



We create chemistry

Annual Report 2022-2023

BASF India Limited

Navigating towards
sustainable growth





Message from the Managing Director

Dear shareholder,

I am honored to address you as the new Managing Director of your Company, BASF India Limited. I assume this role with great enthusiasm and a deep sense of responsibility. Having been part of BASF Group for 23 years, I am well acquainted with the core values, strategic priorities, and the immense potential that lies within our Company. Building on the strong foundation laid by my predecessors, I am eager to lead your Company together with our dedicated team of professionals as we continue to navigate towards sustainable and profitable growth. I thank you, my team and the Board of Directors for the support and confidence entrusted in me.

Since moving into this role, I have extensively engaged with our employees, visited our production sites, and met key customers and stakeholders across the country. I am impressed by all the interactions so far and am confident that together, we will navigate the future with resilience, overcoming obstacles and seizing opportunities to continue to deliver sustainable results.

The fiscal year 22-23 was influenced by major events. The ongoing war in Ukraine has significantly compromised the global geopolitical stability and macroeconomy. The resulting energy crisis in Europe contributed to inflationary pressures in many countries, and rising interest rates further dampened demand development. Meanwhile China, the largest chemical market, maintained a strict zero-Covid policy resulting in sustained lockdowns throughout most part of the fiscal year. The slowdown in the ongoing global consumer demand became increasingly visible from the second half of 2022, also against the backdrop of a receding pent-up demand post the pandemic.

India was not completely isolated from these events, albeit the local economy maintained an impressive robustness overall. Your Company showed resilience despite macroeconomic uncertainties and our sales increased by 4.2% to Rs. 136,447.7 million. You may also be pleased to note that your Company ended the year with zero-debt achievement. Our balanced portfolio enabled us to capture opportunities with strong profit contributions from our Agricultural Solutions, Nutrition & Care and Surface Technologies segments partially offsetting heavy margin pressures in our Chemicals and Materials segments. At the same time, we maintained a stable working capital and delivered a solid 21.5% return on capital employed (ROCE). Your Company launched new innovations such as Exponus®, a revolutionary insecticide for farmers in the fruits and vegetable segment, which achieved extraordinary sales in record time. We continued to expand our production capabilities, i.e., with a new production line at Dahej for polymer dispersions and expansion of engineering plastics capacity at Panoli. To also cater to the Indian market, your Company launched "Dynago®" range of tropical coolants designed specifically for Indian weather conditions.

Your Company maintained a solid safety track record with zero high severity incidents. While it continues to drive its digitalization initiatives across the sites with a focus on optimizing operations, it also remains devoted towards its sustainability goals, for example, by implementing a power purchase agreement for hybrid solar power at Dahej and Mangalore sites. We also remained steadfast in our commitment to corporate social responsibility and promote diversity as well as inclusion within our workforce.

Considering the financial performance of the Company, the Board of Directors have recommended a dividend of 80% i.e. Rs. 8/- per equity share (previous year Rs. 6/- per equity share) for the fiscal year ended 31st March, 2023.

Looking ahead our focus is to sustain the volume growth momentum despite the overall globally prolonged demand contraction. We will maintain proximity to our customers, optimize asset utilization, and continue to exercise prudent control over working capital and expenses. At the same time, we shall not lose sight of our long-term strategic imperatives and continue to drive our sustainability and digitalization roadmaps, fortify our talent pipeline and promote diversity and inclusion at all levels of our organization. Our commitment to preserve safe and efficient operations will continue to be fundamental to enable sustained success.

I would like to express my gratitude to our talented employees, as well as our customers, partners, and stakeholders for their continued collaboration. Finally, I thank the Board of Directors and you all, our dear shareholders, for your trust and support.

Let us continue to create chemistry for a sustainable future!

Warm regards,

Alexander Gerding
Managing Director

Friday, 4th August, 2023 at 3.00 p.m. through Video Conferencing/Other Audio Visual Means.

Agenda

1. Presentation of Audited Financial Statements and the Directors'/Auditors' Reports thereon.
2. Declaration of Dividend.
3. Re-appointment of Director.
- 4-7. Special Business:
Notice of the Meeting is attached.

BASF India Limited

Registered Office:

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

Corporate Identification Number:
L33112MH1943FLC003972

Manufacturing Sites:

Maharashtra (Navi Mumbai)
Plot No. 12, TTC Industrial Area, MIDC,
Thane-Belapur Road, Turbhe, Navi Mumbai – 400 705.

Karnataka (Mangalore)

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

Gujarat (Dahej)

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

Gujarat (Panoli)

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

Offices:

Bangalore, Chennai, Chandigarh, Delhi, Hyderabad,
Indore, Kolkata, Lucknow and Pune

Registrar & Share Transfer Agent:

TSR Consultants Private Limited
Unit : BASF India Limited,
C-101, 1st Floor, 247 Park,
Lal Bahadur Shastri Marg,
Vikhroli (West), Mumbai – 400 083.
Tel. No.: +91 22 8108118484
Fax No.: +91 22 66568494
Email : csg-unit@tcplindia.co.in

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Board of Directors & Key Managerial Personnel



Mr. Pradip P. Shah
Chairman



Mr. Alexander Gerding
Managing Director



Dr. Ramkumar Dhruva



Dr. Carola Richter



Mr. R. A. Shah



Mrs. Shyamala Gopinath



Mr. Arun Bewoor



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



Mr. Anil Choudhary
Manufacturing Head &
Whole-time Director



Mr. Manohar Kamath
Company Secretary

Management Committee

Mr. Alexander Gerding
Mr. Narendranath J. Baliga
Mr. Anil Choudhary
Mr. Manohar Kamath

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.

Internal Auditors

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

Bankers

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

Secretarial Auditors

Messrs HSPN & Associates, LLP
206, 2nd Floor,
Tantia Jogani Industrial Estate,
J. R. Boricha Marg, Opp. Lodha Excelus,
Lower Parel (E), Mumbai – 400 011.

Advocates & Solicitors

Messrs Crawford Bayley & Co.
State Bank Building, 4th Floor,
N. G. N. Vaidya Marg, Fort,
Mumbai – 400 023.

Director - Legal, General Counsel (India) & Company Secretary

Mr. Manohar Kamath



Dr. Carola Richter, President of BASF Asia-Pacific (excluding Greater China), hosted a networking dinner to introduce Alexander Gerding, Managing Director of BASF India Limited to stakeholders, key customers and members of industries and associations.



At the 16th Annual India Chemical Industry Outlook Conference & Exhibition, Alexander Gerding, Managing Director, spoke on BASF's global commitments and efforts towards sustainability in India.

Directors' Report

Your Directors have pleasure in presenting their Report for the financial year ended 31st March, 2023.

Financial Results

(Rs. in million)

Description	Year ended 31.3.2023	Year ended 31.3.2022
Revenue from operations	136,447.7	130,997.3
Profit before exceptional items and tax	5,280.9	7,473.6
Exceptional items	153.1	125.6
Profit before tax	5,434.0	7,599.2
Tax expense / (credit)	1,405.1	1,650.8
Profit after tax	4,028.9	5,948.4
Dividend	346.3	259.7

Performance

Despite stabilization of demand and softening of the market prices, the revenue from operations at Rs. 136,447.7 million, represents an increase of 4.2% over the previous year. Your Company reported a Profit Before Tax (before exceptional items) of Rs. 5,280.9 million for the year ended 31st March, 2023 as compared to Rs. 7,473.6 million in the previous year.

The Agricultural Solutions business of your Company registered good growth in revenues during the year under review as compared to the previous year. The growth in the Agricultural Solutions business was led by latest innovations viz. Exponus® in the insecticides segment, Priaxor® in the fungicides segment, Vesnit® and Tynzer® in the herbicides segment. The improved profitability of the Agricultural Solutions business was mainly on account of better price realisation coupled with higher volumes and lower input costs.

The Industrial Solutions segment of your Company comprising of the Dispersions, Resins, Additives & Performance Chemicals businesses, registered flat revenue growth during the period under review. The revenue of the Dispersions business was slightly higher as compared to the previous year. In case of the Performance Chemicals business, there were higher revenues from the sale of lubricants & automotive fluids to key customers due to better price realisation. The margins of the Industrial Solutions segment were impacted mainly on account of higher fixed costs and lower sales prices.

The Materials segment of your Company comprising of the Performance Materials & Monomers businesses registered modest growth in revenue during the year under review as compared to the previous year. Although the Performance Materials business of the Company registered strong volume growth across segments like Transportation, Appliances, Footwear, margins were mainly impacted due to lower price realisation. The Monomers business of your Company registered lower volumes due to reduced demand on account of market sentiments. The profitability of the Materials Segment was significantly impacted due to decline in volumes and increased input costs.

The Surface Technologies segment of your Company comprising of the Coatings & Catalysts businesses registered good growth in sales due to strong volumes and increased prices. The margins of the Surface Technologies segment improved significantly during the year under review as compared to the previous year due to better price realisation.

The Nutrition & Care segment of your Company comprises of the Care Chemicals and Nutrition & Health businesses. The Care Chemicals business of your Company registered higher sales during the year under review as compared to the previous year driven mainly by the increased selling prices. However, the margins of the Care Chemicals business were impacted due to high feed stock prices and changes in the product mix. The Nutrition & Health business of the Company registered good growth and margins due to increased selling prices and higher price realisation.

During the year under review, the revenues & margins of the Chemicals segment of your Company comprising of the Petrochemicals & Intermediates businesses was impacted mainly due to lower volumes and higher input costs.

Export sales stood at Rs. 3,072.3 million during the year under review.

Divestiture of Kaolin Minerals Business

During the previous financial year 2021-22, your Company was informed by BASF SE, Germany (Ultimate Holding Company) about the global divestiture of Kaolin Minerals Business to KaMin LLC / CADAM S.A. (KaMin), a global performance minerals company headquartered in Macon, Georgia, United States.

On 30th September 2022, your Company was informed by BASF SE, Germany that BASF had successfully completed the divestiture of its Kaolin Minerals business to KaMin LLC after fulfilment of the necessary conditions.

Transfer to Reserves

The Company has not transferred any amount to the Reserves for the financial year ended 31st March, 2023.

Share Capital

During the year under review, there has been no change in the share capital of the Company. The authorised share capital of the Company, as on 31st March, 2023 is Rs. 715,597,150/-, which is divided into 71,559,715 equity shares of Rs. 10/- each., whereas the issued share capital of the Company comprises of 43,285,640 equity shares of Rs. 10/- each aggregating to Rs. 432,856,400/-.

Removal of Master Builders Solutions Deutschland GmbH (formerly known as BASF Construction Solutions GmbH) name from the list of Promoter Group Shareholders of the Company

During the previous financial year 2021-22, your Company had received a request from Master Builders Solutions Deutschland GmbH (formerly known as BASF Construction Solutions GmbH) holding NIL equity shares in the Company to remove their name from the list of Promoter Group Shareholders of the Company.

Accordingly, the Board of Directors of your Company, at its Meeting held on 30th March, 2022 had approved their request for removal of their name from the list of Promoter Group Shareholders of the Company and necessary applications were filed with BSE Ltd and National Stock Exchange of India Ltd.

On 22nd February, 2023, your Company has received approval from BSE Ltd and National Stock Exchange of India Limited for removal of the name of Master Builders Solutions Deutschland GmbH (formerly known as BASF Construction Solutions GmbH) from the list of Promoter Group Shareholders, pursuant to the provisions of Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Dividend

The Board of Directors of your Company have recommended a Dividend of Rs. 8/- per equity share i.e., 80% for the financial year ended 31st March, 2023. The Dividend would be paid, subject to the approval of the Members at the forthcoming Annual General Meeting on 4th August, 2023.

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

Changes in Directors

Mr. Narayan Krishnamohan resigned as the Managing Director of the Company, with effect from the close of business hours on 31st December, 2022 to pursue his interest and opportunity outside BASF. The Board of Directors of your Company place on record its sincere appreciation for the valuable contributions made by Mr. Narayan Krishnamohan during his tenure as the Managing Director of the Company.

The Board of Directors of the Company at its Meeting held on 22nd November, 2022 appointed Mr. Alexander Gerding as the Managing Director of the Company for a term of 5 years, effective 1st January, 2023, subject to the approval of the Members of the Company and the Ministry of Corporate Affairs (Central Government), as may be required. Mr. Alexander Gerding has also been appointed as the Chairman of the Risk Management Committee and Member of the Stakeholders' Relationship Committee, effective 1st January, 2023, in place of Mr. Narayan Krishnamohan.

Mr. Alexander Gerding was born in Bremen, Germany in 1979. He joined BASF in 2000 in a dual study program and obtained his Master of Business Administration at UNCG, North Carolina, United States, in 2005. He has been with BASF for more than 22 years, having handled various leadership responsibilities in Germany, United States and Argentina among other countries. At the time of his appointment, Mr. Alexander Gerding was the Vice President-Business Management for Agricultural Solutions EMEA East. Mr. Alexander Gerding has valuable experience of 20 years in the Agricultural Solutions business.

Mr. Rajesh Naik resigned as the Manufacturing Head & Whole-time Director of the Company, with effect from the close of business hours on 31st December, 2022, to pursue a regional role within BASF. The Board of Directors of your Company place on record its sincere appreciation for the valuable contributions made by Mr. Rajesh Naik during his tenure as the Manufacturing Head & Whole-time Director of the Company.

The Board of Directors of the Company at its Meeting held on 22nd November, 2022 appointed Mr. Anil Choudhary as the Manufacturing Head & Whole-time Director of the Company for a term of 5 years, effective 1st January, 2023, subject to the approval of the Members of the Company. Mr. Anil Choudhary has also been appointed as a Member of Corporate Social Responsibility Committee and Stakeholders' Relationship Committee, effective 1st January, 2023, in place of Mr. Rajesh Naik.

Mr. Anil Choudhary has completed his Bachelors' in Mechanical Engineering and Post-Graduation in Marketing Management. He has been with BASF since 2004 and has held various leadership positions in BASF. He was earlier the Managing Director of BASF Catalysts India Private Limited. At the time of his appointment, Mr. Anil Choudhary was the Business Director of the Performance Materials business of the Company. Effective 1st January 2023, Mr. Anil Choudhary is responsible for the Materials, Industrial Solutions & Surface Technologies Business Segments of the Company. He is also responsible for all the manufacturing sites of the Company and has been appointed as an Occupier under the Factories Act, 1948 and the person responsible under the Legal Metrology Act, 2009.

The Members' approval for the appointment of Mr. Alexander Gerding as the Managing Director and Mr. Anil Choudhary as the Manufacturing Head & Whole-time Director of the Company for a term of 5 years, respectively, effective 1st January, 2023 was obtained by way of Postal Ballot on 30th December, 2022.

Further, based on the recommendation of the Nomination & Remuneration Committee, the Board of Directors of the Company at their meeting held on 10th May, 2023, have recommended the re-appointment of Mrs. Shyamala Gopinath as Independent Director of the Company for a second term of five years from 23rd January 2024 to 22nd January 2029, subject to the approval of the Members of the Company, pursuant to the provisions of Sections 149, 150, 152 and all other applicable provisions of Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 [including any amendment(s), statutory modification(s) or re-enactment(s) thereof for the time being in force] read with Schedule IV of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

In accordance with the provisions of Section 152 (6) of the Companies Act, 2013, Dr. Carola Richter being eligible, offers herself for re-appointment as Director of the Company at the 79th Annual General Meeting of the Company to be held on 4th August, 2023.

As required under the SEBI Listing Regulations, the details of the Director(s) seeking re-appointment at the ensuing Annual General Meeting are provided on page no. 79 the Corporate Governance Report, forming part of this Annual Report.

Finance & Accounts

Your Company continued to optimize borrowing during the year by focusing on cash flows from operations and working capital management. Your Company had NIL borrowings as at the end of financial year 2022-2023.

Your Company continued to focus on managing cash efficiently and ensured that it had adequate credit lines from Company's bankers. Your Company's debt equity ratio was Nil as at 31st March, 2023.

Capital Expenditure

Capital expenditure incurred during the year aggregated to Rs. 968.9 million.

Credit Rating

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

Further, India Ratings and Research Private Limited has also maintained a credit rating of 'IND A1+' for Commercial Paper Programme of Rs. 7,500 million of your Company.

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

Fixed Deposits

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

Management Discussion and Analysis Report

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

Corporate Governance

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

A separate report on Corporate Governance as stipulated under the 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 have constituted a Corporate Social Responsibility (CSR) Committee on 30th April, 2013.

Mr. Arun Bewoor, Mr. R. A. Shah, Independent Non-Executive Directors and Mr. Anil Choudhary, Manufacturing Head & Whole-time Director (effective 1st January, 2023) are presently the members of the CSR Committee.

Mr. Manohar Kamath, Director – Legal, General Counsel (India) & Company Secretary of the Company acts as the Secretary of the CSR Committee, effective 1st March, 2022.

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, two meetings of the CSR Committee were held on 3rd August, 2022 and 31st January, 2023 respectively to review and recommend to the Board of Directors, the CSR activities to be undertaken by the Company during the financial year 2022-2023.

Your Company was required to spend an amount of Rs. 86.0 million (Gross Amount) during the financial year 2022-2023 out of which an amount of Rs. 1.7 million was set-off i.e., excess amount spent towards CSR activities during the previous financial year 2021-2022. The net amount required to be spent / allocated towards CSR projects / activities during the financial year 2022-23 was Rs. 84.3 million.

The details of the ongoing CSR projects initiated by the Company mainly in the areas of Education, Water, Hygiene and Sanitation, are provided in **Annexure I** of this Report.

Business Responsibility & Sustainability Report

Regulation 34(2) of the SEBI Listing Regulations, inter alia, provides that the Annual Report of the top 1000 listed entities based on market capitalization, should mandatorily include a Business Responsibility & Sustainability Report ("**BRSR**") from financial year 2022-23 onwards.

Although the top 1000 listed entities were mandatorily required to publish BRSR from financial year 2022-23 onwards, your Company had published the said Report on a voluntary basis during the financial year 2021-2022.

In line with the SEBI listing requirements, your Company has included BRSR as part of this Report for the financial year 2022-23, as **Annexure II**, describing the initiatives taken by the Company from an environmental, social and governance perspective.

The BRSR for the financial year 2022-2023 has also been hosted on the Company's website, which can be accessed at 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: <https://bit.ly/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 31st March, 2023 and of the profit of the Company for that period;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the annual accounts on a going concern basis;
- (v) they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively; and
- (vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

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

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

Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and the SEBI Listing Regulations, your Company has devised a policy containing criteria for evaluating the performance of the Executive, Non-Executive and Independent Directors, Key Managerial Personnel, Board and its Committees based on the recommendation of the Nomination & Remuneration Committee. Feedback was sought by way of a structured questionnaire covering various aspects of the Board's functioning, such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations, and governance. The manner in which the evaluation has been carried out is explained in the Corporate Governance Report, forming part of this Annual Report.

The Board of Directors of your Company expressed satisfaction about the transparency of disclosures, maintenance of higher governance standards and updation of the Independent Directors on key topics impacting the Company.