



We create chemistry

BASF India Limited, Mumbai - 400 051, India

November 22, 2022

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 19, 2022 with regards to recording, we enclose herewith the transcript of the Analyst / Fund Managers meeting held on November 18, 2022.

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

Cc: Listing Compliance,  
National Stock Exchange of India Limited,  
Exchange Plaza, C-1, Block-G,  
Bandra Kurla Complex, Bandra –(East).  
Mumbai-400051.

**Registered Office**  
**BASF India Limited**  
The Capital, 'A' Wing, 1204-C, 12th Floor,  
Plot No. C-70, 'G' Block,  
Bandra-Kurla Complex, Bandra (East),  
Mumbai - 400 051, India

Tel +91 22 6278 5600

CIN - L33112MH1943FLC003972

[www.basf.com/in](http://www.basf.com/in)

## **BASF INDIA LIMITED – Analyst / Fund Managers Meeting**

**18<sup>th</sup> November 2022**

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

Good afternoon, Everyone. I welcome Mr. Narayan Krishnamohan, our Managing Director and Mr. Narendranath J. Baliga, our Chief Financial Officer to this analyst meeting. All the participants are requested to note that the meeting is being recorded and the audio and video recording of this meeting together with the presentation and the meeting transcript will be uploaded on our website as well as submitted to the stock exchanges. I would like to give you some brief on the important points for the smooth conduct of this meeting. All of you will be kept on mute mode to avoid any disturbance during the meeting. For the question and answer session, the names of those who have already registered with us as speakers, we will first allow them to speak and then for the others you can raise your hand during the meeting; if you have a question you can put it in the chat box or if you want to ask the question, raise your hand and we will then unmute you to ask the questions. I now request Mr. Narayan Krishnamohan and Mr. Narendranath J. Baliga to present on the Company's financials for the quarter and half year ended 30th September 2022 and take us through other related topics connected there with us. Thanks.

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

Thanks Manohar. Very good afternoon to you and thanks for joining us. Today we will try to run through this presentation between Naren and myself and the course of the next half hour, I will try to give a little bit of our perspective on how the market is developing, how the economy is developing and our own Company in the course of this and I'm open to any questions that you have. What you see here is a picture of a recent groundbreaking ceremony that we had for our polyurethane applications development laboratory which we will be constructing here at our Thane site and it's essentially a commitment from our side to the growing demand that we have in the polyurethane industry so we're not just investing in the assets but we are also investing in application development which is a cornerstone to enable our customers to well understand their challenges and develop new products and applications so this was a groundbreaking we had a few weeks ago and this facility should be operational in Q1 of 2024 and you might have read the best release on this but I think it's important that you understand that we're not just investing into assets that are manufacturing but we are also into research and development and joint development with customers which enables us to have a deeper penetration into the Indian market. Now before I go further about the customary forward-looking statements only the matters in public domain will be discussed at this meeting. We do not provide any forecasts for our future business situation and also, we do not comment or give guidance on future results or business outlook.

That said during the course of this, I will talk about the economy and how we see the economy and at present what we can comment. Starting with safety I must say that 2022 has been an excellent year for BASF India Limited you can see that the numbers are largely green a few yellows but again no work related injuries in the context of any fatalities also the LTI rate has been well within the norms of the BASF and a few first aid cases but what's encouraging is the near misreporting still at high levels where the people are conscious of any unsafe act or unsafe actions and keep reporting it and it is this culture that enables us to have a high safety standards and I must say that even within our Asia Pacific region we are the top performers when it comes to safety within the BASF group. So, I thank my colleagues for making sure that we have this good

safety record also this year, that maybe a little bit about what happened in the first half of this financial year and I tried to give a little bit of a perspective on the various industries that we are active in. Let me start with the automotive industry. The automotive industry is a large portion of our portfolio and this has been the best year for the passenger vehicle segment, it's an all-time high; the projection is we will end the year with 5 million cars being produced in the country the previous best year was pre-covid in 2018 and so in 2018 we were about 6.4 million cars and after that we had a couple of years where there was a decline due to various reasons; you will remember the NBFC financial crisis, you will remember the change from BS 4 to BS 6 and then of course the Covid induced and the chip shortage which had an adverse impact on the passenger vehicle segment. What's happening there clearly is a strong, I mean the chip shortage has kind of eased itself.

The supply chain shortages are also reduced and what you see is the automotive OEMs are manufacturing at high levels and the demand for products is fairly high coming from the automotive segment. What's also happening there is a premiumization if I may say so and you see that the portfolio of the OEMs is shifting towards the city utility vehicles, the higher capacity cars which then gives room for Innovation for companies like BASF whether it's in the field of engineering plastics or polyurethanes or even coatings because of the higher standards that the OEMs are setting up for the vehicles we also benefit from that. When I take the two wheeler segment, the two wheeler segment is also going quite strong but I think it's not at the peak yet there seems to be a reduced demand on the two wheelers although it's recovering from the Covid situation here my best guess is what we are seeing with rising interest rates there is the cost of ownership going up is a little bit of a challenge and you see that the two wheelers are not as strong as they were a couple of pre-covid levels. When it comes to Construction, the demand is rebounding, you do see the commercial and real estate going up as well however this is another area which is quite interest rate sensitive and with the current cycle of rising interest rates that's an area which is a closed watch for us at BASF as well in the context of how the construction setup is going to develop in the next quarters and months.

Agriculture here I would like to spend a little bit of time because you know we had great expectations for the Ag season this year and the year started off with a delayed monsoons like all of you know in the month of June we were well below average and then came July where there was excessive rains in many parts of the Country resulting in overall rainfall being well above average then we had a couple of months where we thought well now things are getting back to normal but the rains never ended until almost Diwali you had rains in many parts of the Country which meant a couple of sprays were missed across all Companies I would assume now despite this I would say that BASF has had a very good first half year in the context of our Ag business and Naren will probably talk about it in a second and we've managed that simply because of introduction of new products and here I would like to highlight that we've kind of set a record by having our insecticide Exponus achieved a sales of Rs. 100 crores in flat 131 days which was a spectacular performance for a brand new product. So new product introduction and having very good preparation across the portfolio have enabled us to have an excellent first half of the financial year in the Ag business. Now I've been traveling a little bit across the Country and meeting various Channel partners and farmers in various parts of the Country across crops and the couple of things which I observe during my trips, first of all the expectation for the rabi season is quite strong from rural India and the Pharma Community especially because the water levels and the reservoirs are quite full there seems to be a positive outlook for the season coming up in terms of challenges that I see there is what has fundamentally changed during this Covid and post Covid is the credit system that operates in the farming community apparently the financing, the microfinancing through the retail setup all the retailers in the crop protection industry is not as high as it was before the risk-taking appetite and there has declined a little bit and I think I

personally my takeaway was that this has impact not just on the agricultural setup but what you see as an FMCG marginal slowdown is because of the fact that the farmers are having to self-finance a lot more than what they did in the past and as a consequence I think the disposable income in rural India is a little bit impacted and that's what we see also in FMCG I mean we've read the reports from various companies in that sector and there seems to be some pressures of course inflationary pressures are also there but this credit pattern in the Ag industry in my opinion seems to have some impact on the FMCG industry as well.

Now what you see on the FMCG and consumer durables yes there is inflationary pressure, and you see it's flat overall if you take at a country a level however the premium appliances are driving growth and that again comes from the Metro cities and the Tier Two Cities, I would say batch pair you see a demand which is quite strong in the consumer durables. In the chemical segment I'll talk about it again towards the latter half but principally what we have seen over the course of the last six months is very volatile pricing there have been Commodities have been quite volatile in the last five to six months and that has had impact and margin pressures across the chemical industry however the Specialty Chemicals industry has shown positive growth in the country and as BASF you know our portfolio, we are spread across the entire chemical segment and we have seen that the Specialty Chemicals seem to have a rather robust demand in the first half of this year. Overall, the manufacturing sector is strong, and we've seen that to be a positive development and a positive impact on demand overall in the first half of this financial year with this maybe I pass it to Naren so that he can lead us to the financials and then maybe I'll come back later and talk about how I see the months coming. Thanks

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

Thanks Mohan. Coming to the financial performance, the first slide here shows our segments we are operating in six different segments in India and except for agriculture solution you see at least two operating divisions in each of the segments. On the right side of the pie chart, materials happen to be our biggest segment which has performance materials and monomers included whereas Surface Technologies is only 4% of the total. Usually, interest is on agricultural Solutions and Mohan talked extensively about that covers around 15% of our revenue, and this is the well-diversified product portfolio that we have to serve customers in India. Quarter and half yearly performance review here; on the left side you see quarter on quarter a 5% increase in sales contributed both by volumes and better price realization, whereas the margins have suffered you might have seen this in our publication after November 10th we announced these results, it has come down by 19% between the two there's a difference of 120 basis points as compared to a percentage of revenue and I will cover the reasons for that when I cover the half yearly numbers on the right, 16% growth; so April to September we have a 16% growth and again PBT has gone down by -4% and if you compare both you can realize that the first quarter was significantly better for us obviously so Agro was there firing on all cylinders and then other businesses also did relatively well, the second quarter of the current Financial year was not that good and that is what the researchers see here.

Main reasons for PBT being low is the higher input cost that now we could not fully transfer it to the customers, we could not transfer all the input costs to the customers and the depreciating rupee also against US dollar has impacted us. In addition to that of course there are other topics which I will cover later. Market demand was also low, and I think Mohan will cover that later in the Q & A session specifically. This is kind of a busy chart to show a quarterly performance of sales and PBT on both sides, I started with the March 2020 because that's one quarter before the covid hit so that's kind of a normal quarter 1900 crores was there and June was the first hit 1700 crores and then it picked up, there was kind of pent-up demand, and we could sell 2500 crores in

September 2020. Over a period, you can see how it has gone up and stabilized at around 3300 crores over a period and June 22 the last but one bar 3888 crores it's the best ever quarter we had in terms of sales that's with all the businesses doing well and especially Agro doing fantastically in that quarter and the September quarter is 3600 crores. If I round it off, On the PBT side June 2020 is the quarter where we had a negative PBT minus 41 because the plants did not operate there was completely locked down and then it picked up and down the kind of a roller coaster ride you see here with June 2021 and June 2022 both being the best of the quarters and 264 happens to be a great quarter for us June 22 happens to be a great quarter with the 264 crore PBT because of the reasons that I mentioned, market demand, product availability, rupee depreciation, softening commodity prices we have a hit on the margins which is resulted in the lower PBT of 149 crores. This is a waterfall chart to show how the 6418 crores converted to 7500 crores between the six months of this year and the six months of last year. Starting with agriculture solution again, 185 crores more than the already very good six months of last year if you remember even during lockdown our Agro guys were in the field selling to the farmers and we recorded around 1000 crore sales which we bested by another 185-crore taking it up to 1100 crores agriculture solution. Materials both performance material and monomers did extremely well 400 crores additional sales compared to last year and nutrition and Care also 265 crores, industrial solution again around 200 crores the new Dahej plant has contributed a little there we started it only in June and slowly it's wrapping up, it will take time to wrap up completely the second line in the Dahej which doubled our capacity of these versions.

Chemicals is the only segment where we have a slight lower value not so much because of volumes but because of the price drop significant price drop in the chemicals segment both intermediates and petrochemicals and we have a shorter sale by 23 crores. Coming to the same PBT before exceptional item by segment how the 432 crores became 413 how we translated. Agriculture solution already like I said last year was a very good quarter, last six months last year was a very good very good first half and we bested that by another 71 crores this quarter the 159 crore of PBT whereas materials are he's hit hard for the reasons that I mentioned earlier and I'm sure this question will come up both for materials and chemicals in the later Q & A session and I want Mohan also to explain from a business perspective how this happened and what is the current situation. The same topics come in there the product availability, rupee depreciation, market demand these are the things which are basically and the softening of prices of Commodities is impacting both materials and chemicals. Nutrition care and agriculture solution happen to be a very good segment for us. Since the Covid days nutrition and care has been doing extremely well and this is kind of improved what every year and this year first half has been exceptionally good also in nutrition and care. Some key performance indicators which may have interest to you receivable days we have 63 days very well managed, very low overdue even during the covid days we controlled overdue so well we did not have any major bad debts during those days so it's managed well within 63 days, inventory you know we import almost 80 percent of our raw material and finished goods and with that having some good inventory on the line is always important yeah you don't want to lose the opportunity when the opportunity arises so 60 days is in my opinion a very good situation to be in neither on the higher Side nor too low.

Current ratio 1.8. I said so current assets over current liability is 1.8 again a strong ratio there and the net working Capital if you have seen the earlier times in 2017, 2018, 2019 that time we used to have 15% of our sales as networking capital and that has been brought down to around 9% now and for the financial year 22 it was 8.3% a really good management of working capital. Receivable's inventory and also a payment. On the right-side operating expenses, this does not include cost of material, the raw material and packing it's not included here. Personnel cost and depreciation is not included. Excluding this the fixed cost has gone up slightly also because of the commissioning of the new plant in the Dahej excluding the Precision again and personal cost but

those are some of the reasons why it has gone up, but fixed cost is very much under control that's what it shows here. EBIT before exceptional item at 5.6% and EPS not annualized is 71.6% that's against 135% for the full year, last financial year and that all adds up to ROCE being 17% again not annualized as against 36% of financial year 22. Yeah, I hand over back to Mohan.

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

Thanks Naren before I get into what we've done as growth projects over the last couple of months maybe a few remarks on the results that you just showed, I mean the question on chemicals and materials I mean you would have probably followed the BASF group analyst presentation as well, there has been a sharp decline in commodity prices whether it is the petrochemicals or the chemical monomers or intermediate part of a BASF portfolio, the significant decline in prices typically when that happens, customers also delay their procurement so that you know they can take advantage of the declining prices so what you see there clearly these are the two segments where we also had lower results than the previous year's first half. The purely coming as a consequence of declining prices and obviously in the declining price environment, the time between when we buy the product and sell has certain implications and also from a raw material perspective, the delay in transferring prices has an impact so that's what you see as the decline in results from the chemicals and material segment in the other segments you see clearly that the Ag business has done really well and that has been on account of a growth in volumes, new products being launched and better margins across the portfolio. Industrial solutions also has had a positive development as was visible in that chart maybe I go back for reference and in the case of surface technology they're still negative, you would remember about a year ago I mentioned to you that we are working on improving especially our Coatings business there and you can see quarter on quarter we have improved our performance, it's still not out of the woods but essentially it's been about they have increased presence at the customers, it's been about price increases and keeping the costs under control there and slowly but steadily we are seeing a positive development in our Coatings business and I'm pretty confident that in the coming quarters we should be able to again have a positive number rather than a negative number that I'm showing here at this point in time so overall you can see that the Ag industrial Solutions Surface Technologies and nutritional care all did better than the first half of previous year and the material segmented chemicals were impacted by a sharp decline in commodity crisis which happened during the second quarter of this financial year. That said we are keeping the inventories rather low of these products to avoid any kind of write downs based on net realizable value so making sure that we keep the inventories at the shortest period possible for these commodities where we see certain volatility happening due to the global situation on commodities.

Coming back to the growth projects on the left side you see at the Dahej, the capacity we doubled the dispersions capacity we started production in June, and we are slowly ramping up the products are qualified and customers and I'm pretty confident that we should be able to ramp up the capacity utilization and fill up this plant in the course of the coming quarters. I talked about the groundbreaking of the new polyurethane application lab as the first slide and clearly that's our commitment, continued commitment that we see a strong potential for growth in the polyurethane business in the Country and with our assets in both Thane and the Dahej we are well positioned to leverage the demand growth coming from this segment; also on the utility side keeping our costs under control we have inaugurated new facilities in Mangalore, we are also leveraging um the possibilities of renewable power at the Dahej and Mangalore thereby ensuring that our footprints are also reducing on a year on year basis when in line with our Global commitment to achieve Net Zero by 2050 and to reduce our footprint by 25% until 2030 with a baseline of 2018. Now at the customer level, engagement with customers you see a few pictures whether it was at the bottom right of manufacturing and supply chain session from the automotive industry you see

certain other pictures which are about inauguration of our stall at a chem event; you see the Indian Medical Association where we participated and over 250 doctors about medical education with regards to our crop protection chemicals and that was well appreciated by the IMA and on the top right you see it India came where we were participating at the CEO Roundtable at the inaugural session and receiving award from the Honorable Minister there at the award for impact on the industry. Lastly what I would say is I mean you see the slide every time from me because my focus areas and the team's focus areas don't really change, we are strongly focused on operational efficiencies, our customer engagement and our people, the levers there stay the same we just have to work a lot harder on topics like margin management and cost control because of the situation that we are in at the moment with the global geopolitics and the impact of the crisis still in Europe which has its impact on Commodities and the margins hence managing margins and working capital and making sure that our cost base is under control is the primary focus that we have as a management team; yes there are challenges of currency fluctuations and inflations in the market which we also foresee could have an impact on some of our segments, we talked about consumer durables where we have some exposure with our materials business where there could be a challenge because of rising interest rates as a consequence of the inflationary environment that we are in and last but not the least Energy prices whether it's gas, electricity is going up and it continues to go up; we do not really see a softening there and the raw material prices well they are volatile at this point in time the Commodities have seen a crash from their highs of last year and we have to manage the volatility so the challenges stay more or less the same, the Outlook from an economic perspective we still see that for this financial year whether it's the automotive industry, the Ag industry the second half will continue to have a reasonably solid platform however when it comes to Consumer durables we see it a little bit weak, FMC we see a little bit weak simply because of the fact that the higher interest rates and availability of credit especially in rural India the change in pattern will have impact on demand in these segments is our view now that said our focus continues to be on growing our business in volumes and making sure that we manage our margins by keeping the costs under control. We engage very strongly with customers and that's something we continue to do a lot of new projects new ideas for Innovation, new products from launching over the next a few quarters and that's where the whole company is focused on. I'm happy to take any questions.

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

Thanks, Mohan, for the presentation. We have a few speakers who have already registered but I also request if anyone wants to speak, they can just raise their hand in the teams, and we will at the relevant time open up the line for you as well. So, we have the first Speaker he is from Bryan Stone Investments Mr. Varun Bang.

- **Mr. Varun Bang – Bryanstone Investments:**

Hello. Am I audible?

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

Yeah.

- **Mr. Varun Bang – Bryanstone Investments:**

Thank you for the detailed presentation. I have a few questions I will ask two three questions now and then I'll join back the queue for more so the first question is we have seen a lot of volatility in

the first half of the financial year so in terms of currency, in terms of availability of raw materials and also supply chain and you spoke about it during your presentation but it would be helpful if you can just quantify the impact of these factors on the financial performance of the company during H1 that would be helpful and in the same context what part of the impact is transient and what portion will have more entrenched impact on the operating performance of the Company that is something if we can just highlight. The second question is how the given situation is evolving in the Germany, how it is impacting our operations in India from our cost competitiveness be continuity of supply and see our future expansion plans in India so how are you dealing with this situation and third question is on agrochemical segment so we have reported strong performance in that segment if we can just highlight reasons for this performance and also talk about the pipeline of products and share business prospects going forward.

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

Like I mentioned we had a very good preparation for the season, our product placements were good that we also had the launch of two new products which contributed significantly to the growth like I mentioned the product Exponus, we had 100 crores within 130 days that's kind of a record for us if not for the industry overall and even our other product wasted in the sugarcane Market also did reasonably well so the two new products added quite a bit to the to the overall growth and our existing products as well the true efficient planning supply chain you know of all the crisis that in terms of shipping availability and so on but the team did a fantastic job to ensure that our products are available in the markets and also from a technical perspective how people were out there in the field conducting um the several Farm trials also to digital media through Facebook live and so on to make sure that our presence and reach in the market is quite good and we believe we've done a lot better than our competitive environment in the domestic market for agrochemicals and that's a pretty solid performance going forward we do have a list of products that we will through life cycle management or new products that will come up in the course of the next years that some of them are under registration so can't exactly say when they will be out but I see a continuous pipeline of new products in all segments insecticides herbicides and fungicides where we will continue to introduce innovations to the market now on the question regarding Germany.

So Germany we've done a very detailed risk analysis of what's the impact of the crisis in Europe the natural gas from an economic perspective from an availability perspective and also from a customer downstream perspective what are the kind of facts that we would have as an organization and we did this pretty early I mean the war started end of February so we as a board and I have reviewed this several times in the course of the last six months and I'm pleased to let you know that there was no material impact of the war on our operations here in India in any context we were able to secure the raw materials and the finished goods that we require for our business here in India through careful planning and making sure that we do a little bit of advanced planning and keeping a little bit of higher stocks in the area that we were which were critical in nature now coming to the price impact it's not just in India impact what you see the consequence of the expensive natural gas in Europe led to a commodities fight all across the world I think with the exception of the United States gas prices across the world have gone up and wherever one could replace gas with other energy sources one has done that but when it came to building blocks where gas is used as a chemical constituent there you don't have much of an option and you have seen inflationary pressures across the value chain where natural gases are raw material and here we've been successful in passing those costs through in some cases there have been delays but overall we've been quite successful in passing through the inflationary environment cause due to gas prices in Europe remind me the first question uh the I think the question was on the volatility in the currency and the yeah the supply chain how does it important what fact how



does it impact our performance yeah so again the biggest impact that we saw is in the context of volatility of commodity prices we did not face an impact on availability of the availability was reasonably good we were able to secure that however there was price volatility in the context of whether commodity in Metro chemicals or chemical monomers like the isocyanates they were there was quite a bit of a drop and then it went back up again and then a drop again so we've seen volatility in in those areas so hence we manage that to the best extent possible we did not really have an issue with currency or Forex losses that's really not an impact for us we have been able to pass through they increase costs that come in through these measures the biggest impact that you see and what Naren presented in the context of chemicals and materials how we perform compared to the first half of previous year that came from the volatility in prices and the sudden drop and of course when you have a four week sailing time between the time you buy and sell that there is the four weeks that you have to deal with that when the price sharply declined in the second quarter of the financial year we did have an adverse impact and it's principally on account of this commodity prices and nothing not really any impact to Foreign Exchange thanks I hope that was okay.

- **Mr. Varun Bang – Bryanstone Investments:**

Yeah. Thank you. I'll joined back with you. Thanks.

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

Thanks, we have the next speaker. Mr. Chandrashekhar Padiyar from Tata mutual fund.

- **Mr. Chandrashekhar Padiyar – Tata Mutual Fund:**

Yeah. Thank you. Good evening. Can you hear me.

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

Yes.

- **Mr. Chandrashekhar Padiyar – Tata Mutual Fund:**

Good. Great. Thank you and good evening, sir. I have a few questions maybe first a generic question. Actually, since you've taken over as MD you've been highlighting your focus as a profitable growth, and you've actually delivered amazing performance in FY 23 first half. Profits are there but growth is missing, and, in your presentation, you still mention profitable growth. Do you believe the second half can pick up on the base of last year's second half looks a bit lower so maybe you may deliver a growth this year as well but still I thought I'll check on this? This is a generic question. On a specific questions your trading portfolio is pretty large and in an environment where growth is slowing down and commodity prices being as volatile as they are today, how easy or difficult is it to pass on the higher command prices in slowing environment and going forward let's say over the next six months would you be able to pass on and manage to maintain margins in the trading part of the book relative to last year, is the question that I had. The third is on care chemicals. You mentioned weak FMCG performance expected in the second half of this year continuing but your care chemicals portfolio has done pretty well on profitability in the first half this year as well. Would you say that this can get impacted in the second half for going forward basis that's the third part and lastly on CapEx on new projects in the past you've mentioned that there are new projects on your drawing board under consideration for

manufacturing in India given the way things are globally, would we expect something going forward on that count? These are the four questions that I have. Thank you.

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

Thanks. So firstly, in terms of profitable growth, yes, we continued to strive for profitable growth. Naren showed the slide that we had on a half yearly basis somewhere around 15-16% overall growth in revenue. Now if I remember this correctly Naren, around half of it came from volumes and half of it came from prices so despite the challenges that we are facing commodity prices and so on, we've actually increased realizations by about 7-8% and we've grown volume 7-8%. Yes, profitability was impacted due to the declining commodity prices and where we have some delay in the context of the declining environment when we buy at a higher and your question about the trading margins is absolutely correct and that's where we try to shorten our cycle and ensure that we still have a respectably healthy trading budget. I wouldn't give a forward-looking statement but clearly that's area where Naren myself and the business heads are very sharp on and make sure that we don't have a sustained impact on it okay and one of when it happens in suddenly for let's say a commodity price drops by 30% in a quarter then of course you will report a certificate in that quarter but overall this is being well managed in my opinion and the outlook is also that we should be able to continue profitable growth going forward. Then on the topic of chemicals, care and nutrition that's a big increase that you see there came more from the nutrition portfolio rather than the care chemicals portfolio but of course it's the same segment for us now outlook again like I mentioned FMCG I see it to be challenged in the second half of the year as well but you will recollect that in a couple of quarters ago we did have poor margins in there so what you saw as an improvement from about 9 crores to 53 crores came as basically we made sure that we are coming back on track and I think we should be able to sustain the current levels of performance in the care and nutrition area.

Regarding CapEx and investment in India, it's an ongoing exercise where we continuously review the market and what's the opportunities for BASF where there is critical size for us to evaluate investments and this is a regular exercise that I do with my BASF Global Management as well and I must say that in the last few quarters I mean like you here with the PLI schemes of I mean just yesterday I think our the secretary for DCPC made a statement that there will be a PLI scheme for chemicals coming out soon and obviously these kind of topics are encouraging for us as BASF to look at our portfolio and see where we can you know come up and invest in the country for local manufacturing that said I don't see a situation where BASF will have 100% local manufacturing and no I mean even in practically every country you will see a significant amount of the traded goods because BASF believes in building lines which are world scale in size and then there is if you can't build one in every country and then based on what the strengths are of the country how the demand pattern is we built for local market but always 20 to 30% will also have exports coming from the local markets as well so the way I see it is we will always have a strong trading portfolio which we will need to manage and my organization is aware of that and they're in managing the working capital cycle, managing the margins that's where the focus is for the trading business and on the investment side; yes we've heard a lot about China plus one strategy which so far has a positively influence the field of agrochemicals and pharmaceuticals but what you see now is more and more opportunities coming up in the building blocks. I think a couple of years ago I talked about this to you that this is what the country needs that we need to have more investments into building blocks and I think now comes a time when these opportunities will come up and like I mentioned the statement from our secretary DCPC on the chemical side appear live is something we look forward to what comes out in that announcement and hopefully it also benefits our own portfolio.

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

Ok Thank you Mohan. The next speaker is Mr. Bharat Sheth from Quest Investments.

- **Mr. Bharat Sheth – Quest Investments:**

Hi. Thanks for the opportunity and congratulations Mr. Mohan and team and I mean reporting a reasonably good performance in very challenging time and because of the whatever last three fourth years of effort on the team side to build and grow I mean profitable dreams. Sir my question is you referred to about a China plus but now there is a talk also going on Europe plus one, I'm not saying that everything will be manufactured for BASF in BASF India but in your fair opinion which are the sector where you think that India can I mean or our company I mean manufacturing can India really be a possible and we can build a large scale plant and second thing on a Ag chem side, can you give some more color on the product Pipeline and how do we really see from those products I mean to contribute because agriculture is our most priority for even government in India also to improve the productivity and which are the product that you think can really play a better role and Nutri care of course we have doubled I mean reasonably 20% if this contribution is coming from the overall business so do we think that in Nutri care can we really put up on Manufacturing. Thank you.

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

Thank you, Mr. Sheth, for your question. So on the context of portfolio for potential Investments then that is we always evaluate that at the end of the day it's about how the industrial setup in the country is developing and where it gives opportunities for BASF portfolio so I can't give specific products today that this is what we are evaluating or this is where we will invest as an event we have a decision at our board as to which areas to pursue we will inform you and the stock exchanges at that point in time then when it comes to the Ag business, I did mention that we do have a pipeline of products whether it's insecticides, herbicides or fungicides all three which we have a robust pipeline which we are going to launch in the coming years and to say the least I mean we are quite positive and optimistic about the business and the demand for our products in the years to come.

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

Which sectors we see where we can go for local manufacturing I mean in general.

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

That's again like I mentioned about the industrial growth in the country, I see a few areas where we already are present so for example when it comes to serving the automotive sector when it is in the construction sector here we are already present with our current Investments now I'm looking at building blocks how that develops and where we get critical mass to have a global scale plant, till today the way I see the chemical industry is when it comes to refineries, when it comes to cracking, when it comes to Upstream polymers, we do have global scale possible in the country and you see a lot of Investments if you followed the Mackenzie reports at India came and PWC as well came up with a report the Investments that are lined up by various large corporates, is in the field of refineries is in the field of crackers is in the field of upstream polymers and the mid segment which is where the BASF portfolio is we still don't have the critical mass as a Country and I can tell you the same example 20 years ago in China it was the same discussion but then

as the industrialization, as the make in India thing develops further you will see that there will be Global critical mass for some of these building blocks as well and that's when it gets interesting for BASF's portfolio; so we're not there yet and which is where BASF is continuing to evaluate that situation and when the time is right you will hear more from us and lastly you had this question on nutrient care whether we can invest over here well again you can't just have an isolated investment it's part of a value chain so you need more possibilities in the context of overall development. We have invested in the care chemicals business for example with our plants in the Dahej and as and when we have an opportunity we will review that and see whether we can further localize the manufacturing in the country but for now I think we are in a good space without portfolio where we are and the focus is clearly on making sure that we grow the market so that in future we should be in a position to invest.

- **Mr. Bharat Sheth – Quest Investments:**

Thank you, sir. Sir with your permission can I take one more question.

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

Sure.

- **Mr. Bharat Sheth – Quest Investments:**

Sir on Agri chemical also I understand that almost everything is a 100% imported so are we evaluating anything on Ag Chem side local Manufacturing.

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

We are evaluating like the rest of our portfolio, we are looking at our Ag segment as well both in the context of our active ingredients as well as formulations and like I said whenever we come to a decision on those topics we will communicate to you along with SEBI at this point of time it's under evaluation we think the AG Market is quite an attractive market and that's something which we will come back to you as and when we have come to a decision.

- **Mr. Bharat Sheth – Quest Investments:**

Thank you very much and all the best.

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

Thank you, Mr. Sheth. The next speaker is Rohit Nagraj. He's from Centrum broking.

- **Mr. Rohit Nagraj – Centrum Broking**

Yeah sir. Thanks for the opportunity. So, first question Mohan sir is on the segments which are showing some kind of a demand contraction on a QOQ basis. So, which are these sub segments which are showing demand contraction in a domestic context and I mean what are the particular reasons why these particular segments are showing the demand contraction thank you.

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

Thanks Rohit. I mean the demand contraction we largely see in the chemicals space, in the commodity space and I think a big element of that is people expect a declining price environment and you know typically what happens is in a rising price environment people tend to stock up because you benefit from the inventory gain and there's a declining price every customer of ours is trying to avoid an inventory loss, so they cut down the inventory level significantly so I see that the big commodity chemicals that we have is seeing a certain decline in demand principally coming from inventory correction to a large extent than the end demand, now to some extent we do see like I mentioned the FMCG which is there in support reflected in our portfolio as well that we see a slight decline in demand or let's say a very low growth in some areas but the big ticket items like agriculture, automotive, construction, here we continue to see very robust demand.

- **Mr. Rohit Nagraj – Centrum Broking**

All right sirs. I got it. So, second question is in terms of I mean you travel across you know different countries and Asia so what is the sense in terms of the exports demand, are we looking the exports demand somewhat stabilizing or getting impacted because of the global issues; I mean there's a generic question from the exports happening from India because we have a limited exposure to that particular segment thank you.

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

Yeah, and so you're right. We have very limited exposure in the context of exports but now overall speaking from a chemicals perspective I think the exports are quite robust I mean if I look at purely just the academic sector many of our peer companies which are which have a significant higher exposure in the context of Global markets whether it's Europe, North America or South America, they have actually reported much better results outside of the country than in the country; so you see that there is demand for exports whether it is agrochemicals, whether it is divests and so on so we are seeing that there is a robust growth there on the Pharma front I see a muted, I don't know why it is so but somehow post Covid there seems to be a lesser at least the ones I've talked to are complaining about lack of growth and you know a little bit of stagnation on the Pharma side and which then also reflects into the chemical intermediates that we Supply to them. That said most of my peers are you know quite bullish about development of exports going forward so I was part of the CII survey and probably it was published as well that people are still expecting a pretty robust growth and despite the challenges in the world sometimes I don't understand why but people are still quite optimistic about the export potential from India in terms confidence effects maybe I just close this with one statement and in terms of confidence index from last quarter to this quarter amongst most CEOs in whether it's yeah it seems to have come down a bit but not so much.

- **Mr. Rohit Nagraj – Centrum Broking**

Yeah, just one last question. I can squeeze in the initial remarks we indicated that about 80 percent of our raw materials and merchandise products are important now given that the rupee has depreciated quite a bit, will this have any impact on the domestic demand given that the prices of these products will certainly increase and an allied question to that, these products I mean some of these products must be coming from our BASF parent in Germany will there be any challenges to source those products because of the unavailability of maybe natural gas speed stock in there and currently those products are manufactured in lesser quantities thank you.

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

Yeah, so on the second part we haven't faced the challenge in the context of securing our raw materials or traded goods from our parent company or any of our group companies that's been very well managed with careful planning and supply chain um and wherever we've had an issue we've been able to mitigate that with the various measures that we've taken. In the context of demand, you are absolutely right and it's not just an India topic it's a global topic I mean whether you read the minutes of the FED I mean they want to tame inflation as well and they don't mind having a demand contraction as a sacrifice in the truth table so that's what the feds are telling you. Now coming to India, yes there will be inflationary pressure as a consequence of rising the feed stock prices across the value chain, you see that I mean every automotive company is raising prices so there is inflationary pressure at across various parts of our consumers portfolio even as private individuals you and I think are paying for vegetables for anything that you buy you pay more than what you paid a year ago so the inflation is there. Whether this now is having an adverse impact on demand well economics tells us yes it will have an adverse impact on demand but so far in my portfolio I haven't seen that which is why we have reported an eight percent growth in the first half of the year. Now going forward how will that impact in the next years is something which we have to see how the quarters develop and how much the interest rates goes up in the con in the context of consumer financing and most important question to us this time of the year which all my employees ask me as well is what will the company do in the context of inflation, what will be the salary increases next year where across the corporate world if salary increases meet inflation then I think the demand will stay if salary increases are below inflation then we'll have a challenge.

**Mr. Rohit Nagraj – Centrum Broking**

Right sir. Got it thanks a lot for answering all the questions and best of luck.

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

Thanks.

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

Thanks Rohit. Please again if there are anyone who wants to ask questions you can raise your hand or also put the question in the chat, and we will be happy to answer that. The next speaker is from FSSA Investments Masira. Are you there?

- **Ms. Masira – FSSA Investments:**

Hi I'm here. Sorry my mic just got enabled. Thank you so much for the opportunity. I have two questions. One is recently the parent talked about permanently downsizing in Europe so maybe could you help us understand what that might mean for the business in India and second, I know it's sort of a long time away but you know in Asia the urban sites have usually been joint ventures if that were to happen in India would it be through the LISCO or how would that come through. That's it from me thank you.

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

Thanks. The first thing about downsizing in Europe I mean Martin Brudermuller CEO made that announcement very clearly the areas where we are downsizing where we are looking at Cost saving measures, I do not see a direct impact on any of our activities here in India as a consequence of this, so I see that our operations will continue as it is despite of the downsizing

in Europe. Now what's more important is what happens to our facilities how are we cost competitive coming for the production out of Europe and what kind of mitigation measures we as a Company need to do to ensure that our supply lines for our raw materials and our traded products are cost competitive for the Indian market and here mitigation measures are taken at a global level as well as at a local level to ensure that we get I mean the war has been on now for nine months and I can clearly say that none of our supply lines have been disrupted during the course of this year and I'm pretty confident that we will maintain a pretty good availability of our products and raw materials for our plants and customers going forward as well. On the question whether if there is a JV as a bone whether it will be from the listed entity, I think it's like you correctly mentioned it's too far away and I wouldn't speculate on that. Sorry I can't.

- **Ms. Masira – FSSA Investments:**

Sorry I think you've been asked this in many different ways but you know just expanding on the first question with you know the way you're trying to manage your inventories and traded Goods; do we see more opportunity for India to do more. I think that's that would be very helpful to understand.

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

When you say for India to do more means India to invest into local manufacturing is that what you are asking?

- **Ms. Masira – FSSA Investments:**

Yeah. yes exactly.

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

You know the philosophy for BASF in terms of its investment is that we invest for assets for the local market, we do have exports which we opportunistically export to make sure that we have high loading of our plants because we when we invest, we invest for a few years so that the plant gets filled in three or four years so typically we have some export opportunities. Now like I mentioned before the question is with the BASF portfolio which lies somewhere in between the entire chemical value chains, the critical size is very important for us and that's where I think whenever we reached the Indian market gives us an opportunity to invest BASF will invest but at this point of time it's not like you know we have a cost per situation in Europe or we have a challenge in Europe so now we will invest in India that's not how BASF Works. We need to have a situation where the markets provide us adequate demand, a possibility to be economically competitive with conditions of raw materials and utilities and then overall a sustainable you know framework coming from the government so I think the framework from the government over the last few years has significantly improved when it comes to cost competitiveness, yes that's the discussion in various aspects whether it's feedstock whether it's energy and lastly when it comes to the size wherever we have seen that there is size for Investments, we have invested locally and also going forward that will be our principle so we will keep evaluating opportunities within our portfolio when do we have the opportunity to invest locally.

- **Ms. Masira – FSSA Investments:**

Thank you, that's really helpful.

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

Thank you Masira. The next speaker is Rohan Gupta from Nuvama group.

- **Mr. Rohan Gupta – Nuvama Group**

Yeah, hi sir, good evening and thanks for the opportunity for letting me ask the question. Sir first of all congratulations on a group BASF as the leading Chemical Company and sustainably performing almost third year in a row where we have seen historically the profitability of the Company has been quite volatile and this is probably the third year where the profit growth has sustained on the absolute basis. Sir my question is maybe you may find it quite repetitive but sir we it's a surprise for me that BASF globally is a leading Chemical Company and thankfully you have a presence in India, you have operations in India with a quite diversified prudent basket. We have seen, I mean at least the industry Outlook or the many chemical companies outlook on the on the domestic as well as in export market whether in specialty agrochemicals intermediate manufacturing is quite promising quite robust that is getting reflected in the many companies getting very aggressive in a chemical CapEx plan, so if you see that most of the chemical plates have accelerated their CapEx plans in last three to four years and going massively because they see that it's never seen opportunity for them in a chemical industry not only just domestically but in the exports opportunities as well.

I wonder where is a disconnect between the BASF and other domestic players who see that there is a huge opportunity for them and even the players like BASF giving them the comfort or a buyer and I don't want to name every Company but the global innovator and global Companies giving them the comfort that he has go ahead with the CapEx and we will buy from you because we want to reduce our dependency from China or the Europe crisis and all and here even our own baby I'm in a global BASF's baby sitting in India almost sitting silently just only generating cash, huge cashes inflows piling up on a cash inflows while you may have a huge opportunity to invest in India, even have a huge financial availability from your parent Company, debt free balance sheet a significant cash flow generation and the most important thing is the capability and also your own parental advantage where you can do a lot of job work for them. I know I have taken a long time in explaining my questions and pardon me for that but sir it's this big disappointment for me that where is the disconnect, why we don't see this kind of optimism even the BASF India while many domestic players are so gun go on this opportunity, they say it's a once in a decade opportunity so I just don't know who is right or we are just getting too conservative about it.

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

Thanks Rohan. Thanks for that question life is not so black and white as you describe it so the point is when BASF you talked about companies like BASF and buyer talking to the local players and let's say contracting the certain molecules or manufacturers, I presume we are talking about segments like the agrochemicals. I mean that's a probably a strategic decision by BASF from a technology perspective that risk manufacturing will not be done by BASF but will be outsourced it might have been outsourced to China, it might have been outsourced to certain players in India and if BASF as a group has decided to outsource something it wouldn't outsource it to BASF of India because there is a certain reason why it goes outside of the entity whether it is technology, whether it is cost competitiveness we can always discuss about it in all individual cases but this contract manufacturing that we do with third parties; is a group decision and there is good sense why it is done that way. Now like I've tried to explain this several times to several people, the challenge is that a portfolio like BASF faces in India like I mentioned a few minutes before people



who are in the refinery and cracker segment and cracker downstream into polymers that is polyolefins or polyester PVC for them there is sufficient opportunity to invest over the last five years a lot of capacities have been added and I would as I said I guess that over the next eight years until the end of this decade, we will need probably a cracker every year and it's downstream polymers as an economy. Now when it comes to the extreme downstream what you refer to whether it's Ag or whether it is Pharma API synthesis, here again India has positioned itself and many of the players that you talked about have positioned themselves as global suppliers to various generic molecules and as well as contract manufacturing for a few let's say originated molecules, the Indian downstream chemical industry has positioned themselves but during the Covid you also realize that many of these companies have challenges because they need to buy building blocks either from China or from Europe and this became a huge challenge during Covid, during supply chain crisis.

Now when you look at BASF's portfolio, we are somewhere in that in between space to allow any big investment from BASF whether it is in the chemical segment whether it's in the chemical intermediate segment or in the monomer segment which are larger things; if you look at our overall segment structure, the material segment we are well invested whether it's engineering Plastics or polyurethane and this will be incremental in Investments every time there's an opportunity. In the industrial Solutions also, you see us having invested in dispersion and pigments and also in the performance chemicals. Now the key issue is for this big building blocks whether they are in the petrochemical segment or the monomers or the chemical intermediates which is where all the big commodities sit that's where it becomes interesting for BASF, I think we still have some time to go before India becomes a market large enough for an investment of BASF size there. I hope I answer your question.

- **Mr. Rohan Gupta – Nuvama Group**

Yes, sir that answers few parts of it. I fully understand that it will not be as in black and white as you likely mentioned. Just one small clarification, in agrochemical segment we have seen a huge jump in profitability in the current year. Just wanted to understand that what has led to these changes in a margin improvement in the agrochemical business, is there any particular product given or in overall that we have benefited from the backward integrated or I mean what is driving this profitability effect.

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

It's a combination of factors. So firstly there's a portfolio effects in there so certain products, new products like I mentioned and now going forward we further look at new products and I mentioned that in another question earlier we are also looking at in the context of the PLI schemes as to what should be our supply chain and manufacturing strategy going forward because of the external environment is changing quite dramatically and I think this will develop further and we as a Company need to re-evaluate our supply chains and manufacturing footprint in the context of Ag Chem and we will do that so but there's something we will come back and announce but as of now it's at an evaluation stage.

- **Mr. Rohan Gupta – Nuvama Group**

Thanks Sir. Just a last from my side sorry. On capex front I didn't get you so if you can give some number and guidance that what as a group you are planning to invest over next 18 months or two years' time frame.

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

So at the moment we have a few CapEx projects running and they are around 100 crores order of magnitude over this time frame that he talked about but that covers a lot of things I mean it is a replacement, it is repairs and maintenance and upgrades of several plants, some Debottlenecks so it's a combination of several projects it's not like one large project which I can make an announcement but like I said let's come back to you when we have more news and as and when we do have a decision we anyway published this out in the open to you absolutely wherever we have, at the moment it's a lot of the debottlenecks and you know energy projects to improve our energy footprint those are the kind of CapEx we are having. We just expanded our capacity until last year we expanded our capacity on dispersions and we also did something on the engineering Plastics and the polyurethane we do have capacities available at this point so I think from our local portfolio perspective, we are good to grow our capacity utilization and has improved over the last couple of years and we are at a point where we have to now evaluate whether we need something more and when we have something we will come back at an obstacle.

- **Mr. Rohan Gupta – Nuvama Group**

But in the cash flow in the first half your CapEx number only talks about close to just 32 crore rupees investment so I don't know if that is a part of this current year and you are only looking 100 crore rupees kind of total CapEx a Company of 1000 crore rupees EBIT with the 100 crore rupees investment looks quite weaker that was my earlier question was also that so either we will be waiting to hear more aggressive plans from the Company whenever the due course because you I mean that's what I mean ultimately your industry is a CapEx industry until unless you don't invest the money probably we will not see the growth so that was my question was even in a first phase also where I tried to explain that where is the CapEx you are generating huge Cash Flow why the Company is not investing in future so that's it from my side and thank you very much sir for being so patient and answering all the questions.

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

Thanks Rohan.

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

Thanks Rohan. Next one is Chintan Cheda and he's from Quest Investments.

- **Mr. Chintan Cheda – Quest Investments**

Yeah, Hi good evening and thanks for the opportunity. Sir I have one question on the Agri solution segment, so how many products we have launched this time for the winter crop because generally what happens is that Q3 is the weakest for us in the Agri chemical Solutions and there we end up reporting loss in Q3 so what is the output for this thing.

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

So I won't give a forward-looking statement on what's the outlook on profitability for Q3 but the two products that we launched earlier this year so one was in April and the other was in June so we launched a vested complete in April and exponents in June so these will be the products which will also continue along with the rest of our portfolio into Q3 so between Q2 and Q3 I mean in this quarter we don't have another product coming out.

- **Mr. Chintan Cheda – Quest Investments**

Okay. Got it thank you.

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

Thanks, Chintan. The next speaker is Ranjit from IIFL.

- **Mr. Ranjit – IIFL**

Yes. I hope I am Audible.

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

Yes yes. Go ahead.

- **Mr. Ranjit – IIFL**

Yeah. Thank you, sir. Thanks for the opportunity again circling back to the same questions I hope we are trying our best to kind of an extract and answer from you. Probably a couple of years back so the question was never about our capability it was always about whether we have a serious intention to expand in India. A couple of years back we did have this financial Challenge and probably that could have been the reason why we won't have aggressively expanded now even that is solved we are generating a handsome EBIT and whenever we kind of oppose this question, we get the answer that you are probably looking at a critical mass in India which would drive your next set of expansion, so my question is like these critical mass whether this is an absolute basis in India or it is on a relative basis to China. The question why I'm asking is that we have seen in the recent past our parent company announcing an expense of almost a 10 billion dollar kind of an expansion and we seems to be getting into the verbum site in China, we already have one we are like looking at having a second verbum site over there, so if these are the kind of investment that we continue to do in China also if our decision is on a relative basis then we will continue to have this gap on the critical mass the make versus buy kind of a decision if you as an Indian entity or at the parent level we want to get into. I do see that it would be a delayed thing probably on a foreseeable feature I don't think we would be entering into that critical mask if we tend to compare it with the make versus buy. We just wanted to get your sense how do you see this critical mass whether this is an absolute India basis, or it has always been comparison with our Chinese investments thank you.

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

Thanks, Ranjit, for that question. It's an absolutely perfect question to ask legitimate so the comparison always is what's a global economic scale of investment versus the domestic demand so it's an absolute comparison of that so particular technology needs a certain scale that to be commercially viable and that's where so it's not a comparative of whether China or India so when India provides us with a suitable and I can list a set of the same discussions with the ministry by the way a couple of months ago where we listed out a set of products where we said because these are the kind of products that we look at where there is no plant in the country so 100% or is of it is important and why is it, it's not just BASF but it's across the chemical industry nobody has invested here for these portfolios because there is no critical mass. Now that is regarding the

new portfolio. For our existing manufacturing portfolio we continue to invest and we will continue to expand capacities as the market grows so whether it is engineering plastics, Celesto polyurethane dispersions, Coatings wherever we have an asset base already here we will continue to do CapEx but these are where you know every three years or four years you might need a capacity expansion but we do have a certain position here we saw the critical mass and we have invested in those areas. Now when it comes to the bigger parts of the commodity portfolio that is where I'm saying that you know if you want to see something different all together then we don't have the critical mass as a Country, and which is why not BASF nobody has invested here.

- **Mr. Ranjit – IIFL**

Sure, sir so if we probably, the PLI would be one that trigger that we are looking forward to probably that would provide the critical mass or at least the incentive part to go ahead with the investments into India.

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

Ranjit that's a very interesting topic again it's not just PLI for chemicals. Now what do I do with the PLI for chemicals if there is no demand in the Country, the demand in the country has to come from my customers so I'm more interested in looking at what is the PLI for my customer Industries because that triggers demand for my product. Yeah I'm happy to take a PLI for chemicals as well but unlike what we spoke about so much you know the exports of Agro exports of Pharma when you come to chemical building blocks and there I need that my customer Industries get the PLI and what we have seen is the 16 or 14 PLI's which have been announced I mean 16 overall but 14 have been more detailed out and the we see certain positive impact on our downstream customer industries and this will generate demand for us and then it makes sense that you know we have our investment criteria.

- **Mr. Ranjit – IIFL**

Yeah, right sir so one of that thing we keep on hearing is of the new age chemistries or New Age user Industries all together which India didn't had in the past decade or there is going to be a potential growth be EVs or be it green energy and here at least we don't seem to have very large plants in China or across the world would that be one of the segment that we can drive a growth.

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

So from the EV perspective you must be aware that in the BASF portfolio we do not manufacture cells but we are active in the space of cathode active materials and here clearly we are just seeing the initial stages of the giga factories being built in the Country and obviously today a lot of it is through imported components and once these factories are built up this should create sufficient demand for the cathode active materials but there again you need a critical size and I think one can argue what will be the penetration of EV in the country both for two wheelers and for four wheelers and if you ask the different consultants you get different data but principally one thing everyone is aligned on is by the end of this decade that industry will be large enough and there will be sufficient space for cell manufacturing in the country. Now in the PLI schemes on this advanced chemistry cells, you must have observed that there is a certain local indigenous components that are required to be achieved within 5 years if I'm not wrong and to achieve that component again all parts of the cell whether it's the electrolyte, whether it's a cathode, whether it's the anode all of them will need certain level of indigenization so I think that is an area where there is opportunity and you also saw recently I mean I mean for a country that uses so much of electronics not having any semiconductors being manufactured and now recently you had this

announcement of the Vedanta group with Foxconn setting up a semiconductor plant, now these are areas what I talk about which then gets interesting because then they need those chemicals and the Specialty Chemicals in bulk and probably you need three four of those to come in before you get to the step where you know it becomes BASF portfolio large enough because with just one unit it's not good enough; this will have to be done via Imports so like let's say we have just one cell manufacturing plant for EV in five years' time this is not good enough to have the back end chemicals to have economics to compete against and import itself from where which are part of the world so you need four or five of these giga factories to come up before you start the components as well in a local setup. So, we very much Ranjit these are topics of immense importance and discussion within BASF group and exactly what I talk about that when the industrialization of this country happens at the rate which the government is projecting it to be, there will be significant opportunities to look at our portfolio and invest here.

- **Mr. Ranjit – IIFL**

Thank you, sir, for patiently answering one last bit in your interaction with the parent company you do see them quite open to these investments whenever this critical mass would be there in India.

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

That's right I mean if you have a critical mass in the Country, you have an economic case having a reasonable rate of returns. The parent is very much interested in investing in India. Now a couple of you talked about the last three four years that I've been here in this position, I mean we've done like you and we've also presented in the charts about how our business has grown over the last couple of years and I must add here that the parent company sees BASF India as one of the high performers within our portfolio of Companies across the world and yes there is a very positive sentiment in the context of the business in India and possibility to expand further here in the Country.

- **Mr. Ranjit – IIFL**

Thank you, sir, for answering all my questions.

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

Thanks Ranjit again if there is any question anyone would like to ask, please raise your hand or put that in the chat box and we will be happy to answer. There's one question Mohan which has come from one of the analysts and this is which segment do you see in our portfolio in a two-year horizon which has an optimistically outlook and which are the ones where you see they may go slow. Again, this is a forward-looking question but in general.

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

But I will stick to my previous statement where I said I mean I don't see a two-year horizon and I don't give a statement on two years today but at the moment what we are seeing is the automotive segment is quite positive in the Country and the outlook from the automotive industry is also positive a lot of new car launches also the premiumization of the cars that I'm talking about the two-wheeler industry also this is quite positive, the development and many of our segments have some kind of inputs in the automotive area and there I see a positive outlook also going forward. I see Ag as a positive development over the next couple of years we see the industry doing well and also, we have a few products I mean which under registration for new products coming out

will have a positive impact, so these are two things which I will talk about the others I mean it's more short-term.

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

Okay any other questions from Varun are you there, you had some other questions which you wanted to ask.

- **Mr. Varun Bang – Bryanstone Investments:**

Hello.

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

Yes, Varun please go ahead with your question.

- **Mr. Varun Bang – Bryanstone Investments:**

Sir my question is in the contest of Investments so how the Five-Year CapEx plan has changed for BASF India versus what it was say one or two years back. Is there a meaningful change there?

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

Meaningful is a very relative statement so yes if I look ahead the five years let's say plan and ideas, we are a lot more optimistic about the Indian economy and the overall industrial part of the Indian economy than we were let's say back in 2019 and 2020 so in that context, we are a lot more positive today than we were back in 2019 and 2020.

- **Mr. Varun Bang – Bryanstone Investments:**

Okay and what amount of capex can be independently decided and execute so what I want to understand is how much are we dependent on our parent Company in deciding the Quantum of CapEx that would be helpful to understand so is it 100 or 200 crores, beyond what size we have to sit in this with our group well.

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

That's globally within BASF, anything over 25 million euros requires a Board approval from our parent Company correct so 25 million euros is the threshold.

- **Mr. Varun Bang – Bryanstone Investments:**

Okay all right. That's it from myself. All my questions have been answered.

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

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

Thanks Varun.

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

Thank you. So, there are no more questions from the chat and also there are no hands raised Mohan.

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

Good then, if there are no further questions then we thank you. I mean it's always nice talking to you know I really get some interesting questions which kind of sets me thinking about what to do so in principle, thanks for a lot of support and guidance what I get from you also is areas where I should focus a little bit more and thanks very much and I see that if I can summarize today's discussion is that you are happy with our performance over the last years; however you would like to us to look at more in the context of what do we do for Investments and future growth, so that for us is homework so thank you very much for all those inputs and look forward to talking to you again have a nice weekend.

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

Thank you.