party, and the report is shared with suppliers.

BASF SE partnered in the world's first sustainable castor bean program "Pragati" in May 2016 along with Arkema, Jayant Agro and Solidaridad. Castor beans play an important role in the chemical industry where castor oil and derivatives are used as raw material in the production of, plastics, coatings and paints, and pharmaceuticals. Almost 80% of the world's supply of castor seed is produced annually in India. However, castor production struggles with issues of low productivity, non-availability of certified seeds, price pressure and post-harvest handling. In order to address these challenges and to ensuring the sustainable sourcing of castor, Project Pragati was launched with the aim of improving the economic situation of castor farmers and their workers in India, and creating awareness on cultivating castor beans ecologically. Smallholders are trained and audited based on the developed code – 'SuCCESS' (Sustainable Castor Caring for Environmental & Social Standards). The goal is to optimize their yields, reduce the impact on the environment and be able to offer certified sustainable castor oil to the global market.

Over 4,500 farmers have been formally awarded certificates for their achievements in improving the sustainability of their farming.

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

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

The Company is promoting localization by which imported raw materials are sought to be substituted with locally manufactured raw materials, wherever possible, subject to their meeting required specifications, quality & cost. With this initiative, the Company has been helping local suppliers in the Indian Chemical industry to compete in the global market. Also, many of the Company's packaging and service suppliers are in MSME (Micro, Small and Medium Enterprise) category. The Company has been associated with more than 200 MSME suppliers over the past 3 years.

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

The waste generated at the Company's sites is handled in accordance with the authorization issued by the State Pollution Control Board. The solid waste generated in effluent treatment plant including the ash generated from biofuel is sent to the cement industry as co-fuel, which reduces the net greenhouse gas emissions. The other wastes are segregated based on their characteristics, collected and stored in an appropriate manner. Thereafter, they are disposed of as per the hazardous waste authorization issued by the State Pollution Control Board. Your Company's Mangalore production site uses agro-waste bio-mass fuel (briquettes) for steam generation in order to reduce the consumption of natural resources and also reduce the generation of greenhouse gas emissions.

Further, your Company's site at Mangalore has been certified for ISO 14001 Environment Management System, ISO 50001 Energy Management System and follows Responsible Care Management System. At the Company's Mangalore production site, water conservation measures have been initiated to reduce water consumption & wastewater generation. Rain-water harvesting is also adopted at Mangalore production site to recharge the rain-water into the ground.

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

Sr. No.	Particulars	Details
1.	Total No. of employees	1315
2.	Total No. of employees hired on temporary/contractual/casual basis	1602
3.	No. of permanent women employees	119
4.	No. of permanent employees with disabilities	Nil
5.	Whether there are any employee associations that are recognized by management	Refer Note below*
6.	Percentage of permanent employees being members of this recognized employee association?	9.66%

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

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

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

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

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

Permanent Employees (100%):

At the Company's manufacturing sites at Dahej and Thane, the Company had approximately 1.36 million and 0.38 million Safe Man Hours respectively.

The Company has a robust skill assessment program whereby employees at manufacturing sites are provided skill training in line with the skill matrix, which is inclusive of generic skills such as Environment, Health & Safety & Quality and specific skills in their area of domain expertise. Annually, 8573 man-hours and 526 man-hours are spent for imparting training at Company's manufacturing site at Dahej & Thane respectively. This training includes mandatory trainings, soft skills training & discipline specific training.

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

Permanent Women Employees (100%):

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

Casual/Contractual Staff (100%):

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

Employee with Disabilities:

No such employee.

Further, the Company has also provided training to 75 trainees, including 29 women at its offices & manufacturing sites under the National Employability Enhancement Mission (NEEM).

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

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

The Company has mapped its internal and external stakeholders in a structured way and carries out engagements with its investors, employees, customers, suppliers, business partners, industry and the communities surrounding its manufacturing sites, etc. The Company identifies the interest of internal stakeholders like permanent employees through engagement surveys and periodical reviews.

The external stakeholders are mapped through defined activities such as customer events, feedback events (Net Promoter Score – NPS) etc. The Company also reaches out to its external stakeholders on a regular basis through press releases, quarterly newsletters, Investors/Analysts Meet and the Annual General Meeting. The Company also participates in events organized by trade associations and contributes by providing inputs, whenever required.

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

The Company identifies marginalized and disadvantaged groups through need assessment and engagement with local communities in and around the Company's manufacturing sites under its Corporate Social Responsibility (CSR) initiatives. The Company engages with students from low socio-economic backgrounds, women and communities who are deprived of adequate water, hygiene and sanitation facilities. This year in addition to the Water, Sanitation and Hygiene (WASH) activities and Education, the Company's CSR activities focused on COVID-19 relief measures to support the marginalized and disadvantaged communities around its manufacturing sites.

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

The initiatives undertaken by the Company for the disadvantaged, vulnerable and marginalized stakeholders are elaborated in Principle 8 and in the Annexure on CSR activities forming part of the Director's Report for the financial year ended 31<sup>st</sup> March 2021.

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

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

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

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

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

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

There were no stakeholder complaints received by the Company during the financial year 2020-2021.

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

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

Policy related to this principle covers the Company and extends to Group Companies, Contractors etc.

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

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

The Company has won Indian Chemical Council (ICC), Aditya Birla Award for Best Responsible Care Company. The Company has also received Confederation of Indian Industry (CII) Pinnacle Award for Excellence in Manufacturing in Environment Health and Safety category.

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

BASF is setting itself even more ambitious goals on its journey to climate neutrality and wants to achieve net zero emissions by 2050. Based on the most recent progress in developing low-emission and CO<sub>2</sub>-free technologies, the Company is also significantly raising its medium-term 2030 target for reductions in greenhouse gas emissions. BASF wants to reduce its greenhouse gas emissions worldwide by 25 percent as compared with 2018.

At the heart of the long-term transition toward net zero CO<sub>2</sub> emissions by 2050 is the use of new technologies, which will replace fossil fuels such as natural gas with electricity from renewable sources. Most of these technologies are being pioneered by BASF in collaboration with partners and are currently in a pilot stage. Broad scaleup of these

technologies will only be fully realizable after 2030. In order to accelerate the avoidance of CO2 emissions prior to that date, BASF also continues to systematically implement continuous improvement processes for existing production plants. In addition, BASF will progressively switch to renewable sources to meet its electricity requirements.

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

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

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

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

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

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

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

The Company does not have any Clean Development Mechanism Projects.

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

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

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

The advantages of using this sludge are as follows:

- Net reduction in the greenhouse gas emission to the extent of 1 ton per ton of sludge co-incineration.
- There is no need to run the in-house Incinerator to incinerate the said ETP sludge thereby achieving reduction in power consumption.
- The high calorific value of the sludge generates significant energy savings.
- All harmful constituents are completely destroyed in the cement kiln where the temperature is above 1400°C.
- Conservation of fossil fuel by the cement industry.

ii. Bio Boiler:

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

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

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

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

The benefits of the Bio-Boiler are as follows:

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

iii. Energy Management System:

BASF group has already introduced certified energy management system (DIN EN ISO 50,001) at all relevant production sites.

iv. Renewable Energy:

The Company's manufacturing site at Mangalore is meeting its electricity power demand with renewable solar energy, which has helped to reduce carbon dioxide emission.

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

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

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

There were no show cause/legal notices received from Central and State Pollution Control Boards which are pending as on 31<sup>st</sup> March 2021.

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

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

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

- Confederation of Indian Industry
- Federation of Indian Chamber of Commerce
- Global Compact Network, India
- Bombay Chamber of Commerce & Industry
- Indian Management Association
- Indian Chemical Council
- Emission Control Manufacturer's Association
- Indo German Chamber of Commerce
- CropLife India
- Indian Polyurethane Association
- Indian Compostable Polymer Association
- Dyestuff Manufacturers Association of India
- India Energy Storage Alliance

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

Through membership of trade and industry associations, the Company makes efforts to contribute towards sustainability and encourage sustainable business. By reaching out to relevant industry associations and government stakeholders, the Company advocated the need to create a balance between encouraging local manufacturing through various policies and interdependency on global trade partners. Additionally, the Company highlighted the need to collaborate with partners like the European Union with the belief that this would enhance India's global standing in trade especially from the chemical industry perspective. On issues related to environment under Swachh Bharat Abhiyan, the Company has been focusing on use of compostable plastic as an alternative to plastic carry bags. In the area of solid waste management, the Company has been advocating the use of compostable bags instead of virgin plastic bags for conversion of perishable waste to manure by composting.

Under the aegis of 'CropLife India', the Company has been advocating faster introduction of agrochemicals using greener chemistry. Through various forums including events, panel discussions and keynote speeches, BASF has also encouraged use of catalytic converters in vehicles for pollution reduction as part of switch over to BS VI norms.



Suggestions/recommendations on amendments in laws are also taken up through the Industry Associations for submission to the concerned Ministry via industry bodies like CII, FICCI, ICC etc. Lectures on various topics including Corporate Governance & Business Ethics are conducted for Management students at the Indo-German Chamber of Commerce under the 'Seminar Series of Indo German Training Centre'. The Company actively promotes "Responsible Care", "Nicer Globe" initiatives under EHS among chemical industries through Indian Chemical Council for safe, secure and efficient handling and transportation of chemicals.

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

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

Inclusive growth and equitable development are essential to foster sustainable local development and uplift the communities in which the Company operates. Through socio-economic, health and environment initiatives, the Company leverages on its core-competencies to address the stakeholder needs. The Company's CSR Policy meets the compliance requirements under the Companies Act, 2013. The Company has undertaken various community initiatives and projects under its CSR Programs, which are focused on COVID-19 relief, Water, Sanitation and Hygiene (WASH) and Education. The details of the various programs/initiatives adopted by the Company are provided in the Annexure on CSR activities forming part of the Directors' Report of the Company for the financial year 2020-2021.

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

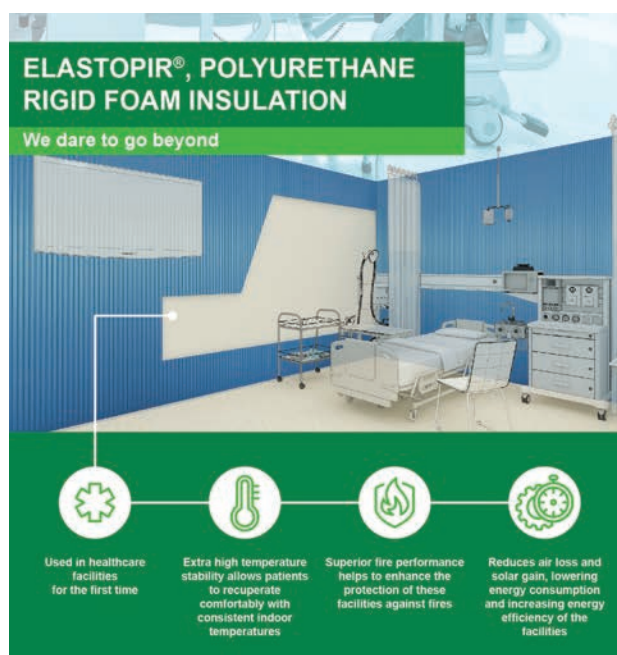
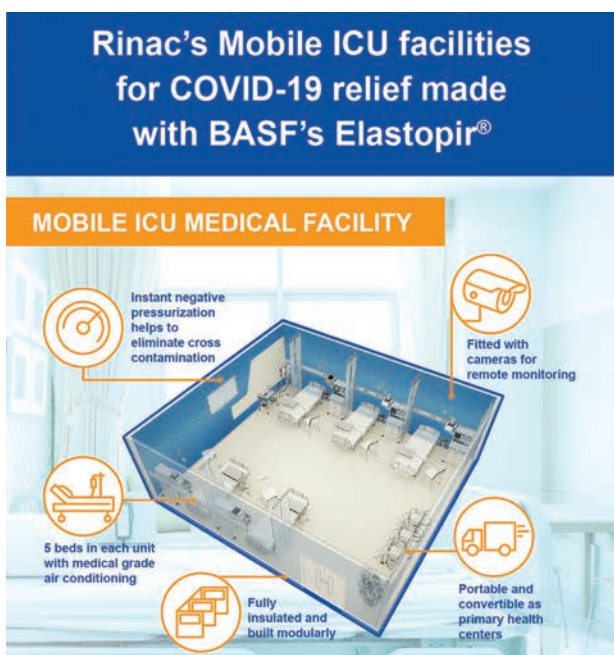
The Company has its own in-house team which plans, monitors and governs the corporate social responsibility initiatives/projects of the Company. The Company implements some of the programs directly and also partners with like-minded implementing Non-Government Organizations (NGOs) such as Leadership through Education & Action Foundation (LEAF), Chennai and Freedom For You Foundation to implement the Company's CSR initiatives.

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

The Company's CSR initiatives are long-term projects. The Company conducts need assessment studies before initiating the projects. The outcome and the impact of each project is monitored and measured by the Company at regular intervals along with its implementing partners and impact assessment studies are carried out periodically to review the long-term impact of the programs. However, due to the COVID-19 pandemic, the Company's priority was on providing immediate, quick relief measures to support communities around sites. Hence, impact assessment study was not carried out during the financial year 2020-2021.

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

During the financial year 2020-2021, the Company was required to mandatorily spend an amount of Rs. 5.37 million on CSR. The details of the activities undertaken by the Company are given in the Annexure on CSR activities forming part of the Directors' Report for 2020-2021.



Rinac India Limited – a leading insulated panel and refrigeration system producer produced mobile medical Intensive Care Unit (ICU) facilities made with Elastopir®, a high-quality polyurethane rigid foam insulation solution from your Company. Traditionally used in the construction of refrigerated spaces for cold storage and animal farming, Elastopir was used for healthcare facilities for the first time.

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

All CSR initiatives undertaken by the Company are planned, monitored and evaluated keeping in view the needs of the communities. Efforts are made for driving sustainability with continued focus on the environment and resource efficiency. This year, the Company's CSR activities focussed on COVID-19 relief and on-going initiatives of Water, Sanitation & Hygiene (WASH) and Education.

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

More than 1,53,000 farmers and 30,000 spraymen have been trained on the safe usage of crop protection products.

The Company has been pioneering the cause of making innovative 'Sanrakshan Kit', which contains certified personal protection equipment designed to meet the safety requirements of farmers and is made available to the farmers at a subsidized price for the past several years. Your Company has continued with providing improved 'Sanrakshan kits' during the financial year 2020-2021.

Since the year 2017, digital outreach on platforms like Facebook, WhatsApp and YouTube have been key focus areas to create mass awareness about safe farming practices. The Company has developed an easy to understand movie showcasing steps of responsible use of crop protection products and this film was viewed by more than 52 lakh viewers on various digital platforms.

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

1. What percentage of customer complaints/consumer cases are pending as on 31<sup>st</sup> March 2021?  
~ 1% of the total customer complaints are pending as on 31<sup>st</sup> March 2021 before various Courts in India.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws?

The Company adheres to all applicable laws and regulations on product labelling. Apart from the mandated declarations, additional declarations relating to the safe handling & use of the products are made on the labels.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof.

No cases were filed by any stakeholders against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years.

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

The Company has rolled out NPS (Net Promoter System) to seek feedback and suggestions from customers.

Further, the Company has launched its first Creation Center in Mumbai which brings customers and BASF's experts together to transform conceptual ideas into creative solutions. The Creation Center is a great platform to explore new ideas and future trends together with designers, engineers, developers and customers, thereby developing innovative solutions to meet the growing market needs. Customers and industry people can explore materials, use interactive digital tools and participate in ideation and material consultancy workshops. They also get access to trend reports, material demonstrators and design events. Together with BASF experts, they seamlessly collaborate from design development to advanced simulations through computer-aided engineering. Creation Center offers a wide range of resources in unique collaborative spaces, to empower designers, engineers and developers to create new products using BASF's innovative material solutions and support the emerging design requirements of the market.

On behalf of the Board of Directors  
For BASF India Limited

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

NARAYAN KRISHNAMOHAN  
*Managing Director*  
(DIN:08350849)

Mumbai

Dated : 11<sup>th</sup> May 2021

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

#### **A. CONSERVATION OF ENERGY**

Your Company's focus on Energy Management, Operational Excellence, Plant Reliability improvement continued. Your Company continued its policy of giving priority to energy conservation measures including regular review of energy generation, distribution, consumption and effective control on utilization of energy in its manufacturing facilities at Navi Mumbai (Maharashtra), Mangalore (Karnataka), Dahej and Panoli (Gujarat).

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

- Replacement of old chiller by energy efficient air-cooled scroll chiller.
- Replacement of the existing off gas thermal oxidizer with a safer and more efficient one.
- Replacement of pumps for energy savings.
- Installation of energy efficient motors.
- Initiation of installation of CO2 flooding system at some HT (High Tension) electrical installations based on risks and need.
- Replacement of old lights with LED (Light Emitting Diode) for power saving.
- Purchase of electricity from Open Access at cheaper rate.
- Power factor improvement.
- Installation of solar lights at boundary area.
- Application of Auto Voltage Regulator instead of Conventional Transformer used for lighting.
- Redesigning of cooling tower pump by trimming impeller for reduced energy consumption.
- Decentralized compressed air system to reduce energy losses & also save electrical energy.
- Hot water system replacing steam boilers saving considerable amount of energy & fuel requirement.
- Avoiding double handling of finished goods in the process of dispatch, reducing fuel considerably.
- Increased reuse of treated of effluent water done to reduce fresh water consumption.
- VFD (Variable Frequency Drive) for Bio-aerator agitator to optimize the energy consumption based on the dissolved oxygen level of Bio-aerator.
- Replacement of energy efficient ice compressor and ice making equipment for flake ice plant.
- Replacement of old motors with IE3 energy efficient motors in phased manner.
- Generation of steam using biomass instead of furnace oil resulted in lesser cost and lower carbon dioxide generation.
- Effective running of existing process water pumps using PID (Proportional Integral Derivative) controller.

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

- Initiating employee engagement program to identify & develop energy saving measures, operation excellence.
- Monthly resource conservation meeting to optimize plant consumption.
- Carrying out steam & energy audit.
- Creating awareness on energy conservation among employees.
- Optimizing utility energy consumption in the plant through resource conservation.
- Change in operation philosophy.
- Reduction in energy consumption of chillers by descaling.
- Automation of central utility air compressors.
- Re-cycling of waste-water (Reverse Osmosis reject) and cooling tower blowdown water.
- Replacement of process water pump with hydropneumatics system intended as an energy saving measure.
- Timer bases system to be implemented for high energy consuming blowers & also for lighting system in Plant & Warehouse.

Requisite data in respect of Energy Consumption is given below:

	<b>Current Year 1.4.2020 to 31.3.2021</b>	Previous Year 1.4.2019 to 31.3.2020
Power & Fuel Consumption		
1. Electricity		
(a) Purchased		
Units (in '000 kwh)	<b>47,554.9</b>	51,714.6
Total amount (Rs. in million)	<b>383.1</b>	416.1
Rate per unit (Rs.)	<b>8.1</b>	8.3
(b) Own generation		
Through diesel generator		
Units (in '000 kwh)	<b>439.5</b>	545.8
Units per litre of oil	<b>3.3</b>	3.2
Cost per unit (Rs.)	<b>20.6</b>	17.5
2. Coal (specify quality and where used)		
Qty. (tonnes)	<b>N.A.</b>	N.A.
Total cost	<b>N.A.</b>	N.A.
3. Furnace Oil/Fuel		
Qty. (k. litre)	<b>561.2</b>	490.0
Total Amount (Rs. in million)	<b>14.5</b>	15.0
Average rate (Rs./litre)	<b>25.8</b>	30.6
4. Natural Gas		
Qty (KNCM)	<b>5,215.0</b>	5,504.4
Total cost	<b>180.6</b>	188.9
Average rate	<b>34.7</b>	34.6

## B. TECHNOLOGY ABSORPTION

### Research & Development (R&D):

#### 1. Specific areas in which R&D was carried out by the Company.

During the year, the R&D Centre of the Company was engaged in supporting all the businesses through innovations and undertook multifold research activities including:

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

Work on Global Research projects include:

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

Your Company's Coatings Technology Center at Mangalore focuses on advance research & development activities like Coatings for Autonomous Vehicles, which are optimized for various types of sensors. Moreover, the center has some advanced research & development projects for developing coatings for new substrates enhancing light weighting. Some of the other efforts are in the area of making repellent coatings for environmental factors. These products will have a very high potential of contributing to light weighting of vehicles and ultimately result in lower fuel/energy consumption and contribute to environmental protection. There are several efforts undertaken to improve the existing coatings technologies to meet heightened requirements from the existing and new customers. Some of the projects are in the area of color development which aims for unique color space and meeting requirements from OEM customers. Moreover, center has also focused on improving the existing processes for manufacturing of the several products and intermediates, which will lead to conservation of environment by minimizing the wastes from the processes.

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

Your Company's Agricultural Research Station at Pune is recognized by Department of Scientific and Industrial Research, Ministry to Science and Technology. Testing of innovative research compounds is done in green house and fields for efficacy and safety against economically important pests, weeds, and diseases. Baseline monitoring and resistance monitoring tests were carried out for newly introduced insecticides under controlled laboratory conditions enabling the business to take right decisions for new product introduction in the market. Additionally, resistance monitoring on newly introduced herbicide was carried out under laboratory conditions which helps to understand resistance in weeds and thereby mitigate its impact by carrying out effective education and training programs.

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

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

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

## **3. Expenditure on R&D (net): Rs. 61.4 million.**

### **TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:**

#### **1. Efforts in brief, towards technology absorption, adaptation and innovation:**

The R&D Centre of your Company is recognized by the Ministry of Science and Technology, Government of India. The Centre undertakes research in several areas including:

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

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

#### **2. Benefits derived and the results of the above efforts:**

New products were developed and commercialized during the year. Efforts in process optimization led to cost reduction. This helped the businesses to remain cost competitive. Batch sizes and cycle times were optimized for better efficiency and manufacturing equipments were modified for overall improved productivity.

#### **3. Imported Technology:**

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

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

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

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign exchange earnings during the year: Rs. 2,396.9 million.

Foreign exchange expenditure during the year: Rs. 2,283.6 million.

On behalf of the Board of Directors  
For BASF India Limited

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

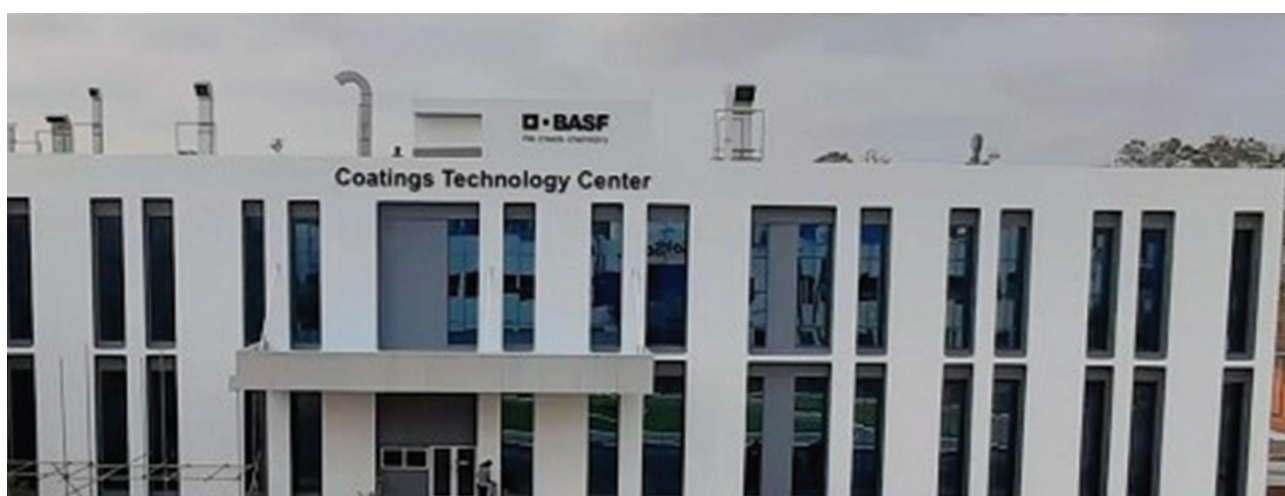
NARAYAN KRISHNAMOHAN  
*Managing Director*  
(DIN:08350849)

Mumbai

Dated : 11<sup>th</sup> May 2021



The Technical Services Lab at Mangalore for the Automotive Coatings business completed a decade of successful R&D operations in 2021 and was re-branded as Coatings Technical Center. Additionally, the Department of Scientific and Industrial Research of the Government of India has recognized it as a R&D unit.



**SECRETARIAL AUDIT REPORT**

Form No. MR-3

FOR FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH 2021.

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

To,  
The Members,  
BASF INDIA LIMITED

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period ended on 31st March 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers and minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2021, to the extent applicable provisions of:

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

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

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

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

**We further report that:**

The Board of Directors of the Company is constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the year under review.

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

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

We further report that during the Audit period:

1. The Annual General Meeting of the Company for the financial year ended 31<sup>st</sup> March 2020 was held on 06<sup>th</sup> August 2020 through Video Conferencing/Other Audio Visual means in view of outbreak of the COVID-19 pandemic and the relevant MCA and SEBI circulars.
2. The Company has declared and paid the Final dividend @30% i.e. Rs. 3/- per Equity Share for the financial year ended 31<sup>st</sup> March 2020 at their Annual General Meeting held on 06<sup>th</sup> August 2020 which was in compliance with the provisions of Section 123 of the Companies Act, 2013 read with Rule 3 of the Companies (Declaration and Payment of Dividend) Rules, 2014.
3. The Company has obtained Shareholders approval for payment of remuneration payable to M/s. R. Nanabhoy & Co., Cost Accountants (Firm Registration No: 000010) as Cost Auditors for the financial year ended 31<sup>st</sup> March 2021, pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 at their Annual General Meeting held on 06<sup>th</sup> August 2020.
4. The Company has obtained Shareholders approval for acquisitions of 100% Stake in BASF Performance Polyamides India Pvt. Ltd. (Formerly Known As Rhodia Polymers & Specialties India Pvt. Ltd.) at their Annual General Meeting held on 06<sup>th</sup> August 2020.
5. The Company has transferred an amount of Rs. 8,45,104/- (Rupees Eight Lakh Forty Five Thousand One Hundred and Four) on 27<sup>th</sup> October 2020 and corresponding 14,673 (Fourteen Thousand Six Hundred and Seventy Three) Equity shares on 20<sup>th</sup> November 2020 to IEPF Authority for the financial year 2012-13 pursuant to section 124(5) of the Companies Act, 2013 read with the applicable rules made thereunder.
6. The Company has obtained Shareholders approval through Postal Ballot process vide Scrutinizers Report dated 24<sup>th</sup> April 2020 for Ratification of Appointment of Mr. Dirk Bremm (DIN: 08511847), as a Director of the Company who was appointed as Director due to the casual vacancy, caused by resignation of Mr. Raimar Jahn, from 21<sup>st</sup> July 2019, under Section 161(4) of the Companies Act, 2013.
7. The Company has obtained Shareholders approval through Postal Ballot process vide Scrutinizers Report dated 24<sup>th</sup> April 2020 for transfer of Construction Chemicals Business of the Company to Master Builders Solutions India Private Limited.
8. The Company has listed the following Commercial Papers on BSE Limited during Financial Year 2020 – 2021, the details of which are as follows:

Sr. No.	Date of Allotment	Stock Exchange	ISIN	Date of Maturity
1	29 <sup>th</sup> April 2020	BSE Limited	INE373A14990	30 <sup>th</sup> June 2020
2	28 <sup>th</sup> May 2020	BSE Limited	INE373A14AA6	31 <sup>st</sup> July 2020
3	29 <sup>th</sup> July 2020	BSE Limited	INE373A14AB4	27 <sup>th</sup> October 2020
4	25 <sup>th</sup> August 2020	BSE Limited	INE373A14AC2	23 <sup>rd</sup> November 2020

During the Financial year, the credit ratings for Company's commercial papers has been reaffirmed as 'CRISIL A1+' and "IND A1+" by CRISIL and India Ratings and Research Private Limited respectively.

9. The Company had acquired 100% stake in BASF Performance Polyamides India Pvt. Ltd. (Formerly Known As Rhodia Polymers & Specialties India Pvt. Ltd.) in August 2020 thus making it a 100% wholly owned material subsidiary. Subsequently, the Company had filed Petition for Merger by way of absorption of BASF Performance Polyamides India Pvt Ltd, 100% wholly owned subsidiary, with the Hon'ble NCLT, Mumbai. The Hon'ble National Company Law Tribunal, Mumbai Bench vide its final order dated 06<sup>th</sup> January 2021 has approved the Scheme of Merger by Absorption of BASF PERFORMANCE POLYAMIDES INDIA PRIVATE LIMITED with BASF INDIA LIMITED and their respective shareholders with effect from the Appointed date of 01<sup>st</sup> February 2021.



10. The Registered office of the RTA (TSR Darashaw Consultants Private Limited) of the Company shifted from 6, H.M. Patrawala Industrial Estate, Near Famous Studio, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai – 400 011 to C-101, 1<sup>st</sup> Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli West, Mumbai – 400083 with effect from 01<sup>st</sup> March 2021.
11. The title deeds of immovable properties, as disclosed for fixed assets in the financial statements for the financial year ended 31<sup>st</sup> March 2021, are held in the name of the Company, except for the following:
- (i) Leasehold land held at one of the Company's manufacturing location (Gross Block – Rs. 21.4 million and Net Block – Rs. Nil), for which the Company is in the process of complying with terms of lease cum sale agreement and basis completion thereof, would execute the final sale agreement to obtain the right of ownership thereon;
- and
- (ii) Freehold land held presently in the name of erstwhile BASF Performance Polyamides India Private Limited ('BPPIPL') (Gross and Net Block – Rs. 19.4 million), vested with the Company pursuant to merger of BPPIPL, for which the Company is in process of getting this property transferred in its name
12. As on financial year ended 31<sup>st</sup> March 2021, in respect of certain direct and indirect tax and other litigations (comprising various claims filed by other parties not acknowledged as debt), the Company held provisions of Rs. 402.3 million and disclosed contingent liabilities (to the extent not provided for) of Rs. 5,012.5 million. The management's assessment is supported by advice from independent tax and legal consultants, wherever considered necessary by the management. Any, unexpected adverse outcomes could significantly impact the Company's reported profit and financial position.

*Place : Mumbai*  
*Dated : 11<sup>th</sup> May 2021*  
ICSI UDIN : F002827C000275451

**For HS Associates  
Company Secretaries**

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

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

## **Annexure – 1**

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

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

*Place : Mumbai*

*Dated : 11<sup>th</sup> May 2021*

ICSI UDIN : F002827C000275451

**For HS Associates  
Company Secretaries**

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

## Annexure – 2

To,  
The Members,  
BASF INDIA LIMITED

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

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

**Note:** This report is based on the data received through electronic mode. Physical verification of the data and corresponding documents could not be accessed due to COVID-19 pandemic and restrictions imposed by the Maharashtra Government and local authorities.

*Place: Mumbai*  
*Dated : 11<sup>th</sup> May 2021*  
ICSI UDIN: F002827C000275451

**For HS Associates  
Company Secretaries**

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

## FORM NO. AOC – 2

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

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

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

There were no contracts or arrangements or transactions of the Company during the year ended 31<sup>st</sup> March 2021, which were not at arm's length basis.

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

Name(s) of the related party & nature of relationship	Nature of contract/arrangement/ transaction	Duration of contract/ arrangement/ transaction	Salient terms of the contracts/ arrangements/ transactions	Amount (Rs. in million)
BASF SE, Parent Company	(a) Sale and/or purchase of goods. (b) Availing or rendering of services. (c) Royalty.	On-going transactions	As per Inter Company Transfer Pricing (ICTP) Guidelines	7,085.0
BASF Hong Kong Limited, Affiliate Company	(a) Sale and/or purchase of goods. (b) Availing or rendering of services.			28,093.0
Master Builders Solutions India Pvt Ltd, Affiliate Company	Divestiture of Construction Chemicals Business of the Company	One-time contract	On arms' length basis and in accordance with independent valuation report	5,951.6
BASF SE, Parent Company and BASF Nederland B.V., Affiliate Company	Acquisition of 100% stake in erstwhile BASF Performance Polyamides India Pvt Ltd.			3,029.0

On behalf of the Board of Directors  
For BASF India Limited

PRADIP P. SHAH  
Chairman  
(DIN: 00066242)

NARAYAN KRISHNAMOHAN  
Managing Director  
(DIN:08350849)

Mumbai

Dated : 11<sup>th</sup> May 2021

## Annexure VI

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

1. The ratio of the remuneration (paid/payable) of each Director to the median remuneration of the employees of the Company for the financial year 2020-2021: (Amount in Rupees)

Sr. No.	Name of Director	Remuneration	Median Remuneration of Employees	Ratio
1.	@^Mr. Narayan Krishnamohan (Managing Director)	47,467,784	1,390,800	34.13
2.	*@^ Mr. Narendranath J. Baliga (Chief Financial Officer & Alternate Director)	20,433,611	1,390,800	14.69
3.	** Mr. Pradeep Chandan (Company Secretary & Alternate Director)	16,832,049	1,390,800	12.10
4.	Mr. Rajesh Naik (Manufacturing Head & Whole-time Director)	15,642,243	1,390,800	11.25

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

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

@ The aggregate remuneration paid/payable to Mr. Narayan Krishnamohan and Mr. Narendranath J. Baliga for the financial year 2020-21 includes Performance Linked Incentive (Short Term Incentive) proportionately apportioned for 9 months (April 2020 – December 2020) & the Performance Linked Incentive provisions created in the books of accounts proportionately for 3 months (January 2021 – March 2021) based on the Target Short Term Incentive for the calendar year 2021.

^ The Ultimate Holding Company ('BASF SE') offers Share Price based compensation program ('Long Term Incentive') for Senior Executives of BASF Group. Mr. Narayan Krishnamohan & Mr. Narendranath J. Baliga are eligible for this program. The long-term incentive of Rs. 41,84,746/- and Rs. 17,09,695/- has been accrued by the Company for the financial year 2020-21 for Mr. Narayan Krishnamohan and Mr. Narendranath J. Baliga respectively. This does not form part of the aforesaid remuneration and there is no cash outflow by the Company for the financial year 2020-21.

2. Percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary in the financial year 2020-2021 (compared to the FY 2019-2020):

Sr. No.	Name	Designation	Percentage increase in remuneration
1.	Mr. Narayan Krishnamohan	Managing Director	5.15
2.	Mr. Narendranath J. Baliga	Chief Financial Officer & Alternate Director	6.79
3.	Mr. Pradeep Chandan	Company Secretary & Alternate Director	3.94
4.	Mr. Rajesh Naik	Manufacturing Head & Whole-time Director	4.01

3. Percentage increase in the median remuneration of employees in the financial year 2020-2021 is 6.65%.
4. The number of permanent employees on the rolls of the Company as on 31<sup>st</sup> March 2021 are 1315.
5. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

Average percentile increase for Managerial Personnel is 4.97% and for other employees is 6.65%.

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

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

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

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

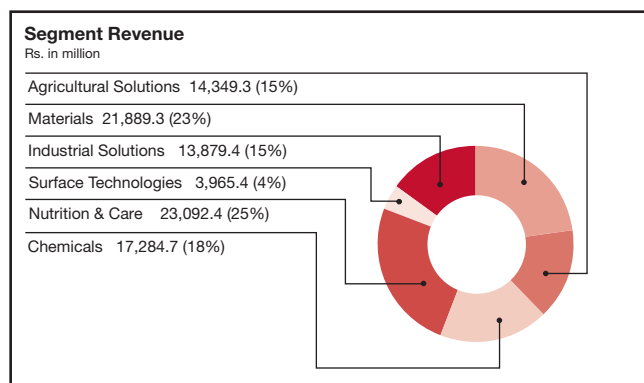
On behalf of the Board of Directors  
For BASF India Limited

PRADIP P. SHAH  
Chairman  
(DIN: 00066242)

NARAYAN KRISHNAMOHAN  
Managing Director  
(DIN: 08350849)

Mumbai  
Dated : 11<sup>th</sup> May 2021

# Management Discussion and Analysis Report



Global GDP (Gross Domestic Product) was - 4.4% in 2020, significantly lower as compared to the growth rate of 2.6% in 2019. International Monetary Fund has described this decline as the worst, since the Great Depression of the 1930s. Slow private consumption, travel restrictions, shutdown of economic activities owing to COVID-19 pandemic across the globe, lead to this decline. The production of chemicals (excluding pharmaceuticals) decreased worldwide during 2020, particularly in the Asian emerging markets, where a drop of 9.8% was observed.

In the financial year 2020-21, India's GDP is estimated to shrink by 7.7%. Among the worst hit areas by the pandemic, estimates indicate that industry will contract by 9.6% and services by 8.8%. Agriculture sector has emerged as a resilient silver lining in the current scenario and expected to grow at 3.4%. India's manufacturing sector was estimated to grow at 2% in the financial year 2020-21. This is further fueled by Government focus on making India self-reliant through Aatmanirbhar Bharat and incentivizing domestic manufacturing through schemes like PLI (Production linked incentive). The automotive sector, where a substantial portion of your Company's products are supplied, shows a positive trend post lockdown period of 2020. India's Automotive production is expected to grow at around 10% over the next few years and is expected to reach the 2018 production level by 2022. Despite the lockdown of 2020, India successfully transitioned into BS VI technology.

The Indian economy is witnessing a V-shaped recovery despite the challenges posed by the global pandemic. As per the economic survey, the economy is expected to grow at 10% on an average during the financial year 2021-2022.

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

Note: - Source of Global & Indian Economy Data: International Monetary Fund (World Economic Outlook), Economic Survey of India 2020-21 published by Ministry of Finance, Government of India



To enable effective outreach to farmers, the Agricultural Solutions business of your Company launched mobile games where farmers could earn rewards while learning how to protect their crops through gamification!

YouTube to create awareness about safe farming practices amongst farmers. In 2019, the Company developed an easy to understand, language neutral animation movie showcasing 9 steps of responsible use of crop protection products. In 2020, due to the pandemic and social distancing norms, the Agricultural Solutions business adapted 'Suraksha Hamesha' meeting through digital mode by conducting exclusive digital meetings in various languages with farmers. More than 52 lakh farmers learnt about use of digital platforms and safe farming practices through our digital initiatives.

## AGRICULTURAL SOLUTIONS

The Agricultural Solutions business produces products required for Crop Protection, such as insecticides, herbicides, fungicides, and plant growth regulators.

The sales of the products of your Company's Agricultural Solutions business depends on the monsoon and its distribution across India. The rainfall was 15% above normal in June 2020, turned deficit in the second half of July 2020 and ended in a surplus by September 2020. Our well diversified portfolio and excellent team steered the business with a double-digit growth during the financial year 2020-21 as compared to the financial year 2019-20.

This growth was led by newly launched products, such as Sefina™ and Priaxor® for Cotton, Tynzer™ for Corn and Xelora® for soybean.

Your Agricultural Solutions business and its team's effort was recognized with the BASF Agro Business Award in 2020 for living business excellence and people connect.

Since 2017, the Agricultural Solutions business has been using digital platforms like Facebook, WhatsApp &

## CHEMICALS

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



Due to their high reactivity, Alkaline Oxide and Glycol from petrochemicals portfolio can be further processed into a wide variety of downstream products eg: PET bottles, functional clothing, detergents and furniture.

The Petrochemicals business of your Company comprises of oxo-alcohols, acrylic acid, acrylic monomers and specialty plasticizers. These products are used in a variety of end user industries including paints & coatings, adhesives, a variety of flexible PVC applications such as wires and cables, and as solvents in the chemical industry. Since the Petrochemicals business caters largely to non-essential end user industries, demand and sales were severely impacted during the first quarter of the financial year 2020-21. However, as the lockdown lifted, demand recovered strongly in the second quarter, reaching pre-Covid levels in the third quarter and remained strong through the end of the year, supporting a strong recovery in sales. Consequently, your Company delivered double digit margin growth in the Petrochemicals business. BASF's innovative and trusted non-phthalate plasticizer Hexamol® DINCH continued to make inroads into a range of niche applications.

The Intermediates business of your Company supplies chemicals that cater to major industry segments viz. pharmaceuticals, agrochemicals, coatings, food & feed, flavour & fragrance, surfactants, rubber chemicals, textiles, personal care, adhesives, dyes, etc.

The financial year 2020-21 was challenging on account of COVID-19 and its effects, which affected the demand globally and had an adverse impact on the demand in India, especially during the period between April and June 2020. Apart from Pharmaceuticals, Agrochemicals and Personal care, which were doing well even during the lockdown, there was a strong recovery in other industries viz. Food, Coatings, Automotive, Consumer goods, etc. from July 2020 onwards. Your Company's diversified production sites and continuous efforts to support customers through this difficult phase by leveraging our strong customer relationships helped us mitigate the difficult business environment and secure a majority supply share in their key products. Our key customers in Pharmaceuticals & Agrochemicals industries appreciated our services during this period, which helped them run their plants continuously.



Ionic Liquids from the Intermediates business of your Company are used in chemical reactions and separation processes, along with application in hydraulic fluid and lubricants.

In Asia Pacific, China and India showed a very strong recovery and consequent to the same, the prices began an upward trend by October 2020 as the demand picked up and supplies became limited. In the fourth quarter of the financial year 2020-21, a winter storm in Texas, USA impacted major petrochemical plants causing severe disruption in the chemical value chain resulting in further shortages of products. In addition to this, global logistics witnessed serious disruptions due to scarce availability of vessels and containers. This resulted in a severe shortage of products in the market thereby increasing prices further.

Despite these challenges, our Chemicals business has been on an upswing from July 2020 onwards riding on a strong demand recovery from major industry segments viz., pharmaceutical, agrochemicals, food & feed, coatings, flavour & fragrance and personal care ingredients.

## MATERIALS



Driving customer collaboration through the Creation Center inaugurated in 2019. During the COVID-19 situation in 2020, your Company ideated with customers virtually and had 20+ connect sessions between April to December 2020.

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

The Performance Materials business of your Company, which consists of polyurethanes, engineering plastics and specialty plastics, caters to the requirements of the Consumer, Construction, Industrial Product applications and Transportation Industries.

The production of passenger vehicles declined substantially by 10.6% in the financial year 2020-21 despite the sharp surge in the demand after September 2020 due to the lockdown. Material shortage and shipment delays made it necessary to switch to imports resulting in longer delivery times. Your Company's product lines that cater to the Interior, Exterior, Powertrain, Chassis and Vehicle Suspension related

applications were also adversely impacted by the slowdown and the consequential fall in prices but managed to decline at a slower pace than the market. The business continues to sweat the assets of its Engineering Plastics unit at Thane and Panoli and CELLASTO® production unit at Dahej Plant.

The Consumer Industry segment continues to have a strong presence in the appliances (refrigerator), footwear and furniture markets. Increased utilization of your plant at Dahej was ensured by the Appliance business unit by addition of new customers. Your Company is also providing solutions to the footwear market and its customers by providing lighter and comfortable products for sports and casual shoes. Due to the effects of pandemic, this segment witnessed a decline in volume and value during the financial year 2020-21.

In the Construction segment, new grades (without non-Hydrochlorofluorocarbon 141 b) were introduced which helped service customers in the Clean room segment and were instrumental in supporting the pharma industry during the COVID-19 pandemic. Your Company also supported customers set up mobile ICU units with its Elastopir® range of insulation materials. The segment has shown growth in the last quarter due to the new initiatives and by working closely with all stakeholders in the industry.



Your Company had earlier completed the acquisition of BASF Performance Polyamides India Private Limited in 2020. With this, the Monomers and Performance Materials business can now offer support to customers with even better engineering plastics solutions, e.g., for autonomous driving and e-mobility

The Industrial Product segment continued to make inroads in electrical and electronic applications by acquiring new customers and by commercializing new applications, through its strong channel strategy. The Industrial Product segment will also play a key role in emerging businesses like 5G and e-mobility connected infrastructure.

Your Company's Specialty business, comprises of products Ultrason®, compostable plastic material Ecovio® and thermal and sound insulating melamine foam Basotect® was impacted by the lockdown and reduced demand.

Despite the sluggish start, the sales of the Performance Materials business saw good recovery with price increase and improved margins in second half of the financial year 2020-21.

The Monomers business deals in basic raw materials for polyurethanes, inorganics & polyamides and its precursors. Your Company's products catering to essential industries such as food & packaging, pharma and agro-chemicals remained active throughout. Despite the impact of volumes during the first half of the financial year 2020-21, the MDI business revived due to strong demand in flexible PU foams, flexible packaging and coating adhesives. Consumer demand for online purchases secured the sales of TDI in rigid PU foam sector applications. Overcapacities in Asia with fluctuating raw material prices pose a challenge for this business.

The polyamides portfolio acquired from Solvay for upstream applications was successfully integrated in the business and also showed good synergies with Isocyanates customers' base. Barrier films for packaging and monofilament segment remained focus for this business.



## INDUSTRIAL SOLUTIONS

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

The Dispersions business of the Company caters to the needs of paints & coatings, construction and paper industries. The Resins & Additives caters to the needs of adhesives, automobile, printing & packaging industries.

Apart from the effects of pandemic induced lockdown, this business witnessed high volatility in demand, logistic issues and force majeure at its plants. Despite these challenges, the Dispersions & Resins business was able to perform well on the top line & bottom line.

The growth was also led by the launch of innovative products during the financial year 2020-21. Architectural coating helped the customers to introduce elastomeric coatings and hygiene paints such as anti-bacterial for interiors. Paper coating developed first ever 100% recyclable contact paper board for food plates & trays. Construction segment was successful in launching a transparent sealant.

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

Your Company's Plastic Additives business is categorized into antioxidants and light stabilizers for the plastic industry. Your Company continues to grow in the upstream market with the expansion of capacities of major polymer producers. Business continues to focus on value-added



High-performance light-weight component: The natural composite material based on natural fiber was produced by using BASF's Acrodur binder. Acrodur is a high performance, water-based acrylic binder from the Dispersions and Resins business segment of your Company.



GLYSANTIN® G48® Ready Mix Lubricant offers a silicate type hybrid technology. It protects vehicles through various inorganic and organic corrosion inhibitors and is a part of the Fuel and Lubricants business of the Performance Chemicals segment of your Company.

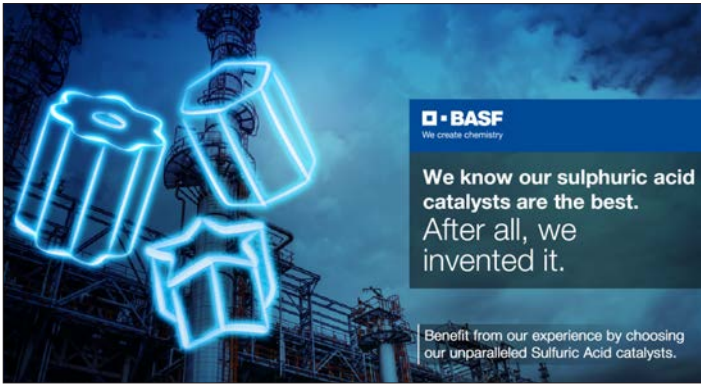
provide performance improvement & cost optimization and thus help customers to create value to deliver durable, functional & sustainable products. The architectural coatings, tyres and plastic & rubber continues to be focus area for future growth of this business.

The Mining Solutions business caters to solid-liquid separation applications in various mineral processing areas viz: coal, iron ore, mineral sand, alumina, zinc and lead, copper, construction sand, etc. Apart from this, Mining solutions also provides innovative solutions to industries in areas such as Polyacrylamide, Innovative binder chemistries and Hydrometallurgy.

products to customers to further enhance sales. Innovative solutions were offered to India's renewable & sustainable solar energy initiative, to meet the stringent specifications for HDPE (High-density polyethylene) pontoons which support floating of solar panels placed over the surface of water bodies. Plastics additives business experienced surge in demand during COVID-19 mainly in downstream industries such as packaging, hygiene and medical segments.

The Fuel and Lubricant Solutions business caters to the automotive, fuel, lubricants, refinery and refrigeration industries. This business also caters to the markets of Polyisobutylene, base-stocks and compounded synthetic lubricants. Fuel and Lubricant Solutions provide products that are safe and contribute towards meeting environmental concerns and enable end-consumers to achieve energy efficiency. Focused business development activities helped to significantly increase the sales of Coolants in off-Highway segments (including farm equipments) as well as in the aftermarket area. Opportunity for Polyisobutylene in automotive package house has resulted in increased share in this market segment.

The Kaolin minerals business caters to diverse application segments such as architectural coatings, automotive coatings, inks, wires & cables, tyre, construction, plastic & rubber and specialty paper applications. Kaolin products



Your Company ran a targeted campaign on a prominent social media platform for Sulphuric Acid Catalysts. Part of the Process Catalyst business, the catalysts help in realizing energy savings, reduced downtime risks and improved regulatory compliance as well as profits for customers.

## SURFACE TECHNOLOGIES

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

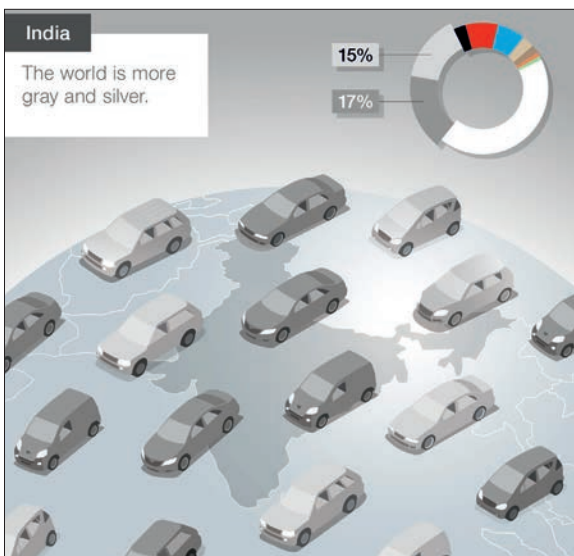
The Process Catalysts business caters to the refining, petrochemicals and downstream base and fine chemical industries. During the year, the capacity utilization rates across refineries and petrochemical industries decreased due to plunging oil prices. New project activities also significantly decreased leading to a drop in catalyst and adsorbent sales. However, the Company's catalyst plant at Mangalore was able to achieve break-even with the growth in customer base and good performance of pharmaceutical and agrochemical industries. However, with the

continued COVID-19 crisis, there seems to be a threat to the regular business for downstream catalysts as customers may decide to reduce their expenditure by going for extended catalyst life operations.

After the decline in 2019, the automotive industry in India had experienced a steep decline in 2020 in the four-wheeler, two-wheeler, and commercial vehicle segments. The Coatings business of your Company predominantly comprises of the passenger vehicle and two wheelers segment. The automotive coatings market is constantly searching for innovative solutions to improve appearance and quality and to reduce cost and environmental impact. Your Company has a wide portfolio to cater to these market needs and is well connected with major customers globally. Many of the major OEMs are expected to expand their production capabilities and set up new plants depending on their strategic intent to capture the future potential of the Indian automotive industry. The Company has also witnessed interest from the other OEMs, to enter India with their passenger vehicle portfolio.



Cathoguard® 800 cathodic electrocoat from the Surface Technology business of your Company helps protect automobiles from corrosion. It has contributed to the durability of millions of cars globally.



The data cited in the BASF Color Report 2020 for Automotive OEM Coatings unveiled in early 2021 shows lower total vehicle production than past years. However, it also indicates increasing preference for achromatic colors like Gray and Silver in addition to the color White in India.

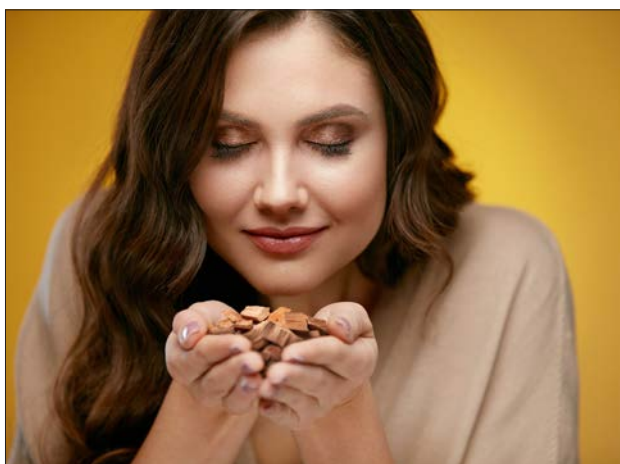
The Construction Chemicals business of your Company supplied chemical solutions and technologies to customers in the construction industry. As a part of BASF's global portfolio optimization, your Company has transferred the Construction Chemicals business to Master Builders Solutions India Pvt Ltd on 1<sup>st</sup> July 2020, for a consideration of Rs. 5,951.60 million.

## NUTRITION & CARE

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

The Care Chemicals business provides solutions to customers in personal care, home care & institutional cleaning and industrial formulation segments (viz: textile, leather, agrochemicals, metal surface cleaning etc.). The business witnessed reasonably good growth in home care, personal cleansing & hygiene and surface cleaning markets, with increasing interest in new formats of liquids as well as "eco-friendly" solutions. The business harnessed good opportunities in the textile solutions market despite closures due to the COVID-19 pandemic, while it continued to maintain its position in other segments of the business. The business witnessed headwinds from volatile feedstock prices and currency, which was managed through localization, portfolio mix, customer mix and price management. The business continued its customer centric approach through various measures of digitalization, cluster and customer workshops thereby building a sustainable sales pipeline.

The Nutrition & Health Care business of your Company offers a comprehensive range of products across Human Nutrition, Animal Nutrition, Pharma Solutions and Aroma Ingredients. The Nutrition and Health business demonstrated another year of strong growth.



KEVA, a leading Indian Fragrance & Flavor company, is the exclusive distributor for Isobionics® Santalol in India. The new fragrance ingredient is the first joint product from BASF and Isobionics® and is a convincing alternative to Sandalwood oil.

India initiatives, this demand bounced back quickly, and the business is expected to grow steadily provided the internal supply of all key products can be improved to match the demand.

The Pharma solutions team specializes in functional excipients and select Active Pharma Ingredients (API) to Pharmaceutical industry. Your Company offers highly functional excipients that enable value-adding solutions to formulation challenges, including specialized ingredients for manufacture of new age biologics and reliable and cost-efficient supply of selected APIs. During the financial year 2020-21, your Company worked with some of the leading pharmaceutical companies to develop new formulations and supplied some critical excipients for the manufacture of several tablet formulations used in COVID-19 treatment.

The Aroma Ingredients business saw a double-digit growth due to increased consumption of hygiene products like handwash, soaps and sanitizers during the pandemic.



With PeptAlde 4.0 from the Care Chemicals business, your Company offers an innovative new cosmetic ingredient that is clinically proven to counteract the effects of silent inflammation – keeping skin and hair healthy.

The Human Nutrition business aims to be the most credible food and health ingredient supplier with its broad range of synthetic and natural products including Vitamins, Antioxidants, & Omega 3 among others and a broad range of food performance ingredients. Due to the COVID-19 pandemic, increased supply of immunity related supplements by Pharmaceutical and Dietary supplements led to rise in demand for all products in the health ingredients business. The Human Nutrition business grew steadily, and the growth momentum is expected to continue with increasing awareness of preventive health, immunity and better lifestyle. Your Company also partnered with key stakeholders in Food Fortification initiative by Government of India by supplying high quality Vitamins.

The demand for Animal Nutrition products was abruptly impacted due to COVID-19, with the consumption of eggs and chicken being reduced significantly. With the timely intervention of industry associations and Government of

## TECHNICAL MANAGEMENT

The financial year 2020-21 began with challenges for manufacturing with the pandemic spreading, sudden lockdown, migrant labour exodus, management of hazardous chemicals, etc. Your Company activated its emergency response plan at its Manufacturing Sites and worked seamlessly with the Country Incident Management Team. The preparedness, response actions and competency of teams ensured safety of personnel, environment and your Company's assets.

Your Company also ensured that its manufacturing plants operate safely with appropriate pandemic approvals and hygiene measures together with monitoring of health of personnel working at the plants. Your Company's plants at Thane site could not be operated for three months as they were falling within the containment zone in Turbhe, Navi Mumbai. The Company's Dahej site supported the production of certain products by quickly modifying and adapting new processes to manufacture some of the products otherwise manufactured at Thane Site. Some of your Company's plants like the sulphation plant and System House also supported the essential products supply chain during the pandemic.



Thane site adhering to COVID-19 safety norms. Seen in the picture is the sanitization of transport vehicles.

Your Company continued to introduce new products in almost all the plants but more specifically in the new coolant and Cellasto plants at Dahej. All the new manufacturing and quality processes were stabilized during the year. The Coolant plant is now certified for IATF 16949-2016.

During the year, many digitalization projects were implemented viz Warehouse Management at Dahej; Engineering Stores Management at Dahej, Artificial Intelligence for Boiler efficiency, Digital tools for Overtime management, SAP maintenance module implementation at Dahej etc., all leading to increased efficiency.

Your Company continues to maintain high plant reliability by adopting appropriate maintenance strategy & system management viz. risk-based maintenance, spare parts management, implementation of reliability tools like FMEA (Failure Mode & Effect Analysis), RCM (Reliability Centered Maintenance), continuous improvement on maintenance maturity & SAP Plant Maintenance at all the plants.

Your Company continued with the planned expansion / modification projects both at Dahej and Mangalore during the pandemic. At Dahej, the expansion project to set up an additional dispersion line is progressing as planned while at Mangalore the off gas oxidizer project was successfully completed and another project for quality enhancement for our coatings business is in progress as per the schedule.

Your Company's plants continue to be certified in various combinations based on business need for ISO 9001, ISO 14001, ISO 50001, IATF 16949, Ford Q1 certification, EFCI GMP & RSPO. Your Company continues to use biofuel for the boiler at Mangalore, solar power for energy needs, practice rain water harvesting, promote tree plantation, community service in an around the manufacturing sites etc.

In line with the Company's purpose, your Company continues to promote and practice Responsible Care<sup>(R)</sup> together with the Indian Chemical Council.

## INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

Our internal control systems are also supplemented by an extensive program of internal audit by an independent firm of Chartered Accountants. Internal audits are conducted regularly and their summary as well as recommendations are placed before the Audit Committee of the Company. The Audit Committee reviews the internal financial control systems on an ongoing basis. Some of the Key Financial Ratios for the financial year 2020-21 are provided hereunder:

## Key Financial Ratios:

Key Ratios		2020-21	2019-20	Change %
Debtors Turnover (No. of days)	(Trade Receivables / Revenue from Operations)	79	68	16%
Inventory Turnover (No. of days)	(Inventory / Cost of Sales)	72	92	(22%)
Interest Coverage Ratio*^	(Earnings Before Interest Tax & Depreciation before exceptional items / Finance cost)	27.7	4.3	>100%
Current Ratio	(Current assets / Current liabilities)	1.3	1.1	18%
Debt Equity Ratio^	(Total Debt [Long term borrowings + Short term borrowings + Current maturities of long term debts] / Total Equity)	0.1	0.5	(80%)
Operating Profit Margin (%)*	(Earnings Before Interest & Tax before exceptional items / Revenue from Operations)	5.0%	1.7%	>100%
Net Profit Margin (%)**	(Profit after tax / Revenue from Operations)	5.8%	0.3%	>100%
Return on Net Worth (%)**	(Profit after tax / Total Equity)	30.9%	1.8%	>100%

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

^ Repayment of borrowings mainly through cash generated from operations.

\*\* Higher profits from operations as well as exceptional items in current year.

## HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Your Company has been actively working with employees and proactively engaging & motivating them through the tough period of the COVID-19 pandemic. Your Company has continuously & transparently maintained communication with



Colleagues from Nutrition and Health India team collaborate while working from home, on a Hindi Karaoke sound track. Practicing collaboration while maintaining social distancing!

its employees on pandemic and business updates. Your Company continued to honour all new hire employment offers made during the pandemic and has onboarded all of them virtually. All the new hires were successfully assimilated into the Company using virtual inductions, trainings, and meetings with colleagues. Your Company has continued to maintain harmonious industrial relations across all manufacturing sites. While continuing the focus on upskilling employees and being strategically aligned to the business priorities, your Company has conducted various workshops throughout the year led by internally trained facilitators. The year saw continued leadership contribution and involvement in strategic topics like Talent Management, New Leader Program and Project Related Development.

Your Company employed 1,315 people as on 31<sup>st</sup> March 2021.



The Polyamides portfolio acquired from Solvay for upstream applications was successfully integrated by your Company. The Panoli manufacturing site and its employees were thus formally welcomed into the Performance Materials and Monomers business segments in early 2020.

## CORPORATE AFFAIRS

The Corporate Affairs team works closely with the businesses to communicate effectively with internal and external stakeholders. The team liaised extensively with Government and various industry bodies to support customers, community and business during COVID-19. Advocacy on several key business topics with the Indian Government & various associations continued to ensure a strong positioning & visibility for your Company's products and solutions. Your Company continued to leverage the association with the Times Network to share insights on how COVID-19 brought new trends in the automotive industry as part of the India Revival Mission umbrella. It also participated in various fora including India Chem, ICC Annual Chemical Industry Outlook Conference, etc. to sensitize the industry further about how embedding sustainability into business ensures a better future.



The panel discussion on the Future of Mobility. Seen in the image (from L to R): Ms. Renuka Kirpalani - editor for Autocar India magazine moderating the panel between Mr. Anand Sivabalasubramanian - M.D. Chemetall India Private Limited; Mr. Brieux Boisdequin - VP, Automotive & Materials Segment, BASF South Asia; and Mr. Sujan Saha - CEO of Automotive Coating Solutions, BASF South Asia.

## AWARDS AND RECOGNITION

Your Company's Mangalore site was awarded 3<sup>rd</sup> Place for Safety in Medium Scale Category by Dept. of Factories, Boilers, Industrial Safety and Health, Govt. of Karnataka in March 2021. For the 2<sup>nd</sup> consecutive year, your Company's Thane site secured 1<sup>st</sup> Prize from Navi Mumbai Municipal Corporation under "Swachh Bharat Mission 2020". The Technical Coatings Center at the Mangalore site celebrated a decade of innovation and was re-branded as Coatings Technology Center. With the new identity, the Center will be able to further execute its vision of

tapping into local expertise to provide competitive services to the global markets, including USA. Further, the Mangalore site too completed 25 years of operations in March 2021.

Godrej Interio awarded your Company with "**Best Overall Performance**" and appreciated the Company for its efficiency and consistently delivering values. Your Company was also listed in "100 Best Companies for Women in India" 2020 by Avtar The Power of Diversity and Working Mother Media, thereby making it into this coveted list, five times in a row.



The Mangalore production site of your Company completed a Silver Jubilee of operations in March 2021.



EXIM Workflow (OptiEXIM®) was introduced during the 1<sup>st</sup> quarter of the financial year 2020-21 which produces an automated workflow that simplifies the handling processes for import-export transactions and facilitates the real time status of a consignment. Using hybrid technology platforms, the new workflow solution has significantly reduced the overall transaction time as well as the costs involved in customs clearance. This was designed to meet the dynamic business needs and expectations from customers. It also offers advanced technology-based features and this tool has been able to handle large volumes due to the shift of business model from agency to merchandise business.

EXIM (Export Import) Workflow is a cloud-based solution which is virtually integrated with existing software to deliver a simplified process for EXIM transactions. Seen in the picture are the core team members.

On behalf of the Board of Directors  
For BASF India Limited

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

NARAYAN KRISHNAMOHAN  
(Managing Director)  
(DIN: 08350849)

Mumbai

Dated : 11<sup>th</sup> May 2021



Your Company supported the country's efforts in fighting against the pandemic by donating ventilators to supplement the healthcare infrastructure in Dahej and Mangalore.

## Report on Corporate Governance

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

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

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

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

- Creative
- Open
- Responsible
- Entrepreneurial

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

The Company has consistently shown a high level of commitment towards effective Corporate Governance and has been at the forefront of benchmarking its internal systems and policies with global standards.

The Company's philosophy on Corporate Governance envisages attainment of higher levels of transparency, accountability and ethical conduct in all facets of its operations and interactions with its stakeholders including shareholders, employees, customers, suppliers, government, lenders and the community at large. It aims to increase and sustain its corporate value through growth and innovation.

The Company believes that its operations and actions must serve the underlying goal of enhancing the interests of its stakeholders over a sustained period of time, in a socially responsible way.

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

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



## 2. BOARD OF DIRECTORS

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

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

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

Name	Date of Appointment	Designation	No. of Meetings held during the Last Financial Year	No. of Meetings Attended	No. of Memberships in Boards of other Companies**	No. of Memberships/ Chairmanships in Committees of other Companies
Mr. Narayan Krishnamohan #	1 <sup>st</sup> April 2019	Managing Director	6	6	NIL	NIL
Mr. Narendranath J. Baliga ^ (Alternate Director to Mr. Dirk Bremm)	1 <sup>st</sup> January 2015	Chief Financial Officer	6	6^	NIL	NIL
Mr. Pradeep Chandan ^ (Alternate Director to Dr. Ramkumar Dhruva)	1 <sup>st</sup> April 2019	Director – Legal, General Counsel (South Asia) & Company Secretary	6	6^	NIL	NIL
Mr. Rajesh Naik (Whole-time Director)	1 <sup>st</sup> April 2019	Manufacturing Head	6	5	NIL	NIL

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

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

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

^ As Mr. Dirk Bremm and Dr. Ramkumar Dhruva attended the Board Meetings during the financial year 2020-2021 through video conferencing / audio-visual means, Mr. Narendranath J. Baliga and Mr. Pradeep Chandan attended the Board Meetings in their capacity as Chief Financial Officer & Company Secretary respectively. 1 Meeting i.e. 27<sup>th</sup> August 2020 attended by Mr. Narendranath J. Baliga as Alternate Director to Mr. Dirk Bremm.

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

#### (ii) NON-EXECUTIVE DIRECTORS

Name	Date of Appointment	No. of Meetings held during the Last Financial Year	No. of Meetings Attended	No. of Memberships in Boards of other Companies*	No. of Memberships/ Chairmanships in Committees
Dr. Ramkumar Dhruva #	10 <sup>th</sup> August 2018	6	6	NIL	NIL
Mr. Dirk Bremm #	21 <sup>st</sup> July 2019	6	5	NIL	NIL

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

# Represented by Alternate Director during their absence at Board Meetings.

(iii) **INDEPENDENT DIRECTORS**

Name	Date of initial Appointment	No. of Meetings held during the Last Financial Year	No. of Meetings Attended	No. of Memberships in Boards of other Companies*	No. of Memberships/ Chairmanships in Committees of other Companies**
Mr. Pradip P. Shah, Chairman	31 <sup>st</sup> January 2000	6	6	7	Membership – 2 Chairmanship – 3
Mr. R. A. Shah	24 <sup>th</sup> April 1968	6	6	3	Membership – 1 Chairmanship – 1
Mr. Arun Bewoor	19 <sup>th</sup> January 2010	6	6	3	Membership – 4 Chairmanship – Nil
Mrs. Shyamala Gopinath	23 <sup>rd</sup> January 2019	6	6	6	Membership – 1 Chairmanship – 3

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

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

**Directorships of Independent Directors in other Listed Companies:**

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

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

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

Sr. No.	Name of the Company	Category of Directorship
1	Pfizer Limited	Independent Director
2	Godfrey Philips India Limited	Non-Executive Non-Independent Director
3	Atul Limited	Non-Executive Non-Independent Director

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

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

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

Sr. No.	Name of the Company	Category of Directorship
1	CRISIL Limited	Independent Director
2	Colgate-Palmolive (India) Limited	Independent Director
3	Tata Elxsi Limited	Independent Director

As per the declarations / disclosures received from Mr. Pradip P. Shah, Mr. R. A. Shah, Mr. Arun Bewoor and Mrs. Shyamala Gopinath, they do not serve as Independent Directors on the Board of more than 7 Listed Companies. They are also not acting as Whole-time Directors on the Board of any Listed Company.

Mr. Pradip P. Shah, Mr. R. A. Shah and Mr. Arun Bewoor were re-appointed as Independent Directors of the Company to hold office for a term of 5 consecutive years from 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2024 and they are not liable to retire by rotation. Mrs. Shyamala Gopinath was appointed as an Independent Director of the Company for a term of 5 consecutive years from 23<sup>rd</sup> January 2019 to 22<sup>nd</sup> January 2024 and she is not liable to retire by rotation.

The Independent Directors of the Company have given requisite disclosures along with a declaration to the Board that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI Listing Regulations. In the opinion of the Board of Directors, the Independent

Directors of the Company fulfil the conditions specified in the Companies Act, 2013 & rules framed thereunder and the SEBI Listing Regulations and they are independent of management.

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

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

<http://bit.do/basfindependentdirectorfamiliarisationpolicy> and <http://tiny.cc/BIL-FamiliarisationProg21>

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

Six Board Meetings were held during the financial year 2020-2021 on the following dates:

- |                                   |                                   |
|-----------------------------------|-----------------------------------|
| (1) 22 <sup>nd</sup> May 2020     | (2) 6 <sup>th</sup> August 2020   |
| (3) 27 <sup>th</sup> August 2020  | (4) 4 <sup>th</sup> November 2020 |
| (5) 9 <sup>th</sup> February 2021 | (6) 30 <sup>th</sup> March 2021   |

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

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

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

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

Dr. Ramkumar Dhruva and Mr. Dirk Bremm, Non-Executive Directors were not paid any commission by the Company during the financial year 2020-2021. They do not hold any equity shares or convertible instruments of the Company.

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

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

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

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

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

### 3. AUDIT COMMITTEE

The Board of Directors of the Company constituted an Audit Committee on 1<sup>st</sup> March 2001. The Chairperson of the Audit Committee, Mrs. Shyamala Gopinath is an Independent Director. During the financial year 2020-2021, 5 Audit Committee Meetings were held on 22<sup>nd</sup> May 2020, 6<sup>th</sup> August 2020, 27<sup>th</sup> August 2020, 4<sup>th</sup> November 2020 and 9<sup>th</sup> February 2021 respectively.

The present composition of the Audit Committee is as follows:

Name	Date of appointment	No. of Meetings during FY 2020-2021	
		Held	Attended
Mrs. Shyamala Gopinath, Chairperson	1 <sup>st</sup> April 2019	5	5
Mr. R. A. Shah	1 <sup>st</sup> March 2001	5	5
Mr. Pradip P. Shah	1 <sup>st</sup> March 2001	5	5
Mr. Arun Bewoor	19 <sup>th</sup> January 2010	5	5

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

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

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

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

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

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

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

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

The minutes of the meetings of the Audit Committee are noted at the Board Meetings. The Chairperson of the Audit Committee, Mrs. Shyamala Gopinath was present at the 76<sup>th</sup> Annual General Meeting held on 6<sup>th</sup> August 2020.

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

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

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

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

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

#### 4. NOMINATION & REMUNERATION COMMITTEE

The Board of Directors of the Company constituted a Nomination & Remuneration Committee on 29<sup>th</sup> July 2013. The Chairman of the Nomination & Remuneration Committee, Mr. R. A. Shah, is an Independent Director. One meeting of the Nomination & Remuneration Committee was held on 30<sup>th</sup> March 2021.

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

Name	Date of appointment	No. of Meetings during FY 2020-2021	
		Held	Attended
Mr. R. A. Shah, Chairman	29 <sup>th</sup> July 2013	1	1
Mr. Pradip P. Shah	29 <sup>th</sup> July 2013	1	1
Mrs. Shyamala Gopinath	1 <sup>st</sup> April 2019	1	1

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

The minutes of the meetings of the Nomination & Remuneration Committee are noted at the Board Meetings. The Chairman of the Nomination & Remuneration Committee, Mr. R. A. Shah, was present at the 76<sup>th</sup> Annual General Meeting held on 6<sup>th</sup> August 2020.

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

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

##### • Performance Evaluation Criteria for Independent Directors

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

##### • Performance Evaluation of the Board

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

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

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

As required under Regulation 25 of the SEBI Listing Regulations, a separate meeting of the Independent Directors of the Company was also held on 30<sup>th</sup> March 2021 to evaluate the performance of the Chairman, Non-Independent Directors and the Board as a whole and also to assess the quality, quantity and timeliness of flow of information between the management of the Company and the Board.

##### • Remuneration of Independent Directors

The remuneration to be paid to the Independent Directors is decided by the Board based on the recommendation of the Nomination & Remuneration Committee and subject to the approval of the shareholders of the Company. The remuneration shall not exceed 1% of the net profit of the Company for each financial year calculated as per the provisions of the Companies Act, 2013. In addition to sitting fees, as approved by the Board, for attending the meetings of the Board and/or Committee thereof, commission is also payable to the Independent Directors for the financial year 2020-21. Reference may be made to table (b) on page 54 for details of sitting fees paid and commission payable to Independent Directors for the financial year ended 31<sup>st</sup> March 2021.

- **Directors & Officers Insurance (D&O Insurance)**

In line with the requirements of Regulation 25 (10) of the SEBI Listing Regulations, the Company has taken D&O Insurance for all its Directors & Senior Management for such quantum and risk as determined by the Company.

- **Criteria for payment of sitting fees & commission to Independent Directors**

The criteria for payment of sitting fees & commission to Independent Directors is based on:

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

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

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

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

During the financial year 2020-2021, the payment of remuneration to the Key Managerial Personnel was in accordance with the relevant provisions laid down under the Companies Act, 2013.

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

**Details of remuneration paid/payable to all the Directors during the year 2020-2021 are as under:**

(a) MANAGING/ WHOLE-TIME/ ALTERNATE DIRECTORS

(Amount in Rupees per annum)

Remuneration	Mr. Narayan Krishnamohan ^	Mr. Narendranath J. Baliga* ^	Mr. Pradeep Chandan**	Mr. Rajesh Naik	Total
Salary & Benefits @	38,773,346	17,590,781	15,360,096	14,170,290	85,894,513
Performance Linked Incentive (Short Term Incentive) #	8,694,438	2,842,830	1,471,953	1,471,953	14,481,174
Total	47,467,784	20,433,611	16,832,049	15,642,243	100,375,687

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

# Performance Linked Incentive (Short Term Incentive) is based on Company's performance, BASF Group's Return on Capital Employed and individual Director's performance against pre-agreed targets for the respective calendar year. The aggregate remuneration paid / payable to Mr. Narayan Krishnamohan and Mr. Narendranath J. Baliga for the financial year 2020-21 includes Performance Linked Incentive (Short Term Incentive) proportionately apportioned for 9 months (April 2020 – December 2020) & the Performance Linked Incentive provisions created in the books of accounts proportionately for 3 months (January 2021 – March 2021) based on the Target Short Term Incentive for the calendar year 2021.

^ The Ultimate Holding Company ('BASF SE') offers Share Price based compensation program ('Long Term Incentive') for Senior Executives of BASF Group. Mr. Narayan Krishnamohan & Mr. Narendranath J. Baliga are eligible for this program. The long-term incentive of Rs. 41,84,746/- and Rs. 17,09,695/- has been accrued by the Company for the financial year 2020-21 for Mr. Narayan Krishnamohan and Mr. Narendranath J. Baliga respectively. This does not form part of the aforesaid remuneration and there is no cash outflow by the Company for the financial year 2020-21.

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

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

(b) INDEPENDENT DIRECTORS

The Board of Directors of the Company had approved the payment of sitting fees to the Independent Directors for attending the Board and/or other Committee meetings. In addition to sitting fees, commission is also due and payable to Independent Directors of the Company for the financial year ended 31<sup>st</sup> March 2021.

The details of the sitting fees paid and commission payable to them during the financial year ended 31<sup>st</sup> March 2021 are as follows:

Amount in Rs.

Particulars	Mr. R. A. Shah	Mr. Pradip P. Shah	Mr. Arun Bewoor	Mrs. Shyamala Gopinath
Sitting Fees	1,275,000	1,250,000	1,400,000	1,450,000
Commission*	1,000,000	1,200,000	1,000,000	1,000,000
<b>Total</b>	<b>2,275,000</b>	<b>2,450,000</b>	<b>2,400,000</b>	<b>2,450,000</b>

\* approved by the Board of Directors of the Company at its meeting held on 11<sup>th</sup> May 2021.

(c) No remuneration was paid to the Non-Executive Foreign Directors during the financial year 2020-2021.

5. **STAKEHOLDERS' RELATIONSHIP COMMITTEE**

The Board of Directors of the Company constituted a Shareholders'/ Investors' Grievance Committee on 1<sup>st</sup> March 2001. The said Committee was renamed as Stakeholders' Relationship Committee on 31<sup>st</sup> July 2014. The Chairperson of the Stakeholders' Relationship Committee, Mrs. Shyamala Gopinath, is an Independent Director. During the financial year 2020-2021, 2 meetings of the Stakeholders' Relationship Committee were held on 22<sup>nd</sup> May 2020 and 9<sup>th</sup> February 2021, respectively. The minutes of the meetings of the Stakeholders' Relationship Committee were noted at the Board Meeting. The Chairperson of the Stakeholders' Relationship Committee, Mrs. Shyamala Gopinath was present at the 76<sup>th</sup> Annual General Meeting held on 6<sup>th</sup> August 2020.

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

Name	Date of appointment	No. of Meetings during FY 2020-2021	
		Held	Attended
Mrs. Shyamala Gopinath, Chairperson	1 <sup>st</sup> April 2019	2	2
Mr. Arun Bewoor	19 <sup>th</sup> January 2010	2	2
Mr. Narayan Krishnamohan	1 <sup>st</sup> April 2019	2	2
Mr. Rajesh Naik	15 <sup>th</sup> May 2017	2	2

Mr. Pradeep Chandan is the Secretary of the Stakeholders' Relationship Committee and has attended both the meetings held in the financial year 2020-2021.

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

All matters related to shares vis-à-vis transfers, transmissions, dematerialization and rematerialization of shares, etc. have been duly attended to by the Company within the prescribed time lines during the financial year 2020-2021.

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

Mr. Pradeep Chandan

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

BASF India Limited

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

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

Bandra-Kurla Complex,

Bandra (East), Mumbai-400051.

Tel: +91 22 62785600/ 67243700/ 67243800

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



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

Particulars	Number of Complaints			
	As on 1 <sup>st</sup> April 2020	Received during the financial year	Cleared/attended during the financial year	Pending as on 31 <sup>st</sup> March 2021
Non-receipt of dividend warrants	Nil	Nil	Nil	Nil
Non-receipt of share certificates after transfer, deletion of name, transmission, consolidation of folios & share certificates, correction of name etc	Nil	Nil	Nil	Nil
SEBI Complaints Redressal System (SCORES) and Stock Exchanges (BSE/ NSE)	Nil	4	4	Nil
Total	Nil	4	4	Nil

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

## 6. RISK MANAGEMENT COMMITTEE

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

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

During the financial year 2020-2021, 1 meeting of the Risk Management Committee was held on 22<sup>nd</sup> May 2020. The minutes of the meeting of the Risk Management Committee was noted at the Board Meeting. The Chairman of the Risk Management Committee, Mr. Narayan Krishnamohan was present at the 76<sup>th</sup> Annual General Meeting held on 6<sup>th</sup> August 2020.

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

Name	Date of appointment	No. of Meetings during FY 2020-2021	
		Held	Attended
Mr. Narayan Krishnamohan, Chairman	1 <sup>st</sup> April 2019	1	1
Mr. Pradip P. Shah, Member	1 <sup>st</sup> April 2019	1	1
Mr. Arun Bewoor, Member	1 <sup>st</sup> April 2019	1	1
Mrs. Shyamala Gopinath, Member	1 <sup>st</sup> April 2019	1	1
Mr. Narendranath J. Baliga, Chief Financial Officer	1 <sup>st</sup> April 2019	1	1

Mr. Pradeep Chandan, Director - Legal, General Counsel (South Asia) & Company Secretary is appointed as the Secretary to the Risk Management Committee with effect from 1<sup>st</sup> April 2019 and has attended the committee meeting held in the financial year 2020-2021.

The key terms of reference of the Risk Management Committee (as stipulated by the Board) are as follows:

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

## CEO/CFO Certificate

A certificate from the Chief Executive Officer (Managing Director) and the Chief Financial Officer on the financial statements and other matters of the Company as provided in Regulation 17(8) and Part B of Schedule II of the SEBI Listing Regulations for the financial year ended 31<sup>st</sup> March 2021 was placed before the Board at its meeting held on 11<sup>th</sup> May 2021 and the same is also annexed to this Report.

## 7. ANNUAL GENERAL MEETINGS

(a) For the years 2018 & 2019, your Company's Annual General Meetings (AGMs) were held at Yashwantrao Chavan Pratishthan Auditorium, Y. B. Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai – 400021. For the year 2020, your Company's Annual General Meeting was held through Video Conferencing/ Other Audio-Visual means. The Meetings were held on the following dates:

1. 6<sup>th</sup> August 2020 at 3.00 p.m. (held through video conferencing / audio-visual means)
2. 19<sup>th</sup> July 2019 at 3.00 p.m.
3. 10<sup>th</sup> August 2018 at 3.00 p.m.

No Special Resolutions were passed at the 74<sup>th</sup> Annual General Meeting held on 10<sup>th</sup> August 2018 and 76<sup>th</sup> Annual General Meeting held on 6<sup>th</sup> August 2020. However, Special Resolution was passed at the Annual General Meeting held on 19<sup>th</sup> July 2019 in respect of the following matters and the same were approved with the requisite majority.

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

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of the SEBI Listing Regulations, the Company had extended remote e-voting facility to its members to cast their votes electronically on all resolutions set forth in the Notice convening the 76<sup>th</sup> Annual General Meeting held on 6<sup>th</sup> August 2020. On the day of the Annual General Meeting, the Company had also provided e-voting facility and the resolutions were passed with the requisite majority.

During the financial year 2020-2021, there were no special resolutions passed by way of Postal Ballot. However, the Company had passed an Ordinary Resolution by way of Postal Ballot in April 2020 for divestiture of its Construction Chemicals business to Master Builders Solutions India Pvt Ltd.

(b) **Attendance of Directors at 76<sup>th</sup> AGM during the last financial year:**

All the Directors of the Company were present at the last AGM held on 6<sup>th</sup> August 2020.

## 8. DETAILS OF DIRECTOR SEEKING RE-APPOINTMENT

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

Mr. Rajesh Naik, presently 49 years of age, is a Chemical Engineer from MS University, Vadodara. Mr. Naik joined BASF on 7<sup>th</sup> April 2014 and has valuable experience of over 24 years and has worked with Companies like Asian Paints, El Dupont India Pvt. Ltd., etc. Prior to joining BASF, Mr. Naik was working as Vice-President-Marketing with English Indian Clay Ltd. (EICL). Mr. Rajesh Naik is a member of the Stakeholders' Relationship Committee and Corporate Social Responsibility Committee of the Company. Mr. Rajesh Naik does not hold any Directorship/ Committee positions in any other Company in India. He is not related to any other Director in the Company. Mr. Rajesh Naik is the Manufacturing Head and has been re-appointed as the Whole-time Director of the Company effective 1<sup>st</sup> April 2019 until 31<sup>st</sup> March 2022.

## 9. DISCLOSURES

(a) The Company does not have any subsidiary as of 31<sup>st</sup> March 2021. Pursuant to the Board approval dated 10<sup>th</sup> July 2020 and Shareholder's approval dated 6<sup>th</sup> August 2020, the Company had acquired 100% stake in BASF Performance Polyamides India Pvt Ltd. for a consideration of Rs. 3029.0 million.

Further, the Board of Directors of the Company had on 27<sup>th</sup> August 2020 had approved the Scheme of Merger by way of absorption of BPPIPL with the Company, subject to requisite approvals. The National Company Law Tribunal, Mumbai ('NCLT') vide Order dated 6<sup>th</sup> January 2021 had sanctioned the aforesaid Scheme, with an Appointed Date of 1<sup>st</sup> February 2021. BPPIPL being a wholly owned subsidiary of the Company, no consideration was paid pursuant to the merger. The certified copy of the NCLT Order has been filed with the Registrar of Companies on 1<sup>st</sup> February 2021. On the basis of the NCLT Order, BPPIPL stands merged with the Company on the Appointed Date.

During the period between 18<sup>th</sup> August 2020 and 1<sup>st</sup> February 2021, the Company has duly complied with the applicable requirements of Regulation 24 of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015.

The Company's policy on material subsidiary is available on Company's website [www.basf.com/in](http://www.basf.com/in) under the Investor Relations Section and can be accessed at <http://tiny.cc/BIL-MSPolicy>

- (b) The Company has formulated a policy for dealing with Related Party Transactions, which has been duly approved by the Board. The Policy is available on the website of the Company [www.basf.com/in](http://www.basf.com/in) in the 'Investor Relations' section. All the transactions of the Company with its related parties were on arms' length basis. All the related party transactions have been approved by the Audit Committee and the Board of Directors of the Company. The register of contracts containing the transactions in which Directors are interested is placed before the Board for its approval at every Board Meeting. Transactions with Related Parties as per requirements of IND-AS are disclosed in Note No. 45 to the Financial Statements in the Annual Report and they are not in conflict with the interest of the Company.
- (c) The Company has complied with the requirements of the Stock Exchanges, Securities and Exchange Board of India (SEBI) and other statutory authorities on all matters relating to capital markets during the last three years. No strictures or penalties have been imposed on the Company either by SEBI or the Stock Exchanges or any other statutory authority for non-compliance of any matter related to the capital markets.
- (d) The Company has formulated a Whistle Blower Policy which provides adequate safeguards against victimization of Employee(s)/ Director(s)/ 3<sup>rd</sup> parties who avail of the mechanism and also provides direct access to the Chairman of the Audit Committee in exceptional cases as detailed in the Policy. The details of the Whistle Blower Policy are available on the website of the Company [www.basf.com/in](http://www.basf.com/in) in the 'Investor Relations' section. No person has been denied access to the Chairman of the Audit Committee.
- (e) The Company has complied with the mandatory requirements of Corporate Governance as stipulated under Schedule V of the SEBI Listing Regulations.
- (f) Risk Management:  
The Company has a mechanism in place to inform the Board about the risk assessment and minimization procedures and periodical review to ensure that management controls risk through means of a properly defined framework.
- (g) The Company manages its foreign exchange risks by hedging its net exposure with the use of appropriate hedging instruments (e.g. forward contracts). The derivatives are used only for hedging purposes and speculation is strictly prohibited.
- (h) Credit Rating:  
CRISIL Ltd has reaffirmed credit rating of 'CRISIL AAA' and assigned a 'Negative' outlook for long term debt programme. The ratings on the Fixed Deposits and Commercial Paper have been reaffirmed at 'FAAA/Stable' and 'CRISIL A1+', respectively.  
Further, India Ratings and Research Private Limited has also maintained a credit rating of 'IND A1+' for Commercial Paper Programme of Rs. 7,500.0 million. Instruments with these ratings are considered to have the highest degree of safety regarding timely servicing of financial obligations & carry lower credit risk
- (i) The Management Discussion & Analysis Report forms part of this Annual Report.
- (j) The Company has complied with the corporate governance requirements specified in Regulations 17 to 27 and the mandatory requirements under Schedule II and Regulation 46 of the SEBI Listing Regulations.
- (k) The Corporate Governance Report of the Company for the financial year ended 31<sup>st</sup> March 2021 is in compliance with the SEBI Listing Regulations. The Company has complied with and disclosed all the mandatory corporate governance requirements mentioned under sub-para (2) to (10) of part C of Schedule V of the SEBI Listing Regulations.

- (l) The status of adoption of the non-mandatory requirements as specified in sub-regulation 1 of Regulation 27 of the SEBI Listing Regulations is as follows:
- i. The Board: Mr. Pradip P. Shah, Independent Director is the Chairman of the Company with effect from 1<sup>st</sup> April 2019;
  - ii. Shareholder Rights: Half-yearly and other quarterly results are published in newspapers and also uploaded on Company's website [www.basf.com/in](http://www.basf.com/in);
  - iii. Modified opinion(s) in audit report: The Company has a regime of un-qualified financial statements. Auditors have not raised any qualification on the financial statements;
  - iv. Separate posts of Chairperson and Managing Director:
    - Mr. Pradip P. Shah, Independent Director has been appointed as the Non-Executive Chairman of the Company with effect from 1<sup>st</sup> April 2019;
    - Mr. Narayan Krishnamohan has been appointed as Managing Director of the Company with effect from 1<sup>st</sup> April 2019 for a term of 5 years.
  - v. Reporting of Internal Auditor: M/s Mahajan & Aibara, Chartered Accountants, Mumbai, Internal Auditors of the Company reports to the Audit Committee.
- (m) Mr. Hemant Shetye, Partner, HS Associates, Practicing Company Secretary, has certified that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Board/ Ministry of Corporate Affairs or any such statutory authority. The same is annexed hereto as **Annexure-1**.
- (n) The total aggregate fees paid to M/s. Price Waterhouse Chartered Accountants LLP (including all its network entities/firms) during the financial year 2020-21 is Rs. 18.7 million.
- (o) Prevention of Sexual Harassment at the Workplace: Details are provided on page no. 9 of this Annual Report.
- (p) The Board of Directors of the Company have accepted all recommendations received from its Committees. None of the recommendations have been rejected by the Board of Directors of the Company.

## 10. MEANS OF COMMUNICATION

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

## 11. GENERAL SHAREHOLDERS INFORMATION

- (a) The Annual General Meeting of the Company will be held on Friday, 6<sup>th</sup> August 2021 at 3.00 p.m. through Video Conferencing/ Other Audio-Visual Means.

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

Financial Calendar — (tentative)	Results for quarter ending 30 <sup>th</sup> June 2021	1 <sup>st</sup> week of August, 2021
	Annual General Meeting	6 <sup>th</sup> August 2021
	Results for quarter ending 30 <sup>th</sup> September 2021	1 <sup>st</sup> week of November, 2021
	Results for quarter ending 31 <sup>th</sup> December 2021	1 <sup>st</sup> / 2 <sup>nd</sup> week of February, 2022
	Results for the year ending 31 <sup>th</sup> March 2022	1 <sup>st</sup> /2 <sup>nd</sup> week of May, 2022

- (c) Period of book closure: Saturday, 24<sup>th</sup> July 2021 to Friday, 30<sup>th</sup> July 2021 (both days inclusive) for the purposes of Annual General Meeting and payment of dividend.

(d) Dividend payment date: On or after 11<sup>th</sup> August 2021.

(e) Listing on Stock Exchanges: The equity shares of the Company are listed on the following Stock Exchanges:

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

The Company has paid the annual listing fees for the financial year 2021-2022 to both the Stock Exchanges.

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

(g) Market Price Data:

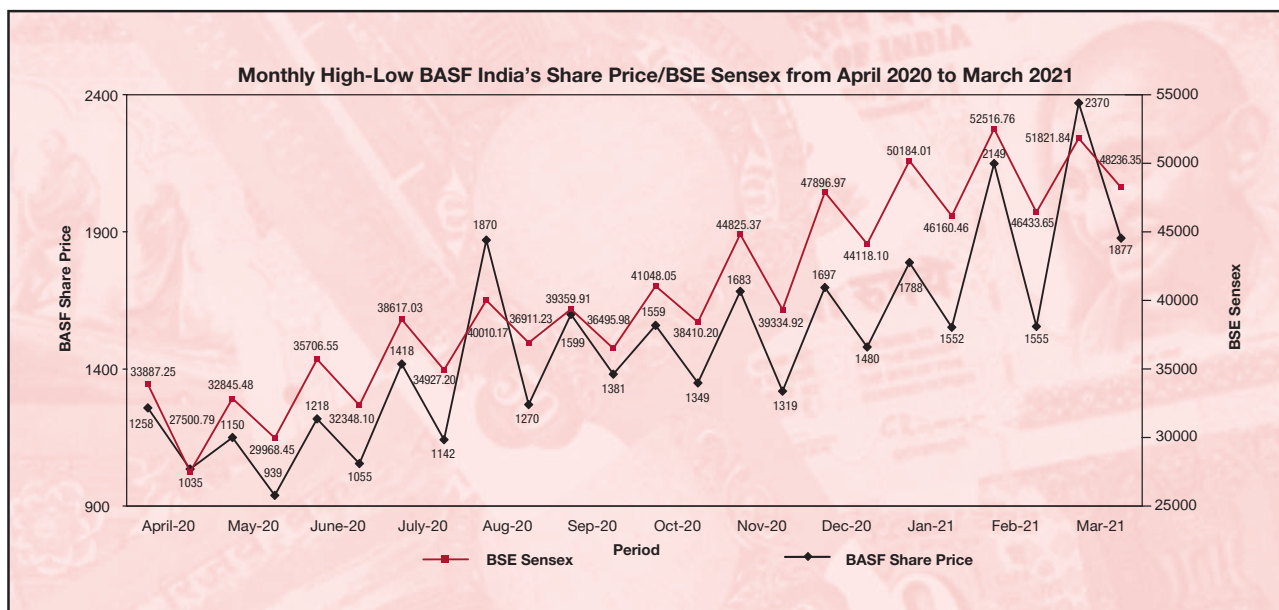
High/low market price of the Company's equity shares traded on BSE Ltd. and The National Stock Exchange of India Limited during each month in the last financial year ended on 31<sup>st</sup> March 2021 is furnished below along with a graph indicating the performance of Company's share price in comparison with the BSE Sensex:

SHARE PRICES (HIGH/LOW) OF BASF INDIA LIMITED FOR THE PERIOD APRIL 2020 TO MARCH 2021

(Share prices in Rs.)

BSE			NSE		
MONTH	HIGH (DATE)	LOW (DATE)	MONTH	HIGH (DATE)	LOW (DATE)
April	1257.85 (09.04.2020)	1035.00 (24.04.2020)	April	1234.90 (15.04.2020)	1017.00 (03.04.2020)
May	1149.95 (26.05.2020)	939.00 (20.05.2020)	May	1128.90 (26.05.2020)	940.00 (20.05.2020)
June	1218.00 (02.06.2020)	1054.90 (12.06.2020)	June	1217.70 (02.06.2020)	1051.30 (12.06.2020)
July	1417.90 (14.07.2020)	1142.40 (01.07.2020)	July	1418.45 (14.07.2020)	1134.10 (01.07.2020)
August	1870.00 (24.08.2020)	1270.00 (12.08.2020)	August	1875.00 (24.08.2020)	1266.25 (12.08.2020)
September	1599.40 (15.09.2020)	1381.10 (25.09.2020)	September	1600.00 (15.09.2020)	1380.05 (25.09.2020)
October	1559.00 (01.10.2020)	1348.75 (19.10.2020)	October	1560.00 (01.10.2020)	1327.50 (16.10.2020)
November	1683.00 (27.11.2020)	1319.40 (03.11.2020)	November	1684.00 (27.11.2020)	1320.05 (03.11.2020)
December	1697.00 (17.12.2020)	1480.00 (21.12.2020)	December	1699.00 (17.12.2020)	1486.30 (22.12.2020)
January	1788.00 (06.01.2021)	1552.00 (29.01.2021)	January	1773.95 (06.01.2021)	1550.00 (29.01.2021)
February	2149.00 (19.02.2021)	1555.00 (01.02.2021)	February	2150.00 (19.02.2021)	1552.85 (01.02.2021)
March	2370.00 (05.03.2021)	1876.95 (01.03.2021)	March	2372.00 (05.03.2021)	1863.25 (01.03.2021)

MONTHLY HIGH-LOW BASF SHARE PRICE/ BSE SENSEX FROM APRIL 2020 TO MARCH 2021



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

Registered Office & Investors Relation Centre  
 TSR Darashaw Consultants Private Limited  
 Unit: BASF India Limited  
 C-101, 1<sup>st</sup> Floor, 247 Park,  
 Lal Bahadur Shastri Marg,  
 Vikhroli (West), Mumbai – 400 083.  
 Tel. No. : +91 22 66578495, 66568484 Extn: 411/412/413  
 Fax No. : +91 22 66568494  
 Email : [csg-unit@tcplindia.co.in](mailto:csg-unit@tcplindia.co.in)

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

Name	Phone No.	Fax No.
Ms. Kshama Ghole/ Ms. Mary George	022 - 66578495, 66568484 Extn: 411/412/413	022 - 66568494

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

(j) The distribution of the shareholding of the Company as on 31<sup>st</sup> March 2021 was as follows:

Category (No. of shares)	No. of shareholders	Percentage	No. of shares	Percentage
1-500	41,501	95.27	24,44,011	5.65
501-1000	1,100	2.53	8,37,375	1.93
1001-2000	493	1.13	7,08,321	1.64
2001-3000	177	0.41	4,42,971	1.02
3001-4000	70	0.16	2,47,132	0.57
4001-5000	60	0.14	2,77,448	0.64
5001-10000	84	0.19	5,78,397	1.34
10001 and above	77	0.18	3,77,49,985	87.21
<b>Total</b>	<b>43,562</b>	<b>100.00</b>	<b>4,32,85,640</b>	<b>100.00</b>

(k) The shareholding pattern of the Company as on 31<sup>st</sup> March 2021 was as follows:

Category	No. of shares	% of total capital
Foreign Promoters	31,743,220	73.33
Directors and relatives of Directors	130	0.00
NRIs, FIIs and FPIs & Foreign Nationals	10,67,107	2.47
Mutual Funds & Financial Institutions	8,93,606	2.06
State Government	39	0.00
Insurance Companies	24,40,389	5.64
Nationalized, Foreign and other Banks	4,656	0.01
Domestic Corporate Bodies / Trusts / Clearing Members / LLPs / NBFCs	13,20,811	3.05
Resident Individual Investors	56,86,439	13.14
Investor Education & Protection Fund	1,29,243	0.30
<b>Total</b>	<b>43,285,640</b>	<b>100.00</b>

(l) Dematerialization of shares: The Company's equity shares are held in dematerialized form by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) under ISIN INE373A01013. As on 31<sup>st</sup> March 2021, 42,885,323 equity shares, representing 99.08% of the voting capital of the Company have been dematerialized.

(m) As of date, the Company has not issued GDRs/ADRs/Warrants or any convertible instruments.

(n) Locations of Manufacturing Plants as on 31<sup>st</sup> March 2021:

<b>Navi Mumbai, Maharashtra</b>	
Plot Nos. 12 & 13, TTC Industrial Area, MIDC, Thane-Belapur Road, Turbhe, Navi Mumbai – 400705, Maharashtra.	
<b>Mangalore, Karnataka</b>	
Bala/Thokur Village, Surathkal-Bajpe Road, Mangalore Taluka, Dakshina Kannada District, Karnataka – 575030.	
<b>Dahej, Gujarat</b>	<b>Panoli, Gujarat</b>
4B, Dahej Industrial Estate, Village Dahej, Taluka Vagra, District Bharuch, Gujarat – 392130.	Village Umarwada, Survey No 432/1+2, Taluka Ankleshwar, Gujarat - 393001 India

(o) Address for correspondence:

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

(p) Top Ten Shareholders of the Company as on 31<sup>st</sup> March 2021:

Sr. No.	Name of the Shareholder(s)	No. of shares	% of the total capital
1.	BASF SE	22,835,320	52.75
2.	BASF SCHWEIZ AG	8,907,900	20.58
3.	BAJAJ ALLIANZ LIFE INSURANCE COMPANY LTD.	10,35,083	2.39
4.	TATA LARGE AND MID-CAP FUND	8,67,438	2.00
5.	PLUTUS WEALTH MANAGEMENT LLP	7,50,000	1.73
6.	LIFE INSURANCE CORPORATION OF INDIA	5,16,921	1.19
7.	GENERAL INSURANCE CORPORATION OF INDIA	4,62,364	1.07
8.	ATUL LIMITED	2,61,396	0.60
9.	TATA INDIAN OPPORTUNITIES FUND	1,80,000	0.42
10.	UNITED INDIA INSURANCE COMPANY LIMITED	1,62,901	0.38

(q) Share price: Rs. 2471.50 per share on BSE Limited as on 11<sup>th</sup> May 2021.

## 12. CODE OF CONDUCT

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

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

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

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

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

On behalf of the Board of Directors  
For BASF India Limited

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

NARAYAN KRISHNAMOHAN  
*Managing Director*  
(DIN:08350849)

Mumbai

Dated: 11<sup>th</sup> May 2021



## ANNEXURE-1

### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

In our opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, we hereby certify that **none** of the Directors on the Board of the Company as stated below for the Financial Year ended 31<sup>st</sup> March 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

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

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

**For HS Associates**  
Company Secretaries

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

Place: Mumbai  
Date: 11.05.2021  
ICSI UDIN: F002827C000275506

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

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

### COMPLIANCE CERTIFICATE

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

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March 2021 and that to the best of our knowledge and belief:
  - 1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31<sup>st</sup> March 2021 which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee:
  - 1) significant changes in internal control over financial reporting during the year;
  - 2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - 3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For BASF India Limited

NARAYAN KRISHNAMOHAN  
*Managing Director*  
(DIN: 08350849)

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

*Mumbai*  
*Dated: 11<sup>th</sup> May 2021*

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

#### To the Members of BASF India Limited

We have examined the compliance of conditions of Corporate Governance by BASF India Limited, for the year ended 31<sup>st</sup> March 2021 as stipulated in Regulations 17, 17A, 18, 19, 20, 21, 22, 23, 24, 24A, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (collectively referred to as "SEBI Listing Regulations, 2015").

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

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

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

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

**Jeetendra Mirchandani**  
Partner  
Membership Number: 048125  
UDIN Number: 21048125AAAACI6227

*Place: Pune*  
*Dated: 11<sup>th</sup> May 2021*

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

## Report on the audit of the financial statements

### Opinion

1. We have audited the accompanying financial statements of BASF India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

### Basis for Opinion

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

### Emphasis of Matter

4. We draw your attention to Note 35(i) of the financial statements, which describes the status of certain demand notices received by the Company from the Commercial Tax Department, Karnataka and the management's assessment in respect of the same, based on legal advice obtained by the Company.

Our opinion is not modified in respect of this matter.

## Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
<p><b>Assessment of Provisions and Contingent liabilities</b></p> <p>(Refer Notes 18, 35 and 41 to the financial statements)</p> <p>As at March 31, 2021, in respect of certain direct and indirect tax and other litigations (comprising various claims filed by other parties not acknowledged as debt), the Company held provisions of Rs. 402.3 million and disclosed contingent liabilities (to the extent not provided for) of Rs. 5,012.5 million.</p> <p>The Company undergoes assessment proceedings from time to time with direct and indirect tax authorities and litigations with certain other parties. There is a high level of management judgement required in estimating the possible outflow of economic resources and the level of provisioning and/or the disclosures required. The management's assessment is supported by advice from independent tax and legal consultants, where considered necessary by the management. Any unexpected adverse outcomes could significantly impact the Company's reported profit and financial position.</p> <p>We considered the above area as a key audit matter due to associated uncertainty related to the outcome of these matters and application of judgement in interpretation of law.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Understanding and evaluating process and controls designed and implemented by the management including testing of operating effectiveness of the relevant controls;</li> <li>• Obtaining details of the related matters, inspecting the supporting evidences and critically assessing management's evaluation through discussions with management on both the likelihood of outcome and the magnitude of potential outflow of economic resources;</li> <li>• Understanding the current status of the tax assessments/ litigations;</li> <li>• Reading recent orders and/ or communication received from the tax authorities and with certain other parties, and management replies to such communication;</li> <li>• Where relevant, reading the independent tax/ legal advice obtained by management and evaluating the grounds presented therein;</li> <li>• Evaluating independence, objectivity and competence of the management's tax / legal consultants;</li> <li>• Obtaining direct written confirmations from the Company's legal/ tax consultants (internal/ external) to confirm the facts and circumstances and assessment of the likely outcome.</li> <li>• Together with auditors' tax experts, assessed the management's evaluation of the likelihood of the potential financial exposure; and</li> <li>• Evaluating the appropriateness of presentation and disclosure.</li> </ul> <p>Based on the above procedures performed, we did not identify any material exceptions to management's assessment of provisions and contingent liabilities.</p>

## Other Information

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

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

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

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

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

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

13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on other legal and regulatory requirements**

14. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

15. As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Notes 18, 35 and 41 to the financial statements;
  - ii. The Company has long-term contracts as at March 31, 2021 for which there were no material foreseeable losses and did not have any long-term derivative contracts as at March 31, 2021;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;
  - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2021.

16. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

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

**Jeetendra Mirchandani**  
Partner  
Membership Number: 048125  
UDIN: 21048125AAAACJ1538

Place : Pune  
Date : May 11, 2021

## Annexure A to Independent Auditors' Report

Referred to in paragraph 15(f) of the Independent Auditors' Report of even date to the members of BASF India Limited on the financial statements for the year ended March 31, 2021

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

1. We have audited the internal financial controls with reference to financial statements of BASF India Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditors' Responsibility

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

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

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

## Annexure A to Independent Auditors' Report

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

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

### Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016  
Chartered Accountants

### Jeetendra Mirchandani

Partner  
Membership Number: 048125  
UDIN: 21048125AAAACJ1538

Place : Pune  
Date : May 11, 2021



## Annexure B to Independent Auditors' Report

**Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of BASF India Limited on the financial statements for the year ended March 31, 2021**

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
  - (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
  - (c) The title deeds of immovable properties, as disclosed in Note 1 on fixed assets to the financial statements, are held in the name of the Company, except for the following:
    - (i) Leasehold land held at one of the Company's manufacturing location (Gross Block – Rs. 21.4 million and Net Block – Rs. Nil), for which the Company is in the process of complying with terms of lease cum sale agreement and basis completion thereof, would execute the final sale agreement to obtain the right of ownership thereon; and
    - (ii) Freehold land held presently in the name of BASF Performance Polyamides India Private Limited ('BPIPL') (Gross and Net Block – Rs. 19.4 million), vested with the Company pursuant to merger of BPIPL, for which the Company is in process of getting this property transferred in its name.
- ii. The physical verification of inventory (excluding stocks with third parties) have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of income tax and professional tax though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, goods and service tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues as applicable, with the appropriate authorities.

## Annexure B to Independent Auditors' Report

**Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of BASF India Limited on the financial statements for the year ended March 31, 2021**

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of goods and service tax which have not been deposited on account of any dispute. Refer Appendix I for particulars of dues of income tax, sales tax, service tax, duty of customs, duty of excise and value added tax as at March 31, 2021 which has not been deposited on account of a dispute.
- viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the Balance Sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

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

**Jeetendra Mirchandani**  
Partner  
Membership Number: 048125  
UDIN: 21048125AAAACJ1538

Place : Pune  
Date : May 11, 2021

## Appendix I

Referred to in paragraph vii(b) of our Annexure B to the Independent Auditors' Report of even date to the members of BASF India Limited on the Financial Statements for the year ended March 31, 2021

Sr. No.	Name of the Statute	Nature of Dues	Amount (Rs. in million)	Period to which the amount relates	Forum where dispute is pending
1.	The Income Tax Act, 1961	Income Tax liability (including interest and penalty, as applicable)	867.0	Assessment Years 2002-03, 2004-05, 2007-08, 2013-14 and 2016-17	Appellate Authority - up to Commissioner's level
			201.4	Assessment Years 2009-10 to 2012-13	Income Tax Appellate Tribunal
			2.5	Assessment Years 2000-01, 2002-03 and 2006-07	High Court
	<b>Sub Total</b>		<b>1,070.9</b>		
2.	The Central Sales Tax Act, 1956 and Local Sales Tax Acts	Sales Tax and Value Added Tax liability (including interest and penalty, as applicable)	298.7	Financial Years 2002-03, 2005-06 to 2011-12 and 2013-14 to 2016-17	Appellate Authority – up to Commissioner's level
			7,397.3	Financial Years 1993-94, 1994-1995, 2004-05 and 2006-07 to 2016-17	Sales Tax Appellate Tribunal
	<b>Sub Total</b>		<b>7,696.0</b>		
3.	The Finance Act, 1994	Service Tax Liability (including interest and penalty, as applicable)	14.0	Financial Years 2006-07 to 2009-10 and 2015-16 to 2017-18	Appellate Authority – up to Commissioner's level
			930.7	Financial Years 2004-05 to 2015-16	Custom, Excise and Service Tax Appellate Tribunal
	<b>Sub Total</b>		<b>944.7</b>		
4.	The Customs Tariff Act, 1975	Customs Duty (including interest and penalty, as applicable)	43.6	Financial Year 2007-08	Supreme Court of India
			1.2	Financial Year 2012-13	Custom, Excise and Service Tax Appellate Tribunal
			1.2	Financial Year 2019-20	Appellate Authority – up to Commissioner's level
	<b>Sub Total</b>		<b>46.0</b>		
5.	The Central Excise Act, 1944	Excise duty Liability (including interest and penalty, as applicable)	17.6	Financial Years 2007-2008 and 2011-12 to 2016-17	Appellate Authority - up to Commissioner's level
			2.0	Financial Years 1981-1982 and 2012-2013	Custom, Excise and Service Tax Appellate Tribunal
			6.3	Financial Year 2011-12	High Court
	<b>Sub Total</b>		<b>25.9</b>		
	<b>Total</b>		<b>9,783.5</b>		

# Balance Sheet as at March 31, 2021

Rs. in million

	Notes	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1 A	6,768.6	8,038.5
Right-of-use assets	1 B	1,341.9	1,588.7
Capital work-in-progress	1 C	532.9	230.7
Intangible assets	1 D	60.5	22.0
Financial assets			
(i) Loans	2	141.0	171.0
Deferred tax assets (net)	3	216.9	1,000.0
Income tax assets (net)	4	1,380.7	1,345.2
Other non-current asset	5	470.5	398.6
<b>Total non-current assets</b>		<b>10,913.0</b>	<b>12,794.7</b>
<b>Current assets</b>			
Inventories	6	15,363.9	15,533.0
Financial assets			
(i) Trade receivables	7	20,592.1	14,210.2
(ii) Cash and cash equivalents	8	1,726.0	994.4
(iii) Bank balances other than cash and cash equivalents	8	5.2	4.5
(iv) Loans	9	33.1	692.2
(v) Other financial assets	10	396.8	1,667.6
Other current assets	11	2,396.9	1,610.5
Assets classified as held for sale	12	14.1	791.8
<b>Total current assets</b>		<b>40,528.1</b>	<b>35,504.2</b>
<b>Total assets</b>		<b>51,441.1</b>	<b>48,298.9</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	13	432.9	432.9
Other equity	14	17,428.6	12,006.9
<b>Total equity</b>		<b>17,861.5</b>	<b>12,439.8</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	15	—	1,471.1
(ii) Lease liabilities	37	904.2	1,152.1
(iii) Other financial liabilities	17	141.0	144.8
Provisions	18	577.3	594.2
<b>Total non-current liabilities</b>		<b>1,622.5</b>	<b>3,362.2</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Borrowings	19	—	3,349.8
(ii) Lease liabilities	37	432.5	435.8
(iii) Trade payables	20		
(a) Outstanding dues to Micro Enterprises and Small Enterprises		447.2	62.8
(b) Outstanding dues to creditors other than micro enterprises and small enterprises		26,271.4	22,100.3
(iv) Other financial liabilities	21	1,926.7	5,286.3
Provisions	18	829.1	592.3
Current tax liabilities	22	454.2	—
Other current liabilities	23	1,596.0	669.6
<b>Total current liabilities</b>		<b>31,957.1</b>	<b>32,496.9</b>
<b>Total liabilities</b>		<b>33,579.6</b>	<b>35,859.1</b>
<b>Total equity and liabilities</b>		<b>51,441.1</b>	<b>48,298.9</b>

Significant accounting policies

1

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

In terms of our report of even date.

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

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

Place: Pune  
Date: May 11, 2021

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

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

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

**Narayan Krishnamohan**  
Managing Director  
DIN : 08350849

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

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

Place: Mumbai  
Date: May 11, 2021

# Statement of Profit and Loss for the year ended March 31, 2021

Rs. in million

	Notes	Year ended March 31, 2021	Year ended March 31, 2020
<b>Revenue from operations (Refer Notes 46 and 47)</b>			
Sale of products		94,392.1	74,282.4
Sale of services		1,039.7	1,447.0
Other operating revenues		151.6	216.2
		95,583.4	75,945.6
<b>Other income</b>	24	165.2	280.4
<b>Total Income</b>		95,748.6	76,226.0
<b>Expenses</b>			
Cost of materials consumed	25	27,519.4	26,615.9
Purchase of stock-in-trade		51,114.5	37,861.9
Changes in inventories of finished goods, stock-in-trade and work-in-progress	26	(670.3)	(2,838.5)
Employee benefit expenses	27	3,449.6	3,625.6
Finance costs	28	375.7	834.5
Depreciation and amortisation expenses	29	1,739.2	1,808.6
Other expenses	30	7,841.8	7,894.4
<b>Total Expenses</b>		91,369.9	75,802.4
<b>Profit/ (Loss) before exceptional item and tax</b>		4,378.7	423.6
<b>Exceptional items</b>	39	4,020.9	(324.6)
<b>Profit before tax</b>		8,399.6	99.0
<b>Tax expense/ (credit):</b>	31		
Current tax (including Minimum alternate tax 'MAT')		2,864.5	9.0
Deferred tax (including MAT credit availed)		9.0	(132.4)
Income tax for previous periods		-	(6.3)
		2,873.5	(129.7)
<b>Profit for the year</b>		5,526.1	228.7
<b>Other comprehensive income</b>			
Items that will not be reclassified to statement of profit and loss			
Gain/ (Loss) on remeasurement of post employment benefit plan [Refer note 43(c)]		21.5	(307.5)
Income tax relating to these items		(7.5)	107.5
<b>Other comprehensive income for the year, net of tax</b>		14.0	(200.0)
<b>Total comprehensive income for the year</b>		5,540.1	28.7
Weighted average number of equity shares outstanding during the year		43,284,958	43,284,958
Basic and diluted earnings per share (in Rs.)		127.7	5.3
Face value per share (in Rs.)		10.0	10.0

Significant accounting policies

1

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

In terms of our report of even date.

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

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

Place: Pune  
Date: May 11, 2021

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

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

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

**Narayan Krishnamohan**  
Managing Director  
DIN : 08350849

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

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

Place: Mumbai  
Date: May 11, 2021

# Cash Flow Statement for the year ended March 31, 2021

Rs. in million

	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>A. Cash flow from operating activities</b>		
Profit before tax	8,399.6	99.0
Adjustments for:		
Exceptional items	(4,020.9)	324.6
Depreciation/ amortisation	1,739.2	1,808.6
Interest cost	239.7	1,400.9
Effects from fair valuation of derivatives on borrowings (net)	136.0	(566.4)
(Profit)/ Loss on sale of property plant and equipment (net)	(0.1)	(48.3)
Interest income	(96.8)	(69.2)
Unrealised loss/ (gain) on derivative transactions (net)	564.0	(646.9)
Unrealised loss/ (gain) on foreign exchange (net)	(503.9)	1,071.2
Provision/ (Reversal) for loss allowance on trade receivables (net)	186.2	90.0
<b>Operating cash flow before working capital changes</b>	<b>6,643.0</b>	<b>3,463.5</b>
Adjustments for changes in working capital:		
(Increase)/ Decrease in trade receivables	(7,280.2)	(3,289.8)
(Increase)/ Decrease in other financial assets (including loans)	706.6	(317.0)
(Increase)/ Decrease in other current and non-current assets	(956.2)	1,004.4
(Increase)/ Decrease in inventories	(379.3)	(3,194.0)
Increase/ (Decrease) in other financial liabilities	(9.7)	(162.1)
Increase/ (Decrease) in long term provisions	(16.8)	94.6
Increase/ (Decrease) in trade payables	5,782.3	8,134.9
Increase/ (Decrease) in other current and non-current liabilities	926.4	232.5
Increase/ (Decrease) in short-term provisions	95.7	(113.4)
<b>Cash generated from/ (used in) operations</b>	<b>5,511.8</b>	<b>5,853.6</b>
Income taxes paid (net)	(680.8)	(137.5)
<b>Net cash generated from/ (used in) operating activities</b>	<b>4,831.0</b>	<b>5,716.1</b>
<b>B. Cash flow from investing activities:</b>		
Acquisition of property plant and equipment (net of capital creditors and including capital advances)	(678.2)	(620.2)
Proceeds from divestiture of Construction chemicals business (net of taxes paid Rs. 1,049.0 million)	4,902.6	—
Investment in Equity shares of BASF Performance Polyamides India Pvt. Ltd.	(3,029.0)	—
Realisation on sale of property, plant and equipment and residential properties	13.1	60.2
Proceeds from divestiture of Optical Brightening Agents (OBA) business	—	335.1
Write off towards conditional consideration on sale of a business	(138.5)	—
Compensation towards Voluntary Retirement Scheme	—	(63.1)
Interest received	98.6	68.5
Inter Corporate deposits (given)/ repaid (net) (Refer Note 45)	650.0	(650.0)
<b>Net cash generated from / (used in) investing activities</b>	<b>1,818.6</b>	<b>(869.5)</b>

## Cash Flow Statement for the year ended March 31, 2021 (continued)

Rs. in million

	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>C. Cash flow from financing activities</b>		
Inter Corporate deposits taken	300.0	980.0
Inter Corporate deposits/ External commercial borrowings repaid (Refer note 45)	(1,981.5)	(4,240.9)
Other short-term borrowings taken / (repaid) (net)	(3,349.8)	465.0
Dividend paid (including dividend distribution tax)	(129.4)	(260.7)
Interest paid	(205.8)	(1,189.3)
Payment of lease liabilities	(551.5)	(392.5)
<b>Net cash (used in) financing activities</b>	<b>(5,918.0)</b>	<b>(4,638.4)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>731.6</b>	<b>208.2</b>
Cash and cash equivalents at the beginning of the financial year	994.4	127.8
Add: Addition in Cash and cash equivalents due to merger (Refer Note 48)	—	658.4
<b>Cash and cash equivalents at the end of the financial year</b>	<b>1,726.0</b>	<b>994.4</b>

Rs. in million

	As at March 31, 2021	As at March 31, 2020
<b>Opening cash and cash equivalents</b>		
Cheques on hand	4.6	—
Balances with banks:		
— In current accounts	809.8	127.8
Deposits with original maturity of less than three months	180.0	—
	994.4	127.8
<b>Closing cash and cash equivalents</b>		
Cheques on hand	—	4.6
Balances with banks:		
— In current accounts	526.0	809.8
Deposits with original maturity of less than three months	1,200.0	180.0
(Refer Note 8 for cash and cash equivalents)	1,726.0	994.4

Notes:

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

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

In terms of our report of even date.

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

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

Place: Pune  
Date: May 11, 2021

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

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

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

**Narayan Krishnamohan**  
Managing Director  
DIN : 08350849

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

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

Place: Mumbai  
Date: May 11, 2021

# Statement of Changes in Equity as at March 31, 2021

Rs. in million

	Notes	Total
<b>A. Equity share capital</b>		
As at March 31, 2019		432.9
Changes in equity share capital	13	—
As at March 31, 2020		432.9
Changes in equity share capital	13	—
As at March 31, 2021		432.9

Rs. in million

	Reserves and Surplus						Capital Reserve	Total
	Share options outstanding account	Securities premium	Amalgamation reserve	General reserve	Retained earnings			
<b>B. Other equity (Refer Note 14)</b>								
Balance at April 1, 2019	25.4	646.5	371.7	10,046.9	2,605.5	—	13,696.0	
Profit for the year	—	—	—	—	228.7	—	228.7	
Additions pursuant to Scheme of Merger (Refer Note 48)	—	1,556.7	—	—	(162.9)	(2,857.4)	(1,463.6)	
Other comprehensive income:								
— Remeasurement of the net defined benefit asset/liability, net of tax effect	—	—	—	—	(200.0)	—	(200.0)	
<b>Total</b>	<b>25.4</b>	<b>2,203.2</b>	<b>371.7</b>	<b>10,046.9</b>	<b>2,471.3</b>	<b>(2,857.4)</b>	<b>12,261.1</b>	
Transactions with owners in their capacity as owners:								
— Dividends including dividend distribution tax	—	—	—	—	(260.9)	—	(260.9)	
— Employee stock option expense	6.7	—	—	—	—	—	6.7	
<b>Balance at March 31, 2020</b>	<b>32.1</b>	<b>2,203.2</b>	<b>371.7</b>	<b>10,046.9</b>	<b>2,210.4</b>	<b>(2,857.4)</b>	<b>12,006.9</b>	
<b>Balance at April 1, 2020</b>	<b>32.1</b>	<b>2,203.2</b>	<b>371.7</b>	<b>10,046.9</b>	<b>2,210.4</b>	<b>(2,857.4)</b>	<b>12,006.9</b>	
Profit for the year	—	—	—	—	5,526.1	—	5,526.1	
Other comprehensive income:								
— Remeasurement of the net defined benefit asset/liability, net of tax effect	—	—	—	—	14.0	—	14.0	
<b>Total</b>	<b>32.1</b>	<b>2,203.2</b>	<b>371.7</b>	<b>10,046.9</b>	<b>7,750.5</b>	<b>(2,857.4)</b>	<b>17,547.0</b>	
Transactions with owners in their capacity as owners:								
— Dividends	—	—	—	—	(129.9)	—	(129.9)	
— Employee stock option expense	11.5	—	—	—	—	—	11.5	
<b>Balance at March 31, 2021</b>	<b>43.6</b>	<b>2,203.2</b>	<b>371.7</b>	<b>10,046.9</b>	<b>7,620.6</b>	<b>(2,857.4)</b>	<b>17,428.6</b>	

For significant accounting policies, refer Note 1.

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

In terms of our report of even date.

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

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

Place: Pune  
Date: May 11, 2021

**For and on behalf of Board of Directors of**

**BASF India Limited**  
(CIN No.: L33112MH1943FLC003972)

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

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

**Narayan Krishnamohan**  
Managing Director  
DIN : 08350849

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

R. A. Shah DIN: 00009851  
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Directors

Place: Mumbai  
Date: May 11, 2021



# Notes to the Financial Statements for the year ended March 31, 2021

## Background of the Company

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

## 1. Significant Accounting Policies

### a. Basis of preparation

#### (i) Compliance with Ind AS

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

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

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

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

### b. Use of estimates and judgements

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made by management that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known/materialise.

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

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

### c. Revenue Recognition

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

Step 1: Identify contracts with customers

Step 2: Identify performance obligations contained in the contracts

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations

Step 5: Recognize revenue when the performance obligation is satisfied

# Notes to the Financial Statements for the year ended March 31, 2021

## 1. Significant Accounting Policies (Continued)

### c. Revenue recognition (Continued)

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

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

Sale of services includes indent commission and revenue from technical and service charges 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, 2021 that have an expected original term of one year or less was reported.

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

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

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

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

### d. Property, plant and equipment

#### Recognition and measurement

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

#### Subsequent expenditure

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

#### Derecognition

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

# Notes to the Financial Statements for the year ended March 31, 2021

## 1. Significant Accounting Policies (Continued)

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

#### Depreciation

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

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

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

The 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 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.

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.

### e. Intangible assets and amortization

Intangible assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over their estimated useful lives. 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.

#### Impairment of non-financial assets

The carrying amounts of assets are reviewed at each Balance Sheet date for any indication of impairment based on internal/external factors. Where the carrying value exceeds the estimated recoverable amount, provision for impairment is made to adjust the carrying value to the recoverable amount. The recoverable amount is the greater of the assets estimated net realizable value and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate discounting rate. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

### 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

# Notes to the Financial Statements for the year ended March 31, 2021

## 1. Significant Accounting Policies (Continued)

### f. Borrowings (Continued)

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. 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 finished goods. Net realisable value is estimated selling price in the ordinary course of business less estimated costs of completion and selling expenses. The comparison of cost and net realisable value is made on an item by item basis.

### h. 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.

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

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

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

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

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

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

### j. Financial Instruments

#### *Financial asset*

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

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

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

#### *Subsequent measurement*

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

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

# Notes to the Financial Statements for the year ended March 31, 2021

## 1. Significant Accounting Policies (Continued)

### j. Financial instruments (Continued)

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

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

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

#### *Financial liabilities*

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

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

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

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

#### *Offsetting*

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

#### *Impairment of financial assets*

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

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

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

A financial asset is derecognised only when:

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

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

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

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

# Notes to the Financial Statements for the year ended March 31, 2021

## 1. Significant Accounting Policies (Continued)

### j. Financial instruments (Continued)

#### *Measurement of fair values*

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

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

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

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

### k. Trade receivables

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

### l. 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.

Provision for restructuring are recognized by the Company when it has developed a detailed formal plan for restructuring and has raised a valid expectation in those affected that the Company will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of provision for restructuring includes only direct expenditure arising from the restructuring, which are both necessary and entailed by the restructuring and not associated with the ongoing activities of the Company.

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

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

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

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

### m. Onerous contracts

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

### n. 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.

### o. 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.

# Notes to the Financial Statements for the year ended March 31, 2021

## 1. Significant Accounting Policies (Continued)

### o. Employee Benefits (Continued)

#### Post Employment Employee Benefits

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

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

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

#### Other Long Term Employee Benefits

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

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

#### Termination Benefits

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

#### Share based payments

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

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

### p. Leases

#### As a Lessee

The Company has adopted the new standard Ind AS 116 – Leases effective April 1, 2019. As a lessee, the Company generally recognises for all leases a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

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

Lease payments are discounted using the interest rate implicit in the lease contracts if that rate can be determined from the lease contracts. If the discount rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would

# Notes to the Financial Statements for the year ended March 31, 2021

## 1. Significant Accounting Policies (Continued)

### p. Leases (Continued)

have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

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

For leases previously classified as finance leases the Company recognised the carrying amount of the lease asset immediately before transition as the carrying amount of the right-of-use asset at the date of initial application. The measurement principles of Ind AS 116 are only applied after that date. There was no impact of transition on value of lease assets. Further there were no lease liabilities existing on date of transition.

A right-of-use asset is generally recognized at the same amount as the lease liability. After capitalization at commencement date, whereby the right-of-use asset is measured at cost, the right-of-use asset is generally depreciated over the lease term using the straight-line method. Lease payments are allocated between principal and finance cost. The finance cost is charged to 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.

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.

### q. 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 assets include Minimum Alternate Tax ('MAT') paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. The credit available under the Income Tax Act, 1961 in respect of MAT paid is recognised as an asset only when and to the extent it is probable that future taxable profit will be available against which these tax credit can be utilised. Such an asset is reviewed at each Balance Sheet date.

Deferred tax charge or credit and correspondingly deferred tax liability or asset is recognised using tax rates that have been enacted or substantively enacted at the Balance Sheet date. Deferred tax is recognised, subject to the consideration of prudence, on temporary differences, being the difference between carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognized to the extent that it probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of history of recent losses, the Company recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized.

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

Appendix C to Ind AS 12, 'Uncertainty over Income Tax Treatments' has been adopted by the Company effective April 1, 2019. Adoption of this did not have any impact on the Company's financial position.



# Notes to the Financial Statements for the year ended March 31, 2021

## 1. Significant Accounting Policies (Continued)

### q. Taxation (Continued)

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.

### r. Accounting for merger under common control transactions:

Business combinations involving entities that are controlled by the Company are accounted for using the pooling of interests method as follows:

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustments are made to reflect fair values, or recognize any new assets or liabilities. Adjustments are only made to harmonise accounting policies.
- The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee.
- 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.
- Wherever any business combination is governed by the Scheme approved by the Hon'ble High Court/ NCLT, the business combination is accounted for as per the accounting treatment sanctioned in the Scheme.

### s. Earnings per share

The basic earnings per share are computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the reporting period. Diluted earnings per share is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity and dilutive equity equivalent shares outstanding during the year, except where the results would be anti-dilutive.

### t. Cash and cash equivalents

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

### u. Derivative financial instruments

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

### v. 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.

### w. 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.

### x. New and amended standards adopted by the Company

The Company has applied following amendments to Ind AS for the first time effective April 1, 2020.

- Definition of Material – amendments to Ind AS 1 and Ind AS 8
- Definition of Business – amendments to Ind AS 103
- Covid-19 related concessions – amendments to Ind AS 116
- Interest rate benchmark reforms – amendments to Ind AS 109 and Ind AS 107

The amendments listed above did not have any impact on the amounts recognized in prior periods or current period.

# Notes to the Financial Statements as at March 31, 2021

## 1(A). Property, plant and equipment

Rs. in million

Particulars	Gross Block				Depreciation / Amortisation				Net Block	
	As at April 1, 2020	Additions	Deductions	As at March 31, 2021	As at April 1, 2020	For the year [Refer Note (d) below]	Deductions	As at March 31, 2021	As at March 31, 2021	
Freehold land [Refer Note (a) below]	27.5	—	—	27.5	—			—	27.5	
Buildings [Refer Note (c) below]	2,928.8	36.0	1.2	2,963.6	619.2	150.8	1.0	769.0	2,194.6	
Plant & machinery and Computers	10,474.4	229.5	46.8	10,657.1	4,995.6	1,325.0	34.5	6,286.1	4,371.0	
Furniture and fixtures	273.0	4.4	1.4	276.0	156.5	28.4	1.3	183.6	92.4	
Vehicles	132.9	8.6	22.8	118.7	108.9	10.5	19.7	99.7	19.0	
Office equipment	251.9	11.1	5.2	257.8	169.8	28.9	5.0	193.7	64.1	
<b>Total</b>	<b>14,088.5</b>	<b>289.6</b>	<b>77.4</b>	<b>14,300.7</b>	<b>6,050.0</b>	<b>1,543.6</b>	<b>61.5</b>	<b>7,532.1</b>	<b>6,768.6</b>	

## 1(B). Right-of-use assets

(Refer Note 37)

Rs. in million

Particulars	Gross Block				Depreciation / Amortisation				Net Block	
	As at April 1, 2020	Additions	Deductions	As at March 31, 2021	As at April 1, 2020	For the year	Deductions	As at March 31, 2021	As at March 31, 2021	
Right-of-use land [Refer Note (b) below]	194.2	11.4	—	205.6	28.8	5.0	—	33.8	171.8	
Right-of-use Buildings	831.4	39.6	88.9	782.1	220.0	204.5	62.6	361.9	420.2	
Right-of-use Plant & machinery and Computers	881.2	148.6	31.7	998.1	162.5	205.8	31.3	337.0	661.1	
Right-of-use Vehicles	128.7	36.1	1.1	163.7	35.5	40.5	1.1	74.9	88.8	
<b>Total</b>	<b>2,035.5</b>	<b>235.7</b>	<b>121.7</b>	<b>2,149.5</b>	<b>446.8</b>	<b>455.8</b>	<b>95.0</b>	<b>807.6</b>	<b>1,341.9</b>	

## 1(C). Capital work-in-progress

Rs. in million

Particulars	As at April 1, 2020	Additions	Amounts Capitalised	As at March 31, 2021
Capital work in progress	230.7	647.4	345.2	532.9

## 1(D). Intangible assets

Rs. in million

Particulars	Gross Block				Amortisation				Net Block	
	As at April 1, 2020	Additions	Deductions	As at March 31, 2021	As at April 1, 2020	For the year	Deductions	As at March 31, 2021	As at March 31, 2021	
Other intangible assets	35.8	—	27.8	8.0	14.5	14.3	27.7	1.1	6.9	
Software	99.6	55.6	8.4	146.8	98.9	2.8	8.5	93.2	53.6	
<b>Total</b>	<b>135.4</b>	<b>55.6</b>	<b>36.2</b>	<b>154.8</b>	<b>113.4</b>	<b>17.1</b>	<b>36.2</b>	<b>94.3</b>	<b>60.5</b>	

### Notes:

- A freehold land which was vested with the Company pursuant to merger of BASF Performance Polyamides India Private Limited ('BPPIPL'), is presently held in the name of BPPIPL (gross and net block – **Rs. 19.4 million**). The Company is in process of getting this property transferred in its name.
- Includes gross block of **Rs. 21.4 million** and net block **Rs. Nil** (Previous Year: gross block Rs. 21.4 million and net block Rs. Nil) for which the Company is in the process of complying with the terms of lease cum sale agreement and basis completion thereof, would execute the final sale agreement to obtain right of ownership thereon.
- Buildings include **Rs. 0.01 million** (Previous Year Rs. 0.01 million) being the value of shares in various co-operative societies.
- Depreciation for the year on 'Plant & machinery and Computers' includes Impairment charge on certain assets at Dahej plant aggregating **Rs. 277.3 million**. Also refer Note 39.

# Notes to the Financial Statements as at March 31, 2021

## 1(A). Property, plant and equipment

Rs. in million

Particulars	Gross Block							Depreciation / Amortisation							Net Block	
	As at April 1, 2019	Transfer pursuant to Ind AS 116	Additions	Additions pursuant to Merger (Refer Note 48)	Deductions	Transfer to 'Assets held for sale'	As at March 31, 2020	As at April 1, 2019	Transfer pursuant to Ind AS 116	For the year	Additions pursuant to Merger (Refer Note 48)	Deductions	Transfer to 'Assets held for sale'	As at March 31, 2020	As at March 31, 2020	
Freehold land	27.8	2.9	—	19.4	—	22.6	27.5	—	—	—	—	—	—	—	27.5	
Leasehold land [Refer Note (a) below]	230.4	(230.2)	—	—	0.2	—	—	27.6	(27.6)	—	—	—	—	—	—	
Buildings [Refer Note (b) below]	3,487.2	—	90.5	85.2	180.5	553.6	2,928.8	595.0	—	161.9	4.1	29.2	112.6	619.2	2,309.6	
Plant & machinery and Computers	10,488.1	—	811.8	137.2	426.9	535.8	10,474.4	4,368.7	—	1,121.0	24.3	236.2	282.2	4,995.6	5,478.8	
Furniture and fixtures	293.3	—	25.9	2.2	7.7	40.7	273.0	144.4	—	38.3	0.4	5.3	21.3	156.5	116.5	
Vehicles	157.9	—	1.3	—	15.6	10.7	132.9	114.4	—	20.1	—	15.4	10.2	108.9	24.0	
Office equipment	283.7	—	6.3	0.6	10.9	27.8	251.9	157.5	—	39.7	—	8.2	19.2	169.8	82.1	
<b>Total</b>	<b>14,968.4</b>	<b>(227.3)</b>	<b>935.8</b>	<b>244.6</b>	<b>641.8</b>	<b>1,191.2</b>	<b>14,088.5</b>	<b>5,407.6</b>	<b>(27.6)</b>	<b>1,381.0</b>	<b>28.8</b>	<b>294.3</b>	<b>445.5</b>	<b>6,050.0</b>	<b>8,038.5</b>	

## 1(B). Right-of-use assets

(Refer Note 37)

Rs. in million

Particulars	Gross Block							Depreciation / Amortisation							Net Block	
	As at April 1, 2019	Transfer pursuant to Ind AS 116	Additions	Additions pursuant to Merger (Refer Note 48)	Deductions	Transfer to 'Assets held for sale'	As at March 31, 2020	As at April 1, 2019	Transfer pursuant to Ind AS 116	For the year	Additions pursuant to Merger (Refer Note 48)	Deductions	Transfer to 'Assets held for sale'	As at March 31, 2020	As at March 31, 2020	
Right-of-use land [Refer Note (a) below]	9.9	227.3	—	—	13.5	29.5	194.2	—	27.6	3.1	—	0.7	1.2	28.8	165.4	
Right-of-use Buildings	823.7	—	14.3	—	—	6.6	831.4	—	—	223.0	—	—	3.0	220.0	611.4	
Right-of-use Plant & machinery and Computers	828.4	—	52.8	—	—	—	881.2	—	—	162.5	—	—	—	162.5	718.7	
Right-of-use Vehicles	99.3	—	29.4	—	—	—	128.7	—	—	35.5	—	—	—	35.5	93.2	
<b>Total</b>	<b>1,761.3</b>	<b>227.3</b>	<b>96.5</b>	<b>—</b>	<b>13.5</b>	<b>36.1</b>	<b>2,035.5</b>	<b>—</b>	<b>27.6</b>	<b>424.1</b>	<b>—</b>	<b>0.7</b>	<b>4.2</b>	<b>446.8</b>	<b>1,588.7</b>	

## 1(C). Capital work-in-progress

Rs. in million

Particulars	As at April 1, 2019	Transfer pursuant to Ind AS 116	Additions	Additions pursuant to Merger (Refer Note 48)	Amounts Capitalised	Transfer to 'Assets held for sale'	As at March 31, 2020
Capital work in progress	422.4	—	743.4	1.2	936.3	—	230.7

## 1(D). Intangible assets

Rs. in million

Particulars	Gross Block							Depreciation / Amortisation							Net Block	
	As at April 1, 2019	Transfer pursuant to Ind AS 116	Additions	Additions pursuant to Merger (Refer Note 48)	Deductions	Transfer to 'Assets held for sale'	As at March 31, 2020	As at April 1, 2019	Transfer pursuant to Ind AS 116	For the year	Additions pursuant to Merger (Refer Note 48)	Deductions	Transfer to 'Assets held for sale'	As at March 31, 2020	As at March 31, 2020	
Other intangible assets	8.0	—	—	27.8	—	—	35.8	0.2	—	2.6	11.7	—	—	14.5	21.3	
Software	100.4	—	0.5	0.0	0.3	1.0	99.6	99.2	—	0.9	0.0	0.3	0.9	98.9	0.7	
<b>Total</b>	<b>108.4</b>	<b>—</b>	<b>0.5</b>	<b>27.8</b>	<b>0.3</b>	<b>1.0</b>	<b>135.4</b>	<b>99.4</b>	<b>—</b>	<b>3.5</b>	<b>11.7</b>	<b>0.3</b>	<b>0.9</b>	<b>113.4</b>	<b>22.0</b>	

### Notes:

- Includes gross block of **Rs. 21.4 million** and net block **Rs. Nil** (Previous Year: gross block Rs. 21.4 million and net block Rs. Nil) for which the Company is in the process of complying with the terms of lease cum sale agreement and basis completion thereof, would execute the final sale agreement to obtain right of ownership thereon.
- Buildings include **Rs. 0.01 million** (Previous Year Rs. 0.01 million) being the value of shares in various co-operative societies.
- For assets held for sale, refer Note 12.

## Notes to the Financial Statements as at March 31, 2021

### 2. Loans (non-current)

(Unsecured, considered good)

Rs. in million

	As at March 31, 2021	As at March 31, 2020
Security deposits	156.1	191.0
Loan to employees	0.6	0.4
	156.7	191.4
Less: Loss allowance on financial assets	15.7	20.4
	141.0	171.0

### 3. Deferred tax assets (net)

Rs. in million

	As at March 31, 2021	As at March 31, 2020
<b>Deferred tax assets</b>		
Temporary differences on account of:		
Loss allowance on trade receivables	100.7	109.0
Carried forward business loss	—	188.6
Carried forward long term capital loss	—	55.2
Minimum Alternate tax (MAT) credit receivable	—	785.3
Payment towards Voluntary Retirement Scheme	38.1	77.2
Disallowance considering thin capitalisation rules	—	35.4
Compensation towards Realignment of Service units	54.2	—
Others (Amounts allowable on a payment basis under the Income Tax Act, 1961)	228.4	303.4
<b>Total deferred tax assets</b>	<b>421.4</b>	<b>1,554.1</b>
<b>Deferred tax liabilities</b>		
Temporary differences on account of:		
Carrying value of property plant and equipment	(204.5)	(554.1)
<b>Total deferred tax liabilities</b>	<b>(204.5)</b>	<b>(554.1)</b>
<b>Deferred tax assets (net)</b>	<b>216.9</b>	<b>1,000.0</b>

### 4. Income tax assets (net)

Rs. in million

	As at March 31, 2021	As at March 31, 2020
Opening balance	1,345.2	1,220.7
Add: Additions pursuant to Scheme of Merger (Refer Note 48)	—	(10.3)
Add: Taxes paid (net)	35.5	137.5
Less: Tax Provision created/ (reversed) for current year	—	9.0
Less: Tax Provision created/ (reversed) for earlier years	—	(6.3)
Closing balance	1,380.7	1,345.2

### 5. Other non-current assets

(Unsecured, considered good)

Rs. in million

	As at March 31, 2021	As at March 31, 2020
Capital advances	53.4	35.3
Other Advances:		
— Prepayments	11.9	4.8
— Amount recoverable from tax authorities	405.2	358.5
	470.5	398.6

## Notes to the Financial Statements as at March 31, 2021

### 6. Inventories

(Valued at lower of cost and net realisable value)

Rs. in million

	As at March 31, 2021	As at March 31, 2020
Raw materials	4,146.1	5,018.4
Finished goods	3,188.3	2,343.3
Stock-in-trade	7,649.6	7,833.2
Work-in-progress	27.0	18.1
Others		
Packing materials	162.7	206.2
Stores and spares	190.2	113.8
	15,363.9	15,533.0
<b>Goods in transit (included above)</b>		
Raw materials	2,343.4	3,043.2
Stock-in-trade	5,437.5	5,437.3
Finished goods	65.8	148.7
Packing materials	3.3	0.5

#### Amounts recognised in Statement of Profit and Loss

Write downs of inventories to net realisable value amounted to **Rs. 318.0 million** (Previous year Rs. 132.4 million). These were recognised as an expense during the year and included in 'cost of materials consumed' and 'Changes in inventories of finished goods, stock-in-trade and work-in-progress' in Statement of Profit and Loss.

### 7. Trade receivables

Rs. in million

	As at March 31, 2021	As at March 31, 2020
Considered good:		
Secured	35.8	17.6
Unsecured	20,556.3	14,192.6
	20,592.1	14,210.2
Considered doubtful	399.9	316.6
	20,992.0	14,526.8
Less : Loss allowance on trade receivables	399.9	316.6
	20,592.1	14,210.2
<i>Of the above, dues from companies where directors are interested</i>	65.8	92.8

For Trade Receivables from related parties, refer Note 45.

### 8. Cash and bank balances

Rs. in million

	As at March 31, 2021	As at March 31, 2020
<b>Cash and cash equivalents</b>		
Cheques on hand	—	4.6
Balances with banks:		
– In current accounts	526.0	809.8
Deposits with original maturity of less than three months	1,200.0	180.0
	1,726.0	994.4
<b>Bank balances other than cash and cash equivalents</b>		
– In unpaid dividend account	5.0	4.5
– Deposits with original maturity of more than three months but less than twelve months	0.2	—
	5.2	4.5
	1,731.2	998.9
Of the above		
Earmarked bank balances (unpaid dividend account)	5.0	4.5

## Notes to the Financial Statements as at March 31, 2021

### 9. Loans (current)

(Unsecured)

Rs. in million

	As at March 31, 2021	As at March 31, 2020
Security deposits	30.1	33.1
Loan to employees	3.0	9.1
Inter Corporate Deposits given (Refer Note 45)	—	650.0
	33.1	692.2

### 10. Other financial assets

(Unsecured, considered good)

Rs. in million

	As at March 31, 2021	As at March 31, 2020
Derivatives with positive fair values	42.2	639.9
Refund receivable from government authorities	321.8	810.9
Interest accrued on Bank deposits	0.2	2.0
Others receivable	32.6	214.8
	396.8	1,667.6

### 11. Other current assets

(Unsecured, considered good)

Rs. in million

	As at March 31, 2021	As at March 31, 2020
Prepayments	75.2	99.5
Advances to vendors	887.8	202.2
Balances with government authorities	1,433.9	1,308.8
	2,396.9	1,610.5

### 12. Assets classified as held for sale

Rs. in million

	As at March 31, 2021	As at March 31, 2020
Assets held for sale	14.1	791.8
	14.1	791.8
<b>Asset held for sale includes following:</b>		
Non core assets (residential apartments)	—	—
Land for biotechnology research	14.1	14.1
Construction chemicals business assets	—	777.7
	14.1	791.8
<b>Fair value measurement:</b>		
Non core assets (residential apartments)	354.0	443.5
Land for biotechnology research	14.1	14.1
Construction chemicals business assets	—	777.7
	368.1	1,235.3

#### Notes:

- (i) The Company intends to dispose off non core residential apartments as it no longer intends to utilise these assets. A search for a buyer is underway. The Company expects the fair value less cost to sell to be higher than carrying amount.
- (ii) The Company intends to dispose off the plot of land for biotechnology research related to 'Agricultural Solution' segment. No impairment loss was recognised on reclassification of the freehold land as held for sale.
- (iii) Assets of Construction chemicals business were divested on a slump sale basis as a part of business transfer arrangement (Refer Note 39(i)).

# Notes to the Financial Statements as at March 31, 2021

## 13. Share capital

Rs. in million

	As at March 31, 2021	As at March 31, 2020
<b>Authorised (Refer Note (i) below):</b>		
<b>71,559,715</b> (Previous Year 54,359,715) Equity Shares of Rs. 10/- each	<b>715.6</b>	543.6
<b>Issued:</b>		
<b>43,285,640</b> (Previous Year 43,285,640) Equity Shares of Rs. 10/- each	<b>432.9</b>	432.9
<b>Subscribed and paid-up:</b>		
<b>43,284,958</b> (Previous Year 43,284,958) Equity Shares of Rs. 10/- each fully paid	<b>432.9</b>	432.9
	<b>432.9</b>	432.9

- (i) Pursuant to the Scheme of Merger by way of absorption of BASF Performance Polyamides India Private Limited ('BPPIPL') with the Company as sanctioned by the National Company Law Tribunal, Mumbai ('NCLT') vide its order dated January 6, 2021 and which is effective February 1, 2021, there is an increase in the authorised share capital of the Company to the extent of authorised share capital of BPPIPL. Consequently, the revised authorised share capital of the Company, as on March 31, 2021, aggregates Rs. 715,597,150 which is divided into 71,559,715 Equity Shares of Rs. 10 each. Also refer Note 48.

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	Rs. in million	Number	Rs. in million
Shares outstanding at the beginning and at the end of the year	<b>43,284,958</b>	<b>432.9</b>	43,284,958	432.9

### b. Rights, preferences and restrictions attached to the shares

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

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

Name of Shareholder	Relationship	As at March 31, 2021	As at March 31, 2020
BASF Societas Europea	Ultimate Holding Company	<b>22,835,320</b>	22,835,320
BASF Schweiz AG	Subsidiary of Ultimate Holding Company	<b>8,907,900</b>	8,907,900

**Note:** In the previous year, BASF SE (Ultimate Holding Company) had acquired 1,896,061 equity shares having face value of Rs. 10 each, representing 4.38% of the paid up equity share capital of the Company from BASF Construction Solutions GmbH (Subsidiary of Ultimate Holding Company) by way of a block deal on March 23, 2020.

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

Name of Shareholder	Relationship	As at March 31, 2021		As at March 31, 2020	
		Number	Percentage	Number	Percentage
BASF Societas Europea	Ultimate Holding Company	<b>22,835,320</b>	<b>52.75%</b>	22,835,320	52.75%
BASF Schweiz AG	Subsidiary of Ultimate Holding Company	<b>8,907,900</b>	<b>20.58%</b>	8,907,900	20.58%

- e. Information on equity shares allotted without receipt of cash or allotted as bonus shares or shares bought back  
None

## Notes to the Financial Statements as at March 31, 2021

### 14. Other equity

Rs. in million

	As at March 31, 2021	As at March 31, 2020
Securities premium	2,203.2	2,203.2
Amalgamation reserve	371.7	371.7
Share options outstanding account	43.6	32.1
General reserve	10,046.9	10,046.9
Retained earnings	7,620.6	2,210.4
Capital Reserve	(2,857.4)	(2,857.4)
	17,428.6	12,006.9

#### (a) Securities premium

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

Rs. in million

Securities premium	As at March 31, 2021	As at March 31, 2020
Balance at beginning of the year	2,203.2	646.5
Add: Additions pursuant to Scheme of Merger (Refer Note 48)	—	1,556.7
Balance at end of the year	2,203.2	2,203.2

#### (b) Amalgamation reserve

Amalgamation reserve is used to record difference between the share capital of the amalgamating companies. It is utilised in accordance with the provisions of the Act.

Rs. in million

Amalgamation reserve	As at March 31, 2021	As at March 31, 2020
Balance at beginning of the year	371.7	371.7
Balance at end of the year	371.7	371.7

#### (c) Share options outstanding account

Share Options Outstanding Account is used to account for effects from employee stock option expense.

Rs. in million

Share options outstanding account	As at March 31, 2021	As at March 31, 2020
Balance at beginning of the year	32.1	25.4
Add: Employee stock option expense (Refer Note 43)	11.5	6.7
Balance at end of the year	43.6	32.1

#### (d) General reserve

General reserves are the retained earnings of the Company which are kept aside out of the profits to meet future (known or unknown) obligations.

Rs. in million

General reserve	As at March 31, 2021	As at March 31, 2020
Balance at beginning of the year	10,046.9	10,046.9
Balance at end of the year	10,046.9	10,046.9



## Notes to the Financial Statements as at March 31, 2021

### 14. Other equity (Continued)

#### (e) Retained earnings

Rs. in million

	As at March 31, 2021	As at March 31, 2020
Balance at beginning of the year	2,210.4	2,605.5
Add: Additions pursuant to Scheme of Merger (Refer Note 48)	—	(162.9)
Add: Profit for the year	5,526.1	228.7
Items of other comprehensive income/(loss):		
Less: Remeasurement of the net defined benefit asset/ liability, net of tax effect	14.0	(200.0)
Appropriations:		
Less: Dividend (Refer Note 34(b))	(129.9)	(216.4)
Less: Dividend distribution tax	—	(44.5)
Balance at end of the year	7,620.6	2,210.4

#### (f) Capital Reserve

The excess of carrying value of investments in erstwhile BPPIPL over net value of assets, liabilities and reserves of BPPIPL has been debited to Capital Reserve

Rs. in million

	As at March 31, 2021	As at March 31, 2020
Balance at beginning of the year	(2,857.4)	—
Adjustment on merger of BPPIPL (Refer Note 48)	—	(2,857.4)
	(2,857.4)	(2,857.4)

### 15. Borrowings (non-current)

(Unsecured)

Rs. in million

	As at March 31, 2021	As at March 31, 2020
Term loan from related party		
– External commercial borrowings	1,517.7	3,279.7
Less: Current maturities of long-term debt (Refer Note 21)	(1,517.7)	(1,808.6)
	—	1,471.1

#### Terms of repayment

Interest is payable on a half yearly basis on June 15 and December 15 at 4.93% p.a. for USD loan and at 6 months EURIBOR + 147 basis point per annum for EURO loan.

The loan is repayable in various instalments as per the repayment schedule summarised below:

Financial Year (Foreign Currency)	As at March 31, 2021		As at March 31, 2020	
	Amount payable in Foreign Currency (million)	Amount payable in Rs. (million)	Amount payable in Foreign Currency (million)	Amount payable in Rs. (million)
2020-21 (USD)	—	—	23.5	1,808.6
2021-22 (EURO)	17.3	1,517.7	17.3	1,471.1
<b>Total term loans from related parties</b>	<b>17.3</b>	<b>1,517.7</b>	<b>40.8</b>	<b>3,279.7</b>

## Notes to the Financial Statements as at March 31, 2021

### 16. Net debt Reconciliation

Rs. in million

Net debt Reconciliation	As at March 31, 2021		As at March 31, 2020	
	Cash and Cash Equivalents	Liabilities from financing activities (Refer Note below)	Cash and Cash Equivalents	Liabilities from financing activities (Refer Note below)
<b>Opening Net debt</b>	<b>994.4</b>	<b>6,660.9</b>	127.8	9,173.8
Add: Additions pursuant to Scheme of Merger	—	—	658.4	—
Cash inflow (net)	<b>731.6</b>	—	208.2	—
Interest expense	—	<b>98.2</b>	—	1,278.4
Inter Corporate deposits taken	—	<b>300.0</b>	—	980.0
Inter Corporate deposits/ External commercial borrowings repaid (Refer note 45)	—	<b>(1,981.5)</b>	—	(4,240.9)
Other short-term borrowings taken / (repaid) (net)	—	<b>(3,349.8)</b>	—	465.0
Foreign Exchange adjustments	—	<b>(0.1)</b>	—	193.9
Interest Paid	—	<b>(205.8)</b>	—	(1,189.3)
<b>Closing Net debt (I)</b>	<b>1,726.0</b>	<b>1,521.9</b>	994.4	6,660.9
Opening lease liabilities	—	<b>1,587.9</b>	—	—
Lease liabilities recognised under Ind AS 116	—	—	—	1,761.3
Interest on leases liabilities	—	<b>90.8</b>	—	122.6
Change in lease liabilities during the year (net of deletions/ transfers)	—	<b>209.5</b>	—	96.5
Repayment of lease liabilities	—	<b>(551.5)</b>	—	(392.5)
<b>Closing lease liabilities (II)</b>	—	<b>1,336.7</b>	—	1,587.9
<b>Total closing Net debt (I+II)</b>	<b>1,726.0</b>	<b>2,858.6</b>	994.4	8,248.8

**Note:** Liabilities from financial activities include Non-current Borrowings (Note 15), Current borrowings (Note 19), Current maturities of long-term debts (Note 21) and Interest accrued but not due on borrowings (Note 21). For Lease liabilities, refer Note 37.

### 17. Other financial liabilities (non-current)

Rs. in million

	As at March 31, 2021	As at March 31, 2020
Deposits from customers	<b>46.0</b>	66.6
Accrual for employee benefits	<b>95.0</b>	78.2
	<b>141.0</b>	144.8

### 18. Provisions

Rs. in million

	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits (Refer Note 43)				
– Compensated absences	—	—	<b>437.3</b>	389.4
– Long service award	<b>19.2</b>	26.6	<b>2.2</b>	1.4
– Gratuity	—	8.5	<b>174.4</b>	201.5
– Provident Fund	<b>155.8</b>	154.5	—	—
– Compensation towards Realignment of business service units (Refer Note 39)	—	—	<b>215.2</b>	—
Other provisions (Refer Note 41)	<b>402.3</b>	404.6	—	—
	<b>577.3</b>	594.2	<b>829.1</b>	592.3

## Notes to the Financial Statements as at March 31, 2021

### 19. Borrowings (current)

(Unsecured)

Rs. in million

	As at March 31, 2021	As at March 31, 2020
Short-term loan from bank	—	1,370.9
Commercial papers	—	1,978.9
	—	3,349.8

In the previous year, Short-term loan from banks carried average interest ranging from 6% to 8% p.a. computed on daily basis on the actual amount utilised and are repayable on demand / maturity.

In the previous year, Commercial papers carried average interest of 5.9% p.a. over the financial year. Outstanding Commercial Papers as on March 31, 2020 had matured on June 15, 2020.

### 20. Trade payables

Rs. in million

	As at March 31, 2021	As at March 31, 2020
Micro and Small Enterprises (Refer Note 38)	447.2	62.8
Others	26,271.4	22,100.3
	26,718.6	22,163.1

For payables to related parties, refer Note 45.

### 21. Other financial liabilities

Rs. in million

	As at March 31, 2021	As at March 31, 2020
Current maturities of long-term debts (Refer Note 15)	1,517.7	1,808.6
Unpaid dividends*	5.0	4.5
Capital creditors	35.9	62.7
Derivatives with negative fair values	119.7	17.4
Accrual for employee benefits	244.2	332.8
Interest accrued but not due on borrowings	4.2	31.3
Payables for acquisition of subsidiary (Refer Note 48)	—	3,029.0
	1,926.7	5,286.3

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

### 22. Current tax liabilities

Rs. in million

	As at March 31, 2021	As at March 31, 2020
Opening balance	—	—
Add: Current tax payable for the year	2,872.0	—
Add: Interest on income tax	50.6	—
Less: MAT credit utilisation	774.1	—
Less: Taxes paid	1,694.3	—
	454.2	—

### 23. Other current liabilities

Rs. in million

	As at March 31, 2021	As at March 31, 2020
Advances received from customers	951.5	271.1
Deferred revenue (Refer Note 46)	—	25.6
Accrual for customer incentive schemes (Refer Note 46)	303.0	184.0
Statutory dues payable	341.5	188.9
	1,596.0	669.6

## Notes to the Financial Statements for the year ended March 31, 2021

### 24. Other income

Rs. in million

	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest income	86.9	47.9
Interest on income tax refunds	9.9	21.3
Profit on sale of property plant and equipment (net)	0.1	48.3
Write back of other provisions (Refer Note 41)	—	44.3
Miscellaneous income	68.3	118.6
	165.2	280.4

### 25. Cost of materials consumed

Rs. in million

	For the year ended March 31, 2021	For the year ended March 31, 2020
Raw materials:		
Stock at the beginning of the year	5,018.4	4,724.6
Add: Additions pursuant to Scheme of Merger	—	175.9
Add: Purchases	25,981.9	25,794.8
Less: Stock at the end of the year	(4,146.1)	(5,018.4)
Cost of raw materials consumed	26,854.2	25,676.9
Packing materials consumed	665.2	939.0
	27,519.4	26,615.9

### 26. Changes in inventories of finished goods, stock-in-trade and work-in-progress

Rs. in million

	For the year ended March 31, 2021	For the year ended March 31, 2020
Stock at the end of the year:		
Finished goods	3,188.3	2,343.3
Stock-in-trade	7,649.6	7,833.2
Work-in-progress	27.0	18.1
Sub-total	10,864.9	10,194.6
Additions pursuant to Scheme of Merger		
Finished goods	—	59.6
Stock-in-trade	—	127.3
Sub-total	—	186.9
Stock at the beginning of the year:		
Finished goods	(2,343.3)	(3,605.4)
Stock-in-trade	(7,833.2)	(3,529.7)
Work-in-progress	(18.1)	(34.1)
Sub-total	(10,194.6)	(7,169.2)
	(670.3)	(2,838.5)

### 27. Employee benefit expenses

Rs. in million

	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, wages and bonus	2,928.7	3,210.2
Contribution to provident and other funds (Refer Note 43)	238.4	239.8
Share based payments (Refer Note 43)	11.5	6.7
Gratuity (Refer Note 43)	188.5	49.4
Staff welfare expense	82.5	119.5
	3,449.6	3,625.6

## Notes to the Financial Statements for the year ended March 31, 2021

### 28. Finance costs

Rs. in million

	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on borrowings	191.9	532.8
Add: Exchange differences regarded as an adjustment to borrowing costs	(80.5)	303.5
Total interest cost	111.4	836.3
Effects from fair valuation of derivatives on borrowings	136.0	(566.4)
Realised (gain)/ loss on rollover of derivatives relating to financing activities	(17.1)	441.6
Interest on income tax	50.6	—
Interest on lease liabilities	90.8	122.6
Interest – others	4.0	0.4
	375.7	834.5

### 29. Depreciation and amortisation expenses

Rs. in million

	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation of Property, plant and equipment	1,266.3	1,381.0
Depreciation of Right-of-use assets	455.8	424.1
Amortisation of intangible assets	17.1	3.5
	1,739.2	1,808.6

### 30. Other expenses

Rs. in million

	For the year ended March 31, 2021	For the year ended March 31, 2020
Freight and handling charges	1,669.0	1,813.0
Power and fuel	653.7	834.2
Professional charges (Refer Note 32)	1,100.6	638.0
Communication/system expenses	1,033.4	1,065.5
Foreign exchange loss (net)	718.0	555.8
[Includes net loss Rs. 564.0 million (Previous Year: net gain of Rs. 646.9 million) on fair valuation of trade derivatives]		
Sales promotion expenses	499.6	581.6
Travelling	71.9	300.7
Subcontracting charges	300.5	224.7
Rent (Refer Note 37)	99.8	97.6
Royalty	357.1	457.5
Consumption of stores and spare parts	128.0	199.2
Service fees	33.2	49.9
Repairs – Machinery	132.0	175.5
– Buildings	38.0	117.5
– Others	77.9	30.3
Insurance	158.4	140.2
Rates and taxes	45.3	27.0
Bad debts written-off	13.5	3.8
Less: Utilisation of loss allowance on trade receivables	(13.5)	(3.8)
	—	—
Loss allowance on trade receivables (net)	186.1	90.0
Corporate Social Responsibility expenses (Refer Note 42)	11.3	2.7
Miscellaneous expenses	528.0	493.5
	7,841.8	7,894.4

# Notes to the Financial Statements for the year ended March 31, 2021

## 31. Tax expense

Rs. in million

	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>(a) Income tax expense</b>		
<b>Current tax</b>		
Current tax	2,864.5	9.0
Income tax for previous periods	—	(6.3)
Income tax impact on items included in Other comprehensive income	7.5	—
<b>Total current tax expense</b>	<b>2,872.0</b>	<b>2.7</b>
<b>Deferred tax (including tax on Other comprehensive income)</b>		
(i) (Increase)/Decrease in deferred tax assets:		
Loss allowance on trade receivables	8.3	(30.0)
Carried forward business loss	188.6	(17.7)
Carried forward long term capital loss	55.2	(55.2)
Minimum Alternate tax (MAT) credit receivable	785.3	(113.8)
Payment towards Voluntary Retirement Scheme	39.1	4.4
Disallowance considering thin capitalisation rules	35.4	(35.4)
Compensation towards Realignment of Service units	(54.2)	—
Others (Amounts allowable on a payment basis under the Income Tax Act, 1961)	75.0	(51.2)
	<b>1,132.7</b>	<b>(298.9)</b>
(ii) (Decrease) in deferred tax liabilities		
Carrying value of property plant and equipment	(349.6)	(62.1)
	<b>(349.6)</b>	<b>(62.1)</b>
(iii) Addition to Deferred tax assets (net) pursuant to Scheme of Merger		
Carried forward business depreciation	—	9.0
Minimum Alternate tax (MAT) credit receivable	—	106.0
Others (Amounts allowable on a payment basis under the Income Tax Act, 1961)	—	6.1
	—	121.1
(iv) Utilisation of MAT credit	(774.1)	—
<b>Total deferred tax (credit)/expense [(i)+(ii)+(iii)+(iv)]</b>	<b>9.0</b>	<b>(239.9)</b>
<b>Total tax (credit)/expense</b>	<b>2,881.0</b>	<b>(237.2)</b>

# Notes to the Financial Statements for the year ended March 31, 2021

## 31. Tax expense (Continued)

Rs. in million

	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate</b>		
Profit before income tax expense	8,399.6	99.0
Other comprehensive income (before tax)	21.5	(307.5)
<b>Total</b>	<b>8,421.1</b>	<b>(208.5)</b>
<b>Income tax rate</b>	<b>34.94%</b>	<b>34.94%</b>
Tax on income	2,942.3	(72.9)
<b>Tax effect of items in reconciliations</b>		
Impact of lower tax rate on capital gains/ capital loss	(523.1)	—
Impact of derivatives	341.9	(240.5)
Impact on Deferred tax asset / liability due to change in tax rate	66.2	—
Others	53.7	76.2
<b>Income tax expense</b>	<b>2,881.0</b>	<b>(237.2)</b>

## 32. Payment to auditors

Professional charges in Note 30 includes payment to auditors as follows:

Rs. in million

	For the year ended March 31, 2021	For the year ended March 31, 2020
As auditors	17.6	14.9
For reimbursement of expenses	1.1	1.1
<b>Total</b>	<b>18.7</b>	<b>16.0</b>

## 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.

# Notes to the Financial Statements for the year ended March 31, 2021

## 33. Fair value measurement (Continued)

Rs. in million

	Fair value hierarchy	Valuation category and technique	As at March 31, 2021	As at March 31, 2020
<b>Financial assets</b>				
Derivatives – no hedge accounting	Level 2	Fair value through profit and loss. Valuation technique – use of dealer quotes for similar instruments.	42.2	639.9
<b>Financial liabilities</b>				
Derivatives – no hedge accounting	Level 2	Fair value through profit and loss. Valuation technique – use of dealer quotes for similar instruments.	119.7	17.4

There are no reclassification between different levels during the year.

### Risk exposure:

#### (i) Foreign currency risk

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

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

#### (a) Foreign currency risk exposure:

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

Rs. in million

	As at March 31, 2021	As at March 31, 2020
<b>Trade payable</b>		
USD	21,922.6	17,608.1
EUR	645.7	501.8
JPY	0.8	2.7
GBP	—	0.4
<b>Capital Creditors</b>		
USD	15.9	20.0
EUR	0.7	4.6
<b>Capital Advances</b>		
EUR	—	24.2
<b>Borrowings (including interest accrued)</b>		
USD	—	1,835.0
EUR	1,521.9	1,476.0
<b>Other current liabilities</b>		
USD	0.6	1.6
<b>Trade receivables</b>		
USD	934.7	507.6
EUR	337.4	154.7
<b>Other current assets- Foreign Advance</b>		
USD	—	0.4
EUR	—	1.9
<b>Other financial assets</b>		
USD	—	16.6
<b>Cash and cash equivalents (EEFC account)</b>		
USD	285.7	565.1



# Notes to the Financial Statements for the year ended March 31, 2021

## 33. Fair value measurement (Continued)

### (i) Foreign currency risk (Continued)

#### (a) Foreign currency risk exposure (Continued):

Rs. in million

	As at March 31, 2021	As at March 31, 2020
<b>Forward contracts</b>		
USD	19,957.0	17,101.4
EUR	1,876.6	1,979.6
<b>Net exposure (after forward contracts)</b>		
USD	761.7	1,273.6
EUR	(45.7)	(178.0)
JPY	0.8	2.7
GBP	—	0.4

#### (b) Sensitivity

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

Rs. in million

Currency	As at March 31, 2021		As at March 31, 2020	
	Increase in exchange rate	Decrease in exchange rate	Increase in exchange rate	Decrease in exchange rate
USD	76.2	(76.2)	127.4	(127.4)
EUR	(4.6)	4.6	(17.8)	17.8

\* 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.

#### (a) Interest rate risk exposure

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

Rs. in million

	As at March 31, 2021			As at March 31, 2020		
	Weighted average interest rates	% of total loans	Total Borrowings	Weighted average interest rates	% of total loans	Total Borrowings
External commercial borrowings (USD) (Fixed rate)	—	—	—	4.9%	27.3%	1,808.6
External commercial borrowings (EURO) (Variable rate)	1.2%	100.0%	1,517.7	1.2%	22.2%	1,471.1
Short term borrowings, Commercial paper, Inter Corporate deposits, Overdraft facilities (Variable rate)	—	—	—	6.4%	50.5%	3,349.8
<b>Total</b>		<b>100.0%</b>	<b>1,517.7</b>		<b>100.0%</b>	<b>6,629.5</b>

#### (b) Sensitivity

The sensitivity of profit or loss to changes in interest rates

Rs. in million

	As at March 31, 2021	As at March 31, 2020
Rate increase by 100 basis points*	15.2	48.2
Rate decrease by 100 basis points*	(15.2)	(48.2)

\* Considering borrowings with variable rates and holding all other variables constant

# Notes to the Financial Statements for the year ended March 31, 2021

## 33. Fair value measurement (Continued)

### (iii) Liquidity risk

The Company recognises any risk from cash flow fluctuations as a part of liquidity planning. The Company has access to sufficient liquidity from unutilised credit lines from banks, ongoing commercial paper programme, debentures.

#### (a) Financing arrangements

The Company has access to undrawn borrowing facilities from banks for **Rs. 8,006 million** (Previous Year: Rs. 11,299 million) as on March 31, 2021. The Company also has unused Commercial Papers limit of **Rs. 7,500 million** (Previous Year: Rs. 5,500 million).

#### (b) Maturities of financial liabilities

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

Rs. in million

Contractual maturities of financial liabilities As at March 31, 2021	Upto 1 year	1 year to 2 years	2 years to 3 years	more than 3 years	Total
<b>Non-derivatives</b>					
Borrowings	1,517.7	—	—	—	1,517.7
Trade payables	26,718.6	—	—	—	26,718.6
Lease liabilities	432.5	305.4	232.1	366.7	1,336.7
Other financial liabilities	289.3	141.0	—	—	430.3
<b>Total non-derivative liabilities</b>	<b>28,958.1</b>	<b>446.4</b>	<b>232.1</b>	<b>366.7</b>	<b>30,003.3</b>
<b>Derivatives</b>					
Derivatives with negative fair values	119.7	—	—	—	119.7
<b>Total derivative liabilities</b>	<b>119.7</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>119.7</b>

Rs. in million

Contractual maturities of financial liabilities as at March 31, 2020	Upto 1 year	1 year to 2 years	2 years to 3 years	more than 3 years	Total
<b>Non-derivatives</b>					
Borrowings	5,158.4	1,471.1	—	—	6,629.5
Trade payables	22,163.1	—	—	—	22,163.1
Lease liabilities	435.8	332.9	230.1	589.1	1,587.9
Other financial liabilities	3,460.5	144.8	—	—	3,605.3
<b>Total non derivative liabilities</b>	<b>31,217.8</b>	<b>1,948.8</b>	<b>230.1</b>	<b>589.1</b>	<b>33,985.8</b>
<b>Derivatives</b>					
Derivatives with negative fair values	17.4	—	—	—	17.4
<b>Total derivative liabilities</b>	<b>17.4</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>17.4</b>

### (iv) Credit risk

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 carrying amount of all receivables, loans plus the nominal value of other financial obligations subject to expected credit loss and default risk represents the maximum default risk for the Company. The expected credit losses are calculated taking into consideration the credit rating of the customer, probability of default for various different credit ratings.

# Notes to the Financial Statements for the year ended March 31, 2021

## 33. Fair value measurement (Continued)

### (iv) Credit risk (Continued)

#### (a) Provision for expected credit loss:

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

Year ended March 31, 2021

Rs. in million

Ageing	Not due	Overdue	Total
Gross carrying amount	18,510.0	2,482.0	20,992.0
Expected loss rate	0.6%	12.0%	
Expected credit losses (loss allowance provision)	101.9	298.0	399.9
<b>Carrying amount of trade receivable (net of impairment)</b>	<b>18,408.1</b>	<b>2,184.0</b>	<b>20,592.1</b>

Year ended March 31, 2020

Rs. in million

Ageing	Not due	Overdue	Total
Gross carrying amount	11,313.2	3,213.6	14,526.8
Expected loss rate	0.5%	7.9%	
Expected credit losses (loss allowance provision)	61.4	255.2	316.6
<b>Carrying amount of trade receivable (net of impairment)</b>	<b>11,251.8</b>	<b>2,958.4</b>	<b>14,210.2</b>

- For other financial assets – High quality assets, negligible credit risk (under 12 months expected credit loss)

Rs. in million

Particulars	Estimated gross carrying amount at default	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
March 31, 2021	586.6	2.7%	15.7	570.9
March 31, 2020	2,551.2	0.8%	20.4	2,530.8

#### (b) Reconciliation of loss allowance provision for Trade Receivables

Rs. in million

<b>Loss allowance on March 31, 2019</b>	<b>226.1</b>
Less: Utilisation towards bad debts	(3.8)
Add: Changes in loss allowance	90.0
Add: Additions pursuant to Scheme of Merger	4.3
<b>Loss allowance on March 31, 2020</b>	<b>316.6</b>
Less: Utilisation towards bad debts	(13.5)
Add: Changes in loss allowance	186.1
Less: Transfer pursuant to divestiture of Construction Chemicals business	(89.3)
<b>Loss allowance on March 31, 2021</b>	<b>399.9</b>

### Significant estimates and judgements

#### Impairment of financial assets

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

# Notes to the Financial Statements for the year ended March 31, 2021

## 34. Capital management

### (a) Risk management

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

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

Generally a mix of commercial paper programme, inter corporate deposits, overdraft facilities and bank loans are used for short term financing while group external commercial borrowings are used for financing long term requirements.

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

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

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

Rs. in million

	As at March 31, 2021	As at March 31, 2020
Total equity	17,861.5	12,439.8
Total assets	51,441.1	48,298.9
<b>Equity ratio</b>	<b>34.7%</b>	25.8%

#### 2. Debt equity ratio – Total debt divided by Total equity

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

Rs. in million

	As at March 31, 2021	As at March 31, 2020
Total debt	1,517.7	6,629.5
Total equity	17,861.5	12,439.8
<b>Debt equity ratio</b>	<b>0.1</b>	0.5

### (b) Dividends

Rs. in million

	As at March 31, 2021	As at March 31, 2020
(i) Equity shares		
Dividend for the year ended March 31, 2020 of Rs. 3 (March 31, 2019 of Rs. 5) per fully paid share	129.9	216.4
<b>Proposed dividend</b>		
(ii) Dividend not recognised at the end of reporting year		
In addition to the above dividends, since year end, the Board of Directors have recommended the payment of a dividend of Rs. 10 for the year ended March 31, 2021 (Previous year: Rs. 3) per fully paid share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	432.9	129.9

## 35. Contingent liabilities

Rs. in million

Nature	As at March 31, 2021	As at March 31, 2020
Contingent liabilities (excluding interest & penalties)		
a) Claims against the Company not acknowledged as debts	40.0	39.1
In respect of which the Company has counterclaim	—	—
b) Demand for taxes and duties in respect of which the company has preferred appeals with appropriate authorities		
a. Income tax	1,805.9	1,842.5
b. Customs, Excise, Service tax and Sales tax (refer Note (i) below)	3,166.6	2,523.3
<b>Total</b>	<b>5,012.5</b>	4,404.9

# Notes to the Financial Statements for the year ended March 31, 2021

## 35. Contingent liabilities (Continued)

Note:

- (i) The Company has received demand notices from the Commercial Tax Department, Karnataka aggregating Rs. 7,446.7 million (including interest and penalty) for the period 2006-07 to 2016-17, by treating the stock transfers of its Mangalore Plant as interstate sales to dealers. However, recovery of demands for period 2006-07 to 2015-16 have been stalled by the Hon'ble Karnataka Appellate Tribunal. The Company has filed an appeal along with stay application against demand order for year 2016-17.

The Company has also filed a Writ Petition before the Hon'ble Karnataka High Court against the order passed by Hon'ble Central Sales Tax Appellate Authority (CSTAA).

Based on the expert legal advice obtained by the Company, it does not consider these stock transfers as interstate sales. Hence no provision is considered necessary in the books.

Demand orders aggregating Rs. 3,139.3 million (excluding interest and penalty) have been disclosed under contingent liabilities. Based on the expert legal advice obtained by the Company, it does not consider these stock transfers as interstate sales. Hence no provision is considered necessary in the books.

## 36. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided (net of advances) for **Rs. 418.4 million** (Previous Year Rs. 339.7 million)

## 37. Leases

The Company has adopted modified retrospective approach as per para C8 (c) (ii) of Ind AS 116 – Leases, effective from April 1, 2019.

The Company leases warehouses, vehicles, office facilities, storage tanks, equipments etc. On the initial date of application, the Company has recognised right of use of assets (an amount equal to the lease liability, adjusted by prepaid lease rent) of Rs. 1,761.3 million as at April 1, 2019. For asset class wise breakup of lease assets recognised at beginning of previous year, refer Note 1(B).

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of April 1, 2019. The weighted average incremental borrowing rate used to discount the gross lease liabilities as on April 1, 2019 & for additions during the current year & previous year was 6 to 8%

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

	Rs. in million	
	For the year ended March 31, 2021	For the year ended March 31, 2020
(i) Depreciation charge on Right-of-use assets (Refer Notes 1(B) and 29)	455.8	424.1
(ii) Interest expense for lease liabilities (Refer Note 28)	90.8	122.6
(iii) Rent expense (Refer Note 30):		
– Expenses for variable lease payments not included in lease liabilities	12.5	17.9
– Expenses for short-term leases and others	87.3	79.7
<b>Total</b>	<b>99.8</b>	97.6

### b) Other disclosures:

- (i) Lease liabilities:

	Rs. in million	
	As at March 31, 2021	As at March 31, 2020
Non-current lease liabilities	904.2	1,152.1
Current lease liabilities	432.5	435.8
<b>Total lease liabilities</b>	<b>1,336.7</b>	1,587.9

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 period are disclosed in Note 1(B).

## Notes to the Financial Statements for the year ended March 31, 2021

### 38. Micro, Small and Medium Enterprises Development Act, 2006

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

Rs. in million

Particulars	As at March 31, 2021	As at March 31, 2020
The principal amount and the interest due thereon remaining unpaid to any supplier registered under the MSMED Act as at the end of the year.		
– Principal amount	388.0	9.0
– Interest amount	0.8	0.8
The interest paid by the buyer in terms of Sections 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of payments made beyond the appointed date during each account year	—	—
– Principal amount	424.2	402.9
– 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.	4.6	5.5
The amount of interest accrued and remaining unpaid at the end of each accounting year.	5.4	6.3
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.	59.2	53.8

### 39. Exceptional items

Rs. in million

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit on sale of Construction chemicals business (Refer Note (i) below)	4,651.9	—
Loss on divestiture of Optical Brightening Agents (OBA) business (Refer Note (ii) below)	(138.5)	(261.5)
Impairment of certain assets at Dahej plant (Refer Note (iii) below)	(277.3)	—
Provision for realignment of business services unit (Refer Note (iv) below)	(215.2)	—
Compensation towards Voluntary Retirement Scheme for certain permanent workmen at Thane plant	—	(63.1)
<b>Total</b>	<b>4,020.9</b>	<b>(324.6)</b>

- (i) As intimated to Stock exchanges, the Company's construction chemicals business (forming part of the Surface Technologies segment) stands transferred to Master Builders Solutions India Private Limited with effect from July 1, 2020. The Company received net consideration of Rs. 5,951.6 million in advance on June 30, 2020 towards the said divestiture. Certain liabilities were discharged by the Company, which have been reimbursed by Master Builders Solutions India Private Limited.

The Company has recognized net profit of Rs. 4,651.9 million during the year ended March 31, 2021 pursuant to the aforesaid divestiture.

- (ii) The Company had recognised an amount of Rs. 138.5 million towards consideration on sale of a business (forming part of the Nutrition & Care segment), which was subject to attaining certain pre-conditions. During the current year, as these pre-conditions were not met, this amount has been written off.
- (iii) Considering the macro-economic situation, the Company has recognised an impairment loss of Rs. 277.3 million during the year ended March 31, 2021 towards decline in the recoverable value of certain plant and machineries pertaining to Performance Materials division which forms part of Materials segment.
- (iv) The Company has announced realignment of its business service units, which aims at bundling of services and resources including implementation of a wide-ranging digitalization initiatives thereby simplifying processes and utilizing digital solutions. Considering the aforesaid, the Company has recognised provision aggregating Rs. 215.2 million during the year ended March 31, 2021 as employees compensation towards realignment of business service units.

# Notes to the Financial Statements for the year ended March 31, 2021

## 40. Offsetting financial assets and financial liabilities

Rs. in million

	Gross amounts	Gross amounts set off in the balance sheet	Net amounts presented in balance sheet
	(Financial Assets - Trade Receivables)	(Financial Liabilities - Rebates / Discounts)	(Net Financial Assets - Trade Receivables)
March 31, 2021	21,403.1	811.0	20,592.1
<b>Total</b>	<b>21,403.1</b>	<b>811.0</b>	<b>20,592.1</b>
March 31, 2020	15,044.2	834.0	14,210.2
<b>Total</b>	<b>15,044.2</b>	<b>834.0</b>	<b>14,210.2</b>

### Trade receivables

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

## 41. Other provisions

Rs. in million

	As at March 31, 2021	As at March 31, 2020
At the commencement of the year	404.6	469.8
Add: Additions pursuant to Scheme of Merger	—	1.3
Add: Provisions made during the year (net)	1.3	(44.3)
Less: Utilisation during the year	3.6	22.2
At the end of the year	402.3	404.6

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

## 42. Corporate Social Responsibility ('CSR')

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

(a) Gross amount required to be spent by the Company during the year: **Rs. 10.9 million** (Previous Year: Rs. 2.5 million)

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

Rs. in million

Amount spent during the year on:	For the year ended March 31, 2021	For the year ended March 31, 2020
1) Construction/Acquisition of any assets	—	—
2) For purposes other than (1) above:		
– Covid-19 Support & other healthcare support	9.1	—
– Promoting sanitation and making available safe drinking water	0.4	1.5
– Promoting education facilities & rural infrastructure	1.8	1.2
	<b>11.3</b>	<b>2.7</b>

# Notes to the Financial Statements for the year ended March 31, 2021

## 43. Employee Benefits

### (a) Defined contribution plans:

The Company's contribution to defined contribution funds comprising of Superannuation fund, Employees' State Insurance Schemes and National Pension System (NPS) scheme amounting to **Rs. 85.0 million** (Previous Year Rs. 83.6 million) (net of recoveries) has been charged to the Statement of Profit and Loss.

### (b) Defined benefit plans:

#### (i) Gratuity

Gratuity is payable to all eligible employees of the Company on retirement, death, permanent disablement and resignation in terms of provisions of the Payment of Gratuity Act, 1972, or as per the Company's scheme whichever is more beneficial. The Company irrevocably contributes funds to a separate Gratuity Trust which is recognised by Income Tax authorities.

Rs. in million

	Gratuity Funded	
	As at March 31, 2021	As at March 31, 2020
<b>I) Reconciliation of present value of defined benefit obligation</b>		
Balance at the beginning of the year	605.4	495.8
Benefits paid from plan	(35.9)	(37.2)
Current service cost	57.1	45.4
Interest cost	35.1	37.8
Past service cost	124.6	—
Actuarial gain/loss recognised in other comprehensive income		
– Changes in demographic assumptions	—	—
– Changes in financial assumptions	(30.1)	60.7
– Changes of experience adjustments	6.3	7.5
Transfers (out) on divestitures	(56.9)	(32.1)
Transfers in on merger	—	27.5
<b>Balance at the end of the year</b>	<b>705.6</b>	<b>605.4</b>
<b>II) Reconciliation of present value of plan assets</b>		
Balance at the beginning of the year	395.4	483.0
Contributions paid into plan	203.3	12.8
Benefits paid	(35.8)	(37.1)
Employer direct benefit payments	—	—
Return on plan assets (excluding interest income) (Refer note c) below	(3.1)	(84.3)
Interest income	28.3	34.1
Transfer out on divestitures	(56.9)	(32.1)
Transfers in on merger	—	19.0
<b>Balance at the end of the year</b>	<b>531.2</b>	<b>395.4</b>
<b>Net liability (current) (I-II)</b>	<b>174.4</b>	<b>210.0</b>
<b>III) Expenses recognised in the Statement of Profit and Loss</b>		
Current service cost	57.1	45.4
Interest cost	35.1	37.8
Past service cost	124.6	—
Interest income	(28.3)	(33.8)
<b>Expenses recognised in the Statement of Profit and Loss</b>	<b>188.5</b>	<b>49.4</b>
<b>IV) Remeasurements recognised in other comprehensive income</b>		
Actuarial loss/(gain) on defined benefit obligation	(23.8)	68.2
Return on plan assets excluding interest income	3.1	84.8
	(20.7)	153.0



## Notes to the Financial Statements for the year ended March 31, 2021

### 43. Employee Benefits (Continued)

#### (b) Defined benefit plans (Continued):

The plan assets under the Gratuity scheme are deposited under approved securities. The major categories of plan assets as a percentage of total plan assets are provided below:-

	As at March 31, 2021	As at March 31, 2020
Government of India securities	17%	10%
State government securities	41%	59%
Public Sector Unit bonds	18%	6%
Private sector bonds	10%	15%
Fixed deposit and others	5%	1%
Special deposit scheme	4%	6%
Mutual funds	5%	3%
<b>Total</b>	<b>100%</b>	<b>100%</b>

The assumptions used for actuarial valuation are as follows:-

	As at March 31, 2021	As at March 31, 2020
Discount rate	6.66%	6.04% - 6.10%
Expected salary increase rate	6% - 8% p.a.	6% - 8% p.a.
Attrition Rate	2% - 9% p.a.	2% - 9% - 12% 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.

Rs. in million

Expected total benefit payments	As at March 31, 2021	As at March 31, 2020
Year 1	74.0	53.1
Year 2	64.3	56.6
Year 3	73.7	50.0
Year 4	62.5	59.1
Year 5	53.9	47.1
Next 5 years	244.1	227.3

Sensitivity analysis – defined benefit obligation end of period:

Rs. in million

	As at March 31, 2021	As at March 31, 2020
Discount rate +100 basis points	660.2	563.8
Discount rate -100 basis points	756.7	652.4
Salary Increase Rate +1%	752.2	648.3
Salary Increase Rate -1%	663.4	566.6
Attrition Rate +1%	701.6	600.4
Attrition Rate -1%	710.1	611.0

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

The contribution expected to be made by the Company during the financial year 2020-21 is **Rs. 174.4 million** (Previous Year: Rs. 201.5 million).

# Notes to the Financial Statements for the year ended March 31, 2021

## 43. Employee Benefits (Continued)

### (ii) Provident Fund

The Company has an obligation to fund any shortfall on the yield of the Company's Trust investments over the administered interest rates on an annual basis. These administered rates are notified by the Government annually. The Actuarial Society of India has issued the final guidance for measurement of provident fund liabilities. The actuary has accordingly provided a valuation based on the below provided assumptions as at March 31, 2021.

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

	As at March 31, 2021	As at March 31, 2020
Plan assets as year end, at fair value	3,068.8	2,953.2
Present value of benefit obligation at year end	3,188.5	3,074.6
Excess of plan obligation over plan assets	119.7	121.4
Cost of shortfall in interest rate guarantee	36.1	33.1
<b>Net liability</b> [Refer note (c) below]	<b>155.8</b>	154.5
Assumptions used in determining the present value obligation to the interest rate guarantee under the Deterministic Approach:		
Discount rate	6.66%	6.04%
Average remaining tenure of the investment portfolio	5 years	5 years
Expected guaranteed interest rate	8.5%	8.5%

During the year ended March 31, 2021, amount recognised in the Statement of Profit and Loss for the Company's Contribution to Employee provident fund (net of recoveries, if any) is **Rs. 153.4 million** (Previous year Rs. 156.2 million).

### Risk exposure

The fund assets for Gratuity and Provident fund are maintained by BASF trust fund, a legally independent funded plan, which is financed by contribution of employees and the employer as well as the return on plan asset.

### Following risk-mitigating strategies are adopted for the Funds:

Being managed passively, the debt segments of the portfolios are predominantly exposed to Credit Risk and Reinvestment Risk. These risks are managed in the following manner:

**Reinvestment risk:** Reinvestment risk is minimized by spreading maturities of debt investments across various years. Here a balance is struck between minimizing reinvestment risk and maximizing yield given the term structure of interest rates, issuance pattern of debt instruments and their liquidity. Owing to the investment regulation, the Funds have also invested in Equity Mutual Funds which are exposed to Market Risk.

**Market risk:** Market risk is minimized by (a) ensuring that schemes selected for investment have high-ranking by independent agencies (b) large-cap orientation and (c) have a track record of superior down-side management. Further, volatilities in returns of these schemes are minimized by staggering deployment in the schemes across months which bring in cost-averaging. Performance of the schemes is monitored on a monthly basis. Corrective action, if required, is recommended for schemes that underperform their peers and the benchmark consistently.

**Credit risk:** Credit risk is minimized by spreading exposure to multiple debt issuers, i.e. by not allowing exposure to an individual debt issuer to exceed by 5%-10% (depending on the issuer type) of the total portfolio at any time. Further, investments are made only in high grade bonds. Rating migrations in the instruments held in the portfolios are tracked regularly and are reported to the Trustees in case of downgrades. Corrective action on downgrades is suggested, if deemed necessary.

- (c) Probable incremental employee benefit liability that may arise on the Company due to likely shortfall in fund balance considering uncertainty in recoverability of certain investments held by the Gratuity Trust – **Rs. Nil** (Previous year: Rs. 56.5 million) and Provident Fund Trust – **Rs. 1.3 million** (Previous year: Rs. 154.5 million), has been included as remeasurement costs in 'Other comprehensive income'.

# Notes to the Financial Statements for the year ended March 31, 2021

## 43. Employee Benefits (Continued)

### (d) Share-based payments (Long Term Incentive):

The Ultimate Holding Company ('BASF SE') offers following two types of Share Price based compensation program for senior executives of BASF group. Participation in these programs is voluntary.

#### (i) BASF Option Program ('BOP'):

The option program starts every year on July 1. After the two-year vesting period, the options can be exercised for a period of four years. Options that have not been exercised by the end of the exercise period of the respective program are forfeited, without any subsequent payment obligations towards the bearer.

The model used in the valuation of the option plans are based on the arbitrage-free valuation model according to Black-Scholes. The fair values of the options are determined using the binomial model.

#### (ii) 'Strive!' – Performance Share Units (PSUs):

In 2020, a new Long term incentive program, known as Strive!, is established in the form of a performance share plan. The new plan is based on achievement of strategic targets and takes into account BASF SE's share price and dividend performance (total shareholder return) over a four-year period.

A Strive! plan includes a four-year performance period with a fixed disbursement date. A target amount is determined at the beginning of a new Strive! plan for every participant. This target amount is converted into a preliminary number of virtual performance share units (PSUs) by dividing it by the average BASF share price. The number of PSUs that are ultimately paid out at the end of the performance period depends on the achievement of the strategic targets.

Since the Company receives the services of the employees to whom the options have been granted by BASF SE and the Company has no obligation to settle these options, the Company has recognized both the above plans as equity settled share based payment transactions in accordance with the requirements of paragraph 43 A and 43 B of Ind AS 102 Share Based Payments. Charge for the year and related assumptions are summarised in below tables:

#### BASF Option Program ('BOP'):

		For the year ended March 31, 2021	For the year ended March 31, 2020
Charge included in employee benefit expense (Refer Note 27)	Rs. in million	9.7	6.7
Options outstanding at the beginning of the year	Nos	22,274.0	13,930.0
Options granted during the year	Nos	4,128.0	8,476.0
Options forfeited, exercised or expired during the year	Nos	—	(132.0)
<b>Outstanding at the end of the year</b>	Nos	<b>26,402.0</b>	22,274.0
<b>Fair value of options and parameters used for valuation</b>		<b>As at December 31, 2020</b>	As at December 31, 2019
Fair value of BASF SE's shares	Euro	28.0	20.5
Volume-weighted average market price of BASF SE's shares	Euro	51.3	68.2
Expected volatility of BASF SE's shares	%	28.2	23.4
Dividend yield	%	5.1	4.8
Risk-free interest rate	%	(0.7)	(0.3)

## Notes to the Financial Statements for the year ended March 31, 2021

### 43. Employee Benefits (Continued)

(d) Share-based payments (Long Term Incentive) (continued):

‘Strive!’ – Performance Share Units (PSUs):

		For the year ended March 31, 2021	For the year ended March 31, 2020
Charge included in employee benefit expense (Refer Note 27)	Rs. in million	1.8	–
PSUs granted during the year	Nos	1,552.0	–
<b>Outstanding at the end of the year</b>	Nos	<b>1,552.0</b>	–
<b>Fair value of options and parameters used for valuation</b>		<b>As at December 31, 2020</b>	<b>As at December 31, 2019</b>
Fair value / PSU	Euro	55.0	–
Weighted target achievement	%	92.5	–
Base price of BASF SE's shares	Euro	64.7	–
Dividend	Euro	3.3	–

(e) Other long term employee benefits:

(i) Long service awards:

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

(ii) Compensated absences:

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

For compensated absences, the amount of the provision of **Rs. 437.3 million** (Previous Year: Rs. 389.4 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. 385.4 million** (Previous Year: Rs. 356.6 million).

### 44. Operating Segments

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

**Details of type of products included in each segment:**

- Agricultural Solution – The Agricultural Solutions segment consists of the Crop Protection division. Agricultural Solution is seasonal in nature
- Materials – The Materials segment comprises Performance Materials divisions, the Monomers divisions and Polyamides business of BPPIPL merged with the Company (Refer note 48)
- Industrial Solutions – The Industrial Solutions segment consists of the Dispersions & Pigments divisions and Performance Chemicals divisions
- Surface Technologies – The Surface Technologies segment comprises of the Construction Chemicals (upto June 30, 2020), Catalysts and Coatings divisions
- Nutrition & Care – The Nutrition & Care segment consists of the Care Chemicals and Nutrition & Health divisions
- Chemicals – The Chemicals segment consists of the Petrochemicals and Intermediates divisions
- Others – Others includes activities that are not allocated to any of the continued operating divisions. These includes remaining activities after divestiture of leather and textile chemicals business, paper wet-end and water chemicals business, technical and service charges other than those specifically identifiable to above segments.

Un-allocable Corporate Assets mainly includes Current tax assets (net), Deferred tax assets (net), Cash and cash equivalents and other un-allocable assets.

Un-allocable Corporate Liabilities mainly includes borrowings, Current tax liabilities (net) and other un-allocable liabilities.

# Notes to the Financial Statements for the year ended March 31, 2021

## 44. Operating Segments (Continued)

### (a) Business Segments

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

Rs. in million

	Agricultural Solution	Materials	Industrial Solutions	Surface Technologies	Nutrition & Care	Chemicals	Others	Un-allocated	Total
Segment revenue	14,349.3	21,889.3	13,879.4	3,965.4	23,092.4	17,284.7	1,122.9	—	95,583.4
	11,140.1	17,357.9	11,919.0	8,488.1	14,650.6	10,160.3	2,229.6	—	75,945.6
Less: Inter-segment revenue	—	—	—	—	—	—	—	—	—
<b>Sales/ Revenue from operations</b>	<b>14,349.3</b>	<b>21,889.3</b>	<b>13,879.4</b>	<b>3,965.4</b>	<b>23,092.4</b>	<b>17,284.7</b>	<b>1,122.9</b>	<b>—</b>	<b>95,583.4</b>
	11,140.1	17,357.9	11,919.0	8,488.1	14,650.6	10,160.3	2,229.6	—	75,945.6
<b>Segment result</b>	<b>1,105.8</b>	<b>1,397.3</b>	<b>933.0</b>	<b>(498.7)</b>	<b>1,186.4</b>	<b>853.5</b>	<b>93.3</b>	<b>—</b>	<b>5,070.6</b>
	612.4	(320.8)	531.9	429.8	(214.4)	247.8	258.0	—	1,544.7
Finance costs								375.7	375.7
								834.5	834.5
Interest income								96.8	96.8
								69.2	69.2
Other un-allocable expenditure (net of un-allocable income)								413.0	413.0
								355.8	355.8
<b>Profit/(Loss) before tax and exceptional item</b>									<b>4,378.7</b>
									423.6
<b>Exceptional item gain/(loss) (net) (Refer note 39)</b>	<b>—</b>	<b>(277.3)</b>	<b>—</b>	<b>4,651.9</b>	<b>(138.5)</b>	<b>—</b>	<b>(215.2)</b>	<b>—</b>	<b>4,020.9</b>
	—	—	—	—	(293.1)	—	(31.5)	—	(324.6)
Tax									2,873.5
									(129.7)
<b>Profit/(Loss) after tax</b>									<b>5,526.1</b>
									228.7

Rs. in million

	Agricultural Solution	Materials	Industrial Solutions	Surface Technologies	Nutrition & Care	Chemicals	Others	Un-allocated	Total
<b>OTHER INFORMATION</b>									
Segment assets	6,725.1	14,988.9	8,060.5	3,226.8	9,048.3	5,419.9	642.9	3,328.7	51,441.1
	6,662.9	14,043.3	6,718.8	5,507.7	8,297.2	3,255.4	789.2	3,024.4	48,298.9
Segment liabilities	4,132.5	9,071.1	6,294.7	1,496.2	6,754.6	5,181.3	190.0	459.2	33,579.6
	2,902.7	11,639.4	4,249.4	2,415.1	6,759.0	4,376.3	162.9	3,354.3	35,859.1
Capital expenditure	22.1	99.2	256.3	186.9	75.3	6.3	1.3	—	647.4
	10.6	402.4	198.9	81.5	31.4	0.4	18.2	—	743.4
Depreciation and amortisation	175.8	681.1	386.2	111.9	345.0	38.2	1.0	—	1,739.2
	140.3	651.3	368.2	244.7	363.4	11.5	29.2	—	1,808.6
Non-cash charges – Loss allowance on trade receivables	4.7	34.9	7.9	11.2	7.8	103.6	16.0	—	186.1
	21.6	18.6	3.3	33.3	9.2	5.8	(1.8)	—	90.0

### (b) Geographic Segments

Rs. in million

	Domestic	Exports	Total
Revenues	93,186.5	2,396.9	95,583.4
	72,309.5	3,636.1	75,945.6
Non-current assets (excluding financial instruments & deferred/ income tax asset)	9,174.4	—	9,174.4
	10,278.5	—	10,278.5

#### Note:

#### Revenue from major customer:

The Company is not reliant on revenues from transactions with any single customer and does not receive 10% or more of its revenue from transactions with any single external customers.

# Notes to the Financial Statements for the year ended March 31, 2021

## 45. Related Party Disclosure

### a) Parties where control exists

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

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

#### Parties under common control

BASF Advanced Chemicals Co. Ltd.	BASF Paper Chemicals (Jiangsu) Co., Ltd.
BASF Agricultural Solutions Seed US LLC	BASF Performance Polyamides Korea Co. Ltd.
BASF Agro B.V. Arnhem (NL)	(earlier known as Solvay Chemicals Korea Co. Ltd.)
BASF Agrochemical Products B.V.	(w.e.f. 01.02.2020)
BASF Antwerpen N.V.	BASF Performance Polyamides India Private Ltd.
BASF Asia-Pacific Service Centre Sdn. Bhd.	(earlier known as Rhodia Polymers & Specialities India
BASF Australia Ltd.	Private Ltd.) (w.e.f. 01.02.2020 to 31.01.2021)
BASF Bangladesh Ltd.	(Refer note 48)
BASF Belgium Coordination Center Comm. V.	BASF Performance Polyamides USA LLC
BASF Beauty Care Solutions France	(earlier known as Solvay USA Inc)
BASF Care Chemicals (Shanghai) Co. Ltd.	(w.e.f. 01.02.2020 to 28.02.2021)
BASF Catalysts Germany GmbH	BASF Personal Care and Nutrition GmbH
BASF Catalysts (Shanghai) Co. Ltd.	BASF Petronas Chemicals Sdn. Bhd.
BASF Catalysts India Private Limited	BASF Philippines INC
BASF Chemicals & Polymers Pakistan (Private) Ltd.	BASF Plant Science Company GmbH
BASF Chemicals Co., Ltd.	BASF PLC
BASF Chemicals India Pvt. Ltd.	BASF Poliuretanos Ltda.
BASF (China) Company Ltd.	BASF Polyurethane Specialties (China) Co., Ltd.
BASF Coatings de Mexico, S.A. de C.	BASF Polyurethanes (China) Co.Ltd
BASF Coatings GmbH	BASF Polyurethanes (Chongqing) Co., Ltd
BASF Coatings S.A.	BASF Polyurethanes GmbH
BASF Coatings S.A.S.	BASF S.A.
BASF Coatings Spa	BASF Saudi Arabia Limited Company
BASF Colors & Effects GmbH	BASF Services Europe GmbH
BASF Colors & Effects Shanghai Ltd.	BASF Shanghai Coatings Co. Ltd.
BASF Colors & Effects Singapore Pte. Ltd	BASF South Africa (Pty) Ltd.
BASF Colors & Effects USA LLC	BASF South East Asia Pte. Ltd.
BASF Colors and Effects India Pvt. Ltd. (w.e.f. August 9, 2018)	BASF Specialty Chemicals (Nanjing) Co. Ltd.
BASF Company Ltd.	BASF Taiwan Ltd.
BASF Construction Chemicals (China) Co., Ltd.	BASF (Thai) Limited
(up to 30.09.2020)	BASF Tanzania Limited
BASF Construction Chemicals Egypt S.A.E.	BASF Türk Kimya Sanayi ve Ticaret Ltd. Sti.
BASF Construction Chemicals Espana S.L.	BASF Venture Capital GmbH
BASF Construction Chemicals Europe AG	BASF Türk Kimya Sanayi ve Ticaret Ltd. Sti.
BASF Construction Chemicals Italia Spa	BASF Vietnam Co. Ltd.
BASF Construction Chemicals LLC	BASF - YPC Company Limited
BASF Construction Chemicals UAE LLC (up to 30.09.2020)	Chemetall India Private Limited
BASF Construction Solutions GmbH (up to 30.09.2020)	Cognis IP Management GmbH
BASF Construction Systems (China) Co. Ltd.	Construction Research & Technology GmbH
(up to 30.09.2020)	(up to 30.09.2020)
BASF Corporation	EnerG2 Technologies, Inc.
BASF Crop Protection (Jiangsu) Co. Ltd.	hte GmbH
BASF Digital Farming GmbH	inge GmbH
BASF Digital Solutions GmbH	Nunhems India Private Limited
(earlier known as BASF Business Services GmbH)	Master Builders Solutions India Private Limited
BASF East Africa Ltd.	(w.e.f. 26.09.2019 up to 30.09.2020)
BASF East Asia Regional Headquarters Ltd.	Master Builders Solutions Construction Chemicals L.L.C.
BASF Engineering Plastics(Shanghai) Co., Ltd.	(earlier name BASF Construction Chemicals L.L.C.)
(earlier known as Solvay (Shanghai) Engineering	(up to 30.09.2020)
Plastics Co. Ltd) (w.e.f. 01.02.2020)	MBS construction chemicals Egypt (S.A.E) (earlier
BASF Espanola S.L.	name BASF Construction Chemicals Egypt S.A.E.)
BASF France S.A.S.	(up to 30.09.2020)
BASF Hock Mining Chemical (China) Co. Ltd.	Master Builders Solutions Italia S.p.A.
BASF Hong Kong Ltd.	(earlier name BASF Construction Chemicals Italia S.p.A.)
BASF Intertrade AG	(up to 30.09.2020)
BASF IP Licensing GmbH	OOO BASF
BASF Ireland Limited	Performance Polyamides SAS
BASF Italia S.p.A.	(w.e.f. 01.02.2020 to 28.02.2021)
BASF Japan Ltd.	P.T. BASF Care Chemicals Indonesia
BASF Lanka (Private) Limited	P.T. BASF Distribution Indonesia
BASF (Malaysia) Sdn. Bhd.	P.T. BASF Indonesia
BASF Metals Ltd.	Saudi BASF for Building Materials Co. Ltd.
BASF Mexicana S.A. DE C.V.	Shanghai BASF Polyurethane Co. Ltd.
BASF Nederland B.V.	Solenis Chemicals India Private Limited
BASF New Business GmbH	Techpolymers IND E Comercio Ltda
BASF Pakistan (Pvt.) Limited	(w.e.f. 01.02.2020 upto 28.02.2021)
BASF Paper Chemicals (Huizhou) Co. Ltd.	Thai Ethoxylate Co., Ltd.

# Notes to the Financial Statements for the year ended March 31, 2021

## 45. Related Party Disclosure (Continued)

### c) Post employment benefit plans

BASF India Ltd. Provident Fund  
 BASF India Ltd. Employees Gratuity Fund  
 BASF India Ltd. Superannuation Fund Trust

### d) Key Management Personnel

Mr. Pradip P. Shah (Chairman and Independent Director) (Chairman w.e.f. April 1, 2019)  
 Mr. Narayan Krishnamohan (Managing Director) (w.e.f. April 1, 2019)  
 Mr. Narendranath J. Baliga (Chief Financial Officer and Alternate Director)  
 Mr. Rajesh Naik (Manufacturing Head and Whole time Director)  
 Mr. Pradeep Chandan (Company Secretary and Alternate Director) (Alternate Director w.e.f. April 1, 2019)  
 Mr. Arun Bewoor (Independent Director)  
 Mr. R. A. Shah (Independent Director)  
 Mrs. Shyamala Gopinath (Independent Director)  
 Mr. Dirk Bremm (Non-Executive Director) (w.e.f. July 21, 2019)  
 Dr. Ramkumar Dhruva (Non-Executive Director)

### e) Details of transactions with parties where control exists/ under common control for the year ended March 31, 2021

Rs. in million

Nature of Transactions	Parties where control exists		Parties under common control		Total	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
<b>Sale of Goods</b>						
BASF SE	104.1	370.5	—	—	104.1	370.5
BASF Hong Kong Ltd.	—	—	313.1	832.2	313.1	832.2
BASF Corporation	—	—	—	249.9	—	249.9
Solenis Chemicals India Private Limited	—	—	141.9	215.1	141.9	215.1
Others	—	—	313.8	268.2	313.8	268.2
<b>Sub-Total</b>	<b>104.1</b>	<b>370.5</b>	<b>768.8</b>	<b>1,565.4</b>	<b>872.9</b>	<b>1,935.9</b>
<b>Services Rendered (including reimbursements)</b>						
BASF SE	381.0	449.8	—	—	381.0	449.8
BASF Hong Kong Ltd.	—	—	25.7	238.6	25.7	238.6
BASF Nederland B.V.	—	—	—	268.5	—	268.5
BASF Corporation	—	—	167.0	85.9	167.0	85.9
BASF Chemicals India Pvt. Ltd.	—	—	110.9	113.6	110.9	113.6
Others	—	—	410.3	557.3	410.3	557.3
<b>Sub-Total</b>	<b>381.0</b>	<b>449.8</b>	<b>713.9</b>	<b>1,263.8</b>	<b>1,094.9</b>	<b>1,713.7</b>
<b>Interest Expense on ECB Loan and ICDs taken (including incidental charges)</b>						
BASF Ireland Limited	—	—	18.6	101.4	18.6	101.4
Nunhems India Private Limited	—	—	3.8	60.3	3.8	60.3
BASF Catalysts India Private Limited	—	—	—	4.3	—	4.3
Chemetall India Private Limited	—	—	—	33.5	—	33.5
<b>Sub-Total</b>	<b>—</b>	<b>—</b>	<b>22.4</b>	<b>199.5</b>	<b>22.4</b>	<b>199.5</b>
<b>Interest Income on ICDs given</b>						
BASF Catalysts India Private Limited	—	—	22.6	16.4	22.6	16.4
<b>Sub-Total</b>	<b>—</b>	<b>—</b>	<b>22.6</b>	<b>16.4</b>	<b>22.6</b>	<b>16.4</b>
<b>Purchase of Goods/ Materials</b>						
BASF SE	5,885.3	4,595.2	—	—	5,885.3	4,595.2
BASF Hong Kong Ltd.	—	—	27,753.3	20,019.7	27,753.3	20,019.7
BASF South East Asia Pte. Ltd.	—	—	7,903.7	5,178.3	7,903.7	5,178.3
BASF Petronas Chemicals Sdn Bhd	—	—	7,507.5	4,908.1	7,507.5	4,908.1
BASF Company Ltd.	—	—	4,857.0	4,793.5	4,857.0	4,793.5
Others	—	—	7,675.2	6,510.8	7,675.2	6,510.8
<b>Sub-Total</b>	<b>5,885.3</b>	<b>4,595.2</b>	<b>55,696.7</b>	<b>41,410.4</b>	<b>61,582.0</b>	<b>46,005.6</b>

# Notes to the Financial Statements for the year ended March 31, 2021

## 45. Related Party Disclosure (Continued)

e) Details of transactions with parties where control exists/under common control for the year ended March 31, 2021 (Continued)

Rs. in million

Nature of Transactions	Parties where control exists		Parties under common control		Total	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
<b>Services Received (including reimbursements)</b>						
BASF SE	782.9	392.3	—	—	782.9	392.3
BASF Asia-Pacific Service Centre Sdn. Bhd.	—	—	192.8	205.9	192.8	205.9
BASF South East Asia Pte. Ltd.	—	—	167.7	242.6	167.7	242.6
BASF Digital Solutions GmbH	—	—	513.6	507.7	513.6	507.7
Others	—	—	212.2	249.7	212.2	249.7
<b>Sub-Total</b>	<b>782.9</b>	<b>392.3</b>	<b>1,086.3</b>	<b>1,205.9</b>	<b>1,869.2</b>	<b>1,598.2</b>
<b>Royalty</b>						
BASF SE	0.6	11.4	—	—	0.6	11.4
BASF IP Licencing GmbH	—	—	242.1	218.9	242.1	218.9
BASF Coatings GmbH	—	—	54.5	67.7	54.5	67.7
Construction Research & Technology GmbH	—	—	13.4	127.1	13.4	127.1
Cognis IP Management GmbH	—	—	46.5	32.4	46.5	32.4
<b>Sub-Total</b>	<b>0.6</b>	<b>11.4</b>	<b>356.5</b>	<b>446.1</b>	<b>357.1</b>	<b>457.5</b>
<b>Dividend</b>						
BASF SE	68.5	104.7	—	—	68.5	104.7
BASF Schweiz AG	26.7	44.5	—	—	26.7	44.5
BASF Construction Solutions GmbH	—	—	—	9.5	—	9.5
<b>Sub-Total</b>	<b>95.2</b>	<b>149.2</b>	<b>—</b>	<b>9.5</b>	<b>95.2</b>	<b>158.7</b>
<b>ECB Loan and ICDs availed during the year</b>						
Nunhems India Private Limited	—	—	300.0	330.0	300.0	330.0
BASF Catalysts India Private Limited	—	—	—	—	—	—
Chemetall India Private Limited	—	—	—	650.0	—	650.0
<b>Sub-Total</b>	<b>—</b>	<b>—</b>	<b>300.0</b>	<b>980.0</b>	<b>300.0</b>	<b>980.0</b>
<b>ECB Loan and ICDs repaid during the year including forex loss on settlements</b>						
BASF Ireland Limited	—	—	1,681.5	410.9	1,681.5	410.9
Nunhems India Private Limited	—	—	300.0	1,830.0	300.0	1,830.0
BASF Catalysts India Private Limited	—	—	—	350.0	—	350.0
Chemetall India Private Limited	—	—	—	1,650.0	—	1,650.0
<b>Sub-Total</b>	<b>—</b>	<b>—</b>	<b>1,981.5</b>	<b>4,240.9</b>	<b>1,981.5</b>	<b>4,240.9</b>
<b>ICDs given during the year</b>						
BASF Catalysts India Private Limited	—	—	900.0	650.0	900.0	650.0
<b>Sub-Total</b>	<b>—</b>	<b>—</b>	<b>900.0</b>	<b>650.0</b>	<b>900.0</b>	<b>650.0</b>
<b>ICDs repayment received during the year</b>						
BASF Catalysts India Private Limited	—	—	1,550.0	—	1,550.0	—
<b>Sub-Total</b>	<b>—</b>	<b>—</b>	<b>1,550.0</b>	<b>—</b>	<b>1,550.0</b>	<b>—</b>
<b>Purchase of Assets</b>						
BASF SE	—	—	—	—	—	—
BASF Schweiz AG	—	0.1	—	—	—	0.1
BASF Polyurethanes (China) Co Ltd	—	—	2.4	6.9	2.4	6.9
BASF Petronas Chemicals Sdn Bhd	—	—	0.3	—	0.3	—
BASF Company Ltd.	—	—	12.9	—	12.9	—
BASF Polyurethanes GmbH	—	—	—	3.7	—	3.7
<b>Sub-Total</b>	<b>—</b>	<b>0.1</b>	<b>15.6</b>	<b>10.6</b>	<b>15.6</b>	<b>10.7</b>



# Notes to the Financial Statements for the year ended March 31, 2021

## 45. Related Party Disclosure (Continued)

e) Details of transactions with parties where control exists/under common control for the year ended March 31, 2021 (Continued)

Rs. in million

Nature of Transactions	Parties where control exists		Parties under common control		Total	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
<b>Outstanding Receivables</b>						
BASF SE	150.3	99.5	—	—	150.3	99.5
BASF Italia S.p.A.	—	—	638.1	—	638.1	—
BASF Hong Kong Ltd.	—	—	69.6	54.3	69.6	54.3
BASF Corporation	—	—	38.7	58.0	38.7	58.0
Others	—	—	194.6	316.9	194.6	316.9
<b>Sub-Total</b>	<b>150.3</b>	<b>99.5</b>	<b>941.0</b>	<b>429.2</b>	<b>1,091.3</b>	<b>528.7</b>
<b>Outstanding Payables</b>						
BASF SE	1,986.7	2,814.8	—	—	1,986.7	2,814.8
BASF Hong Kong Ltd.	—	—	8,826.5	6,759.9	8,826.5	6,759.9
BASF South East Asia Pte. Ltd.	—	—	2,733.5	1,894.0	2,733.5	1,894.0
BASF Petronas Chemicals Sdn Bhd	—	—	2,328.4	1,060.2	2,328.4	1,060.2
BASF Company Ltd.	—	—	2,271.2	1,439.7	2,271.2	1,439.7
Others	—	—	4,313.0	4,562.8	4,313.0	4,562.8
<b>Sub-Total</b>	<b>1,986.7</b>	<b>2,814.8</b>	<b>20,472.6</b>	<b>15,716.6</b>	<b>22,459.3</b>	<b>18,531.4</b>
<b>ECB Loan Outstanding (including interest accrued not due)</b>						
BASF Ireland Limited	—	—	1,521.9	3,310.8	1,521.9	3,310.8
<b>Sub-Total</b>	<b>—</b>	<b>—</b>	<b>1,521.9</b>	<b>3,310.8</b>	<b>1,521.9</b>	<b>3,310.8</b>
<b>ICDs Given - Outstanding (including interest accrued not due)</b>						
BASF Catalysts India Private Limited	—	—	—	650.0	—	650.0
<b>Sub-Total</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>650.0</b>	<b>—</b>	<b>650.0</b>
<b>Consideration on Divestiture of Construction Chemicals business</b>						
Master Builders Solutions India Private Limited	—	—	5,951.6	—	5,951.6	—
<b>Sub-Total</b>	<b>—</b>	<b>—</b>	<b>5,951.6</b>	<b>—</b>	<b>5,951.6</b>	<b>—</b>
<b>Reimbursement received for liabilities discharged</b>						
Master Builders Solutions India Private Limited	—	—	741.5	—	741.5	—
<b>Sub-Total</b>	<b>—</b>	<b>—</b>	<b>741.5</b>	<b>—</b>	<b>741.5</b>	<b>—</b>
<b>Acquisition of 100% stake in BPPIPL</b>						
BASF Nederland B.V.	—	—	3,029.0	—	3,029.0	—
BASF SE*	—	—	—	—	—	—
<b>Sub-Total</b>	<b>—</b>	<b>—</b>	<b>3,029.0</b>	<b>—</b>	<b>3,029.0</b>	<b>—</b>

\* Amount is below rounding off norm.

f) Details of Contributions to post employment benefit plan:

Rs. in million

Name of the post employment benefit plan	2020-21	2019-20
BASF India Ltd. Provident Fund	323.0	333.3
BASF India Ltd. Employees Gratuity Fund	201.5	12.8
BASF India Ltd. Superannuation Fund Trust	47.6	51.6
<b>Sub-Total</b>	<b>572.1</b>	<b>397.7</b>

# Notes to the Financial Statements for the year ended March 31, 2021

## 45. Related Party Disclosure (Continued)

### g) Details of transactions with Key Management Personnel:

Rs. in million

Particulars	2020-21	2019-20
Short term employee benefits	112.8	101.8
Post-employment benefits	1.7	6.6
Employee share based payments*	5.9	1.9
<b>Total compensation</b>	<b>120.4</b>	<b>110.3</b>

\* Key managerial personnel Mr. Narayan Krishnamohan and Mr. Narendranath J. Baliga are eligible for share price based payments (Long Term Incentive) of the Ultimate Holding Company for which there is no cash outflow from the Company.

### h) Payments to Independent Directors:

Rs. in million

Particulars	2020-21	2019-20
Sitting fees	5.4	5.1
Commission	4.2	—

### i) Terms and conditions:

- All outstanding balances are unsecured and are repayable as per terms of credit and settlement occurs in cash.
- All related party transactions entered during the year were in ordinary course of business and on arms length basis.

## 46. Disclosure under Indian Accounting Standard 115

### (a) Deferred revenue:

The Company has disclosed contract liability towards deferred revenue as per terms of customer contracts aggregating **Rs. Nil** (Previous Year: Rs. 25.6 million) as on March 31, 2021 in Note 23. Further, an amount of **Rs. 25.6 million** (Previous year: Rs. 70.5 million) was recognized as revenue in the current year which was included in deferred revenue at beginning of the year.

### (b) Contract liability:

- Contract liability in respect of amount collected in advance towards satisfaction of performance obligations for goods/ services to customers has been reflected as "Advances received from customers" in Note 23 – Other Current Liabilities.
- The Company operates a customer incentive programme where retail customers accumulate reward points for purchases made which entitle them to incentives. A contract liability for the reward points is recognised at the time of the sale. Contract liability in respect of customer incentive schemes has been adjusted in Revenue and reflected as "Accrual for customer incentive schemes" in Note 23 – Other Current Liabilities.

### (c) Reconciliation of Revenue recognised with contract price:

Rs. in million

	For the year ended March 31, 2021	For the year ended March 31, 2020
Contract Price	98,313.6	78,103.4
Adjustment for: Rebates/ discounts/ customer incentive scheme	(2,730.2)	(2,157.8)
<b>Revenue from operations</b>	<b>95,583.4</b>	<b>75,945.6</b>

47. As informed to Stock exchanges on September 10, 2018, the Company has replaced the agency business with merchandise business model effective April 1, 2019. The merchandise business was still ramping-up during the initial period, hence revenue from operations for certain business segments for the year ended March 31, 2021 is not strictly comparable to previous year to that extent.

## Notes to the Financial Statements for the year ended March 31, 2021

### 48. Merger of BASF Performance Polyamides India Private Limited ('BPPIPL') with the Company

BASF Performance Polyamides India Private Limited ('BPPIPL') was into the business of manufacturing/ trading of performance polyamides and has one manufacturing site in Panoli, Gujarat. It has wide range of engineering plastics and serves automobiles, electrical and consumer goods industries.

Pursuant to the approval from the Board of Directors on July 10, 2020 and the approval from shareholders vide Annual General Meeting dated August 6, 2020, the Company acquired 100% stake in BPPIPL from BASF Nederland B.V. and BASF SE, for a consideration of Rs. 3,029.0 million on August 18, 2020, consequent to which BPPIPL became a wholly owned subsidiary of the Company.

Further, as intimated to Stock exchanges, subsequent to approval by the Board of Directors on August 27, 2020 for the Scheme of Merger by Absorption of BPPIPL with the Company, the National Company Law Tribunal, Mumbai ('NCLT') vide order dated January 6, 2021 sanctioned the aforesaid Scheme, with an appointed date of February 1, 2021. BPPIPL being a wholly owned subsidiary of the Company, no consideration was paid pursuant to the merger. The certified copy of the NCLT Order has been filed with the Registrar of Companies on February 1, 2021. Basis NCLT order, BPPIPL stands merged with the Company on the appointed date.

Consequently, basis NCLT order and requirement of Appendix C to Ind AS-103 on Business Combinations, on the appointed date, the Company has accounted the acquisition of BPPIPL as common control transaction effective February 1, 2020 (i.e. the date of global acquisition of Solvay Polyamides business by BASF SE). Accordingly, the financial statements of the Company for the year ended March 31, 2020 have been restated to include results of erstwhile BPPIPL with effect from February 1, 2020 (i.e. the common control acquisition date). Hence, the figures for the current year ended March 31, 2021 are not strictly comparable with figures for the previous year ended March 31, 2020.

All assets and liabilities of the erstwhile BPPIPL have been transferred to and vested in the Company at its carrying value effective February 1, 2020 and the excess of carrying value of investments in erstwhile BPPIPL over the net value of assets, liabilities and reserves of erstwhile BPPIPL amounting to Rs. 2,857.4 million has been debited to Capital Reserve as on February 1, 2020.

This merger of BPPIPL with the Company results in increased operational efficiencies, brings in economies of scale and results in synergetic integration of business.

The position of assets and liabilities as at the common control acquisition date (February 1, 2020) is as follows:

Rs. in million

Particulars	As on February 1, 2020
<b>Non-current assets</b>	
Property, plant and equipment	215.8
Deferred tax assets (net)	121.1
Other non-current assets	34.5
<b>Total non-current assets</b>	<b>371.4</b>
<b>Current assets</b>	
Inventories	393.7
Trade receivables	519.5
Cash and cash equivalents	658.4
Other current assets	68.8
<b>Total current assets</b>	<b>1,640.4</b>
<b>Total assets</b>	<b>2,011.8</b>
<b>Total non-current liabilities</b>	<b>18.2</b>
<b>Current liabilities</b>	
Trade Payables	374.0
Other current liabilities	54.2
<b>Total current liabilities</b>	<b>428.2</b>
<b>Total liabilities</b>	<b>446.4</b>
<b>Net Assets as at February 1, 2020 (a)</b>	<b>1,565.4</b>
Reserves as at February 1, 2020 (b)	1,393.8
Cancelation of Investments in Equity of BPPIPL (c)	3,029.0
<b>Adjusted to Capital Reserve (a - b - c)</b>	<b>(2,857.4)</b>

## Notes to the Financial Statements for the year ended March 31, 2021

### 48. Merger of BASF Performance Polyamides India Private Limited ('BPPIPL') with the Company (Continued)

Transactions for the period from February 1, 2020 to March 31, 2020 of BPPIPL included in the Statement of Profit and Loss for the year ended March 31, 2020 of the Company are as follows:

Rs. in million

Particulars	For period February 1, 2020 to March 31, 2020
Total Income	438.9
Total Expenses	386.4
<b>Profit before tax</b>	<b>52.5</b>
Tax expense/(credit)	8.9
<b>Profit for the period</b>	<b>43.6</b>
<b>Total comprehensive income for the period</b>	<b>43.2</b>

49. The COVID-19 situation continues to evolve. The Company has evaluated the impact of this pandemic on its business operations, liquidity and financial position and based on management's review of current indicators and economic conditions, no additional adjustment is required in the financial statements for the year ended March 31, 2021. Given the uncertainty associated with its nature and duration, the impact may be different from that estimated as at the date of approval of these financial statements. The Company will continue to monitor any material changes to future economic conditions.

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

In terms of our report of even date.

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

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

Place: Pune  
Date : May 11, 2021

**For and on behalf of Board of Directors of**

**BASF India Limited**  
(CIN No.: L33112MH1943FLC003972)

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

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

**Narayan Krishnamohan**  
Managing Director  
DIN : 08350849

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

Place: Mumbai  
Date : May 11, 2021

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

# BASF India Limited

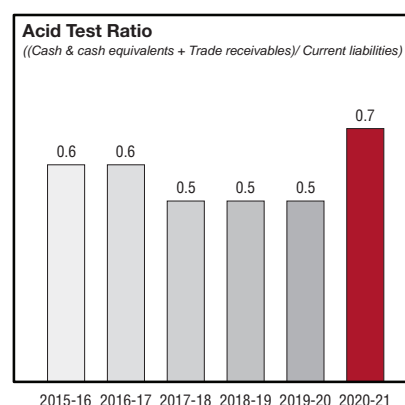
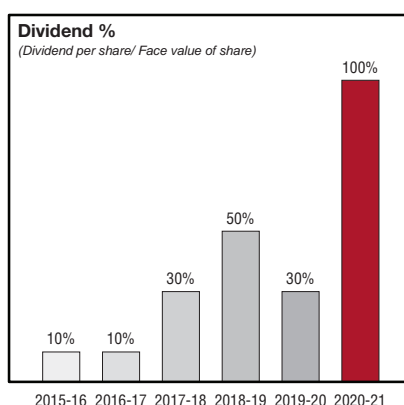
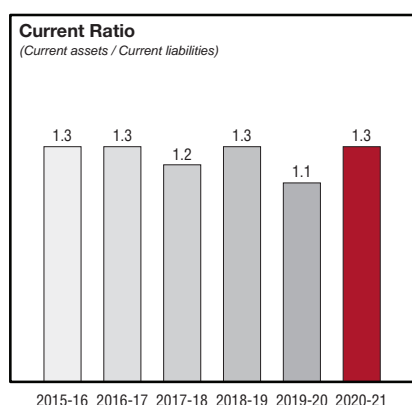
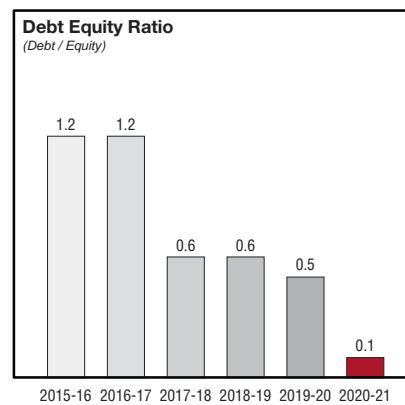
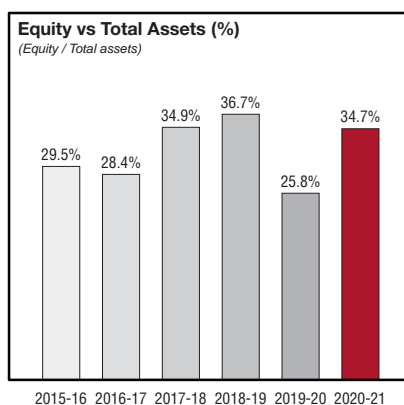
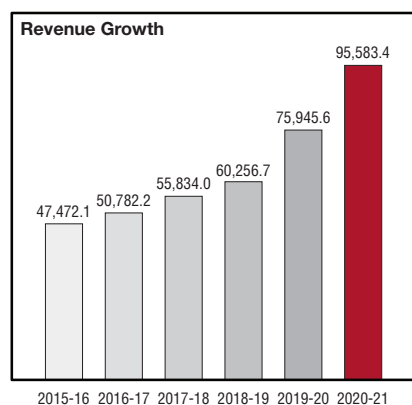
## Highlights – At a glance

Rs. in Million

	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
<b>Revenue and Earnings</b>						
Revenue from operations (net of excise duty/GST)	47,472.1	50,782.2	55,834.0	60,256.7	75,945.6	95,583.4
Exports	7,513.2	7,103.1	6,847.5	7,811.1	3,636.1	2,396.9
Earnings before interest and tax (EBIT) (before exceptional items)	(544.2)	1,121.6	2,154.2	309.1	1,258.1	4,754.4
Profit/(Loss) before tax (before exceptional items)	(2,024.8)	(294.8)	1,024.6	(542.0)	423.6	4,378.7
Profit/(Loss) after tax	(303.7)	(141.3)	2,465.0	817.2	228.7	5,526.1
Earnings per share (Rs. per share)	(7.0)	(3.3)	56.9	18.9	5.3	127.7
<b>Capital expenditure, depreciation and amortisation</b>						
Capital expenditure	1,117.8	834.4	679.4	674.5	743.4	647.4
Depreciation	1,630.9	1,690.3	1,533.9	1,470.9	1,808.6	1,739.2
<b>Number of employees and personnel cost</b>						
Number of employees at year-end	1,904	1,868	1,804	1,673	1,502	1,315
Personnel cost	3,275.8	3,219.6	3,514.3	3,764.7	3,625.6	3,449.6
<b>Key Balance Sheet numbers</b>						
Total assets	37,765.6	38,745.5	38,463.6	38,494.8	48,298.9	51,441.1
Borrowings	13,492.2	12,745.5	8,676.9	9,122.1	6,629.5	1,517.7
Shareholders' equity	11,160.1	11,022.6	13,438.8	14,128.9	12,439.8	17,861.5
<b>Appropriation of profits</b>						
Dividend amount	43.3	43.3	129.9	216.4	129.9	432.9
Dividend per share (Rs. per share)	1.0	1.0	3.0	5.0	3.0	10.0

### Notes:

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







Employee safety and well being is key to success of your Company. Seen in the above images are employees and their family members being vaccinated at your Company manufacturing sites and offices across the country.

*Juggling home, work, cleaning, parents, kids and more is not an easy task. Let's hear from our women leaders how are they balancing for better.*

Inviting all inspiring Women@BASF for an exclusive webinar on **"Balance for Better during COVID-19"** on 13th May 2020 @2:00 pm

Our speakers for the session

<b>Sunita Sule</b> Corporate Affairs Director, South Asia	<b>Aika Bhagat</b> Head - HRD, Strategy and Corporate Accounts D&I India Lead

Please block your slot for the session by sending an email to [Pratiksha.pati@basf.com](mailto:Pratiksha.pati@basf.com)

A D&I India initiative

INTERNAL

BASF

**EAP Webinar – Digital Burnout (20<sup>th</sup> Aug)**

RUNNING LOW...

UNPLUG to recharge THIS

PLUG IN TO RECHARGE THIS

**10 Tips to prevent digital burnout**

1. Create household digital-free hours
2. Create a dedicated charging station for all of your digital devices
3. When spending time with others, be fully present
4. Switch off "push notifications"
5. Balance time in the digital world with time in the real world.
6. Embrace time in nature.
7. Protect family time and enforce tech free time
8. Get support if you need help lacking your digital addiction.
9. Don't feel compelled to capture a moment with your phone, just enjoy it
10. Slow down.

BASF

Your Company conducted several remote workshops and webinars for employees to not only create awareness about topics like Diversity & Inclusion, but also enable them to deal with mental fatigue during the pandemic.



The unwavering commitment towards quality continues to drive efforts at your Company. Seen in the above images are World Quality Day 2020 commemorations across manufacturing sites and offices.

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

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

Find out more at  
[wecreatechemistry.com](http://wecreatechemistry.com)

 **BASF**

We create chemistry