

# Annual Report 2018-2019

BASF India Limited

#Next75





**“I am confident that with our highly competent team, we will steer your Company to the #Next75 years of sustainable and profitable growth.”**

## Message from the Managing Director

Dear Shareholders,

Having started my BASF career 24 years ago, it is truly an honor to now lead your Company. I thank you, our team and the Board of Directors for the support and confidence entrusted in me.

It gives me great pleasure to celebrate with you 75 years of incorporation of your Company. To commemorate this milestone, the Board of Directors of your Company have recommended a special dividend of Rs. 2/- per Equity Share in addition to a final dividend of Rs. 3/- per Equity Share for the financial year ended 31<sup>st</sup> March, 2019 aggregating to Rs. 5/- per Equity Share.

The overall global economic scenario with trade conflicts between US and China had an impact on the Indian manufacturing industry. The financial year 2018-19 has been a mixed bag for us in terms of business performance. It was encouraging to see sales grow by 8% on a comparable basis (adjusted for GST & Excise duty) to reach Rs. 60,256.7 million. Our Agricultural Solutions business supported by new product launches performed well despite below average monsoon last year. Though capacity utilization at our Dahej production site improved, we faced challenges from a slowdown in various sectors of the economy including automotive and rising input costs which impacted our profitability.

During the financial year 2018-19, we achieved several milestones which will aid sustainable growth in future. These include the roll out of customer centricity and digitalization initiatives. We introduced digital invoicing for enhancing our efficiency and launched our first-ever “Digital Innovation Day” for cross-sharing and learning of digital possibilities.

Our committed focus on EHS and operational excellence resulted in green ratings for global safety audits at our Dahej, Thane, Mangalore and Kharagpur production sites. We also won the Indian Chemical Council Award for Excellence in Management of Environment.

As is the nature of an evolving business, we continued our strategic portfolio management initiatives by completing the divestiture of the paper and wet-end business to Solenis Chemicals India Private Limited.

The hard work of your team was recognized at key external and internal platforms during the year. Our Agricultural Solutions team saw global recognition at the 18<sup>th</sup> AGROW awards for its ‘Suraksha Hamesha’ initiative and the Construction Chemicals team won five external awards. Recently our Cellasto® plant at Dahej was honored with the prestigious Ford Q1 certification while ‘Track and Trace’, a digitalization initiative bagged the BASF Asia Pacific Customer Service Award.

We successfully organized the first TEDx styled event under the Future Perfect 3.0 series at the Innovation Campus (IC), Mumbai. Additionally, over 50 sessions were also hosted at the IC with key stakeholders including customers, academia and industry around the themes of co-creation and innovation. Our efforts at boosting Diversity & Inclusion (D&I) initiatives as well as employee morale continued with various initiatives from the Fit@BASF, Fun@BASF and D&I teams. We saw great employee participation and commitment to society as we launched our corporate volunteering program – Connected to Care.

Looking ahead, we remain committed to moving towards better profitability. We believe that customers are at the center of everything we do, and we will further build on our solid foundation by exceeding their expectations. I am confident that with our highly competent team, we will steer your Company to the #Next75 years of sustainable and profitable growth.

Thank you for your continued support and look forward to celebrating many milestones with you.

With best wishes,

**Narayan Krishnamohan**

Friday, 19 <sup>th</sup> July, 2019 at 3.00 p.m. at Yashwantrao Chavan Pratishthan Auditorium, Y. B. Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai – 400 021.		Page
<b>Agenda</b>		
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4-5. Special Businesses	Report on Corporate Governance	42
The Notice of the Meeting is enclosed.	Auditors' Report	60
<b>BASF India Limited</b>	Balance Sheet	68
<b>Registered Office:</b> The Capital, 'A' Wing, 1204-C 12 <sup>th</sup> Floor, Plot No. C-70, 'G'-Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051. Telephone : +91 6278 5600 Website : www.basf.com/in E-mail ID : investor-grievance-india@basf.com	Statement of Profit & Loss	69
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<b>Works:</b>	Statement of Changes in Equity	72
<b><u>Maharashtra (Navi Mumbai)</u></b>	Notes to the Financial Statements for the year ended 31 <sup>st</sup> March, 2019	73
(1) Plot Nos. 12 & 13, TTC Industrial Area, MIDC, Thane-Belapur Road, Turbhe, Navi Mumbai – 400 705.		
(2) Plot Nos. C-68, TTC Industrial Area, MIDC, Thane-Belapur Road, Turbhe, Navi Mumbai – 400 613.		
<b><u>Karnataka (Mangalore)</u></b> Bala/Thokur Village, Surathkal-Bajpe Road, Mangalore Taluka, Dakshina Kannada District, Karnataka – 575 030.		
<b><u>Gujarat</u></b>		
(1) <b>Ankleshwar</b> Plot Nos. 6214/6216, GIDC Phase IV Ankleshwar – 393 002, Gujarat.		
(2) <b>Dahej</b> 4B, Dahej Industrial Estate, Village Dahej, Taluka Vagra, District Bharuch, Gujarat – 392 130.		
<b><u>Andhra Pradesh (Nellore)</u></b> Plot 1 & 1A, APIIC Industrial Park, Menakur Village, Block B, Naidupet Mandal, SPSR Nellore District, Andhra Pradesh.		
<b><u>Himachal Pradesh (Nalagarh)</u></b> Khasra No. 87/1, Village: Beer Plassis, Nalagarh, District: Solan, Himachal Pradesh.		
<b><u>West Bengal (Kharagpur)</u></b> Plot No. F-7, Vidyasagar Industrial Park, Kharagpur, Paschim Medinipur, West Bengal.		
<b>Branch Offices:</b> Ahmedabad, Bangalore, Chennai, Delhi, Hyderabad, Kolkata and Pune.		
<b>Registrar &amp; Share Transfer Agent:</b> TSR Darashaw Consultants Private Limited (formerly TSR Darashaw Limited) Unit : BASF India Limited, 6-10, H. M. Patrawala Industrial Estate, Near Famous Studio, 20, Dr. E. Moses Road, Mahalaxmi (West), Mumbai – 400 011. Tel. No. : +91 22 66568484 Extn: 411/412/413 Fax No. : +91 22 66568494 Email : csg-unit@tsrdarashaw.com		

**Front cover:**

*As part of our 75<sup>th</sup> Anniversary celebrations, we invited paintings from children of our employees, asking for their vision for the #Next75 years. The painting on the front cover page was chosen from many others as it paints a vibrant and promising picture of the years ahead.*



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## Board of Directors

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Mr. Pradip P. Shah  
*Chairman*



Mr. Narayan Krishnamohan  
*Managing Director*



Mr. R. A. Shah



Mr. Arun Bewoor



Mrs. Shyamala Gopinath



Dr. Ramkumar Dhruva



Mr. Raimar Jahn



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



Mr. Pradeep Chandan  
General Counsel, Company Secretary  
& Alternate Director



Mr. Rajesh Naik  
Whole-time Director

### Management Committee

Mr. Narayan Krishnamohan  
Mr. Narendranath J. Baliga  
Mr. Bejoy Chandran  
Mr. Brieux Boisdequin  
Mr. Pradeep Chandan  
Dr. Lakshmi Nadkarni  
Mr. Rajesh Naik  
Ms. Sunita Sule  
Mr. Jayant Bahekar

### Statutory Auditors

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

### Cost Auditors

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

### Advocates & Solicitors

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

### Bankers

- (i) Citibank N.A.
- (ii) Deutsche Bank AG
- (iii) The Hongkong and Shanghai Banking Corporation Limited
- (iv) BNP Paribas
- (v) MUFJ Bank Limited
- (vi) Credit Agricole CIB
- (vii) Mizuho Bank

### Internal Auditors

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

### Secretarial Auditors

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

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

Mr. Pradeep Chandan



We hosted a Digital Innovation Day at the Innovation Campus, Mumbai in February with leading technology companies to exchange knowledge and experience in digitalization. At the event, companies including Innovise, Chemarc, Salesforce as well as BASF's Industry 4.0 team showcased their innovations in customer experience, future technology, digital marketplace and smart manufacturing.



The Care Chemicals team recently conducted a workshop in Mumbai to showcase a range of personal care solutions addressing the impact of hot and humid weather to more than 100 key customers from the beauty and personal care industry.



Dr. Ramkumar Dhruva – President, Asia Pacific at BASF, addressed the attendees at the Indo-German Environment Forum in Delhi on the topic 'Clean and healthy air – from policies to practices'. He spoke about BASF's technology solutions from low-VOC paints and floor coatings to catalysts that remove formaldehyde, ozone and other toxins from the air.

## Directors' Report

Your Directors have pleasure in presenting their Report for the financial year ended 31<sup>st</sup> March, 2019.

### Financial Results

(Rs. in million)

Description	Year ended 31.3.2019	Year ended 31.3.2018
Revenue from operations (Net of GST/Excise duty)	60,256.7	55,834.0
(Loss) / Profit before tax and exceptional items	(542.0)	1,024.6
Exceptional items	1,260.6	1,585.7
Profit before tax	718.6	2,610.3
Tax expense/(credit)	(98.6)	145.3
Profit after tax	817.2	2,465.0
Dividend	216.4	129.9
Dividend distribution tax	44.5	26.7

Note: As per Indian Accounting Standard 115/Indian Accounting Standard 18 on Revenue and Schedule III of the Companies Act, 2013, Revenue from Operations for the period ended after June 30, 2017 does not include Goods and Services Tax (GST), however Revenue from Operations till the period ended June 30, 2017 included Excise duty.

### Performance

Revenue from Operations (net of GST/Excise duty) at Rs. 60,256.7 million, represents an increase of 8% over the previous year. Your Company reported a profit after tax of Rs. 817.2 million for the year ended 31<sup>st</sup> March, 2019 as compared to profit after tax of Rs. 2,465.0 million in the previous year. The profitability was mainly impacted due to higher input cost.

The business segments of your Company have been reorganized effective 1<sup>st</sup> January, 2019. The new segment structure will enable an even more differentiated steering of the business, taking into account market-specific requirements and the competitive environment. It will further increase the transparency of the segment results. The new segments are as under:

- Agricultural Solutions – The Agricultural Solutions segment consists of the Crop Protection business.
- Materials – The Materials segment comprises of Performance Materials and the Monomers businesses.

- c) Industrial Solutions – The Industrial Solutions segment consists of the Dispersions & Pigments and Performance Chemicals businesses.
- d) Surface Technologies – The Surface Technologies segment comprises of the Catalysts, Coatings and Construction Chemicals businesses.
- e) Nutrition & Care – The Nutrition & Care segment consists of the Care Chemicals and Nutrition & Health businesses.
- f) Chemicals – The Chemicals segment consists of the Petrochemicals and Intermediates businesses.
- g) Others – Others include activities that are not allocated to any of the continued operating divisions. These include remaining activities after divestiture of certain businesses including leather and textile chemicals business, paper wet-end and water chemicals business, technical and service charges other than those specifically identifiable to the above segments.

The Agricultural Solutions segment of your Company registered good growth in sales and profits during the year as compared to the previous year mainly due to increased sales from launch of new products for crops like cotton, corn, rice and coupled with growth in volumes.

The Materials segment registered modest growth in sales during the year under review as compared to the previous year. However, its margins significantly dropped due to volatile Crude MDI (Methylene diphenyl di-isocyanate) prices.

The Industrial Solutions segment registered increase in sales & profits mainly due to right product mix, collaborative engagement with key customers, tapping of new market opportunities, strong domestic demand driven by increase in prices and favourable exchange rates from exports.

The Surface Technologies segment registered marginal growth in sales during the year under review as compared to the previous year. The improved profitability of the Construction Chemicals business was offset by a weak Coating Chemicals business due to slowdown in the auto industry.

The Nutrition & Care segment recorded modest growth in sales and incurred losses due to force majeure declared in BASF SE Plant in Germany and fluctuations in fatty alcohol prices. The pressure on margins continued due to higher input cost.

During the year under review, the sales & profits of the Chemicals segment were lower as compared to the previous year on account of shortage of materials & volatility in prices.

Exports of goods & services stood at Rs. 7,811.1 million during the year under review.

#### **Change of Business Model from Agency to Merchandise**

Pursuant to the new rules framed by Organisation for Economic Cooperation and Development (OECD), BASF has decided to phase out the agency business globally.

Accordingly, the Board of Directors of your Company approved the proposal to replace the agency business of your Company with the merchandise model effective financial year 2019-2020.

#### **BASF to evaluate strategic options for Construction Chemicals business**

As a part of its active portfolio management, BASF SE, Germany, continuously evaluates its businesses. Accordingly, in October 2018, BASF SE decided to evaluate strategic options for its Construction Chemicals business. BASF SE could consider a merger of this business with a strong partner as well as a divestiture, subject to such approvals, as may be necessary. The Construction Chemicals business comprises of the Admixture and the Construction Systems and forms part of the Surface Technologies segment.

#### **Transfer of Pigments business to BASF Colors & Effects India Private Limited**

In order to further develop the Pigments business and to fully leverage its growth potential arising out of the emerging Asian region, the Board of Directors of your Company had approved the transfer of the Pigments business of your Company, to BASF Colors & Effects India Private Limited, a 100% subsidiary of BASF Colors & Effects GmbH, Germany at a consideration to be determined by an independent valuer (on an arm's length basis).

Accordingly, the Pigments business of your Company was transferred to BASF Colors & Effects India Private Limited with effect from 1<sup>st</sup> January, 2019 for a consideration of Rs. 190.0 million based on the valuation of an Independent Valuer.

## **Transfer of the Company's Paper Wet-end & Water Chemicals businesses to Solenis Chemicals India Private Limited**

Pursuant to the global combination of BASF's Paper wet-end & Water Chemicals businesses with Solenis, your Company's Paper wet-end and Water Chemicals businesses were transferred to Solenis Chemicals India Private Limited with effect from 1<sup>st</sup> February, 2019 for a consideration of Rs. 2,520.0 million (based on an Independent Valuation Report), subject to working capital adjustments.

### **Dividend**

In view of the 75<sup>th</sup> anniversary milestone, the Board of Directors of your Company have recommended a special dividend of Rs. 2/- per equity share of Rs. 10 each i.e. 20% in addition to a final dividend of Rs. 3/- per equity share of Rs. 10 each i.e. 30% for the financial year ended 31<sup>st</sup> March, 2019 aggregating to 50% i.e. Rs. 5/- per equity share of Rs. 10 each, subject to the approval of the shareholders at the 75<sup>th</sup> Annual General Meeting of the Company to be held on 19<sup>th</sup> July, 2019. The aggregate dividend will absorb Rs. 216.4 million and the dividend distribution tax to be borne by the Company would amount to Rs. 44.5 million.

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

### **Directors**

Dr. Andrea Frenzel resigned as Director of your Company on 31<sup>st</sup> July, 2018 and Dr. Ramkumar Dhruva was appointed as Director of the Company with effect from 10<sup>th</sup> August, 2018 in place of Dr. Andrea Frenzel. The Board of Directors of your Company place on record its sincere appreciation of the valuable contributions made by Dr. Andrea Frenzel during her tenure as Director of the Company.

In accordance with the provisions of Section 161(4) of the Companies Act, 2013, Dr. Ramkumar Dhruva being eligible, offers himself for re-appointment.

Dr. Raman Ramachandran superannuated as the Chairman & Managing Director of the Company with effect from the close of business hours as on 31<sup>st</sup> March, 2019. The Board of Directors of your Company place on record its sincere appreciation of the valuable contributions made by Dr. Raman Ramachandran in the growth of the Company during his tenure as the Chairman & Managing Director of the Company.

The Board of Directors of the Company at their Meeting held on 23<sup>rd</sup> January, 2019 appointed Mr. Narayan Krishnamohan as the Managing Director of the Company with effect from 1<sup>st</sup> April, 2019, subject to the approval of the Ministry of Corporate Affairs (Central Government). His appointment has been duly approved by the shareholders of the Company by way of Postal Ballot on 26<sup>th</sup> March, 2019.

Mr. Narayan Krishnamohan has completed his Bachelors in Chemical Engineering from Laxminarayan Institute of Technology, Nagpur. Having joined the Company in January, 1995, Mr. Narayan Krishnamohan has been with BASF for more than 24 years. He has held various regional and global leadership roles in Singapore, Germany and Hong Kong. His leadership experience cuts across multiple operating divisions like Leather Chemicals, Specialty Chemicals, Petrochemicals, Acrylics & Dispersions, Paper Chemicals, Human Nutrition and Chemical Intermediates.

Mr. Pradip P. Shah was re-appointed as Independent Non-Executive Director of the Company by the shareholders of the Company on 26<sup>th</sup> March, 2019 by way of Postal Ballot for a second term of five years with effect from 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2024. He was also appointed as the Chairman of the Company with effect from 1<sup>st</sup> April, 2019 by the Board of Directors of the Company at their Meeting held on 23<sup>rd</sup> January, 2019.

Mr. R. A. Shah and Mr. Arun Bewoor were re-appointed as Independent Non-Executive Directors of the Company by the shareholders of the Company on 26<sup>th</sup> March, 2019 by way of Postal Ballot for a second term of five years with effect from 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2024.

SEBI vide its notification dated 9<sup>th</sup> May, 2018 has amended the SEBI Listing Regulations requiring the top 500 listed entities based on market capitalization, to appoint an Independent Woman Director by 1<sup>st</sup> April, 2019. Accordingly, Mrs. Shyamala Gopinath was appointed as Independent Woman Director of the Company for a period of five years with effect from 23<sup>rd</sup> January, 2019 to 22<sup>nd</sup> January, 2024 by the shareholders of the Company on 26<sup>th</sup> March, 2019 by way of Postal Ballot.



Mrs. Shyamala Gopinath is the Non-Executive Chairperson of HDFC Bank Limited. As Deputy Governor of the Reserve Bank of India (RBI) for seven years and member of the RBI's Board of Directors, she guided and influenced national policies in diverse areas of financial sector regulation and supervision, the development and regulation of financial markets, capital account management, management of government borrowings, foreign exchange reserves management and payment and settlement systems. She has served on several Committees of RBI. During 2001 to 2003, she worked as senior financial sector expert in the Monetary Affairs and Exchange Department of the International Monetary Fund (Financial Institutions Division). She has served as Chairperson of the Advisory Board on Bank, Commercial and Financial Frauds for two years from 2012 to 2014. She was an Independent Director on the Boards of Clearing Corporation of India, Indian Oil Corporation Limited, GAIL India Limited and an Independent Non-Executive Director on the Global Governance Council of Ernst and Young. She was also the Chairperson of the Board of Corporate Bonds and Securitisation Advisory Committee of Securities & Exchange Board of India. Apart from HDFC Bank, she is an Independent Non-Executive Director on the Boards of Colgate-Palmolive (India) Limited, Tata Elxsi Limited and other companies, including not for profit entities. Mrs. Shyamala Gopinath is also Chairperson of the Board of Governors of Indian Institute of Management, Raipur.

Pursuant to expiry of his first term as Independent Non-Executive Director, Mr. R. R. Nair did not seek re-appointment for a second term. Hence, he ceased to be an Independent Non-Executive Director of the Company with effect from the close of business hours as on 31<sup>st</sup> March, 2019. Your Directors place on record their sincere appreciation of the invaluable contribution made by Mr. R. R. Nair in the growth of the Company during his long years of association with the Company.

Dr. Lakshmi Nadkarni ceased as an Alternate Director to Dr. Ramkumar Dhruva with effect from the close of business hours as on 31<sup>st</sup> March, 2019. Your Directors place on record their sincere appreciation of the contribution made by Dr. Lakshmi Nadkarni in the growth of the Company, during her tenure as Director of the Company.

Mr. Pradeep Chandan was appointed as an Alternate Director to Dr. Ramkumar Dhruva and being in the whole-time employment of the Company, also as a Whole-time Director of the Company for a period of three years from 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2022. The shareholders of the Company have also approved the appointment of Mr. Pradeep Chandan on 26<sup>th</sup> March, 2019 by way of Postal Ballot.

Mr. Rajesh Naik was re-appointed as a Whole-time Director of the Company for a period of three years from 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2022 by the shareholders of the Company on 26<sup>th</sup> March, 2019 by way of Postal Ballot.

As required under the SEBI Listing Regulations, the profiles of Directors seeking re-appointment at the ensuing Annual General Meeting is provided on page no. 53 in the Corporate Governance Report, forming part of this Annual Report.

## **Finance & Accounts**

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

Your Company follows a prudent financing policy and aims to maintain optimum financial gearing at all times. Your Company's debt equity ratio was 0.6 as at 31<sup>st</sup> March, 2019.

## **Capital Expenditure**

Capital expenditure incurred during the year aggregated to Rs. 674.5 million.

## **Credit Rating**

During the year, CRISIL reaffirmed credit rating of 'CRISIL AAA/Stable' for long term debt programs and 'CRISIL A1+' for Commercial Paper Programme of Rs. 7,500.0 million. Further, India Ratings and Research Private Limited has also maintained a credit rating of 'IND A1+' for Commercial Paper Programme of Rs. 7,500.0 million.

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

## **Fixed Deposits**

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

## **Management Discussion and Analysis Report**

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

## Corporate Governance

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

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

## Corporate Social Responsibility

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

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

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

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

During the year under review, due to impact on profitability, your Company was not required to spend any amount on CSR activities. However, in order to maintain project sustainability, the Board of Directors of your Company decided to spend an amount of Rs. 1.5 million towards CSR activities.

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

## Business Responsibility Report

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

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

The BRR for the financial year 2018-2019 has also been hosted on the Company's website, which can be accessed at [www.basf.com/in](http://www.basf.com/in)

## Vigil Mechanism

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

## Directors' Responsibility Statement

Your Directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31<sup>st</sup> March, 2019 and of the profit of the Company for that period;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the annual accounts on a going concern basis;
- (v) they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively; and
- (vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

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

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