

BASF India LIMITED – Analyst / Fund Managers Meeting

17th March 2022

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

- I welcome all the Analyst & Fund Managers to this Meet. I would also like to welcome Mr. Narayan Krishnamohan, our Managing Director and Mr. Narendranath J. Baliga, our Chief Financial Officer to this Analyst and Fund Managers meet. Due to the covid induced restrictions, we could not invite all the analysts for a physical meeting and hence a few analyst / fund managers are present at the venue and the rest of you are joining virtually. All the participants are requested to note that this meeting is being recorded and the audio and video recording of this meeting together with the transcript would be uploaded on our website and submitted to the stock exchanges. Further I would also like to brief you about certain important points for smooth conduct of this meeting. All of you who are joining virtually have been placed on mute mode by the host to avoid any disturbance arising from the background noise. During the question and answer session, the names of those who are attending virtually and already registered with us for asking questions will be called and the respective speaker will be unmuted by the host. Thereafter the analyst / fund managers who are attending the meeting physically, may ask their questions. The others who are participating virtually and wish to ask questions may raise their hand by clicking on raise hand icon on the right-hand bottom of the webex page. I would request all the speaker shareholders to be brief while asking their questions / queries. I now request Mr. Narayan Krishnamohan to brief on company's performance and other related topics.

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

- Welcome to this meeting today. It's really a pleasure to be here with you, we are still in Covid times hence we had to do this hybrid mode but glad to see some of you here in person and also to those on the webex a warm welcome from my side. We announced our third quarter results a few weeks ago so there are no further numbers to be announced and then I think you have already analysed all the numbers probably better than what we have so look forward to hearing from you as well.

- Now before we go to the Q & A, I would speak maybe for 10-15 minutes and give you a view on what I think of what's happening today overall from a global perspective and India perspective and how do I see things evolving. You know we are in unprecedented times the last couple of years have been over-impacted for the entire world and India of course was quite a hard hit in the last couple of years and now at this point in time, the whole world is shocked with what's happening in eastern Europe with Ukraine and Russia which makes probably any business projections virtually impossible to do. How demand will develop, how inflation will impact these are all very open questions where nobody has an answer. You know when we thought about this meeting, it was prior to this incident and at that point of time we probably all had our excel sheets and certain projections which we can all throw out of the window at this point in time which will also restrict me from making any crystal ball gazing for the future and on top of the compliance we require from SEBI, we also have this big uncertainty looming ahead of us. I really hope and wish that this thing comes to an end so that we have a normal predictable business scenario I mean just to see the impact of this even prior to this incident with Covid, with the supply chain issues with oil prices going through the roof even prior to the Russian crisis. It was something which was still predictable from a business perspective you could make certain projections but with what's happened in

the last couple of weeks it's virtually impossible to know where oil would go where gas would go what would be the impact on demand what would be the impact on the cost side, so it makes things very difficult. From a company perspective what we are doing is we are living by the day as well as to what happens and how do we react to it we have very robust business management philosophies and principles where we are also reacting to this equation on a day-to-day basis. We may be far away from where the action is at this point in time but the impact of this is felt even in India. I mean if you look at purely the energy prices that we are having was a week ago or 10 days ago even in the state of Gujarat where we are operating, the Gujarat government hike natural gas prices by 75 % overnight. Now this is something which will have implications for all manufacturing facilities and I just gave you an example of Gujarat but then this is country wide I mean wherever you have energy requirements there's been a tremendous shock and now of course for all manufacturing companies it's a question of how much of this you can pass on through to your customers and to protect your margins and to at the same time make sure that you have business continuity.

- From a supply chain perspective as well if you look at availability of ships which was already a topic prior to this problem the availability of ships compounded with high fuel costs have resulted in a tremendous escalation of shipping costs anywhere between depending on what shipping routes you are using from 3x to 5x over the course of the last one year this has been the kind of escalation that we've seen in logistics cost. So that's the kind of environment that we are in from that perspective and if you are a company which is, thankfully BASF India limited is not to that extent exposed to it but if you are anywhere in the metal industry where in the context and of steel in the context of aluminium or nickel, the availability of these commodities will in the medium term be a challenge because we are highly dependent on Russia for supplies of these products from a global perspective, so the global balance of this will get impacted. There is also the talk about what happens with many of our products which come in from western Europe so obviously western Europe is impacted by what happens from a cost position and also from an availability position of natural gas and oil which is of course it's an international commodity you can buy it from various places but what happens in one place does have an impact on a global level. So that's the kind of environment that we are operating in today and this is not what I had planned when I asked to speak or when we agreed to speak at that point, but we have to take this into account that a lot of things have changed in the last couple of weeks.
- That said now if I were to reflect I'll take a little bit of time to reflect over the last three years that I've been in this position so I took over this position back in April 2019 and I think the first time I met you as a community was somewhere in February 2020 a few months after I took over this role at that point of time, our performance was not really up to the mark and this is something which I admitted in that meeting and that is going to be our number one objective to make sure that we perform to our potential and there were a few questions which I think will be in the room even today what do we expect in the context of our returns and our ROCE (Return on Capital Employed) factors and so on and I still remember my answer from that day that we don't really have a target for ROCE by individual companies but as BASF group we target 10 percent as a return on capital employed and that is something which is very public information. So, I am really glad that in the last couple of years despite the challenges of Covid we've been able to deliver on those ROCE targets. I think the last financial year we ended somewhere around 16,17 % and this year in the first nine months we are above 20% in terms of ROCE. Now this comes against going back again when the lockdown hit us, the first lockdown hit us in March 2020, it was an unprecedented scenario again for us there was no playbook by way of which we could operate, most of our facilities were shut down for a couple of months. Only the essential goods were running and then we had also our customers facing a lot of challenges whether it was the

automotive industry, whether it was a construction industry or these industries were badly affected in the first lockdown but there were other parts of our portfolio like for example nutrition or care chemicals or Agricultural Solutions which was not really affected because they were considered to be essential commodities for the country so in that year we did a fair amount of work in terms of our business management practices whether it was our working capital management whether it was our cost management and last but not least how to gain market share at a time when the GDP was shrinking, where the industrial output in the country was not really growing to that effect. How do we grow business and the answer to that is very simplistic and I'd mentioned that a couple of years ago it is about getting closer to customers I mean no rocket science this is what every CEO says.

- I also said the same thing but I am really proud of my team and my company which actually managed to do that to convert projects into orders and grow sales at a time when the overall economy was going down so we had a significant increase of volumes in that year of what would be that financial year 2020-21 at the way we put it so it was a year where we built a solid base we increased our operating margins we kept our costs flat and we increase our efficiencies in terms of our productivity in terms of throughput at our plants and we gain share in the market so that was more or less the playbook by way of which we went basics of business and those who were there in the room two years ago remember that I exactly said that this is what they're said to do. Then last year came the second wave in April and May which also hit us quite hard just to tell you how it hit us as a company on top of all the business issues we also lost 17 colleagues as 17 colleagues we had 53 family members of our colleagues who also passed away in the second wave. We did a lot in terms of supporting our colleagues and their families in the context of vaccinations in the context of hospitalization support, their medical care and not just our employees but also our contract workers, the communities around us, the nation at large I mean you saw a number of things regarding oxygen shortages in the country and I remember flying in along with the air force so in a matter of ten days we flew in three plane loads of catalyst which enabled conversion of nitrogen plants to oxygen plants and create new oxygen plants in the country so to a large extent BASF was one of the companies which supported the country in mitigating the challenges we had in the context of medical oxygen.
- So, we helped our communities, we helped our employees and also the nation at large. All the while business did not suffer, my staff working from home, we made sure that we do come up with new projects we do come up with growth projects and when I when I look at the year now the nine months that we've had we've already crossed the previous full year's turnover when you look at the profitability as well in terms of any metrics that you take we've surpassed the 12 months of last year with a quarter to go. So I don't give now any forecast of what the quarter is going to look like but what I would like to say is a significant portion of that growth came from volumes so we had a double-digit growth in volumes, we did increase prices where obviously with the oil price now I still remember the oil price was somewhere around 60 dollars last march and today it's about 110,120 it keeps fluctuating all the time so the oil prices have principally doubled and a significant portion of our business especially in the chemicals and materials portfolio is largely oil price dependent and we've been able to push through these prices into the market. They're commodities I mean there are questions always do you have pricing power in these businesses the fact of the matter is in commodities also when you have this kind of a surge in oil prices the customers also understand that there is no way to go but to hike prices and which is where we've been pretty successful in our chemicals and materials portfolio to mitigate the energy as well as raw material price hikes and keep our margins intact in some cases and in many cases even further improve our margins so it's been a very active time for the colleagues in the company in the context of discussions at our customers where

typically you know you used to have situations where it would be difficult in a year to go back to a customer but those paradigms have been changed with the current environment where if there are things which have dropped down from year pricing to a quarter pricing which were quarter has become monthly and then there are other products which have become daily pricing I mean it's like price is valid for 24 hours or 48 hours take it I mean because tomorrow my purchase price also changes. So, my sales force has been very active, and I am really proud of them that they have been able to make sure that we make a good progress in our objective of profitable growth.

- That said from an Indian industry perspective, what I have observed in the last couple of years, and this is now the Covid related scenario is that the A-list customers in any industry have gained market shares whether you talk a construction industry whether you talk paint industry, automotive industry the organized players if I may say so and they have gained market share. I guess the logic I have is the ability of the small and mid-sized players to finance their activities during covid with the availability of credit from banks. The MSME sector has suffered, and we see that in our customer profile as well. The customers who are I wouldn't want to name one or the other because then the others get offended but the top-end customers have really increased their off take with us and the overall market has not really grown and the only so there has been a consolidation so I attended um being on the board of one of these chambers and there was this colleague who represented the construction industry and he gave some alarming statistics what he said was prior to Covid there were about 22 000 developers in the country.
- Today it's in three digits. So that's the kind of consolidation that has happened in the construction industry so that the top end of the organized players if you may call it, they have really done well and now that has a positive impact on companies like BASF because when we do our business, our business is also skewed towards these organized players. Our exposure to the small-scale industry and the MSME is lower than our we are active in that space we do have distribution business and so on but the percentage of our business that's in that field is a lot lower than what we have with organized players. So this was another aspect which helped us grow our business to a large extent now that's the kind of environment that we were in and I talked a little bit about what we did and if you remember what I said a couple of years ago, the way I run any business and it's not about me it's about my team which eventually executes all of that but it is about what I call the right to exist and the right to exist is that we make a profitable growth scenario and um that was I said my number one objective and it still stays the same, it doesn't change and it hasn't changed in the last 15 years so I think it's not likely to change going forward as well.
- Second topic is about investing for this growth investing into technologies and assets so we continue to look at what opportunities we have which areas we can invest and grow and the third aspect is about people development because we all have an end sell by date you know we all move on we all retire or whatever so I need to create the next generation of people who will take over this business from us so these have been my three focus areas historically and they continue to be the same these are the three things which I work on along with my management team on a regular basis so these are three topics which are burning topics for us and the way I see it, things are changing how we do business is changing whether it is in the context of the office per se what we had as Five six hundred people coming to the office on a regular basis today you see 100 150 people at best in good times because work from home is much more active we have flexibility in terms of the way we work it also means investments into digital ways of working.

- We were not set up as a company to work digitally or remotely so we had to make sure that this works out it's an ongoing process, we are not there yet where we would like to be so we would invest there as well the way we work. Then the training of people to be able to do technical support from a I mean we are a touch and feel industry you know old school we need to meet people and now how do we manage the same amount of technical support even from a virtual setting these are all topics which are requiring a significant attention from a company like ours also going forward. People development the kind of skill sets that we require from people this is also changing and this is something which we are focused on. In terms of capital expenditure, I mean I can't talk about what's not yet in the public domain but in what we've done even during the Covid period and currently ongoing, is we've doubled our capacity for cellesto®. Last year we started up that plant just last week I was in Dahej, and I saw the plant the plants working beautifully, and it's already reached reasonably good operating rates. Of the construction for doubling our capacity of dispersions which I had already announced some time ago is going pretty well and sometime middle of the year and Q2 early Q3 we should have the start-up of that so that should give us additional volumes. At the moment we're kind of sold in that business. We are evaluating possibilities in various other segments where we can grow capacities because we see the potential in the market to do so.
- Now here I would take a step back and again talk about what I see in the market. Now what the honourable prime minister announced with Atma Nirbhar Bharat and the PLI schemes and what's happening there. There are a few core industries which are, the chemicals industry per se is not part of any PLI but you can see that many of our customer industries are part of the PLI schemes and somehow with the mandate to have a local production content as the value-add required to be eligible for PLI that requires ecosystem approach in the country and you can see whether it was yesterday before when the automotive thing was announced you can see a kind of an ecosystem approach in there so there are multiple aspects of the tears addressed. Same was the case when they announced for the electro mobility, the e-mobility part there also there is an ecosystem approach so between the cell manufacturer the cathode the anode and so on so the that's a fundamental change in how the government thinks in my opinion and so again it's what I interpret out of what they are saying and announcing. Historically when I look at the chemical industry, we had a few public sector units and then we had a giant company which was pretty much isolated in their sign laws of operations, very different from how the chemical industry has evolved in the world so whether it is the Jurong island concept that one talks about or the Antwerp hub concept where we are part of it.
- It has always been an ecosystem because no one company can utilize everything that comes out of a refinery or a cracker you simply don't have the portfolio at a given point in time to address everything which is why ecosystem approach is required and what I see is that the thought process within the country is changing towards that. There is more collaboration required and there seems to be openness amongst the industrial players in the country to have those collaborations and so I see that as a positive for the industrialization of the country going forward which should have a positive impact for BASF as a company because BASF is not really into these products which eventually is used by a consumer however whenever these industries whether it's electronics whether it's automotive or textiles pharmaceuticals or Ag whenever these industries grow, BASF is a supplier of chemicals and materials to these industries and as a consequence we have good opportunities in terms of further business development. There have always been questions to me about what BASF's investment is, I talked about we invest for the future and what is BASF's investment philosophy, now in that context BASF invests when we have a market for, I mean in a country like India which is not a raw material rich country, we would invest where the market

required or whether there's a sufficient market demand to invest in the world scale plant. Now if I look at BASF's portfolio, the areas where the business or the market has grown sufficiently to create a reasonable economy of scale kind of manufacturing facility for BASF. BASF has invested in those areas of our portfolio. Now if you look at the Indian chemical industry, we are quite well developed in the refinery space in the upstream petrochemical space and we are also pretty good in the API space for the generic Ag and pharma API's.

- These are all not BASF portfolios so this is not our play, we are in between so we could start off with a cracker when there is a sufficient possibility for our downstream products which is what we are doing in China today yeah so in the context of India for many of our molecules the overall demand in the country may be about 15-20 percent of our world scale plant, now with that kind of demand it is not yet time for BASF to invest locally which is where some of you had questions as to our trading business. Now the trading business BASF invests where we have a market, or we have I mean like for example we have this site in Malaysia which is a raw material country so where there is a certain reason why we have invested in Malaysia. Now in Malaysia we invested 20 years ago knowing that 80% of the product will have to be exported but there was export component out there. Now for that portfolio to be invested in India as an export hub does not make sense because we do not have the raw materials in the country, I mean you import the raw materials you have high energy costs high logistic costs and then you are not export competitive, so it does not make a lot of sense there. Now where I see opportunities also for the Indian market is that with what's happening in the industrialization of the country, a step that we missed about 25 years ago if you should we would have started that we would have been in a much better place as a country but of course the government recognizes it and which is what the make in India Atma Nirbhar Bharat is all about to get that manufacturing footprint in the country and I am pretty confident that as that goes along the way there will be opportunities for us to consider what we can do as a company in this country and today I can't name one or the other investment, I am not even allowed to but it's an ongoing process in the company and the way it works is as and when the market is what we do with our trading business is seed for a potential future investment.
- We don't trade for the sake of trading genetically. BASF is not a trader, we are a manufacturer, but to establish a position you can't just come when the market is fully developed and then say okay now I want to be in the country, it doesn't work yeah so which is why even if you look at our history in China we grew over 25-30 years yeah and when it reaches a certain point it becomes the right time for BASF to consider a plant and we would not invest in a subscale plant because that really doesn't make any sense for a company like BASF. Then there were other questions regarding what the criteria for investment is yeah so criteria for investment definitely is a market which is making sense for us to invest. Obviously we need the raw material sources, we need the economics behind and last but not the least an environment which the ease of doing business what the country talks about you know this is something which is also at the end of the day capital allocation within BASF is a function of all of these factors and I must say that over the last few years the country has made tremendous progress in the context of ease of doing business in the in the context of being more industry friendly, the approvals are a lot faster than what they were before. We are still not at the same level as for example a southeast Asian country or so we still need to catch up but I am seeing tremendous progress there and every time the beauty of all this is when we do talk to the people in the bureaucracy or in the government, when you bring up genuine topics they do listen to you and they do support that kind of initiative so I see that I mean just look at the corporate tax structures which have been significantly changed over the last couple of years to make and the basis of that was not that we

just wanted to reduce tax but it was simply what's the competitive environment against alternate investments.

- If we talk about the China plus one strategy, I mean where will people go people will look at those areas where there are maximum returns and obviously if you know a couple of years ago prior to this tax regime for every dollar you earned you gave up almost 45 cents in various forms of taxations and that really did not make sense against a Vietnam or Thailand or Singapore where probably the outgo was around 20% so clearly the environment is a lot better than what it was a couple of years ago. I believe that demand will continue to grow, the demographics are favourable. We've been stuck around the 2000\$ per capita mark for quite some time but I believe that you know as the country progresses there will be positive development there and that would eventually end up with a higher consumption by the population which would then trigger with the large pace that we have as a population base and the middle class really growing but these are cliched stuff which we've heard for the last 15 years but I do see a positive development in that context. What I also see is improvement in the quality standards so what we have from the government as the bureau of Indian standards coming up with new regulations what are the base qualities, if you look at the kind of white goods that you purchase if you look at the quality of construction these have significantly improved over the last 5-10 years and a higher quality conscious environment does also trigger positive messages for companies like BASF so I am pretty optimistic without mentioning what kind of products or investments we are looking at but it's an ongoing process where the country management my colleagues and I represent to the BASF global operating division so we run along the 11 operating divisions in the various segments and to the board as to what are the opportunities in the country maybe a little bit about our own segments let me start with Ag.
- Agricultural Solutions (Ag) I would say the financial year 2020-21, so the previous year was a good year from an Ag perspective. We outperformed the market, we gained market share their. Significantly the current financial year, the monsoon was quite erratic like I have mentioned also in the previous quarterly topics but we still managed to reach our budgets from the Ag perspective and it's not a forecast it's a wish that we have a normal monsoon this year so that we can continue on our growth path just this week I mean there were a couple of questions on product launches, we launched a new product, our first time ever. We've entered the sugarcane market so I was in Meerut on Tuesday where we launched a new herbicide and in a couple of weeks, we will be launching a new broad-spectrum insecticide so these are the two new products we will launch this year. Again, all available in public domain and like I said a couple of years ago our intention is to broaden our scope in terms of crops and geography and introduce new products maybe a couple of products is what we are looking at. Like this year we've launched these two products and I am optimistic what used to be a 500-crore business a few years ago last year for the calendar year we closed around 1400 crores as a business, so we've had almost tripled the business in about 5 to 6 years and that's been a good story for us and then I go to the chemical segment. Chemical segment again is completely traded and here we've had phenomenal growth largely coming from the price increases on the based on its highly dependent on petrochemical oil prices and we've managed to gain market shares there as well in our product portfolio.
- Then comes the materials portfolio where both in the monomers as well as in the performance material segment we've significantly increased our market share, we've grown volumes, we've grown profitability so it's been a phenomenal story for us and this is in a couple of years where the automotive industry which is a large portion of this business has not really I mean we are still not producing as many cars as we did in 2019 pre Covid but the results that you see is because of the gain in market shares,

because of the new products that we've introduced in the market that's where the increase comes from and the construction industry which suffered quite a bit in 2020 I mean the performance materials also goes, we've divested our construction chemicals business but we still have exposure to the construction industry with other businesses. Last year was a phenomenal growth in the construction industry as well where when the industry came back up, I mean with our projects with various players in the organized sector, we managed to significantly grow our business. Going to the industrial solutions, here again like I mentioned, we are sold out in both our plants in Bangalore and Dahej from a dispersions perspective and which is where the new plant will help us grow even more. I think last year was the highest ever EBIT that we earned in that business and here again the increase in raw material cross whether it was materials like styrene or butyl acrylate or butadiene they simply went through the roof, but we were able to pass on these costs, keep our margins at a reasonable level supporting our customers while delivering the goods.

- Now here the next business which is care and nutrition. In care and nutrition, the last year was not a very satisfying year for us, we suffered to some extent because we had global shortages of vitamins in the BASF portfolio which impacted us in the country as well we did have a margin squeeze coming from increase in fatty alcohol prices which then hadn't we couldn't really pass that through to the same extent so we had to absorb some of those costs and which is where the care and nutrition portfolio did suffer and it's one of the areas for us to work on and improve on the surface technologies. We divested our construction chemicals business so that, obviously shrunk a significant part from the last time when we met, I mean the business has shrunk significantly. It was a global divestiture and on the automotive coatings business, there are some strategic projects running at this point in time to address both the growth and the profitability of this business so I can't divulge more but at this point in time but what I can say is it's a hot topic so these are two three businesses the care and nutrition and the surface technologies which are at this point of time high on the management attention and it's something where we would like to repeat the performance in the other segments also.
- Here I would address one more topic I mean you know there are always questions about long supply times, the kind of working capital that we have to maintain as a consequence of our shift from agency model to the merchandise model. I think my colleagues here Mohit and Naren have done a fantastic job along with the businesses to make sure that our working capital is very well under control I mean the kind of inventories that and receivables in the order of magnitude of 60 to 70 days that we keep with transit times of four to six weeks under normal circumstances for our materials it is a phenomenally tight supply chain despite the challenges that we face on ocean freight across the world just to give you another globally be accepted and analysis as to what's the reliability in the context of ocean freight Intercontinental transportation so and thankfully I couldn't believe the numbers but then a couple of weeks ago I was in the panel discussion with fellow colleagues and the lady from reliance, she presented actually the identical numbers so I said okay someone else is saying the same thing so I can use it somewhere so the global reliability on supply chain is around 37,38 %. 3 orders make it on time. That's about it. It has fallen from somewhere in the 70s to the 30s. BASF is not happy with its performance, but we are much above this 37 mark, we are closer to 50. So, we make at least one and two orders arrive on time despite all the challenges that we are facing. BASF used to be closer to 80 % and this is beyond our control what's happening in the context of the global shipping market.
- The consolidation that has happened after years of non-profitability in the industry has essentially made this a very tight market and at this point of time what we try to do is

be better than our competition that's all that we can do, we can't change the shipping industry and with the new regulations that are coming in the context of fuel usages regarding sulphur content in the fuel what is likely to happen is a lot of ships keeps retrofitting so the next 12 to 18 months is not going to change in the shipping industry in my opinion but that's my opinion. From the other challenge that we have on the automotive I mean again I am not speculating anything on the wall that's a completely different thing, nobody knows what's going to happen there but from a chip shortage perspective, the chip shortage which does impact our customers and then consequently does impact us as well the general consensus is that the shortage is most likely to last this year as well. It will be better than previous year, but it will not be well supplied market even in 2022. So, the best guess is it will take until 2023 for the chip things to normalise. That said the war also has an impact on the chip supplies because many of the inert gases that are required in the production of the semiconductors do come from eastern Europe. So that's the kind of environment we are operating in, and I can assure you that me and my management are very focused on what we do at our customer end, how can we grow with new products, new projects at our customers, we are very conscious of our margins what we do in the field of improving margins. We are looking at what areas can we invest grow further and last but not the least, our people, how do we make sure that they are well equipped to do what they are supposed to do and one day take over from us as a management team, so I stop here and if any questions maybe we start with the people. There are some people who wanted to come to the room.

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

- Thanks a lot, and I would now ask the people who have registered already, and I will invite one by one to ask them their questions so the first one is Sanjesh Jain from ICICI securities limited.

- **Mr. Sanjesh Jain – ICICI Securities Limited:**

- Thank you for taking my question. I hope you can hear me.

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

- Yes

- **Mr. Sanjesh Jain – ICICI Securities Limited:**

- Thank you thank you very much. First, I just wanted to understand did I get it right, you said that you still don't see India as a potential export market for BASF while we have seen a lot of export growth in chemical companies for India. I know many of them are supplying to BASF globally and then ecosystem is getting developed because we are seeing a lot more capex than probably what we have seen in the last entire decade. What will give your confidence or what will make you think India as an export destination say next five year. What are the few things you will watch to see India becoming and for the end, am talking from the BASF perspective not from the industry perspective, what will make BASF global think India as one of the key export market for its own subsidiaries worldwide which will increase the entire addressable market for BASF India itself thanks.

- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Thanks for that question so before I talk about BASF, let me talk about the industries which you're probably referring to when it comes to the Ag and the pharmaceutical industry, where these countries quite competitive especially in the genetics field or in the case of certain intermediates complex intermediates where there are suppliers to companies like BASF as well. There is the export competitiveness. Then I talked about BASF's portfolio to a large extent. I talked about the petrochemical based portfolio where with our, the fact that we don't have the raw materials in the country. We are essentially an importer of the raw materials to a large extent. The raw material costs in these kinds of portfolios are pretty high as a percentage of the overall value of the product and there the export competitiveness is what hinders BASF from looking at India as an export country. On the other hand, if there are areas where we do have the export competitiveness for BASF's portfolio definitely, we will also export which is essentially the challenge whether we have a cost position in the country for a portfolio like BASF to be export competitive.
- **Mr. Sanjesh Jain – ICICI Securities Limited:**
- Just to stretch a little bit here I don't think India and China are very different when it comes to petroleum availability within the country. I think that remains the same. What puts China ahead of us is the probable capacity and the scale of it. Do you think India are developing that kind of an ecosystem which will make BASF global thing and India is one of the strategic export markets I know we are strategic markets for you, but you know more from an export market, or don't you don't think that possibility exists in next five years for us?
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- So, it's like this you know when you look at BASF even from a China perspective the investments we've done, it's largely for the domestic Chinese market. We don't export much out of China that said it's not that we don't export at all you know whenever you invest into a capacity in BASF, I talked about global economies of scale you don't fill that up in the first year, typically there is a ramp up curve and in that during that time of course we will export some part of the volumes to other countries but will you invest from an export perspective you will only invest into an export like an EOU kind of a setup when you have an export competitiveness base whereas both in China and India your topic is very much right from a BASF portfolio perspective, 90% of our products or 95% even to some in some areas would be for the domestic market. There would be about maybe in the first couple of years to fill up the plant, we might export 20-25% but over time it will be for the domestic market.
- **Mr. Sanjesh Jain – ICICI Securities Limited:**
- Great. One more question from my side, more from the import substitution portfolio perspective, India probably 10 years back lagged the minimum quantity to set up the independent plan within India and hence we were trading it out, do you think there is a large portfolio of BASF global where India is now moving towards become or are demanding an independent manufacturing setup within India for more from an import substitution or do you still believe that the trading will be dominant even in the next five year for us. Now this I'm asking basically because if we start manufacturing, the ROCE at the margins will probably be much better than when we are trading.

- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Thanks. Thanks for that question. So, I mean you could actually you know I don't know if you have access to it, but the Indian chemical council had a two-day long event 1st and 2nd March where McKinsey made a few presentations about the molecules where there is import substitution potential, you should probably get a hold of that. If you don't have it and it was quite an interesting one. What I observed there is most of the molecules where there is potential for a world-scale plant, our products which are not yet the BASF portfolio though we are still quite upstream heavy which is where the conclusion was that you know we need a cracker every year in the country, we probably need products which are going into PVC, the polymers and there is a substitution possible, there are probably one or two products where there would be an overlap with BASF but that also had a timeline which was further down the road. The thing is when you look at the industrial development in any country, they all start with from a chemical perspective you have a refinery then you have a world-scale refinery then somehow you get into a cracker and then you get a cracker plus one and most of BASF's portfolio is cracker plus two and beyond yeah so in that context to get to get to that you need a certain evolution to happen in the country so I can't put a timeline where it depends upon how fast BASF and the country grows. Now I saw also the numbers from various sources, and I think there were government numbers as well essentially after Covid, the five trillion target and the one trillion targets for industry and 300 billion for chemicals and that has been pushed forward by two years even from a government perspective.
- Now what they are doing is looking they accept the fact that the two years has been kind of pushed back because of Covid. Our growth has been impacted which also will delay that for BASF in the thought process. Now what it gives is a tremendous opportunity for the country and for BASF and this is where it's kind of important from that perspective is from what was discussed at the COP 26 and the carbon neutrality. Now here what I think is the country is going towards what is called a more conscious growth and in terms of technologies which are less CO₂ intensive and this pretty much fits into what BASF is also having as a strategy where we have committed to significant reductions by 2030 and a net zero by 2050 India is committed by 2070 for net zero. So what I see is the possibilities for some of the technologies to be kind of leapfrog so we don't have to go the same way as even for BASF as a company to do the same type of growth as we did in China probably the growth in India will be a different story where because this overhang of CO₂ emissions the EU green deal has certain implications for us as a company and for our customers although we are not that heavy into exports our customers are and the through calculated footprints from all the scope one two and three emissions will have an impact on what kind of markets our customers can access as well.
- So, I see opportunity Sanjesh, but it's a long answer but essentially, I see opportunities coming up in that field and it's not just a plain import substitution story for me or China plus one story it goes beyond that. I think it's an opportunity for the country and for BASF then to be a part of it to potentially leapfrog technologies to get into a less CO₂ intensive industrial economy and the best example I can give for that is you know when India jumped from the Bharat 4 to the Bharat 6 without going through the stage five in terms of emission that was a brave move by the government to take that leap of faith that we can do it and yes BASF did contribute to that development to some extent in terms of the catalyst development with our automotive OEM's although not in our company but in the joint venture that we have. Now the point is I see the same in terms

of the chemical industry and CO2 emissions that there is a possibility to look at technologies where we can have a better footprint and grow faster.

- **Mr. Sanjesh Jain – ICICI Securities Limited:**

- Thanks. I will come back in the queue thank you.

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

- Thanks, Sanjesh.

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

- Thanks. I will take the next question from the room. Varun Bang from Bryanston Investments.

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

- So, thank you. I know most of the questions have been answered. One of the opportunities on cam and the precursor products, the cathode active material side. One of our group companies has applied for PLI and we also have presence in catalyst so how do you see opportunity for us because the DV adoption seems to be you know there's a faster adoption so how does you see what is the opportunity that you see for us and what is your thoughts on the PLI, the application which our group company has given for the people.

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

- You mean the BASF group company.

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

- BASF Catalyst India Private Limited.

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

- Okay that's not for CAM. That's for the normal catalyst the emission, that's for the internal combustion engine not for electromobility so in terms of electromobility and the cell I mean at the moment there are no cell manufacturers in the country so the whole thing is about creating that infrastructure and BASF per se is not a cell manufacturer we just provide cathode or the CAM's. Now in this context we must evaluate I think the opportunity is there, the whole strategy from the country and again it is part of the CO2 emissions, the pollution story, the air pollution that we have in the country, will this take off yes definitely it will take off, will we and I think the world underestimates the pace at which India will develop in this. We are way behind China so China is way ahead in terms of this technology and in in terms of adoption of EV's and I think India will kind of go that direction in terms of passenger vehicles. Where we are around four million vehicles in this country and last year, we sold about 80,000 EV's so I see opportunity for this to grow and due course of time BASF will of course evaluate depending on what technologies are being adopted by the cell manufacturers in the country so we if it fits with our technologies obviously, we will love to participate in them but nothing at this point in time to announce.

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

- And I mean if we continue to remain a distributed kind of a model right like from 2010-11 we used to import 40% of our raw material today we import 80 % of our Raw

material, how do ensure our margin stability in such a case. What are the advantages of this model and what are the disadvantages, and you know in an inflationary environment how do you really ensure the margin stability?

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

- So, two parts firstly like I said our map we have an approach towards manufacturing when do we decide to get into manufacturing in the country and our manufacturing footprint has grown in the country, so we haven't declined we haven't reduced manufacturing and switched to trading that hasn't happened. We have grown capacities; we've invested in the last 10 years in the country into manufacturing assets and we've grown there that has a certain margin in development and trend we are own manufacturers risk also sometimes it goes up sometimes the margins go down that's part of the game and we're pretty much active in that field. Then comes as the economy develops there are opportunities where I mean let me give you a classic example, if I look at my chemical's portfolio or upstream monomers portfolio, I probably import order of magnitude in some of the bigger products 10 to 15 percent of a world-scale plant with that there is no other option for me. I wouldn't invest here into a plant with the kind of economics we have for only 10 percent of a plant you know so that's the kind of order of magnitude that I am importing there's some products where probably I am at 20 when I am really and then as this grows when it reaches a kind of a point where you know I can say that you know okay now it makes sense for me to stop this pre-marketing and then actually invest into a manufacturing facility that's how the transition happens so I don't think we will ever go to zero trading, we will continue to have parts of the portfolio which will continue to be imported because that's how BASF steers its portfolio We would not invest in a plant with a 20% utilization rate.

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

- That is fair from the parents' perspective you know having a manufacturing centre and then distribution aims at the in the age country, but I mean how do you ensure for us, how do we ensure the margin stability, you know let's say last year also we reported I think 12 % margin and then last three quarters there's a lot of variation I mean how do you ensure stability.

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

- So, look there are two parts again, someone asked this question as well I already alluded it before. In a rising price environment, you always have a timeline, you buy, and you sell two months later obviously your margins will go up yeah. In a declining, tomorrow the oil price drops to 50, obviously the inventory that we have, we will have some losses in this inventory so that kind of cyclical it doesn't matter even if you are a manufacturer, you will have some raw material which you will import or you will have some functionality in there. The 60 days working capital inventory that you carry the volatility of margins with that will not go away in the chemical industry and it doesn't matter you can take BASF group consolidated worldwide and you look at the books there also you will find the same story. So that's something the chemical industry cannot avoid. Now how do we manage, I can say that over a period of time we do have a reasonable return also on the trade that we have a reasonable EBIT margin we have financing cost taken care of our full cost and plus we have some PIT coming out of this so that mechanism we do have.

- **Mr. Manohar Kamath – Director-Legal, General Counsel (India) & Company Secretary, BASF India Limited:**
- Okay thanks Varun. We'll take the next question from virtually so Rohit Nagaraj from Emkay Global Financial Securities.
- **Mr. Rohit Nagaraj – Emkay Global Financial Securities:**
- Good evening, sirs and thanks for the opportunity hope I am audible.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Yes
- **Mr. Rohit Nagaraj – Emkay Global Financial Securities:**
- Thanks, so the first question is you mentioned about market shares gains over the last couple of years and probably propelled by the unorganized to organized kind of a model, how are you seeing in terms of sustainability of those market share gains once the things normalize and probably the MSME's who have gone out of the business for a couple of years come back and they restart the business thank you.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Yeah Thanks. Thanks for that question that's obviously a challenge. Now the question is how we maintain these positions also going forward and I think there are a few aspects to this. Firstly it's about how we keep our portfolio ahead of our competition in the context of new projects and new products with our customers secondly it's about the service levels that we can give to the customers and lastly it's about our competitiveness by definition all my customers complain that my pricing is a little bit higher than my competitors which I think is good for our margins but that's something what can we do in a reasonable way as to what value we create to our customers and how much of a premium can we have in the market that's a fine balance that we need to play there will be areas where we will get attacked again especially in the low entry barrier kind of situation where an MSME might come back and attack us I mean it's something which we are aware of but overall I must say that in most of the areas that we are active in I am pretty confident that we will be able to maintain our positions.
- **Mr. Rohit Nagaraj – Emkay Global Financial Securities:**
- Thanks that's helpful so the second question is which of our six segments are more vulnerable on the input cost inflation and based on the current environment, have we seen any kind of demand destruction happening in any of these segments thank you.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Thanks for that question let me take the second part first have we come to a point in the world and in India in the context of demand destruction, I am afraid of that, that a sustained high period of I mean today whether you when you look at interest rates in the country I mean we are what negative interest rates when you consider the real inflation and also the inflation has been kept pretty much under control by central government now how long can they do that, I mean you guys know better than me. I mean I am not an economist but that's my biggest fear that there will be demand destruction eventually happening because the purchasing power weakens with what's

happening, that said I can't say I think like that I hope that some sanity prevails in this world and the situation that we have in eastern Europe cools off, oil prices come down to a reasonable level and I am not saying down to the level that was in back in 2019 and 2020 when it was 30-20\$ or even one night going negative on the WTI that's not what I mean but at a healthy level you know 60-70\$ from today's perspective would be a reasonable level which would allow for a controlled inflation central governments to manage the situation and so that demand doesn't get destroyed, but a sustained high price period will obviously have an impact on demand it, we haven't seen it as yet but I think if this continues for another six months here you will see some impact at the end of the day you and I are all salaried people we don't get 50-60\$ increase in salaries every year so our affordability does go down after a while.

- **Mr. Rohit Nagraj – Emkay Global Financial Securities:**

- Right so the first part of the question in terms of the six segments which are vulnerable.

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

- Again let me that the transmission of costs and it's about transmission of cost and the flexibility of margins now when it comes to, so I wouldn't just call it vulnerability it's about how can you address this now when you go to upstream the closer you are to the oil well, you have a higher impact of rising oil prices so if you take I mean fuel prices they change probably every day at the petrol pump, when it comes to plastics commodity plastic probably it's weak more or less, you come to the next stage probably you have a month, but eventually it does catch up. Now the further you go away and when you look at stuff like some of the products in the country in terms of Ag intermediates which are 16 -17 steps down from the refinery, first of all the percentage of raw materials to the overall value of the product is lower so the so a doubling of oil price eventually may not be that much of an impact on the overall cost position but then there will also be some impact there but it takes a much longer period of time so even within the BASF portfolio if I look at various products there are products which react in a week there are products which takes a six month time for things to pass through. Now in terms of segments I would say the chemical segment and the material segment feels the impact right up front, the other end, nutrition care, Ag comes a little bit delayed.

- **Mr. Rohit Nagraj – Emkay Global Financial Securities:**

- Right sir thank you so much and best of luck.

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

- Thank you.

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

- Thank you, next question.

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

- Okay fine yeah go ahead.

- **Mr. Chandraprakash Padiyar, Tata Asset Management Ltd**

- Thank you for this meet. The first question I'll actually just like to extend on one of this question more from when I look at your performance in the last three four years it's

been quite strong actually and I want to reflect on when I look at global console BASF, you've started contributing something meaningful from a profitability perspective as well. How does that narrative with the parent now work when you speak to them, what is the discussion today of about?

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

- Thanks for that question I have to be pretty guarded because this is public information and my bosses can also get access to this right to be careful what I say here I shouldn't oversell ourselves or whatever, so yeah it was let me take this discussion to my performance appraisal a couple of months ago yeah when my boss talked to me and her boss also had a discussion with me, what they said is the last two years, the expectation because of the rhetoric in the global scenario was that India is badly hit by Covid, we had tremendous problems the number of cases that we were having every day the migrant labour all going back on the streets all this was published in so many newspapers around the world and media channels, the perception was that this country is going to be set back tremendously and the first year if you look at all the statistics coming out of the country I think what we were minus 8 ½ % in GDP development, industrial growth was negative so they were pretty astonished with the fact that how could BASF in India grow under these circumstances. So, I gave them my usual simple explanation about what I gave you as well what we did it was as simple as that and jokingly I told my boss that you know it was rather simple we just grew volumes, and we grew margins and control our costs and that's all we did and that's why we did well. So yes, that was a joke. Jokes apart, but the parent company does sit up and notice that what's happening in the country. Now let me give you some statistics here, India is about 3% of the world's chemical market and BASF in India is also roughly 3% of BASF portfolios so we are well represented so we work below our let's say fair representation historically. Today we are more or less in line with what the Indian chemical market and the opportunities it brings so we have grown by growing our market share growing above the market we've achieved a performance in the portfolio where we are representative of what the Indian market does. Now of course we've done this with very low capital investment because we don't really have that kind of an environment today where we can significantly ramp up capital investment but that's the question when that will happen, and these are discussions which I have with my superiors on practically a regular basis and keep my fingers crossed.

- **Mr. Chandraprakash Padiyar, Tata Asset Management Ltd**

- The second part is historically the ag portfolio has kind of helped the Company do pretty well in spite of the chemical segment not doing well and also a unit that you've done extremely well 1400 Crore Turnover in a year is quite commendable. In your previous Mr. Raman who was the CEO and you when I have been hearing over the last four five years what I have heard is what I remember is that F.Y. 2023 and F.Y. 2024 are going to be material years for the Ag business from a new launches perspective and hence I am assuming profitability and business growth. What do you want to, kind of is that the right thought that I have?

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

- Okay all right so like I mentioned, I just came off a product launch. In April I will launch another product with which will be a nationwide launch as well. So yes, we are on the right track within the context of our launch plans, but you also know that the launch process in this country um has to do with uh also it's not just about I wanting to launch a product for the company my regulatory approvals also need to be implied. So, we do have plans to grow we do our plans to diversify um our geographies as well as target markets in terms of crops and so on. It's pretty much in place and I think we have a

very sound strategy a highly competent team. I mean the last two years was the most difficult place to do business was in fact although there were no restrictions because of essentials but the fact was just imagined there's so much of Covid all over the country. I mean numbers reported are one thing but there's so much of possibilities and these people have to come in contact with so many farmers and so on so it was extremely difficult so we had this strategy which said that whenever the district positivity rate goes above 5% then we switch back to remote working and we digitalize significantly our business models both in terms of promotions using stuff like Facebook live or you know different promotional topics also from a transactional perspective, almost 90 % of our business I mean it was a pilot in India but 90% of our business today is on digital mode and that's something which won the BASF group digital award life in the crop protection business you know the most fragmented business so we made that successful. So, I think in the context of strategy in the context of portfolio in the context of people all three elements are pretty robust, and I look forward to a better presence of BASF in the Ag market and these are all 9 -3 products that you're talking about.

- This is one thing which I don't understand they always ask me nine three nine four right. I don't understand.

- **Mr. Chandraprakash Padiyar, Tata Asset Management Ltd**

- Nine Three is basically what you call it one which is another patent and nine four is a generic kind of product.

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

- Okay so it would be the two launches that we did are under the nine three then.

- **Mr. Chandraprakash Padiyar, Tata Asset Management Ltd**

- Okay and that trend should continue in the coming years as well from a new launch perspective?

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

- It will be a mix.

- **Mr. Chandraprakash Padiyar, Tata Asset Management Ltd**

- And one more part, there are 2 launches or more?

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

- It depends on the approval.

- **Mr. Chandraprakash Padiyar, Tata Asset Management Ltd**

- Yaa but in terms of pipeline.

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

- We have a robust healthy pipeline.

- **Mr. Chandraprakash Padiyar, Tata Asset Management Ltd**

- And one more.

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

- Yeah. Go ahead.
- **Mr. Chandraprakash Padiyar, Tata Asset Management Ltd**
- I have more but I'll take pretty one at least. On the nutrition portfolio, we've had a difficulty and you did mention that you need to improve on the pass on and I see your other competition galaxy also actually suffering quite a bit on pass on the cost of raw material as well it's an industry-wide issue you think this is given that raw material prices continue to be pretty volatile or high it's still going because the consumer companies are still not doing well. The demand is weak so it's should I assume that it takes longer for you to pass on the ultimate cost increase and hence make money again.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- So, I wouldn't talk about my competitors I can't do that. You know especially the year 2021, I spoke about the challenges on the monsoon and the erratic monsoon and what it did to our Ag portfolio but what it also did was unlike the year 2020 actually saved the Country where the rural stress which you see in two wheeler sales you see it in FMCG products has been a worrying factor and when I said earlier that I wish we have a normal monsoon it was not for my portfolio it was more for the Country because you know what we've done from the time when we were more or less a narrow focus soyabean crop focused product where if we didn't rain in MP, then our Ag business was messed up. We've diversified enough I think our portfolio has become resilient and despite the challenges last year when we met the budgets it's because of the diversification of our portfolio and the crops that we address so it is more from the demand from the rural sector which will probably enable FMCG companies to be more proactive and allow us as well to get some share I think that's where I am hoping for a good one and a good situation for the farmers.
- **Mr. Chandraprakash Padiyar, Tata Asset Management Ltd**
- So, till that time it's challenging is what I should read in your statement
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Again prior to the start of the war, I would agree with you but today I don't know what to say and I have no problem in saying I don't know what to say.
- **Mr. Narendranath Baliga – Chief Financial Officer, BASF India Limited:**
- The question was on the nutritional care. Supply chain destruction you want to talk about.
- **Mr. Chandraprakash Padiyar, Tata Asset Management Ltd**
- The question was nutrition care profitability wise.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Supply Chain that is overall, there is nothing specific to the business.
- **Mr. Chandraprakash Padiyar, Tata Asset Management Ltd**
- But more on the profitability side?
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**

- I mean again what gets first hit with inflation. This is what gets hit.
- **Mr. Chandraprakash Padiyar, Tata Asset Management Ltd**
- Sure. Okay thank you.
- **Mr. Manohar Kamath – Director-Legal, General Counsel (India) & Company Secretary, BASF India Limited:**
- The next speaker is Mr. Bharat Sheth from Quest Investment Advisors. Sir, please ask your question.
- **Mr. Bharat Sheth - Quest Investment Advisors:**
- Thanks for inviting and thanks for the opportunity. State on our expansion plan what stage we are in which we were expecting to commission in F.Y. 2023 so tell me that background and what is the asset return that we are expecting out of that. How much capex will be investing and what will be the asset time.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- So, the dispersions plant that we are currently building in the age, and it's expected to start up and Q2 early Q3 has a capex of around 100 crores and from the market demand perspective I expect that within the first couple of years we should ramp up capacity and be able to meet the needs of the market. Does that answer your question?
- **Mr. Bharat Sheth - Quest Investment Advisors:**
- Okay so this is the only expansion we are pursuing, correct?
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Yeah, one I talked about the Cellasto expansion which we completed, we have just started up the plant and it is working quite well. In last week I was in Dahej, and I inspected the plant as well so it's doing quite well, and we are evaluating couple of other things but for F.Y.2023 this is the only plant that is coming on stream. There are some minor debottlenecks we are doing but those are more opex measures and not capex.
- **Mr. Bharat Sheth - Quest Investment Advisors:**
- Approximately at the asset turn that we are looking for both I mean what we started and this month?
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Asset Turn. What does that mean?
- **Mr. Chandraprakash Padiyar, Tata Asset Management Ltd**
- If we are spending 100 crores, what is the potential. How much is the sales we are expecting?
- **Mr. Narendranath Baliga – Chief Financial Officer, BASF India Limited:**
- Around 400 to 450 crores.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**

- Yeah
- **Mr. Narendranath Baliga – Chief Financial Officer, BASF India Limited:**
- So around 400 to 450 crores are the sales that you can get out of the 100-crore investment. Thank you.
- **Mr. Bharat Sheth - Quest Investment Advisors:**
- And the plant which we started same also same asset turn?
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Probably 1 to 5 yeah.
- **Mr. Bharat Sheth - Quest Investment Advisors:**
- And in your initial public remark you stated that we are focusing on nutrition you had clarified the thing but about surface technology, what exactly we going to turn it around? Of-course it is not growing that is a major concern.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Thanks. Thanks for that question so surface technology again it is largely related to the automotive industry. Now while we could make significant progress in other areas of the automotive industry here it's about surface coatings, it depends principally upon the number of cars made and there we did not have that kind of progress that we would like to have. There are two aspects to that one like, you correctly address is the growth aspect, and the second thing is about the margin aspect so both our work in progress for us. here are a few measures planned as well and hopefully in the next months we are able to fix some of those issues. Both the growth is a larger longer gestation issue hopefully the margins we address first.
- **Mr. Bharat Sheth - Quest Investment Advisors:**
- Okay thank you and all the best sir.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Thank you.
- **Mr. Manohar Kamath – Director-Legal, General Counsel (India) & Company Secretary, BASF India Limited:**
- Yeah, will have Mr. Jaideep Merchant from Janak Merchant Securities Private Limited. Please ask the question.
- **Mr. Jaideep Merchant – Janak Merchant Securities Private Limited:**
- Yeah, thank you for taking my question. So, we have almost more than 5000 crore of trading business in F.Y. 2021 and as per the related party transactions, this was from Hong Kong Southeast Asian Europe. Can you explain the back-end structure as to if we buy from Hong Kong, does it mean it's imported from China or Europe in terms of the segments as to what gets imported from where?
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- So, Hong Kong and Singapore are our regional headquarters. So, most of our business units are either in Hong Kong or in Singapore and these are the product so for example

if a product comes from US or Germany or China, it would typically be routed via. The product comes directly here but the paperwork is routed through HSBC in Hong Kong or standard chartered or whatever banks, so which is where we have these intermediate entities through which the products are supplied and what it also helps as we took this decision back in 1997 if I am not wrong. You know at that time, at point in time these also used to be what we call regional distribution centres, so the bulk material would be invoiced into Singapore and then they would reinvoice to the different countries. So, Asia pacific was financially served by these two centres.

- **Mr. Jaideep Merchant – Janak Merchant Securities Private Limited:**

- So, the question was well from I mean there may be tax reason or some whatever logistic reasons you may be doing this, the question was to assess that, I mean does it largely, where does the goods come from? Are they coming from one single location which is the next place or 80% comes from one location just some broad?

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

- We have pretty fragmented in that context. We have products coming in from Korea, we have products coming in from Malaysia from Germany from the U.S, And war, so it's pretty fragmented in that perspective. So, it's not concentrated in one location.

- **Mr. Jaideep Merchant – Janak Merchant Securities Private Limited:**

- 2 more questions sir. Has BASF India developed any products for BASF global or any products to be sold in India, five years of India which they only sell in India. That's one question and on royalties if you can comment on the policy which has been the warranty amount is pretty low so if you can comment on the policy or on royalties.

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

- In terms of innovation, so we do, we have developed a fair amount of India specific formulations especially in businesses like performance materials, industrial solutions a standard product, let me give you an example a paint formulation which is uh developed in Germany or in Asian may not typically work enough in a country like India because of the climatic conditions so there are products developed here so we have development labs at our Innovation centre in Thane where we develop formulations whether it's for care chemicals, whether it's for pharma or industrial solutions we do develop formulations for the country. When it comes to base chemical molecules, that obviously central research I mean because beta accolade is beta accolade worldwide, you don't need to do it for the country, so country specific research is done in the country. Then at our innovation campus, which is also part of the global research centre, we do develop products and there have been a couple of success stories in there I mean the campus opened five years ago. Just the week ago we had a Fifth Anniversary of it and there have been a couple of products developed here which have even gone into export areas.

- **Mr. Jaideep Merchant – Janak Merchant Securities Private Limited:**

- Is it meaningful part of our turnover?

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

- No.

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

- So, on reality it is on production and depending on the products we have different rate agreements with the owners of the IT and in financial year 2020 we had around 45 crores and in financial year 2021 we had around 35 crores. Yeah, it's because of the lower production in one quarter we lost this F.Y. 2021 right the April - June quarter we lost due to lockdown so there was less production and also, we sold our construction chemical business which also had production and we had to pay some royalty on that, so the royalty is lower but otherwise there is no change majorly in the rates. It only defines the lower production in current financial year which means financial year 2021 as compared to financial year 2020 by 10 crores.
- **Mr. Jaideep Merchant – Janak Merchant Securities Private Limited:**
- So instead of a value-added approach which some companies take or percentage of sales, yours is based on production.
- **Mr. Narendranath J. Baliga – Chief Financial Officer, BASF India Limited:**
- Production. Yes.
- **Mr. Manohar Kamath – Director-Legal, General Counsel (India) & Company Secretary, BASF India Limited:**
- So, do we have any further questions online from people?
- No okay so we can go outside the room.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- No further questions?
- **Mr. Varun Bang – Bryanston Investments**
- So, I have few questions.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Yes.
- **Mr. Varun Bang – Bryanston Investments**
- So, two parts of the questions. First is we are catering to multiple industries right now. Has there been an incremental focus on any specific industry over the next few years like for example we mentioned that you know construction chemical has been divested but we are working on few projects in the water segment to improve growth and profitability but for banks of India, are we going to incrementally focus on any industry we are catering currently or are you also looking at any other industries located?
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- So, the BASF's portfolio like you correctly said goes into wide variety of industries worldwide and also in India, the number one industry for us is automotive. For BASF portfolio, the number one industry is automotive. So clearly wherever in the BASF world you go, first focus is automotive. There are other areas which depending upon how this PLI thing gets implemented and what happens in the context of that we talked about e-mobility what kind of opportunity that gives which again goes into automotive. There is an electronic sector and there is a big push into electronics. What happens there could become a part of the story I think Ag will remain a focus area for BASF. We will continue to work on new products and for the country as well so these would

be the top areas now in the context of construction and infrastructure what opportunities it provides for our remnant because along with industrialization you also need infrastructure. People have to build infrastructure so what kind of opportunities that will throw up and how BASF I mean I can't comment today that it will be a focus area, but it depends on what kind of infrastructure development happens here which will open up doors for us a couple of areas which again I am interested to see how things evolve is in the textile and footwear centre. Although we are not, we're no longer in the textile chemicals business but we still have parts of our portfolio which goes into high performance textiles and also into footwear so their, there seems to be and I am not talking about leather chemicals now, the footwear overall in that context, there are areas where BASF is still pretty active, and we are looking at what happens there.

- **Mr. Varun Bang – Bryanston Investments**

- And just lastly out of so many questions you answered, incremental opportunity that you mentioned plus incremental skill development etc that you are doing, is it suffice to say that incremental growth for BASF will come at better profitability also.

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

- Keep mapping this question. That's what we are working for at the end of the day you know like I mentioned, the philosophy which I always said and it's a very simple one. It's a right to exist for any business. It's about profitable growth you need to work on that. If we don't do that we are failing at our roles, and I have no qualms in admitting that this would be our endeavour. Now I can't guarantee that every year will be better than the previous year because at the end of the day we are all encyclical, there's fair part of our business which is cyclical commoditized and commoditizing specialties also are part of our portfolio but that's the endeavour of the cup and what we try to do always is like it's a very simplistic like I told my boss and my mentor a couple of months ago, grow volumes, grow margins, cut costs. This is all that we do and any business that's the answer.

- **Mr. Varun Bang – Bryanston Investments**

- Just taking this question forward our share in the group revenue is growing so would that mean you know most of the raw material is coming from the group companies so do we have better say in terms of pricing when the Raw material is imported.

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

- So, arm's length principles apply and OECD tax laws and so on and so forth so there are certain things that apply over there but the principle of materiality of how material you are I mean even not just in when I buy also when I sell different customers at different levels get different rates of discounts to benchmarks. So yes, that's applicable to us as well.

- **Mr. Varun Bang – Bryanston Investments**

- Would it become a profit centre I mean whenever a plant let's say your plant is open in any country does it become a profit centre kind of a thing or how does it work?

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

- So, I'll give you how BASF works. BASF works in 11 operating divisions. There's a president for every operating division who's responsible for that business full P & L and depending on the portfolio whatever plans we invest in will be part of that division and how we decide legal entities for example now your question comes probably not as a

profit centre question, it's a legal entity; will it be the listed entity which will have it or that depends on how we do it so even in China where we've invested so much, there are certain areas where you have to do joint ventures then by definition, it might be because of technology, it might be because of raw material access, it might be because of government regulations which still exists in some parts in some businesses, and so based on all that the structure of the legal entity will divide and ideally I would also want a lot of businesses in the listed entity and there are certain things but like we discussed, some time ago with the project which we were discussing with the Adani's that by like I clarified before that could never be part of the listed thing. It's a joint venture with a completely different thing. Now if it is not a joint venture then obviously there's a good chance that it will be within this profit. Okay I am not pre-empting anything.

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

- Yeah.

- **Mr. Jaideep Merchant – Janak Merchant Securities Private Limited:**

- We have just one more question. We have been very aggressively launching new products in hydro chemical segment. How do we keep track of the success of molecule? Do we have some target in mind? Let's say products launch in last five years should contribute so much percentage to the revenue. What is the number that we keep in mind, so it takes time right because you need to demonstrate on field the product has to become successful and then it kicks up?

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

- So, there are numbers for this, not just in terms of vitality index but also in the context of the footprint of the product. So, we do have targets in the context of you know the toxicology the CO2 footprint and our own targets to improve our position as a sustainable supplier of products. So, there are targets for that. In terms of vitality, I mean, in the index for Ag specifically, I don't remember but as a group we do have targets for what we call accelerator sales and accelerator sales is roughly about 20 % of our portfolio you know, 20 % of our portfolio, which is you know pro sustainability improving the overall footprint, the emission footprint and so on so it's roughly about 20 % of our portfolio but this vitality index question maybe I'll look it up, I mean today the focus is more on the footprint point.

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

- Here we have our speaker online Mohan. So yeah, this is Vishnu Gopal Krishnan from Steinberg India Advisors. please Vishnu.

- **Mr. Vishnu Gopal Krishnan - Steinberg India Advisors:**

- Yeah, can I go ahead?

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

- Yeah.

- **Mr. Vishnu Gopal Krishnan - Steinberg India Advisors:**

- Thanks for taking my question. I have two questions. One broadly can you give some colour on how large is auto to us as a total share of revenue and within auto is it possible to kind of call out passenger cars and the rest of it.

- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Okay so I think we're pretty much in line with our global business where we are in the order of magnitude of about somewhere between 15 to 20 percent is our exposure to the automotive industry. I do not really have a split between two wheelers passenger and the heavy duty but can say that a large percentage is into the passenger car segment. Our exposure to two wheelers and heavy duties is relatively lower.

- **Mr. Vishnu Gopal Krishnan - Steinberg India Advisors:**
- Okay. Thank you. so, if autos let's say between 15 to 20 and let's say Ag is also broadly 15 any other large verticals that you can call out?

- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- I mean that's the segment analysis. I mean chemical segment is what about 20-25% of our portfolio but that is diversified into so many so it's not like a single industry, it goes into so many industries but that's a pretty large business for us. The overall chemicals business.

- **Mr. Vishnu Gopal Krishnan - Steinberg India Advisors:**
- Okay and if I look at let's say BASF's Global revenue or vertical mix are there any large client industries that are not part of our customer group in India and that can be potentially obviously a room for growth going forward.

- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- So, in the context of opportunities in the country which in terms of a match to our portfolio I don't think we've missed out on anything in the country but there could be areas where you know the market simply doesn't exist in India. So, for example the classical case I gave is about electronics. I mean we consume a lot of electronics, but we don't manufacture anything over here. We only assemble stuff. So, there are parts of our electronic chemicals portfolio where we sell nothing in this country.

- **Mr. Vishnu Gopal Krishnan - Steinberg India Advisors:**
- Okay.

- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- That's an opportunity clearly you know with, and I was in this meeting with a few people and the push towards moving away from assembling to actually manufacturing some of these electronic materials in the country is an opportunity where we have to explore when that happens. How can BASF participate in that?

- **Mr. Vishnu Gopal Krishnan - Steinberg India Advisors:**
- Sure. All the best and thanks for taking my questions.

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

- Thank you.
- **Mr. Manohar Kamath – Director-Legal, General Counsel (India) & Company Secretary, BASF India Limited:**
- Thank you, Vishnu. Yes.
- **Mr. Chandraprakash Padiyar, Tata Asset Management Ltd:**
- In the second half or first half presentation, September presentation there was a slide where picture was shown where your team was presenting on what is an EV 2-wheeler, 3-wheeler and how BASF can participate in that. How could you elaborate what are we doing or if it becomes success in India let's say it will become electric.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Yeah, so opportunities are there like I talked about in the cell manufacturing where obviously the cathode is an opportunity. The second opportunity comes in the performance material segment where you know all these things require connectors, charging stations, the wirings and cables are that different to what is there in the ICE vehicles, so there are opportunities for development in also engineering plastics and so on.
- **Mr. Chandraprakash Padiyar, Tata Asset Management Ltd:**
- These are all as good as like you mentioned in electronics, as of now it is likely assembly in electric two-wheeler, three-wheeler? Do you see it being manufactured from a component ecosystem perspective in India or do you still see an assembly?
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- That's what PLI is about. Otherwise PLI fails.
- **Mr. Chandraprakash Padiyar, Tata Asset Management Ltd:**
- Right.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- So, I believe there is execution will in the government and in the industry also when I talk to my peers in the industry, there is will in the industry to go towards that and that gives me a sense of optimism that it will create opportunities for chemicals and materials players in the country.
- **Mr. Chandraprakash Padiyar, Tata Asset Management Ltd:**
- So that's a great opportunity for you as a company.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Not just me but all my competitors as well.
- **Mr. Chandraprakash Padiyar, Tata Asset Management Ltd:**
- The second question was on this again I have an update till this first half which is that there was very minimal inventory gain till first half, nine months in Q3 did we have any material inventory gain in the business. So, from a profitability perspective the reported profits how much, is there a material inventory gain number?

- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- I think in the nine months also it was not material because you know like I said I remember oil was at around 65 in March towards the end of the year it had gone up to 80 on average, some days it was 85 someday there was 75 so order of magnitude from 65 to 80. Yes, that happened gradually over eight nine months but now, it has gone up from 80 to now it's 120. So now if you are able to, I mean there are two possibilities. One we can't push through the prices and then we lose a lot of money or there will be inventory gain because of the time lag.
- **Mr. Chandraprakash Padiyar, Tata Asset Management Ltd:**
- But the relative question to this is that in the material segment reported, EBIT has been extremely strong in the first nine months. If it is not inventory gain, then the question is that such a great performance, so is it sustainable?
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- There are multiple things that have happened. There volumes have grown, we've grown significant volumes. Product portfolio has shifted. So, we've introduced quite a few new products and we've also improved margins. Some of those things I would say we should be able to sustain.
- **Mr. Chandraprakash Padiyar, Tata Asset Management Ltd:**
- And lastly just to reconfirm given that Cellesto will now perform as well as this dispersion doubling capacity will perform in the coming year, these margins are quite high when you said you are fully sold off or fully booked for those capacities so logically then F.Y. 2023 from a chemical's perspective margin should be pretty decent in those segments.
- Great yeah and one more question sir. So, there are various questions on Capex, so maybe you don't, we don't want any specific project names or where you are looking at but any direction towards annual Capex that we should work with.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- No, I myself don't work with that so there's no point in me telling you something or making something up like I said you know, there's a difference between promoter driven companies and multinational companies so we have to follow certain processes, and this is with these processes. We have to establish a market case. We have to do a proper project to it and it's not something linear. Typically, in any country within the BASF group, you will see these are step changes and not linear. Linear stuff will be the replacement. Some minor bottlenecks but the step changes. It takes a lot of effort and I always say BASF is a slow company. It takes time but once it decides to do something, it will do it. The execution capability is there, and we are pretty good at that.
- **Mr. Chandraprakash Padiyar, Tata Asset Management Ltd:**
- Okay so a relative question on this is that let's say electronic manufacturing, when we meet these companies who are into it including our own Tata group company, what we get to here or Foxconn, they tell us that indigenization will move from 15-20 % towards 60-70 % towards the next 3-4 years at least what their direction is there. Does it mean that, and do you already have manufacturing of those internally BASF in here, you will have to scale as in when that manufacturing comes?
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**

- So today we don't manufacture many of those products here or actually none of those products here. As and when so I am also in talks with some of the companies. When the opportunity is right and it makes sense for BASF, BASF will announce but at the moment there is nothing.
- **Mr. Chandraprakash Padiyar, Tata Asset Management Ltd:**
- Okay so last from my side. Yeah, related to the capital expenditure not a number sort of thing but when you have a large plant in luggage and there were some treating problems for it to start, it was explained that you put up a large complex, not to look at it as a sort of you put in so much money. That much greater will come on the project but to look at it as a big foundation for a plug and play in future, when investments are done that, they'll be much smaller investments because the large base is already in place. So how much optionality does now Dahej give you for your future overheads for the next five years to do other things.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- So, you know what we did last year with the doubling of capacity of cellosto or what I am doing this year, I don't invest any infrastructure world. That's exactly what I mean the plug-and-play comes from that factor that we don't need further infrastructure at this point in time. But now if I come up with a completely new mega project and obviously, I will have to do it but for the existing product lines, debottlenecks or another line of the products, this infrastructure we have.
- **Mr. Chandraprakash Padiyar, Tata Asset Management Ltd:**
- But how good and flexible is Dahej to incorporate say new things or it will have another large investment maybe not now but maybe after five years may be required.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- It depends on what we are talking about I mean if you talk about some of those big, the petrochemical land itself is not enough, then you need to get into somewhere where there is land available, port next to it so those kind of infrastructure needs to be rooted but if there are plants I mean why just Dahej I mean we have Mangalore as well, we have Panoli, so there are opportunities for us to expand product portfolio.
- **Mr. Chandraprakash Padiyar, Tata Asset Management Ltd:**
- And if we come into the utilization level.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Today what we are 75-80%? Some months are 75-80% around that.
- **Mr. Chandraprakash Padiyar, Tata Asset Management Ltd:**
- Okay this we can assume this goes to 90 % if you assume 80 %.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Again, it's a multi-product kind of facility. There is potential for us to grow but typically I say that you know once we hit that 80-85 % it's about time we think about debottlenecks in one or the other places because again our customers also don't buy the same quantity every month. When I say 75-80 % on average there might be months in which I need to give 100-120 % and that's where you play with inventories you play with production scheduling and so on. So, when it comes to in multi-purpose plants

when it comes to that kind of level, we again start thinking of and that's where the dispersion plant where we said we will expand or Cellesto, we'll expand.

- **Mr. Chandraprakash Padiyar, Tata Asset Management Ltd:**
- One last on the Auto sector, right now production pipeline looks quite robust actually even though there is chip shortage, but it looks like that they are heading for a fairly recent production Rambo. Do you see that kind of inquiry level?
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Demand side is not a problem supply side is a problem yes.
- **Mr. Chandraprakash Padiyar, Tata Asset Management Ltd:**
- No so even production at least Maruti tells us that they will be able to produce more now so do you see that happening at this peak?
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- We do see from some there's some shift of market shares as well that's happening between the OEM's. overall, I would say that we see an uptake in demand in the last couple of months.
- **Mr. Chandraprakash Padiyar, Tata Asset Management Ltd:**
- So, do you see any major product gaps between our product portfolio and our parents portfolio that you can potentially launch in India?
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Not where there is a market. We don't see a problem you know typically it's an area where you know where either the market is not there or if we don't have the scale then we import but I don't think we are missing out on too many opportunities
- So, hope I have been kind. I have been open enough with all the questions. Sometimes I saw these people looking at me as well whether I was too open, but I mean that's the whole purpose of meeting right. At the end of the day your queries, your questions need to be answered to the best extent possible. So, we've tried to do that. So, I thank my team for the support as well and thank you very much to all the colleagues on the phone as well as the colleagues here.
- Pleasure meeting you. Now what we would actually maybe Manohar will announce it as well right; we do this in a structured way going forward yes so that, you know you have a regular kind of interest. Thanks.
- **Mr. Manohar Kamath – Director-Legal, General Counsel (India) & Company Secretary, BASF India Limited:**
- Thanks Mohan. I thank you everyone again from our side for this virtual meet and analyst meet. I think going forward at least we have decided that we will do it in a very organized fashion so this we will have on a half yearly basis. So, the next one will be sometime in May or June and thereafter or in November or December so that's how we will do it, at least twice a year. Our plan would be in that fashion so that at least we can give you something better in terms of information.

- **Mr. Chandraprakash Padiyar, Tata Asset Management Ltd:**
- Would that be possible to do it quarterly or not?
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Let's start half yearly.
- **Mr. Manohar Kamath – Director-Legal, General Counsel (India) & Company Secretary, BASF India Limited:**
- Yeah, and maybe at the end I think we can also wish all of you a very happy Holy celebrations and take care and we'll meet again next time.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Yeah, thanks for coming and despite I mean I can understand you guys have family commitments as well.
- **Mr. Manohar Kamath – Director-Legal, General Counsel (India) & Company Secretary, BASF India Limited:**
- So, thank you very much.
- **Mr. Narayan Krishnamohan – Managing Director, BASF India Limited:**
- Very happy Holi to all of you.
- Bye.