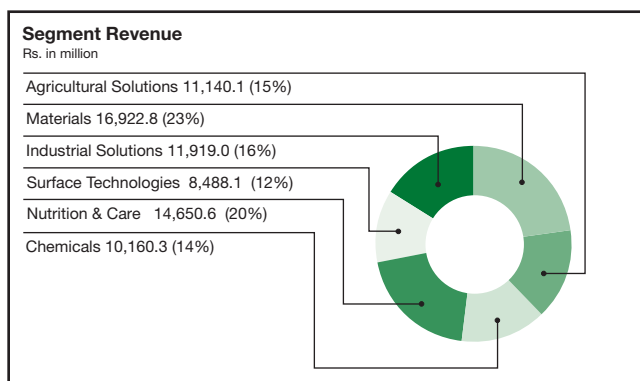


Management Discussion and Analysis Report



Global GDP rose by 2.6% in 2019, considerably lower than 3.2% in 2018, against the backdrop of high political uncertainty and mounting trade barriers. Growth in the chemical industry declined to 1.5% as compared to 3.1% in 2018. As a result, growth in chemical production (excluding pharmaceuticals) was also considerably lower, at 1.8% against previous year's 2.8%.

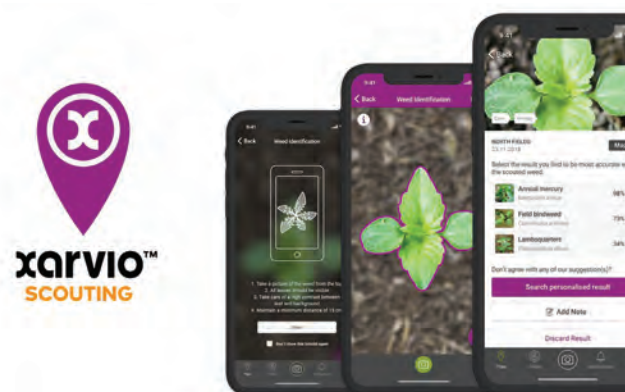
In 2019, India is estimated to achieve a growth of 5% amidst trade wars, GST rollouts and other policy changes. India's agriculture sector is likely to grow ~ 2.8% in 2019-2020, followed by Industry ~ 2.5% and services ~ 6.9%. The growth of the manufacturing sector is expected to be around 2% in 2019-2020. The automotive sector, where a substantial portion of the Company's products are supplied, suffered a double-digit decline affecting all the automotive segments - passenger vehicles, two-three wheelers and commercial vehicles. Restricted and high cost of consumer credit, regulatory changes like new safety and emission norms (BS VI) and new insurance policies impacted the total cost of ownership of vehicles dampening demand.

Further, the effect of coronavirus pandemic is seen across the world including India. The COVID-19 pandemic induced nation-wide lockdown has severely disrupted business operations of the Company. The financial year 2020-2021 has begun with the nation-wide lockdown & other emergency measures stipulated by the Central & State Governments. The uncertainties associated with COVID-19 will impact both consumption & investment.

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

Source of Global & Indian Economy Data: International Monetary Fund, Economic Survey and Annual Report of BASF SE for 2019.

AGRICULTURAL SOLUTIONS



The Agricultural Solutions business launched 'xarvio' - a scouting mobile app for Indian farmers to identify various diseases and weeds in their farms and purchase the relevant BASF products.

The Agricultural Solutions segment includes products for crop protection like insecticides, herbicides, fungicides and plant growth regulators. The sales of the products of your Company's Agricultural Solutions business depend on the monsoon and its distribution. The distribution of monsoon had seen a big aberration from normal this year as the country experienced a deficit of ~ 17% by July, 2019. However, monsoon turned into excess by ~ 10% by September 2019. Hence, there was a drought and flood situation during one season itself. Under such trying circumstances, your Company's strong focus on diversified portfolio catering to major crops, helped your Company to not only overcome the challenges but also register a substantial growth over last financial year.

The growth was led by the recently launched products like Sefina™ and Praixor™ in cotton, Tynzer™ in corn, Xelora® in soybean and Opera® in wheat.

Your Company's commitment to stewardship continued in 2019 through the flagship programme called 'Suraksha Hamesha', a farmer's education initiative on safe handling of crop protection chemicals. In order to further expand this programme through digital media, your Company developed an easy to understand animation movie showcasing steps of responsible use of crop protection products and this film was viewed by more than 25 lakh viewers on various digital platforms.

CHEMICALS

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



Foamed Neopor® is as light as a feather: the silver-gray beads are formed as a result of the prefoaming process and is an innovative insulating material offered by the Petrochemicals business of your Company for construction industry.

The Petrochemicals business of your Company comprises of solvents, acrylic acid, acrylic monomers and specialty plasticizers. These products are used in a variety of end user industries including paints & coatings, adhesives and a wide variety of flexible PVC applications among others. During the year, your Company delivered high single digit volume growth in the Petrochemicals business capitalizing on BASF's global production footprint, with robust demand in downstream segments supporting the growth. The last three quarters of the financial year, however, witnessed a significant drop in commodity chemicals prices across the globe including Asia Pacific, resulting in increasing pressure on margins. BASF's innovative and trusted non-phthalate plasticizer Hexamoll DINCH continued to make inroads into a range of niche applications.

The Intermediate chemicals supplied by your Company cater to major industry segments such as pharmaceuticals, agrochemicals, coatings, food & feed, flavour & fragrance, surfactants, rubber chemicals, textiles, personal care, adhesives, dyes etc. Major growth drivers were the export of pharmaceuticals, agrochemicals and specialty ingredients as India continues in the path of becoming global manufacturing hub of life science ingredients and specialty chemicals. The economic climate was challenging in 2019 as trade conflicts, political uncertainties affected the global economy while considerably lower demand compressed the Indian economy. This had an impact on the demand in the key industries especially agrochemical exports, automotive etc. The new competition from the Middle East in ethylene/ethanol amines increased the intensity of competition resulting into lower prices. Your Company's continuous efforts to introduce new products in the market and acquire new customers also helped mitigate the difficult business environment. With continued growth in major industry segments viz., pharmaceutical, agrochemicals, food & feed and growing thrust in coating, flavour & fragrance and personal care ingredients, the outlook for Chemicals business looks positive.



Intermediates team conducted a workshop with customer UPL in Dec'19. Mr. Bejoy Chandran - Vice President - Chemicals and Performance Products, BASF South Asia gave an overview for your Company and our focus on customer centric solutions.

MATERIALS



The Performance Materials division participated in the Sterlite Technologies Limited (STL) Global Partner Meet- "NEXUS". Mr. Brieux Boisdequin - Vice President, Automotive Business and New Business Development and Strategy BASF South Asia was invited as a speaker for panel discussion "Partnering with STL on 10x Growth through Co-creation and Collaboration."

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

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

Your Company's product lines that cater to the Interior, Exterior, Under Bonnet and Vehicle Suspension related applications were also adversely impacted by the slowdown and reduced market price but declined at a slower pace than the market. The business continues to sweat the assets of its Engineering Plastics unit at Thane and CELLASTO® production unit at Dahej Plant. The CELLASTO® segment expanded its production facilities at Dahej Plant to cater to the increasing needs of the Automotive segment for "Made in India" products.

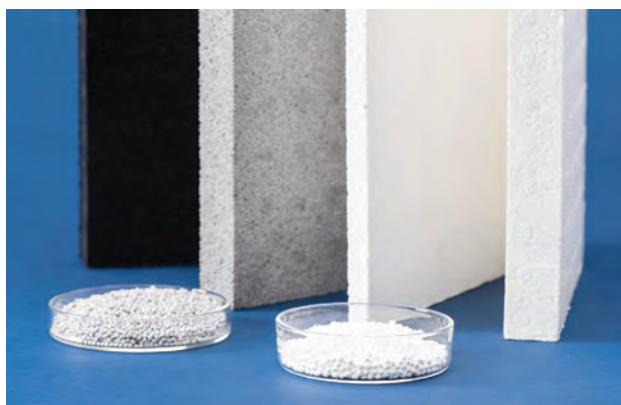
The Consumer Industry business continues to have a strong presence in the appliance (refrigerator), footwear and furniture markets. The Appliance business unit continues its efforts to increase locally produced volumes with existing customers and add new customers to increase utilization of its integrated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

The footwear market is moving towards lighter and more comfortable products. Your Company is continuously working to provide solutions for this trend and collaborating with customers at the new Creation center which was inaugurated in May 2019. This helped the footwear business grow in volumes even though the footwear market continued to be impacted by GST implementation as the end customers in this sector face an inverted duty structure.

Construction segment which predominantly supplies polyurethane insulation for the sandwich panel was growing till the last quarter when it was affected due to the complete phase out of Hydrochlorofluorocarbon (HCFC)-141 B, which is a chemical used by foam manufacturing enterprises, from January 1, 2020. Your Company is fully geared up for supplies to key customers affected by this phase out by launching new generation materials.

Expanding customer base and new market development activities supported growth in Specialty business which comprises of the multi-application product 'Ultrason', compostable plastic material 'ecovio®' and thermal and sound insulating melamine foam 'Basotect'.

Although the sales of Performance Materials business were impacted by the slowdown and price decline, the declining costs of raw materials improved the margins.



The Ultramid® particle foam has been developed for a wide range of applications. Ultramid is a particle foam based on a combination of several polyamide 6 grades. It excels with a wide range of unique characteristics: high temperature-resistance, outstanding stiffness and strength as well as an excellent chemical resistance, e.g. in contact with fuels, oils and lubricants.

The Monomers business deals in basic raw materials for polyurethanes, inorganics & polyamides and its precursors. The steep fluctuating commodity prices with the downward trend leaning towards historical lows in the year for Toluene diisocyanate coupled with its local availability and increasing overcapacities for isocyanates in Asia continues to pose a challenge for the business. However, strong market conditions in sectors such as flexible PU foams, flexible packaging, coating adhesives etc. contributed to the new business development for Methylene diphenyl diisocyanate business.

Significant growth was seen in volume terms for polyamide and precursor business whereas the focus remained on barrier films for packaging and monofilament segments.

Your Company will continue to have strong engagement with customers to maintain its position as one of the key suppliers to the market.

INDUSTRIAL SOLUTIONS

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

The Dispersions & Resins business of the Company comprises of resins, additives and dispersions that cater to the needs of paints & coatings, construction, paper, adhesives, printing and packaging industries.

The year had been difficult for the industries served by this business. However, your Company was able to defend its market share and achieve modest growth as compared to the previous year. Although the high volatility in the raw material prices challenged the margins, your Company was successful in navigating and maintaining its position.

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

Your Company's Plastic Additives business is categorized into antioxidants and light stabilizers for the plastic industry. Customers are broadly classified into upstream industries such as polymer manufacturers and downstream industries such as packaging automotive, agriculture and electronics. Your Company continues to grow in the upstream market with the expansion of capacities of major polymer producers. New business development in



Interior paints are a common source of indoor air pollution that directly affects health. The Acronal ECO range of water-based polymer acrylic dispersion from your Company is a low-VOC, low-odor interior paint developed to address consumer needs for healthier indoor air, and a durable, stain free living environment.



BASF's light stabilizers from the Chimassorb® range have been used by Megaplast India Pvt. Ltd., a leading polyethylene products manufacturer in India to produce nonwoven geotextile used in the construction of national highways.

activities helped to significantly increase the sales of brake-fluid in passenger cars and two-wheeler segments as well as in the after-market area.

The Mining Chemicals business caters to solid-liquid separation applications in various mineral processing areas viz; coal, iron ore, mineral sand, alumina, zinc and lead, copper, construction sand etc. This exercise facilitates the end user to recycle and reuse the process water to the maximum extent which results in a drastic reduction of fresh water intake from time to time. The Iron ore palletization binder continues to be the focus area for future growth.



The Process Catalysts business of your Company participated in the Refinery and Petrochemicals Technology Meet- an excellent forum for customer network, customer insights and for updates in the field.

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

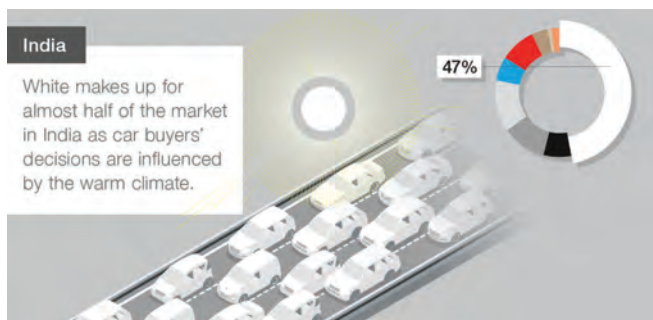
the areas of 'Agricultural Films' is successful and has resulted in increased sales in the downstream market. Business continues to focus on value-added products to customers to further enhance sales.

The Fuel and Lubricant Solutions business caters to the automotive, fuel, lubricants, refinery and refrigeration industries. This business also caters to the markets of Polyisobutylene, base-stocks and compounded lubricants. Fuel and Lubricant Solutions provide products that are safe and contribute to sustainability meeting environmental concerns enabling end-consumers to achieve energy efficiency. A new production facility to produce the Automotive Coolants was started at Dahej in 2019. During the year, focused business development

SURFACE TECHNOLOGIES

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

The Process Catalysts business caters to the refining, petrochemicals and downstream base and fine chemical industries. The Process Catalyst plant at Mangalore serves pharma and agrochemical customers by supplying carbon support precious metal catalysts. Both the segments are highly fragmented and heavily dependent on feedstocks like petrochemical intermediates which are mostly imported from China and Europe.



In a country where fuel efficiency and cost affordability rule the roost, white cars have become the popular choice for customers. As per the BASF India Color Report Automotive Coatings for 2019, white cars were more preferred by customers year on year. The report is produced through a data analysis of inputs from BASF's Coatings division (based on global automotive production and paint application to light vehicles in 2019).



The Mumbai Metro line 3, currently under construction, will be the first underground line of the city. The Construction Chemicals business is supplying MasterSeal 700BG, a PVC synthetic waterproofing membrane for the establishment of complete watertight construction of the underground metro rail twin NATM tunnels.

concrete & building repair and protection products and tile fixing solutions. The growth in this business was flat during the year due to increased price pressure from domestic and overseas competition.

NUTRITION & CARE

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

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



Care Chemicals business of your Company participated at the CosmoTech Fair in Delhi to showcase a range of personal care solutions addressing the impact of hot and humid weather. It is the biggest exhibition for cosmetic manufacturers organized by the Personal Care industry in India.



The Pharma Solutions team successfully organised a one-day workshop on "Discovery of Excipient Functionality in Topical Formulation Design" at the BASF Innovation Campus in Navi Mumbai. The program was attended by more than 30 scientists from leading topical drug delivery companies in India.

The Nutrition & Health Care Segment of your Company offers a comprehensive range of products across Human Nutrition, Animal Nutrition, Pharma Solutions and Aroma Ingredients. All four businesses demonstrated a strong growth in 2019 and maintain a positive outlook of continuing the growth story in the current financial year as well.

The Aroma Ingredients business saw a double-digit growth in business, much higher than the already growing market after the lifting of force majeure in BASF SE Plant in Germany and easing of supplies. With improved supplies, a wide product range, new acquisitions (Isobionics), partnerships (Conagen) and a strong growth in market demand for flavors and fragrances from personal care, home care, packaged food and other FMCG segments, Aroma Ingredients is expected to continue this growth momentum.

While demand for your Company's Animal Nutrition products remained strong throughout 2019, the growth in sales was restricted due to limitation in supplies. The outlook for the Animal Nutrition business is expected to be positive in the long term.

Your Company is one of the leading pharmaceutical ingredient supplier, specializing in functional excipients and selected APIs to deliver value-adding solutions to our customers. Your Company offers highly functional excipients that enable value-adding solutions to formulation challenges, including highly specialized ingredients for manufacture of new age biologics and reliable & cost-efficient supply of selected APIs. Your Company supplies products to all the leading pharmaceutical manufacturers in India involved in domestic as well as export markets. Your Company collaborates with all the leading Companies in the development of new complex formulations and also provides support for low priced generics. Higher competition, mainly from China, in some of the standard products, fund flow issues in the pharma sector, high price pressure in generic formulations are some of the major threats affecting the business. Outlook for the Nutrition & Health care business is positive and expected to grow in the current financial year also. In 2019, your Company also conducted multiple customer outreach events in the form of workshops & seminars and the technical service laboratory in India provided technical support and solutions to several customers.

Your Company is one of the strongest suppliers of Vitamins, antioxidants and carotenoids for the Human Nutrition business supplying to all major Companies in the Pharma, Nutraceuticals, beverages and dietary supplements industry. With a broad range of functional ingredients ranging from Conjugated Linoleic Acid, Peptides, plant-based sterols, colorants, Omega 3, algae based Docosahexaenoic Acid and a broad range of food performance ingredients, your Company cater to a wide range of players in the industry. The Human Nutrition business also grew in double digits in financial year 2019-2020 and the growth momentum is expected to continue with increasing awareness of preventive health, immunity and better lifestyle thereby increasing the demand for all the key offerings in the business.

TECHNICAL MANAGEMENT

During the year, your Company introduced many new products and manufactured them at Dahej and Mangalore. The newly established plant to manufacture automotive coolants at Dahej was audited and approved by customers for commercial production. Production commenced in May 2019. The plant was also certified for ISO 9001.

The Cellasto plant at Dahej was expanded with a new line in September 2019. This new line is fully automated, provides higher productivity and has flexibility to produce large number of products at a time. The digitalization features allow it to be monitored and get service support from experts at remote locations. Cellasto plant was awarded with the Ford Q1 certification in April, 2019.

In view of the water crisis at Dahej and Mangalore, capital expenditure was incurred to enhance the water storage and saving capabilities. Your Company also undertakes active projects for water harvesting within its manufacturing sites and has facilities which support the recharge of rain water into the aquifer.

Your Company also agreed to participate in the water desalination project initiated by Gujarat Industrial Development Corporation at Dahej to secure the critical water demand.

Your Company also sources solar power, which meets around 80% of the power demand at manufacturing site at Mangalore through a long-term power purchase agreement. Dahej and Mangalore sites are now both certified for ISO 50001, Energy Management System.

Your Company continues to undertake various Operational Excellence initiatives as under:

- Yield improvement, alternate raw material introduction and plant reliability improvement.
- Cycle time reduction, batch size optimization and utilizing digitalization tools for optimization.
- Introducing new products and utilizing available assets to manufacture.
- Water recycling and energy saving measures.

During the year, your Company mapped its as-is processes and generated a road map for digitalization for identified production plants. In accordance with the roadmap, the Coating Solutions plants at Mangalore would be the first plant to embark on the digitalization drive. The project would provide end to end visibility of the product flow, improve productivity, speed in new product stabilization and cost savings.

All your Company's plants were certified for Quality Management System ISO 9001(2015) and Environment Management System ISO 14001(2015).



Your Company successfully expanded its Cellasto® manufacturing capacity at its Dahej, Gujarat site to serve India's growing automotive market for Passenger vehicles, Two Wheelers, Three Wheelers and Commercial Vehicles. Cellasto is the trade name for components made of BASF microcellular polyurethane elastomers.

Three of the Company's plants serving the automotive industry viz.; the Engineering Plastics plant at Thane, Coatings plant at Mangalore and Cellasto® plant at Dahej have been certified by IATF (International Automotive Task Force) for their quality system. The Care Chemicals plant at Dahej have received the EFfCI GMP (European Federation for Cosmetic Ingredients Good Manufacturing Practice) & RSPO (Round table for Sustainable Palm Oil) certification.

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

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

Our internal control systems are also supplemented by an extensive program of internal audit by an independent firm of Chartered Accountants. Internal audits are conducted regularly and their summary as well as recommendations are placed before the Audit Committee of the Company. The Audit Committee reviews the internal financial control systems annually.

Key Financial Ratios:

Key Ratios		2019-20	2018-19	Change %
Debtors Turnover (No. of days)	(Trade Receivables/Revenue from Operations)	66.1	63.0	5%
Inventory Turnover (No. of days)	(Inventory/Cost of Sales)	89.0	96.5	-8%
Interest Coverage Ratio*	(Earnings Before Interest, Tax & Depreciation before exceptional items/Finance cost)	4.2	2.1	100%
Current Ratio	(Current assets/Current liabilities)	1.2	1.3	-8%
Debt Equity Ratio	(Total Debt [Long term borrowings + Short term borrowings + Current maturities of long term debts]/Total Equity)	0.5	0.6	-17%
Operating Profit Margin (%)*	(Earnings Before Interest & Tax before exceptional items/Revenue from Operations)	1.6%	0.5%	220%
Net Profit Margin (%)**	(Profit after tax/Revenue from Operations)	0.2%	1.4%	-86%
Return on Net Worth (%)**	(Profit after tax/Total Equity)	1.3%	5.8%	-78%

* Improvement in ratio due to higher operating profits in current year.

** Higher profits from exceptional items in previous year.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Your Company has been working towards engaging and motivating the employees throughout the year. In continuation to the Corporate Strategy, your Company has been strengthening its internal processes.



On the eve of International Women's Day, the Mangalore site invited Dr. Joylene Almeida, OBG Specialist & Consultant, CHD Group and Dr. Edmond Fernandes, CEO, CHD Group. They addressed employees on preventive health components for Women on the topic "What she must know and Leadership and Mental Health in the new age".

In its endeavour to further simplify and go digital, your Company has digitized several HR processes using the new tool "Empower" tool and has also launched the Taleo Onboarding system in 2019 to digitally onboard new hires.

Your Company has continued to maintain harmonious industrial relations at manufacturing sites and has signed 3 long term wage settlements in 2019. While continuing the focus on upskilling employees and being strategically aligned to the business priorities, your Company has conducted various workshops throughout the year led by internally trained facilitators. The year saw continued leadership contribution and involvement in strategic topics like Talent Management, New Leader Program and Project Related Development.

Your Company employed 1,502 people as on 31st March, 2020.



Continuing the program to enhance employee skills and strengthen the leadership talent pool, your Company continued to facilitate leadership development program for employees.

CORPORATE AFFAIRS

The Corporate Affairs team helps the business deliver a compelling and accurate corporate narrative by utilizing the right platforms. In the financial year 2019-2020, the team helped create awareness internally and externally about the completion of 75 years of incorporation of your Company in India.

Several key initiatives on the media and stakeholder front were designed and executed with specific focus on customer connect initiatives. Most prominently, your Company leveraged the “Future Perfect 4.0” platform in association with the Times Network to engage with customers and peers from the automotive industry through the ‘Mobility of Tomorrow’ event. As the Sustainability Partner for the India Economic Conclave from the Times Network, your Company reinforced commitment to creating chemistry for a sustainable future. The adept use of traditional and social media platforms along with advocacy on several key business topics with the Indian Government & various associations, ensured a strong positioning & visibility for your Company’s products and solutions.



Your Company kicked off BASF Future Perfect 4.0 with a grand event in Delhi, inviting multiple stakeholders from the automotive industry for a panel discussion on the theme- ‘Mobility of Tomorrow’. Rich and insightful discussions were conducted on the impact of ACES trend (Automated, Connected, Electric and Shared) mobility on the Indian auto industry.



Mercedes Benz India completed 25 years in the country in 2019 and the Automotive Coatings team of your Company was recognized with the Business Partner Award for 2018 at their Annual Business Partner meet on April 19, 2019. During the annual business partner meet, Mercedes and its partners (including your Company) shared business updates, best practices and market trends in the country.

AWARDS AND RECOGNITION

Your Company’s efforts towards creating chemistry for a sustainable future helped win prestigious accolades and recognitions from customers as well as industry stakeholders. The Automotive Coatings team was recognized with the Business Partner Award for 2018 by Mercedes Benz India at their Annual Business Partner Meet in 2019, which acknowledges your Company’s contribution to Mercedes Benz India’s business. The Performance Materials team bagged the “Best Localisation support” Award at Confluence 2019 Supplier meet of Godrej & Boyce as well as the ‘Euro Safety’ award from the Roger Group in India. The Company also received the Pinnacle Award for Excellence in Manufacturing in Environment, Health and Safety category from Confederation of Indian Industry (CII).

The EHS team also received the Indian Chemical Council (ICC's) Aditya Birla Award for "Best Responsible Care Committed Company" along with the "ICC Award for Best Nicer Globe User Company" for its commitment towards transportation and distribution safety and for being in the fore front in leading and implementing Nicer Globe Initiative. Meanwhile, highlighting the Company's work in the areas of sustainability and CSR, the Indo-German Chamber of Commerce conferred the Sustain Award 2019 on your Company. On the manufacturing front, the Cellasto team scored 97% in the 1st Certification Audit of 5-S by the National Productivity Council, under the Ministry of Commerce and Industry of the Government of India, while the Thane Site was awarded the Certificate of Recognition of good safety practices for "Forklift Operations safety Implementation" by CII.



Your Company received the Indian Chemical Council (ICC's) Aditya Birla Award for "Best Responsible Care Committed Company". ICC also recognized your Company with the "ICC Award for Best Nicer Globe User Company" for our commitment towards transportation and distribution safety and being fore front in leading and implementing Nicer Globe Initiative.

Optimized supply chain operations play a crucial role in maintaining high customer satisfaction which is an indication of the shift in corporate strategy for your Company towards being more customer-centric. The Supply Chain team of your Company leveraged automation technologies (like Robotic Process Automation, Computer Vision and Microsoft Flow) to collaborate and create an agile ecosystem. This enabled rollout of automation of key operational processes and reduced operational costs as well as minimizing human errors in the system. This digitalization project helped the Supply Chain team win the 2019 BASF Asia Pacific Customer Service.

Further, the team also worked with an external service provider to deploy a software that seamlessly integrates Export Import processes, enabling statutory compliance along with necessary documentation, real-time notifications and analytics. The software offers end-to-end visibility and audit observations facility for the

Customs team while ensuring control on data flow, along with higher accuracy in filing customs declarations. The solution ensures high security standards meeting BASF's security guidelines and is soon planned to be ported to a mobile version to offer stakeholders an insight into real time shipment status.

On behalf of the Board of Directors
For BASF India Limited

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

NARAYAN KRISHNAMOHAN
(Managing Director)
(DIN: 08350849)

Mumbai

Dated : 22nd May, 2020



Mr. Narayan Krishnamohan - Managing Director, BASF India Limited along with Ms. Sunita Sule - Director, Corporate Affairs for BASF South Asia met with the German Ambassador to India, Mr. Walter J. Lindner, briefing him about BASF's work in the country.

Report on Corporate Governance

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

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

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

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

- Creative
- Open
- Responsible
- Entrepreneurial

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

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

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

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

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

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

2. BOARD OF DIRECTORS

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

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

(i) EXECUTIVE & ALTERNATE DIRECTORS*

Name	Date of Appointment	Designation	No. of Meetings held during the Last Financial Year	No. of Meetings Attended	No. of Memberships in Boards of other Companies**	No. of Memberships/ Chairmanships in Committees of other Companies
Mr. Narayan Krishnamohan #	1 st April, 2019	Managing Director	6	6	NIL	NIL
Mr. Narendranath J. Baliga (Alternate Director to Mr. Dirk Bremm)@	1 st January, 2015	Chief Financial Officer	6	6^	NIL	NIL
Mr. Pradeep Chandan (Alternate Director to Dr. Ramkumar Dhruva)	1 st April, 2019	Director – Legal, General Counsel (South Asia) & Company Secretary	6	6^	NIL	NIL
Mr. Rajesh Naik (Whole-time Director)	1 st April, 2019	Director – Manufacturing	6	4	NIL	NIL

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

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

Mr. Narayan Krishnamohan holds 50 shares of the Company.

@ Mr. Narendranath J. Baliga was an Alternate Director to Mr. Raimar Jahn till 20th July, 2019 and was appointed as an Alternate Director to Mr. Dirk Bremm from 21st July, 2019.

^ Mr. Narendranath J. Baliga attended the Board Meeting held on 19th July, 2019 as an invitee and Mr. Pradeep Chandan attended the Board Meeting held on 19th July, 2019 as a Company Secretary.

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

(ii) NON-EXECUTIVE DIRECTORS

Name	Date of Appointment	No. of Meetings held during the Last Financial Year	No. of Meetings Attended	No. of Memberships in Boards of other Companies*	No. of Memberships/ Chairmanships in Committees
Mr. Raimar Jahn **	1 st April, 2017	6	1	NIL	NIL
Dr. Ramkumar Dhruva #	10 th August, 2018	6	1	NIL	NIL
Mr. Dirk Bremm ^	21 st July, 2019	6	0	NIL	NIL

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

** Resigned as a Director of the Company with effect from the close of business hours as on 20th July, 2019 and was represented by Alternate Director during his absence from India till 20th July, 2019.

Represented by Alternate Director during his absence from India.

^ Appointed as a Director of the Company in place of Mr. Raimar Jahn with effect from 21st July, 2019 & represented by Alternate Director during his absence from India.