



We create chemistry

BASF India Limited, Mumbai - 400 051, India

June 15, 2022

The Market Operations  
DepartmentBSE Limited,  
Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai 400 001

**Name of the Company : BASF INDIA  
LIMITEDSecurity Code No. : 500042**

Dear Sir/Madam,

**Re: Analysts / Fund Managers Meeting of BASF India Limited.**

We enclose herewith the transcript of the Analysts / Fund Managers Meet of BASF India Ltd, held on Friday, June 10, 2022 at 4 p.m., for your information & records.

Please treat the above information as intimation under Regulation 30 of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

Thanking You,

Yours faithfully,

For BASF India Limited

Manohar Kamath  
Director – Legal, General Counsel (India)  
& Company Secretary

Pankaj Bahl  
Manager- Company Secretarial

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Internal

## **BASF India Limited – Analysts / Fund Managers Meeting**

**10<sup>th</sup> June 2022**

**- Mr. Manohar Kamath – Director - Legal, General Counsel (India) & Company Secretary, BASF India Limited**

- This is our second meeting for this year 2022. I also welcome Mr. Narayan Krishnamohan, our Managing Director and Mr. Narendranath J. Baliga, our Chief Financial Officer to this Analysts / Fund Managers Meet. Due to the current Covid restrictions, we are doing this in a hybrid mode, so we have majority of the people virtually joining us and there are some of our key stakeholders in the room, so we are following all the relevant covid protocols in terms of distancing. For all the participants who are there, this meeting is being recorded. The audio-visual recording of this meeting along with the presentation and the meeting transcript after the meeting is over, will be uploaded on the website and also on the web-sites of the stock exchanges. Some brief points that I would like to just mention, I think all of you are kept on mute mode, the participants who are virtually, this is to make sure that there is no background noise during the question answer session. We will have people who are joining virtually, their names will be called out and they will be unmuted. There are some people also in the room so they will also have this kind of mix one where we will give chance to everyone to ask questions so make a good opportunity, good use of this session. For those who would like to ask questions but have not registered to ask questions, you can just click the raise hand icon on the right-hand bottom of the WebEx page and then we will give you an opportunity to speak. Request all the speakers to be brief when asking questions and wish this session is quite informative for all of you. So, I request Mr. Narayan Krishnamohan and Mr. Narendranath J. Baliga to give a brief presentation. We have a small presentation where we take you through the financials for F.Y. 2021-22 and some related topics around what's happening in BASF. So, Mr. Krishnamohan over to you.

**- Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**

- Thanks Manohar. Good afternoon to everyone. A pleasure to be here and talk to you again. The last time we did not have a presentation, I just spoke off the cuff but today we have a few slides and like always happy to answer any of the questions you have later. So, you know I was asking our team that what kind of, what do you want to put as a visual I mean usually we put some CSR visuals and then my team came up with this after a short discussion. What I really want to say here is it's been challenging times over the last year and you will see it running through the presentation as well whether it is supply chain whether it is topics now related to Inflation, rising input costs. So there have been a fair amount of challenges from an environment perspective, However I think the team has really managed to work together well with our customers, with our partners and the results have been fairly good and I think we've scaled new heights over the course of the last couple of years which is why I thought that it's a very apt picture for us now. That said I mean it's for you to judge and decide whether it's good enough or not, but I thought I explained why I put the picture over there. Another customary thing, no forward-looking statements, only matters in public domain can be discussed and we do not provide forecasts so please don't ask me how this quarter is looking, I will not be able to say anything and so for future results, like I said we would not be commenting on it but at the same time I would try to answer within

the purview of the law what how much I can give you information and be open about what I think the business is doing. Firstly, from a safety perspective, we've done well the last few years have been very good in the context of operations. The two lost time incidents that you see there are totally non-work related, so one was a guy standing at a bus stop got hit by a bike I mean nothing you can do about it from, but we report these things so that's why you have that. Another guy was at a celebration of a retirement and he fell and broke, injured his elbow so from a work-related perspective; touchwood we haven't had any incidents. We take utmost care in there and I just hope that we can continue to keep not just hope, I mean we do our best to make sure that we keep the incidents at the lowest. We have very high rates of reporting in the context of risks and so on so I think those and those risk mitigation measures, the audits that we do; voluntary audits, both internal audits our own global safety teams audit, our sites and offices and of course we have also had the Indian chemical council come and audit a few of our sites in terms of safety processes so overall the effort is good and which is why you see the positive results from a safety perspective. Coming to Covid, I mean I don't dwell much on the overall situation it's I mean the cases are rising in the country today.

- As of today in BASF India, we have one active case. Again, it's one of those mild cases where the employee's home quarantine we have now again as we did last year, provided vaccinations for our employees so now most of them are due for a booster in June. I think next week we will have a camp at our site for employees and their families so that's part of our initiative to make sure that you know all our sites and offices people are fully vaccinated and that allows us, them to I mean we have lower risk I think with the vaccine, we believe in that and that's something the company supports. Now coming to a little bit on the environment that we are in so if I take the top three things on my mind which, not sleepless nights but keeps me worried is what's happening from the geopolitical perspective, what's happening and the consequences of what's happening with Russia and Ukraine. I put Covid 19 here and I put Covid 19 not just from an India perspective, but you know what happened to the supply chains with China undergoing total lockdown which has broken down several parts of supply chain not just for us but also for our customers. I mean I saw this picture of all the chemical tankers which are outside the port of Tianjin and Shanghai waiting for a berthing slot. I mean this is unbelievable and the kind of delays that one can see as a consequence in supply chain, so your planning horizon has to be a lot longer and this is where we are trying our best to mitigate those challenges I mean what I mentioned here as a consequence the supply chain disruptions we have, it is largely not because we don't have the product but even if you have a product to get the space on the shipping vessels and to get them into India, is very much a challenging and I really thank my team that you know despite all this, you know our numbers the last several quarters we have consistently shown volume growth and that's clearly coming from how we are mitigating those challenges.
- Now the geopolitics obviously has some impact on oil prices as all of us know and I think that's driving inflation and I mean it's been going on for the last few quarters but now you can see that quite pronounced oil above 120 and eventually central banks doing the right thing of raising interest rates but obviously this has an impact of, you know the last several years where we had basically growth driven by excess liquidity and I think the consequences of this we will see towards the second half of the year where the rising interest rates, I mean the US has already signalled, the UK did. I mean yesterday, the EU also more or less indicated that every month for the rest of the year

they will raise interest rates by 0.25 or whatever 25 basis points. So, all this points clearly to, the challenges and this the paradigm that we had over the last couple of years where there was sufficient liquidity at least in the market done by various governments to counter the challenges of Covid, that's going to reverse and that does have an impact on, if I may call it even individual capital purchases, whether it is houses, whether it is cars. I think there will be impact because suddenly your EMI's are going to be a little bit more expensive than what they were three months ago.

- So, the borderline people will have probably different decisions. Now that said on the left side if I go into the individual industries, I mean the chip shortages which were there I think the problems in China where I think in the city of Shanghai, they didn't sell a single car in the month of April and they helped that there were more chips available for other parts of the world and so you see the chip shortage is kind of it's still there, but it's a better situation than what it was when I last spoke to you, also the sales in the country is improving and you see a momentum there and now how that pans out with interest rates rising is something which we have to observe. Construction still a positive momentum both in infrastructure as well as a residential commercial apartments and offices and so on we see positive momentum there.
- The most important thing all of us are waiting for is the monsoon which initially we got a feeling that well monsoon is early, it has already arrived in the country but then there seems to be like last year again a gap and now every day I am trying to read what the IMD is saying and I think they don't know, that they are saying some things but now I am told that in two days it should arrive in Maharashtra. I am really looking forward to it. So far, the people from the industry say that it was good that we didn't have a few days where they start sowing and then a stoppage, so it is, so the sowing hasn't really started in a large extent. So in that context, the delay of a week or so is not material and still people are generally expecting that for the season, we will still be above long-term average and as a consequence there is a let's say positive expectation and clearly that is important for industry and from a demand perspective because the expectation is that the rural demand which whether it's FMCG, which in the last couple of months I am hearing negative from an FMCG perspective, that demand from rural area is not as strong as what it was some time ago and the hope and expectation is with a good solid monsoon this revives, so I think not just we as a company but also the country kind of needs a good monsoon to come and kick in pretty soon. Like I said, the FMCG part, there is the inflationary impact is there on growth and lastly on the chemical sector. I think the chemical sector has done well the last couple of years, whether it was specialty chemicals or the upstream commodities, however now you are in a situation where there is a margin squeeze. So, the oil continues to rise whereas there from a demand perspective, there seems to be a cap on what you can do on downstream pricing, so it's a classic case of a margin squeeze happening in the middle chemical segments so that's more or less what we see as the key drivers for the next few months and quarters. What we are doing from an internal perspective, organizational perspective is ensuring that we increase our planning horizon for the supply chain topics, we are dealing with rising input costs so wherever we can pass on the increase in material costs. We are doing that pretty consequently thereby kind of protecting margins. What we also focus on is what we can do with customers in the context of new products and solutions to make sure that we have a sustained growth story coming in from various product lines in the market.
- Now before I hand over to Naren, I just wanted to put this slide up, actually I borrowed it from Naren, he made this slide, that how have we done over the last three years

during the Covid time and how we have performed I mean there is some element of seasonality in our business with the influence of Ag but if you look at the upper part of the slide which is about sales and revenues, you see we have consistently grown from being somewhere around 7.5 crores to about 13 crores in 21-22 and it has been a consistent growth across quarters and you can see every year for the corresponding quarter we have done better than the previous year and it's been remarkable in my opinion in the situation that we are in.

- It's been a combination of pricing and volumes, so we've had growth coming from both pricing and volumes and especially the volumes in challenging environment like for example automotive production and we have significant exposure to automotive. Automotive production in this country hasn't grown in the last three years. It's been stagnant, it went down in 2019 and 2020 because of the upcoming change in laws and then Covid but despite that, we've grown our business also in the automotive sector and we've grown in Ag and chemicals and so on. So, it's been a combination of both volume and pricing growth. Now I remember the first time I had this analyst meet about a couple of years ago where our margins were truly unsatisfactory, I accepted your criticism and said that you know we're going to work on that I mean it's going to be profitable growth and not just top line growth for us and you can see I mean we've come a long way from there and we're consistently delivering reasonable numbers having grown to about 750 crores in the last financial year. So clearly the focus on, I mean you remember at the end I will show you the slide again which I showed the first time that what are our focus, basic business principles where we focused on and I think focusing on costs margins, volumes that has enabled us to deliver these results and like I said at the beginning, the chemical industry has done well the last couple of years but even then I think these results I mean great credit to our team at BASF which has delivered this excellent results. So, with this I will pass it to Naren. He has a few financial details he would like to discuss with you.

- **Mr. Narendranath Baliga – Chief Financial Officer, BASF India Limited:**

- Thanks Mohan. Good afternoon, everyone. I am Narendranath J. Baliga. I'll be taking you through some of the numbers that we have put together to drill down what Mohan already showed for the three years. Here we are focusing on financial year 2022 which is the year under discussion now and Mohan showed for the last three years on a quarterly basis how we have grown and the key point there was that for the last three quarters we have a 3300 crore plus kind of sales for the last three quarters in this financial year. So, this is the segment breakup now of that financial year 2022. Usually, the question comes up how much the agricultural solution is yeah, it used to be a pretty big percentage earlier over a period it has come down not in aggregate value, value has been growing but other segments have been growing and then agriculture solution now is 12% of the total business well spread out and like Mohan said doing well and hope to do similarly in the coming years. Materials is the biggest one now with both performance materials and monomers contributing to that, that's around 27% followed by chemicals and others okay chemical and nutrition and care which we will drill down as we go the next slide. This is showing how the 9500 crores became 13,000 crores from financial year 2021 to financial years 2022. Yeah So hope you'll be able you're able to see the slide now, 9500 becoming 13,100 crores and before I dive into the materials because that stands out there at the 1300 crore increase, before I go to that I want to highlight that for agricultural solution it was a fantastic year for financial year 2021 of 1400 crore and they have added 100 crores to that so though the 100 crores looks like a small edition, last year was an exceptionally good year and on that they

have built another goodyear with hundred crores additional sales. Similarly for nutrition and care, during the first year of Covid, we registered a 2300 crore, suddenly became a major segment for us and over and above those 170 crores added to make around 2500 crores for the current financial year. Materials of course stands out, 1,300 crore this is the biggest one now for us with a 60 increase over last year followed by industrial solutions and chemicals. Like Mohan said, he has been focusing on the profitable growth and not just the growth of the top line but also focus on the bottom line in terms of getting margins right and also controlling the fixed cost, so that is what I wanted to show in the next slide for the profit before tax before exceptional item and those who follow us, know that in the last few years we had a couple of big exceptional items so we always make it a point to keep that out and show only the operational profit and this is PBT before exceptional items and this is by segments again materials stand out more than 100 increase from 143 times increase to 370 crores of profit before tax and again the same holds good for agricultural solution, what I said for the sales, it's a four crore lower profitability but at the same time we have to see it was 110-111 crores last year and on that a small decrease of four crores. Agricultural solution continues to do extremely well as. The same I cannot say about nutrition and care, probably you can ask that to Mohan, and he can answer what's happening there and what we are focusing on. Nutrition and care have lower profitability, lower margins they have some issues with regard to product availability also that also is impacting them but at the same time that's not, should not be an excuse to have a lower profit than last year when sales are doing good so that we can discuss later. Materials I already talked about, Industrial solution is another unit which is contributing 67 crores higher than last year; 70 increase and you can see other contribution from chemicals and surface technologies. Surface technology happens to be one of our smallest segments with around 500 crore sales and the only plus point this time is a lower loss. Last time it was a 50-crore loss and this time it's a little lower and we don't have a construction chemical with us anymore yeah by June 30, 2020, that used to contribute around 500 crores sales. So that's not included here.

- Coming to the next slide, kind of a busy slide but I'll take you through that. One on the top left is revenue yeah. What Mohan had showed is for the last three years, here I show for the last five years to see how we have grown from 2018 financial year to 2022 financial year. It's a CAGR of 24% which is kind of incredible despite the disruptions that we faced and which Mohan explained in terms of supply chain disruption, Covid disruption, inflation, crude oil prices, all that still a very good growth in sales contributed both by volume and prices yeah. Volume for us was around 15 to 20 percent higher and prices were 20-25 percent higher on an average across the business units. So, we landed up with 13,100 cross sales. Coming to an EBIT before exceptional item, 2018-19, we had big issues on input cost, the crude MDI prices were falling and in the falling market we had to manage our profitability and the gross, that's the reason why you see that 31-crore profit there. As compared to that 2021 which is the first full year of Covid for us yeah March 2020 started and this happens to be the first co-idea, it was a fantastic 475 crore EBIT before exception item followed by this year of 765 crores. I think if we don't move it goes away. So, 765 crore is the current EBIT for financial year 2022 which is a ROCE of 36 percent. Really very high and like Mohan said, all analysts used to ask him when we are going to improve it and then he had taken it over when in 2019 when we were at one of the lowest ROCE ever at 1.4% and then the numbers are evident here what happened and how it happened. Net working capital, the lower chart now on the left, this is in crores - 800 to 900 crores is what we used to trend for a long time and this is Net working capital which means Receivables plus Inventory

minus Payables and even after the change of our business model we managed to keep the inventory low and so the Networking capital was around 800-850 crores and now it's slightly higher in thousand crores that is reflecting 13,000 crore sales yeah against that Net working Capital of 1000 crores so as a percentage of sales, it is around 8% and if you ask your CAGR across it is 7% so to compare for a 24% increase in CAGR sales, it's a seven percent increase in Net working capital over that same period of five years, very much under control and we can cover that in the latest slide also. Debt equity ratio you know we have been repaying our debts and there was one External commercial borrowing which we had borrowed for our Dahej plant, 1000 crore plus and then that has been repaid and now, we have actually zero debt and very well managed capital situation I would say, we know the interest rates are going to go up and before that we wanted to conclude a situation where we say interest cost does not directly impact us going forward at least for the time being. Some key performance indicators operating expenses are down by one percent and that would mean on a sale of 13,000 crore 130 crores saved straight away on the operating expenses so that's a big contributor well very good control on the cost. EBIT at 5.8 percent. Already last year it was good at 5 percent and that has been improved with 80 basis points, 5.8 percent increase percentage this year. Earnings per share before exceptional item again 135 rupees and after exceptional items it's 137 rupees that's what you see in some of the publication that's after exceptional item but before exceptional item EPS is 135.

- Again, compared to last year significant improvement more than double EPS and last year I thought it's already a good year very respectable year was last year and then we improved on that by doubling the EPS. ROCE 36% has compared to 25% of last year, again it's almost like earning one third of our capital employed every year so in three years we earn the entire capital out so that has been a good year and I hope we continue to do well going forward. Debt equity ratio, no debt so not applicable receivable days at 65 days, we have around 300 crores of overdues at any point of time which is very well managed I would say, it happens to be around eight percent of the account receivable so that is how we track the receivables. Inventory days again around 60 days, 58 days of inventory very tight situation I would say Mohan was talking about the supply chain disruption and all and we have significant imports if we are import dependent all said and done to have 60-day inventory which is raw material plus finished goods plus packing everything yeah together and that's kind of a tight inventory if you ask me. Cash from operations, the last item on there on this chart from around 500 crores we came down to 330 crores, 150 crores less than last year and that is mainly to build up the working capital yeah so some of our inventory increased to ensure the supply is not disrupted for the customers and that was taken out of this so cash from operations is kind of lower than last year but hopefully we will continue to earn that 500 crores back and yeah from operations is 330 crores and we have investment in plant and machinery and another 120 crore what we call cash for investments and cash flow for financing activities is around the 250 crores that is for repayment of loan and interest and other things.
- Some quick comments on the capacity building exercise that we have been doing in the last year, the first one on the left is the Dahej plant and the capacity has been doubled from 45 kt, we have increased it to increase it by another 45 kt and as we speak now the commercial production is ongoing and hopefully they'll be able to cut the first commercial invoice any time and now, so the capacity is increased and this is in Dahej 45 kt additional. The Ultramid polyamide capacity in Panoli, this is a site we

acquired from Solvay, that was the business which we acquired and there we are increasing the capacity by around 30% by the end of this year, the production will start from the end by the end of this year. Application lag for automotive coating, this is in our Mangalore plant, this is to provide innovative solutions to our customers globally and we have this application lab in Mangalore which is recently inaugurated and you see the picture of our guys who were proud to have that centre here established in Mangalore and expanded this provides a lot of innovative solutions for coating solutions globally and the last item is this is the thane plant, focus on conserving water and also reducing the greenhouse gas emission so all plants are contributing towards this, and with this I hand over to Mohan to explain the impact of the macroeconomics and also what are its what are his focus areas and so to say Mohan it looks like the same slide you presented last two times.

- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- So last two years and I remember our first conversation back in February 2020 when I said my years of experience tells me these are the things which you have to do, these are the things that we have to work on, so on the operational side, the top line growth we continue to work with our customers, the focus on projects, new projects, new products for customers is very high. I myself have been, just giving an example, there are many others as well but in the last couple of months, launching new products for the Ag, so we launched our first herbicide for the sugarcane industry and then we launched a new insecticide all across the country and personally the leadership myself and the Ag business leadership from Singapore are pretty much present in there supporting the teams to make sure that you know we have not just the investments in assets but also the new product pipeline is fed with continuous improvement. You saw what we are doing with Panoli where we are expanding the engineering plastics capacity, I mean we just acquired this a year or so ago we merged it into BIL and already we are talking about expanding the capacity by 30 percent so that's the first one I mean we will continue to see how the market goes and evaluating further the capacity needs. Naren talked about the one percent operational expenses that's pretty much a focus area that while we invest in growth related activities the expenses are under, so I really differentiate between investments and expenses.
- Expenses I am a bit tight, investments I am more okay as long as it is creative from a top line and margin perspective. Working capital, I think to grow from seven and a half thousand to thirteen thousand crores with only a small increase in working capital, it basically talks about the excellent job our procurement guys are doing, how finance guys are doing in negotiating also our purchase conditions and having sufficient credit lines in there. Now customer I can't but thank my sales teams and the technical service teams which have managed over the last two years to grow I mean last year Naren talked about it we had excess of 20% volume growth at the time where it was difficult to do projects with customers or come up with new products and how do you do that when everything has to be done virtually, so our investments and I don't think we are done with investments in digitalization because we were a very old-fashioned company, the way we work both at our plants as well as our offices need to be upgraded for the new world that we are in and I strongly think that will be a good differentiator for us. In terms of people I mean these difficult times the fact that we've been very supportive to our employees both who are on our roles but also the ones who are indirectly working for us via contracts or third party arrangements, we've been pretty supportive to them during the challenging times and we've been investing in



various forms of training and development and I think that has all helped us to achieve what we have and I am pretty optimistic that in the long term, this will only further have positive development.

- Now that said in the short term for the rest of the year, the political situation and what's happening in Europe will have consequences for the world and including us here in India. I hope China somehow settles on but even today I read that they are not going to let up, I mean when they find things are okay, 15 days of no cases they will open their neighbourhood otherwise they will lock down again and they say that will be the case until the end of the year is what I read in South China morning post so the Covid-19 impact from coming from China and its consequences on Asian and India in the terms of supply chains, broken supply chains is going to be there and that's something we will have to deal with. We talked about inflation and interest rates I guess by the end of the year, when people see in the US interest rates of, I don't know 6%, 5% interest rates I don't know how the Christmas shopping, or the black Friday sale is going to be this year and that of course has impact on going forward. I read an article which said that the net savings of the US has dropped virtually to zero, the forecast is it will be zero by the end of the year so and it's the largest market for most of the goods eventually, so there are some challenges up there and which is why I think I tell my people in the company that we have to run a tight ship.
- We can't be caught sitting with high priced inventories when things start going down in terms of pricing and so on and yes maybe sometimes we are cutting it fine to the edge but I think that's a prudent way of running the business keeping our costs under control, making sure that we don't indiscriminately invest into anything there has to be a good business case for what we are doing and I once again repeat, there have been supply chain disruptions and I've seen slides presented by many of the peer companies in the country and our reliability rates as measured by international supply chain standards is clearly significantly above what most people are having. Our customers are complaining about delays not those customers are not complaining but I believe they still come to us because we have lesser problems than the others. So, there are problems for everyone and how well you can manage it, how well you can manage the relationships with your customers is what is going to eventually make sure whether you win this or you struggle with it. That said I am still keeping my fingers crossed, the rain comes in the next couple of days because that's the next immediate trigger for all of us, my crop protection team is well prepared, all the products are out there in the market, and we don't have issues with supply chain there at this point in time. So, we are well placed and just hoping that the sowing season starts well so that will be the next trigger for us. Thank you I think that's the last slide we have and open for any questions.
- **Mr. Manohar Kamath – Director - Legal, General Counsel (India) & Company Secretary, BASF India Limited:**
- Thank you, Mohan, Thank you Naren. We will start with the questions online so first speaker is Rohit Nagraj from Emkay Global Financials, are you there? okay so the next one is Rohan Gupta from Edelweiss; Rohan?
- **Mr. Rohan Gupta – Edelweiss:**
- Yeah, Hi sir can you hear me?

- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Yes yes
- **Mr. Rohan Gupta – Edelweiss:**
- Good evening and thanks for giving the opportunity to ask the question. Sir first is on this; a lot of volatility is emerging from China in terms of logistics and also the way the raw material prices and the multiple shutdowns which China is facing on a very frequent way, I just wanted to understand that how the global markets are reacting towards that, how the BASF is positioned right now to take any advantage of the current situations, what is happening in China, what has happened in China actually last couple of years and how we are placed to benefit of our chemical expertise over next two to three years in terms of capex, in terms of gaining markets where China was the lead supplier and, are we in position to replace Chinese or some of the Chinese suppliers over next two to three years; so in nutshell are we preparing ourselves for the China plus one which is the global wave right now, are we preparing ourselves or seeing any large benefit coming out of that over next two to three years to five years.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Thanks, Rohan, for that question. So clearly from a macroeconomic perspective the China plus one is taking certain shape but that plus one need not always be India. In many value chains, it is ending up in Indonesia or Thailand or Vietnam and some of it is landing up in India as well so based on, so saying generically that China plus one will always benefit India is not really true but there are certain areas where we see some of our customers also trying to change their supply chains whether it's in the pharma industry, whether it's in the Ag API industry you see a certain development in their capex in their desire to go further backward integrate into their supply chains and thereby replace China so this obviously does have some kind of influence on our product portfolio and because we are at the end of the day, we are ingredient suppliers to many of these industries.
- The second thing I see is when it is consumer durables, I hope I am saying that right, this supply chain also is there is a fair amount of activity also from the governments, make in India perspective which is having impact on the Indian industrial development scenario where there is demand for chemicals and materials and clearly what you see what you saw what we presented I mean the engineering plastics in Panoli that we are investing in and we do have capacities for certain other material sciences here as well. These are all an impact of what's happening in our downstream customers and then obviously BASF is reviewing its portfolio and what we need to do our capacities on a regular basis and sometimes it's just a d bottleneck that's sufficient, sometimes there are bigger opportunities and where we will obviously be open to consider a larger investment as well, now you just saw we doubled our capacity for dispersions, which obviously should be good for us for the next couple of years to sustain the growth in the market.
- **Mr. Rohan Gupta – Edelweiss:**
- Thanks Sir that's helpful. Sir second question is on our Dahej plant ramp up and we understand that it has taken a long time for to take this full utilization of that plant. I just wanted to get some more numbers crunching there that what are the utilization level

right now at about the Dahej plant and over the next couple of years, what kind of capex visibility company has at the current level.

- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**

- So I mean Dahej has a plan to say is difficult because it's a conglomeration of multiple plants so both for dispersions and Celesto we more or less were about 100 percent which is why we expanded both of them in the last one year so we started up the second line of Celesto last year and now we are expanding in the midst of start-up of the expanded capacity of the dispersions line so I think overall Naren if I am not wrong, 70, I was going to say 70 but okay 70 to 75 percent is where we are and in a multi-product plant you know once you reach about 80 percent you're kind of full. multi-product lines so clearly the review of the various product lines and which is where the two of the lines we have already expanded and the others are also under consideration as and when required, we will be able to invest, and you can see we generate sufficient cash from our operations which should also help us invest without taking on much debt.

- **Mr. Rohan Gupta – Edelweiss:**

- Although you didn't mention any absolute capex number cumulative over next two years. If you can just share that.

- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**

- I don't usually give that number and I don't think I have that number with me as well sorry.

- **Mr. Rohan Gupta – Edelweiss:**

- Also, just last from my side if I am allowed, there is a lot of demand or the shift in happening in a chemical industry towards the green chemistry, many players and many customers are looking for the more cleaner and greener chemicals to replace the old age chemistry and many small players are emerging with multiple new chemistries which are much better and more efficient and more cleaner than earlier. BASF being one of the oldest Company in a chemical chemistry globally, how do you see that our portfolio shift is going to happen or are we looking, and this green chemistry is to take a priority of world over and even within our company also, and are we also looking up at certain percentage of revenues to come from the green chemistries in over next five to ten years. Do as a company, do we have any such thoughts on a strategy level.

- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**

- So, Thanks Rohan for that question. First of all, green chemistry per se has a very narrow definition in the context of sustainability. So, BASF is you know we were the company which first came out with the sustainability and sustainable future and our tagline as we create chemistry for a sustainable future in the last 30 years, our CO2 emissions have declined by almost 50-55%, while we have grown and I am talking BASF Group now, while our turnover has grown fourfold. So how have we done this, we have done this with process optimization, by using a better integrated plants and having our Verbund which is really highly efficient. So, we have already done that until 2018, is of the published number at BASF and our CEO was I think the first chemical company who committed to a net zero by 2050 for BASF group, of which the first 30 percent reduction will happen by 2030. Now we are well on course, we will probably

be ahead of time but okay I don't commit to that but most likely we will be ahead of time. What are we doing in there the emissions from BASF broadly I can classify in three buckets; One is from the energy and utilities that we use and if you've been following BASF, you can see that we've been signing big contracts with the renewable power whether it's windmills or solar parks, whether it's in the North Sea or in Europe or in China in our brand new site where we've signed up a hundred percent for renewable power. We are working on several projects which will also change the way we run our chemical processes thereby significantly reducing our carbon footprint. We are the first company which actually has gone out into the market and offered the product carbon footprint for each one of our products, so our customers have full transparency as to what is the emission of each of our product coming from each of our sites, so are we committed to this? not just committed I think we are leading this initiative as BASF. Now coming closer to home in India we don't have our emissions are much lower than the overall BASF scope of things, but we too contribute, we have we've signed up for several new investments into solar parks because for us it's not just if we take something from an existing project, it doesn't count for us. we need to be there to replace investments into fundamental technologies of coal or whatever by having new solar, so only when it's a new field do, we get credit for it. So, we've been doing that, our steam boilers in the both Dahej and Bangalore have been transitioned to biofuel boilers which again has a positive impact so, is there a strategy at BASF to get to net zero; yes. Are we going in that direction, very much and we are accelerating that to a large extent? I am pretty confident that at the end of the day we will be well respected in the industry for achieving our targets.

- **Mr. Rohan Gupta – Edelweiss:**

- Thank you, sir. Thank you very much for all the elaborated answers. Thank you.

- **Mr. Manohar Kamath – Director - Legal, General Counsel (India) & Company Secretary, BASF India Limited:**

- Thanks Mohan. The next speaker is Mr. Surya Patra. Are you there?

- **Mr. Surya Patra – Philip Capital:**

- Yeah yes.

- **Mr. Manohar Kamath – Director - Legal, General Counsel (India) & Company Secretary, BASF India Limited:**

- Yeah

- **Mr. Surya Patra – Philip Capital:**

- Yeah, can you hear me?

- **Mr. Manohar Kamath – Director - Legal, General Counsel (India) & Company Secretary, BASF India Limited:**

- Just also name your firm that you represent yeah and then the question.

- **Mr. Surya Patra – Philip Capital:**

- Yeah. This is Surya Patra from Phillip Capital. My first question is on the overall margin Expansion. What it has been so far and what it can see going ahead. So last year we have seen the situation of a spread expansion during the first half and spread squeeze in the second half of the last year but that has not really impacted much or that has not brought any significant change to our margin profile. We remain still in the single digit levels so what can take us to a or take our business to a kind of double-digit margin profile and what initiatives that we are taking you know for that.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Okay so firstly when you look at our margin profile at a whole company level, you need to understand that 55% of my turnover is traded goods and I've mentioned that in our previous meetings as well and traded goods have relatively low margins and on our manufacturing assets I think we have healthy double-digit margins and you know which is what you see that in our overall metrics and you saw how the profitability has improved over the last years. A lot of it has come from improvement of margins in our own manufactured goods and you see we are also selectively where we see opportunities expanding capacities there, which should then have a positive impact on the overall company.
- **Mr. Surya Patra – Philip Capital:**
- Okay just to add the polyamide business from Rhodia what you have added and the expansion that you are taking there so what scope that you are anticipating there and how could that be contributing incrementally to the overall value creation by BASF India sir?
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- So, if I understand your question right, I mean from the polyamide value chain it has significant exposure to the automotive industry and we are very much committed to the growth, we see opportunities to grow there and which is where we thought it's a good idea to expand capacity. It's like I said before the industry has not really grown in the last couple of years, it's been flat however we expect that automotive will grow so our growth in the last couple of years has been market share gains and I think with the industry growing, we do need additional capacity. So currently we are expanding by about a third of the existing capacity and then we will review again in a couple of years if you need to do further.
- **Mr. Surya Patra – Philip Capital:**
- Okay just last one question about it is BASF being the leader of the global chemicals so just wanted to have a sensor keeping things like this, the wall situation, the supply shortage or supplies and disruptions or even the energy cost, logistic cost, disturbances so just wanted to have some sense about the F.Y 2023 outlook particularly in terms of let's say volume price outlook for the industry I know that you have mentioned in your commentary that it is a difficult year are going to be but having seen two year of a consistent elevated pricing situation obviously there is a kind of a volume erosion situation is already now into the system, so going and how should one really look at it is price correction as well as volume erosion and hence a kind of a black situation for the industry as a whole or you would be the right person to comment on that.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**

- Honestly speaking I don't think anybody has any clue which way this is going, it's a lot of speculation, a lot of theories around it what can happen in the next year but fundamentally nobody knows and the start of it is with oil price, if someone can tell me what the oil price is going to be in six months from now then we can predict the rest of the things, but that itself is such an unpredictable that the entire value change starting from there is it's difficult to guess and which is why I said you know running this company that people ask me so what are you going to do I mean you have to run a tight ship I mean someday if it falls then you should not be caught unawares and that's exactly what we can do in operating the company. Now like whatever I hear or read in the newspaper's points to the fact that the rest of this calendar year, so I mean obviously the world operates in calendar years.

- **Mr. Surya Patra – Philip Capital:**

- Yes.

- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**

- The rest of this calendar year is going to be difficult from the political situation in Europe, it is going to be difficult in the context of inflation and in and central bank activities in the various markets, so these challenges will be there, and we simply have to run our companies efficiently to deal with it. Expecting anything better would not be wise.

- **Mr. Surya Patra – Philip Capital:**

- Good. yeah, thank you sir.

- **Mr. Manohar Kamath – Director - Legal, General Counsel (India) & Company Secretary, BASF India Limited:**

- Thanks Mohan. We have one question from one of the equity advisors Vipul Shah and his question is you know you mentioned about this you know 55% merchandise business when do you see the OMP basically increasing you know or let's say what is, how what is our strategy let's say on that perspective.

- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**

- Yeah, so first of all I am not too sad about the fact that we have a few thousand crores of traded goods because that's also positive in the context, yes the ratios look different but at the end of the day it's also good for us to contribute with some traded products. The question is very right in terms of manufacturing strategy. Now the thing is BASF with its wide portfolio, typically would invest in a local asset when there is a critical mass for an economic world scale plant, so many of these products which we are importing or in fact all the products that we import are such where we don't have the critical mass in this country to put up a BASF globally economic size plant and if you look at Indian chemical industry also, we have significant imports of many of the basic building blocks and the reason for that is there is no sense in having a subscale plant because you will not be globally competitive. Now that said I think things are changing, there is development in this country and I see the demand for many of these products going up in the next years, so clearly the next 10-15 years if you talk to DCPC, the department in the government or Invest India, the outlook is positive and I guess there will be triggers at various times where it will be positive for BASF to consider a local

investment but you know at this point of time, if we are trading a certain product from our group entities it's simply because it doesn't make sense to manufacture it here.

- **Mr. Manohar Kamath – Director - Legal, General Counsel (India) & Company Secretary, BASF India Limited:**

- We have the next speaker. This is Aman Shah. Mr. Shah are you there?

- **Mr. Aman Shah – Jeetay Investments:**

- Am I audible?

- **Mr. Manohar Kamath – Director - Legal, General Counsel (India) & Company Secretary, BASF India Limited:**

- Yes yes. Please could you state your firm name.

- **Mr. Aman Shah – Jeetay Investments:**

- Yeah, Thank you for the opportunity. My name is Aman shah and I represent Jeetay Investments. We are investors of BASF India. So, I just had few questions. One is we have seen tremendous, better performance over the last four, five years in terms of revenue margins and working capital given that we had changed our business. Where did we had the source of this growth in terms of volume also it was new projects, new products you did allude to, but there would also be market share wins that you would have got this growth from. So, if you can just highlight what are the source of such good growth in terms of volumes over the last four, five years.

- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**

- Thank you, Mr. Shah. I can't name all of them because there were a number of projects in all my divisions but for example if it is crop protection we introduce new products, we also increase our reach to the market by expanding our network in the market. We went digital I think last year Naren if I am not wrong, 85 percent of our Ag orders came by digital channels, so clearly you know this has helped us, if I look at automotive practically, every big name in the automotive industry we've grown our shares again they come up with different parts of the car where we have grown whether it's in the materials engineering plastics or in the polyurethane systems, we have grown in that area, the appliances area we've grown, in construction last year we had several projects which was quite positive. In the agrochemical industry and the pharmaceutical industry which has had reasonable growth also none of the exporters from here so our chemicals division do supply various building blocks to them so that has also been a very positive development for us. So, you know it's not just one item which has happened it's been across the board. A large number of diversified products and projects which have delivered the growth, I hope that helps you a little bit.

- **Mr. Aman Shah – Jeetay Investments:**

- Sure sir. If you have to see, say from mid to long term from your as manufacturing grows in India, the share of manufacturing, should our volume growth also mirror say GDP by 1.5 or something like that if you can.

- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**

- I think there is no such correlation for a wider portfolio like BASF I mean I remember when I was a young chemist in the sales guy in the company, we had such correlations for polyolefins and polyester but beyond that it is very difficult to do that. So I wouldn't hazard a guess on what times GDP this would grow because there's so many industries and it's difficult to guess.
- **Mr. Aman Shah – Jeetay Investments:**
- Okay okay. Sir BASF group as a whole is like in most of their products around 70% of their product, they are top three in the world. In India also I would say like since now we are also equivalent to our GDP share to world GDP, our BASF India share to BASF equivalent. what would be our say, maybe market share and all the products are very different and very widespread, but markets are ranged or some pecking order which you can give of a market position.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- You see again it depends on how you see it, the chemical industry as recorded by Mckinsey's last report I think in 2019 or 2020, they came up with the industry and that's what invest India shows all the time that it's 175 billion market and they expect it to grow to 300 billion by 2025 I think is the number they give. We are what at as BASF India Limited, we are about 1.5 to 1.6 billion. So, we are one percent of the chemical market you can say but again we are not active in polyolefins. We are not active in PVC, polyester or you know a large variety so if you take the product lines where we are in then we definitely have with the exception of Agro where we are about six percent of the market in most other cases, we would be in double-digit market shares.
- **Mr. Aman Shah – Jeetay Investments:**
- Okay do we see sir, like we had any white spaces or any vacuum spaces where we can bring furthermore product portfolios from BASF SE here.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- We are evaluating that all the time and it's something which would be strategic relevance to the company so I can't be very open about it.
- **Mr. Aman Shah – Jeetay Investments:**
- So just last question if I may.
- **Mr. Manohar Kamath – Director - Legal, General Counsel (India) & Company Secretary, BASF India Limited:**
- Yes please.
- **Mr. Aman Shah – Jeetay Investments:**
- Okay Okay. Thank you. So, we have like our chemicals and material if I am not wrong, it's very closer to that cracker plus two or cracker plus three what do you say, if say crude oil prices are to go south, we'll obviously have inventory loss for a temporary period, but do we then also have or will it be a negative EBIT sort of number for that segment for a brief temporary period.



- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**

- That's exactly what I said I am working on to make sure that you know. Can you avoid it? You can't avoid it. If oil prices go down, not just me the whole world will have to write down inventory. The question is how tight you run your ship to make sure that the losses are minimal and how do you see. On the one hand we have the supply chain disruptions which tells me that I should increase inventory to have security of supplies and then on the flip side I have this issue that we're probably sitting on a cliff and we don't know when it's going to drop so what do I do, so that's a fine balance we are playing more or less on a weekly, monthly basis this discussion happens in the company as to do, we buy the next parcel, do we not buy the next parcel or do we postpone it by a few weeks, what's going to happen? So, it's a regular operational discussion that we have and all I can tell you is we are running as tight as ship as possible. I mean you saw the inventory charts which Naren showed, we were at 72 days now we are at 58 despite the supply chain disruption, we've actually gone in the opposite direction. So why? Because we are not sure of what happens, so we don't want to be caught unawares. So, we are running a very tight ship and that's all we can do because I also cannot go to zero because then my customers would complain, so I think we are in a very optimal situation today, so let's keep our fingers crossed that we don't get a shock and whatever happens is more gradual than a sudden shock only.

- **Mr. Aman Shah – Jeetay Investments:**

- Okay thank you so much sir. All the best.

- **Mr. Manohar Kamath – Director - Legal, General Counsel (India) & Company Secretary, BASF India Limited:**

- Thank you, thank you Mr. Shah. Any questions from the room? Yeah please.

- **Mr. Chandraprakash Padiyar, Tata Mutual Fund:**

- Right so as you highlighted, we've had a fairly strong F.Y 2022 and as I see it, first half was stronger than the second half, from a YOY growth perspective both actually absolute numbers were good even in second half but from a YOY growth it looks like second half for the weaker number and the question is how is the demand environment today? Is the pricing power with you still or are you unable to pass on all the raw material cost increases properly, when you say you aspire to deliver profitable growth is it possible in this environment to do that?

- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**

- That's exactly our endeavour, that's what we are trying to do all the time. Is it possible to have another growth like this under the right circumstances? Yes. In today's market I think it's still at a stage where it's stable at a certain level. What you saw in the first half of last year was this significant inventory gain coming from the steep rise in prices as well so it's not just the drop that you get, you also get the gain when the things go up so we did benefit from that in the first half of last year and I think it stabilized a little bit Q3 and Q4 of the financial year and you see kind of a stability in those numbers. If demand holds good despite the whatever interest rates and so on and so far, I haven't

seen anything in India which tells me that the demand is all collapsing all around me. It's still quite stable, there is demand I don't see a reason why we can't have a reasonable performance this year as well.

- **Mr. Chandraprakash Padiyar, Tata Mutual Fund:**

- And link question to that is surface technologies, you had mentioned last time that you working on some solutions to improve that are we there?

- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**

- No, it's not over yet. It's it requires some discussions and negotiations both on the end side at the customer end as well as the manufacturing side, so it's work in progress. It's not something I can fix in four weeks.

- **Mr. Chandraprakash Padiyar, Tata Mutual Fund:**

- Okay and so should we maybe to extend this question, second half how much time you think this segment will require for it to start showing maybe at least no losses.

- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**

- You will see positive development, so you already saw a reduction in losses, so I already see a positive trend in there. To exactly predict which quarter, it will turn around is difficult for me at this point in time and it would be kind of forward-looking as well.

- **Mr. Chandraprakash Padiyar, Tata Mutual Fund:**

- On the nutrition and care segment Q4 the performance looked quite good, was it all because of inventory gain or there was a genuine improvement in pricing power?

- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**

- So there were two things firstly the first year of Covid had a tremendous demand pool coming from everybody wanting to take multivitamins and supplements and using the excessive amount of sanitizers for everything so firstly the previous year was too good because there was a sudden I mean if you take the year before that it was a steep steep upward thing for nutrition and care and then last year that moderated a little bit and secondly what happened is and not just in India worldwide pricing of vitamins actually went down so yes there was some downward effect of that as well. Now the point is, it is an area where we are reviewing what to do with nutrition in the context of what's our growth plans for nutrition so that's as a Company, we are looking at it. On the care side I think it's quite positive in the context of the demand side and where there is issues on the care area is more on the feedstock because they depend largely on fatty acids and fatty alcohols which have natural sources of palm oil, you know the different kind of these vegetable oils bits which go into it and their there has been quite a little bit of turmoil, some government interventions in some countries about export ban and stuff like that so that has had implications on that value chain.

- **Mr. Narendranath Baliga – Chief Financial Officer, BASF India Limited:**
- Just to clarify, Mohan talked about inventory gain, it's not about that revalued our inventory and took the gain.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- We bought lower and sold higher.
- **Mr. Chandraprakash Padiyar, Tata Mutual Fund:**
- The first question I asked actually it's an extension to that; on the material segment, Q1 last year was extraordinarily strong and I get your answer but you also have Celesto which is now coming in this year, the increased doubling double capacity, so the question actually is that - Should we expect a material decline in that segment profitability because of the inventory gain that you had in first half of last year but you have it will be balanced by Celesto which is why I am trying to ask.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Exactly I can't tell you. What I can say is from a demand perspective and pricing perspective, we are in a healthy environment. What it will be exactly compared to previous year quarter I can't say.
- **Mr. Chandraprakash Padiyar, Tata Mutual Fund:**
- On at least if you can highlight Capex for this year F.Y 2023, if you have a number or that also would not be sure?
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Naren, do we have a number for that?
- **Mr. Narendranath Baliga – Chief Financial Officer, BASF India Limited:**
- F.Y 2023. No.
- **Mr. Chandraprakash Padiyar, Tata Mutual Fund:**
- Sir last year you did 120 crore is what I have seen. And just a repeat on this, demand environment as we speak continues to be strong enough for you to as you see across segments.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Across segments. I am yet to see any segment where people tell me that it's all bad and things are going looking south. Not yet. So, we have weekly reviews of our businesses and it's still strong.
- **Mr. Chandraprakash Padiyar, Tata Mutual Fund:**

- And the last question is on Ag segment. Would you or what kind of pipeline would you have? you belong to two new project products but incrementally what kind of pipeline if you could highlight.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Similar. Every year we will have a couple of products and they are all in various form stages of registration and so on so subject to receiving registrations, the intention is to broaden our portfolio from a product perspective and also from a market perspective widen our reach, so that is the two fundamental pillars of for us in the ag business.
- **Mr. Chandraprakash Padiyar, Tata Mutual Fund:**
- Any weakness that you today have or that you're trying to take care of from product segment.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- I mean the fundamental question always in the Ag for us has been rice and insecticide which were portfolio weaknesses and over the last 10 years we've invested significant amount of research globally into those areas. I am optimistic.
- **Mr. Chandraprakash Padiyar, Tata Mutual Fund:**
- Okay.
- **Mr. Manohar Kamath – Director - Legal, General Counsel (India) & Company Secretary, BASF India Limited:**
- Okay so we have the next speaker online. This is Mr. Kunal Mehta from vallum capital. Are you there? Mr. Kunal? Can you hear us?
- **Mr. Kumal Mehta – Vallum Capital:**
- Am I audible?
- **Mr. Manohar Kamath – Director - Legal, General Counsel (India) & Company Secretary, BASF India Limited:**
- Yes.
- **Mr. Kumal Mehta – Vallum Capital:**
- This is a single question. I think you've already given quite a lot of insight on it, I just wanted to understand internally how you're thinking about this. So in a lot of, I mean last two years, a good portion of our profitability was driven by you know improvements in margins and spreads across production I mean key products, so I mean any perspective on internally how are you thinking about you know, you did mention in many different ways that prices are now at least stabilized and they are not falling from here and you are going to mention the different environment to be strong so can we

expect these levels of spreads at least for the next three to four months based on how you read the scenario.

- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**

- That's the endeavour. I cannot comment on how it should be three to four months with the forward-looking restrictions I have but that's clearly the endeavour to continue to deliver sustained profitable growth for the business.

- **Mr. Kumal Mehta – Vallum Capital:**

- Gorgeous thank you very much for the opportunity.

- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**

- Thank you.

- **Mr. Manohar Kamath – Director - Legal, General Counsel (India) & Company Secretary, BASF India Limited:**

- The next speaker is Mr. S Ramesh. Are you there?

- **Mr. S Ramesh – Nirmal Bang:**

- Thank you very much. So, my first thought is in terms of the Agro Chem business; how do you see the industry performing in India in terms of volume growth because we should have everything going well for us particularly because monsoon is coming.

- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**

- So, if I understood correctly you are asking about the agrochemical and how I see the impact of monsoon and the growth. So the expectation is that we will have a pretty good monsoon this year, also the spread is expected to be reasonable and as a consequence; practically every Ag Chem company is positive about performance in India or at least optimistic about the outlook for the next few months, but you know when we talk about the Ag Chem industry in the country, we have to also understand that many of the players are highly dependent on exports as well because they do have I mean unlike BASF, BASF is only in the domestic market from our results perspective but many of my peers and competitors do have an export market as well and here I don't have a full view on how the global Ag Chem market is working but clearly the Indian businesses are expected to be positive this year and it is our intention to outperform the market average in the country.

- **Mr. S Ramesh – Nirmal Bang:**

- So just taking that one step further, the industry has been concerned about the supply chain, the raw material, inflation as well as the ability to pass it on in the supply shortages; so how is the supply situation now, jumps on the key inputs for the Ag Chem business and how is the pricing power in terms of being able to pass on given that crop prices are very healthy.

- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**

- So I think for the season, we've done a fair amount of work in the context of, we did have challenges there are some products where you know by the time we got the registrations and then we could actually import the products it was a very narrow time window which was not very easy even having to incur some cost of air freight for some of the things so those kind of challenges have been there but we are well prepared now for the season so we expect that we will not come to you with the excuse that we had supply chain problems for our Ag performance and we are hopeful that the monsoon will do well and now coming to the pricing of our products, I mean so far we've been reasonable in increasing our prices in the market. There is focus on profitability there as well. I haven't heard of any situation or any local market where they are saying that the BASF pricing increase is so high that we will now switch to somebody else, so I haven't heard that so far.

- **Mr. S Ramesh – Nirmal Bang:**

- Okay so there was some press report saying that infestations are possibly not as good as it should be so is it too early to take a call on the infestations which actually drive the demand you obviously need to have the humidity in the right and constant conditions. How do you see the action on the ground in terms of infestations?

- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**

- I mean that's what we all live on no. I mean the kind of infestations that happen so I think the dry heat and the heatwave which happened before has its influence of course but that said if I believe the forecast of the MET departments, I think we will see a reasonable growth of requirement of agrochemicals in the country.

- **Mr. S Ramesh – Nirmal Bang:**

- So looking at your overall portfolio there seems to be some fraction in terms of an asset turn, the margins and the ROCE, so you know in terms of your future endeavour, is there any point; one or two segments where you see you know import prospects in terms of the ability to deliver better returns on a portfolio basis and how are you going to address the other weak links although you know to suffer, that one perhaps in terms of revenue is not that week now, you want to address the losses and find our track on the overall portfolio returns.

- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**

- Thanks for that question. Like we mentioned a little while ago, so the surface technology clearly is an area, where even at the last meeting I did mention its work in progress and that clearly is a drag or has been a drag over the last couple of years on our results and that's something which is some occupying a fair amount of our management attention now to get that turned around, so clearly that's one area and on the nutrition and care as well, we're not satisfied where we are so we need to improve further on nutrition and care. I think the material segment has done fairly well in the last couple of years and here it's about how do we build further on that and how

do we grow both at a market perspective as well as our own footprint in the country. I think the chemical segment is doing fairly well and not a lot of homework in that area. In the context of Ag, it's about for us how do we broaden our portfolio, how do we grow further in the market and that's something which we've done consistently for the last six years. I think we were somewhere around 500 crores, six years ago and now we are at 1500 crores, and I just keep going with our well-established strategy and product portfolio pipeline to further deliver growth in the Ag business. So, I think each of the businesses have a clear thought process on ideas as to what is the room for improvement, and we will continue to deliver on that.

- **Mr. S Ramesh – Nirmal Bang:**

- So, if I ask one last question, green chemistry, and sustainable development you know, what the kind of initiative you are taking? How do you see that as an opportunity and a challenge in terms of the Capex and the ability to monetize that and that's the key challenge right if you want to you know generate returns on your investments?

- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**

- So, I wouldn't go on to the green chemistry side like I mentioned to the previous colleague as well, it's about sustainability, its which is a wider umbrella for BASF and clearly, we are committed to net zero by 2050 as a BASF group. We have a 30% reduction target by 2030 and I am very sure in India, we will achieve a 30% reduction well before that of our CO2 emissions. We are consistently improving our product portfolio in the context of our environmental footprint and you know providing transparency to our customers in the field of what are the carbon footprints of our products and last but not the least from a power and steam generation perspective, I think we are already in a very good shape, we are much better off even within the BASG group, India seems to have been an early adopter to both solar technology as well as bio based fuels, so a combination of that has given us relatively a better footprint even within BASF group and we'll continue to improve on this.

- **Mr. S Ramesh – Nirmal Bang:**

- Thanks for that insight. Thank you very much and wish you all the best and take care. Thank you.

- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**

- Thank You.

- **Mr. Manohar Kamath – Director - Legal, General Counsel (India) & Company Secretary, BASF India Limited:**

- Thank you. So, we have one question now online. So, the question is regarding the paint sector and basically a lot of companies now I mean the last year was really good for the paint industry and also, we see a lot of investment coming in so how do we see that portfolio within the BASF company.

- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**

- So I mean paint industry clearly a lot of new entrants coming in so whether it's the Grasim group or JSW and also JK wanting to get into paint industry, so one thing is there will definitely be competition amongst the paint companies, so they will have to fight with the Asian Paints who's the market leader clearly and I also see that the paint industry will grow and the quality of products will improve in the country so there will be two effects that will be there for the paint industry. Multiple players will only increase the competitive environment in that segment and if you look at the fact that we have just invested in a brand new asset capacity for dispersions, that essentially is with the view that the paint industry will grow and which is why we have expanded capacities and we will continuously review how that is happening and keep expanding either in Mangalore or in the Dahej so we have dispersion capacities in both places depending upon where do we need it more whether it's in the north or south of the country so we have brilliant opportunities to, you know do incremental expansions which obviously are a lot better than doing a greenfield project.
- **Mr. Manohar Kamath – Director - Legal, General Counsel (India) & Company Secretary, BASF India Limited:**
- Thanks Mohan. The next speaker is Mr. Rohit Sinha from Sunidhi securities. Are you there Rohit? Are you able to hear us? Okay. Any question? Yes please.
- **Mr. Anshum Nadecha, Bryanstone Investments**
- So if you look at last three years and I clearly remember somewhere in 2019 where you made a presentation from south Bombay, where do we stand and what your thoughts were at that point in time and probably if I look at three years journey, there are more right ticks rather than something which is not so good so; two things - anything in last two to three years wherein you are disappointed, you think as a company, BASF could have done much better and you would like to do it much better probably over next three years first one AND second, aspirationally over next three years or three to five years from BASF's perspective, what will be your top two to three priorities in terms of where do you want to see BASF India three to five years down the line.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- A very forward-looking statement. I have to be careful how I answer this, but I mean it's appropriate to ask this question. Am I disappointed with something? No, I am not and I talk about that to my team when I came here back in March 2019 and took over, I set out with a list of things to do and you're right, most of those things are ticked in green, there are few probably which is borderline green but it's more on the green side. Is there something where we could have done more? Yes, we could have done more in the context of our investments into digital infrastructure, into automation not just at our offices but also in our manufacturing sites. We need to improve on that to be competitive also going forward, we could have probably done more with customers but I think I wanted to do more with customers but Covid had its limitations that you couldn't, so I don't believe that, you know with the virtual environment you can do as much product development in the material space, as you can I mean if it's an IT industry, financial services, you can probably make do with lifelong virtual but in the



material space where you need to touch and feel things, I mean when you go to the automotive industry and you talk to them whether it's about their seats, whether it's about their engine manifolds, they need to see it, those engineers need to see it so you can't do it virtually. So, I think in the context of development of further initiatives with customers I think we could have done more if our environment was more supportive, it wasn't because we cut back on resources but that's one area where I think we have room to improve even going further. The last thing where you know we did this transition in the context of our services and how we work with our services and here now re-looking at our overall infrastructure, I mean our offices are old it is not set up to work in the modern era so these are areas where we will need to look at when I talked about digitalization it also I mean we have one video conferencing group for 600 people, not okay yeah, so the world has changed and we need to evolve there so there will be certain investments that we will need to make on the way we work, our customers also need it, so it's something which we will have to do. And lastly something which is very high on my agenda is improving the female participation in our workforce. BASF globally committed to a target of 30 percent of women in leadership by 2030.

- So, we are at nine percent odd, so we have actually I was shocked when I looked at Asia pacific ranking of India at nine percent we were amongst the lowest. Even countries which are historically presumed to be male dominated in the chemical industry like Japan and Korea were significantly higher than us, so that's clearly an area where we need to work, I am pleased to tell you that you know whenever I looked at the numbers, I have the numbers guys. I don't know where the problem is, so the problem was everywhere but it was more pronounced in our manufacturing sites. When I went and asked the questions, oh no women want to work in shifts, which is not true because there are customers of mine which run all women shifts and they do work night shifts as well so it's about providing the infrastructure, the security that is required and having the possibility for women to have careers in the company. So we have improved a little bit over the last couple of years and I clearly believe that having diversity in the workforce is good for overall innovation, the way we work and also you know I see they are more progressive so I believe in that and also BASF has this target so I think that's an area where we have to do more and I can share other things with you, when we did not have facilities like washrooms in our plants for women or I mean it's a chicken and neck thing. You assume that nobody's going to work, you don't create an infrastructure and then you say well nobody comes here because so again it's an area where I think the country needs it as well. There are significant women engineers who are now graduating from schools and we as a company, we are committed to improving that.
- **Mr. Anshum Nadecha, Bryanstone Investments**
- Business wise your priorities next three to five years.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Doesn't change. I told you that in February 2020, grow volumes, increased margins, reduce costs.
- **Mr. Anshum Nadecha, Bryanstone Investments**

- That's a bit I am saying aspirationally right, you where would you like to see key differences to BASF India three to five years down the line business wise.

- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**

- So again I would like to be ahead of the market, so you know to grow faster than our markets and grow that profitably but this is, BASF is not a company where you know from one day to the other you will have a tremendous growth unless now we decide to invest in a cracker in this country then that that suddenly changes order of magnitude but other than that it will be an organically growing company, we might do slightly better than the market that's what the endeavour is and I don't really go and give targets. I mean these guys don't get any targets for me because somehow, I believe doing that will probably limit them so because then I get into a negotiation discussion, the GDP is supposed to grow six percent and like somebody asked 1.2 percent of GDP or 1.5, last year if I would have done that, I would have ended up at nine percent growth, so I want to maximize. I don't want to limit that. So, is there a strategy where do I want to be in five years? Yes, I have a number in my mind, but I don't communicate even to my team because I don't want them to limit themselves to that or get into a negotiation with me that is too high or you know nobody says it's too low, whatever number you give they will say it's too high. So, I let them grow.

- **Mr. Anshum Nadecha, Bryanstone Investments**

- And how do you see BASF India in the overall context of BASF group, I mean three years back we were probably not so relevant today we are there probably may be reckoning and said three years out five years out how do you see BASF India in global context.

- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**

- I think the relative position of BASF India in the group will improve, it has already improved over the last three years, and I think that I mean a good measure for that, and I shared that in another forum recently, is that India is three percent of the world's chemical market. BASF India is India's three percent of BASF Group, all my companies put together not just this listed entity. So, when I take the overall, I have to take the joint ventures also into perspective, so we are representative as a company to the global, to India share in the global chemical market. We are not disproportionately high, we are not low, and the fact is from a portfolio perspective, if you see you know I have another slide which I show people, as the GDP per capita in the country grows I mean today we are at around 2000. The BASF's portfolio starts getting more and more relevant as this rises because along with that comes disposable income, the quality of products and once you reach where China is today which is around 10,000\$ per capita, you talk a different league because practically 80% of our portfolio becomes relevant. Whereas today this is why I trade a lot. I can't manufacture here because I don't get the economies of scale to build a plant whereas in China, I have that with 10,000\$ per capita GDP.

- **Mr. Anshum Nadecha, Bryanstone Investments**

- Okay and in the similar context, BASF China has a certain position in BASF group and last two three years, we've seen a lot of geopolitical development. We have seen last quarter have been turbulent in that context as well so do you see on a relative basis, keeping aside the per capita dynamics and the scale dynamics on a relative basis, purely on geopolitical developments of last two three years and what's happening in India in the context of local manufacturing, would BASF India be much more relevant going forward directionally?
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- So let me answer that with the asterisk caveat whatever you call it. Will India become more relevant than China? No. China is today 45% of the world's chemical market. It will grow to 50%. Exposure to China will only increase and China has a very large domestic market. So, we are not in exporting. We export some small quantities out. 95% of the products we produce in China stays in China. So will India become more relevant than China. Sorry.
- **Mr. Anshum Nadecha, Bryanstone Investments**
- Yeah, that will not happen here.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Will the importance of India increase? Yes.
- **Mr. Anshum Nadecha, Bryanstone Investments**
- Okay and where can we say compared to say three percent right and directionally would it be significant improvement over this?
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- The government says that by the end of this decade, they want to be at five six percent of the world's chemical market.
- **Mr. Anshum Nadecha, Bryanstone Investments**
- But when you as a company's MD and when you come as a Board think about you know BASF 5 years down the line, how do you go about this?
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- We have to have some basis and I can only talk in public about what information is in public. I might have different assumptions, but the government says that they want to be five percent of the world's chemical market. So, for all public speeches, five percent is the reference for me.
- **Mr. Anshum Nadecha, Bryanstone Investments**
- And last question. We had tremendous improvement in the financial numbers that we have seen over the last couple of years. Do you think we have reached optimal level,

or do we still have some head room in terms of improvement based on the kind of things that you mentioned that you are likely to do? Can we do much better than this or this is like optimum, and we'll be there somewhere near it some parts will be a little lower, some parts may be little.

- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**

- Yeah, you know again I answer in a different way. When people ask me about BASF group, I always say BASF group is representative of the chemical industry. There will always be parts of the portfolio which will do well and by definition because we have 11 divisions, we will be average of the industry so yeah so, the endeavour in each one of those is to maximize the performance there. Now that's how we run our business worldwide. Now there are businesses in BASF group which are at order of magnitude eight to ten billion, there are businesses in BASF that are two to three billion. Now if the cycle is such that the two to three billion is on top and this 10 billion is down, the overall things will go down, its mathematical sense and that will happen to us as well. If the material segment which is our largest segment happens to be in a positive development, then obviously things will be further better but if the material segment goes down and surface technologies which is 500 crores only if that is the best business then obviously the overall returns will not look so good so that's a problem with BASF as well. So, you have a multiple widespread portfolio which goes into practically every industry. Now all the industries don't do well at the same time, that's a very rare occasion. So somehow there will be some averaging. The aspiration of the team is to be on the top of each one of those wherever they are. So being the top one or two players in those individual segments.

- **Mr. Anshum Nadecha, Bryanstone Investments**

- But then at the aggregate level, is it possible keeping current environment in mind and the current whatever we can visit, is it possible that next two to three years can we do materially better than what we are today?

- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**

- Define material?

- **Mr. Anshum Nadecha, Bryanstone Investments**

- As in say whatever ROCE, we have whatever margins we have.

- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**

- I have 36 percent ROCE you are asking me for more material improvement. That's the challenge my friend. There are not many businesses who do that. Actually, let's be open. I can't tell you more. Do I want more. Yes. I am greedy, I want more okay. Can I predict it? I can't.

- **Mr. Anshum Nadecha, Bryanstone Investments**

- Can you do more given the current environment?

- **Mr. Narayan Krishnamohan –Managing Director, BASF India Limited:**
- That's the endeavour. It's like my salary. I always want more. I don't get it always.
- **Mr. Manohar Kamath – Director - Legal, General Counsel (India) & Company Secretary, BASF India Limited:**
- So, we will see if Mr. Rohit is back.
- **Mr. Rohit Sinha – Sunidhi Industries:**
- Sorry I had some issues so could not join, as I joined a bit late so maybe my question might have been answered earlier, so one thing, one question is on our manufacturing and trading business ratio which we were some time back, we are also thinking about increasing the manufacturing part so does we still remain the same, we will go with the same kind of ratio going forward as well or would there be any I mean three-five percent kind of improvement we can expect in the manufacturing side and would that be somehow helping our margin to improve?
- **Mr. Narayan Krishnamohan –Managing Director, BASF India Limited:**
- Well, the thing is for me, both businesses are growing. So, the ratios are not really changing too much. We are investing further into own manufacturing capacities which ideally should have improved the ratios but then our trading products are also growing at a similar rate, so the ratios are not changing but absolute numbers on both are increasing.
- **Rohit Sinha – Sunidhi Industries:**
- Okay okay. Secondly in our chemical business as I see in last three-four quarters, I mean gradually our chemicals I mean the revenue contribution has been slightly going down I mean absolute number has come down from Q2 to Q3 then in Q4 so is that because of lower activity from the end user or is there any other reason because prices have been on the higher side from I mean especially in Q3 and Q4 so despite the prices being on the higher side why the revenue has come down.
- **Mr. Narayan Krishnamohan –Managing Director, BASF India Limited:**
- Okay I will have to look at that I thought overall chemicals revenue has gone up and not down. Now overall from the chemical perspective what I can say is the demand is quite well and I think it's growing and so demand is very much there but the fact is that there have been in certain areas of that supply chain disruptions as well, so there have been delays in invoicing, the material availability, material being stuck in ports, so those kind of topics have been there but fundamentally I am not, I think the chemicals business has been doing well the last couple of years.
- **Rohit Sinha – Sunidhi Industries:**
- Okay okay and one last question. As we say that we are visitors in almost every industry and obviously not all industry will perform well at the same time so what we are seeing I mean going forward I am just asking that how do you see this F.Y 2023

and which maybe one or two industry you see would be having a better year as of now or what you see in this F.Y 2023.

- **Mr. Narayan Krishnamohan –Managing Director, BASF India Limited:**

- Okay. Again, crystal ball gazing, cannot predict too much. I think the first trigger for us is what happens with the monsoon and how does that impact the agricultural economy. The consequences of that would then be felt in FMCG and consumer durables so that's what I am looking for in Q3 and Q4 and how that demand develops. The larger question of course with inflation, higher interest rates is what happens to construction and automotive. I mean the last year I think has been actually good for construction both in terms of buildings as well as infrastructure. The expectation or the hope is also from the government perspective that we continue to invest in infrastructure and the demand for housing and commercial space improves which also then triggers a number of other aspects of industry, but the first trigger of course is monsoon. If the monsoon does not do well, I think already the stress that you see in FMCG, and consumer durables will start spreading.

- **Rohit Sinha – Sunidhi Industries:**

- Okay okay and that's it from my side. Thank you. Thank you very much and all the best.

- **Mr. Manohar Kamath – Director - Legal, General Counsel (India) & Company Secretary, BASF India Limited:**

- Thank you so any further questions?

- **Mr. Chandraprakash Padiyar, Tata Mutual Fund**

- Just one if I can ask. In the near term, because of China Covid situation, Europe and all, any supply disruption that can impact you? Is that do you have any sleepless nights over it or you're still managing it well.

- **Mr. Narayan Krishnamohan –Managing Director, BASF India Limited:**

- We are managing it well. Not sleepless nights but worried. Worried evenings, yes. So, it's not that serious, yet there is opportunity for it to become sleepless nights. The thing is, we do depend for certain raw materials and as well as products which we sell on imports and both from an availability perspective and from an affordability perspective, these are topics and at the moment I don't see demand falling off like I said or customers unwilling to pay the current pricing levels. I don't see that, but I don't know how long that holds.

- **Mr. Chandraprakash Padiyar, Tata Mutual Fund**

- Okay and a related question would be let's say the way you answered in Ag portfolio from a competitive pricing perspective for your materials and other segment, are there competition where they are also taking the same price increases and hence

competition is kind of reasonable for from a profitable perspective or are there any competition which is behaving irrationally as well.

- **Mr. Narayan Krishnamohan –Managing Director, BASF India Limited:**

- I can't really talk about competition in this context. What I can say is that my demand for products I mean if my pricing was out of the bag and I am not really in line with the fundamentals of the market, so you know it's not commodity pricing where I put it on an exchange and somebody buys it, for us to get a price increase from let's say a Tata Motors or a Maruti Suzuki. Sometimes you have to go three rounds of negotiations and I am very sure they are talking to our competitors and other possibilities and so on. So it's not been easy to get these price increases so and you have to explain what's my cost increase, why am I doing this, what's my outlook, how long will this last, can't you bear it for one or two months, I mean that's always a question if it's short-term and these all questions we need to prepare and answer so it's not been an easy ride increasing these prices and I believe the industry has gone up otherwise I mean why would they buy from us anymore.

- **Mr. Manohar Kamath – Director - Legal, General Counsel (India) & Company Secretary, BASF India Limited:**

- Okay so maybe there's one question till the time you get to your question. So, you know there is this craze about electronic vehicles, electric vehicles right now and you know of course we see the period, it's still at a very nascent stage, where do you see this as a potential for BASF going forward.

- **Mr. Narayan Krishnamohan –Managing Director, BASF India Limited:**

- So, in the electric vehicle space in India. Yes, globally we have already announced a few plans on battery materials. We are well positioned in Europe and in China and so on. In the context of India, today the government has announced the PLI scheme for advanced chemistry cells, we really don't have any cell manufacturers in the country or very when it's not substantial enough we assemble a few things here and that is where I mean BASF in that ecosystem, we don't produce cells. We are only in the cathode aspect of the business, where there is an opportunity depending on how the industry develops. The PLI scheme essentially gives the cell manufacturers I think a five-year term to localize 60 percent of their ingredients and we've done the rough math on this without having a significant portion of the cathode manufactured in the country, you will not get to 60 percent of indigenization which then essentially means about critical mass whether the market reaches critical mass in five years' time to indigenize something which is relevant for BASF. So that's something where we are having ongoing discussions with potential customers also with the government, we have we are part of the committee which discusses these topics. Will India have a reasonable amount of electric vehicles? I think the forecast is order of magnitude 25 percent by 2030 which if you take today's numbers would be about a million cars as projections, so now we have to see what does that mean in the context of what will be done here, what will be imported as cells from abroad and so on and so forth. Am I optimistic about it for the country? Yes.

- **Mr. Manohar Kamath – Director - Legal, General Counsel (India) & Company Secretary, BASF India Limited:**
- Thanks Mohan.
- **Mr. Anshum Nadecha, Bryanstone Investments**
- So last time when there was a supply disruption and we had seen the share of organized sector going up and consequently we benefited out of it. Again, we are in a terrible supply situation at this point in time, so is it repeat of the last time wherein we are seeing organized sector benefit and consequently BASF benefit out of it?
- **Mr. Narayan Krishnamohan –Managing Director, BASF India Limited:**
- I think you know when that happened in the first wave of Covid, many of the players didn't come back I mean these unorganized players in many of the industries they got wiped out many of them, so some of them did come back it's not that nobody came back, so it changed a little bit. So, some consolidation has happened in practically every industry that I can talk about, and I think it has reached a level where there is some amount of stability now, so now it's about you know how you grow with these people and whether you choose the right winners within that portfolio of customers and industry. So, I think we are at a stage where we have done the initial shake up it's reached a kind of a steady state and now again, we will add growth and probably then when there is growth more, more people will come in and so on and maybe in a few years there will be another round.
- **Mr. Manohar Kamath – Director - Legal, General Counsel (India) & Company Secretary, BASF India Limited:**
- So, we have one more speaker
- **Mr. Narayan Krishnamohan –Managing Director, BASF India Limited:**
- Yeah.
- **Mr. Manohar Kamath – Director - Legal, General Counsel (India) & Company Secretary, BASF India Limited:**
- Mr Vipul Shah.
- **Mr. Vipul Shah – Ripplewave:**
- Hello. Am I audible?
- **Mr. Manohar Kamath – Director - Legal, General Counsel (India) & Company Secretary, BASF India Limited:**
- Yes, yes yes.
- **Mr. Vipul Shah – Ripplewave:**



- Yeah. So, thank you for the opportunity. What I wanted to check with you sir is that we've seen very strong growth in the material side of our business and in the opening slides you alluded as well that part of the business, you've increased the manufacturing capacity as well so what I wanted to check sir is that if you take the materials portion of the business, it is by far a dominant piece today as we speak F.Y 2022 around about 3,500 crores in top line, how much of it would be say coming from our trading turnover? That is question one and do you see any meaningful, you know plan to have a higher share of manufacturing in this part of the business.

- **Mr. Narayan Krishnamohan –Managing Director, BASF India Limited:**

- So I can't share at the moment the exact number of how much is trading in that segment but what I can say is we are evaluating various capacity enhancement measures both on the monomers part as well as the materials part of the segment and like I've already announced earlier, the polyamide expansion actually fits into that segment, a couple of other areas as well, I mean Celesto we started last year which also is not full yet and I see potential to grow there so the share of manufacturing will definitely increase but that said you know it was interesting in one of my discussions with the bureau of Indian standards, they were asking me why don't you localize everything in this country I said you know I don't have the raw materials, in the end I will import something into the country. At what stage I import and where it makes critical mass for me to have a line to produce a certain grade of product is the most important question and you know people say polyurethane. Polyurethane is a type of chemistry which has got probably a thousand variations in it, everything I can't make in every place so you know we are balancing that so I think in the medium to long term, we will continue to invest in these areas so whether it's polyamide polyurethane chemistries on the monomer side like I mentioned we are reviewing currently as well, so I am actually optimistic about that segment.

- **Mr. Vipul Shah – Ripplewave:**

- If I may say you know looking at and this has been discussed earlier also, I think in this session before, but my understanding sir and I just wanted to check also with you is that the supply to the pens industry predominantly forms part of our industrial solutions business. Looking at the explosive growth plans from some of the you know new players and serious players if I may you know in this segment, do you believe that you know there is a strong case for putting up new manufacturing facilities although we saw that earlier you mentioned that you've doubled your dispersion you know capacity in the Dahej, but do you think looking ahead you may have to put up a couple of, you know manufacturing units to cater to the you know these new company's plans which are coming up?

- **Mr. Narayan Krishnamohan –Managing Director, BASF India Limited:**

- So at the end of the day it depends upon how big the market grows now if they take away share from their competitors at the end of the day it doesn't add within the dispersion volumes so I believe uh it's largely dependent on how the construction industry grows and in the construction industry with the growth projections that we have now whether it is the existing players or the newcomers that take share in that I think we are well positioned with our capacities both in Mangalore and the Dahej and

like I mentioned before for us it's about 18-month runway to you know get another line for example yeah so when we see that, it needs another investment. Of course, we will further expand.

- **Mr. Vipul Shah – Ripplewave:**

- Thank you so much.

- **Mr. Manohar Kamath – Director - Legal, General Counsel (India) & Company Secretary, BASF India Limited:**

- So, any more questions online? Yes please.

- **Ms. Ashwini Manwatkar, New India Assurance:**

- Sir from which Country do we import our products?

- **Mr. Narayan Krishnamohan –Managing Director, BASF India Limited:**

- So, we have diversified imports I mean we have from Korea, we have from Germany, we have from Malaysia, Singapore and Antwerp, yeah Germany and Antwerp both and some very little from the US as well.

- **Ms. Ashwini Manwatkar, New India Assurance:**

- So, do we have our manufacturing over there?

- **Mr. Narayan Krishnamohan –Managing Director, BASF India Limited:**

- Yes.

- **Ms. Ashwini Manwatkar, New India Assurance:**

- Okay.

- **Mr. Narayan Krishnamohan –Managing Director, BASF India Limited:**

- We have manufacturing all over the world.

- **Ms. Ashwini Manwatkar, New India Assurance:**

- okay so we are actually importing from our BASF only.

- **Mr. Narayan Krishnamohan –Managing Director, BASF India Limited:**

- Correct. so, we don't do third party trading.

- **Ms. Ashwini Manwatkar, New India Assurance:**

- And Sir are you trying to demerge the business in the market for the benefit of shareholders.

- **Mr. Narayan Krishnamohan –Managing Director, BASF India Limited:**
- You mean split the company.
- **Ms. Ashwini Manwatkar, New India Assurance:**
- Yeah.
- **Mr. Narayan Krishnamohan –Managing Director, BASF India Limited:**
- No such thoughts have come across.
- **Mr. Manohar Kamath – Director - Legal, General Counsel (India) & Company Secretary, BASF India Limited:**
- Okay good.
- **Mr. Narayan Krishnamohan –Managing Director, BASF India Limited:**
- Thank you.
- **Mr. Manohar Kamath – Director - Legal, General Counsel (India) & Company Secretary, BASF India Limited:**
- Any more questions in the room? Okay good. So, I think this was quite an informative session Mohan thank you, thanks Naren for all the presentation as well so I request, the presentation I think and the transcript we will put up online after the meeting and also request all your cooperation and support for our, you know our AGM is on the 3rd of august, so you know, your support and cooperation is always needed. Yeah, so thank you very much and we see again in November this year for the next Analyst Meeting. Thank you.
- **Mr. Narendranath Baliga – Chief Financial Officer, BASF India Limited:**
- Thank you.
- **Mr. Narayan Krishnamohan –Managing Director, BASF India Limited:**
- Thank you. Nice weekend to everyone. Thank you. Bye.