



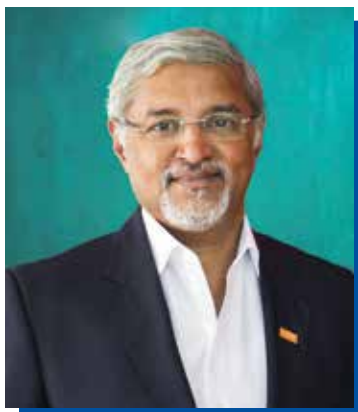
We create chemistry
for a sustainable future

Annual Report 2014-2015
BASF India Limited

150 years

 **BASF**
We create chemistry

Students from Mangalore playing while sourcing water samples for the water quality test. Water, Sanitation and Hygiene is the focus area for your Company's CSR program.



Message from the Chairman & Managing Director

Dear Shareholders,

This is my second year as your Company's Chairman & Managing Director. It has been a profound experience to lead a company in a country that is currently at the helm of a strong economic agenda of 'Make in India'. This gives us opportunities to bring forth innovative and sustainable solutions not only for our customers but for the entire ecosystem we live in including our partners, employees and society at large. It gives me confidence that your Company's investments are timed well to unleash the huge potential that still remains untapped in our country.

The Dahej site, our single largest investment in the country, was inaugurated by Smt. Anandiben Patel, Hon'ble Chief Minister of Gujarat, along with Michael Heinz, Member of the Board of Executive Directors of BASF SE. Also, a Construction Chemicals production site was inaugurated at Nellore, Andhra Pradesh, this year to further leverage opportunities in the construction sector. In addition, your Company is investing to move application laboratories to the Innovation Campus in Mumbai when it is commissioned in 2017. Together with our Agricultural Research Station in Pune, which started functioning this year, these investments will ensure longevity and growth of the Company in India.

This year, your Company registered a sales growth of 6% over the previous year to Rs. 47057 million. However, there were challenges – mainly due to start-up related costs of the Dahej site and a deficient monsoon which has adversely affected our Agricultural Solutions' business and margins. Consequently your Company reported a loss of Rs. 669 million in FY 2014-2015. However, we believe our long term strategy, our timely investments and a competent team, will return the Company to an even better position in the years to come. We are also taking steps to improve efficiencies through restructuring and divesting unproductive and non-strategic assets.

In 2015, BASF SE, Germany completed 150 years. The global celebrations of the 150th anniversary started in India, in Mumbai, in a program called Creator Space™. Over a period of 8 days starting January 16, 2015, we co-created ideas to improve access to safe affordable water in Mumbai with water experts, business professionals, NGOs, academia and creative externals.

As a part of its Corporate Social Responsibility initiatives, your Company undertook various initiatives contributing positively to the lives of women, youth and children focusing on water, sanitation, education and skill development. 'WASH' – Water, Sanitation and Hygiene are the primary areas for our social activities. Taking the government's 'Swachh Bharat Abhiyaan' campaign forward, we launched a number of dedicated awareness programs for maintaining sanitation and hygiene, along with inhabitants of villages from Mangalore and Dahej.

In this year, your Company has also received accolades such as the Grupo Antolin Award for Best Delivery Performance. Dyestuff Manufacturers Association of India (DMAI) award to Mangalore Works for its excellent performance in pollution control, safety and hazard control, Best Supplier Award by the LG Group in the chemical and mechanical category. For the second time in a row your Company's Thane site won the State-level Energy Conservation Awards by Maharashtra Energy Development Agency.

These recognitions are a testament of our determination to excel. We remain dedicated and committed towards the success of your Company and seek your valuable trust and interest at all times. On behalf of the Board, the Executive Management Committee and the entire BASF team in India, I thank you for your support for all our endeavors.

With best wishes,

Raman Ramachandran, Ph.D.

Thursday, 20 th August, 2015 at 3.00 p.m. at Yashwantrao Chavan Pratishthan Auditorium, Y. B. Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai-400 021.		Page
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BASF India Limited

Registered Office:

3rd Floor, VIBGYOR Towers, Plot No. C-62, 'G' Block,
Bandra Kurla Complex, Mumbai-400 098.
Telephone : +91 022 66618000
Website : www.india.basf.com
Corporate Identification Number:
L33112MH1943FLC003972

Works

Maharashtra (Navi Mumbai)

- (1) Plot Nos. 12 & 13, TTC Industrial Area,
Thane-Belapur Road, Turbhe, Navi Mumbai-400 705.
- (2) Plot Nos. C-68 & C-68 Pt., TTC Industrial Area, MIDC,
Thane Belapur Road, Turbhe, Navi Mumbai-400 613.

Karnataka (Mangalore)

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

Gujarat

(1) Ankleshwar

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

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

(2) Dahej

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

Andhra Pradesh (Nellore)

Plot 1 & 1A, APIIC Industrial Park,
Menakur Village, Block B, Naidupet Mandal,
SPSR Nellore District, Andhra Pradesh.

Himachal Pradesh

Khasra No. 87/1, Village: Beer Plassis,
Nalagarh, District: Solan, Himachal Pradesh.

West Bengal (Kolkata)

Gate No. 3, Jalan Industrial Complex,
46/48/49/53, Jangalpur, Howrah, West Bengal.

Branches

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

Registrar & Share Transfer Agent

Sharepro Services (India) Private Ltd.,
Unit : BASF India Limited,
13AB, Samhita Warehousing Complex, 2nd Floor,
Sakinaka Telephone Exchange Lane,
Off. Andheri Kurla Road, Andheri (East), Mumbai-400 072.
Tel. No. : 022-6772 0300, 6772 0400
Fax No. : 022-2859 1568
Email : sharepro@shareproservices.com

Board of Directors



Raman Ramachandran, Ph.D.
Chairman & Managing Director



Mr. R. A. Shah



Mr. R. R. Nair



Mr. Pradip P. Shah



Mr. Arun Bewoor



Dr. Rainer Diercks



Mr. Gops Pillay



Dr. Andrea Frenzel
(w.e.f. 1st January, 2015)



Mr. Narendranath J. Baliga
Chief Financial Officer
(w.e.f. 1st January, 2015)



Mr. Rajesh Naik
Director – Manufacturing
(w.e.f. 1st August, 2014)

Management Committee

Dr. Raman Ramachandran

Dr. Rajan Venkatesh

Mr. Narendranath J. Baliga

Mr. Sylvain Huguenard

Mr. Pradeep Chandan

Mr. Prabir Das

Mr. Sandeep Gadre

Mr. Ajai Gupta

Mr. Susheel Mittal

Mr. Rajesh Naik

Mr. P. P. Srees

Mr. V. Srinivasan

Mr. K. Thyagarajan

Auditors

B S R & Co. LLP

Chartered Accountants

1st Floor, Lodha Excelus,

Apollo Mills Compound,

N. M. Joshi Marg, Mahalakshmi,

Mumbai-400 011, India.

Mr. Pradeep Chandan

Director – Legal, General Counsel & Company Secretary

Solicitors

Messrs Crawford Bayley & Co.

Advocates & Solicitors

State Bank Building, 4th Floor,

N. G. N. Vaidya Marg, Fort,

Mumbai-400 023.

Messrs Dhruve Liladhar & Co.,

Solicitors & Advocates

61 Free Press House,

215 Free Press Journal Marg,

Nariman Point, Mumbai-400 021.

Bankers

Citibank N.A

Deutsche Bank AG

The Hongkong and Shanghai Banking Corporation Limited

HDFC Bank Limited

BNP Paribas

The Bank of Tokyo and Mitsubishi UFJ Limited

Internal Auditors

Messrs Mahajan & Aibara

Chartered Accountants

1, Chawla House,

62, Wodehouse Road,

Colaba, Mumbai-400 005.

Cost Auditors

Messrs R. Nanabhoy & Co.

Cost Accountants

Jer Mansion

70 August Kranti Marg

Mumbai-400 036.

Secretarial Auditor

HS Associates

206, 2nd Floor,

Tantia Jogani Industrial Estate,

J. R. Boricha Marg, Opp. Lodha Excelus,

Lower Parel (E), Mumbai-400 011.



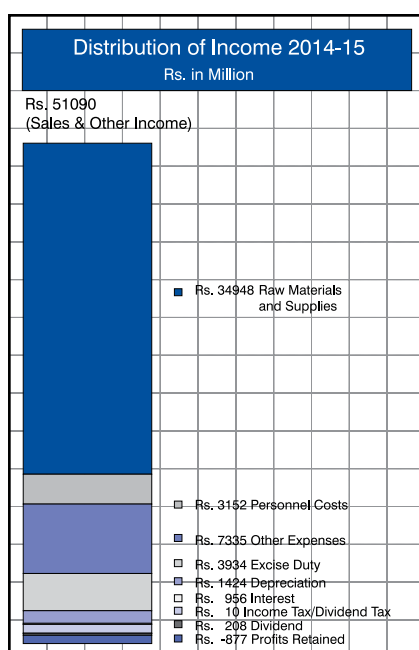
The Management Committee members of the Company along with Local Business Managers engaged in a team building exercise wherein they cooked lunch for 100 school children of Navjeevan Hindi High School in Turbhe, Navi Mumbai.

Directors' Report



Smt. Anandiben Patel, Hon'ble Chief Minister of Gujarat jointly inaugurated your Company's Dahej Site along with Mr. Michael Heinz, Member of BASF SE Executive Board. With a project cost of INR 1,000 crore, the site represents BASF's single largest investment in India.

Your Directors have pleasure in presenting their Report for the financial year ended 31st March, 2015.



Financial Results

(Rs. in Million)

Description	Year ended 31.3.2015	Year ended 31.3.2014
Sales (Net of excise)	47057.6	44299.0
Profit before tax	(658.6)	1943.7
Tax	10.4	664.9
Profit after tax	(669.0)	1278.8
Balance brought forward	1000.0	810.0
Available for appropriation	331.0	2088.7
This has been appropriated as follows:		
Proposed Dividend	173.1	173.1
Corporate Tax on Dividend	35.3	29.4
General Reserve	—	886.2
Balance carried forward	122.6	1000.0

Performance

Sales net of excise at Rs. 47,057.6 million, represents an increase of 6.2% over the previous year.

The new chemical production site at Dahej, Gujarat involving an investment of Rs. 1,000 crores commenced commercial production during the year. Due to additional interest, depreciation, pre-marketing expenses and start-up related costs on account of Dahej site, your Company reported a loss for the financial year ended 31st March, 2015. Consequently, profitability of certain business units connected with Dahej viz., Performance Materials, Dispersion & Pigments, Care Chemicals and Monomers businesses, was also impacted. Delayed and irregular monsoon adversely affected the performance of the Agricultural Solutions business of the Company during the year.

The Performance Products segment includes performance chemicals, dispersions & pigments, care chemicals, nutrition & health products and paper chemicals.

The Chemicals segment of your Company comprising of intermediates, petrochemicals & monomers businesses registered a significant increase in sales during the year under review.

Sales of the Functional Materials & Solutions segment of your Company, which comprises of coatings, construction chemicals, performance materials and process catalyst technologies businesses, registered good growth as compared to the previous year.

Exports sales stood at Rs. 3,659.4 million during the year under report.

“We create chemistry” in BASF Logo

During the year, BASF introduced a new tagline “We create chemistry” in its logo. This change highlights how BASF collaborates and innovates with customers and partners to contribute to a sustainable future. It also depicts BASF’s increased focus on offering its customers functionalized products and solutions based on chemistry. The new tagline refers not only to science but also to the chemistry between people, which is at the core of BASF and its brand.

150th Anniversary Celebration

BASF SE turned 150 in 2015. Your Company celebrated BASF SE’s 150th Anniversary with its partners. A global co-creation program was prepared on the topics of energy, food and urban living. As part of the global co-creation program, called CREATOR SPACE™, customers, scientists, BASF experts & members of the public were invited to exchange thoughts and share ideas in accordance with its “We create chemistry” strategy.

Inauguration of the new chemical production site at Dahej, Gujarat

Your Company inaugurated its new chemical production site at Dahej in Gujarat on 7th October, 2014. The site was jointly inaugurated by Smt. Anandiben Patel, Hon’ble Chief Minister of Gujarat and Mr. Michael Heinz, Member of the Board of Executive Directors, BASF SE.

With a project cost of Rs. 1,000 crores, this site represents BASF’s single largest investment in India. The site includes an integrated hub for polyurethane manufacturing and production facilities for care chemicals and polymer dispersions.

The site currently employs around 200 people directly and 300 people indirectly. Equipped with state-of-the-art environment, health and safety facilities, the site recorded zero lost-time injuries during construction.

Transfer of Textile Chemicals business to Archroma

In October, 2014, BASF and Archroma announced the sale of BASF’s Textile Chemicals business globally to Archroma, a supplier of specialty chemicals to the textile, paper and emulsions industries. Consequently, your Company’s Textile Chemicals business will be transferred to Archroma India Pvt. Ltd., subject to receipt of the requisite approvals. Presently, the Textile Chemicals business is part of your Company’s Performance Products segment. This step is in line with BASF’s strategy of actively managing its portfolio and it will further sharpen the focus of the Performance Products segment on growth-driven customer industries.

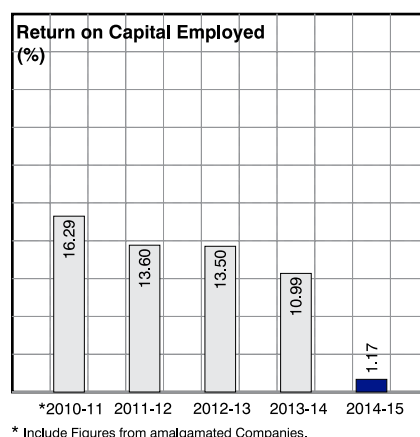
Transfer of Automotive Refinish Coatings business to Würth India Private Limited (“Würth”)

Your Company transferred the import, distribution and technical service of GLASURIT®, a BASF automotive refinish paint brand to Würth with effect from 1st February, 2015. This will ensure that the high-quality service to our customers remains uninterrupted.

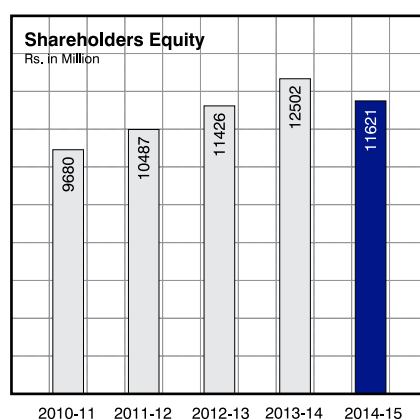
Change of Registered Office of the Company

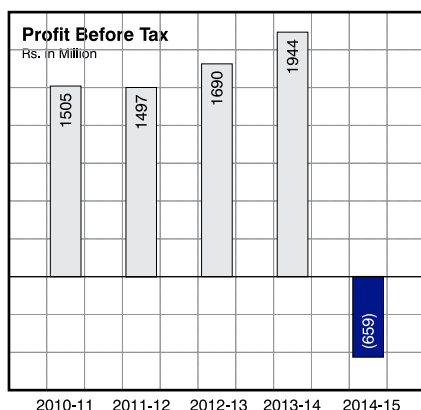
The Registered Office of your Company was shifted from 1st Floor, VIBGYOR Towers, Plot No. C-62, ‘G’-Block, Bandra Kurla Complex, Mumbai-400 051 to the 3rd floor of the same building with effect from 1st March, 2015.

Financial Ratios		
	2014-15	2013-14
Equity vs Total Assets (%)	27.88	30.99
Return on Capital Employed (%)	1.17	10.99
before interest and taxes		
Current Ratio	1.39	1.34
current assets:		
short term liabilities and provisions		
Acid Test Ratio	0.83	0.70
short term receivables plus		
cash and cash items:		
short term liabilities and provisions		



* Include Figures from amalgamated Companies.





Corporate Social Responsibility

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

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

Mr. Pradeep Chandan, Director – Legal, General Counsel & Company Secretary is the Secretary to the CSR Committee.

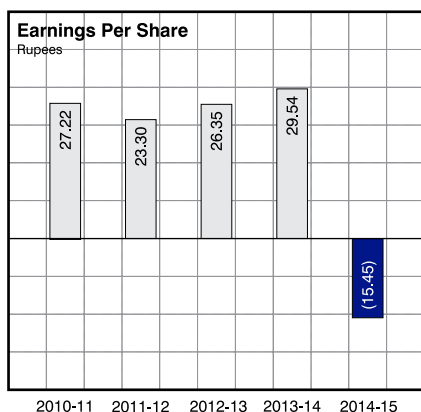
The CSR Committee has formulated the CSR Policy and has recommended the activities to be undertaken by the Company as specified under the revised Schedule VII of the Companies Act, 2013.

The Company has made Sustainability as the mainstay of its existence and undertakes to focus on issues which are relevant for the betterment of the communities in which it operates while also contributing to the country's progress at large. This year your Company's focus has been to develop the internal capacity of the CSR team and set up the appropriate framework for selection of suitable & sustainable CSR projects, which will meet the local needs of the communities as well as global sustainability criteria of BASF.

This framework involves:

- Defining proper internal governance structures
- Implementing country-level and district-level materiality investigation
- Selecting and assessing potential partners based on standardized criteria covering the three dimensions of sustainability
- Ideation and concept generation
- Objective project design and pre-testing

Based on the above framework, your Company undertook CSR projects mainly in the area of community drinking water supply, waste management, sanitation facilities and education and has spent an amount of Rs. 12.6 million in the financial year 2014-2015, details of which are provided in the prescribed format forming part of this Report in **Annexure I**. Your Company will further take up additional projects in the coming years in line with the CSR policy.



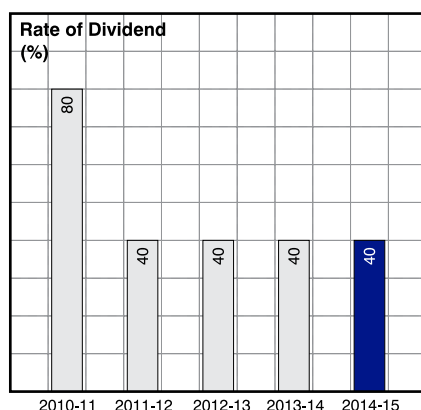
Dividend

During the year, your Company's performance was impacted mainly due to the additional expenses and start up related costs incurred in relation to commissioning of certain plants at Dahej. Despite this impact, your Directors recommend a dividend of Rs. 4/- per equity share of Rs. 10/- each (i.e. 40%) for the financial year ended 31st March, 2015 and the same will be paid out of the accumulated surplus of the Company in accordance with the Companies (Declaration and Payment of Dividend) Rules, 2014, subject to the approval of the members at the forthcoming 71st Annual General Meeting of the Company to be held on 20th August, 2015. The dividend will absorb Rs. 173.1 million. The dividend distribution tax to be borne by the Company would amount to Rs. 35.3 million.

Finance & Accounts

Your Company continued to optimize bank borrowings during the year by focusing on cash flows and working capital management. By availing of alternate funding options like issuance of Commercial Papers, your Company ensured 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 total debt to equity ratio was 1.38 as at 31st March, 2015.



Capital Expenditure

Capital Expenditure incurred during the year aggregated to Rs. 2,560.9 million.

Credit Rating

Your Company continued to maintain the highest rating of 'AAA/Stable/A1+' awarded by CRISIL on its long term & short term debt programs.

Fixed Deposits

Your Company has not invited, accepted or renewed any fixed deposits from the public as at 31st March, 2015 and accordingly there is no principal or interest outstanding in respect thereof.

Management Discussion & Analysis Report

In terms of Clause 49 of the Listing Agreements with the Stock Exchanges, the Management Discussion & Analysis Report is appended to this Report.

Corporate Governance

Your Company is committed to maintaining the highest standards of Corporate Governance. Your Company has complied with the Corporate Governance requirements as per Clause 49 of the Listing Agreements with the Stock Exchanges.

A separate report on Corporate Governance as stipulated under Clause 49 of the Listing Agreements along with a Certificate of Compliance from the Statutory Auditors, forms part of this report.

Vigil Mechanism

The Company has established a vigil mechanism for Directors and employees to report their genuine concerns, details of which have been given in the Corporate Governance Report annexed to this Report. The policy can be accessed on the Company's website at: http://www.india.basf.com/apex/India/en/function/conversions:/publish/content/investorRelations/Whistleblower_Policy.pdf

Directors' Responsibility Statement

Your Directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2015 and of the loss of the Company for that period;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing & 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;
- (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 II**.

Directors

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

During the year, Mr. Thilo Bischoff resigned as Whole-time Director and as Alternate Director to Mr. Gops Pillay with effect from 30th April, 2014. Your Directors placed on record their sincere appreciation of the invaluable contribution made by Mr. Thilo Bischoff in the growth and performance of the Company.

Dr. G. Ramaseshan superannuated from the services of the Company and consequently, resigned as Whole-time Director of the Company and as Alternate Director to Dr. Rainer Diercks with effect from 31st July, 2014.

Your Directors placed on record their sincere appreciation of the invaluable contribution made by Dr. G. Ramaseshan in the growth and performance of the Company during his long years of association with the Company.

Mr. Rajesh Naik was appointed as Whole-time Director of the Company and as Alternate Director to Dr. Rainer Diercks with effect from 1st August, 2014.

Mr. Andrew Postlethwaite resigned from the Board of your Company with effect from 31st December, 2014. Your Directors placed on record their sincere appreciation of the invaluable contribution made by Mr. Andrew Postlethwaite in the growth and performance of the Company.

Dr. Andrea Frenzel was appointed as Director of your Company in the casual vacancy caused by the resignation of Mr. Andrew Postlethwaite in terms of Article 108 of the Articles of Association and Section 161 of the Companies Act, 2013 with effect from 1st January, 2015.

The tenure of Mr. S. Regunathan as Whole-time Director of the Company was extended for a period of 6 months' from 1st June, 2014 to 31st December, 2014 which was approved by the Board and members of the Company. On 31st December, 2014, Mr. S. Regunathan resigned as Whole-time Director of the Company and as Alternate Director to Mr. Andrew Postlethwaite.

Your Directors placed on record the association of Mr. S. Regunathan with the Company since 1982 and their sincere appreciation of the valuable contribution made by Mr. S. Regunathan in the growth and performance of the Company.

Mr. N. J. Baliga was appointed as Whole-time Director and Chief Financial Officer of your Company and also as an Alternate Director to Dr. Andrea Frenzel with effect from 1st January, 2015. The appointment of Mr. N. J. Baliga as Whole-time Director of the Company shall be subject to the approval of the shareholders of the Company and the Central Government.

As required under Clause 49 of the Listing Agreements with the Stock Exchanges, the details of the Directors seeking re-appointment at the ensuing Annual General Meeting are provided in the Corporate Governance Report, forming part of this Annual Report.

Performance Evaluation of the Board

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Company has devised a policy containing criteria for evaluating the performance of the Independent, Non-Executive and Executive Directors, Board and 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 has been explained in the Corporate Governance Report, forming part of this Annual Report.

Policy on Directors' appointment and remuneration

The policy on Directors' appointment and remuneration including the criteria for determining the qualifications, positive attributes, independence of a Director and other matters provided under Section 178(3) of the Companies Act, 2013 form part of the Nomination & Remuneration Committee policy of the Company, which is appended as **Annexure III** to this Report.

Auditors

M/s. B S R & Co. LLP, Chartered Accountants (Registration No. 101248W/W-100022), Mumbai, hold office until the conclusion of the Annual General Meeting to be held for the financial year 2016-17, subject to ratification of their appointment by the members at every Annual General Meeting. They have confirmed to the Company that their appointment, if ratified by the members at the ensuing 71st Annual General Meeting, would be within the limits prescribed under Section 141 of the Companies Act, 2013 and that they are not disqualified from appointment within the meaning of the said Act.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed Practising Company Secretary, Mr. Hemant S. Shetye having CP No. 1483, Partner of HS Associates, Mumbai to conduct the Secretarial Audit of the Company for the financial year 2014-15 and to furnish his report to the Board. The Secretarial Audit Report dated 7th May, 2015 forms part of this Report as **Annexure IV**.

Auditors' Report & Secretarial Audit

Emphasis of matter is placed by the Statutory Auditors in their Independent Audit Report dated 7th May, 2015 and attention is drawn to Note 26(17) of the audited financial statements for the financial year ended 31st March, 2015 in respect of the managerial remuneration amounting to Rs. 19.8 million for which the Company has made applications to the Central Government pursuant to the provisions of Section 197 read with Schedule V of the Companies Act, 2013, which are pending approval.

Your Board of Directors is of the view that the said managerial remuneration is in line with the provisions of the Companies Act, 2013 and the rules framed therein and appropriate measures will be taken once the approval(s) of Central Government are obtained. The Audit Report issued by the Statutory Auditors mentions that their audit opinion is not qualified in the above matter.

The above justification shall also be applicable to the similar observation made in the Secretarial Audit report dated 7th May, 2015 for the financial year ended 31st March, 2015.

Cost Audit

The Board of Directors, in pursuance to the Orders issued by the Central Government under Section 148 of the Companies Act, 2013, have appointed M/s. R. Nanabhoy & Co., Cost Accountants (Registration No. 000010), Mumbai, for conducting the audit of the cost accounting records maintained by the Company for the financial year 2015-16. The Cost Auditors have certified that their appointment was within the limits of Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified from appointment within the meaning of the said Act.

Composition of the Audit Committee

As required under Section 177(8) read with Section 134(3) of the Companies Act, 2013 and the rules framed thereunder, the composition of the Audit Committee is in line with the provisions of the Companies Act, 2013, details of which are provided in 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 in the ordinary course of business and 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 designated persons, which may have a potential conflict with the interest of the Company at large. The approval of the unrelated shareholders on material related party transactions of the Company with its Group Companies in terms of Clause 49 of the Listing Agreement is being sought under item no. 9 of the Notice convening the 71st Annual General Meeting of the Company.

All Related Party Transactions are placed before the Audit Committee for its approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are repetitive in nature. Such transactions are audited and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis. The policy on Related Party Transactions as approved by the Board can be accessed on the Company's website viz., www.india.basf.com at: http://www.india.basf.com/apex/India/en/function/conversions:/publish/content/investorRelations/Related_Party_Transactions_Policy.pdf

The Company does not have contracts or arrangements with its related parties under Section 188(1) of the Companies Act, 2013, which are not on arms' length basis or material in nature. Hence the details of such contracts or arrangements with its related parties are not disclosed in Form AOC-2 as prescribed under the Companies Act, 2013 and the rules framed thereunder. Your Directors draw attention of the shareholders to Note No. 26(17) of the financial statement which sets out related party disclosures.

Particulars of loans, guarantees or investments under Section 186

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

Particulars of Employees

The particulars of employees required to be furnished pursuant to Section 197(12) of the Companies Act, 2013 read with sub-rules 2 and 3 of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this Report. However, as per the provisions of Section 136 of the Companies Act, 2013, read with sub-rules 2 and 3 of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Annual Report excluding the statement of particulars of employees, is being sent to all members of the Company. Any member interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company.

Prevention of Sexual Harassment at Workplace

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this Policy.

The following is a summary of sexual harassment complaints received and disposed of during the year 2014-15:

- (a) Number of complaints of sexual harassment received during the year – 1
- (b) Number of complaints disposed off during the year – 1
- (c) Number of cases pending for more than 90 days – Nil
- (d) Number of workshops/awareness programmes on sexual harassment – 5

Risk Management

The Company has in place a mechanism to inform the Board about the risk assessment and minimization procedures and periodical review to ensure that risk is 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.

Adequacy of Internal financial controls

Your Company has established adequate internal financial control systems to ensure reliable financial reporting and compliance with 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 process efficiencies and effectiveness are being carried out on an ongoing basis. For more details, please refer to the Management Discussion & Analysis Report forming part of this Annual Report.

Significant and material orders passed by the Regulators or Courts

The relevant pending litigation with regulators or courts has been disclosed as Contingent Liabilities in note no. 26(10) of the notes to the financial statements for the year ended 31st March, 2015. There are no significant material orders passed by the Regulators/Courts which would impact the going concern status of the Company and its future operations.

Material changes and commitments affecting the financial position of the Company

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

Board Meetings

Five Board Meetings were held during the financial year 2014-15 on the following dates:-

- | | |
|-------------------------------------|-------------------------------------|
| (1) 29 th April, 2014. | (2) 31 st July, 2014. |
| (3) 27 th August, 2014. | (4) 21 st October, 2014. |
| (5) 20 th January, 2015. | |

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 revised Clause 49 of the Listing Agreements with Stock Exchanges.

Extract of Annual Return

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

Personnel and Welfare

Your Directors place on record their sincere appreciation to the employees at all levels for their hard work, dedication and commitment.

Industrial Relations at all our factories remained cordial.

Acknowledgments

The Board of Directors take this opportunity to thank BASF SE, the parent company, 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

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

Mumbai

Dated : 7th May, 2015

Annual Report on CSR activities

1.	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	<p>The CSR Committee has formulated the CSR Policy and has recommended the activities to be undertaken by the Company as specified under the revised Schedule VII of the Companies Act, 2013. During the year, your Company has undertaken CSR activities mainly in the area of community drinking water supply, waste management, sanitation facilities and education.</p> <p>Provision of basic water supply and sanitation facilities to people, living in the rural areas and urban slums is still a major concern in India. UNICEF has successfully introduced Water, Sanitation and Hygiene (WASH) programme in several countries where both children and adults are motivated to adopt the better life style habits to save them from several infections and illnesses. Your Company along with WASH has taken a lead role in promoting dignified sanitation solutions and offering safe drinking water facilities in schools, households and communities at Mangalore.</p> <p>The Company also initiated a campaign for a clean and hygienic Dahej through its CSR project "Gram Shobha" as a contribution towards the Government of India's Swacch Bharat initiative for improving sanitation and awareness about waste management. This project entails building individual household toilets and community toilets in the Dahej village. In addition, a waste management system was also established that provides for segregation, collection, disposal and recovery of waste at the local level.</p> <p>Several outreach programs were also held to create awareness about the significance of sanitation, health and clean drinking water.</p> <p>The Company contributed Rs. 6 lakhs for helping the flood victims of Jammu & Kashmir.</p> <p>As part of employee engagement for CSR, the Company also organized collection drives and supported the initiatives of an NGO – Umang in Mumbai. Employees generously contributed by donating clothes, toys, school stationery etc. for the underprivileged children supported by Umang Foundation.</p> <p>Employees of your Company ran the Standard Chartered Mumbai Marathon to support the NGO Mukhtangan, which offers education to underprivileged children. Around 70 employees participated in the marathon and the Company contributed a sum of Rs. 8 lakhs for providing quality, child-centric, inclusive english-medium schooling to thousands of underprivileged children in Mumbai through Mukhtangan.</p> <p>The CSR Policy of the Company is available on the website of the Company and the web link is as under:</p> <p><u>http://www.india.basf.com/apex/India/en/function/conversions:/publish/content/investorRelations/CSR_Policy.pdf</u></p>
2.	The Composition of the CSR Committee.	<p>Mr. R. R. Nair, Chairman (Independent Director)</p> <p>Mr. Arun Bewoor (Independent Director)</p> <p>Mr. N. J. Baliga (Whole-time Director & Chief Financial Officer)</p> <p>Mr. Pradeep Chandan (Secretary of the Committee)</p>

3.	Average net profit of the Company for the last three financial years	Rs. 1,776.9 million
4.	Prescribed CSR Expenditure (two percent of the amount as shown in item 3 above)	Rs. 35.5 million
5.	Details of CSR spent during the financial year:	
	(1) Amount spent	Rs. 12.6 million
	(2) Amount unspent	Rs. 22.9 million
	(3) Manner in which the amount spent during the financial year	Refer table on page 13 of this Report



An 'eRickshaw' – eco-friendly battery powered auto rickshaw collects waste from the 561 resident households in Dahej. Waste management is a focus area of your Company's CSR initiative.



From left to right: Dr. Raman Ramachandran, CMD, BASF India Ltd., Shri Narendra Sinh Rana, Member of Taluka Panchayat, Village Dahej and the Sarpanch of Dahej Shri Jayba Pushkar Sinh Rana inaugurate the community toilet at Dahej. As a part of the CSR initiative, your Company provided support to build 120 toilets for private households and two community toilets at Dahej.



More than 2,000 school children are benefitting from your Company's funded facilities for safe drinking water and sanitation in Mangalore. Seen in this picture is the inauguration of a new Water, Sanitation and Hygiene (WASH) facility in Mangalore for children of Krishnapura High School.



Your Company started an awareness program on sanitation and hygiene. In this picture a girl student learns correct handwash techniques at Government High School, Krishnapura Mangalore.

Details of CSR Amount Spent

Rs. in Lakh

Sr. No.	CSR Project or Activity identified	Sector in which the project is covered	Projects or programs 1) Local area or other 2) Specify the State and district where projects or programs were undertaken	Amount Outlay (budget) project or program wise (plus tax as applicable)	Amount spent on the projects or programs SUB-HEADS: 1) Direct expenditure on projects or programs 2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency*
1.	Cost for Building CSR Strategy and Policy.	Capacity Building	Strategy and Policy	15.00	5.65	5.65	Samhita Social Ventures
	Capacity Building	—	—	15.00	5.65	5.65	—
2.	CSR Amount spent in Mumbai						
	(i) Support to children of underprivileged - support to NGO Aarambh	Education	Education	5.00	5.35	5.35	Aarambh
	(ii) Support to children of underprivileged - support to NGO Aarambh	Sanitation	Sanitation- Building toilets at the NGO Aarambh/ renovation of existing toilets	5.00	3.25	3.25	Aarambh
	(iii) Contribution towards the Relief Funds for victims of Jammu & Kashmir	Support to victims affected by Natural Disaster	Supporting the victims of J&K Floods	0.00	6.00	6.00	Direct
	(iv) Supporting the children of Muktangan - an NGO in Mumbai	Education	—	0.00	8.00	8.00	Direct
	Total CSR amount spent in Mumbai	—	—	10.00	22.60	22.60	—
3.	CSR Amount spent in Mangalore						
	Water, Sanitation and Hygiene	Water and Sanitation	Providing for safe drinking water, toilets in schools with special focus on students	30.00	39.18	39.18	Samhita Social Ventures and Leaf Society
	Total CSR amount spent in Mangalore	—	—	30.00	39.18	39.18	—
4.	CSR Amount spent in Dahej						
	(i) Sanitation - Support to the Swachh Bharat Program - helps reduce open defecation	Sanitation and Waste Management	Built household and Community toilets, Awareness programs held for waste management. E-Rickshaw in the village for waste collections	45.00	45.00	48.65	Citizen Foundation for Better India
	(ii) Contribution to the Collector's Fund/ Chief Minister's fund for girl child education	Sanitation and Waste Management		10.00	10.00	10.00	Direct
	Total CSR amount spent in Dahej	—	—	55.00	55.00	58.65	—
	TOTAL CSR SPENT	Sanitation, WASH, Education	India	110.00	122.43	126.08	—

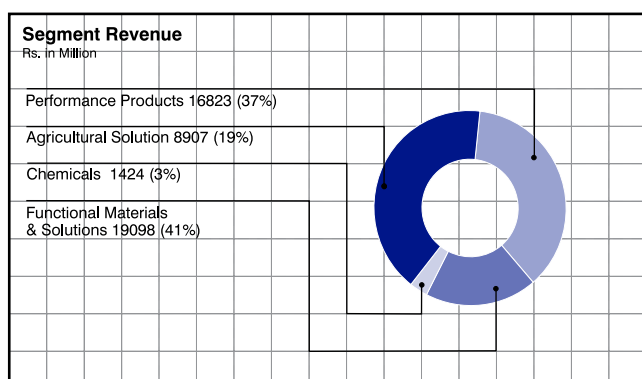
We hereby affirm that the CSR Policy, as approved by the Board, has been implemented and the CSR Committee monitors the implementation of the CSR Projects and activities in compliance with our CSR objectives.

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

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

Mumbai
Dated : 7th May, 2015

Annexure II



Statement containing particulars pursuant to Section 134(3)(m) of the Companies Act, 2013 and Rule 8 of the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report.

A. CONSERVATION OF ENERGY

The Company continued its policy of giving priority to energy conservation measures by implementing the following measures in its manufacturing facilities at Navi Mumbai (Maharashtra), Mangalore (Karnataka), Ankleshwar & Dahej (Gujarat), Howrah (West Bengal) and Nalagarh (Himachal Pradesh):

- Replacement of some existing light fittings with LED fittings.
- Installation of energy efficient motors.
- Installation of breakers.
- Installation of timers for agitator operations.

In addition to the above, a new bio fuel based boiler was installed and commissioned at the Mangalore site for supplying steam to the plants thereby reducing fossil fuel consumption. The steam cost per kg was reduced by 50% at the site.

During the year under report, the following energy saving measures were taken at the Dahej site of your Company:

- Installation of Variable Frequency Drive to save electrical energy.
- Installation of Variable refrigeration volume system to save energy.
- Installation of High tension electrical distribution system to reduce power losses.
- Installation of 3 step reverse osmosis for reduction of waste water.
- Installation of energy efficient screw air compressors and chillers.

Requisite data in respect of Energy Consumption is given below:

	Current Year 1.4.2014 to 31.3.2015	Previous Year 1.4.2013 to 31.3.2014
(a) Power & Fuel Consumption		
1. Electricity		
(a) Purchased		
Units (in '000 kwh)	54,103	34,129
Total amount (Rs. in million)	447	234
Rate per unit (Rs.)	8.25	6.86
(b) Own generation		
• Through diesel generator		
Units (in '000 kwh)	382.5	637
Units per litre of oil	3.70	3.68
Cost per unit (Rs.)	18.89	18.40
• Through Steam Turbine/Generator units		
Units per litre of fuel oil/gas	N.A.	N.A.
Cost per unit (Rs.)	N.A.	N.A.
2. Coal (specify quality and where used)		
Qty. (tonnes)	N.A.	N.A.
Total cost	N.A.	N.A.
Average rate	N.A.	N.A.
3. Furnace oil/fuels		
Qty. (k. litres)	948.7	1477
Total Amount (Rs. in million)	41.18	59.4
Average rate (Rs./litre)	43.40	40.21

	Current Year 1.4.2014 to 31.3.2015	Previous Year 1.4.2013 to 31.3.2014
4. Natural Gas		
Qty. (KNCM)	10,083.20	8,879
Total Cost	452.70	331.2
Average rate	45.00	37.32
5. Others/Internal Generation (Qty.)		
Total cost rate/unit	N.A.	N.A.
(b) Consumption per unit of production		
Products		
Leather chemicals, auxiliaries, pigments tanning and finishing agents including metal complex dyes, acrylic polymers and carboxylated styrene butadiene lattices, coatings & construction chemicals.		
Unit M.T.		
Electricity (kwh)	N.A.	42.75
Furnace oil/fuels (litres)	N.A.	N.A.
Coal (specify quality)	N.A.	N.A.
Others - Natural Gas (M3)	N.A.	25.6
Engineering Plastics Compounding Unit		
Unit M.T.		
Electricity (kwh)	N.A.	440
Furnace oil/fuels (litres)	N.A.	N.A.
Coal (specify quality)	N.A.	N.A.
Others (specify)	N.A.	N.A.

B. TECHNOLOGY ABSORPTION

Research & Development (R&D):

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

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

- Carrying out ongoing research.
- Introducing new products in existing production lines.
- Developing cost effective processes and streamlining existing processes in the areas of paper, leather, textile chemicals and other specialty chemicals/auxiliaries.
- Optimizing effluent treatment processes.
- Developing new analytical methods.
- Supporting indenting activities.
- Developing new formulations and products based on customer/market requirements.

Some of the areas of work on Global Research projects include:

- Collaborative research with BASF SE, BASF Schweiz AG and BASF Corporation in USA in the areas of performance chemicals, intermediates, agrochemicals and other organic materials, ionic liquids etc.
- New organic chemical intermediates for specific applications.
- Textile Auxiliaries.
- Leather Chemicals.
- UV absorbers.

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

The R&D Centre remained focused on its mission to explore and apply new and innovative chemistry, expand the product offering and strengthen the infrastructural facilities and technology.

The R&D initiatives resulted in multi fold benefits during the year, including:

- Development of new products some of which have been introduced in the market.
- Development of new textile auxiliaries as part of global research projects.
- Development of innovative products by Industry Target Groups, which worked on cross-functional innovations.
- Improvisation of plant processes, which led to higher efficiency and sustainability.
- Completion of the annual/intensive annual review of processes with respect to safety, efficiency, quality, quantity and sustainability.

During the year, your Company transferred the Process Research & Chemical Engineering Division, part of the Global Technology Platform to its group Company viz., BASF Chemicals India Private Limited with effect from 1st January, 2015 in order to achieve improved synergies. This Division consists of the Organic and Analytical laboratories at Chandivali and Kilo Lab at the Thane site of the Company. The existing development activities of Dispersions, Care Chemicals, Paper and Performance Chemicals businesses would continue to remain within the Company.

3. Expenditure on R&D: Rs. 61.4 million.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

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

The R&D Centre of the Company is recognized by the Ministry of Science and Technology, Government of India. The Centre is ISO 9000 and 9014 certified and undertakes research in several areas including:

- New Organic Chemical Intermediates for various applications.
- Process Development and scale-up.
- Agricultural Solutions.
- Textile Auxiliaries.
- Leather Chemicals.
- Polymers and other chemicals.
- 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.

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

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

3. Imported Technology:

During the last 3 years, the Company entered into agreements with BASF SE and /or its Group Companies for sourcing the following technical know-how:

- In 2012 for High Performance Products.
- In 2013 for Care Chemicals at Dahej.
- In 2014 for Performance Materials at Dahej.

The Company has an excellent relationship with its parent Company, BASF SE and receives proprietary technical information and support on an ongoing basis. As a result, the Company introduced a range of new products in different business segments.

C. Foreign Exchange Earnings and Outgo:

The particulars with regard to foreign exchange earnings and outgo appear on page 71 of the Annual Report.

On behalf of the Board of Directors

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

Mumbai

Dated : 7th May, 2015.

NOMINATION AND REMUNERATION COMMITTEE POLICY

INTRODUCTION:

The Board of Directors of BASF India Limited ("BIL") constituted the "Nomination and Remuneration Committee" at its Meeting held on 29th July, 2013 with immediate effect.

OBJECTIVE:

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 of the Listing Agreement. The key objectives of the Committee would be:

1. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management, subject to compliance with applicable laws and rules framed thereunder.
2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
3. To recommend to the Board the remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
4. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
5. To devise a policy on Board diversity.
6. To develop a succession plan for the Board and to regularly review the plan.

DEFINITIONS:

"Act" means Companies Act, 2013 and the Rules made thereunder, as amended from time to time.

"Board" means Board of Directors of the Company.

"Company" means BASF India Limited or BIL.

"Committee" means Nomination and Remuneration Committee of BASF India Limited as constituted or re-constituted by the Board.

"Directors" means Directors of the Company.

"Independent Director" means a Director referred to in Section 149(6) of the Companies Act, 2013.

"Key Managerial Personnel" (KMP) means Key Managerial Personnel as defined in the Companies Act, 2013 and includes Chief Executive Officer or Managing Director or Manager, Whole-time Director, Chief Financial Officer, Company Secretary and such other officer as may be prescribed.

"Senior Management" means personnel of the Company who are members of its core management team (excluding Board of Directors), comprising all members of management one level below the executive directors, including the business and functional heads.

The words and expressions defined under the Companies Act, 2013 but not defined herein shall have the meaning assigned in the Act.

ROLE OF THE COMMITTEE

I. Matters to be dealt with, pursued and recommended to the Board by the Nomination and Remuneration Committee

The Committee shall:

- Formulate the criteria for determining the qualifications, positive attributes and independence of a Director, subject to compliance with applicable laws.
- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- Recommend to the Board, appointment and removal of KMP and Senior Management Personnel.

II. Policy on Nomination of Directors, Key Managerial Personnel (KMP) and Senior Management

- 1) Appointment criteria and qualifications
 - a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend his/her appointment to the Board.

- b) A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of sixty years.

2) Term/Tenure

a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b) Independent Director:

Appointment/Re-appointment of a person as an Independent Director shall be in compliance with the provisions of the Companies Act, 2013 and the Rules framed thereunder and the Listing Agreement.

c) Evaluation:

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management personnel at regular intervals (yearly).

d) Removal:

Due to reasons of any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director (excluding Independent Director), KMP or Senior Management personnel subject to the provisions and compliance of the said Act, rules and regulations.

e) Retirement:

The Director (excluding Independent Director), KMP and Senior Management personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director (excluding Independent Director), KMP, Senior Management personnel in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

III. Policy on remuneration of the Managing Director, Whole-time Director, KMP and Senior Management personnel(s)

The Committee shall recommend to the Board the remuneration to be paid to each and every Director on the Board of the Company, including break-up of the remuneration into various components. However, the same shall be approved by the Board as well as the shareholders of the Company. Increments to the existing remuneration / compensation structure shall be recommended by the 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 should not exceed 11 percent of the net profits of the Company for that financial year. The overall remuneration to be paid shall be within the limits provided in the Act and subject to the approval of the Central Government, if payment of remuneration is in excess of the limits provided in the Act.

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, Whole-time Directors of the Company based on the recommendation of the Committee and subject to the approval of the shareholders and the Central Government in accordance with the provisions of the Act and Schedule V of the Act. If any Managing Director/Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

The remuneration to be paid to the Non-executive/Independent Directors shall be approved at a meeting of the Board, subject to the approval of the shareholders of the Company. The total remuneration/compensation payable to the entire group of Non-executive/Independent Directors shall be limited to a fixed amount per year as commission, determined by the Board. This amount 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. Apart from the commission, the Non-executive/Independent Directors of the Company may also receive remuneration by way of sitting fees for attending the meeting of the Board and/or Committee. Provided, however, that the amount of such fees shall not exceed Rs. 1 lakh per meeting of Board and/or Committee or such amount as may be prescribed by the Central Government from time to time.

The criteria for payment of commission to Non-executive/Independent Directors shall be based on:

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

The Independent Directors will not be entitled for any bonus during the appointment and also cannot participate in any employee stock option scheme, if any, operated by the Company or any Group Companies.

All the Directors will be covered under the Directors' and Officers' Insurance Policy of the Company.

Remuneration payable to Managing Director, Whole-time Director, KMP and Senior Management Personnel(s) shall be in accordance with the Company policies in this regard and all payments shall be subject to approval of this Committee, the Board and the shareholders of the Company, as the case may be.

IV. Policy on Performance Evaluation of the Board

The Committee shall carry out evaluation of the performance of every Director, KMP and Senior Management Personnel at regular intervals (yearly).

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 other Committees are fulfilling their role and duties.

The Committee shall make recommendations to the Board regarding the person to be considered for appointment as Director of the Company, based on their skill, judgment, diversity and experience. As a part of the annual review of the performance of the Board, the appropriate size, composition and terms and conditions of appointment to and retirement from the Board shall be considered. As a member of the Board, performance of every Director shall be annually evaluated by the Committee. However, the performance of Independent Directors shall be further evaluated by the entire Board excluding the Director being evaluated.

The Chairperson of the Committee shall conduct an annual Board evaluation and a peer evaluation survey to assess the performance of the Board as a whole and that of individual Board members. Performance shall be assessed based on clearly defined objective criteria. This is in line with the Company's policy of being data-oriented in every transaction and decision. Performance is measured against commitments and best-in-class benchmarks.

Certain factors to be considered for evaluation could be as follows:

- Director's participation in various discussions during the year.
- Contribution by a Director to Company Strategy, Board Committees and in achieving the objectives of the Company.
- Professional Commitment and dedication to the mission of the Company (including advice/guidance provided to the employees/senior management outside of Board Meetings).
- Understanding of the Policies of the Company and observance of Code of Conduct.
- Degree of Independence including relevance of any conflicts of interest.
- Availability for and attendance at Board Meetings and other relevant events.
- Integrity and maintenance of Confidentiality.
- Relationship with Stakeholders.
- Effective deployment of knowledge and expertise.
- Any other factor considered necessary in this regard.

Though the performance evaluation would be carried out by the Committee, the above factors would also help the Directors of the Company to assess their own contribution/performance for the effective governance of the Company.

Depending upon the outcome of the performance evaluation, the Committee may recommend to the Board the removal of any Director (excluding Independent Director) in case it is in the interest of the Company. Also, the Committee may recommend grant of extension or renewal of the term of appointment of an Independent Director, subject to the applicable provisions of the Companies Act, 2013 and the Listing Agreement.

The Committee shall periodically review this policy and carry out such changes as may be necessary on account of changes in the governing regulations.

V. Board Diversity:

The Board of Directors shall comprise of Directors having expertise in different areas/ fields like Finance, Law, Sales and Marketing, Banking, Engineering etc. or as may be considered appropriate. The Board shall have at least one member who has accounting or related financial management expertise.

Diversity of the Board shall also be governed by various provisions of the Companies Act, 2013 and other regulations governing the Company such as the Listing Agreement.

FUNCTIONING OF THE NOMINATION & REMUNERATION COMMITTEE

I. Composition of the Committee

The Committee shall consist of four (4) Directors out of which majority shall be Independent Directors. Presently, the Committee consists of the following Members:

Name of the Member	Designation
Mr. R. R. Nair, Independent Non-Executive Director	Chairman
Mr. R. A. Shah, Independent Non-Executive Director	Member
Mr. Pradip P. Shah, Independent Non-Executive Director	Member
Dr. Raman Ramachandran, Chairman & Managing Director	Member
Mr. Pradeep Chandan, Company Secretary	Secretary of the Committee

A minimum of three (3) members shall constitute the quorum for the Committee meetings. Term of the Committee shall be continued unless terminated by the Board of Directors.

II. Chairperson

The Chairperson of the Committee shall be an Independent Director. In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson. The Chairperson of the Committee shall be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

III. Frequency

The meetings of the Committee shall be held at such intervals as may be required.

IV. Committee Members' interest

A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated. The Committee may invite such executives, as is considered appropriate, to be present at the meetings of the Committee.

V. Secretary

The Company Secretary of the Company shall act as Secretary of the Committee

VI. Voting

Matters arising for determination at Committee meetings shall be decided by a majority of votes of members present and voting and any such decision shall for all purposes be deemed a decision of the Committee. In case of inequality of votes, the Chairman of the meeting will have a casting vote.

AMENDMENTS

The Committee shall periodically review the Policy and carry out such changes as may be required or mandated on account of changes in the governing regulations.

On behalf of the Board of Directors

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

Mumbai

Dated : 7th May, 2015.

Secretarial Audit Report

Form No. MR-3

FOR FINANCIAL YEAR ENDED ON 31ST MARCH, 2015.

[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 LTD.

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 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, 2015, 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 as mentioned in **Annexure 1**, Forms and returns filed and other records maintained by BASF India Limited ("The Company"), for the year ended on 31st March, 2015 to the extent applicable provisions of:

- I. The Companies Act, 2013 ("**The Act**") and the Rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ("**SCRA**") and the Rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("**SEBI Act**") to the extent applicable to the Company:
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - e. The Company has complied with the requirements under the Equity Listing Agreements entered into with BSE Limited, National Stock Exchange of India Limited; and
- VI. We have relied on the representation made by the Company and its Officers for systems and mechanism put in place by the Company for Compliances under other applicable Act, Laws and Regulations to the Company.

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

- i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii) The Listing Agreements entered into by the Company with the BSE Limited, National Stock Exchange of India Limited. During the year under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, Listing Agreements mentioned above.

We further report that:

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

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

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

We further report that during the audit period the company has:

1. Inaugurated & Commenced commercial production at Company's new site at Dahej, Gujarat, of which intimation under clause 36 of Listing Agreement was given to BSE and NSE.
2. Made an application to the Central Government in respect of managerial remuneration amounting to Rs. 19.8 million for the year ended 31st March, 2015, pursuant to provisions of Section 197 read with Schedule V of the Act, which is pending approval. Our audit opinion is not qualified in respect of this matter.

Date: 7th May, 2015

Place: Mumbai

**For HS Associates
Company Secretaries**

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

Annexure – 1 to the Secretarial Audit Report

REGISTERS, BOOKS, PAPERS AND MINUTE BOOKS MAINTAINED BY THE COMPANY

1. Minutes of Board, Shareholders and Committee Meeting.
2. Register of Renewed or duplicate Share certificate.
3. Book of accounts.
4. Register of Members.
5. Index of Members.
6. Register of Directors and Key Managerial Personnel.
7. Register of Director's shareholdings.
8. Register of Charges.
9. Register of investments or loans made, guarantee or security provided.
10. Register of particulars of contracts in which Directors are interested.
11. Register of Contracts.
12. Register of Directors Attendance.
13. Register of Shareholders Attendance.
14. Register of Proxies.
15. Register of Transfers.

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
(As on the financial year ended 31st March, 2015)

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

I. REGISTRATION DETAILS OF THE COMPANY:

CIN	L33112MH1943FLC003972
Registration date	13 th May, 1943
Name of the Company	BASF India Limited
Category/Sub Category of the Company	Subsidiary of BASF SE, a Company incorporated outside India
Address of the Registered Office of the Company	3 rd Floor, VIBGYOR Towers, 'G'-Block, Plot No. C-62, Bandra Kurla Complex, Mumbai-400098
Contact details	Telephone No.: 66618000 E-mail: manohar.kamath@basf.com
Whether Listed Company	Listed on BSE Ltd. (BSE) and The National Stock Exchange of India Limited.
Name, Address and contact details of Registrar and Transfer Agent	Sharepro Services (India) Private Limited 13AB, Samhita Warehousing Complex, 2 nd Floor, Near Sakinaka Telephone Exchange Lane, Off. Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai-400 072. Tel: 022-67720300, 67720400 E-mail: sharepro@shareproservices.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

There is no single business activity contributing 10% or more of the total turnover of the Company.

III. PARTICULARS OF HOLDING COMPANIES:

Sr. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1.	BASF Societas Europaea 67056 Ludwigshafen, Germany	Foreign Company	Holding	48.37%	2(46)
2.	BASF Construction Solutions GmbH Dr.-Albert-Frank-Str. 32 83308 Trostberg/ Germany	Foreign Company	Holding	4.38%	2(46)
3.	BASF Schweiz AG Klybeckstrasse 141 4057 Basel Schweiz	Foreign Company	Holding	20.58%	2(46)

IV. SHAREHOLDING PATTERN OF THE COMPANY AS ON 31ST MARCH, 2015:**i) Category-wise Shareholding:**

	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A	Promoters									
1)	Indian									
a	Individuals/HUF	—	—	—	—	—	—	—	—	—
b	Central Govt.	—	—	—	—	—	—	—	—	—
c	State Govt.(s)	—	—	—	—	—	—	—	—	—
d	Bodies Corporate	—	—	—	—	—	—	—	—	—
e	Banks/FI	—	—	—	—	—	—	—	—	—
f	Any other	—	—	—	—	—	—	—	—	—
Sub-Total (A) (1)		—	—	—	—	—	—	—	—	—

	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
2) Foreign										
a	NRI Individuals	—	—	—	—	—	—	—	—	—
b	Other Individuals	—	—	—	—	—	—	—	—	—
c	Bodies Corporate	31743220	—	31743220	73.33	31743220	—	31743220	73.33	—
d	Banks/ FI	—	—	—	—	—	—	—	—	—
e	Any other	—	—	—	—	—	—	—	—	—
Sub-Total (A) (2)		31743220	—	31743220	73.33	31743220	—	31743220	73.33	—
Total Promoter Shareholding (A)=A1 + A2		31743220	—	31743220	73.33	31743220	—	31743220	73.33	—
B Public Shareholding										
1) Institutions										
a	Mutual Funds/UTI	653514	1557	655071	1.51	815483	1557	817040	1.89	0.38
b	Banks/ FI	585947	1845	587792	1.36	595455	1845	597300	1.38	0.02
c	Central Govt.	—	—	—	—	—	—	—	—	—
d	State Govt.(s)	—	30	30	0.00	—	30	30	0.00	—
e	Venture Capital Funds	—	—	—	—	—	—	—	—	—
f	Insurance Companies	1204082	—	1204082	2.78	1176388	—	1176388	2.72	-0.06
g	FIs	370593	270	370863	0.85	341534	270	341804	0.79	-0.06
h	Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
i	Others (specify)	—	—	—	—	—	—	—	—	—
Sub-Total (B) (1)		2814136	3702	2817838	6.5	2928860	3702	2932562	6.78	0.28
2) Non-Institutions										
a	Bodies Corporates	—	—	—	—	—	—	—	—	—
	i. Indian	2483770	5725	2489495	5.75	2210370	5725	2216095	5.12	-0.63
	ii. Overseas	—	—	—	—	—	—	—	—	—
b	Individuals									
	i. Individual Shareholders holding nominal share capital upto Rs. 1 lakh	4661959	734479	5396438	12.47	4811154	694454	5505608	12.72	0.25
	ii. Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh	600115	49749	649864	1.50	625648	31502	657150	1.52	0.02
c	Others (specify)									
	i. Non-Resident Indian	174351	9876	184227	0.43	220647	9876	230523	0.53	0.1
	ii. Overseas Corporate Bodies	—	—	—	—	—	—	—	—	—
	iii. Foreign Nationals	2338	—	2338	0.01	250	—	250	0	-0.01
	iv. Clearing Members	—	—	—	—	—	—	—	—	—
	v. Trust	2220	—	2220	0.01	232	—	232	0	-0.01
	vi. Foreign Bodies	—	—	—	—	—	—	—	—	—
Sub-Total (B) (2)		7924753	799829	8724582	20.17	7868301	741557	8609858	19.89	-0.28
Total Public Shareholding (B)= (B)(1) + (B)(2)		10738889	803531	11542420	26.67	10797161	745259	11542420	26.67	—
C Shares held by Custodian for GDRs & ADRs		—	—	—	—	—	—	—	—	—
Grand Total (A+B+C)		42482109	803531	43285640	100	42540381	745259	43285640	100	—

ii) Shareholding Pattern of the Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (01.04.2014)			Shareholding at the end of the year (31.03.2015)			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1.	BASF Societas Europaea	20939259	48.37	NIL	20939259	48.37	NIL	NIL
2.	BASF Construction Solutions GmbH	1896061	4.38	NIL	1896061	4.38	NIL	NIL
3.	BASF Schweiz AG	8907900	20.58	NIL	8907900	20.58	NIL	NIL

iii) There was no change in the Promoters' Shareholding during the financial year 2014-15.

Refer table (ii) above.

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

Sr. No.	Shareholding Pattern for each of the Top 10 Shareholders			
1.	BAJAJ ALLIANZ LIFE INSURANCE COMPANY LTD	No. of shares at the beginning of the year		% of total Shares of the Company
		14,76,153		3.41%
		Increase/Decrease in shareholding during the year		
		Increase as on		Decrease as on
		20,000 Shares – April 4, 2014		10,000 Shares – June 20, 2014
		15,000 Shares – April 25, 2014		55,000 Shares – July 18, 2014
		10,000 Shares – December 31, 2014		42,000 Shares – July 25, 2014
		10,000 Shares – January 2, 2015		1,763 Shares – August 8, 2014
		5,000 Shares – March 31, 2015		50,000 Shares – August 15, 2014
				3,950 Shares – August 29, 2014
				5,000 Shares – September 5, 2014
				5,000 Shares – September 12, 2014
				6,000 Shares – September 19, 2014
				12,842 Shares – September 30, 2014
				1,000 Shares – October 3, 2014
				4,077 Shares – October 10, 2014
				7,034 Shares – October 17, 2014
				5,000 Shares – October 31, 2014
				3,300 Shares – January 9, 2015
				7,000 Shares – January 23, 2015
				4,034 Shares – February 13, 2015
		Cumulative Shareholding during the year		
		No. of Shares		% of total Shares of the Company
		-163,000		-0.38%
		No. of shares at the end of the year		% of total Shares of the Company
		13,13,153		3.03%

Sr. No.	Shareholding Pattern for each of the Top 10 Shareholders		
2.	GENERAL INSURANCE CORPORATION OF INDIA	No. of shares at the beginning of the year	% of total Shares of the Company
		6,99,999	1.62%
		Increase/Decrease in shareholding during the year	
		Increase as on	Decrease as on
		NIL	NIL
		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company
		NIL	NIL
		No. of shares at the end of the year	% of total Shares of the Company
		6,99,999	1.62%
3.	LIFE INSURANCE CORPORATION OF INDIA	No. of shares at the beginning of the year	% of total Shares of the Company
		5,76,588	1.33%
		Increase/Decrease in shareholding during the year	
		Increase as on	Decrease as on
		NIL	NIL
		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company
		NIL	NIL
		No. of shares at the end of the year	% of total Shares of the Company
		5,76,588	1.33%
4.	IDFC PREMIER EQUITY FUND	No. of shares at the beginning of the year	% of total Shares of the Company
		NIL	NIL
		Increase/Decrease in shareholding during the year	
		Increase as on	Decrease as on
		3,10,493 Shares – May 30, 2014 72,975 Shares – August 15, 2014	1,042 Shares – December 19, 2014
		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company
		3,82,426	0.88%
		No. of shares at the end of the year	% of total Shares of the Company
		3,82,426	0.88%
5.	THE NEW INDIA ASSURANCE COMPANY LIMITED	No. of shares at the beginning of the year	% of total Shares of the Company
		2,68,488	0.62%
		Increase/Decrease in shareholding during the year	
		Increase as on	Decrease as on
		NIL	NIL
		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company
		NIL	NIL
		No. of shares at the end of the year	% of total Shares of the Company
		2,68,488	0.62%

Sr. No.	Shareholding Pattern for each of the Top 10 Shareholders		
6.	ATUL LIMITED	No. of shares at the beginning of the year	% of total Shares of the Company
		2,61,396	0.60%
		Increase/Decrease in shareholding during the year	
		Increase as on	Decrease as on
		NIL	NIL
		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company
		NIL	NIL
		No. of shares at the end of the year	% of total Shares of the Company
		2,61,396	0.60%
7.	UNITED INDIA INSURANCE COMPANY LIMITED	No. of shares at the beginning of the year	% of total Shares of the Company
		1,90,595	0.44%
		Increase/Decrease in shareholding during the year	
		Increase as on	Decrease as on
		NIL	3,659 Shares – April 11, 2014 7,500 Shares – April 18, 2014 6,794 Shares – April 25, 2014 1,831 Shares – May 02, 2014 3,021 Shares – May 30, 2014 4,338 Shares – July 18, 2014 551 Shares – July 25, 2014
		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company
		-27,694	-0.06%
		No. of shares at the end of the year	% of total Shares of the Company
		1,62,901	0.38%
8.	AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS	No. of shares at the beginning of the year	% of total Shares of the Company
		NIL	NIL
		Increase/Decrease in shareholding during the year	
		Increase as on	Decrease as on
		7,715 Shares – June 6, 2014 5,032 Shares – June 13, 2014 10,000 Shares – June 20, 2014 4,551 Shares – June 30, 2014 5,000 Shares – July 4, 2014 30,000 Shares – July 18, 2014 63,395 Shares – July 25, 2014 30,000 Shares – February 27, 2015	NIL
		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company
		1,55,693	0.36%
		No. of shares at the end of the year	% of total Shares of the Company
		1,55,693	0.36%

Sr. No.	Shareholding Pattern for each of the Top 10 Shareholders		
9.	ANIMA B. KAPADIA	No. of shares at the beginning of the year	% of total Shares of the Company
		86,887	0.20
		Increase/Decrease in shareholding during the year	
		Increase as on	Decrease as on
		20,874 Shares – March 6, 2015	1,000 Shares – April 11, 2014 1,000 Shares – April 18, 2014 1,000 Shares – June 20, 2014
		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company
		17,874	0.4%
		No. of shares at the end of the year	% of total Shares of the Company
		1,04,761	0.24%
10.	THE EMERGING MARKETS SMALL CAP SERIES	No. of shares at the beginning of the year	% of total Shares of the Company
		52,960	0.25%
		Increase/Decrease in shareholding during the year	
		Increase as on	Decrease as on
		854 Shares – June 6, 2014 436 Shares – June 30, 2014 861 Shares – July 4, 2014 775 Shares – August 1, 2014 945 Shares – August 8, 2014 1,074 Shares – August 22, 2014 831 Shares – October 31, 2014 1,401 Shares – November 7, 2014 2,052 Shares – November 14, 2014 634 Shares – November 21, 2014 668 Shares – February 13, 2015 4,692 Shares – February 27, 2015 2,200 Shares – March 6, 2015 1,793 Shares – March 13, 2015 3,202 Shares – March 20, 2015 839 Shares – March 27, 2015 2,129 Shares – March 31, 2015	NIL
		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company
		25,386	-0.3%
		No. of shares at the end of the year	% of total Shares of the Company
		78,346	0.18%

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

v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	Mr. R. A. Shah				
1.	At the beginning of the year	80 (held jointly)	0.00	—	0.00
2.	Date wise/Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (eg. Allotment/transfer/bonus/sweat equity etc)	—	—	—	—
3.	At the end of the year	80 (held jointly)	0.00	—	0.00

Note 1: None of the Directors except Mr. R. A. Shah hold any equity shares of the Company.

Note 2: Dr. G. Ramaseshan was a Whole-time Director of the Company till 31st July, 2014 and held 100 equity shares of the Company.

V. INDEBTEDNESS:

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

Rs. in million

	Secured Loan excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal amount	—	10,673.7	—	10,673.7
ii. Interest due but not paid	—	—	—	—
iii. Interest accrued but not due	—	106.3	—	106.3
Total (i+ ii+ iii)	—	10,780	—	10,780
Change in Indebtedness during the financial year				
Addition	—	96,158.5	—	96,158.5
Reduction	—	90,790.0	—	90,790.0
Net Change	—	5,368.5	—	5,368.5
Indebtedness at the end of the financial year				
i. Principal amount	—	16,002.0	—	16,002.0
ii. Interest due but not paid	—	—	—	—
iii. Interest accrued but not due	—	146.5	—	146.5
Total (i+ii+iii)	—	16,148.5	—	16,148.5

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

(Amount in Rupees)

Sr. No.	Particulars of Remuneration	Name of MD / WTD			Total
		Dr. Raman Ramachandran (CMD)	Mr. Narendranath J. Baliga (WTD) (01.01.2015-31.03.2015)	Mr. Rajesh Naik (WTD) (01.08.2014-31.03.2015)	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	21,847,249	NIL	6,413,850	28,261,099
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	10,823,643	2,00,772	5,49,626	11,574,041
	(c) Profits in lieu of salary under section 17(3) of the Income-Tax Act, 1961	—	—	—	—

Sr. No.	Particulars of Remuneration	Name of MD / WTD			Total
		Dr. Raman Ramachandran (CMD)	Mr. Narendranath J. Baliga (WTD) (01.01.2015-31.03.2015)	Mr. Rajesh Naik (WTD) (01.08.2014-31.03.2015)	
2.	Stock Option	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL
4.	Commission	NIL	NIL	NIL	NIL
	– as % of profit	NIL	NIL	NIL	NIL
	– others, specify	NIL	NIL	NIL	NIL
5.	Others, please specify (Co. contribution to PF and SA exempted amount)	1,569,430	260,617	484,000	2,314,047
	Total (A)	34,240,322	461,389	7,447,476	42,149,187

(Amount in Rupees)

Sr. No.	Particulars of Remuneration	Name of WTD			Total Amount
		Mr. Thilo Bischoff (till 30 th April, 2014)	Dr. G. Ramaseshan (till 31 st July, 2014)	Mr. S. Regunathan (till 31 st December, 2014)	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	1,958,867	14,597,040	19,873,100	36,429,007
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	701,800	1,896,858	1,095,788	3,694,446
	(c) Profits in lieu of salary under section 17(3) of the Income-Tax Act, 1961	—	—	—	—
2.	Stock Option	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL
4.	Commission	NIL	NIL	NIL	NIL
	– as % of profit	NIL	NIL	NIL	NIL
	– others, specify	NIL	NIL	NIL	NIL
5.	Others, please specify (Co. contribution to PF and SA exempted amount)	178,351	341,382	824,950	1,344,683
	Total (A)	2,839,018	16,835,280	21,793,838	41,468,136

B. Remuneration to Other Directors:

(Amount in Rupees)

Sr. No.	Particulars of Remuneration	Name of Director				Total Amount
1.	Independent Directors	Mr. R. A. Shah	Mr. R. R. Nair	Mr. Pradip Shah	Mr. Arun Bewoor	
	Sitting fees for attending Board/ Committee Meetings	1,000,000	1,000,000	1,000,000	1,000,000	4,000,000
	Commission	NIL	NIL	NIL	NIL	NIL
	Others, please specify	NIL	NIL	NIL	NIL	NIL
	Total (1)	1,000,000	1,000,000	1,000,000	1,000,000	4,000,000
2.	Other Non-Executive Directors	Mr. Gops Pillay	Dr. Rainer Diercks	Dr. Andrea Frenzel (From 1 st January, 2015)	Mr. Andrew Postlethwaite (Till 31 st December, 2014)	—
	Fee for attending Board/ Committee Meetings	NIL	NIL	NIL	NIL	NIL
	Commission	NIL	NIL	NIL	NIL	NIL
	Others, please specify	NIL	NIL	NIL	NIL	NIL
	Total (2)	NIL	NIL	NIL	NIL	NIL
3.	Total (B)= (1+2)	1,000,000	1,000,000	1,000,000	1,000,000	4,000,000
4.	Total Managerial Remuneration (A+B)	87,617,323				

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

Sr. No.	Particulars of Remuneration	Mr. Pradeep Chandan (Company Secretary)
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	10,054,880
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	779,732
	(c) Profits in lieu of salary under section 17(3) of the Income-Tax Act, 1961	
2	Stock Option	NIL
3	Sweat Equity	NIL
4	Commission	NIL
	– as % of profit	NIL
	– others, specify...	NIL
5	Others, please specify (Co. contribution to PF and SA exempted amount)	780,748
	Total	11,615,360

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

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

On behalf of the Board of Directors

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

Mumbai

Dated : 7th May, 2015.

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.

1. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2014-2015:

Sr. No.	Name of Director	Remuneration	Median Remuneration of Employees	Ratio
1.	Dr. Raman Ramachandran (Chairman & Managing Director)	34,240,322	8,91,876	38.39
2.	Mr. Narendranath J. Baliga (w.e.f 1 st January, 2015)	461,389	8,91,876	0.52
3.	Mr. Rajesh Naik (w.e.f 1 st August, 2014)	7,447,476	8,91,876	8.35
4.	Mr. Thilo Bischoff (till 30 th April, 2014)	2,839,018	8,91,876	3.18
5.	Dr. G. Ramaseshan (till 31 st July, 2014)	16,835,280	8,91,876	18.88
6.	Mr. S. Regunathan (till 31 st December, 2014)	21,793,838	8,91,876	24.44

2. Percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary in the financial year 2014-2015:

Sr. No.	Name	Designation	Percentage increase in remuneration
1.	Dr. Raman Ramachandran	Chairman & Managing Director	13%
2.	Mr. Narendranath J. Baliga	Chief Financial Officer (w.e.f 1 st January, 2015)	—
3.	Mr. Rajesh Naik	Wholetime Director (w.e.f 1 st August, 2014)	7%
4.	Mr. Pradeep Chandan	Director – Legal, General Counsel & Company Secretary	8.2%

Note: Mr. Thilo Bischoff, Dr. G. Ramaseshan and Mr. S. Regunathan ceased to be Directors during the year and hence there was no percentage increase in their remuneration.

3. Percentage increase in the median remuneration of employees in the financial year 2014-2015 is 4.81%
4. The number of permanent employees on the rolls of the Company, as on 31st March, 2015 is 1977.
5. **Relationship between average increase in remuneration and Company performance:**
The compensation philosophy of the Company is to provide market competitive compensation that has a strong linkage to performance of the employee as well as other factors such as BASF's performance globally.
6. **Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:**
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. Looking at the performance rating of the Key Managerial Personnel, appropriate reward by the way of merit increase or variable pay have been awarded to the Key Managerial Personnel for the current year.
7. Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company:

Particulars	As on 31 st March, 2014	As on 31 st March, 2015	% Variation
Market capitalization (Rs. in million)	36992	48298	30.5%
Price Earnings Ratio	28.93	\$	—
Equity share price (Rs. per share)	854.60	1115.80	30.5%

\$ as Earning per share is negative, details of P/E ratio are not provided

8. **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 Governance, Nomination and Remuneration Committee as per the Policy for Remuneration of the Directors, Key Managerial Personnel and other Employees.
9. There are no employees of the Company who received remuneration in excess of the highest paid Director during the financial year 2014-2015.
10. It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.

On behalf of the Board of Directors

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

Mumbai
Dated : 7th May, 2015.

Management Discussion and Analysis Report



This year, your Company conducted efficiency enhancement workshops for farmers using pictorial posters to educate them on maximizing agricultural output.

The global economic environment in recent years has been challenging and marked by increasing volatility and uncertainty. The economy grew by 6.9% in 2013-14 and is expected to grow by 7.4% in the fiscal year 2014-15. This increase is attributable to the improved performance of the industrial sector and stable growth in the services sector. Industry and service sectors are expected to grow at 5.9% and 10.6% respectively in 2014-15. The manufacturing sector is expected to perform better and grow at 6.8% in 2014-15. However, poor monsoon affected the agricultural sector.

In 2014-15, the domestic automobile industry continued to be hit due to high inflation and interest rates. Production of four-wheeler light vehicles grew by 2.3% while two-wheelers showed improved performance registering a growth of 9.6%.

Due to increasing exports of generic medicines and greater penetration in rural markets, the domestic pharmaceutical retail market is expected to have grown at 10% during 2014-15.

With the focus of the new government at the Centre on removal of infrastructural bottlenecks, the Indian construction industry is expected to have grown by 4.5% in 2014-15.

Steep decline in oil prices, high foreign exchange reserves, improved business sentiments, cut in interest rates by the Reserve Bank of India and potential impact of reform initiatives of the new Government are some of the key factors which are likely to lead to the overall stability of the Indian economy.

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

AGRICULTURAL SOLUTIONS

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

The products of your Company's Agricultural Solutions business are dependent on the monsoon. A delayed and irregular monsoon in 2014 adversely affected crop areas as well as herbicide applications in Central India. Generic competition in off-patent fungicides negatively impacted the sales price. These factors have affected the performance of this business during the year under report.

Your Company introduced two new crop protection products namely: XELORA™ and ZAMPRO™, which have been well received by farmers during the year.

Your Company continued to promote sustainable farming by educating farmers on the safe use of agrochemicals.

PERFORMANCE PRODUCTS

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

During the year under review, the Leather Chemicals business witnessed a growth in sales and profits. Most of the product groups grew over the previous year. Significant growth was seen in our Beam house system and Drum Dyes.

New opportunities in the area of automotive upholstery systems were identified. This business continued its efforts to collaborate closely with its customers.

Your Company focuses on serving high value markets with innovative products and services that are respectful to the environment, Formaldehyde and heavy metal free to name a few.

During the year, your Company's Textile Chemicals business achieved a marginal growth in sales over the previous year.

Tight money supply, high transportation and utilities costs and stringent pollution control norms continue to be the major concerns for this business.

Considering the above, resource saving and consumer safety will be the focus areas in the textile industry moving forward.

As part of global portfolio management activities, your Company's Textile Chemicals business will be transferred and integrated into Archroma's textile chemicals specialties business, subject to receipt of requisite approvals.

The Care Chemicals business of your Company mainly caters to personal care, home care and formulation technology sectors. Rising demands and consumerism have led to increase in sales in the home & personal care sectors. Rising disposable incomes and increased awareness amongst consumers have contributed to the increase in sales in the personal care industry. In the laundry care category, the business witnessed good growth in surface cleaning and dish washing categories.

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

Your Company's Plastic Additives business is categorized into anti-oxidants and light stabilizers for the plastic industry. Customers are broadly classified into upstream industries such as polymer manufacturers and downstream industries such as packaging and automotive. Expansion plans of major polymer producers and expected shift from natural fibers to plastic in the packaging sector is expected to generate a demand for light stabilizers and anti-oxidants. New business development activities undertaken during the year helped to boost the sales of this business as compared to the previous year.

The Fuel and Lubricants business caters to the automotive, fuel, lubricants, refinery and refrigeration industries. In spite of the automotive industry not having grown, this business registered modest growth in sales as compared to the previous year. New markets in the area of coolants & brake fluids and service fills for automotive OEM's were established during the year. Additionally, this division continued to supply anti-freeze coolants to major automotive manufacturers in India. With new product launches and entry into new market segments, growth prospects for this business looks optimistic.

The Water Solutions business of your Company provides solutions to raw water, industrial and municipal effluents. Significant growth in the municipal effluent treatment sector is expected to offer good opportunities for its flocculants and coagulants. The global acquisition of INGE water technologies with advanced ultra-filtration membranes further enhanced the offerings of your Company in the water sector. With secured orders from key accounts, the sales of the Water Solutions business of your Company grew over the previous year.

The Oilfield Solutions business caters to the service companies that carry out work for the oil sector. Opportunities for future growth have been identified in the enhanced oil recovery areas.

Your Company's Mining Solutions business is mainly focused on the coal and alumina mining sectors. With reforms in the mining sector, this business is expected to grow.

The Nutrition & Health business of your Company offers a comprehensive range of products and solutions for Human Nutrition, Animal Nutrition, Pharma Ingredients, Application Services and Flavours & Fragrances. Despite a drop in vitamin prices, the Nutrition & Health business demonstrated strong growth across segments. This business offered solutions for feed efficiency for poultry farms, scheduled food fortification initiatives and promoted innovative solutions through joint development projects in the pharmaceuticals sector. Registration of plant sterols with the Food Safety & Standard Authority of India was also obtained during the year.

The Dispersions & Pigments business of your Company comprises pigments, resins, dispersions and additives, which cater to the needs of the adhesives, paints & coatings, printing & packaging, plastics and construction industries. Since the beginning of this year, the Dispersions & Pigments division also catered to the paper coatings industry. This business registered substantial growth in this fiscal year. This business also posed good growth since commercial production began at the Dahej plant. With the Government renewing its focus on the automotive and paper coating industries, the Company is optimistic that these industries will grow. The decorative and construction industry as well as the plastics, printing and packaging industries would continue to receive priority.



From left to right: V. S. Anand, Business Director, Care Chemicals BASF India Limited, Raman Ramachandran, CMD, BASF India Limited, Rajan Venkatesh, Vice President, Chemicals and Performance Products, BASF India Limited and Srikanth Vaduvur, Vice President, Regional Marketing, Care Chemicals, BASF Asia Pacific at Home and Personal Care Ingredients (HPCI) Exhibition & Conference India. Various innovative products and solutions based on the theme 'Inspired by Life' were showcased at HPCI in a uniquely designed and conceptualized booth.

The Paper Chemicals business of your Company caters to diverse industry segments such as graphical paper, newsprint, and packaging paper and enjoys substantial customer goodwill and industry leadership. This year, your Company's Paper Chemicals business was re-grouped as part of the Dispersions & Pigments business. Innovative paper coating binders were introduced to improve paper quality & printability. Innovative solutions to encourage paper recycling and reduction in the usage of water in the paper manufacturing process were also introduced.

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

CHEMICALS

Your Company's Chemicals business includes intermediates, petrochemicals & monomers. The chemicals supplied by the BASF Group caters to the requirement of a wide range of user industries including coatings, life sciences, construction additives, food and feed, pharmaceuticals, agrochemicals, plastics and fibers, process chemicals and intermediates. During the year, the sales of the chemicals business grew significantly as compared to the previous year.

The Intermediates Division of your Company caters to more than 20 major industry segments such as pharmaceuticals, agrochemicals, coatings, epoxy, leather, food, feed, etc. During the year, the Intermediates business registered robust growth in sales. Major growth drivers for the business were exports of agrochemicals and pharmaceuticals actives. In most of the strategic products, the Company could either increase/retain its market share.

New business model for one of the strategic products of this Division enabled customers to procure with less lead times, thereby supporting the growth of their businesses.

With the expected strengthening of the US economy, growth in pharma sector, increase in export penetration by agrochemical manufacturers and growing thrust in the auto and appliance industries, the outlook for this business looks positive.

The Petrochemicals business of your Company comprises Oxo-alcohols, Solvents, Acrylic monomers & Plasticizers. For the period under review, the business was able to grow reasonably well with all key customers and thereby strengthened its position versus competition. However, with new and upcoming capacities in China for both Oxo-alcohols and acrylics, the future outlook for this business is challenging. We will continue to have close engagement with our customers and position ourselves as a key supplier in the Indian market.

The Monomers business division includes Isocyanates and polyamides as well as inorganic basis products and specialties for various branches such as the plastics, appliances, life sciences & electronic industries. Strong market conditions in sectors such as flexible PU foam, construction, footwear, flexible packaging etc. contributed to the growth of the methylene diphenyl diisocyanate business.

The polyamides and precursor business grew substantially in value and volume during the year as compared to the previous year. This business was also able to finalize supply contracts with leading spinning companies. Furthermore, sales to the packaging segment increased on account of new capacities and greater share in existing accounts.

However, local availability of Toluene diisocyanate (TDI) and increasing capacity for Isocyanates in Asia with fluctuating raw material prices will be a challenge for this business going forward. We will continue to engage with customers and with the Dahej methylene diphenyl diisocyanate (MDI) splitter, position ourselves strongly in the market.

FUNCTIONAL MATERIALS & SOLUTIONS

The Functional Materials & Solutions segment of your Company comprises of Coatings & Construction Chemicals, Performance Materials and Process Catalyst Technologies. This segment registered significant growth in sales as compared to the previous year.

The Coatings business comprises mainly of automotive OEM (Original Equipment Manufacturer) coatings, automotive refinish coatings and industrial coatings. The industrial coatings business includes mainly coatings for the wind energy segment.

The Indian automotive industry saw a dip in sales due to rising inflation and interest rates during the year under review. Moreover, increase in raw material prices could not be passed to the customers due to stiff competition in the market. Despite adverse market conditions, the Coatings business, specifically the automotive OEM business maintained a growth momentum. During the year, your Company transferred the import and distribution of GLASURIT®, a BASF premium automotive refinish paint brand to Würth India Private Limited ("Würth") with effect from 1st February, 2015. The change of route to market will ensure that the high-quality service to our customers remains un-interrupted at an optimized distribution cost.



Your Company's Coatings team scheduled a series of color shows at key customer sites such as Maruti Suzuki, Mahindra, Tata Motors and Honda (HMSI). Internal design experts from BASF introduced the colors and explained the theme of each color panel which were attended by the styling and sourcing teams of each customer – the key decision makers.

With policy liberalization in the wind energy segment, an increase in demand in the industrial coatings business is foreseen. Your Company will continue in its endeavor by working alongside its customers to develop innovative coatings processes through research and development initiatives and provision of technical services.

The Construction Chemicals business of your Company supplies chemical systems and formulations to customers in the construction industry. The Admixture Systems segment caters to customers from the ready-mix, precast, underground construction and the cement producing industries. In spite of liquidity concerns, this segment registered a positive growth in sales driven by higher volume in infrastructure and institutional sales.

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

The year also saw the inauguration of the new Admixture plant at Nellore in Andhra Pradesh. This plant will cater to the growing needs of customers in Andhra Pradesh, Telangana and Tamil Nadu as well as supply powder products to Bangladesh.

An expanding production foot print and portfolio of construction products combined with the rising number of infrastructure and industrial projects drive an optimistic outlook in this segment.

The Performance Materials business of your Company caters to the requirements of the Consumer, Construction, Transportation and Automotive industries. Despite slow growth in the automotive industry, the Performance Materials business (primarily polyurethane and engineering plastics) has achieved significant growth in sales during the year by capturing new markets through business development and ensuring strong presence at faster growing OEMs and their suppliers.

In the consumer industry, this business has a strong presence in the appliance (refrigerator), footwear and furniture markets. While the appliance market did not grow significantly, high growth was registered by adding new customers and gaining volume from existing customers to support our integrated polyurethane production at Dahej. Particularly, sales of Polyurethane in the footwear market showed a healthy double digit growth.

The Polyurethanes business of your Company experienced significant growth especially in the construction industry due to value-added services provided to large customers and due to introduction of our system solutions in new markets. Overall, the Performance Materials business delivered strong growth in sales during the year under report.

Volatility in exchange rates and dependence on imported raw materials are concerns for this business. It is expected that the additional capacity at Dahej will give this business a competitive edge in the market through faster response time to customer requirements.

The Process Catalysts business of your Company caters to the petroleum refining, petrochemicals and downstream base and fine chemicals industries. During the year, this business registered a moderate growth in sales with improvement in profitability on account of new projects in the chemicals segment. Sales also commenced from the newly commissioned fine chemicals catalyst plant at Mangalore during the year. This plant caters to the pharmaceuticals and agrochemicals industries by supplying state-of-the-art precious metal-based catalysts for the manufacture of active ingredients.

TECHNICAL MANAGEMENT

During the year, your Company's manufacturing plants were able to meet the demand for its products and could optimally utilize assets by adequate production planning, manpower and resource utilization. These actions ensured the quality of the products as well as the highest standards of Environment, Health and Safety.

A majority of the plants at the Company's new manufacturing site at Dahej commenced commercial production. Supporting state-of-the-art environment, health and safety facilities, this site recorded zero lost-time injuries during construction.

In line with the policy of prioritizing various energy conservation methods, the Mangalore site adopted a novel initiative to reduce costs and promote environment sustainability. The site commissioned a Bio-Boiler, which produces steam in a cost efficient manner and thereby reduces green-house gas emissions by about 2500 tons per year, besides substantially reducing SOx and NOx emissions and generating eco-friendly ash. The Company will actively consider installation of this boiler at its other manufacturing sites.

Your Company's site at Navi Mumbai was awarded the 2nd prize at the 9th Excellence in Energy Conservation and Management Awards instituted by the Maharashtra State Energy Development Association for the second consecutive year. The Mangalore site of your Company also won two awards for 'Pollution Control' and 'Safety & Hazard Control' from Dyestuff Manufacturers Association of India (DMAI).



Mr. Anil Kumar of S. N. Enterprises from Bangalore receiving the Best National Distributor Award from Mr. Christian Mombaur, Senior Vice President, Construction Chemicals, BASF Asia Pacific during the Distributor Awards Night scheduled by the Construction Chemicals team.

All the factories of your Company continued to function effectively during the year. The dyes and optical brightening agent plants of your Company at Ankleshwar are running at optimum capacity. Your Company has also collaborated with the Indian Chemical Council to devise a community model for emergency response and transportation safety.

RESEARCH AND DEVELOPMENT (R&D)

Research and Development has always played a pivotal role in the success of the Company. During the year, the R&D team supported all the businesses locally as well as globally, through innovations and by undertaking multifold research activities including:

- Basic research.
- Introduction of new products in existing production lines.
- Development of new products/formulations.
- Up-gradation and improvement of safety instruments/aspects.
- Developing cost effective processes and streamlining existing processes in the areas of paper chemicals, leather chemicals, textile chemicals and other specialty chemicals/auxiliaries.
- Development of new analytical methods.
- Optimizing effluent treatment processes.
- Supporting indenting activities.
- Collaborative research with BASF SE, BASF Schweiz AG and BASF Corporation in the areas of performance chemicals, intermediates and agrochemicals.

During the year, your Company transferred the Process Research & Chemical Engineering Division, a part of the Global Technology Platform to its group Company viz., BASF Chemicals India Private Limited with effect from 1st January, 2015 in order to generate improved synergies. This Division consists of the Organic Synthesis and Analytical laboratories at Chandivali and Kilo laboratories at the Navi Mumbai site of the Company. The development activities of the Dispersions & Pigments, Care Chemicals, Paper and Performance Chemicals businesses would continue to remain within the Company.

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has established adequate internal financial control systems to ensure reliable financial reporting and compliance with 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 process efficiencies and effectiveness are being carried out on an ongoing basis. Your Company's internal control systems are supplemented by an extensive program of internal audit by an independent firm of Chartered Accountants. Internal audits are conducted on a regular basis and a summary of the observations and recommendations of such audits are placed before the Board of Directors of your Company. In line with BASF Group policies, the Group's internal auditors also perform audits periodically in selected areas of operations. The principles of risk avoidance, such as segregation of duties and dual control of important processes form the basis for the internal control systems, which are periodically tested and certified by the internal auditors. The Audit Committee constituted by the Board of Directors reviews the internal financial control systems on an ongoing basis.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Your Company has always believed in having a collaborative approach and works closely with the Trade Unions. Long term wage settlements were signed with the Trade Unions at Ankleshwar. Industrial Relations were cordial at all the sites of the Company during the year under report.

The Company employed 1,977 persons as on 31st March, 2015.

During the year, your Company introduced various development initiatives to identify and develop potential talent for taking up leadership positions in the future.

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



Dr. Harald Lauke, designated President of Advanced Materials & Systems Research BASF SE, along with Dr. Martin Bruder Müller, Vice Chairman of the Board of Executive Directors, BASF SE, unveil the Innovation Campus model at the Ground Breaking Ceremony in Navi Mumbai on December 9, 2014.

On behalf of the Board of Directors

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

Mumbai

Dated : 7th May, 2015.



Your Company partnered with Confederation of Indian Industries (CII) and 12 other companies to launch the India Water Tool 2.0 (IWT 2.0) at the (CII) organised 'Water India 2015' Summit in New Delhi. A user-friendly and publicly available online water platform, IWT 2.0 uses 14 datasets provided by the Indian government agencies and stress indicators from the World Resources Institute and Columbia Water Centre to understand water risks and prioritise actions for Sustainable Water Management.

Report on Corporate Governance

The Company has complied with the requirements of Corporate Governance in terms of the revised Clause 49 of the Listing Agreement.

1. **COMPANY'S PHILOSOPHY ON CODE OF 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 we act responsibly as an integral part of society and thereby adhere to our compliance standards.

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

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

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

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

2. BOARD OF DIRECTORS AS ON 7th May, 2015

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

(i) EXECUTIVE DIRECTORS

Name	Date of Appointment	Designation	No. of Meetings held during the Last Financial Year	No. of Meetings Attended	Number of Memberships in Boards of other Companies*	No. of Memberships/ Chairmanships in Committees of other Companies
Dr. Raman Ramachandran	1 st October, 2013	Chairman & Managing Director	5	5	NIL	NIL
Mr. S. Regunathan (Alternate to Mr. Andrew Postlethwaite)\$	16 th July, 2010 (re-appointed on 29 th April, 2014)	Vice President– Finance & Corporate Processes, South Asia (till 31 st December, 2014)	5	4 ****	NIL	NIL
Mr. Thilo Bischoff (Alternate to Mr. Gops Pillay)#	20 th October, 2010	Vice President– Functional Materials & Agriculture, South Asia (till 30 th April, 2014)	5	1	NIL	NIL
Mr. Narendranath Baliga (Alternate to Dr. Andrea Frenzel)\$	1 st January, 2015	Vice President– Finance & Corporate Processes, South Asia	5	2**	NIL	NIL
Dr. G. Ramaseshan (Alternate to Dr. Rainer Diercks)\$	1 st September, 2011	Chief Executive– Manufacturing (till 31 st July, 2014)	5	2	NIL	NIL
Mr. Rajesh Naik (Alternate to Dr. Rainer Diercks)\$	1 st August, 2014	Chief Executive– Manufacturing	5	4***	NIL	NIL

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

** Was present at the Board Meeting held on 21st October, 2014 as an invitee.

*** Was present at the Board Meeting held on 31st July, 2014 & 27th August, 2014 as an invitee.

**** Was present at the Board Meeting held on 27th August, 2014 as an invitee.

Mr. Thilo Bischoff resigned as Whole-time Director and as Alternate Director to Mr. Gops Pillay with effect from 30th April, 2014.

\$ Dr. G. Ramaseshan resigned as Whole-time Director of the Company with effect from 31st July, 2014 and Mr. Rajesh Naik was appointed in his place as Whole-time Director and as Alternate Director to Dr. Rainer Diercks with effect from 1st August, 2014.

\$\$ Mr. S. Regunathan, on completion of his tenure, resigned as Whole-time Director and as Alternate Director to Mr. Andrew Postlethwaite with effect from 31st December, 2014. Mr. Narendranath J. Baliga was appointed as Whole-time Director and as Alternate Director to Dr. Andrea Frenzel with effect from 1st January, 2015.

(ii) NON-EXECUTIVE DIRECTORS

Name	Date of Appointment	Designation	No. of Meetings held during the Last Financial Year	No. of Meetings Attended	Number of Memberships in Boards of other Companies**	No. of Memberships/ Chairmanships in other Committees
Mr. Andrew Postlethwaite ^	28 th April, 2011	Director	5	1*	NIL	NIL
Mr. Gops Pillay	30 th April, 2013	Director	5	1*	NIL	NIL
Dr. Rainer Diercks	23 rd January, 2006	Director	5	1*	NIL	NIL
Dr. Andrea Frenzel	1 st January, 2015	Director	5	NIL	NIL	NIL

* Attended the Board Meeting held on 27th August, 2014.

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

^ Mr. Andrew Postlethwaite resigned as Director of the Company with effect from 31st December, 2014 and Dr. Andrea Frenzel was appointed in his place with effect from 1st January, 2015.

(iii) **INDEPENDENT NON-EXECUTIVE DIRECTORS**

Name	Date of Appointment	Designation	No. of Meetings held during the Last Financial Year	No. of Meetings Attended	Number of Memberships in Boards of other Companies*	No. of Memberships/ Chairmanships in Committees of other Companies**
Mr. R. A. Shah	24 th April, 1968	Director	5	5	9	Membership – 4 Chairmanship – 3
Mr. R. R. Nair	3 rd March, 2001	Director	5	4	1	Membership – 1 Chairmanship – Nil
Mr. Pradip P. Shah	31 st January, 2000	Director	5	5	8	Membership – 6 Chairmanship – 1
Mr. Arun Bewoor	19 th January, 2010	Director	5	5	3	Membership – Nil Chairmanship – Nil

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

** Excludes Chairmanship/Membership in Committees of other Companies except Chairmanship/Membership in Audit Committee and Stakeholders' Relationship Committee.

Mr. R. A. Shah, Mr. R. R. Nair, Mr. Pradip Shah and Mr. Arun Bewoor do not serve as Independent Directors on the Board of more than 7 listed Companies. Also, they do not serve as Whole-time Directors on the Board of any listed Company.

Mr. R. A. Shah, Mr. R. R. Nair, Mr. Pradip Shah and Mr. Arun Bewoor, were appointed as Independent Directors of the Company to hold office for a term of 5 consecutive years from 1st April, 2014 to 31st March, 2019 and are not liable to retire by rotation. The terms and conditions of appointment of Independent Directors can be accessed on the Company's website viz.; www.india.basf.com at: http://www.india.basf.com/apex/India/en/function/conversions:/publish/content/investorRelations/Terms_and_Conditions.pdf. The Company also has a familiarisation programme for its Independent Directors, which can be accessed at: http://www.india.basf.com/apex/India/en/function/conversions:/publish/content/investorRelations/Familiarisation_Programme_for_Independent_Directors.pdf.

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

Five Board Meetings were held during the financial year 2014-15 on the following dates:

- | | |
|-------------------------------------|-------------------------------------|
| (1) 29 th April, 2014. | (2) 31 st July, 2014. |
| (3) 27 th August, 2014. | (4) 21 st October, 2014. |
| (5) 20 th January, 2015. | |

B. All pecuniary relationships or transactions of the non-executive Directors vis-à-vis, the Company.

Mr. R. A. Shah, Mr. Pradip P. Shah, Mr. R. R. Nair and Mr. Arun Bewoor, Independent Non-Executive Directors of the Company do not have any material pecuniary relationship with the Company other than the sitting fees payable to them. Details of sitting fees paid are given at Serial No. 4 (b) of this report. Mr. R. A. Shah, is a Senior Partner of M/s. Crawford Bayley & Co., Solicitors & Advocates of the Company. Mr. Shah has confirmed that the transactions with the Company do not exceed 10% of the gross turnover of M/s. Crawford Bayley & Co.

Mr. Gops Pillay, Dr. Rainer Diercks, Mr. Andrew Postlethwaite and Dr. Andrea Frenzel were not paid any commission during the financial year 2014-15. Mr. Gops Pillay, Dr. Rainer Diercks, Mr. Andrew Postlethwaite and Dr. Andrea Frenzel represent BASF SE ("Holding Company" of the Company).

3. AUDIT COMMITTEE

The Board of Directors of the Company constituted an Audit Committee on 1st March, 2001. The Chairman of the Audit Committee is an Independent Non-Executive Director. During the financial year 2014-2015, 4 Audit Committee Meetings were held on 29th April, 2014, 31st July, 2014, 21st October, 2014 and 20th January, 2015, respectively.

The present composition of the Audit Committee is as follows:

Name	Date of Appointment	No. of Meetings during FY 2014-15	
		Held	Attended
Mr. R. R. Nair, Chairman	12 th July, 2006	4	3
Mr. R. A. Shah#	1 st March, 2001	4	4
Mr. Pradip P. Shah	1 st March, 2001	4	4
Mr. Arun Bewoor	19 th January, 2010	4	4

Mr. R. A. Shah was appointed as Chairman of the Committee at its meeting held on 21st October, 2014 in the absence of Mr. R. R. Nair.

Mr. Thilo Bischoff was present at the meeting of the Audit Committee held on 29th April, 2014 as a Permanent Invitee. Mr. S. Regunathan was present at the meetings of the Audit Committee held on 29th April, 2014, 31st July, 2014, and 21st October, 2014 as a Permanent Invitee.

Mr. Narendranath Baliga was present at the meetings of the Audit Committee held on 21st October, 2014 and 20th January, 2015 as a Permanent Invitee.

Mr. Pradeep Chandan, Director – Legal, General Counsel & Company Secretary was appointed as Secretary of the Audit Committee on 2nd April, 2010 and was present at all the meetings of the Audit Committee.

The constitution of the Audit Committee meets with the requirements of the revised Clause 49(III) of the Listing Agreement and Section 177 of the Companies Act, 2013.

The minutes of the meetings of the Audit Committee were noted at the Board Meetings. The Chairman of the Audit Committee, Mr. R. R. Nair, was present at the 70th Annual General Meeting held on 27th August, 2014.

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

The terms of reference of the Audit Committee (stipulated by the Board) under the revised Clause 49 of the Listing Agreement 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, fixation of the audit fees and approving payments for any other services.
- c. Review with the Management, the annual and quarterly financial statements and auditor's report thereon before submission to the Board, focusing primarily on:
 - Matters required to be included in the Directors' Responsibility Statement forming part of the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
 - Changes, if any, in the accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on exercise of judgment by the management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing & other legal requirements concerning financial statements.
 - Disclosure of any related party transactions.
 - Qualifications in draft audit report.
- d. Review with Management, the performance of Statutory and Internal Auditors and adequacy of internal control systems.
- e. Review and monitor auditors' independence and performance and effectiveness of audit process.
- f. Approval or any subsequent modification of transactions of the Company with related parties.
- g. Scrutiny of inter-corporate loans and investments.
- h. Valuation of undertakings or assets of the Company.
- i. Evaluation of internal financial controls and risk management systems.
- j. Review the adequacy of internal audit function, including if applicable, the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- k. Discussions with the Internal Auditors of any significant findings and follow-up thereon.
- l. Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- m. Discussions with Statutory Auditors before the audit commences, of the nature and scope of audit as well as have post-audit discussion to ascertain any areas of concern.
- n. Look into the reasons for substantial defaults in payments to depositors, debenture holders, shareholders (in case of non-payment of declared dividend) and creditors.
- o. Review the Company's financial and risk management policies.
- p. Review the functioning of the Whistle Blower mechanism.
- q. Appointment of Chief Financial Officer and terms of his appointment.
- r. Reviewing the following information:
 - Management discussion and analysis of financial condition and results of operations;
 - Statement of significant related party transactions;
 - Management letters/letters of internal control weaknesses issued by the Statutory Auditors;
 - Internal audit reports relating to the 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 and Remuneration Committee on 29th July, 2013. The Chairman of the Nomination and Remuneration Committee is an Independent Non-Executive Director. During the financial year 2014-2015, 4 meetings of the Nomination and Remuneration Committee were held on 29th April, 2014, 31st July, 2014, 21st October, 2014 and 20th January, 2015 respectively.

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

Name	Date of Appointment	No. of Meetings during FY 2014-15	
		Held	Attended
Mr. R. R. Nair, Chairman	29 th July, 2013	4	3
Mr. R. A. Shah#	29 th July, 2013	4	4
Mr. Pradip P. Shah	29 th July, 2013	4	4
Dr. Raman Ramachandran	1 st October, 2013	4	4

Mr. R. A. Shah was appointed as Chairman of the Committee at its meeting held on 21st October, 2014 in the absence of Mr. R. R. Nair.

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

The minutes of the meetings of the Nomination and Remuneration Committee were noted at the Board Meetings. The Chairman of the Nomination and Remuneration Committee, Mr. R. R. Nair, was present at the 70th Annual General Meeting held on 27th August, 2014.

The key terms of reference of the Nomination & Remuneration Committee (stipulated by the Board) under the revised Clause 49 of the Listing Agreement are as under:

- To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board, a policy, relating to the remuneration of Directors, Key Managerial Personnel and other employees.
- To formulate a criteria for evaluation of Independent Directors and the Board;
- To devise a policy on Board diversity;
- To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.

• **Performance Evaluation of the Board**

The Committee shall carry out evaluation of the performance of every Director, Key Managerial Personnel and other employees who are part of the Senior Management at regular intervals (yearly).

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

The Chairman of the Committee conducts an annual Board evaluation and a peer evaluation survey to assess the performance of the Board as a whole and that of individual Board members. Performances are being assessed based on clearly defined objective criteria, which are in line with the Company's policy of being data-oriented in every transaction and decision. Performances are measured against commitments and best-in-class benchmarks.

• **Remuneration of Non-executive Directors**

The remuneration to be paid to the Non-executive/Independent Directors is decided by the Board, 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. Apart from the commission, the Non-executive/Independent Directors of the Company may also receive remuneration by way of sitting fees for attending the meetings of the Board and/or Committee thereof.

• **Criteria for payment of remuneration to Non-Executive Directors:**

The criteria for payment of commission to Non-Executive/Independent Directors shall be based on:

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

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

Remuneration to the Managing Director, Whole-time Directors, Key Managerial Personnel 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 should not exceed 11 percent of the net profits of the Company for that financial year.

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 recommendation of the Nomination & Remuneration Committee and subject to the approval of the Shareholders and the Central Government in accordance with the provisions of the Act and Schedule V of the Act. Remuneration payable to the Managing Director, Whole-time Directors, KMP and Senior Management Personnel shall be in accordance with the Company's policies in this regard.

Details of remuneration paid to all the Directors during the year 2014-15 are as under:

(a) EXECUTIVE DIRECTORS

(Amount in Rupees per annum)

Remuneration	Dr. Raman Ramachandran	Mr. Thilo Bischoff (From 1 st April, 2014 to 30 th April, 2014)	Dr. G. Ramaseshan (From 1 st April, 2014 to 31 st July, 2014)	Mr. S. Regunathan (From 1 st April, 2014 to 31 st December, 2014)	Mr. Narendranath J. Baliga (From 1 st January, 2015 to 31 st March, 2015) \$	Mr. Rajesh Naik (From 1 st August, 2014 to 31 st March, 2015)	Total
Salary & Benefits @	25,144,422	2,202,657	11,338,650	12,911,988	461,389*	6,072,026	58,131,132
Performance Linked Incentive#	9,095,900	636,361	348,030	2,169,350	—	13,75,450	13,625,091
Leave encashment	—	—	5,148,600**	6,712,500**	—	—	11,861,100
Total	34,240,322	2,839,018	16,835,280	21,793,838	461,389	7,447,476	83,617,323

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

Performance Linked Incentive is based on achievements against pre-agreed targets.

\$ Mr. Narendranath J. Baliga received his remuneration in Germany from BASF SE and the same was not charged back to the Company.

* Includes contribution to Provident Fund and Superannuation Fund.

** Paid on account of retirement from services of the Company.

Mr. Thilo Bischoff resigned as Director of the Company with effect from 30th April, 2014.

The tenure of Mr. S. Regunathan, Vice President, Finance and Corporate Processes, South Asia ended on 31st May, 2014, the date on which he would have superannuated from the services of the Company. The Board extended the term of appointment of Mr. S. Regunathan as Whole-time Director of the Company from 1st June, 2014 to 31st December, 2014, after obtaining the approval of the shareholders at the Annual General Meeting held on 27th August, 2014.

Mr. Narendranath J. Baliga, Vice President, Finance and Corporate Processes, South Asia was appointed as Chief Financial Officer and Whole-time Director of the Company with effect from 1st January, 2015 in place of Mr. S. Regunathan. The appointment of Mr. Narendranath J. Baliga as Whole-time Director of the Company is subject to the approval of the shareholders of the Company. The Company has also applied to the Central Government in respect of his appointment as he is not a resident as provided in Part I of Schedule V of the Companies Act, 2013.

Dr. G. Ramaseshan resigned as Whole-time Director of the Company with effect from 31st July, 2014 and Mr. Rajesh Naik, Director – Manufacturing, was appointed as Whole-time Director of the Company in his place with effect from 1st August, 2014 till 31st July, 2019, after obtaining the approval of the shareholders at the Annual General Meeting held on 27th August, 2014.

Agreements entered into by the Company with Mr. Narendranath J. Baliga and Mr. Rajesh Naik, respectively, provide for termination of the agreement by either party by giving six months' notice in writing.

Presently, the Company does not have a Scheme for grant of stock options to its Directors/employees.

(b) INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board of Directors of the Company approved the payment of sitting fees for attending the Board and/or other Committee meetings to the Independent Non-executive Directors for the financial year ended 31st March 2015. The details of the sitting fees paid are as follows:

Mr. R. A. Shah#	Mr. Pradip P. Shah	Mr. R. R. Nair	Mr. Arun Bewoor
Rs. 10,00,000	Rs. 10,00,000	Rs. 10,00,000	Rs. 10,00,000

M/s. Crawford Bayley & Co., Advocates & Solicitors, in which Mr. R. A. Shah is a Senior Partner renders professional services to the Company.

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

(c) No remuneration was paid to the Non-Executive Foreign Directors during the financial year 2014-15.

A separate meeting of the Independent Directors of the Company as required under Clause 49(II)(B)(6) was held on 7th May, 2015.

5. **STAKEHOLDERS' RELATIONSHIP COMMITTEE**

The Board of Directors of the Company constituted a Shareholders' / Investors' Grievance Committee on 1st March, 2001. The said Committee was renamed as Stakeholders' Relationship Committee on 31st July, 2014. The Chairman of the Stakeholders' Relationship Committee is an Independent Non-Executive Director. During the financial year 2014-2015, 1 meeting of the Stakeholders' Relationship Committee was held on 21st October, 2014.

Mr. Narendranath J. Baliga was appointed as member of the Stakeholders' Relationship Committee on 1st January, 2015 in place of Mr. S. Regunathan.

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

Name	Date of Appointment	No. of Meetings during FY 2014-15	
		Held	Attended
Mr. R. R. Nair, Chairman	7 th May, 2008	1	0
Dr. Raman Ramachandran	1 st October, 2013	1	1
Mr. Arun Bewoor#	19 th January, 2010	1	1
Mr. Narendranath J. Baliga	1 st January, 2015	1	1

Mr. Arun Bewoor was appointed as Chairman of the Committee at its meeting held on 21st October, 2014 in the absence of Mr. R. R. Nair.

The Committee looks into redressal of shareholders' and investors' complaints/grievances. The Committee also looks into complaints concerning transfer of shares, non-receipt of balance sheet, non-receipt of dividends etc. The Committee oversees the performance of the Registrar and Share Transfer Agent and recommends measures for overall improvement in the quality of investor service.

The Company has a Share Transfer Committee comprising of Dr. Raman Ramachandran as Chairman, Mr. Arun Bewoor and Mr. Narendranath J. Baliga as members, which approve all matters related to shares vis-à-vis transfers, deletions, transmissions, dematerialization and rematerialization of shares, etc. The Committee meets from time to time and approves the transfers and transmission of shares and deletion of names, issue of duplicate share certificates, etc.

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

Mr. Pradeep Chandan
Director – Legal, General Counsel & Company Secretary
BASF India Limited
3rd Floor, VIBGYOR Towers
Plot No. C-62, 'G' Block
Bandra Kurla Complex
Mumbai-400098, India.

During the year, 7 complaints were received from the shareholders and all these complaints have been resolved as on date.

Outstanding complaints as on 31st March, 2015 were Nil.

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 Clause 49 (IX) of the Listing Agreement, for the financial year ended 31st March, 2015 was placed before the Board at its meeting held on 7th May, 2015.

6. ANNUAL GENERAL MEETINGS

- (a) During the last three years, your Company's Annual General Meetings (AGMs) were held at Yashwantrao Chavan Pratishthan Auditorium, Y. B. Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai 400 021 on the following dates:

1. 27th August, 2014 at 3.00 p.m.
2. 30th August, 2013 at 3.00 p.m.
3. 24th August, 2012 at 3.00 p.m.

Special resolutions were passed at the previous 3 AGMs with requisite majority. No postal ballots were used for voting at these meetings.

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and the revised clause 35B of the Listing Agreement, the Company has extended e-voting facility to its members to cast their votes electronically on all resolutions set forth in the Notice convening the 70th Annual General Meeting held on 27th August, 2014. On the day of the Annual General Meeting, the Company also conducted a poll on all the resolutions and the resolutions were passed with requisite majority.

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

All the Directors of the Company were present at the last AGM held on 27th August, 2014. Mr. S. Regunathan & Mr. Rajesh Naik, Alternate Directors to Mr. Andrew Postlethwaite & Dr. Rainer Diercks respectively, were present at the last AGM held on 27th August, 2014 as invitees.

7. DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT

Brief resumes of the Directors seeking appointment or re-appointment are as follows:

- Mr. Gops Pillay was appointed as a Director of the Company on 30th April, 2013 in the casual vacancy caused by the resignation of Ms. Saori Dubourg. Mr. Gops Pillay has graduated in Chemistry from the University of Natal, Durban, South Africa and holds a Diploma in Marketing Management from Institute of Marketing Management, South Africa. Mr. Gops completed his executive business education at INSEAD Business School, Fontainebleau, France. Mr. Gops joined BASF South Africa as Manager in 1995 and in 1998 moved to Singapore as Regional Manager, Marketing in BASF South East Asia Pte. Ltd. In 2004, Mr. Gops was appointed as Senior Manager for Strategic Planning in BASF SE, Germany. Between 2006 to 2008, Mr. Gops was Director in BASF Japan Limited for Business Management Specialties and Polymers Division. In 2009, Mr. Gops was appointed as Group Vice President of the Dispersions Business, Asia Pacific and later as Senior Vice President of the Dispersions and Pigments Business. Presently, Mr. Gops is the President AS Division, Asia Pacific.
- Dr. Andrea Frenzel holds a doctorate degree from University of Goettingen, Germany and has completed post-doctoral year at the University of Wisconsin in Madison. Dr. Frenzel started her career in 1997 with BASF SE as a Research Scientist in the area of Heterogeneous Catalysis. In 2000, Dr. Frenzel worked as Manager-New Business Development in the Global Business Unit Inorganic Specialties. In 2003, Dr. Frenzel was appointed as Executive Board Assistant of BASF SE. In 2005, Dr. Frenzel was appointed as Director, Global Development of Business unit Performance Chemicals for Detergents and Formulators. Thereafter, in 2007, Dr. Frenzel was appointed as Director, Strategies, BASF SE. In 2010, Dr. Frenzel was appointed as Vice President, Business Management Pigments North America, BASF Corporation. Presently, Dr. Frenzel is Senior Vice President, Strategic Planning, BASF SE since 2013. Dr. Frenzel was appointed as Director of the Company on 1st January, 2015 in the casual vacancy caused by the resignation of Mr. Andrew Postlethwaite.
- Mr. Narendranath J. Baliga has done his graduation in Business Management from Mysore University and thereafter qualified as a Chartered Accountant from the Institute of Chartered Accountants of India, New Delhi. Mr. Baliga joined BASF in April 1994 and worked as Manager, Accounts & Logistics in Mangalore. In April 2000, he moved to Mumbai and was re-designated as Manager, Finance in the Corporate Office. In October 2001, he was delegated to Singapore as Manager Asia Pacific, Regional Controlling and was later promoted to Senior Manager Asia Pacific. In April 2007, Mr. Baliga was delegated to BASF (China) Co. Ltd. and worked there as Director, Finance & Accounting, Greater China and thereafter in January 2011 to BASF SE Germany as Director, Global Supply Chain & Process Innovation. Since July 2013 he is working in Germany as Director Global Process & Enterprise Architecture. Mr. Baliga has valuable experience of over 21 years in the area of Finance, Accounting & Controlling including exposure in Germany to Supply Chain and Process & Enterprise Architecture functions. Presently, Mr. Narendranath J. Baliga is the Vice President-Finance & Corporate Processes, South Asia. Mr. Baliga does not hold any Committee positions in any other Company in India.

Executive/Non-Executive Directors seeking re-appointment do not hold any shares in the Company either in their own name or for any other person on a beneficial basis. Directors seeking appointment/reappointment may hold shares of the parent Company BASF SE as part of the BASF Option Program.

8. DISCLOSURES

- (a) The Company does not have any subsidiaries.
- (b) The Company has formulated a policy on dealing with Related Party Transactions, which has been duly approved by the Board. All the transactions of the Company with its related parties were on arms' length basis and in the ordinary course of business. The Policy is available on the website of the Company www.india.basf.com in the 'Investor Relations' section. All the related party transactions have been approved by the Audit Committee and/or Board of the Company. The approval of the shareholders for material related party transactions with its Group Companies is sought under item no. 9 of the Notice convening the 71st Annual General Meeting of the Company. The register of contracts containing the transactions in which Directors are interested is placed before the Board at every Board Meeting for approval.

Transactions with related parties are disclosed in Note No 26(17) to the Accounts in the Annual Report.

- (c) The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years. No strictures or penalties have been imposed on the Company either by SEBI or the Stock Exchanges or any other statutory authority for non-compliance of any matter related to the capital markets.
- (d) The Company has formulated a Whistle Blower Policy which provides for adequate safeguards against victimization of director(s)/employee(s) who avail of the mechanism and also provide for 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.india.basf.com in the 'Investor Relations' section. No personnel has been denied access to the Audit Committee.
- (e) The Company has complied with the mandatory requirements of the Code of Corporate Governance as stipulated under Clause 49 of the Listing Agreement.
- (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 Management Discussion & Analysis Report forms part of this Annual Report.

9. MEANS OF COMMUNICATION

- The Quarterly and Half-yearly Unaudited Financial results are generally published in widely circulating national and local newspapers such as 'The Economic Times' (in English) and 'Maharashtra Times' (in Marathi). These results are not sent to each household of shareholders.
- The Company's Financial results/official news releases and other important Investor related information are periodically displayed and updated on the Company's web site, viz., www.india.basf.com in the 'Investor Relations' section.
- During the year, the Company made a presentation to the Analysts' on 22nd August, 2014 and the presentation has been updated on the Company's web site, viz., www.india.basf.com in the 'Investor Relations' section.

10. GENERAL SHAREHOLDERS INFORMATION

- (a) The Annual General Meeting of the Company will be held on Thursday, 20th August, 2015 at 3.00 p.m. at Yashwantrao Chavan Pratishthan Auditorium, Y. B. Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai - 400021.
- (b) The Company's financial year begins on 1st April and ends on 31st March.

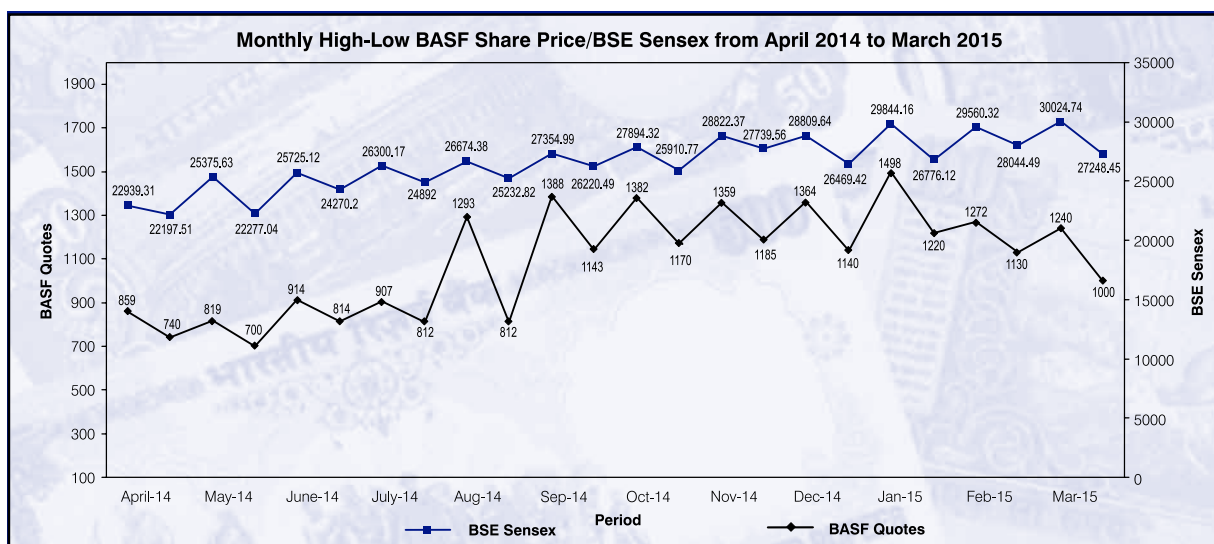
Financial Calendar — (tentative)	Results for quarter ending June 30, 2015	4 th week of July, 2015
	Annual General Meeting	20 th August, 2015
	Results for quarter ending September 30, 2015	3 rd week of October, 2015
	Results for quarter ending December 31, 2015	4 th week of January, 2016
	Results for the year ending March 31, 2016	4 th week of April, 2016

- (c) Period of book closure: Friday, 14th August, 2015 to Thursday, 20th August, 2015 (both days inclusive) for the purposes of Annual General Meeting and payment of dividend.

- (d) Dividend payment date: 25th August, 2015.
- (e) Listing on Stock Exchanges: The equity shares of the Company are listed on BSE Ltd. (BSE) and The National Stock Exchange of India Limited (NSE). The Company has paid the annual listing fees for the financial year 2015 -16 to both the Stock Exchanges.
- (f) Stock Code : 500042
 SYMBOL : BASF
 Demat ISIN No. in NSDL : INE373A01013
 Demat ISIN No. in 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 during each month in the last Financial Year ended on 31st March 2015 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 2014 TO MARCH 2015

AT BSE			AT NSE		
MONTH	HIGH (DATE)	LOW (DATE)	MONTH	HIGH (DATE)	LOW (DATE)
April	859 (02.04.2014)	740 (30.04.2014)	April	867.25 (01.04.2014)	738.15 (30.04.2014)
May	819 (26.05.2014)	700 (16.05.2014)	May	818.9 (26.05.2014)	703.5 (16.05.2014)
June	913.9 (20.06.2014)	814 (02.06.2014)	June	913.45 (20.06.2014)	813.5 (02.06.2014)
July	907 (02.07.2014)	812.05 (14.07.2014)	July	904.95 (02.07.2014)	809 (14.07.2014)
August	1293 (22.08.2014)	812.15 (01.08.2014)	August	1295 (22.08.2014)	808 (01.08.2014)
September	1388.05 (30.09.2014)	1142.55 (17.09.2014)	September	1389 (30.09.2014)	1140 (17.09.2014)
October	1381.5 (07.10.2014)	1170 (29.10.2014)	October	1387.4 (07.10.2014)	1170.15 (29.10.2014)
November	1358.6 (14.11.2014)	1185 (10.11.2014)	November	1359.5 (14.11.2014)	1182.25 (10.11.2014)
December	1364 (05.12.2014)	1139.6 (17.12.2014)	December	1385 (22.12.2014)	1007.65 (22.12.2014)
January	1497.6 (20.01.2015)	1220 (30.01.2015)	January	1499.7 (20.01.2015)	1215.1 (30.01.2015)
February	1271.8 (02.02.2015)	1129.5 (28.02.2015)	February	1272 (02.02.2015)	1120 (28.02.2015)
March	1239.7 (13.03.2015)	1000 (25.03.2015)	March	1243.75 (13.03.2015)	1001.85 (25.03.2015)



- (h) Registrar & Share Transfer Agent: **Sharepro Services (India) Private Ltd. (Sharepro)**

Registered Office

Sharepro Services (India) Private Ltd.,
Unit : BASF India Limited
 13 AB, Samhita Warehousing Complex,
 2nd Floor, Near Sakinaka Telephone Exchange Lane,
 Off. Andheri Kurla Road, Sakinaka, Andheri (East),
 Mumbai-400 072.
 Tel. No. : 022-6772 0300, 6772 0400,
 Fax No. : 022-2859 1568
 Email : sharepro@shareproservices.com

Investors Relation Centre

Sharepro Services (India) Private Ltd.,
Unit : BASF India Limited
 912, Raheja Centre, Free Press Journal Road,
 Nariman Point,
 Mumbai-400 021.
 Tel. No. : 022-2282 5163
 Email : sharepro@vsnl.com

The details of contact persons of Sharepro are as follows:

Name	Phone Nos.	Fax Nos.
Mr. G. R. Rao	022-6772 0301/0302	022-2859 1568
Mrs. Indira P. Karkera/Mr. Gopal	022-6772 0360/0337	022-2859 1568

- (i) Share Transfer System: Presently, share transfers which are received in physical form are processed by the Registrar & Share Transfer Agent and approved by the Share Transfer Committee which meets four times in a month and the share certificates are returned within a period of 15 days from the date of lodgment, subject to the transfer instruments being found proper and complete in all respects.
- (j) The distribution of the shareholdings of the Company as on 31st March, 2015 was as follows:

Category (No. of shares)	No. of shareholders	Percentage	No. of shares	Percentage
1-500	38,677	94.31%	25,34,673	5.86%
501-1000	1,215	2.96%	9,29,173	2.15%
1001-2000	597	1.46%	8,62,934	1.99%
2001-3000	193	0.47%	4,77,232	1.10%
3001-4000	76	0.19%	2,68,907	0.62%
4001-5000	68	0.17%	3,14,306	0.73%
5001-10000	110	0.27%	7,90,006	1.83%
10001 and above	74	0.18%	3,71,08,409	85.73%
Total	41,010	100.00%	4,32,85,640	100.00%

- (k) The shareholding pattern of the Company as on 31st March, 2015 was as follows:

Category	No. of shares	% of total capital
Foreign Promoters	3,17,43,220	73.33%
Directors and relatives of Directors	80	0.00%
NRIs, OCBs and FIIs	5,72,577	1.33%
Financial Institutions and Mutual Funds	25,70,061	5.94%
Nationalised and other Banks	20,667	0.04%
Domestic Corporate Bodies/Trusts	22,16,357	5.12%
General Public including shares in transit	61,62,678	14.24%
Total	4,32,85,640	100%

- (l) Dematerialization of shares: The Company's equity shares are held in dematerialized form by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) under ISIN INE373A01013. As on 31st March, 2015, 4,25,40,381 equity shares, representing 98.28% of the voting capital of the Company have been dematerialized.
- (m) As of date, the Company has not issued GDRs/ADRs/Warrants or any convertible instruments.

(n) Locations of Manufacturing Plants:

Ankleshwar, Gujarat	
Unit I Plot Nos. 6214/6216, GIDC Phase IV Ankleshwar - 393 002, Gujarat.	Unit II Plot No. 8001, GIDC Phase VI, Ankleshwar - 393 002, Gujarat.
Nellore, Andhra Pradesh	
Plot 1 & 1A, APIIC Industrial Park, Menakur village, Block B Naidupet Mandal, SPSR Nellore District Andhra Pradesh.	Dahej, Gujarat 4B, Dahej Industrial Estate, Village Dahej, Taluka Vagra, District Bharuch, Gujarat - 392130.
Nalagarh, Himachal Pradesh	
Khasra No. 87/1 Village: Beer Plassis Nalagarh, District: Solan, Himachal Pradesh.	Kolkata, West Bengal Gate No. 3, Jalan Industrial Complex 46/48/49/53, Jangalpur, Howrah, West Bengal.
Mangalore, Karnataka	
Bala/Thokur Village, Surathkal-Bajpe Road, Mangalore Taluka, Dakshina Kannada District, Karnataka - 575 030.	
Navi Mumbai, Maharashtra	
Plot Nos. 12 & 13, TTC Industrial Area, Thane – Belapur Road, Turbhe, Navi Mumbai - 400 705. Maharashtra	Plot Nos. C-68 & C-68Pt., TTC Industrial Area, MIDC Thane-Belapur Road, Turbhe, Navi Mumbai - 400 613, Maharashtra.

(o) Address for correspondence:

Mr. Manohar Kamath
BASF India Limited,
VIBGYOR Towers, 3rd Floor, 'G' Block,
Plot No. C-62, Bandra Kurla Complex,
Mumbai-400 098.

Tel. : 6661 8000 / Fax: 6758 2754

Email : manohar.kamath@basf.com

(p) Top Ten Shareholders of the Company as on 31st March, 2015

Sr. No.	Name of the shareholder(s)	Holdings	% in the total capital
1.	BASF SE	2,09,39,259	48.37%
2.	BASF Schweiz AG	89,07,900	20.58%
3.	BASF Construction Solutions GmbH	18,96,061	4.38%
4.	Bajaj Allianz Life Insurance Company Limited	13,13,153	3.03%
5.	General Insurance Corporation of India	6,99,999	1.62%
6.	Life Insurance Corporation of India	5,76,588	1.33%
7.	IDFC Premier Equity Fund	3,82,426	0.88%
8.	The New India Assurance Company Limited	2,68,488	0.62%
9.	Atul Limited	2,61,396	0.60%
10.	United India Insurance Company Limited	1,62,901	0.38%

(q) Share price: Rs.1048.85 per share on BSE Limited as on 7th May, 2015.

11. **CODE OF CONDUCT**

The Company has established 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 can be accessed on the Company's website at: http://www.india.basf.com/apex/India/en/function/conversions:publish/content/investorRelations/Code_of_Conduct_for_Director_and_Senior_Management_Personnel.pdf

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

On behalf of the Board of Directors

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

Mumbai

Dated: 7th May, 2015.

Certification of compliance with the Corporate Governance requirements under Clause 49 of the Listing Agreement.

To

The Members of BASF India Limited

We have examined the compliance of conditions of Corporate Governance by BASF India Limited ('the Company') for the year ended on 31 March 2015, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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 above mentioned Listing Agreement.

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 **B S R & Co. LLP**

Chartered Accountants

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

Vijay Mathur

Partner

Membership No: 046476

Mumbai

Date: 7 May 2015



Dyestuff Manufacturers Association of India (DMAI) awarded your Company's Mangalore Works for its excellent performance in safety, pollution and hazard control.



Your Company along with the Pune Municipal Corporation (PMC) came together for a workshop on "Challenges and Solutions for Solid Waste Management" wherein your Company promoted smart management of organic waste through the use of certified compostable and biodegradable organic waste bags.

Independent Auditors' Report to the Members of BASF India Limited

Report on the Financial Statements

We have audited the accompanying financial statements of BASF India Limited ("the Company"), which comprise the Balance Sheet as at 31 March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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 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 31 March 2015, and its loss and its cash flows for the year ended on that date.

Emphasis of matter

We draw attention to Note 26(17) of the financial statements which more fully explains that in respect of managerial remuneration amounting to Rs. 19.8 million for the year ended 31 March 2015 the Company has made an application to the Central Government pursuant to the provisions of Section 197 read with Schedule V of the Act, which is pending approval. Our audit opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ('the Order') issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, the Statement of Profit and Loss, and the 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, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164(2) of the Act; and
- (f) 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 Note 26 (10) to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Chartered Accountants

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

Vijay Mathur

Partner

Membership No: 046476

Mumbai

7 May 2015

Annexure to Independent Auditors' Report – 31 March 2015

(Referred to in our report of even date)

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- ii. (a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained.
(b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraphs (iii) (a) and (b) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories and fixed assets are for the Company's specialised requirements and similarly certain goods sold and services rendered are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- v. In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Duty of Customs, Duty of Excise, Value added tax, and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities.
According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Duty of Customs, Duty of Excise, Value added tax and other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.
(b) According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Wealth tax, Service tax, Duty of Customs, Duty of Excise and Value added tax which have not been deposited with the appropriate authorities on account of any dispute other than those mentioned in the Appendix to this report.
(c) According to the information and explanations given to us, the amount required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time.
- viii. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- ix. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or banks. The Company did not have any outstanding debentures.
- x. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xi. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were obtained.
- xii. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

Chartered Accountants

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

Vijay Mathur

Partner

Membership No: 046476

Mumbai

7 May 2015

Name of the Statute	Nature of the dues	Amounts (in million)	Amount paid in dispute (in million)	Period	Forum where the dispute is pending for CARO
Central Excise Act, 1944	Duty interest and penalty	0.85	—	2014-2015	Additional Commissioner
		1.83	—	1982-1983 2008-2009 2011-2012	Assistant Commissioner of Central Excise
		0.66	—	2007-2008	Central Excise & Service Tax Appellate Tribunal
		3.31	—	2007-2008	Commissioner of Central Excise
		2.04	—	2008-2009	Commissioner (Appeals)
		0.51	—	2009-2010 2010-2011	Deputy Commissioner of Central Excise
		3.13	—	1992-1993 2000-2001	High Court
		12.33	—		Total
The Customs Act, 1962	Duty interest and penalty	0.89	—	2012-2013	Assistant Commissioner of Central Excise
		12.10	—	1992-1993 2000-2001	Central Excise & Service Tax Appellate Tribunal
		95.00	—	2005-2006	Supreme Court
		107.99	—		Total
The Service Tax Act, 1975	Tax, Interest and Penalty	0.04	—	2008-2010 2010-2011	Asst. Commissioner-Central Excise
		8.16	—	2005-2010 2009-2010 Apr. 2008 to Jan. 2013 Jan. 2005 to March 2008	Central Excise & Service Tax Appellate Tribunal
		1.56	—	Dec. 2007 – Sep. 2009	Commissioner (Appeals)
		21.80	—	2005-2006 to 2009-2010	Commissioner of Central Excise
		13.87	—	2006-2010 2008-2009 to 2012-2013 2009-2010	Commissioner of Service Tax
		45.43	—		Total
State and Central Sales Tax Act	Non Submission of forms	0.38	—	2006-2007	Additional Commissioner of Sales Tax
		1.48	—	2012-2013	Assistant Commissioner of Commercial Taxes
		1.59	—	2002-2003 2006-2007	Commissioner of Sales Tax
		13.35	—	2010-2011	Deputy Commercial Tax, Commissioner Appeals
		11.53	4.98	2004-2005 2009-2010 2010-2011 2012-2013	Deputy Commissioner of sales tax
		12.01	—	2010-2011 2011-2012	Deputy Commissioner of Sales Tax (Appeals)
		31.69	9.31	2005-2006 2006-2007 2007-2008 2008-2009 2009-2010 2011-2012	Joint Commissioner of Sales Tax
		71.54	—	2007-2008 2010-2011	Joint Commissioner of Sales Tax (Appeals)
		1.18	1.18	2007-2008	Sales tax officer
		47.95	—	2005-2006 2010-2011	Tribunal
		192.70	15.47		Total

Name of the Statute	Nature of the dues	Amounts (in million)	Amount paid in dispute (in million)	Period	Forum where the dispute is pending for CARO
	Tax interest and demand	1.67	—	2006-2007	Additional Commissioner of Sales Tax
		38.47	18.57	June 2013 to July 2014	Assistant Commissioner (Appeals) Commercial Taxes
		0.03	0.03	2011-2012	Assistant Commissioner of Sales Tax
		7.71	—	2002-2003	Commissioner (Appeals)
		30.10	6.87	2006-2007 2007-2008 2009-2010 2010-2011 April 2013 May 2013	Deputy Commissioner of sales tax
		0.13	—	2010-2011	Deputy Commissioner of Sales Tax (Appeals)
		349.00	5.12	2004-2005 2005-2006 2006-2007 2007-2008 2008-2009 2009-2010 2010-2011 2011-2012 2013-2014	Joint Commissioner of Sales Tax
		2.23	—	2007-2008 2010-2011	Joint Commissioner of Sales Tax (Appeals)
		0.66	0.03	2007-2008	Sales tax officer
		868.16	0.07	1993-1994 1994-1995 2005-2006 2006-2007 2007-2008 2008-2009 2009-2010 2010-2011	Tribunal
		1.00	1.00	2010-2011	Commissioner of Sales Tax
		1,299.16	31.69		Total
The Income Tax Act, 1961	Tax interest and demand	0.02	—	2010-2011	Assistant Commissioner of income tax
		50.73	37.50	2006-2007 2008-2009 2009-2010 2010-2011	Commissioner of Income Tax (Appeals)
		70.56	23.67	2009-2010	Deputy Commissioner Income Tax
		214.66	—	2010-2011 2011-2012	Dispute Resolution Panel
		2.70	2.70	2000-2001 2003-2004 2006-2007	High Court
		238.87	214.46	2000-2001 2002-2003 2003-2004 2006-2007 2007-2008 2008-2009 2009-2010	Income Tax Appellate Tribunal
		5.03	4.88	2006-2007	Transfer Pricing officer
		582.57	283.21		Total

Balance Sheet as at March 31, 2015

Rs. in million

	Notes	March 31, 2015	March 31, 2014
EQUITY & LIABILITIES			
Shareholders' funds:			
Share capital	2	432.9	432.9
Reserves and surplus	3	11,187.7	12,068.8
		11,620.6	12,501.7
Non-current liabilities			
Long term borrowings	4	9,522.0	7,417.6
Other long term liabilities	5	2,404.5	2,271.2
Long term provisions	6	310.3	326.8
		12,236.8	10,015.6
Current liabilities			
Short term borrowings	7	6,480.0	3,133.3
Trade payables	8	9,149.7	11,627.2
Other current liabilities	9	1,869.6	2,692.5
Short term provisions	6	322.0	374.1
		17,821.3	17,827.1
Total		41,678.7	40,344.4
ASSETS			
Non-current assets			
Fixed assets:			
Tangible assets	10A	13,402.7	5,089.8
Intangible assets	10B	108.2	171.0
Capital work-in-progress	10C	741.8	7,921.4
		14,252.7	13,182.2
Deferred tax assets (net)	11	—	10.4
Long term loans and advances	12	1,404.2	1,790.5
Other non current assets	13	1,322.6	1,387.4
		16,979.5	16,370.5
Current assets			
Inventories	14	9,907.7	11,460.1
Trade receivables	15	9,304.5	8,597.6
Cash and bank balances	16	1,276.9	150.6
Short-term loans and advances	17	3,599.3	3,257.5
Other current assets	18	610.8	508.1
		24,699.2	23,973.9
Total		41,678.7	40,344.4

Significant accounting policies

1

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

As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants

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

Vijay Mathur

Partner

Membership No.: 046476

Mumbai

7th May, 2015

For and on behalf of Board of Directors

BASF India Limited

CIN No.: L33112MH1943FLC003972

Raman Ramachandran, Ph.D.

Chairman & Managing Director

DIN: 00200297

Pradeep Chandan

Company Secretary

R. R. Nair

R. A. Shah

Pradip P. Shah

Arun Bewoor

N. J. Baliga

Directors

DIN: 00202551

DIN: 00009851

DIN: 00066242

DIN: 00024276

DIN: 07005484

Mumbai

7th May, 2015

Statement of Profit and Loss for the year ended March 31, 2015

Rs. in million

	Notes	March 31, 2015	March 31, 2014
Revenue from operations:			
Sale of goods	26(9)	48,631.6	46,694.4
Less: Excise duty		3,933.8	4,346.9
Sale of goods (net)		44,697.8	42,347.5
Service income		2,251.0	1,839.5
Other operating revenues		108.8	112.0
		47,057.6	44,299.0
Other income	19	99.0	78.3
		47,156.6	44,377.3
Expenditure:			
Cost of materials consumed	20	21,529.6	22,315.8
Purchase of traded goods	26(8)	13,080.6	10,606.4
Changes in inventories	21	337.7	(1,578.3)
Employee benefit expenses	22	3,444.1	3,298.8
Finance costs	23	955.6	161.3
Depreciation and amortisation	24	1,424.2	711.0
Other expenses	25	7,335.3	6,814.3
		48,107.1	42,329.3
(Loss)/Profit before exceptional item and tax		(950.5)	2,048.0
Exceptional item gain/(loss)	26(14)	291.9	(104.3)
(Loss)/Profit before tax		(658.6)	1,943.7
Tax expenses:			
Current tax		—	684.6
Deferred tax charge/(credit)		10.4	(19.7)
		10.4	664.9
(Loss)/Profit after tax		(669.0)	1,278.8
Weighted average number of equity shares outstanding during the year		43,284,958	43,284,958
Basic and diluted earnings per share (in Rs.)		(15.45)	29.54
Face value per share (in Rs.)		10.00	10.00

Significant accounting policies

1

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

As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants

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

Vijay Mathur

Partner

Membership No.: 046476

Mumbai

7th May, 2015

For and on behalf of Board of Directors

BASF India Limited

CIN No.: L33112MH1943FLC003972

Raman Ramachandran, Ph.D.

Chairman & Managing Director

DIN: 00200297

Pradeep Chandan

Company Secretary

R. R. Nair

R. A. Shah

Pradip P. Shah

Arun Bewoor

N. J. Baliga

Directors

DIN: 00202551

DIN: 00009851

DIN: 00066242

DIN: 00024276

DIN: 07005484

Mumbai

7th May, 2015

Cash Flow Statement for the year ended March 31, 2015

Rs. in million

	March 31, 2015		March 31, 2014	
A. Cash flow from operating activities				
Net (loss)/profit before tax		(658.6)		1,943.7
Adjustments for:				
Exceptional item (Refer Note 26 (14))	(291.9)		—	
Depreciation/amortisation	1,424.2		711.0	
Finance costs	955.6		161.3	
(Profit)/loss on sale of fixed assets (net)	3.3		(3.6)	
Interest income	(63.8)		(4.7)	
Unrealised (gain)/loss on foreign exchange (net)	99.2		59.6	
Bad debts written off	17.1		3.9	
Provision for doubtful debts	15.7	2,159.4	69.3	996.8
Operating cash flow before working capital changes		1,500.8		2,940.5
(Increase) in Trade receivables	(674.1)		(1,941.5)	
(Increase) in Loans and advances	(267.2)		(1,341.6)	
(Increase) in Other current and non current assets	(35.4)		(1,162.0)	
Decrease/(Increase) in Inventories	1,552.4		(2,507.6)	
Increase in Other long term liabilities	493.8		2,261.6	
(Decrease)/Increase in Long term provisions	(224.9)		40.8	
(Decrease)/Increase in Trade payables	(2,642.3)		2,226.8	
(Decrease)/Increase in Other current liabilities	(661.9)		243.5	
(Decrease)/Increase in Short-term provisions	150.4	(2,309.2)	30.0	(2,150.0)
Cash generated from/(used in) operations		(808.4)		790.5
Direct taxes paid (net)		(154.9)		(713.2)
Net cash generated from/(used in) operating activities		(963.3)		77.3
B. Cash flow from investing activities				
Acquisition of fixed assets		(2,070.9)		(6,008.8)
Realisation on sale of fixed assets		353.1		4.6
Interest received		87.3		37.3
Net cash (used in) investing activities		(1,630.5)		(5,966.9)
C. Cash flow from financing activities				
(Repayments)/Proceeds from short term borrowings		3,346.7		2,121.5
Proceeds from long term borrowings		1,743.9		4,445.2
Repayment of long term borrowings		(122.1)		(98.2)
Interest paid		(1,044.6)		(381.9)
Dividend paid		(174.4)		(172.5)
Tax paid on above dividend		(29.4)		(29.4)
Net cash generated from financing activities		3,720.1		5,884.7
Net increase/(decrease) in cash and cash equivalents		1,126.3		(4.9)

Cash Flow Statement for the year ended March 31, 2015

Rs. in million

	March 31, 2015		March 31, 2014	
Opening cash and cash equivalents				
Cash in hand		—		0.1
Cheques on hand		85.3		35.0
Bank balances		64.7		119.8
		150.0		154.9
Closing cash and cash equivalents				
Cheques on hand		76.3		85.3
Bank balances		1,200.0		64.7
(Refer Note 16 for Cash and cash equivalents)		1,276.3		150.0
Restricted cash and cash equivalents		8.3		9.8

The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statement.

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

As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants

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

Vijay Mathur

Partner

Membership No.: 046476

Mumbai

7th May, 2015

For and on behalf of Board of Directors

BASF India Limited

CIN No.: L33112MH1943FLC003972

Raman Ramachandran, Ph.D.

Chairman & Managing Director

DIN: 00200297

Pradeep Chandan

Company Secretary

R. R. Nair

R. A. Shah

Pradip P. Shah

Arun Bewoor

N. J. Baliga

Directors

DIN: 00202551

DIN: 00009851

DIN: 00066242

DIN: 00024276

DIN: 07005484

Mumbai

7th May, 2015

Notes to Financial Statements for year ended March 31, 2015

1. Significant Accounting Policies

(a) Basis of preparation

The financial statements of BASF India Limited ('the Company') have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the provisions of the Companies Act, 2013 ('the Act') and accounting standards notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The financial statements are presented in Millions of Indian Rupees.

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 Companies Act, 2013.

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

(b) Use of estimates

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 recognized in the period in which the results are known/materialize.

(c) Revenue Recognition

Sales of products and Indent Commission are recognised when risks and rewards of ownership of the products are passed on to the customers, which is generally on despatch of goods and there is no significant uncertainty regarding amount of the consideration that will be derived. Revenue from technical and service charges are recognised as and when the services are provided. Sales include excise duty but exclude trade discounts, rebates and sales tax. Interest income is recognised on a time proportion basis taking into account the amounts invested and the rate of interest.

(d) Fixed assets and depreciation

Fixed Assets are recorded at cost net of Cenvat credit wherever eligible and are stated net of accumulated depreciation and impairment losses, if any. Cost includes all expenses attributable to the construction, acquisition and installation (including eligible borrowing cost) till the date the asset is ready to use.

Depreciation on fixed assets is calculated on a straight-line basis considering the following useful lives estimated by the management based on technical evaluation which are different than those indicated in Schedule II of the Act (Also refer note 10(A))

Buildings	—	30 years
Plant & Machinery	—	5 to 20 years
Computers	—	4 years
Vehicles	—	4 years
Furniture and Fixtures	—	8 years
Office Equipment	—	5 years

Assets 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. Accelerated depreciation is charged on certain assets based on periodic review of estimated useful life.

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

(e) Intangible assets and amortization

Intangible Assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over their estimated useful lives. Goodwill arising on acquisition is being amortized over a period of five years. Software is being amortized over a period of four years.

(f) Impairment

The carrying amounts of assets are reviewed at each balance sheet date for any indication of impairment based on internal/external factors. Where the carrying value exceeds the estimated recoverable amount, provision for impairment is made to adjust the carrying value to the recoverable amount. The recoverable amount is the greater of the assets estimated net realizable value and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate discounting rate. If at the Balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

(g) Borrowing costs

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

(h) Inventories

Inventories are valued at cost or estimated net realisable value, whichever is lower. The costs are determined on weighted average basis. Fixed production overheads are allocated on the basis of normal capacity of production facilities. Excise duty on goods manufactured by the Company and remaining in inventory is included as a part of valuation of finished goods.

(i) Foreign Currency

Transactions in foreign currencies are recorded at 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. All forward exchange contracts are backed by underlying transactions and the premium or discount arising at inception of such a forward exchange contract is amortised as expense or income over the life of the contract and the exchange differences on such contracts are recognised in the statement of profit and loss in the reporting period in which the exchange rates change.

With effect from 1st April 2012, the Company has availed of the option provided under paragraph 46A of AS 11: The Effects of Changes in Foreign Exchange Rates inserted vide Notification dated December 29, 2011. Consequently, the exchange differences arising on long-term foreign currency borrowings attributable to the acquisition of depreciable assets, which were until then being recognized in the Statement of Profit and Loss, are being adjusted in the cost of the depreciable asset with effect from 1 April 2012, and are being depreciated over the balance life of such assets. In other cases, if any, the foreign exchange difference is accumulated in a Foreign Currency Monetary Item Translation Difference Account, and amortised over the balance period of such long-term monetary asset/liability. Pursuant to this, foreign exchange differences amounting to Rs. 536.0 Million (previous year Rs. 354.4 Million) have been adjusted in the cost of the depreciable fixed assets/capital work in progress with corresponding decrease in loss for the year. (Previous year increase in profits for the year.)

(j) **Employee Benefits**

(A) **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.

(B) **Post Employment Employee Benefits**

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

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

Eligible employees receive benefits from a provident fund which is a defined benefit/contribution plan. Both the employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company contributes a part of the contributions to the BASF India Limited Provident Fund Trust ('the Trust'). The rate at which the annual interest is payable to the beneficiaries by the Trust is being determined by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. The remaining portion is contributed to the Government administered pension fund in respect of which the Company has no further obligations.

(C) **Other Long Term Employee Benefits**

Company's liabilities towards Compensated Absences and Long Service Awards to employees are determined on the basis of valuations, as at balance sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss.

(D) **Termination Benefits**

Compensation paid to employees under Voluntary Retirement Scheme/Severance payments are recognised as an expense when employees accept the scheme/payments.

(k) **Assets taken on lease**

Lease rentals payable as per agreements for assets taken on operating lease are charged as expenditure on straight line basis over the lease term.

(l) **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.

In accordance with the guidance note issued by the Institute of Chartered Accountants of India ('ICAI') on accounting for credit available in respect of Minimum Alternate Tax (MAT) under the Income tax Act, 1961, the Company recognises MAT credit as an asset only when and to the extent there is convincing evidence that the Company will be liable to pay normal income tax during the specified period.

Deferred tax charge or credit and correspondingly deferred tax liability or asset is recognised using tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. In the event of unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount i.e. reasonable/virtually certain (as the case may be) to be realised.

(m) **Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognised only when there is a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Contingent Liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent Assets are not recognised in the financial statements.

(n) **Research & Development Expenditure**

Research expenditure is recognised as an expense in the period in which it is incurred.

(o) **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 EPS 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.

Notes to Financial Statements as at March 31, 2015

2. Share capital

Rs. in million

	March 31, 2015	March 31, 2014
Authorised:		
54,359,715 (Previous Year – 54,359,715) Equity Shares of Rs. 10/- each	543.6	543.6
Issued:		
43,285,640 (Previous Year – 43,285,640) Equity Shares of Rs. 10/- each	432.9	432.9
Subscribed and paid-up:		
43,284,958 (Previous Year – 43,284,958) Equity Shares of Rs. 10/- each fully paid	432.9	432.9
	432.9	432.9

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

Particulars	March 31, 2015		March 31, 2014	
	Number	Rs. in million	Number	Rs. in million
Shares outstanding at the beginning and at the end of the year	43,284,958	432.9	43,284,958	432.9

b. Rights, preferences and restrictions attached to the shares

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

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

Name of Shareholder	Relationship	March 31, 2015	March 31, 2014
BASF Societas Europaea	Ultimate Holding Company	20,939,259	20,939,259
BASF Schweiz AG	Subsidiary of Ultimate Holding Company	8,907,900	8,907,900
BASF Construction Solutions GmbH (Formerly known as BASF Construction Chemicals GmbH)	Subsidiary of Ultimate Holding Company	1,896,061	1,896,061

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

Name of Shareholder	Relationship	March 31, 2015		March 31, 2014	
		Number	Percentage	Number	Percentage
BASF Societas Europaea	Ultimate Holding Company	20,939,259	48.37%	20,939,259	48.37%
BASF Schweiz AG	Subsidiary of Ultimate Holding Company	8,907,900	20.58%	8,907,900	20.58%

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

- **2,515,653** equity shares were allotted to the erstwhile shareholders of BASF Coatings India Private Limited and BASF Construction Chemicals India Private Limited consequent to the Scheme of Amalgamation from Appointed Date: April 1, 2010.

Notes to Financial Statements as at March 31, 2015

3. Reserves and surplus

Rs. in million

	March 31, 2015	March 31, 2014
Securities premium account		
Balance at beginning of the Year	646.5	646.5
Balance at end of the Year	646.5	646.5
Amalgamation reserve		
Balance at beginning of the Year	371.7	371.7
Balance at end of the Year	371.7	371.7
General reserve		
Balance at beginning of the Year	10,050.6	9,164.4
Add: Transfer from surplus	—	886.2
Less: Adjustment on account of depreciation as per schedule II (Refer Note 5 of 10A)	(3.7)	—
Balance at end of the Year	10,046.9	10,050.6
Surplus		
Balance at beginning of the Year	1,000.0	810.0
Add: Net (Loss)/Profit for the year	(669.0)	1,278.7
Less: Proposed dividend @ Rs. 4 per share (Previous year Rs. 4 per share)	(173.1)	(173.1)
Less: Tax on Proposed Dividend	(35.3)	(29.4)
Less: Transfer to General Reserves	—	(886.2)
Balance at end of the Year	122.6	1,000.0
	11,187.7	12,068.8

4. Long term borrowings (unsecured)

	Non Current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Term Loans from Related parties				
— External commercial borrowings from BASF SE*	—	—	—	122.1
— External commercial borrowings from BASF Belgium Coordination Center Comm. V.**	9,522.0	7,417.6	—	—
	9,522.0	7,417.6	—	122.1
Terms of repayment				
* Repayment of USD 2 million has been done on 14 th December 2014. Interest was payable half yearly on 31 st March and 30 th September at LIBOR plus 0.325%.				
** The Company has drawn down the entire USD 150 million of External Commercial Borrowings loan as at 31 st March 2015. Interest is payable half yearly on 15 th June and 15 th December at 4.93%. The repayment schedule is as follows:				

Financial Year	Amount Payable in USD (Million)
2017-18	45.0
2018-19	76.5
2019-20	28.5
Total	150.0

Notes to Financial Statements as at March 31, 2015

5. Other long term liabilities

Rs. in million

	March 31, 2015	March 31, 2014
Others		
— Forward premium payable for External Commercial Borrowings	1,911.9	1,701.9
— Deposits from customers	276.8	307.4
— Accrual for employee benefits	89.1	100.6
— Accrual for expenses	123.0	158.6
— Others	3.7	2.7
	2,404.5	2,271.2

6. Provisions

	Long term		Short term	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Provision for employee benefits				
— Leave encashment	281.5	300.1	47.8	40.7
— Long service award	28.8	26.7	4.1	3.8
— Gratuity	—	—	61.7	127.1
Proposed dividend	—	—	173.1	173.1
Corporate tax on dividend	—	—	35.3	29.4
	310.3	326.8	322.0	374.1

7. Short term borrowings (Unsecured)

	March 31, 2015	March 31, 2014
Overdraft facilities from bank	—	1,133.9
Short term loan from bank	3,800.0	1,999.4
Commercial papers	2,680.0	—
	6,480.0	3,133.3

Overdraft facilities and Short term loan from banks carries average interest ranging from 9% to 10% p.a. (Previous year 9% to 13% p.a.) computed on daily basis on the actual amount utilised and is repayable on demand.

Commercial papers carries average interest ranging from 8% to 9% p.a. repayable on maturity in June/July 2015.

8. Trade payables

	March 31, 2015	March 31, 2014
Micro & Small Enterprises (Refer Note 26 (13))	18.8	10.7
Others	9,130.9	11,616.5
	9,149.7	11,627.2

9. Other current liabilities

	March 31, 2015	March 31, 2014
Capital creditors	120.6	200.6
Current maturities of long term debts*	—	122.1
Interest accrued but not due on borrowings	151.0	108.5
Advances received from customers	671.8	1,326.4
Unpaid dividends**	7.4	8.7
Unpaid matured deposits and interest accrued thereon**	—	0.1
Other payables		
— In the nature of statutory dues	137.7	166.9
— In the nature of accrual of expenses	781.1	759.2
	1,869.6	2,692.5

* represents current maturity of term loan taken (Refer Note 4).

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

Notes to Financial Statements as at March 31, 2015

10(A). Tangible assets

Rs. in million

	Gross Block					Depreciation					Net Block	Net Block
	As at April 1, 2014	Additions	Deductions	Adjustment (Refer Note 3 & 4)	As at March 31, 2015	As at April 1, 2014	Depreciation for the year	Deductions	Adjustment (Refer Note 5)	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
Freehold land	93.1	—	—	—	93.1	—	—	—	—	—	93.1	93.1
Leasehold land	275.6	22.3	—	—	297.9	19.7	3.2	—	—	22.9	275.0	255.9
Buildings (Note 1)	2,066.5	1,373.9	66.0	80.0	3,454.4	567.9	124.4	44.3	—	648.0	2,806.4	1,498.6
Plant & machinery and computers (Note 2)	7,765.1	7,467.9	463.9	507.0	15,276.1	4,724.9	1,110.8	425.1	—	5,410.6	9,865.5	3,040.2
Furniture and fixtures	366.7	93.8	29.6	—	430.9	269.6	52.3	26.5	—	295.4	135.5	97.1
Vehicles	117.5	49.9	2.2	—	165.2	69.6	23.4	2.2	—	90.8	74.4	47.9
Office equipment	188.3	145.5	5.8	—	328.0	131.3	45.3	5.1	3.7	175.2	152.8	57.0
Total	10,872.8	9,153.3	567.5	587.0	20,045.6	5,783.0	1,359.4	503.2	3.7	6,639.2	13,402.7	5,089.8

10(B). Intangible assets

Rs. in million

	Gross Block					Amortisation					Net Block	Net Block
	As at April 1, 2014	Additions	Deductions	Adjustment	As at March 31, 2015	As at April 1, 2014	Amortisation for the year	Deductions	Adjustment	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
Software	203.8	2.0	—	—	205.8	63.7	51.0	—	—	114.7	91.1	140.1
Goodwill	68.8	—	—	—	68.8	37.9	13.8	—	—	51.7	17.1	30.9
Total	272.6	2.0	—	—	274.6	101.6	64.8	—	—	166.4	108.2	171.0

10(C). Capital work in progress

Rs. in million

	As at April 1, 2014	Additions	Amounts Capitalised	Adjustment (Refer Note 3 & 4)	As at March 31, 2015
Capital work in progress (Note 3 and 4)	7,921.4	2,506.7	9,740.3	54.0	741.8

Notes:

- Buildings include **Rs. 0.03 million** (Previous Year Rs. 0.03 million) being the value of shares in various co-operative societies.
- Plant & machinery includes Gross Block **Rs. 73.1 million** (Previous Year Rs. 73.1 million), Accumulated Depreciation – **Rs. 73.1 million** (Previous Year Rs. 73.1 million) and Net Block **Rs. Nil** (Previous Year Rs. Nil) being the Company's share of an asset jointly owned with another company.
- Borrowing costs of **Rs. 105.5 million** (net of interest income **Rs. 26.0 million**) (previous year Rs. 262.3 million (net of interest income Rs. 32.6 million)) have been included in the additions to the capital work in progress/fixed assets.
- Exchange differences of **Rs. 536.0 million** (previous year Rs. 354.4 million) has been included in the additions to the capital work in progress/fixed assets post the exercise of option in terms of Para 46A of AS11 (pursuant to notification dated 29 December 2011 issued by the Ministry of Corporate Affairs.) (Refer Note 1(i) of significant accounting policies).
- With effect from 1 April 2014, considering the requirements of Schedule II the management has reassessed the remaining useful life of its fixed assets based on an internal technical evaluation. Accordingly, **Rs. 3.7 million** is adjusted in opening reserves of the Company in respect of such assets whose net book value had become Rs. Nil as at that date and the additional depreciation on assets whose useful life has been reassessed is **Rs. 18.3 million**.
- Building includes Net book Value of **Rs. 4.3 million** (previous year Rs. Nil) residential apartments held for sale.

Notes to Financial Statements as at March 31, 2015

10(A). Tangible assets

Rs. in million

	Gross Block				Depreciation				Net Block	Net Block
	As at April 1, 2013	Additions	Deductions	As at March 31, 2014	As at April 1, 2013	Depreciation for the year	Deductions	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
Freehold land	92.3	0.8	—	93.1	—	—	—	—	93.1	92.3
Leasehold land	275.6	—	—	275.6	16.7	3.0	—	19.7	255.9	258.9
Buildings (Note 1)	1,719.7	346.8	—	2,066.5	488.7	79.2	—	567.9	1,498.6	1,231.0
Plant & machinery and computers (Note 2)	6,580.0	1,214.7	29.6	7,765.1	4,266.2	486.7	28.0	4,724.9	3,040.2	2,313.8
Furniture and fixtures	350.1	16.7	0.1	366.7	230.7	39.0	0.1	269.6	97.1	119.4
Vehicles	92.2	27.6	2.3	117.5	51.6	20.3	2.3	69.6	47.9	40.6
Office equipment	175.7	12.8	0.2	188.3	113.5	18.0	0.2	131.3	57.0	62.2
Total	9,285.6	1,619.4	32.2	10,872.8	5,167.4	646.2	30.6	5,783.0	5,089.8	4,118.2

10(B). Intangible assets

Rs. in million

	Gross Block				Amortisation				Net Block	Net Block
	As at April 1, 2013	Additions	Deductions	As at March 31, 2014	As at April 1, 2013	Amortisation for the year	Deductions	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
Software	203.8	—	—	203.8	12.7	51.0	—	63.7	140.1	191.1
Goodwill	68.8	—	—	68.8	24.1	13.8	—	37.9	30.9	44.7
Total	272.6	—	—	272.6	36.8	64.8	—	101.6	171.0	235.8

10(C). Capital work in progress

Rs. in million

	As at April 1, 2013	Additions	Amounts Capitalised	As at March 31, 2014
Capital work in progress (Note 3 and 4)	3,193.2	5,572.7	844.5	7,921.4

Notes:

- Buildings include **Rs. 0.03 million** (Previous Year Rs. 0.03 million) being the value of shares in various co-operative societies.
- Plant & machinery includes Gross Block **Rs. 73.1 million** (Previous Year Rs. 73.1 million), Accumulated Depreciation – **Rs. 73.1 million** (Previous Year Rs. 73.1 million) and Net Block **Rs. Nil** (Previous Year Rs. Nil) being the Company's share of an asset jointly owned with another company.
- Borrowing costs of **Rs. 262.3 million** (net of interest income **Rs. 32.6 million**) (previous year Rs. 27.7 million (net of interest income Rs. 33.1 million)) have been included in the additions to the capital work in progress.
- Exchange differences of **Rs. 354.4 million** (previous year Rs. 76.5 million) has been included in the additions to the capital work in progress/fixed assets post the exercise of option in terms of Para 46A of AS11 (pursuant to notification dated 29 December 2011 issued by the Ministry of Corporate Affairs.) (Refer Note 1(i) of significant accounting policies).

Notes to Financial Statements as at March 31, 2015

11. Deferred tax assets (net)

Rs. in million

	March 31, 2015	March 31, 2014
Deferred tax assets		
Timing differences on account of:		
Provision for doubtful debts	104.4	97.2
Expenditure under Voluntary Retirement Scheme	21.7	31.0
Carried forward loss	731.5	—
Others (Amounts allowable on payment basis under the Income Tax Act, 1961)	162.4	162.0
Total Deferred Tax Assets	1,020.0	290.2
Deferred tax liabilities		
Timing differences on account of:		
Fixed assets/depreciation	(1,020.0)	(279.8)
Total Deferred Tax Liabilities	(1,020.0)	(279.8)
Deferred tax assets (net)	—	10.4
	—	10.4

In the absence of virtual certainty of realisation, deferred tax assets on carry forward losses and other timing differences have been recognised to the extent of deferred tax liability.

12. Long-term loans and advances

(Unsecured, Considered good)

	March 31, 2015	March 31, 2014
Capital advances	60.9	527.1
Security deposits	229.8	273.4
Other loans and advances		
— Prepaid expenses	17.1	23.0
— Refund receivable from government authorities	281.9	324.9
— Employee advances	1.8	2.6
— Deposit placed with tax authorities	71.6	53.2
— Advance tax (Net of provisions for tax Rs. 6,483 million (Previous year Rs. 6,483 million))	741.1	586.3
	1,404.2	1,790.5

13. Other non-current assets

(Unsecured, Considered good)

	March 31, 2015	March 31, 2014
Long term trade receivables	44.1	44.1
Others		
— Unamortised premium on forward contracts	1,278.5	1,343.3
	1,322.6	1,387.4

Long term trade receivables represent the value of materials filled in CED tank with the customer, which is receivable upon termination of the contract.

14. Inventories

(Valued at lower of Cost and Net realisable value)

	March 31, 2015	March 31, 2014
Raw materials (includes goods in transit Rs. 1,490 million (Previous year Rs. 2,632.3 million))	3,794.3	4,960.8
Finished goods	3,339.2	3,026.4
Traded goods (includes goods in transit Rs. 1,159 million (Previous year Rs. 1,022.4 million))	2,625.6	3,275.0
Stock-in-process	38.2	39.3
Others		
— Packing materials	103.2	147.9
— Fuel oil	7.2	10.7
	9,907.7	11,460.1

Notes to Financial Statements as at March 31, 2015

15. Trade receivables

Rs. in million

	March 31, 2015	March 31, 2014
Outstanding for a period exceeding six months from the date due for payment		
Considered good:		
Secured	3.5	2.6
Unsecured	69.2	84.9
	72.7	87.5
Considered doubtful	282.5	253.4
	355.2	340.9
Less: Provision for doubtful receivables	282.5	253.4
	72.7	87.5
Other debts		
Considered good:		
Secured	135.5	139.2
Unsecured	9,096.3	8,370.9
	9,231.8	8,510.1
Considered doubtful	19.2	32.6
	9,251.0	8,542.7
Less: Provision for doubtful receivables	19.2	32.6
	9,231.8	8,510.1
	9,304.5	8,597.6

16. Cash and bank balances

	March 31, 2015	March 31, 2014
<i>Cash and cash equivalents</i>		
Cheques on hand	76.3	85.3
Balances with banks:		
— In deposit accounts (with original maturity of 3 months or less)	975.0	—
— In current accounts	216.7	54.9
— In unpaid dividend account	8.3	9.8
<i>Other bank balances</i>		
— Deposits with original maturity of more than three months but less than twelve months	0.6	0.6
	1,276.9	150.6
Of the above		
Restricted cash and cash equivalents (unpaid dividend account)	8.3	9.8

17. Short-term loans and advances (Unsecured, Considered good)

	March 31, 2015	March 31, 2014
To related parties		
Receivable from group companies*	13.8	46.6
To parties other than related parties		
Advances to vendors	439.9	501.7
Employee advance	4.9	5.3
Prepaid expenses	135.6	51.2
Security deposits	237.3	46.7
Balances with excise authorities	2,767.8	2,606.0
	3,599.3	3,257.5

* Includes dues from holding company and fellow subsidiaries.

18. Other current assets (Unsecured, Considered good)

	March 31, 2015	March 31, 2014
Unamortised premium on forward contracts	608.3	508.1
Interest accrued but not due on fixed deposits	2.5	—
	610.8	508.1

Notes to Financial Statements for the year ended March 31, 2015

19. Other income

Rs. in million

	March 31, 2015	March 31, 2014
Interest (Gross)	89.8	37.3
Less: Transferred to capital work in progress	(26.0)	(32.6)
Profit on sale of fixed assets (net)	—	3.6
Other non operating income	35.2	70.0
	99.0	78.3

20. Cost of materials consumed

	March 31, 2015	March 31, 2014
Raw materials:		
Stock at commencement	4,960.8	4,083.8
Add: Purchases	19,605.0	22,564.5
Less: Stock at close	(3,794.3)	(4,960.8)
	20,771.5	21,687.5
Packing materials consumed	758.1	628.3
	21,529.6	22,315.8

21. Changes in inventories

	March 31, 2015	March 31, 2014
Stock at close		
Finished goods	3,339.2	3,026.4
Traded goods	2,625.6	3,275.0
Stock-in-process	38.2	39.3
Sub-total	6,003.0	6,340.7
Stock at commencement		
Finished goods	(3,026.4)	(2,247.9)
Traded goods	(3,275.0)	(2,463.7)
Stock-in-process	(39.3)	(50.8)
Sub-total	(6,340.7)	(4,762.4)
	337.7	(1,578.3)

22. Employee benefit expenses

	March 31, 2015	March 31, 2014
Salaries, wages, bonus	2,909.5	2,948.1
Contribution to provident and other funds (Refer Note 26 (15))	299.0	339.9
Staff welfare	265.6	269.0
Less: Transferred to capital work in progress	(30.0)	(258.2)
	3,444.1	3,298.8

Notes to Financial Statements for the year ended March 31, 2015

23. Finance costs

Rs. in million

	March 31, 2015	March 31, 2014
Interest Expenses		
— On short term borrowings	353.7	48.7
— On overdrafts	243.8	46.7
— On others	489.6	360.8
Less: Transferred to capital work in progress	(131.5)	(294.9)
	955.6	161.3

24. Depreciation and amortisation

	March 31, 2015	March 31, 2014
Depreciation expense	1,359.4	646.2
Amortisation expense	64.8	64.8
	1,424.2	711.0

25. Other expenses

	March 31, 2015	March 31, 2014
Freight and handling charges	1,300.3	1,106.8
Power and fuel	987.9	739.1
Professional charges (Refer Note 26 (5))	652.5	902.3
Communication/system expenses	790.8	797.9
Foreign exchange loss (net)	303.8	800.5
Sales promotion expenses	548.1	601.5
Travelling	490.5	536.3
Rent (Refer Note 26 (12))	508.2	486.8
Royalty	405.7	351.7
Consumption of stores and spare parts	225.6	123.7
Service fees	126.3	92.1
Repairs — Machinery	147.6	83.8
— Buildings	80.3	63.5
— Others	45.9	29.9
Insurance	65.3	65.4
Rates and taxes		
— Excise duty	46.1	112.0
— Others	16.7	34.5
Bad debts written off	17.1	3.9
Provision for doubtful debts (net)	15.7	69.3
Loss on sale of fixed assets	3.3	—
Miscellaneous expenses	581.0	530.6
Less: Transferred to capital work in progress	(36.0)	(717.3)
Corporate Social responsibility expenses	12.6	—
	7,335.3	6,814.3

26. Notes to financial statements for the year ended March 31, 2015

1. Value of direct import on C.I.F. basis during the year (including in-transit):

Rs. in million

	2014-15	2013-14
Raw materials	12,688.9	15,367.0
Capital goods	256.3	445.7
Components and spare parts	23.0	14.5
Traded goods	8,368.2	6,833.0
Total	21,336.4	22,660.2

2. Expenses in foreign currencies during the year (on accrual basis):

Rs. in million

	2014-15	2013-14
Royalty	405.7	351.7
Communication/system expenses	594.6	627.1
Foreign travel	40.7	52.9
Service fees	33.4	20.3
Professional charges	492.3	643.1
Interest	465.4	296.2
Others	89.0	102.9
Total	2,121.1	2,094.2

3. Amount remitted in foreign currencies during the year on account of dividends (after tax):

	2014-15	2013-14
Equity Shares:		
Amount remitted (Rs. million)	127.0	127.0
Number of non-resident shareholders	3	3
Number of equity shares of Rs. 10/- each held by non-resident on which dividends were due	31,743,220	31,743,220
Year to which dividend relates	2013-2014	2012-2013

4. Earnings in foreign currencies during the year (on accrual basis):

Rs. in million

	2014-15	2013-14
Exports of goods calculated on FOB basis (Excludes Rupee Exports to Nepal & Bhutan – Rs. 154.8 million – Previous Year Rs. 99.8 million.)	3,504.6	3,926.3
Indent commission/technical/service charges	2,030.7	1,739.2
Others (freight/insurance/claims)	82.3	89.5
Total	5,617.6	5,755.0

5. Payment to auditors (net of service tax):

Rs. in million

	2014-15	2013-14
As auditors	14.7	13.7
As reimbursement of out of pocket expenses	1.5	1.4
Total	16.2	15.1

6. Consumption of Raw Materials, Components and Spare Parts:

(a) Raw Materials:

	2014-15		2013-14	
	%	Rs. Million	%	Rs. Million
Imported	71.8	14,910.4	69.7	15,123.7
Indigenous	28.2	5,861.1	30.3	6,563.8
	100.0	20,771.5	100.0	21,687.5
		Rs. Million		Rs. Million
Monomer		2,477.5		2,320.7
Napthalene		93.4		117.3
Phenol		131.0		125.5
Lupranol		2,851.4		1,727.9
Resins		1,081.2		1,030.9
Beta Napthalene Sulphonate		111.4		220.9
Others		14,025.6		16,144.3
		20,771.5		21,687.5

(b) Stores and Spare Parts:

	2014-15		2013-14	
	%	Rs. Million	%	Rs. Million
Imported	10.2	23.0	11.7	14.5
Indigenous	89.8	202.6	88.3	109.2
Total	100.0	225.6	100.0	123.7

7. Summary of closing stock of work in progress:

Rs. in million

Category	2014-15	2013-14
Paints & coatings	17.6	18.0
Imaging agents	7.0	10.8
Optical brightening agents	9.3	8.4
Others	4.3	2.1
Total	38.2	39.3

8. Traded goods purchased:

Rs. in million

Category	2014-15	2013-14
Herbicides	619.0	1,857.4
Pigments	1,280.2	961.9
Polyurethane	3,453.8	2,360.4
Fungicides	726.1	891.3
Others	7,001.5	4,535.4
Total	13,080.6	10,606.4

9. Turnover and Stocks:

The Previous year figures are given in light type below each item

Rs. in million

Class of Goods	Sales Value	Closing Inventory	Opening Inventory
(a) Manufactured goods:			
Herbicides	2,662.7 4,088.6	1,280.2 1,252.1	1,252.1 644.5
Polyurethane	5,660.2 4,848.2	392.6 218.0	218.0 176.1
Auto. OEM Coatings	3,279.4 3,226.7	276.6 293.2	293.2 248.0
Admixture Systems	2,701.8 2,293.6	36.1 64.8	64.8 44.5
Others	14,525.4 13,969.2	1,353.7 1,198.3	1,198.3 1,134.8
Total	28,829.5 28,426.3	3,339.2 3,026.4	3,026.4 2,247.9

Rs. in million

Class of Goods	Sales Value	Closing Inventory	Opening Inventory
(b) Traded goods:			
Herbicides	1,986.1 2,735.8	454.2 1,071.4	1,071.4 773.8
Pigments	1,323.7 1,168.3	230.5 171.0	171.0 136.5
Polyurethane	3,537.5 2,185.6	594.4 555.3	555.3 355.5
Fungicides	1,457.1 1,379.0	77.9 106.8	106.8 60.9
Others	7,564.0 6,452.5	1,268.6 1,370.5	1,370.5 1,137.0
Total	15,868.3 13,921.2	2,625.6 3,275.0	3,275.0 2,463.7

Rs. in million

Category	2014-15	2013-14
(c) Service Income:		
Indent Commission	1,231.3	1,165.6
Technical/service charges	1,019.7	673.9
Total	2,251.0	1,839.5

10. Contingent Liabilities

Rs. in million

Nature	2014-15	2013-14
Contingent Liabilities not Provided for		
(a) Claim against the Company not acknowledged as debt	44.9	38.8
In respect of which the Company has counterclaim	68.7	68.7
(b) Demand for taxes and duties in respect of which the company has preferred appeals with appropriate authority		
a. Income Tax	482.6	406.7
b. Customs, Excise, Service Tax and Sales Tax*	1,053.1	240.0

* Commercial taxes department has issued demand notices amounting to Rs. 865.0 Million (excludes interest and penalty) (Previous Year Rs. 91.9 Million) for the periods July 2006 – March 2007, July 2007 – March 2008, FY 08-09, FY 09-10 and periods February 2011 to March 2011 by treating 100% of the stock transfers as interstate sales to unregistered dealers.

The Company has filed/ is in the process of filing appeals against the aforesaid demand notices with the Honorable Karnataka Appellate Tribunal. The amount in respect of other periods, if any, are currently not determinable.

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

The Honorable Karnataka Appellate Tribunal has set aside and remanded back the impugned reassessment orders for the period April 2006 to June 2006 and April 2007 to June 2007 aggregating to Rs. 91.9 Million for fresh assessment to lower authorities.

11. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided (net of advances) for **Rs. 836.0 million** (Previous Year Rs. 676.7 million)

12. Operating lease

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

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

Rs. in million

	2014-15	2013-14
Due		
Not later than one year	83.9	183.3
Later than one year but not later than five years	137.4	426.9
Later than five years	—	—
Total	221.3	610.2

(b) Lease rent of **Rs. 508.2 million** (Previous Year Rs. 486.8 million) towards cancellable and non cancellable leases has been included under "Rent" in the Statement of Profit and Loss.

13. Micro, Small and Medium Enterprises Development Act, 2006

On the basis of information and records available with the Management, the following disclosure pursuant to the above Act are made for the amounts due to the Micro and Small enterprises, who have registered with the competent authorities:

Rs. in million

Particulars	2014-15	2013-14
The principal amount and the interest due thereon remaining unpaid to any Micro/Small supplier as at the end of the year.	18.8	10.7
The interest paid by the buyer as above, along with the amount of payments made beyond the appointed date during each account year	—	—
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	0.6	2.1
The amount of interest accrued and remaining unpaid at the end of each accounting year.	1.8	2.3
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 small/ micro enterprise.	8.1	6.2

14. Exceptional item

During the current year, the Company has sold its non-core assets (i.e. residential properties) and accordingly it has recognized a profit of Rs. 291.9 million which is being disclosed as an exceptional item.

During the previous year, the Company had declared voluntary retirement scheme for the Thane site and accordingly compensation aggregating Rs. 104.3 million had been paid and disclosed as an exceptional item.

15. Employees benefits:

Defined contribution plans:

Company's contribution to defined contribution funds amounting to **Rs. 98.5 million** (Previous year Rs. 113.6 million) has been charged to the Statement of Profit and Loss.

Defined benefit plans and other long term employee benefits:

Gratuity is payable to all eligible employees of the Company on superannuation, death, permanent disablement and resignation in terms of provisions of the Payment of Gratuity Act, 1972, or as per the Company's scheme whichever is more beneficial. The Company irrevocably contributes funds to a separate Gratuity Trust which is recognised by Income Tax authorities.

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

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

Rs. in million

	Gratuity Funded	
	2014-15	2013-14
Expenses recognized in the Statement of Profit and Loss for the year ended 31st March		
Current service Cost	50.5	50.0
Interest cost	37.4	37.4
Expected Return on plan assets	(33.8)	(32.8)
Net Actuarial (gain)/loss recognised in the year	21.3	72.5
Expenses recognised in the Statement of Profit and Loss	75.4	127.1
Balance Sheet recognition as at 31st March		
Present value of obligation	545.2	516.6
Fair value of plan assets	483.5	389.5
Net Asset/(Liability) recognised in the Balance Sheet	(61.7)	(127.1)
Change in obligation during the year ended 31st March		
Present value of obligation beginning of the Year	516.6	441.0
Interest cost	37.4	37.4
Current service cost	50.5	50.0
Benefits paid	(67.3)	(61.3)
Actuarial (gain)/loss on obligation	21.6	49.5
Transfer out	(13.6)	—
Present value of obligation end of the year	545.2	516.6
Change in fair value of assets during the year ended 31st March		
Fair value of plan assets beginning of the Year	389.5	329.1
Expected return on plan assets	33.8	32.8
Contributions	127.2	111.9
Benefits paid	(67.3)	(61.3)
Actuarial gain/(loss) plan assets	0.3	(23.0)
Fair value of plan assets end of the year	483.5	389.5
Total actuarial gain/(loss) to be recognised	(21.3)	(72.5)

Rs. in million

	Gratuity Funded	
	2014-15	2013-14
Actual return on plan assets		
Expected return on plan assets	33.8	32.8
Actuarial gain/(loss) plan assets	0.3	(23.0)
Actual return on plan assets	34.1	9.8
Movement in the net liability recognised in the Balance Sheet		
Opening net liability	127.1	111.9
Expenses	75.4	127.1
Contribution	(127.2)	(111.9)
Transfer out	(13.6)	—
Closing net liability	61.7	127.1

Rs. in million

Experience Adjustments	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
Defined benefit obligations	545.2	516.6	441.0	320.1	295.1
Plan assets	483.5	389.5	329.1	250.3	255.9
Surplus/(Deficit)	(61.7)	(127.1)	(111.9)	(69.8)	(39.2)
Exp. Adj. on plan liabilities	21.6	49.5	76.4	(7.1)	(18.4)
Exp. Adj. on plan assets	0.3	(23.0)	5.9	(17.8)	(17.0)

The contribution expected to be made by the Company during the Financial Year 2015-16 is **Rs. 61.7 million** (2014-15 Rs. 127.1 million).

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:

	2014-15	2013-14
GOI securities	10%	12%
State government securities	44%	42%
PSU bonds	16%	18%
Private sector bonds	17%	13%
Fixed deposit and others	6%	8%
Special deposit scheme	7%	7%
Total	100%	100%

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

	2014-15	2013-14
Expected rate of return on plan assets	7.74% p.a.	9.12% p.a.
Discount rate	7.74% p.a.	9.12% p.a.
Expected salary increase rate	6% – 8% p.a.	6% – 10% p.a.
In-service mortality rates	Indian Assured Lives Mortality (2006-08) ultimate table	Indian Assured Lives Mortality (2006-08) ultimate table

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

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

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

Provident fund

The Company has an obligation to fund any shortfall on the yield of the Company's Trust investments over the administered interest rates on an annual basis. These administered rates are notified by the Government annually. The Actuarial Society of India has issued the final guidance for measurement of provident fund liabilities. The actuary has accordingly provided a valuation based on the below provided assumptions and there is no shortfall as at 31 March 2015.

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

	Rs. in million	
	2014-15	2013-14
Plan assets as year end, at fair value	2,052.7	1,776.1
Present value of benefit obligation at year end	1,868.6	1,718.0
Cost of shortfall in interest rate guarantee	—	—
Assumptions used in determining the present value obligation to the interest rate guarantee under the Deterministic Approach:		
Discount rate	7.80%	9.12%
Average remaining tenure of the investment portfolio	7 years	7 years
Expected guaranteed interest rate	9.00%	9.00%

During the year ended 31st March 2015, amount recognised in the statement of profit and loss for Employee provident fund is **Rs. 125.1 million** (Previous year Rs. 103.7 million).

16. Segment Information

(a) PRIMARY SEGMENT INFORMATION (by Business Segments)

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

	Rs. in million						
	Agricultural Solution	Performance Products	Chemicals	Functional Materials & Solution	Others	Un-allocated	Total
Segment Revenue	8,906.9	16,822.9	1,423.7	19,097.6	806.5	—	47,057.6
	10,447.9	16,824.8	617.9	15,831.4	576.9	—	44,298.9
Less: Inter-segment revenue	—	—	—	—	—	—	—
Sales/Revenue from operations	8,906.9	16,822.9	1,423.7	19,097.6	806.5	—	47,057.6
	10,447.9	16,824.8	617.9	15,831.4	576.9	—	44,298.9
Segment Result	768.2	316.8	(72.9)	(719.3)	46.1	—	338.9
	1,427.1	1,415.9	235.8	(479.4)	87.1	—	2,686.5
Interest Expense						955.6	955.6
						161.3	161.3
Interest Income						63.8	63.8
						4.7	4.7
Other un-allocable expenditure net of un-allocable income						397.6	397.6
						482.0	482.0
(Loss)/Profit Before Tax and Exceptional item							(950.5)
							2,047.9

Rs. in million

	Agricultural Solution	Performance Products	Chemicals	Functional Materials & Solution	Others	Un-allocated	Total
Exceptional item gain/ (loss) (Refer Note 26 (14))				— (104.3)		291.9 —	291.9 (104.3)
Tax							10.4 664.9
(Loss)/Profit After Tax							(669.0) 1,278.7
OTHER INFORMATION							
Segment Assets	5,345.8 6,959.7	16,875.7 15,966.4	3,386.0 2,382.5	14,396.0 13,866.7	632.2 421.6	1,043.0 747.5	41,678.7 40,344.4
Segment Liabilities	2,325.8 3,752.0	9,689.5 10,174.7	2,542.5 1,501.2	8,626.4 9,063.8	178.1 5.4	6,695.8 3,345.6	30,058.1 27,842.7
Capital Expenditure	170.4 76.1	1,373.1 3,057.7	67.8 995.1	949.6 2,044.0	— —	— —	2,560.9 6,172.9
Depreciation and amortisation	49.3 54.5	769.6 416.2	90.9 17.9	514.4 222.4	— —	— —	1,424.2 711.0
Debtors Provision	5.9 —	(3.4) (0.6)	— —	13.2 69.9	— —	— —	15.7 69.3

(b) SECONDARY SEGMENT INFORMATION (by Geographic Segments)

Rs. in million

	Domestic	Exports	Total
Revenues	41,285.2 38,444.2	5,772.4 5,854.8	47,057.6 44,299.0
Total Assets	39,863.8 38,279.5	1,814.9 2,064.9	41,678.7 40,344.4
Capital Expenditure	2,560.9 6,172.9	— —	2,560.9 6,172.9

Notes on Segment Information:

- Segments have been identified in accordance with the Accounting Standard on Segment Reporting (AS-17). Business Segments have been considered as primary segments.
- Details of type of products included in each segment —
 - **Agricultural Solution** – includes Agrochemicals. Agricultural Solution is seasonal in nature.
 - **Performance Products** – includes Tanning agents, Leather Chemicals, Textile Chemicals, Dispersion Chemicals, Speciality Chemicals and high-value fine chemicals for the food, pharmaceuticals, animal feed and cosmetics industries. Speciality chemicals include additives, water treatment and paper treatment, home and fabric care chemicals.
 - **Chemicals** – includes Monomers, Intermediates and Petrochemicals.
 - **Functional Materials & Solutions** – includes Catalysts, Coatings, Construction chemicals, Polyurethanes system and Engineering plastics.
 - **Others** – includes technical and service charges other than those specifically identifiable to above segments.
- Un-allocable Corporate Assets mainly include advance tax (net of provisions) and cash and bank balances.
- Un-allocable Corporate Liabilities mainly include Net deferred tax liabilities, proposed dividend, short term loan and other un-allocable liabilities.

17. Related Party Disclosure

(a) Parties where control exists

BASF Societas Europaea ('SE')	Ultimate holding company
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(b) Other related parties with whom transactions have taken place during the year

Fellow Subsidiaries

BASF Advanced Chemicals Co., Ltd. (Formerly known as BASF Auxiliary)	BASF Pakistan (Private) Ltd.
BASF Agro B.V. Arnhem (NL)	BASF Paper Chemicals (Jiangsu) Co., Ltd.
BASF Agrochemical Products B.V.	BASF Paper Chemicals (Huizhou)
BASF Antwerpen N.V.	BASF Performance Products Limited
BASF Asia-Pacific Service Centre Sdn. Bhd.	BASF Personal Care and Nutrition GmbH
BASF Australia Ltd.	BASF Petronas Chemicals Sdn. Bhd.
BASF Bangladesh Ltd.	BASF Pharma (Evionnaz) SA
BASF Belgium Coordination Center Comm. V.	BASF Philippines Inc
BASF Business Services Holding GmbH	BASF Plant Science Company GmbH
BASF Business Services GmbH	BASF PLC
BASF Canada Inc.	BASF Poliuretani Italia SpA
BASF Care Chemicals (Shanghai) Company Ltd.	BASF Polyurethane Licensing GmbH
BASF Catalysts India Pvt. Ltd.	BASF Poliurtanos Ltda
BASF Chemicals & Polymers Pakistan (Private) Ltd.	BASF Polyurethane Specialties (China) Co., Ltd.
BASF Chemicals India Pvt. Ltd. (Earlier known as Cognis Specialty Chemicals (India) Pvt. Ltd.)	BASF Polyurethanes (China) Co. Ltd.
BASF Chemcat (Thailand) Ltd.	BASF Polyurethanes GmbH
BASF (China) Company Ltd.	BASF Qingdao Pigments Co., Ltd.
BASF Coatings GmbH	BASF S.A.
BASF Coatings Ltd.	BASF Schwarzheide GmbH
BASF Coatings S.A.	BASF Schweiz AG
BASF Coatings S.A.S.	BASF Shanghai Coatings Co. Ltd.
BASF Coatings Spa	BASF South Africa (PTY) Ltd.
BASF Company Ltd.	BASF South East Asia Pte. Ltd.
BASF Construction Chemical (China) Co., Ltd.	BASF Taiwan Ltd.
BASF Construction Chemicals (UK) Ltd.	BASF (Thai) Limited
BASF Construction Chemicals Espana S.L.	BASF Türk Kimya Sanayi
BASF Construction Chemicals Europe AG	BASF UK Ltd.
BASF Construction Chemicals GmbH	BASF Vietnam Co. Ltd.
BASF Construction Chemicals Italia Spa	BASF Vitamins Company Limited
BASF Construction Polymers GmbH	BASF Yapi Kimyasallari SAN. A.S.
BASF Construction Systems (China) Co. Ltd.	BASF – YPC Company Limited
BASF Corporation	BTC Europe GmbH
BASF Construction Solutions GmbH	Construction Research & Technology GmbH
BASF East Asia Regional Headquarters Ltd.	Cognis IP Management GMBH
BASF Espanola S.L.	Inge GmbH
BASF FRANCE S.A.S.	K+S Kali GmbH
BASF Grenzach GmbH	OOO BASF

BASF Hong Kong Ltd.

BASF Intertrade (Shanghai) Co. Ltd.

BASF Italia Spa

BASF Japan Ltd.

BASF Kanoo Gulf FZE

BASF Lanka (Private) Limited

BASF LLC

BASF Mexicana S.A. DE C.V.

BASF (MALAYSIA) SDN. BHD.

BASF Nederland B.V.

BASF Oy

P.T. BASF Care Chemicals Indonesia

P.T. BASF Indonesia

PCI Augsburg GmbH

Shanghai MBT & SCG High-tech Construction Chemicals Co. Ltd.

Shanghai BASF Polyurethane Co., Ltd.

Shanghai Gaoqiao-BASF

Styrolution India Private Limited

Styrolution South East Asia Pte. Ltd.

Styrolution ABS (India) Limited

Thai Ethoxylate Co., Ltd.

Watson Bowman ACME Corp

BASF Construction Chemicals UAE LLC

(c) Key management personnel

Chairman & Managing Director

Mr. Prasad Chandran (till 30th Sept 2013)

Mr. Raman Ramachandran, Ph.D. (from 1st Oct 2013)

Whole – Time Directors

Mr. S. Regunathan (till 31st December 2014)

Mr. N. Baliga (w.e.f. 1st January 2015)

Dr. G. Ramaseshan (till 31st July 2014)

Mr. R. Naik (w.e.f. 1st August 2014)

Mr. Thilo Bischoff (till 30th April 2014)

(d) Details of transactions of Ultimate holding company and Fellow subsidiaries for the year ended March 31, 2015:

Rs. in million

Nature of Transactions	Ultimate holding company		Fellow subsidiaries		Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Sale of Goods						
BASF SE	1,117.4	1,275.4	—	—	1,117.4	1,275.4
BASF South East Asia Pte. Ltd.	—	—	1,612.0	2,001.8	1,612.0	2,001.8
Others	—	—	152.9	132.6	152.9	132.6
Sub-Total	1,117.4	1,275.4	1,764.9	2,134.4	2,882.3	3,409.8
Services Rendered (including reimbursements)						
BASF SE	671.9	460.3	—	—	671.9	460.3
BASF South East Asia Pte. Ltd.	—	—	969.7	906.5	969.7	906.5
Others	—	—	755.3	607.3	755.3	607.3
Sub-Total	671.9	460.3	1,725.0	1,513.8	2,396.9	1,974.1
Interest Expense on ECB Loan						
BASF SE	0.6	1.4	—	—	0.6	1.4
BASF Belgium Coordination Centre	—	—	464.7	294.8	464.7	294.8
Sub-Total	0.6	1.4	464.7	294.8	465.3	296.2
Purchase of Goods/Materials						
BASF SE	1,483.4	1,175.7	—	—	1,483.4	1,175.7
BASF South East Asia Pte. Ltd.	—	—	7,181.8	7,261.0	7,181.8	7,261.0
BASF Agrochemical Products B.V.	—	—	614.3	2,571.9	614.3	2,571.9
BASF Company Ltd.	—	—	3,091.5	1,635.7	3,091.5	1,635.7
BASF PETRONAS Chemicals Sdn Bhd	—	—	1,067.7	892.6	1,067.7	892.6
Others	—	—	4,057.3	5,444.5	4,057.3	5,444.5
Sub-Total	1,483.4	1,175.7	16,012.6	17,805.7	17,496.0	18,981.4
Services Received						
BASF SE	539.0	528.9	—	—	539.0	528.9
BASF South East Asia Pte. Ltd.	—	—	349.3	373.4	349.3	373.4
BASF Asia-Pacific Service Centre Sdn. Bhd.	—	—	227.2	288.5	227.2	288.5
Others	—	—	186.9	63.6	186.9	63.6
Sub-Total	539.0	528.9	763.4	725.5	1,302.4	1,254.4
Purchase of Assets						
BASF SE	0.9	33.6	—	—	0.9	33.6
BASF South East Asia Pte. Ltd.	—	—	—	12.0	—	12.0
BASF Hong Kong Ltd.	—	—	—	117.4	—	117.4
BASF Polyurethanes (China) Co. Ltd.	—	—	15.7	18.9	15.7	18.9
BASF Polyurethanes GmbH	—	—	20.5	4.1	20.5	4.1
Others	—	—	5.8	61.8	5.8	61.8
Sub-Total	0.9	33.6	42.0	214.2	42.9	247.8
Sale of Assets						
BASF Coatings S.A	—	—	3.0	—	3.0	—
BASF Chemicals India Private limited	—	—	29.5	—	29.5	—
Sub-Total	—	—	32.5	—	32.5	—
Transfer of employee liabilities						
BASF Chemicals India Private limited	—	—	32.0	—	32.0	—
Sub-Total	—	—	32.0	—	32.0	—
Royalty						
BASF SE	34.8	47.3	—	—	34.8	47.3
BASF Polyurethanes Licencing GmbH	—	—	150.4	105.8	150.4	105.8
BASF Coatings GmbH	—	—	71.1	79.8	71.1	79.8
Construction Research & Technology GmbH	—	—	148.4	118.8	148.4	118.8
Cognis IP Mangement GMBH	—	—	1.0	—	1.0	—
Sub-Total	34.8	47.3	370.9	304.4	405.7	351.7

Rs. in million

Nature of Transactions	Ultimate holding company		Fellow subsidiaries		Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Dividend						
BASF SE	83.8	83.8	—	—	83.8	83.8
BASF Schweiz AG	—	—	35.6	35.6	35.6	35.6
BASF Construction Solutions GmbH	—	—	7.6	7.6	7.6	7.6
Sub-Total	83.8	83.8	43.2	43.2	127.0	127.0
ECB Loan borrowed during the year						
BASF Belgium Coordination Center Comm. V.	—	—	1,715.0	4,467.8	1,715.0	4,467.8
Sub-Total	—	—	1,715.0	4,467.8	1,715.0	4,467.8
ECB Loan repaid during the year						
BASF SE	122.1	98.2	—	—	122.1	98.2
Sub-Total	122.1	98.2	—	—	122.1	98.2
Outstanding Receivables						
BASF SE	524.5	660.3	—	—	524.5	660.3
BASF South East Asia Pte. Ltd.	—	—	755.1	890.6	755.1	890.6
Others	—	—	405.6	326.7	405.6	326.7
Sub-Total	524.5	660.3	1,160.7	1,217.3	1,685.2	1,877.6
Outstanding Payables						
BASF SE	820.5	1,149.4	—	—	820.5	1,149.4
BASF South East Asia Pte. Ltd.	—	—	2,161.6	2,530.1	2,161.6	2,530.1
BASF Company Ltd.	—	—	1,503.2	761.8	1,503.2	761.8
BASF Agrochemical Products B.V.	—	—	452.2	1,785.3	452.2	1,785.3
Others	—	—	2,058.7	2,516.4	2,058.7	2,516.4
Sub-Total	820.5	1,149.4	6,175.7	7,593.6	6,996.2	8,743.0
ECB Loan Outstanding (including interest accrued not due)						
BASF SE	—	122.6	—	—	—	122.6
BASF Belgium Coordination Center Comm. V.	—	—	9,673.0	7,521.9	9,673.0	7,521.9
Sub-Total	—	122.6	9,673.0	7,521.9	9,673.0	7,644.5

(e) Details of transactions of Key management personnel:

Rs. in million

Name of key managerial personnel	Remuneration	
	2014-15	2013-14
Mr. Prasad Chandran	—	31.4
Mr. Raman Ramachandran, Ph.D	34.2	18.3
Mr. Thilo Bischoff	2.8	31.9
Mr. R. Naik	7.4	—
Mr. S. Regunathan	21.8	19.6
Mr. N. Baliga	0.4	—
Dr. G. Ramaseshan	16.8	12.8
Total Remuneration	83.4	114.0

The above remuneration excludes provision for gratuity, leave encashment and long service award which is provided on an overall basis for the Company.

The Company has paid the above remuneration to the Directors as per the terms of their respective service contracts with the Company which were approved by the Board of Directors and shareholders. In view of inadequacy of profits in the current financial year, pursuant to provisions of Section 197 read with Section II of Part II of Schedule V of the Companies Act, 2013, the Company has made an application to the Central Government for payment of the excess remuneration amounting to Rs. 19.8 million to the said Directors, which is pending approval.

The terms of appointment of Mr. Narendranath J. Baliga as Wholtime Director is subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company and the Central Government.

18. Transfer pricing regulations:

The management is of the opinion that the Company's international and domestic transactions are at an arms length so that aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

19. Foreign currency exposure details:

The Company uses forward exchange contracts for the purposes of covering its foreign currency exposure:

	2014-15		2013-14	
	Foreign Currency Amount in USD	Rs. in million	Foreign Currency Amount in USD	Rs. in million
Trade Payables	77,283,897	4,905.9	96,228,490	5,874.4
External Commercial Borrowings	150,000,000	9,522.0	123,500,000	7,539.7
Total	227,283,897	14,427.9	219,728,490	13,414.1

Foreign currency exposure that is not covered by derivative instruments as at 31st March is as follows:

Foreign Currency	2014-15 Payables		2013-14 Payables	
	Foreign Currency Amount	Rs. in million	Foreign Currency Amount	Rs. in million
EURO	379,606	26.2	1,378,800	116.0
AUD	—	—	90,121	5.2
USD	29,166,683	1,851.5	46,659,974	2,848.6
CHF	20,845	1.4	35,246	2.4
GBP	6,835	0.6	6,495	0.7
SGD	—	—	21,546	1.1
HKD	—	—	1,826,794	14.4

Foreign Currency	2014-15 Receivables		2013-14 Receivables	
	Foreign Currency Amount	Rs. in million	Foreign Currency Amount	Rs. in million
EURO	344,778	22.8	932,256	75.4
AUD	—	—	2,307	0.1
CHF	—	—	14,718	1.0
GBP	—	—	6,684	0.7
USD	23,526,583	1,446.6	32,541,753	1,915.1
JPY	—	—	1,300,000	0.7

As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants

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

Vijay Mathur

Partner

Membership No.: 046476

Mumbai

7th May, 2015

For and on behalf of Board of Directors

BASF India Limited

CIN No.: L33112MH1943FLC003972

Raman Ramachandran, Ph.D.

Chairman & Managing Director

DIN: 00200297

Pradeep Chandan

Company Secretary

R. R. Nair

R. A. Shah

Pradip P. Shah

Arun Bewoor

N. J. Baliga

Directors

DIN: 00202551

DIN: 00009851

DIN: 00066242

DIN: 00024276

DIN: 07005484

Mumbai

7th May, 2015

Celebrating 150 years of BASF



From left to right: Dr. Raman Ramachandran, CMD, BASF India Ltd., Ms. Brinda Miller, Artist and Festival Director, Kala Ghoda Arts Association, Mr. Sanjeev Gandhi, Member of BASF's Executive Board and Mr. Gops Pillay, President, South & East Asia, ASEAN, and Australia/New Zealand unveiling Creator Space™ Mumbai. This was scheduled in January 2015 over a period of 8 days focusing on the topic of 'Water'. Mumbai was the first stop of the global Creator Space™ tour.



120 guests including key customers, BASF employees and representatives from academia, government and society raise a toast to BASF's completion of 150 years along with Dr. Raman Ramachandran, CMD, BASF India Limited and Mr. Sanjeev Gandhi, Member of BASF's Executive Board.

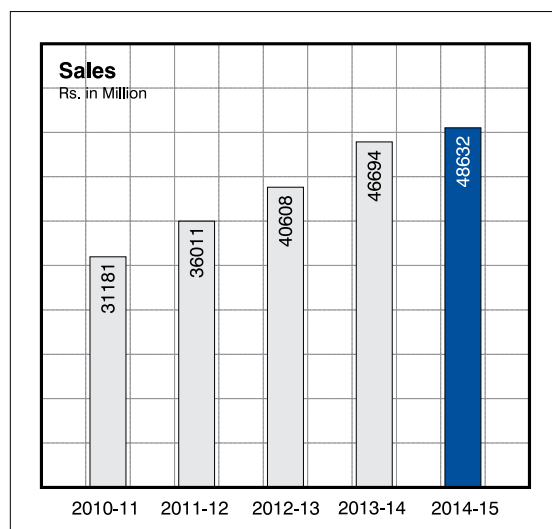
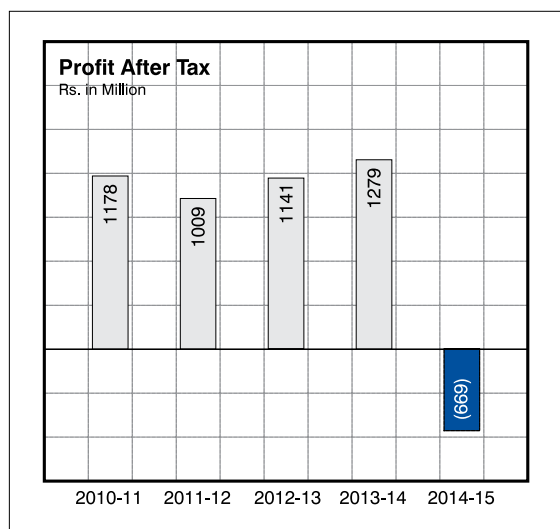


The R&D Team of your Company organized a R&D Day during the Creator Space™ in Mumbai on January 23, 2015. Seen in this picture are various R&D professionals from different companies, laboratories, students from various leading institutions and faculty of their colleges. A total of 70 R&D stakeholders came together to co-create and ideate on various initiatives on the theme – 'How can BASF create chemistry together with you?'

BASF India Limited Financial Highlights – At a glance

Rs. in Million

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Sales	7716	8750	10306	12381	14655	31181	36011	40608	46694	48632
Profit before tax	706	781	930	1080	1514	1505	1497	1786	2048	-950
Profit after tax	454	501	594	686	968	1178	1009	1141	1279	-669
Earning per share (in Rs.)	16.11	17.77	21.06	24.35	25.00	27.22	23.30	26.35	29.54	-15.45
Total assets	3986	4594	5246	6509	12677	17944	21935	28057	40344	41679
Borrowings	13	5	—	—	—	1248	1749	3595	10551	16002
Shareholders' equity	2764	3034	3397	3852	8658	9680	10487	11426	12502	11621
Depreciation	221	109	136	152	261	464	517	602	711	1424
Capital expenditure	143	451	301	408	285	925	1798	3904	6173	2561
Exports	252	320	373	571	609	2259	2183	2677	4016	3587
R & D cost	37	48	76	96	80	105	92	105	105	61
Personnel cost (Total)	572	684	817	887	1088	1991	2501	2930	3299	3444
Dividend amount	197	197	197	197	326	346	173	173	173	173
Dividend in %	70	70	70	70	80	80	40	40	40	40
Number of employees	817	801	836	858	1224	1790	2012	2076	2130	1977
Number of shareholders	29684	33042	29631	25606	44184	42963	41556	40843	39545	41010



Employees of your Company participated in the Standard Chartered Mumbai Marathon held in January 2015. Around 70 employees participated for which your Company contributed Rs. 8 lakhs supporting NGO Mukhtangan which offers quality, child centric and inclusive English medium education to underprivileged children.



During the Creator Space™ a day was dedicated for the employees of your Company to come together to co-create and ideate on 'How can BASF improve its water footprint?' Seen in this picture is an employee explaining the model on water sustainability created by his team.

BASF Site at Dahej, Gujarat

Largest investment by BASF in India, the site caters to industries such as Appliances, Automotive, Coatings, Footwear, Home Care & Personal Care.



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