



We create chemistry

BASF India Limited, Mumbai - 400 051, India

May 25, 2024

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.

We enclose herewith the transcript of the Analysts / Fund Managers Meet of BASF India Ltd, held on Wednesday, 25th May 2024 at 4 p.m., for your information & records.

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

Thanking You,

Yours faithfully,

For BASF India Limited

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

Pankaj Bahl
Senior Manager- Legal & Secretarial

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Internal

Transcript of the Analyst / Fund Managers Meeting of BASF India Limited – May 22, 2024

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

We have here with us Mr. Alexander Gerding, our Managing Director, Mr. Narendranath J Baliga, our CFO and Anil Choudhary, our Manufacturing Head & Whole-time Director

Today we will have a presentation from Alexander and Narendranath on the financial performance of the company for the financial year ended 2023 - 2024 and related topics followed by a question-and-answer session.

All the participants are requested to note that the meeting will be recorded and the audio video recording of this meeting together with the presentation and the meeting transcript will be uploaded on the company's website and also submitted to the stock exchanges.

For the smooth conduct of the meeting: -

- All of you will be placed on mute during the presentation.
- During the question-and-answer sessions we have received a few names of people who would like to speak and they will be asking their questions first and thereafter people who are online and you wish to ask some questions may please raise their hand by clicking the raise hand icon on the Microsoft teams page.

I also request all the speakers to be brief while asking the questions and queries.

I request Alexander and Narendranath to please take this forward.

Mr. Alexander Gerding – Managing Director, BASF India Limited:

Thank you very much Manohar and a very warm welcome good afternoon to all the colleagues on the line. This is actually now my third analyst conference. I am very happy to be here with you today and maybe before we go to the next slides let's just go one slide back because it's a special month and it's a special year and I think you saw this number 80 so it has been 80 years since the incorporation of BASF India Limited in India. Actually, I was looking at the exact date it was the 13th of May 1943 so exactly 80 years ago so, it's a special day, it's a special month, it's a special year and obviously we are we're looking forward to be around for more than 80 years to come.

Having said that let's proceed so as always you know we focus on matters that are in the public domain. We do not provide any business forecast and we also do not give guidance on future results and business Outlook.

Now as always, we start with safety so here you see a picture of our Panoli team in August we had Global safety weeks where we have a lot of training on safety building awareness and obviously this is then also translating into our safety per performance so I'm happy to share that.

You know we didn't have any high severity incidents neither in 23 H nor year to date in 2024. We also did not have any lost time injury. This year we had one a process safety incident at the site in a wastewater treatment plant. There was a little bit of product overflow, but it was contained no operator exposure and also no environmental impact and all measures have been taken to correct. Also, what is always important for us when it comes to safety is near misreporting so because this is a leading what we

call a leading indicator so the more near misreporting you have the more disciplined. Our teams are at the science to actually document and highlight near misses the less safety incidents. You will have there's a clear correlation so arouse reporting and discipline has really increased and that is also translating into the very strong safety performance and here I would really like to appreciate all of our sites all of our operators at the sites for this excellent safety performance and obviously our goal is to continue. Now when it comes to the current macroeconomic environment, I think you all know better than me the current Dynamics in India. I think I always call it momentum India I think the momentum India continues if you look at January to March quarter GDP growth was even above 77%, I think the projection for the for the entire calendar year is in similar magnitude. We have stable inflation an interest rates the purchasing manager index is consistently above 55% which means there's an expectation by purchasing managers that the economy will continue to expand and consumer confidence is high remains being high. We also see that the rural demand is has been developing quite positively in recent months so overall I think the India with two-thirds of the GDP being domestic consumption.

The momentum India is really strong and continues to develop nicely. If you look at the different Industries on the right hand side I think there's you know we're always talking about growth mode it's only about the magnitude of growth which can be one year be a bit stronger and another year maybe a bit a bit less, I mean the automotive industry continues to develop nicely this is a very relevant a very important industry for BASF. So we see IHS projection for passenger vehicle growth is 4% for the year which is positive. it's a bit lower than last year but still on the growth side construction you know momentum continues if you look at infrastructure spending, I think obviously now we are in election time but post-election period we believe that the construction momentum will continue to increase. We have very erratic monsoons in recent years. Last year the monsoon was delayed and then we also had a very dry August which obviously impacted Reservoir levels. Going into the new season but we see now with current projections that we'll have a more normal monsoons which I think is positive for the agricultural sector and as we all know 60% of the population in India is in rural India, so if agriculture does well then also the entire economy will certainly benefit from that. So fast moving consumer goods be it food or non-food related I think there is still continued to be growth maybe a little bit less than last year but a nice balance also between rural and urban so we see quite some robustness also on the rural side probably also triggered by a favorable agricultural season.

Expectation now on the chemicals side if you look at the market, I mean there's still a lot of margin pressure here so what we had described in previous analyst conferences I think that situation unfortunately continues so there's still margin pressure on the Upstream chemical front let's remains to be seen how this continues I mean we see China GDP January- March was around 5% so there is a little bit of rebounding. Question is how much of that is restocking effect and how much is really a fundamental sustained effect moving. Forward I think this whole housing crisis in China has really dampen consumer confidence I think people are saving more than spending so it remains to be seen how this China situation continues there are over capacities and obviously that is still impacting the chemical sector having said that the question is obviously how does this context also translate to BASF numbers and with that I would hand over to Naren to walk us through our performance

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

Thanks Alex good afternoon, everyone so like time I will take you through the numbers first and then some key ratios and then we can answer any questions that may come up in the presentation. First is the segment Revenue this is mainly to show the six segments that we have and which are the business units under each of the segments agriculture solution is the only segment where only one business unit exists Agro and in rest of the segments we have at least two business units are performing so on the right side you see the pie chart where materials happens to be the biggest segment. we have followed by nutrition and care and then industrial solution and agro is the fourth largest segment. Yeah usually that question comes up from the analyst how big is the Agro business and that's the reason here we show 14% share of the total 1,768 crores with the 2,000 CR sale for the year. Now I go into the quarterly numbers and the full year numbers we announced it just some time back after the board meeting on the left you see the quarter-on-quarter numbers Revenue has gone up by 3% supported by volume growth and also, prices are

stabilizing. On the right you see the PBT before exceptional item the Profit has doubled so while the revenue has gone up by 3% the Profit has gone up more than 100%, the details of which I gave in the later slides that is the quarter results and on the right we see the yearly numbers again 1% increase in the total sales so almost stable sales but when we see profit before tax it has gone up by 44% and again I'll have a quarterly breakup of this numbers in the next slides. Overall for the full year the very strong volume growth but impacted by negative price realization so prices fell whereas volume went down and the input prices were kind of mixed yeah for some of the businesses like agro the input prices fell down and for some of the other businesses input prices went up and on a balance we did well that is what the numbers show margins improved on account of input cost that is what I explained now and as you know we announced a dividend of Rs 15 per share which is 150% of the price of the face value and this is of course recommended by the board of directors it has to be approved by the shareholders in the AGM, so till that time it remains in recommendation and then we can pay it out. Always the question comes up especially from the analysts how good is this Rs 15 and why couldn't we have paid a little more especially when we have cash that specific question I'll answer in the later slides with the right perspective giving you the right perspective

This is the quarterly performance on the left you see the sales the light blue bars show previous Financial year 23 and the dark blue shows Current financial year December 22 was one of our very bad quarter both from a volume and price perspective across the business units upstream and downstream did not do well and we had the one of the lowest sales and immediately later it picked up and as you can see it has stabilized around 3,300 crores and the biggest creditable performance. Here is the March water where which is not our season for Agro and other business but still it managed to earn those 3,300 crores. Similar to last year so that means we don't have so much of offseason on season kind of quarters things have stabilized in a manner that every quarter we are kind of booking the sales around 3,300 crores. On the right is the profit before tax before exceptional items the light blue is previous year and similar to sales December 22 we see 18 crores profit in December 22 so kind of break even profit that did not achieve better both volumes and prices impacted and upstream and downstream especially chemicals and material segment were impacted significantly.

After that we see a increase in the profit and for the recent quarters around 150 to 200 cr is what we are kind of registering one thing to note for the March 24 profit is it is the third best result we had for a very long time many years are not seen in the last few years. Yeah if you remember June 2022 we had 264 crores that's the first chart there for first bar in the on the BBT side that's the best ever we had ever best ever 264 and then June 21 we had 250 crores yeah so that happens to be the second best and March 24th 219 crores is the third best ever again breaking the past big breaking the Precedence it's not just the June quarter that we are making that money also in March quarter we have registered that kind of a number and the Upstream also did well in the March quarter and overall when we see the business development segment Business Development you realize across the board we have done well. Net working capital development the dark blue here shows accounts receivable dark blue bar on the top the light blue is inventory and the gray at the bottom is the accounts payable so the net working capital is the addition of accounts receivable inventory reduced by accounts payable and that is shown by the golden line at the top around 1,000 crores of net working capital and though the company has been growing you have seen the sales going up significantly from around 9,500 crores to 13,500 13,600 crores still the networking working capital is maintained at the same level or even better this is one of the best networking Capital. Situation we had on the inventory side very careful management by the business units has ensured that despite all the disruptions that we are facing in Red Sea and other places they have maintained the inventory levels at a good level which I'll show in the later slides around 70 days of inventory and when it comes to receivables again very good discipline by the business units in collecting the money that is due and on an average we keep around 10% overdues yeah that's the limit we don't allow the overdues beyond that 10% yes the business UNS go and collect the money from the customers so with that discipline we have maintained the working capital receivables and inventory at the same time the point to note is how when the inventory goes up.

We also ensure that the accounts payable also goes up so the inventory is kind of financed by the suppliers not by BASF always yeah so net we keep the net working capital at a good level yeah the accounts payable has also increased so that our total requirement is lower one other point. I wanted to highlight is how in the

June quarter of last year the total networking Capital increased to around 1600 crores and similarly earlier also you can see, 1400 crores networking capital and when the question comes up why you want to hold cash this is one of the reasons yeah at some point of time we might need another one quarter we might need another 600 - 800 crores for working capital so it would be a shame to kind of distribute the money. Now and go back to a borrowing stage when we have such a good POS possible in the company so that is one of the reasons, if there are any specific questions I can answer that later but that is one of the reasons why we tend to keep some cash with us and not distribute everything in the form of dividend and to the question well that is maintained for ICD purpose intercorporate deposit to the sister companies yeah whether that is the intention that is exactly never the intention to keep cash, cash is maintained for our own requirement and we just have deployed in the best possible manner either in a fixed deposit or as a ICD. The intention to keep cash is not just to lend it as ICD we will need this use, we will need this cash and we will use it. Going forward coming to the next slide this is the revenue by segments the leftmost bar shows last year's sales 1,645 crores and the right side is 13,768 is the current year revenue and in between you see the pluses and minus green shows increase over last year and the red shows decrease over last year in Industry agriculture Solutions over and above the 1,800 CR that we had earned last year and now another 200 crores, so around 2,000 crores the business unit has reached so very credible performance by the agriculture division materials again did extremely well last year was good and on that they have built significantly for industrial Solutions both our dispersions and performance chemicals suffered this is still the top line so keep this in mind.

When we go to the next slide industrial solution is down both by dispersions and performance chemicals and surface technology and nutrition care did well whereas chemicals again it's Upstream both petrochemicals and intermediates fell significantly though last year we had 2,000 crores this year it is 1,700 CR, 17% down so this is the top line so keep this in mind . When we go to the next slide where it shows the EBIT suddenly you see both industrial Solutions and chemicals positive yeah it's on the positive side whereas nutrition and care where the health and nutrition division did not do well is the reason why we have a lower profit it's not a loss actually but last year we had 100 crores of profit this year it is 36 cr yeah and we have care chemicals and health and nutrition uh businesses in nutrition and care so this is the revenue and that's the result and coming to some of the key ratios receivable days I already talked about very good sign by the business units in managing the U receivables in a at a reasonable price generally we have 60 - 70 days of kind of payment terms and 65 days receivable with around 10% as overdue is a very respectable number to have good discipline there inventory also as you know we import Approximately 80% of our purchases and hence it takes four to 6 weeks to import the material from any of our Global plants whether it could be Antwerp it could be Germany it could be Korea or China so still 70 days of inventory again well managed by the business units at the same time we also want to ensure that any opportunity coming from the customers are important and hence we cannot go down to base minimum where you may not even be able to Ser the customer so that's the reason why a decent amount of the inventory is managed cash flow against 500 crores. Last year 800 crores we have earned this is from operations and then we have paid dividend last year and the balance amount we have kept in ICD intercorporate deposits to the group companies and that is again one of the reasons I was saying why we need to keep some cash.

we need it for working capital we'll be needing it for capex at that time we don't want to go out and borrow the money and hence we are retaining it the intention is for internal use and not for intercorporate deposits operating expenses are 7.8% slightly lower than last year again very good performance on the fixed cost uh management a bit before exceptional items 5.6% ROCE 26% again one of the very one of the best I have seen in the last few years in BASF for the full year at 26% and that is one of the reasons why we are maintaining the working capital the way we are managed RONA is return on net assets 29% that is basically removing the impact of the the cash that we are holding and the interest earned on that so purely on the operational assets how much we have earned 29% so if you remove the cash Surplus around 1,100 crores plus and if you remove .the interest earned on that just by operating assets we have 29% R return on assets and EPS again 130 rupees. Last year it was cost 90 and if you see Financial year 22 it is 137 so that happens to be the best ever this is not the still the best ever the financial year 22 where the first six months was the best ever we had 137 rupees and financial year 21 also was around 130 rupees but in that time we had sold our construction chemical business and that profit AI also included there so this is

happens to be the second best EPS that we have earning per share with that I look forward to the questions and for the time being I hand it over to Alex for further updates.

Thank you Naren and I think you know big congratulations to all the businesses and also to you and the team for keeping our working capital under control I think I think we've always said that our focus is profitable sustainable growth and I think this is visible quarter on quarter and but at the same time keeping a tight control on our working capital which is also visible so you know big appreciation to the entire team in India all the businesses but also the service units and obviously also the production sites. Now before we go into Q&A just a few additional updates like every time just to give you a flavor of I mean this is not all encompassing I mean there's certainly more updates that we could give but just a few examples first one we just recently launched a new insecticide this is a new mode of action insecticides is actually almost 50% of the entire crop protection Market yeah and we've historically not been a big player in this segment you know that we had launched expon a while back in the meantime it has really become a blockbuster product and now we're launching eicon which is the new mode of action sort of complementing our exponer a product and we're really gaining traction and gaining market share in this very critical segment which is insecticides we've also recently expanded our ecode manufacturing facility ecode you know after metal treatment eode is sort of the base layer that you have to put on cars for Corrosion Protection and we really significantly expanded our capacity here supporting all of the OEM customers in India be Maruti Suzuki, Tata Mahindra, so I think a very important investment and expansion. Now this is a little bit early because next week we're actually going to have the inauguration so I'm a little bit of ahead of time but this is a picture from a few days back of of the construction uh of our technical Development Center for polyurethane Foams and we're going to inaugurate this next week here actually in Navi Mumbai at our side so really looking forward to this. Now our dispersion business which is a very critical business in India as you know we have production both in our two multi OD sites Mangalore but also in Dahej.

In Dahej as you might remember middle of 2022 we had a second line of dispersions that line is already full yeah so we're now thinking about the bottlenecking that line so that's also a testament that you know we made the right investment and it enabled us and the team actually to gain market share especially northern part of India, in western part of India so a real strong asset utilization and now even thinking about the bottlenecking on top of that as you know sustainability is a very important element we just received red sir 2 certification for low PCF dispersions water based dispersions, so we have the capability we're future ready so to say to produce at both the Dahej and Mangalore low product car carbon footprint dispersion as long as there is a willingness to pay obviously by our customers yeah which is certainly something that needs to continue to develop but we're future ready here on on this side as well with the example of our dispersion capabilities on the sustainability front we've also signed this purchasing power agreement where we're going to move from 60% of our electricity usage in Mangalore being green to 90% so this will allow us to be almost fully on renewable Power at our very important Mangalore side diversity and inclusion is very important for us and in Dahej we recently inaugurated the crèche yeah where 10 young children can be accommodate yeah this will allow parents to really be able to have the kids close by and I think this is something that is important I think we're one of the first chemical companies to do this in Dahej and really proud obviously we continue connecting with the industry and associations it's just a picture of the Indian chemical Council where we participated in the panel we also participated and at chemtech here now on the diversity and inclusion side I think this is a project which I find very important you know our diversity ratio is still not where it should be I mean we have 11% across the entire country of female colleagues yeah in production units the percentage is even a bit lower now this percentage has increased over the last few years so we have improved but it's still not where we would like it to be um and one element to really improve the pipeline coming in is to really make the chemical industry more attractive to female talents and here we have cooperated with the Indian chemical Council and Somaya University to upskill bachelors and masters of science of chemistry from under coming from underprivileged backgrounds females yeah that have gone through some training they also visited a chemical site because we have to make the chemical industry more attractive and these 40 students recently graduated. Some of these students now are doing an internship at BASF but also in other companies and we hope that you know other peers will join forces here as well to increase the female Talent pipeline coming into the industry same on the automotive ref finish side so we launched a project together with very important OEM customer Mahindra. Mahindra also promote female talents in the Automotive refinishing business.

Now as part of CSR initiative I mentioned that you know we've had very dry States right and water availability during agricultural season is extremely important so here we we're also supporting in very dry areas of the state this is in Maharashtra to expand and deepen the reservoir so once it rains you know more water can be captured and that can be deployed then for agricultural uses during the season so this is also something where we're supporting key areas that are of need. Now kids lab you know we launched or we relaunched I mean this is not something new but we launched it for the first time as a CSR initiative where we are inspiring young kids from under privilege backgrounds to become climate Champions and this we started actually last year with 33 kids in Mumbai and then we moved to Mangalore 1,900 kids went through kids lab in in Mangalore a really great job done by the teams down there now we're going to Bangalore and eventually also to Bailey and I think by the end of this year we would like more than 3,000 kids to have passed through our kids lab. Also to attract the future generations to chemistry now very important we continue to engage obviously with our customers as I mentioned the automotive industry is a very critical industry for us here you see Maruti Suzuki which is almost 40% share market share in India so it's a it's a leading OEM a very important customer and we had a tech day where we brought our experts here one of our colleagues is showing the Coatings products to the Maruti Suzuki team and we're making links really with OEM customers and conducting these Tech days together with you in this case Maruti and Suzuki and then I think this is the last slide you know we also had an appreciation dinner as you know um two we bid farewell to two independent board members yeah that had been in the board for quite some time very important contributions also to the board so we're very appreciative and thankful for everything they have done for BASF India Limited and we welcome two new incoming Independent board members so that was a definitely a very special moment and with that I would like to close and with our continued Focus area .So one we have to maintain the India momentum capture every business opportunity possible with sustained profitable growth as we have been demonstrating also in the recent quarters yeah staying close to our customers will be critical to achieve that, at the same time we have to continue to maintain prudent cost control and working capital control and optimize our asset utilization we have to continue to drive sustainability we are thought and action leader in this space we have to continue to do that and obviously ensure safe and efficient operations maintain our safety track record and continue to focus on diversity and inclusion and our employees so these are the continued focus areas and

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

With that I would really like to thank my colleagues here and now really looking forward to your questions thanks Alex thanks Naren for a very insightful presentation on the financial performance but also other activities that the company is into

I have a few speakers who have already registered, and I would start with naming the first one but I also encourage our people online to if they have any question they can POS it in the chat or they can also raise their hand and ask the question so both the options are available please take full opportunity of that so we go with the first speaker is Archit Joshi from B and K Securities

Hi sir, yes sir I'm audible yes very much please go ahead great. Good evening gentlemen and thanks a lot for taking my question and congrats for a very strong quarter and a very strong financial. Sir I have two questions firstly on the agrochemical solutions business I think in a depressed Financial year that we saw in India especially in the domestic Market with sporadic spells of rainfall and the fact that you still worked with quite a lot of Channel inventory what was the key driver for growth in financial year 24 have there been a few products that you would like to highlight which gained market share in a depressed scenario and also if you could speak of the new product launch that you showed earlier of Epicon I believe correct me if I'm wrong that's a patented molecule of our parent and the group companies and what the potential that you see of this molecule and any further launches that you're planning in this space.

Thank you okay Archit thank you for your question so I think as I had mentioned a little bit on the slide when it comes to the agrochemical business I think the team has really done a fantastic job you know in in recent

years yeah and continues to focus first really a focus on profitability I mean and connected to that also expanding launching Innovations and expanding our portfolio yeah and as I mentioned 50% of the market is insecticides we historically have been stronger on the herbicide and fungicide front but now with Exponer launch first which has become a Blockbuster in the meantime with eicon as a second very prospective insecticide I think we're really growing our market share in insecticides and that's enabling us to be more resilient overall by having a complete a more complete portfolio now yeah and you know considering we usually have always been very cautious to push inventory into the channel too early right especially considering in recent years very erratic monsoon we placed our product more closer to application timing also allowing us to shift the products to the right places in the country where it is needed. Based on disease pressure or wheat pressure or in this case also insect pressure so that has allowed us really to be able to react nicely and not to sit with too much Channel inventory so that one thing that the team has done very nicely as well so and considering now that the expectation at least obviously I don't make any future predictions here but the expectations is that we will have a more normal monsoon coming up I think that's quite positive and we can really carry that momentum that the team has been having into the season yeah and so big kudos to the teams here. Now specifically on Efficon, I mean this is a sucking and piercing insecticide with the focus crops being cotton and selected vegetables and the pest that we're talking about is white flies and this is complimenting Exponus which was more chewing pest insecticide where thrips was is more the focus yeah so so it's not cannibalizing but it's rather complementing our Exponus product and I'm very confident that the team is really having the right Focus areas to also continue to develop very nicely.

Sir thanks for the clarification I've just got another one a question has been asked you quite a many times before has there been any change in stance from the parent towards the Indian entity with respect to any strategic growth plans with respect to capex anything that you can share or any particular area for growth that we are targeting by some investment especially in our manufacturing outfit that we have in any site across BASF group in India thank you that was my last question thank you so yes I mean we have been we have been continuing to invest I mean I mentioned just as an example in the presentation our dispersion line two that we had started middle of 2022 and that in the meantime is also you know very well utilized and we're even thinking now the team is thinking about a the bottlenecking for next year so that is just one example I mean also on the engineering Plastics we continue to invest into that business I mentioned the ecode the investment that we did in Mangalore yeah that will enable us also to increase capacity and make inroads also with our OEM Automotive customers so in a nutshell I mean we continue to invest in India in our assets not only in Dahej but also in Mangalore also in Panoli as I mentioned engineering clastic so this will allow us to increase our capabilities and our capacities and cater to the growing demand in the country and I think these incremental investments will certainly continue to happen yeah thanks Archit I had related question around that from another analyst and before we go to the next one there is you know differentiated steering for AP that was being announced last year and the question was how do you see the progress in terms of differentially steering this business from the parent yeah I mean differentiated steering I think is something that has become more and more relevant as some of our businesses and if you look at the agricultural Solutions business I mean we are competing against Pure Play companies right so companies that are only active or primarily active in the market yeah if you think about Syngenta if you think about Bayer Crop Science if you think about UPL FMC, etc., I mean I can go further down the list yeah being part of a big family like BASF is on the one hand side very good because you have the financial backing you have economies of scale synergies that you can also gain from services that we can deploy into the different businesses but at the same time you know we need to recognize that you know the business to be agile to be fast to be competitive and remain competitive it needs to be steered differently considering that we have a competitive landscape ape which is more pure Place yeah so the intention here is to enable the agricultural Solutions business to actually gain in speed gain in decision making empowerment and become ultimately also more competitive and more profitable so it's actually a good it's a good thing while still being part of an integrated company like BASF yeah benefiting from the financial backing and also centers of expertise when it comes to services so so I think this is the mindset yeah it's about simplification it's about empowerment and differentiation to ultimately be even more competitive and this is what we are discussing in the company on how to achieve that even more than what we have already accomplished. So far thanks Alex

We go to the next speaker Rohit Nagraj from Centrum broking. Hi thanks for the opportunity and congrats on good side of numbers first question is again on the agrochemical side now if you look at our ebit performance for last year out of the 230 cr of differential from financial year 23 to 24 almost 205 cr has been you know supported or contributed by agrochemicals so what has been the main factor out here and last question to that is in terms of the inventory management how are we doing that in agro given that it's completely merchandise business and we need to have a lead time to keep the inventory just in time you know selling before the application thank you.

Okay thank you for those questions maybe I start with the last one first so obviously we're also increasingly considering the in India concept also for AG agrochemical business so a lot of the final formulations are already formulated within the country yeah so that is already one element that will continue to intensify also in years to come so that's one element that allows us to cater to the growing local demand and be as flexible as we can be as far as the development of the business. I think there's multiple elements that have contributed positively to this performance yeah one is as I mentioned launches of new products like exponer which has become a Blockbuster in the meantime uh entering into this was all incremental so there was no substitution no cannibalization whatsoever because we were not playing in the insecticide space so it was all incremental business we're tapping into the insecticide market and gaining Market and eicon will only continue that momentum yeah so that's certainly one element of why the performance has been very strong a second element is the team has done really a fantastic job to focus on steering the product mix Beyond innovations that I just mentioned steering the existing product mix to more to a more profitable mix yeah even you know having to shift maybe some products out of the portfolio that had very low margin yeah so a very focused approach on profitability and connected to that also some price increases that we have made which has also contributed to the profitability yeah so I think there's multiple elements Innovations a product mix steering uh based on profitability and also price increases that have allowed the agricultural Solutions business to develop quite nicely and connected to that a very tight and strong relationships to our Channel Partners I mean we have 150 million farmers.

In India 150,000 retailers and around 50,000 wholesalers it's very important that we have a very close relationship to our key Retail Partners and I think the ACT team does a fantastic job to keep that proximity and intimacy to the key Channel path sure.

Thanks for the elaborate answer so second question is in terms of capex or investment that was done in financial year 2024 so which and all segments have we done capex and if you could just let us know how has been the capacity utilization across these segments just to understand whether we have way in terms of growth whenever the demand comes back to normal.

thank you yeah I mean I would you know and please jump in if you see you know that we can add some so I mean I think we are we have a track record of really being very successful in capacity utilization yeah so once we put Investments up I think the teams and the businesses do a fantastic job to utilize those assets and fill them as fast as possible and then obviously we do then incremental steps like debottlenecking or adding more lines yeah this I think the track record here has been very successful I mean we cater to the demand not only through local capacities but also through Imports right so we have assets also within the region we have assets in North America in Europe so we can always deploy and bring the proper solutions to the country that are needed to cater to the demand having said that obviously it is our intention and I think we have been also driving that to increase our local footprint in light of also making India self-reliant India yeah so we are capable and confident that we can continue to cater to the on ongoing and growing demand in India with the assets that we have and I mean we don't disclose usually capacity utilization numbers on individual sites or even individual assets but I could tell you that our asset utilization is recognized and is good and we really have a track record of sweating our assets and then also being proactive then to initiate capacity expansions so on a overall basis it's around 80% to 85% capacity utilization across the plants and last year financially 24 we had around 100 crores of capex mostly a maintenance capex which means no increase in capacity it is what to maintain the existing assets the last expansion was for the dispersions where we increased it by 45 KT uh in uh in the second half of 2022 so that is financial year 23 so last year we did not have any capacity expansion sure

And my last question is in terms of excluding agrochemicals for the other five segments how have we seen recovery over the last four quarters and whether we have seen a similar competition from China across these segments so maybe your broader thoughts on the same.

Thank you yeah I mean thank you for that question and as mentioned before we always talk about upstream and downstream right and I think I would say maybe in a very simplistic view that last year we had a very you know positive development of the Downstream I mean agro is just one example right but dispersions for example the Coatings business the automotive Co Coatings business even nutrition and Care I mean you know the downstream was probably more resilient connected also to the demographic in India I mean the demographic dividend and the consumption patterns in the country and two-thirds of the GDP being domestic consumption I think that was really a driving Factor whereas the Upstream businesses when it comes to chemicals and materials I mean those were challenged yeah challenged what we see now and you see that in the last in the fourth fiscal year quarter or the first calendar year quarter of this year January to March that material segment which is which we regard as Upstream has improved. I mean we see input cost improving but the pricing pressure is still on yeah so the margins have improved in the material segment which is quite visible but the chemical segment for example which would be intermediates and petrochemicals is still heavily under margin pressure I mean the pricing pressure is still on this is commoditized business and as I mentioned in the beginning I mean we need a strong Chinese consumption to kick in again to reduce also a little bit this dumping into India yeah from overall capacities that have been built and continue to be built in China and there has been some uptick there remains to be seen how sustainable that consumption in in China will continue to develop because that will certainly also influence the pressures that we will continue to see on the Upstream chemical business so to make a long story short I think the down businesses have been performing quite nicely and we see that will continue with this momentum in India the Upstream businesses material segment we see an improvement recently but the pricing pressure is still on and especially still on the chemicals on the chemicals business it's difficult for me to make a prediction here but you know we continue to ensure that we keep our assets running that we grow our volumes in the country connected to the momentum in India and obviously we also hope that the margin Improvement eventually will also kick in the chemical side once the Chinese demand becomes more sustainable and continues to grow

Thanks for answering all the questions and all the best sir thank you.

You Rohit I would also encourage people online to raise their hand or ask a question in the chat so that you can take opportunity of this meeting. Before we go to the next one there is one more question on the electrification in the automotive segment and the potential opportunity for BASF to participate in the value chain like especially in the battery materials or the semi-conductor segment how do you see this from a BASF perspective and where do we stand there yes I think that's a very important I mean the automotive industry as mentioned is the beginning is a very important industry for us we have very strong relationships to all OEM players yeah in the automotive space we have also a team we call it Team Automotive India which is actually run and led by Anil to really make sure that we also create synergies you know between the different businesses that cater to this industry and that we focus also on our OEM customers here to bring to bring new Solutions yeah having said that obviously electrification is the future but at the same time we have to say that the penetration in India I mean there's a lot of talk around it there's a lot of development in that space But the actual penetration is still quite low I mean if you think about two wheeler electric two wheelers I think we're talking about 5% of all two wheelers are electric if you think about four-wheelers I think it's 2% around 2% so obviously there's very strong targets or strong Ambitions also by the government here and obviously we are part of those discussions we are connected to all of our OEM Partners not only on the four-wheeler front but even on the two-wheeler front we're having very active discussions here and BSF will also certainly participate in this space once it really takes off yeah and but the penetration is still very yeah sure.

We go to the next speaker that's Miss Jayasree Ramesh if are you there online are you able to hear us.

okay we will come back so you know there's one another question especially on the pricing pressure in the monomers and the performance material segment and how do you see that situation now in the in the current fiscal maybe I start and Anil if you want to want to compliment please feel free to do so I mean I as

I mentioned before I think the material segment if you look at the last quarter results you see you clearly see an improvement on the on the bottom line on the margins yeah which is very good nonetheless it is primarily driven by reduced input cost it's not driven by improvement on the pricing side on the Topline pricing side now we hope that the pressure on the pricing is stabilizing more but we still see pressure there yeah so I would say that Dynamic of pricing pressure is still there but maybe Anil you can I think you covered well Alex if you see the demand for monomers and especially point polyamides from the key sectors like Automotive Furniture construction food wear that remains pretty solid and I think overall for this year the demand will be strong as you rightly said in terms of the price levels AI though it has stabilized so we don't see much decline as we saw in the previous quarters but it has stabbed is a lower level and we still see that there is a margin and price pressure especially from materials coming from China and Middle East you know so I think that will that seems to be continuing for some time yeah.

Thanks do we have other names, are you there think there's a question in the chat, yes the other question which is also coming in and this is from the chat is how do you see the volume growth in the chemical segment in FY in 2024 and in FY 2024 how do you see the volume growth I mean of course this is already addressed but maybe you want to add a little bit more on that how do you see this from the new segments or the new products that are being launched in I mean I see it positively as already mentioned I mean we don't give forward-looking statements so we have to really see how the monsoon season really plays out I think expectations and projections especially when when it comes to precipitation now on the positive side which should be which should be better than maybe last year where it was very dry and delayed so obviously we're looking for that materializes remains to be seen but that is certainly a sentiment that is adding to a positive to a positive sentiment I think the team as mentioned before has focused on really expanding the portfolio having a more balanced portfolio herbicides, insecticides, fungicides and also you know being present in all in all key areas in the country and having very close ties to our wholesalers and to our retailers and ultimately our final customers the farmers so I think the performance has been great the expectations on the positive H and we hope we can continue to carry that performance moving forward but again remains to be seen how it develops in in next few months and also how the competitive landscape continues to develop sure.

Thanks Alex one another question which also came in was in the surfactants and the care chemicals segment which is part of the nutrition and care and one of the points which was highlighted was that the profitability is always volatile and margins are quite low so how do you see this you know how this sustainability can be kept for performance of this particular segment

Yeah I think I mean the fundamentals for this business is very strong I mean you have the human dividend in India 1.4 billion people also this shift from rural India to Urban India the consumption shift that goes attached to that be it detergents laundry soaps personal care products lotions Etc so I think the fundamentals in India strong obviously you then have to look into a specific product groups and here you have you know more specialty Specialty Products which obviously we tend to be Stronger on which are also higher margin and then you have more the commoditized maybe commoditized products and then we also on some of these products depend on Imports yeah so if there is any disruption be it in the Red Sea which could cause delays and shipments you know that can obviously also impact if there's any disruptions on our big assets that we have be our vitamin A plant be it you know our central value chain you know that can also also influence yeah the developments here so it's a little bit of a difficult thing to to just add in one in one sentence but you know I think the fundamentals are strong the focus of those businesses on India is strong I think with the aroma business when it comes to Mentor we've had a very very positive and strong track record when it comes to vitamin A has been under a lot of pressure the prices have really come down last year and I think we've seen that impact as well when it comes to IBO proven in the Pharma space I think that's a very critical AI as well that that continues to develop and then when it comes to the care chemical side I mean UV filters is an important aspect Optical brightening agents is an important aspect for laundry detergent business and then the chemicals which goes into soaps and detergents shampoos and lotions as well yeah and I think it always it's a little bit AI also product mix so what we see now most recently the chemicals are from a volume perspective developing nicely but that's not the highest margin product group yeah so we also have to make sure that the UV filters that the optical brightening products continue

to develop nicely and there we unfortunately also depend on Imports and if there's disruptions we feel it yeah thanks the we'll once again.

Try for Ms. Jayasree Ramesh - are you able to speak now okay so maybe if you have any questions or anyone would like to ask a question in the chat please feel to do so. We have once again have Rohit Nagaraj who has some additional questions so maybe Rohit go ahead

Yeah just one question on the polyurethan development center or lab so will this be primarily dedicated for applications pertaining to Indian you know area or will it be a global Development Center or La

Thank you want to take it yeah so primarily this will be for the Indian customers yeah because I mean customer base is growing and we see a lot of need from Indian customers for this kind of application center so primarily we will execute most of the Indian projects in this application Center to start with sure.

Thank you Rohit okay we don't have any further questions. Alex and of course for Ms. Jayasree Ramesh can ask your question if you are still there or maybe you can also send us your questions and we can look into that at a later point in time.

Yeah okay so with that I would really like to thank you all for joining us this afternoon again coming back to the start of the presentation, 80 years of resilience in India you know we look forward to continue on that journey and also thank you all for your interest and support and look forward already to the next analyst conference big appreciation and thank you to the BASF team in India for these very strong results and you know our Focus continues in the direction of sustainable growth so looking forward to the next time thank you everyone.