



We create chemistry

BASF India Limited, Mumbai - 400 051, India

December 10, 2021

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

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

Dear Sir/Madam,

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

Further to our letter dated November 29, 2021, we enclose herewith the transcript of the Analyst / Fund Managers meeting held on November 29, 2021.

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

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

Pankaj Bahl  
Manager- Company Secretarial

Cc: Listing Compliance,  
National Stock Exchange of India Limited,  
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## **BASF INDIA LIMITED – Analyst / Fund Managers Meeting**

**29<sup>th</sup> November 2021**

- **Mr. Pradeep Chandan – Director-Legal, General Counsel (South Asia) & Company Secretary, BASF India Limited:**
  - Good afternoon everyone. I welcome all the analysts and fund managers to this virtual meeting of BASF India Limited. I would also like to welcome Mr Narayan Krishnamohan our Managing Director, Mr Narendranath J. Baliga our Chief Financial Officer and Mr Rajesh Naik, our Whole-time Director to this virtual meet. The participants are requested to note that this meeting is recorded and the audio and video recording of this meeting, together with the transcript would be uploaded on our site and also be submitted to the stock exchanges.
  - I would also like to brief you about certain important points for smooth conduct of this virtual meeting. All of you are by default placed on mute mode by the host to avoid any disturbances arising from the background noise. During the question-and-answer section, the names of those who are already registered with us for asking questions and queries will be called out and thereafter the respective speaker will be unmuted by the host. Others, who would like to ask questions or queries may raise their hand by clicking on raise hand icon on the right-hand button of the WebEx page. In view of the good response received for this meeting, I would request all speaker participants to be brief while asking your questions and queries.
  - With this, I now request Mr Narayan Krishnamohan, our Managing Director and Mr. Narendranath J. Baliga, our Chief Financial Officer to present on Company's performance and other related topics. Thank you.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
  - Thanks Pradeep. I hope all of you can hear me. Very good afternoon to you ladies and gentlemen. Over the course of the next half hour or 45 minutes between Naren and myself, we will walk you through a few slides that we prepared in the context of our performance, covering our half yearly performance for this financial year. I would start off by the customary note regarding forward looking statements, so we will only discuss those matters which are in public domain and as a matter of policy we do not provide forecasts for the future business situation. And lastly, we also do not comment or give guidance on future results or business outlook. These are the standard statements. I repeat it every time I've done that, I think the fourth or fifth time, so we stick to that and I would try to answer to the best of my ability all the questions that you have, but please forgive me if there are certain things which are forward looking, and I do not answer them. Let me start with safety. You know that BASF has safety as its topmost priority, and I'm really proud to say that, we had negligible incidences in the half year from April - September 2021. Actually, there were no accidents at any of our manufacturing sites during the six months that we've operated this year. We did have a few non-operational loss time injuries typically related to people slipping or falling while walking or coming down the stairs. But no real chemical operation, accidents, or spills or so on. So it's been an excellent performance for this year and we hope we can keep that for the rest of the year as well. To address the fact that we don't have non-work-related incidents and injuries, we have increased the emphasis on awareness of what happens.
  - A classic example is, you know due to COVID, people were very reluctant to touch surfaces and as a consequence, we found that many of our employees kind of avoid holding the handrail while walking down the stairs and we had at least one accident which was because of simply that reason. So, re-emphasizing this, providing adequate safety and also sanitizing

the hand rails from time to time to build the confidence of the people. So we've put our efforts into those kind of activities so that we can avoid also the non-operational incidents. A little about COVID. I mean, we cannot get away from the fact that COVID has been an overhang through most of this year. We had some of the worst situation in the first quarter of this financial year during April and May, where you see the big spike in the number of cases overall in India. I remember at that point in time, on average we were getting about 300 to 400,000 cases a day. So about a million people getting infected. And thankfully after a couple of months. I mean, you remember in those days we had a lot of fatalities in the country we had shortage of oxygen, shortage of hospital beds in the meanwhile thanks to the vaccination, thanks to people for taking adequate precautions, things have been improved and you can see as of today, the average number of cases in the country are below 10,000.

- Even at BASF, if you look at the bottom left in terms of the vaccination rates, we have about 99% of the population already vaccinated to a large extent, double vaccinated, and we have about 11% who are partially vaccinated and will be by the end of the year fully vaccinated. The 1% that is not vaccinated is essentially due to medical conditions where they cannot be vaccinated. Also, in the context of contractual employees, you see 99% of the people have been vaccinated, so your company has done a lot to ensure that their employees and their families get vaccinated. That said, we had our share of misfortune of fatalities at the company due to COVID. We had 17 deaths. Each one of them unfortunate. Underlying conditions or delayed visit to the hospital. But the major reasons while we had this, your company has taken care of the employees and their families. Whatever best we could do. We did that and I must say that at this point of time, the last couple of months we've had hardly any cases at the company. Even today, as of today, we just have one active case. And its a double vaccinated colleague and having mild symptoms of COVID. That said, in the last week all of you have seen worldwide quite a bit of news regarding the new variant, and in that context that is kind of a unknown as to what will happen in the next month.
- So the Company is taking full precautions to ensure that our operations are safe and that we can continue to operate. We take all the precautions even today you see, all of us are wearing masks in this room. That's the case at all our sites and offices. We make sure that we take all the necessary precautions and that's something which we will continue to do to make sure that the company runs. I mean , if I specifically look at Maharashtra, the government allowed us to operate at 100% a couple of months ago, but we were quite conservative in that regard. And we said, you know, there's a festival season and we need to be careful about it and we're conservative in coming back to the office. That said, as a company, we have taken a decision that effective 1st of December we will come 100% back to the office and observe I mean, if there is a spike in cases again, we can revert back to work from home which we've been doing for the last 12 to 18 months. And as a company we believe in connectedness, coming from being together in the office, talking to people coming with creative ideas and innovation and so on, I think these kind of things have suffered a little bit during the COVID times, and we would like to bring that back and that is why we come back to the office effective 1st of December on 100% basis.
- A little bit of outlook on how do I see the market? how do we see the market as a Board? It was a difficult first quarter of the year, but obviously your company did quite well. We were pretty much good despite the lockdowns. Despite the challenges we did well in the first half of the year and now what we see is the overall sentiment in the industry with the reduction in cases with the industrial activity picking up is quite positive and I think the indicator was at its high in October 2021. Inflation, of course, is a cause of concern. I mean, the oil prices, the commodity prices have been going up quite a bit in the last six months, and that of course is a question mark as to what will happen in the next month and what will be the impact of

inflation. On the automotive side, which is the largest segment in which we operate, I must say that in the last couple of years with the change in regulatory standards and the demand being slightly lower, we've never really recovered from the impact of COVID and the regulatory changes, and even today with the chip shortages and the supply chain disruptions that we see in the automotive value chain, there is an impact which has also impacted some of our businesses which are directly connected to the automotive industry. In the context of rural sales FMCG, we did see a slowdown in the September 2021 quarter. I guess that was a consequence of what happened with the monsoon and the impact on the agricultural sector.

- We can discuss a little bit about that going forward. And what was good was a lot of new homes and construction seems to have recovered and there were a lot of new launches in metros and a lot of new registrations of apartments and properties which saw positive momentum then also in the space of appliances. In the context of agricultural segment, here I must say that you know at the start of the financial year we were quite bullish about the year and then I looked at the monsoon somewhere in the third week of June, every part of the country was excess rainfall and quite good. I mean the reservoirs were high and you know we were looking at a fantastic season. But then in the next four weeks there was a long dry spell. And by the end of July, most pockets were like under Fed rains, there was a deficit and more so in the central part of the country I mean which was at plus 50% at the end of June ended up at minus 8% by the end of September, which was like by the end of July. Sorry, month's time and that was a big impact or especially the Herbicide business, where you know the entire soyabean crop with the herbicide business, there were huge product returns at that point in time, so we can talk a little bit more when we talk about the segments, but clearly the long gap in the dry spell in July had an adverse impact on some of the agricultural segment, and I think consequently also the rural economy. What we read later in September and October and during the festival season, the sale of two Wheelers was not as much as expected. Probably is a consequence of this. And then after that August again was heavy rainfall in August and September.
- So by the end of the year, if you look at overall for the year, there was adequate rains, but it was just that the timing of it was not perfect and this did have an impact, and I think you will see that across all the Agricultural sector companies, certain impact caused by this. Let's say. A patchy rainfall in different types. That said, the outlook for the year clearly is 9.5 percent growth in GDP. I mean, one must take that into account that the previous year was a negative, so it's kind of makes up for the loss of previous year. And in this context, I would say that when you look at the financial performance of the company, It's something remarkable. I mean Naren will come up with those slides later where you will see the actual numbers. I will just focus now on the segments and the performance. I think all the segments did relatively well, some better than the others. And I started talking about the Agricultural Solutions business so let me continue about the Agricultural sector. Our expectations were very high for the Agricultural sector we thought we would do even much more than our budget, but I'm glad to say that at the end of the day we will do meet our budgets for the agrochemicals business, but we will not significantly exceed it. We are very much on track for our long-term growth plans in the Agricultural sector in the coming years. The next year we will have a couple of new products coming in as well. New registrations which should help us significantly grow the business going forward. Of the Material segment, especially the monomers, I mean, we've all seen the commodity price increase and the material segment definitely benefited from the increase in price of the monomers and the ability of the performance materials to pass on those costs and also some margins increased in that business. I must say that the slowdown in the automotive sector did impact part of the performance materials, but it more or less made up for that with businesses in other areas, like for example in appliances and construction and so on.

- The industrial solution business, I mean the dispersion business, was a star in there which took all the high prices coming in from the chemicals sector as raw materials and managed to further leverage on the supply situation to make sure that the margins are pretty robust and the industrial solutions business did fantastically well during the course of the year. I mean, you can also see it in the results of the previous two quarters that the industrial Solutions had a fantastic year in the first six months. I go to surface technologies. You remember the construction chemicals business was part of the Surface Technologies business. We divested it last year and it is a consequence it has shrunk significantly compared to the previous year. The remaining business in the surface technologies is a little bit of process catalysts and the coatings business is a pure play, OEM business and you can see that the impact of the lower automotive production with many shutdown days also in the previous quarter had an impact on the overall demand for the coatings business. Secondly, the feedstock prices went up significantly during the course of the half year that we've just gone through, and the ability of that business to pass through those costs or increase the margins at a time when the demand was not so great raw material costs were rising, were challenged and as a consequence you see that the results of the surface technologies is not as good as we would like it to be. That said, we are working on certain strategic measures to improve the profitability of the business and also to improve the penetration of the business with the OEM's. But I talk about the nutrition and care business you remember.
- Last year, this was the one business which was unaffected by the lockdowns and the core was part of the essential businesses. So, all the raw materials for sanitizers, for food came in this business and we had a tremendous growth last year and we continue to do robust, much spectacular, but just solid growth also this year. However, the segment was impacted by a slight decline in pricing and the fact was that the profitability of this business is slightly lower than what it was the previous year. Lastly, I come to the chemical segment. The chemical segment was the star performer this year. Tremendous growth coming from the fact that the commodity prices were doing quite well and also the demand for the base chemicals that we have was quite robust in the country and we were able to leverage that despite challenges in supply chain, we were able to do really well in the chemical segment. I think the entire chemical industry to some extent, was challenged by the high commodity prices coming, which is reflected in our chemical segment, and the monomer segment and if you had paid attention, I'm sure you would have followed the BASF group results, the chemicals and the material segment were the top performers across the world. And even in this, even in India, the company has done quite well in in these segments. With this I would hand over to Naren to take you through the financials in detail.
- **Mr. Narendranath J. Baliga – Chief Financial Officer, BASF India Limited:**
- Thanks Mohan. Hope I'm audible. Good afternoon everyone. So let's see the numbers how it looks like based on what Mohan described the business scenario that starting with the quarterly performance I start with March 2020 when we had the lockdown on 23<sup>rd</sup> March 2020 and then we see how it progressed so March 2020 on the last seven days whatever we had dispatched had to be a kind of reversed because they did not reach the customer. So we are kind of 1900 crores in March 2020 and if you go 1 quarter back, it is around 2100 crores. So that was the run rate that we had at that time and now going forward you can see how quarter on quarter sales increased till September 2021, which happens to be the highest revenue for BASF India Limited in a quarter. A 40% increase over the same quarter last year and a 13% increase over immediately previous quarter coming to the profit before tax, before exceptional items. It's important that this is before exceptional items because we had a couple of exceptional items in the last few quarters, so that can be shared. The numbers if we include that. So this is before exceptional items. March 2020 was kind of 35 crores and then June we

had locked down and hence we could not produce to a great extent, so depreciation was fully there and fixed cost was also there and based on the decision by Mohan that we will not be reducing the people whether it's temporary, permanent, whatever during that period we continue to have the entire fixed costs going on without any revenue. So it happened for a couple of months there and then we started recovering.

- In September 2020, you can see the recovery and around Rs. 200 crores, the kind of running rate that we see per quarter. In March 2021, if you see a small dip to Rs. 171 crore, it's mainly coming out of some provision we did for wage code alignment, so the company prepared itself for future and ensure that all the liabilities under the wage code as of that date is rightfully provided and we have some integration costs of the polymer business which also impacted the number. So March 21 is kind of a slight lower number but then June happened to be one of the best quarters we had both chemical and Mohan explained aggro and chemicals, both doing extremely well and overall all businesses increasing their volumes showed we come up to around Rs. 250 crores profit for the quarter and in September 2021 is not as good as June, but then still, it's a very respectable number. Like I said, around Rs. 200 crores the running rate plus or minus 10-20 crores, so that's the running rate as of now. So, what we do here is to show the six months for the last three years. That is the current year and the last two years 2019,2020 and 2021, six months April to September. So 15% increase in the first between 2019 and 2020 and then 50% increase from last year to this year.
- The good part is this is equally divided between volume growth like Mohan explained across the business units and also price growth. Yeah, almost equal right 25-26% increase in volume and 25-26% increase in price. That's a very healthy growth for any company to have. Going to the EBIT before exceptional item, April- September to 2019 to 2020, around 17% increase, not much. It's there because we had to take the full impact of the lockdown, so all suffering all that it still was a respectable Rs. 92 crores say EBIT. But coming to April-September 2021 again another record Six months for us Rs. 440 crores of EBIT before exceptional items and all that has landed exactly into the profit before tax, the difference between the second chart and the third chart bit and PBT is only the interest, so the difference what you see between the two is the interest element. A good part is since we reduced our borrowings almost to nil except for some working capital loans which we borrowed from the banks and then repay when we have the collection at the month end of the month except for that there is no major borrowing. All the borrowings for our Dahej plant also is fully paid off. And that's the difference between the two charts. EBIT and PBT interest element and with that we have Rs. 430 crores of PBT before exceptional items. All this is driven by improved volumes and better margin realization at the same time fixed cost control and working Capital Management and this we see as we go to the further slides.
- Now this is a water chart which shows what was the revenue for April-September 2020, Rs. 4246 crores and what is the revenue for April-September 2021 Rs. 6400 crores. Uh, the green chart the green bars are the incremental sales over and above what we recorded last year. So if you see agrochemicals, It shows only one crore there, which means the sales is almost exactly equal to what we had last year, six months and Mohan explained, despite dry spell and herbicide issues, we still had a respectable agro sales, record sales will say, and it was marginally Rs. 1 crore higher than what we achieved last six months. But when it comes to materials, it's a fantastic achievement almost Rs. 940 crores of increased sales over and above what we had last year and contributed by both Performance materials and monomers business.
- Monomers is our business where we do the trading and performance materials is where we have both trading and manufacturing Industrial solutions, Performance chemicals and

dispersions, Rs. 600 crores increase in sales. Surface technologies like Mohan explained automotive was under pressure and small part of it is also due to not having our construction chemical business with us anymore. Yeah, we used to have around Rs. 50 crores in that period, but that's not there here since July 1st 2020. We sold the business so it's not, It does not exist anymore. Nutrition and care last year was a fantastic year for us. Record breaking sales, especially after the start of the pandemic and we maintain that number this year also. A couple of you have asked these questions why the Surface technologies, nutrition and care to increase in sales profits are not showing up which we will explain in the next slide. Chemicals was another fantastic business. Totally merchandise business. We don't have manufacturing capabilities in India. We import from group companies outside and Rs. 500 crores plus is the increase. So this is the waterfall chart to show how from Rs. 5000 to Rs. 4200 crores goes up to Rs. 6400 crores. Oh, this is an interesting slide showing the segment wise profitability. We had Rs. 92 crores last year and that becomes Rs. 441 crore and shows which are the segments contributing towards this increase. Agricultural solution last year was a fantastic year and this year with dry spell and other issues, there is some also higher input cost and all that has resulted in a slightly lower profitability. If you see the last but one row that shows the EBIT of current year Rs. 87 crores is the EBIT of current year, that is Rs. 23 crores less than what it was last year, so that's how it should be, right? Materials is a fantastic turn around story if it was Rs. 200 crores, but that's a Rs. 251 crore improvement which means last year say six months we had a minus Rs. 50 crores of EBIT, which means a loss of Rs. 50 crores loss as compared to that now it's Rs. 200 crores profit which means it's a turn around of Rs. 250 crores from last year to this year six months. Industrial solutions again Rs. 80 crores plus improved profitability, so last year was not so good in profitability we had Rs. 4-5 crores of profit whereas now we have Rs. 88 crores of profit. That's Rs. 83 crore of increase. Surface technology many of you have asked this question and we can answer that in the Q&A.

- Also, this is one sector which had some input cost challenges and also the automotive sector not doing well impacted significantly and though the catalyst part of it worked pretty well with pent up demand being released, now the coatings still had headway. Nutrition and care. Yes, slight increase in profitability, but here we see a Rs. 30 crore reduced profitability compared to last year again coming out of a higher base last year. We have a Rs. 30 crore negative result this year, or rather Rs. 9 crore of profit for the year which is Rs. 30 crore less than what it was last year. Chemicals Mohan already explained how well we did it in intermediates and Petro chemicals both volumes prize everything worked in our favour and this is merchandise business Rs. 50 crores additional profit over and above last year so all in all Rs. 92 crore becomes Rs. 441 crore of EBIT. Key performance indicators - I have identified some key indicators which would give you a focus on the health of the company and how well we are operating. EBIT before exceptional item is around 7% as compared to 5% earlier. Good progress, still can be better. EPS earnings per share before exceptional item in absolute terms is Rs. 77 per share and that I have to highlight is not annualized number. It is only for six months whereas the 58.6 what you see on the right side for financial year 2020-21 is annualized or for another full year number 77 is a annualized number. Return on capital employed is at 20% again worth highlighting that it's not annualized number It's only for six months. It's 20% as compared to 24.5% of 2021 F.Y. 2021.
- Operating expenses, which by definition is excluding Raw material cost excluding depreciation and personnel costs is at 6.7% as compared to 8% earlier. So this is one big leverage that we have where reducing the operating expenses or containing the operating expenses lead to significant improvement in EBIT. So like I said earlier, it's all volumes. Margin fixed cost management and working capital. Coming to debt Equity ratio, we have very small borrowings now that too kind of short-term borrowings just for working capital requirement and almost negligible you can see 0.05 is the ratio for debt equity ratio. Receivables around 69-70 days

and inventories at 60 days, that's only two months of inventory, which is a very challenging situation. Even in this period when we have global supply chain disruption to manage with 60 days inventory because if we have to import something from our parent company or from the group companies abroad, it takes around two months on the sea to arrive. So it's kind of a very well managed. I would say inventory, and especially with the oil prices fluctuating we are also very careful how we manage inventory and not lined up with high value inventory. If there is a significant fluctuation in oil price so very carefully managed. And finally, the total assets turnover ratio is 2.4 times, that is the turnover is 2.4 times the total assets. Head over to Mohan to continue with the presentation. Thanks.

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

- Thanks Naren for taking us through the numbers and we're happy to answer questions that you may have later. Well, for now you know, I think the first half of this financial year has been pretty solid from a performance perspective. We did have the challenges of COVID during the April to June quarter and then a slow recovery after that. But what we started doing last year, which is engaging with the customers although it was very difficult, I mean travel was difficult you couldn't really go out and meet customers, but in that context, connecting with their customers through video conferences through calls. Also, with our international team in the context of support and Technical Support using digital technologies not just in the context of the usual stuff that we are all familiar with. Webex and Ms teams or zoom, but even going beyond that, in the context of our agricultural business, I remember at one point in time during the peak of the pandemic we were touching 100,000 farmers a day. Using the platform of Facebook live, and this was really something we took up to these. I mean, I couldn't imagine a company like BASF doing these things two or three years ago, but really taking up digital technologies, not just in the context of customer meetings, but also in the context of the way we do business. Now you will see a couple of examples in the slides coming up with web shops and so on.
- So these are things that we've adopted at a faster rate over the last couple of years. Also, the employees, I think everything that the company has done for the employees and their families during the course of the pandemic has created a much more engaged workforce. I mean, Naren did mention about the fact that the salaries were paid on time. We didn't fire anybody. We did not do any restructuring measures, but we just kept growing the business. I think this has also motivated the workforce to a large extent. The diverse portfolio that we have across all the segments. And again, I would clearly highlight the Agricultural Solutions segment over here. Five years ago, if what happened this year, if you would have taken our portfolio five years ago, our sales would have dropped by at least 50% because we were so heavily dependent on the herbicide market in the soybean segment that this one month of rain cap would have basically killed 50% of our sales. But you saw that we were able to do more or less the same sales as last year. One crore plus as what Naren said, and that's principally because of the fact that the portfolio is a lot more diverse. We do a fair amount of business in the fruit and vegetable segment, in the rice segment, in the cotton, corn, so we've diversified the portfolio, introduced new products over the last few years, and that is exactly helped as not just from the overall portfolio diversity of BASF but also within individual segments what we've done over the last few years in introducing new products and that will continue to be our focus also in the next couple of years we will have new products coming in which will help us further grow up business.
- Naren and his team, along with the business team is really working very hard to make sure that despite all the challenges we hear in the market that the working capital needs are well controlled, and you know we do not get; I mean we all know about the technicality and the



fact that all the commodity prices which have gone up at some point of time might come down so that we are not caught napping at that point in time. We make sure that we keep our business on a very short working capital possibly, but of course we can't avoid the fact that with a significant portion of imported finished goods as well as raw materials, we do have a slightly longer lead time that we have to manage, so overall I would say all these factors enable us to maintain and manage a sustained, profitable growth over the last few quarters. And let's keep our fingers crossed that these things that we are doing also gives very good dividends for us going forward. Some examples about what we did in the context of stakeholder engagement. Upper left, you see, our regional president actually representing India at the COP- 26 in the context of sustainability and what we do as a company in the context of sustainability in the chemical industry you had. Bottom left you see our colleagues at our creation center. We also had the panel from falling Walls Labs India at the jury members at our site and of course we continued our engagement with universities and the students who will form the next generation of leadership in this company. Looking at customer experience, I talked a little bit about this earlier. Now what you see is we've developed a web shop for various industries. So what you see is the launch of our web shop for the footwear industry. We've got similar things for performance chemicals are also care chemicals where we are launching these things one by one and basically making digital strong lever for our future growth. What we also did is the first e-auction by BASF in Asia Pacific by the transportation team was done in India where you know Some of products are now being sold through E auctions.

- On the top right you see like AgGenie, which is a precision agriculture app that we've launched for Indian farmers and clearly the whole concept of being connected to the farmers what's happening with their field and providing solutions to the farmers is the basis for this app and we see a bright future for even further growing our business, diversifying our portfolio, diversifying our customer base with these digital tools. I talked in the last Conferences or are these meats about how we are listening to our customers using the Sales force and NPS as tools and I am proud to say that you know we have reasonably good progress there. We have over 95% in the context of response within 48 hours first response and the first solutions within 20 days. So these are some KPIs that we measure and it's over 95% of the cases where we are able to achieve that and the number of customers actually tell me that yes, there have been a lot of supply chain disruptions not just with BASF but across the industry. However, how the company has dealt with this during the course of the last six months to a year gives them confidence that to do more business with BASF and my take on our overall performance is yes there has been a rise in commodity prices. We have benefited from that in the context of rising revenues and also in the context of, you know there's a time lag between the time we buy and we sell. So there is some inventory gain that we get during the course of that. But despite all that said, we have a signal like Naren pointed out a 25% volume growth in a year where industrial growth hasn't been that good that talks about a significant gain in market share that we've achieved in the course of the last six months to a year.
- To summarize, I use the same slide every time. I think this is the 4th or fifth time I use this slide because I don't think we need to do anything different. We continue to focus on our top line growth. We will be continuing to introduce new products. You will obviously have a question on what might be doing in terms of investments. The only thing I can say as of today is next year we will double our capacity at the Dahej for our dispersions plant, because that's the only thing in public domain there is nothing else in public domain so I can't talk more about it. We continue to improve our margins on the costs and working capital. We will continue to do what we've been doing and maintain that good performance we've had over the last few quarters. We will continue to invest in digitalization and the whole idea is to access markets where we have not been so present in the past and also to make sure that the ease of doing

business would be, as improves tremendously and Digitalization is not just about our interface to the market but also about our own internal processes as to how are we doing in the context of our services that we give to the business which will also be seeing a fair amount of this digitalization. Going forward on the stakeholder engagement, we continue to be closer to our customers now with travel coming back on the cards I'm seeing a fair amount of engagement in person, also happening and how people are traveling to customers looking for new businesses, trying new trials and getting more customers. Last week I was a panelist at the Conference for Chemicals and Petro Chemicals. So the advocacy part and what needs to be done in the industry over the next years with a medium term vision is something we continue to do as a company and obviously engaged with our partners and suppliers in communities where we've done a fair bit in during the COVID along with the Community and on our sites and offices, we will continue to do that. We will continue to support the Community as and when required. In the context of people talent development and I'm pleased to say that a lot of measures that we have done in the context of hiring the next generation leaders engaging with universities, improving the diversity ratio within the company.

- So these are all efforts that we are investing in both from a financial perspective as well as a qualitative perspective in the context of training and development of our staff. And last but not the least, the COVID situation has created a new paradigm of how do we work in the future. Today I just announced to you also that we will be coming back to the office as a first of December, but I do not think fully on site work culture is what's going to be the future. However, our office is, you know, we've somehow managed in the last couple of years with poor network connectivity's from our apartments with calls breaking off and so on and so forth. So the future has to be a lot different and I think what we will see is a lot more digital work, flexible work models that we will have to adopt. I also don't think 100% remote works for our company, so we will have something called sort of a hybrid model because the underlying connectedness that we require for innovation for discussions for technical development of our business, I don't think it can be done purely from a remote work perspective, so that's something from future of work is something that we will be looking at in the course of the next months to come up how are we going to deal with the challenges of the future. Overall, I'm fairly confident that the company will do quite well going forward as well. We've got a good solid foundation what we've done with our customers and stakeholders over the last couple of years during the difficult times we will hold less in good stead also going forward. So with that, that was the last slide for us and open to questions. Thank you.

- **Mr. Pradeep Chandan – Director-Legal, General Counsel (South Asia) & Company Secretary, BASF India Limited:**

- I will now call out the names of the registered speaker analysts and I will invite them one by one to ask questions or queries and with their request to be brief to allow other speakers an opportunity to ask questions and queries. With this, First speaker registered is Mr Vijay from Bryanston Investments. Vijay, are you there?

- **Mr. Vijay Karpe – Bryanston Investments**

- Yes. Am I audible?

- Yes. Yeah, so I had already forwarded my questions on an email that should help. So my first question is, as you said, surface technology is seen a very healthy growth in Q2. And what was the reason for the same? Is this performance sustainable? And despite this higher scale, why did our EBIT margins contract? I know that there were some input cost pressures here.

- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Yeah, if I may answer that Vijay. This is exactly what you said. I mean, if you compare the previous year second quarter where there was a complete lock down to this year where it was, the automotive industry was still working. So the coatings business did better than the previous year in terms of volumes, however, not as much as we would have liked to, we still had a fair amount of idle capacity in the coatings plants and the profitability was clearly impacted by the fact that you know the input costs went up significant double digits, whereas the price increases which we are get trying to get on quarter to quarter basis are more or less in the mid single digit ranges. So the time lag in the price increases that we are having did have a issue and challenge to the profitability.
- **Mr. Vijay Karpe – Bryanston Investments**
- So such types of Q2 sales are sustainable in the future.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- I would actually like to grow on the Q2 sales because the automotive industry I mean, if you clearly look at the coatings business, the automotive industry is still not reached its peak demand so I think, It's a pure function of how the automotive production works. So with the automotive production comes back to 100% we should see improved numbers in the coating business.
- **Mr. Vijay Karpe – Bryanston Investments**
- Great, my second question is what was the reason for falling the EBIT margin for the nutrition and Care segment in the first half of the financial year? And what are the sustainable margins here?
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- So I will not actually comment on what is the sustainable margin there, because It's a product, that makes it the large number of products in there, some are manufactured in the country, some traded, so it's a product mix issue. Now in the context, what I explained also during the course of the presentation. Last year, the business did tremendously well because it was actually having positive tailwind from the COVID impact. For example, you know materials required for cleaners or disinfectants and also people were consuming vitamins to a large extent which had a positive impact on the nutrition business. This year there has been a couple of things which didn't go right. I mean the sanitation part or the cleaning material part maintained as it was in the previous year, however, when it came to supply chain and availability of certain products in there, there was a negative impact and secondly, the prices did fall a little bit from the peak of last year. And as you know, with the supply chain, which is 60 days long or 90 days long in the falling price scenario, you also lose some margins.
- **Mr. Vijay Karpe – Bryanston Investments**
- OK, uh, if you could also, elaborate on the contribution of Fungicides, Herbicides, Insecticides and the plant growth regulators in the Agricultural Solutions segment on a full year basis.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- We will have. That's not something which we publicly. I mean, that's basically the whole portfolio down to a product line perspective. We don't really. Actually honestly speaking, I

also don't go into that depth. It will be in my agricultural segment. What I can tell you, of course, and also for everyone else, is we were always a herbicide and fungicide company with limited insecticide business, but that said we do have a few new launches in the insecticide segment already we've launched in the last 12 to 18 months. There will be some more products coming in the next years and which will address all three segments, which is insecticides, fungicides and herbicides.

- So the agrochemical business continues to be a strong focus area for us and as and when we do get the registrations from the authorities, obviously we will be launching and the team has proven that time and again they have been quite successful in launching new products and that's where the growth has come from. I mean if you just look at the Agricultural Solutions segment about five years ago, we were at about Rs. 500 crores for the whole year and now in the half a year we are already at over Rs. 900 crores, so it's been a business which has steadily grown with portfolio diversification, introduction of new products and I'm pretty confident that as and when we get further registrations and obviously that will be information available in public at that point in time.

– **Mr. Vijay Karpe – Bryanston Investments**

- OK, and uh, out of all these which I mentioned, I think so fungicide should be the majority part. Is it so and what is our capacity in the agricultural segment? And what was the capacity utilization like in FY21? And in Q2 as well, if possible.

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

- So firstly, the agricultural segment. We do not manufacture any products in BASF India limited so there is no domestic manufacturing capacity. We do have manufacturing internationally and we bought a lot of products. We do have certain products which we are also sold in the country but we do not as a company, manufacture any of these so there is no question of capacity utilization.

– **Mr. Vijay Karpe – Bryanston Investments**

- OK, uh the new product pipeline will be more towards fungicides or herbicides and what kind of inventory is there in the system currently?

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

- So the first question I will not be able to answer at this point of time because it's a function of time when the registrations come up as to which products will come and so on. But in the context of inventories, we've set a target that we should be below 25% of sales, and that's where we are pretty consistently managing that, despite kind of unpredictable season, we're still below 25% of sales at this point in time.

– **Mr. Vijay Karpe – Bryanston Investments**

- OK, and what is our capacity in engineering plastics and cellasto separately? And what is our capacity utilisation for FY21 and four Q2 FY22?

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

- So again, we don't publish those capacities by individual product lines. What I can tell you is that in the case of cellasto, we doubled our capacity just this year or end of last year, and we still have room to grow there in Dahej, the dispersion capacity you didn't ask, but I will tell you

that we are also doubling the capacity in Dahej, so we have room to grow there in the next couple of years. That plan should be operational somewhere in Q2 of next year and in the case of performance materials, you know we recently acquired the Solvay business, and at the engineering plastics it's a complimentary portfolio. However, we are now assessing with the combination of the three sites that we have Thane, Panoli of Solvay, as well as Dahej; how to maximize within this and then decide on the next steps of growth and investment so that's a topic for us. Let's leave it with us when we are ready for it, will come back to you.

– **Mr. Vijay Karpe – Bryanston Investments**

– Great and last question from my side. Can you talk about what kind of ROCE (Return on Capital Employed) do we generate on our own manufactured products and the merchandise business separately? And can you also provide the segment wise merchandise business? For H1 FY22 if possible.

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

– So we don't do ROCE by individual product lines, so there are a lot of costs which are which would not be allocatable to individual segments and so on. So we look at those numbers more at a company level. So unfortunately, we will not be able to provide that to you at this point in time.

– **Mr. Vijay Karpe – Bryanston Investments**

– OK and segment wise merchandise business if possible.

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

– I mean, there's some things which I've already said during the course of the presentation that Agricultural Solutions business is all merchandise. But again, chemicals is all merchandise but the other businesses are all mixed and it depends on the portfolio, depends on the customers, what they want. Sometimes it's also about I mean like, For example, if I have a maintenance shutdown at one of our sites and I can tell you there will be maintenance shutdowns at least once a year for every site that I have to bring in products from abroad to keep my customers happy. So in that context, it's very difficult to say a quarter to quarter basis as to the what is the share of merchandise and OMP individual segment. But the two big things I can tell you is that Ag and chemicals is 100% merchandise as of today.

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

– On an overall basis, own manufactured product is around 40% and merchandise is 60%.

– **Mr. Vijay Karpe – Bryanston Investments**

– Great thank you for answering my questions.

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

– Thank you Mr Vijay. Pradeep?

– **Mr. Pradeep Chandan – Director-Legal, General Counsel (South Asia) & Company Secretary, BASF India Limited:**

– Yeah. The speaker is a Mr. Bharat Sheth from Quest Investments.

- **Mr. Bharat Sheth – Quest Investments:**
- Hello Sir, Can you hear me?
- **Mr. Pradeep Chandan – Director-Legal, General Counsel (South Asia) & Company Secretary, BASF India Limited:**
- Yes, yes.
- **Mr. Bharat Sheth – Quest Investments:**
- Congratulation on first of all, I mean uh for excellent first half performance. I would like to understand while your top line has increased more than 10% but EBIT declined by more than 20%, So what was it largely if you can explain the reason and second thing as a I mean future of course we don't give guidance but additionally one has to look.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Mr. Sheth we didn't get the last question please.
- **Mr. Bharat Sheth – Quest Investments:**
- So we were, uh, we had undertaken one expansion in Dahej so what is the status and when we'll see that facility to come on the stream and how that will really play out.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Ok, thank you Mr. Sheth. I'll try to answer the questions. The first question was regarding growth in Q2 versus Q1 of this financial year. I must say that we did have 10% growth and it came purely to a large extent from the volume growth and also the seasonality of the agrochemical business. So that was the major factors. Also, in Q 1, you had the dramatic increase in commodity prices, which enabled us to have higher EBIT margins. So the EBIT margin decrease that you see is fundamentally because of the fact that in Q2 the commodity prices kind of stabilized, so the biggest gains that we had as you can see, the inventory numbers you know we do have about 60 days in the context of our pipeline, so when the prices rise very sharply, we always benefit in that context. And whereas now it is stabilized in in Q2, so you did not have that one time gain, which was an inventory effect. So I would say that the volumes were quite stable and growing in a good manner, and the EBIT was marginally impacted in Q2 because the prices became stable.
- Now you asked about what do you take as a basis for future? I think what the only thing I can say is what we are working on is an aspect which is having a steady volume growth above the market, making sure that we work on the margins and this is what I've been saying at every meeting and we work on those margins. Obviously, if today oil prices collapse from let's say wherever it is around \$80 to \$40, it will have an impact across the whole value chain in the context of inventory and there will be inventory write downs in every company. But what we do in there is try to limit our exposure by keeping, making sure that we have low inventories and we cut our Inventories as much as possible, so that's what we've been doing. It a steady state situation. I mean, I would say that you know Naren has been talking about the fact that you know we had ourselves targeting a reasonable EBIT number and in line with what we have been doing in the last quarters. So this is what we target. Now let's see how the environment plays out for us in the context of industrial development.

- And the last question that you had about expansion so the cellasto expansion already came on stream and it is operational and we have room to grow in the next couple of years to fill up that plant. The dispersion capacity will come into place somewhere in June, July of next year because that is currently under construction and we are pretty optimistic with the pace at which we are going that by June we will have doubled the capacity in Dahej which would then help us for the next couple of years to grow the dispersion business.
- **Mr. Bharat Sheth – Quest Investments:**
- Thank you very much Sir. I have question. I'll come back in a que.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Thank you.
- **Mr. Pradeep Chandan – Director-Legal, General Counsel (South Asia) & Company Secretary, BASF India Limited:**
- Yeah. Third speaker is Mr. Vipul Shah from Ripple Wave Equity Advisors.
- **Mr. Pradeep Chandan – Director-Legal, General Counsel (South Asia) & Company Secretary, BASF India Limited:**
- Mr Shah?
- **Mr. Vipul Shah – Ripple Wave Equity Advisors:**
- Am I audible, Sir?
- **Mr. Pradeep Chandan – Director-Legal, General Counsel (South Asia) & Company Secretary, BASF India Limited:**
- Yes.
- **Mr. Vipul Shah – Ripple Wave Equity Advisors:**
- Thank you for this opportunity and so most of my questions have been answered. But just on a very fundamental level, if you analyse BASF globally vis-a-vis how he performed you know, in the listed Indian subsidiary of BASF. Uh, there is, you know, a big delta in EBIT margins which you know the Indian subsidiary can catch up with. If you benchmark the Indian subsidiary with the global companies numbers, whether for quarter three or for the full year or three calendar 2021. So in that context, just wanted to get a sense that is there a, you know a benchmark which we aspire that we should, you know reach out to the global performance metrics or better them. Uh, secondly, you know obviously there is a lot of coverage in the media on this so called China plus one strategy of a lot of companies where we get we, is there any thought process on the part of our group where you know where we've been, where the group has been actually putting up these large urban sites in China? Uh, whether you know that is something which we want to replicate here in India as well. Thank you for your time.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Thank you, Mr. Vipul. On the first one, the first question, I think the answer to that lies in the sales mix. The BASF group obviously everything is manufactured by BASF and sold by BASF. So you have the profit margin of manufacturing as well as the sales part whereas when you come

to each subsidiary and it doesn't matter which country you look at, whether it's India or Indonesia, Thailand, it doesn't matter which country you look at. In that context, given that 60% of our business is merchandise business, obviously it will not have the same EBIT ratio as 100% manufacturing, so even our EBIT ratio for own manufactured goods is higher than for the traded goods, and I think that's also the industry norm. So in that context, comparing individual legal entity to the group results is not very sensible. But I understand your question. And that relates to the second part. So the higher EBIT margins are when you run an OMP business successfully. I mean, you can also mess that up, but now the whole purpose and you asked about this China plus one strategy. Now clearly there one has to understand that you know if you look at the chemical industry, China accounts for 45% of the world's chemical market, and in the next few years it will go up to 50% of the world's chemical market. India at 175 billion odd, which is about the size of our chemical market, is about 3% of the world's chemical market and the ambitious growth that we have projects that by 2025 we will go to 5%. Now why these numbers are relevant is that if you look at the Indian chemical industry, we have a fairly well developed refinery petrochemical space. In the context of polyolefins or polyester or those kind of products, we are decent position when it comes to pharmaceuticals and Agrochemicals which is pretty much at the end of the value chain. What's missing is this entire building blocks in between and at this point of time the market is not big enough to have world scale plants in the country, but this will change and clearly over the course of the next three, five years with what you see as Atma Nirbhar Bharat, PLI scheme of the government, which invests into various, So there is no PLI scheme for the chemical industry, but for many of our customer industries, whether it is automotive, or pharma or Agrochemicals, there are schemes which will further improve the demand for these building blocks in the country and then make it attractive for companies like BASF to re-look at the strategy and what we need to do.

- So I think what is required is critical mass in terms of industrial production in the country which will then drive these investments in into the chemical space. So that's something which I mean, I spoke about it last week at the Conference as well, and also in the previous couple of conferences as to this is what we need to work on as a country both from an industry perspective as well as a government perspective as to how do we build those building blocks. Today what we hear as China plus one strategy is like going one step back or two steps back in the context of pharma and Ag building blocks. That's where most of the discussions are, but it doesn't really take you away from the dependence in the context of imports. Unless we build those value chains across this field, so clearly these are thought processes within the company when the time is right, we can talk more. I hope I answered your question.

- **Mr. Vipul Shah – Ripple Wave Equity Advisors:**

- You have sir, but nonetheless you know will probably at on subsequent interaction. Whenever we get a chance, probably we will see as to how the company As for this, because we clearly we monitor BASF, we like the company. It's a great turn around case, you know, not necessarily 3 or4 quarters but if you analyse the Indian listed subsidiary over the course of the last 8 to 12 quarters, it's a great job. But if you see globally the news flow and then you know the entire investment cycle clearly in the pecking order, we still have a lot of catch up to do even within the group level. So we really would like to see as to how you know fast, we can actually move up the pecking order. Thank you so much.

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

- I agree. I agree with you Vipul and let's keep our fingers cross that we fulfill your desires.

- **Mr. Vipul Shah – Ripple Wave Equity Advisors:**



- Thank you.
- **Mr. Pradeep Chandan – Director-Legal, General Counsel (South Asia) & Company Secretary, BASF India Limited:**
- Yeah. Mr. Rohit Nagraj from Emkay Global financial Services.
- **Mr. Rohit Nagraj – Emkay Global Financial Services:**
- Yeah, thanks for the opportunity. I hope I am audible.
- **Mr. Pradeep Chandan – Director-Legal, General Counsel (South Asia) & Company Secretary, BASF India Limited:**
- Yes, yes.
- **Mr. Rohit Nagraj – Emkay Global Financial Services:**
- Yeah, uh, Good Evening Mohan Sir, Pradeep Sir and team. So the first question is, given that we've seen incessant price increases across, the chemicals were asked one year in recent past time, we experienced any demand declining for segments due to the price increases because the user segments are not. You know, really able to pass on the price to the consumers. Thank you.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Yeah, thanks Rohit, that's a pretty good question as well and I must say that we haven't seen as much as an impact as we would have usually seen, that said, I believe that there is strain on demand. The demand could have probably grown a lot more, and my theory there is People who had to buy they will anyway by yeah and people are doing that. The discretionary spending has actually not been so high in the last couple of years I would say during COVID, people are buying those things that they actually want to buy. Now in the context of the demand, Maybe I have to segment this a little bit and let me take the example of the paint industry. So what we have seen is in our business, we did very well. We gained a lot of market share and we were actually wondering has really the paint market grown so much? In reality it hasn't, but what has happened is the stronger company. So the for example, the Asian paints of the world. They have relatively done much better, and companies like BASF who are associated more with these companies have also gained market share because our customers have gained market share.
- That said, I see a lot of strain and stress and that's exactly why I think what you are asking about, what happened to the price sensitive segments and maybe the MSME's, or the small customers, there we have seen demand declines. Now overall, because BASF presence is higher in the organized sector, we have actually gained market share. Yeah, so I think this price and demand issue when you look at it as a overall country perspective, the fact is that you know last year we had a shrinkage of GDP, this year we are growing by 9, 9 and a half percent but eventually if you take 2018 or 19 as a base year, we haven't really grown that much. You know our rate of growth has declined over the last couple of years, so I believe yes, there has been an issue with regards to demand, but also there has been a significant rebalancing of the industry and you can call it consolidation for that matter, and which has been beneficial for the more organized set players.
- **Mr. Rohit Nagraj – Emkay Global Financial Services:**

- Right, sir got it. Thanks for the explanation. So the second question is, in terms of Agro chemicals, so how is the situation from availability perspective from the channel inventories and from the pricing environment? Thank you.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- I didn't get that question fully, but let me answer what I got. The inventory situation is quite healthy at BASF. Like I said before, in one of the previous answers, we had a clear target that we will maintain an inventory below 25% of our sales, and we've been quite successful in doing that despite challenge in the herbicide segment where there was also quite a bit of product returns from their channels and we've taken that back because they clearly, the season did not work as we predicted, but I believe if I look at the industry and I read the industry reports, some of the players have been harder hit than the others, and there has been fairly high inventory in the marketplace, it is what I think. But at BASF, we've been quite you can call it lucky or we managed it well, we've been well within our targets, and we're pretty optimistic that with the upcoming year and the season, I mean just not last week, the week before I was with my Ag leadership team looking at their budgets and what they're going to do over the course of the next year. I think we are well positioned with our existing product portfolio as well as the new launches that we've planned Uh, for next year to have a reasonably good performance also going forward.
- **Mr. Rohit Nagraj – Emkay Global Financial Services:**
- Got it sir, sir so just one last clarification in FY21. What was the proportion of own and merchandise? I think Baliga sir told 40 percent, 60% if I'm not wrong, that is for one H.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- That is, for one?
- **Mr. Narendranath Baliga – Chief Financial Officer, BASF India Limited:**
- For first half, first. Yes, that's the trend we are running from my earlier situation of higher ONP and lower merchandise. If you remember a couple of years back, we shifted to merchandise business from the agency business and that increased our turnover in BIL and we are now at 40% and 60% merchandise and it's for the first half and for the last year fully or also, it's the around the same.
- **Mr. Rohit Nagraj – Emkay Global Financial Services:**
- Alright, Sir, got it. Thanks a lot for answering all the questions and best of luck, Sir.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Thank you.
- **Mr. Pradeep Chandan – Director-Legal, General Counsel (South Asia) & Company Secretary, BASF India Limited:**
- Thank you. Mr. Paresh Jain from Bajaj Allianz life Insurance.
- **Mr. Paresh Jain – Bajaj Allianz Life Insurance:**

- Yeah, Thank you. Thank you for the opportunity and congratulations on management for delivering a good set of numbers over the last few quarters. Uh, my 2 set of questions, one anything that you are doing on the battery or space side or on the EV side. That's one and number 2 as investors what is sustainable margin that we should look at for your, our company over the next over a period of 12 months?
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Uh, sorry Paresh, I did not get your first question.
- **Mr. Paresh Jain – Bajaj Allianz Life Insurance:**
- OK, anything that we are doing connected vehicle on the battery.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Yeah, so at this point of time the battery business in the country is pretty much at an exploratory stage. I mean, you've read in the last couple of days. They have strong player making some moves in the context of a potential acquisition as well, but the discussion over the last one year has been in the direction of what is the technology that is actually going to be there? Who are going to manufacture the cells in the country and so on. In that context, BASF is part of that discussion, also in the industrial associations as well as the government and so on because BASF does not make the battery cells itself. We only make the cathode active materials. We do not do the anode or the electrolyte or the cell manufacturing. So typically we are a component supplier to the cell manufacturing industry and again for BASF to set up a cathode active material plant that needs to have a certain critical mass. And I don't think in the country for the next couple of years we've come to that kind of the penetration of Electro mobility that we, and then amount of cell manufacturing that warrants an investment by BASF. But that said, India and the transformation that is going to happen in India over the next decade is something that we watch very closely and when the time is right, we will also actively participate again based on the technologies that are cell manufacturers select in the country.
- **Mr. Pradeep Chandan – Director-Legal, General Counsel (South Asia) & Company Secretary, BASF India Limited:**
- Properties such profitability system second question.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Yeah, the second question you asked me for what should be the margins for the next 12 months? I think that would become a very forward looking statement from my side and I will get into trouble.
- **Mr. Paresh Jain – Bajaj Allianz Life Insurance:**
- OK, so let me rephrase. I'm not specifically asking for the next 12 months, but the kind of margin improvement that we have seen is that sustainable?
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Well, like I said on my last slide, and I've been saying this, when we first met. I mean when my first conference with all of you back in February of last year, I made it very simple and I think most of you actually also told me later that, is it really that simple that you know I focus on

growth of volumes, I focus on margins and I focus on fixed costs. Only three things that we are doing and that's what we've done for the last 18 months. And I'm very sure this is what we will continue to do as well. The context of margins, are they sustainable, are they something that we can protect over a longer period of time. Well, that's where innovation, new products come into play. Obviously, as products get older as you get competitive environment, the margins do decline. The second aspect in commodity cycles obviously there will be ups and downs, and if tomorrow the commodity cycle reverses itself, we will have a couple of quarters where we will be under pressure, but what we are doing there is working on our cost to make sure that even in those difficult times we have our head above water and that's the whole commodity game that I've learned over the last 20 years that even in the worst quarter, our head should be about water. We should be the last man standing, and that's something as a business principle we are running in this company. Now what is sustainable margin? Whether we are able to hold it or not, it's something only time will tell.

– **Mr. Paresh Jain – Bajaj Allianz Life Insurance:**

– OK fine, thanks a lot and all the best.

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

– Thank you.

– **Mr. Pradeep Chandan – Director-Legal, General Counsel (South Asia) & Company Secretary, BASF India Limited:**

– Yeah. Miss Ashwini Manwatker from New India Assurance Company Limited.

– **Ms. Ashwini Manwatker - New India Assurance Company Limited:**

– Hello.

– **Mr. Pradeep Chandan – Director-Legal, General Counsel (South Asia) & Company Secretary, BASF India Limited:**

– Hello yeah.

– **Ms. Ashwini Manwatker - New India Assurance Company Limited:**

– Congratulations on your good set of numbers sir. Can you share the market share in each segment?

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

– I believe we normally do not publish these numbers. That's first of all. It's not sort of very accurate science, and it depends upon what do you consider as a strategic, relevant market and accessible market and so on. So we use that for our internal steering purposes, but we do not publish it because you know, every company looks at it in a different way, so it's not really compatible data, so doesn't add value neither to us, not to you.

– **Ms. Ashwini Manwatker - New India Assurance Company Limited:**

– Alright, so thank you and all the best.

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

- Thank you.
- **Mr. Pradeep Chandan – Director-Legal, General Counsel (South Asia) & Company Secretary, BASF India Limited:**
- Yeah. Mr Chintan Chadda.
- **Mr. Chintan Chadda:**
- Yeah hi, thanks for the opportunity and a very good afternoon to the entire management team. So my first question is can you provide the breakup of volume and value.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Across BASF group we don't do that because first of all you know our sales makes is very different. We sell some products in kilograms, some in litre, some in tonnes, some in pieces. So to do this at a group level, It's something we don't do per say.
- **Mr. Chintan Chadda:**
- Ok, and sir the second question is related to the agricultural solution segment so there how much is the sales return for H1?.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Sorry, your voice broke in between can you repeat that, please? The Ag solution question.
- **Mr. Narendranath Baliga – Chief Financial Officer, BASF India Limited:**
- Hello, you have to repeat please.
- **Mr. Chintan Chadda:**
- Uh, how much was the sales return for first half.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- So I would say it was almost up to 5% of our sales.
- **Mr. Chintan Chadda:**
- Ok, uh and sir secondly, in this particular segment, like, uh, what is today the revenue contraction from the products that we have launched in last three years?
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- You have you got me there. I mean I don't have that number here today. I did have it during our AGM meeting, and so I I don't really have that number here today.
- **Mr. Narendranath Baliga – Chief Financial Officer, BASF India Limited:**
- 5 to 15%.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**

- Yeah, but that's a wide range. It's five to like ya I also remember this 5 to 15 but when you ask exact number for three years I don't have, but again it depends from business to business and sorry I'll have to come back to you. I'll have to provide you with a written answer.
- **Mr. Chintan Chadda:**
- Ok, no problem Sir. And sir next question is regarding our CapEx plans. So say for next 10 years, what is the kind of CapEx plans that we are doing?
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- So we do have a capEx in a different areas. One I talked about already that the expansion of our dispersion line is doubling. Our capacity is already ongoing and to top it, we are also investing in couple of other aspects. So firstly about our power mix, with an intent to reduce our CO2 footprint and going into more renewable energy, so we are looking at various alternatives whether it is biofuel boilers, whether it is solar, solar and wind energy, as you would be aware BASF globally has committed to a reduction of 25% of its CO2 footprint by the end of this decade and to be a net zero company by 2050. In that context, looking at various types of emissions, we are also having certain capital expenditure. Obviously this will also have certain economics behind it in that context, so that's another area we're looking at and lastly into the overall infrastructure of the company, Also, we're looking at more about the product lines, I'm not at, I cannot announce that sort of in public domain yet, but you will definitely look at us and we are reviewing certain aspects of the business in terms of different lines as to where should be the next capital investments.
- **Mr. Chintan Chadda:**
- OK, and currently how much would be our maintenance CapEx? Annually?
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Sorry ?
- **Mr. Chintan Chadda:**
- Maintenance CapEx.
- **Mr. Pradeep Chandan – Director-Legal, General Counsel (South Asia) & Company Secretary, BASF India Limited:**
- Can you repeat the question please?
- **Mr. Chintan Chadda:**
- How much would be our Annual maintenance CapEx?
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Naren you have that number?
- **Mr. Narendranath Baliga – Chief Financial Officer, BASF India Limited:**
- Yeah. Maintenance CapEx is around Rs. 20 to Rs. 25 crores for the six months that we had.
- **Mr. Chintan Chadda:**

- Ok.
- **Mr. Narendranath Baliga – Chief Financial Officer, BASF India Limited:**
- So is that what you were asking?
- **Mr. Chintan Chadda:**
- Yes.
- **Mr. Narendranath Baliga – Chief Financial Officer, BASF India Limited:**
- Other than whatever capex we have, maintenance capEx is around 20 to 25 crores for the first six months.
- **Mr. Chintan Chadda:**
- Ok, so annualized would be around 40-50 crores. Fair assumption?
- **Mr. Narendranath Baliga – Chief Financial Officer, BASF India Limited:**
- I mean, you cannot just double it, but then should be around that ballpark.
- **Mr. Chintan Chadda:**
- Ok, and the last question from my side. So now as a part of your growth strategy, like how do you envisage the mix of your old manufacturing and the merchandise products? For the next 4-5 years?
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Uhm again Chintan, without getting into problems with forward looking statements, what I can say is that BASF is constantly looking at which product lines are providing us with critical mass to invest. Now the one thing is organic growth in the invest on the product portfolio that we already have, so whether it is dispersions, whether it's performance, materials, where we have plants, where once we reach capacity utilizations of 75, 80, 90%, then we look at the next stage of investment so that is an ongoing process that we do, but then looking at also those parts of the portfolio where we are today merchandising of the product and then we see that there is a critical mass of demand to invest in the country as well as feedstock availability. The biggest challenge in this country is we do not get feedstock that easily and which is why I know the PCP Ag concepts have not really taken off and that's also a dialogue which we are having between industry and government and some of the state governments are now making positive steps in it so from a larger macro perspective, I think in the next years you will see certain moves, not just by BASF, but by the chemical industry overall, because you will see that we reach critical mass in a few of these value chains and product lines which will help not just the company but also the country diversified its manufacturing footprint. So have a little bit of patience, it's coming.
- **Mr. Chintan Chadda:**
- Ok Sir, thank you.
- **Mr. Pradeep Chandan – Director-Legal, General Counsel (South Asia) & Company Secretary, BASF India Limited:**

- Yeah, we are now completed all the speakers so those analysts and fund managers would like to raise your questions. You know you can raise now, so my colleague Pankaj will unmute you so that you can ask questions or queries.
- **Mr. Pankaj Bahl – Manager – Company Secretarial:**
- Mr Rohit, please go on and ask your question,
- **Mr. Rohit Nagraj – Emkay Global Financial Services:**
- Yeah so just a question. Out of curiosity, BASF global parent usually provides guidance and that too quite precise guidance. So why not BASF, India do the same at least for the immediate year that we current financial year, which is ongoing. Thank you.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- We will consider your suggestion. At this point of time, we've not been doing that and you're right that BASF globally also wasn't doing it till a couple of years ago. It's a new practice for BASF group. We will consider your suggestion and we will deliberate it in the board and come back to you.
- **Mr. Pradeep Chandan – Director-Legal, General Counsel (South Asia) & Company Secretary, BASF India Limited:**
- Yeah. Anybody else?
- **Mr. Pankaj Bahl – Manager – Company Secretarial:**
- No Mr. Chandan there are no more participants which are requesting for other questions.
- **Mr. Pradeep Chandan – Director-Legal, General Counsel (South Asia) & Company Secretary, BASF India Limited:**
- Ok, if there are no questions then, Ladies and gentlemen, I thank you for your attendance and participation at our virtual analyst or fund managers meeting today and request you to take care and stay safe. Thank you all.
- **Mr. Narendranath Baliga – Chief Financial Officer, BASF India Limited:**
- Thank you.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Thank you, Thank you. Have a great day. Bye Bye.