



We create chemistry

BASF India Limited, Mumbai - 400 079, India

May 26, 2025

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

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

Dear Sir/Madam,

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

We enclose herewith the transcript of the Analysts / Fund Managers Meet of BASF India Ltd, held on Thursday, 20th May, 2025 at 4 p.m., for your information & records.

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

Thanking You,

Yours faithfully,

For BASF India Limited

Manohar
Shrikant Kamath

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Manohar Shrikant Kamath
Date: 2025.05.26 10:05:53
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Manohar Kamath
Director – Legal, General Counsel (India)
& Company Secretary

PANKAJ
RAJKUMAR BAHL

Digitally signed by
PANKAJ RAJKUMAR BAHL
Date: 2025.05.26 10:06:31
+05'30'

Pankaj Bahl
Senior Manager- Legal & Secretarial

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

Registered Office
BASF India Limited
Unit No. 10A, 10B, 10C (Part)
10th Floor, Godrej One,
Pirojshanagar, Eastern Express Highway,
Vikhroli (East), Mumbai 400 079

Tel +91 22 6834 7000

CIN - L33112MH1943FLC003972

www.basf.com/in

BASF India Ltd - Analyst / Fund Managers Meeting on 20th May 2025

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

Good afternoon, Everyone,

I welcome all the Analyst & Fund Managers to our Analyst / Fund Managers Meet.

I also welcome Mr. Alexander Gerding, our Managing Director, Mr. Narendranath J. Baliga, our Chief Financial Officer and Mr. Anil Choudhary, Whole-time Director & Head of Manufacturing, to this Analyst / Fund Managers Meet.

All the participants are requested to note that this Meeting is being recorded and the audio & video recording of this Meeting together with the presentation and the meeting transcript would be uploaded on our website and also 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 have been placed on mute mode to avoid any disturbances arising from the background noise.
- During the question & answer session, the names of those who have already registered with us for asking questions, will be called and thereafter, the respective speaker will be unmuted.
- Others who wish to ask questions, may raise their hand, by clicking on “Raise Hand” icon on the Microsoft teams page.

I would request all speaker participants to be brief while asking their questions / queries.

I now request Mr. Alexander Gerding and Mr. Narendranath J. Baliga to give a presentation on Company's performance for the financial year ended 31st March 2025 and other related topics.

Mr. Alexander Gerding, Managing Director

Thank you Manohar and a very warm welcome also from my side to all analysts and fund managers joining us today I think our last uh last meeting was back in November so as we all know a few things have happened since then so it's a good time to reconnect yeah just uh like always a disclaimer before we uh we present and discuss um we discuss topics that are in the public domain we do not provide any forecast about the future business situation and we also do not comment or give guidance on future results and business outlook as you all know safety is our number one priority so I brought again two slides here um this shows a picture of our manufacturing community actually we hold a meeting once a year where we bring all of our manufacturing community together we share best practices work on continuous improvement and also discuss a lot safety and this year it was held in Chennai in February and this also reflects in our safety performance I mean we've had a very strong safety track record and our aim is to keep it that way also moving forward and we're fortunate to also announce that in the calendar year 2025 uh so far we've had no high severity incident and also no lost time injury and process safety incident um and we continue

focusing on what we call leading indicators near misses because that's a good predictor for potential safety risks when it comes to the macro environment I mean I think it's very clear that the macro economy in India is resilient and robust with GDP expectations above 6% um inflation is stable um the RBI interest rate is being reduced to also um you know influence positive spending the purchasing manager index is consistently high um and also consumer confidence remains being high of course with the recent geopolitical developments we have to see how this could potentially impact the consumer confidence but I think the fundamentals in India remain resilient and strong if you look to the right hand side industry by industry automotive industry projections are still on growth mode construction momentum is on is on track there is an expectation of above normal monsoon which should support the agricultural sector and also the fastmoving consumer sector also contributing by the by the budget that was announced by the government which also included some tax slaps yeah so consumption moving forward should continue to be robust but we have to mention like we have done also the last time margin pressure on the chemical sector remains being high the over capacities that have been built in China continues to have an impact also on India so this is something that remains being there and is also visible in our in our numbers and with that I would like to hand over to Naren to walk us through our financial performance in the last fiscal year.

Mr. Narendranath J. Baliga, Chief Financial Officer & Whole-time Director

Thanks Alex and good afternoon everyone so coming to the financial performance these are the six segments we have in BASF globally and also reflected very well in India and except for agriculture solution and surface technologies all other four have two business units in the segment when you see the spread of this sales across the units materials segment which has both performance materials and monomers included there is almost one-third of our total sales that's one of the highest I have seen in BASF India Materials at one/ird and then followed by nutrition and care which is again a big fast growing segment for us 19% followed by industrial solutions and agricultural solution is the fourth in the list at 14% though agricultural solution offers more profit on annual basis sales wise it is at 14%. Coming to the quarterly performance which we released last week at the top line the sales is at approximately the same like last year same quarter yeah around Rs. 3,300 crores whereas you would have noticed the profit before tax before exceptional item has fallen almost by 90% it was a very volatile market and we can discuss that more in the Q&A session higher input cost and also the product mix contributed to this lower profit and when that is included in the yearly numbers the sales went up by 11% entirely contributed by very strong growth in volumes but the lower price realization higher input cost all that contributed to a lower profitability almost 20% lower than last year if you see the last two financial years the one on the left dark blue ones are last financial year 2023-24 and the light blue are financial year 2024-25 so this is just to show how the sales development happened throughout the last eight quarters on an average you can see around Rs. 3,300 to Rs. 3,500 crores is what we are clocking every quarter except in one or two quarters where we crossed Rs. 4,000 crores yeah September 2024 is the best ever sales we

had at Rs. 4,200 crores and followed by June quarter of last this financial year at Rs. 3,966 crore almost Rs. 4,000 crores this time it is 2% less as compared to March 2024 and compared to December it is 13% lower and I'll break this down in the next slides of which segments are contributing and which segments are pulling it down coming to the profit before tax before exceptional items same quarter last year was Rs. 219 crores and almost 90% drop to Rs. 25 crores this again we'll drill down in the second slide later and also compared to December quarter this was not good so overall if you see on the right side Rs. 283 crores was the best ever profit we had for June 2024 but then March 25 happens to be the worst among the eight quarters and unfortunately the sales has been coming down from quarter to quarter and we are hopefully at the at the lowest level as of now but I'll again drill this down going forward so that we know which segments are impacting. On capital development the networking capital development the dark blue is receivables and that has been under control for a long time now and we are at a lower level than or almost like March 2024 despite the increase in operations despite the 11% increase in volumes accounts receivable has been maintained at almost the same level whereas inventory has gone up and quite significantly there compared to March quarter around Rs. 7800 crores March quarter of last year around Rs. 7800 crores higher inventory of this Rs. 700 crore plus is for agro yeah that that's the increase in agro inventory and again we will discuss this in the Q&A sessions because I'm sure there will be some questions on agro and agro inventory and agro profitability but overall Rs. 1,300 crore is the net working capital that is contributed by a significantly higher accounts payable so the increase in Inventory is to a great extent compensated by the increase in accounts receivable uh sorry in in accounts payable yeah Rs. 4,200 crores negative the one gray bar below the line so net Rs. 1,300 crores is the net working capital which we had to finance this is the revenue development starting from Rs. 13,768 crores to Rs. 15,000 crores materials both for us material is performance materials and monomers both contributed significantly for this growth of Rs. 820 crores the Rs. 820 crores what you see is over and above what we had last year so last year we had Rs. 4,100 crores and now this time it is Rs. 4,900 crores so the net is Rs. 820 crores increase industrial solution again contributed by performance chemicals as well as dispersions has gone up by Rs. 300 crores both have contributed and in chemicals both petrochemicals and intermediates has contributed so overall almost all the businesses have contributed well to the top line and that is how we reach Rs. 13,260 crores which is 11% more than last year and contributed by volume growth it's the price where we suffer but the volumes have grown very strongly despite all the disruption in the market coming to profit before tax before exceptional item how did Rs. 759 come down to 67 this chart explains agriculture solutions Rs. 125 crores less profit than last year which means last year we had Rs. 436 uh crores this year it is Rs. 311 crores and if I see the numbers over a period quarter to quarter the profitability has reduced and the margins have also reduced for agro over a period of four quarters I can see the profitability going down yeah both June and September quarter were our very good performance but then that momentum did not carry through for the next two quarters materials did well

when it comes to profitability especially performance materials and monomers both contributed to this Rs. 53 crores of positive whereas industry solution again is less by Rs. 75 crores and chemicals low lower by Rs. 18 crores just one small note on surface technologies that is where our coatings business is sitting and the minus 9 is because of some setup cost and we formed a new company BASF India Coatings Private Ltd and BICPL we call it and there is ERP implementation and all that because of that there is some negative number otherwise it would have been positive around 1920 crores we have spent on the ERP implementation there others here is mainly the CSR cost and finance and hedging cost etc. which is not allocated to any of the segments so it's a big amount there that's the reason I wanted to highlight the 49 crores of others as compared to 52 crores last time is these costs which don't get allocated to the segments coming to the performance indicators receivable days is lower as compared to previous year and this is despite increased sales of 11% so very well controlled receivables the business units did a great job in ensuring that the collect receivables are collected on time and we have around only Rs. 300 crores and most of them are technical which means it's more than 10 days or more than kind of 20 days yeah short overdues and not long-term overdoses so very well controlled receivables inventory again at 70 / 72 days well managed despite all the disruptions and uh other issues inventory was less than 3 months and it's one of the best I have seen last year also was very good 69 days and 72 days for this quarter cash flow from operations last year it was Rs. 800 crores and this year we had some increased working capital needs because of increased operations and other things so it it's slightly lower not slightly low significantly lower because of that reason and with that Rs. 373 crores we have around Rs. 1200/ Rs. 1300 crores cash balance as of March 2025 operating expenses 12.3% slightly above and operating expenses is defined as all cost excluding cost of goods sold that's 0.2% that is 20 basis points higher than last time but I think it's still under uh control and well managed a bit before exceptional item uh because of the lower profitability 4.1% ROI still strong at 18.4% 4% as compared to 26 definitely lower than last time but then I assume you all agree that that's been a strong performance 18% ROI is a pretty strong performance despite all the disruptions we are seeing in the market return on net operating assets which means removing all the excess cash balance which means pure operational profitability is 26% as compared to 34% last year EPS consolidated which means it takes the Coatings 100% subsidiary and the BASF India limited parent company both together 105 rupees per share is the EPS this is before exceptional item and we have as you know we have declared a uh we or rather we have kind of recommended a dividend of 200% which the shareholders have to approve in the AGM yeah so that that would take around 86 crores of cash from our side to pay that 200 % dividend as compared to 150% last year and one last point on the cash balance by April 2025 we had already reduced it by Rs. 500 crores by paying off some of the over some of the dues and also other while taking other means so we have around Rs. 700 / Rs. 800 crores cash balance brought down which will further go down when the dividend is paid that's about it from a financial side i'll pass it back to Alex to continue.

Mr. Alexander Gerding, Managing Director

I see already there's a hand raised so we'll get to you very soon just a few more a few more slides and then we go into the Q&A just a few more updates besides the financials on uh what has transpired since our last analyst conference back in November we had a we had a groundbreaking of um a new investment an expansion investment in our Celesto business and this is a quite substantial investment in and will enable us to maintain and expand our leadership position in this market these are the shock absorbers that you have noise reduction and vibration reduction in the vehicles yeah and we have a very strong position here and we're really expanding on our footprint in DH of course we continue to connect with the industry here just two examples on the left the sustainability event and on the right the annual chemical industry outlook conference we also in April um had a PU- Tech very important event where we engaged also with many customers we had a

a customer dinner with more than 50 customers from different industries be footwear furniture automotive appliances and many different industries very successful event and we also launched a new CSR initiative so here we're skilling together with Mahindra this was done in Pune and also with Sahayog Foundation and Don Bosco we're basically skilling underprivileged women uh to be able to paint cars to coat cars refinish coating um and this will be 50 women will go through this upskilling on an annual basis and Mahindra is our partner here these ladies will then be placed so I think this is a nice addition to our CSR initiatives as well and with that let me let me maybe summarize so first of all I think if we had to highlight the fiscal year the last fiscal year we had a very strong volume growth double digit 11% volume growth I think our ambition is clearly to maintain our volume momentum moving forward um while at the same time we have to say the profitability has to improve i mean especially the last quarter I'm not happy we're not happy with the profitability situation so that is something that we will focus on and we'll focus on things that we can control yeah so discretionary spending working capital cost I think these are topics that we have to tackle and we are yeah of course we'll also continue to engage with our key stakeholders be our customers and most important of course our main asset is our people so continuing focusing on development of our people and with that I would really like to open it up now for the Q&A and I see I think Ajay Sharma.

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

Now we have already the first speaker registered Mr. Rohit Nagraj from BNK securities - Rohit yes Rohit please go ahead

Mr. Rohit Nagraj

Thanks for the opportunity, first question is on the presentation so in the slide regarding the financial performance on the yearly commentary we have said price realization and margins impacted due to higher input cost so there seems to be a dichotomy between the realization and the RM prices and given that uh the market was well supplied because of China you know being active in the global market why the RM have gone up and simultaneously the product prices have come down if you could just uh throw some color on this, thank you.

Mr. Alexander Gerding, Managing Director

Overall the situation was the because of the volatile market the input cost was generally on the higher side and we were not able to pass on the increase to the customers which means the sales

selling price remained stagnant or lower hence in in the 11% increase what you see overall entirely contributed by volume growth there is no contribution from the price side so higher input cost but selling price could not be increased and hence the result so there's no dichotomy there or did I get your question wrong.

No that's fine but was rather muted given the low soft commodity prices that was one element the second element there was low pest pressure especially on insecticides and we were expecting a different a different rabbi in that perspective so that impacted our insecticide ambition and then the third element was high channel inventories overall yeah um which probably was also contributed by the other two factors so overall it was not what we were expecting which is then also visible in in our in our quarterly results yeah and I think you know the team transitioned to really focus on preparing for the upcoming season yeah and then uh with higher channel inventories also you had a choice to make you know whether you extend the payment terms to our customers to our retail partners channel partners or you take also some product back yeah and I think we opted to take some product back and focus on accounts receivables as Naren has mentioned we've had a very healthy AR situation and overdue situation and now the team is really focused on the upcoming tariff season to place our products at the right pockets in India and to also create demand so that the products are actually applied on the ground um and to continue to diversify our portfolio yeah you will see news there that our continuous R&D investments is enabling us to expand our portfolio and to tap into segments like rice that we have not been participating actively in the past so I think it was a very unusual rabbi season we had to take some painful make some painful calls but I think we made the right calls and we're now focusing on the new season yeah and uh and we continue to diversify our portfolio so that's why you know the first quarter of this calendar year was not good but if you look at it on a long run if you look at it on a fiscal year I think the team has still done quite well I mean we had you know good development the first two quarters were very strong the last two quarters were rather weaker but you know

we're working now fully focused and not being distracted neither with accounts receivables nor with high channel inventories of BASF products in the channel.

Mr. Rohit Nagraj

Sure that's helpful just one last bit uh Alex if you could just provide your personal views in terms of how the demand supply where we can cycle for the individual segments so that would be very helpful

Mr. Alexander Gerding, Managing Director

Demand supply cycles I mean that really depends on the segment we're talking about the product group we're talking about I think overall I mean I can give a general maybe just a the whole supply and logistics situation is in a quite volatile state right I mean we all know with the tariff announcements that came in April with the geopolitical tensions outside of India but even within India in May right so I think the overall situation with a China situation which is not fully rebounding and certainly also influenced the consumer confidence the consumer spending in China certainly also influenced by this whole tariff situation with the US going on um I think this is why I mentioned in the beginning that the situation on the upstream chemicals remains quite tough yeah with the over capacities that have been built in China we still see a lot of volumes coming in at very aggressive price levels yeah um so I would say in some areas the supply and demand situation the supply situation probably still quite long yeah and then in other pockets it might be it might be shorter yeah but it really depends on segment by segment um I think we are trying to focus on what we can control and uh to maintain and continue expanding our market share in the country to maintain our volume momentum in every single segment um and to again focus also on improving our agricultural solutions performance yeah moving forward so that that's those are the things that we that we are focusing on and of course the things around us be it a fixed rate be it the geopolitical situation of course we have to cope with those uh as they come yeah but the situation overall remains still quite volatile and the pressure on upstream chemicals is still on.

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

Thanks Rohit, we go to the next speaker Mr Ajay Sharma, can you unmute yourself and ask your question okay then we will come back to Mr Sharma, we go to the next speaker that is Mr Girish Raj

Mr. Girish Raj

Yeah hi thank you so very uh broad but specific could you please clarify the three criteria by which uh senior management wishes to be assessed over next two to three years specifically with respect to products across the segment capability or capacity building initiatives financial metrics like growth or ROCE so you know this will help ensure our forecasting framework aligns with your thought process thank you i'll come back with more

Mr. Alexander Gerding, Managing Director

I mean that's a very good question but also a very broad question because of course the financial targets can vary segment by segment business unit by business unit a portfolio by portfolio group but in a nutshell of course we're aiming at profitable sustainable growth and that includes many elements it includes volume growth and uh we have to keep up with a strong uh volume growth momentum to keep our assets uh fully utilized our capacity utilization high uh to be able to cover our fixed cost um well so certainly volume growth in a growing market like India yeah with a GDP growth above 6% with a manufacturing base that will also grow and with the chemical industry being an enabler of the manufacturing sector I think volume growth is a key element for us in India yeah the second element connected to that of course we want to have profitable and sustainable volume growth it should not be just a one-year growth but it should be sustained over uh over a longer period and of course we want to continuously develop a portfolio in a direction that we can earn a return that is attractive also for our shareholders yeah so um so I think those are and to enable us also to reinvest into the business and to pay out to pay out dividends yeah accordingly so I think profitable and sustainable uh growth are key um and uh further to that of course developing our portfolio uh to more sustainable solutions uh into the future as well um I mean we do uh invest uh we have an R&D intensity globally that is uh probably one of the highest in the industry yeah so we continue to invest in research and development we of course want to continue to uh bring innovative products new formulations new products to the market to maintain and expand our market share

Mr. Girish Raj

Yeah so I think those are some of the key elements that that I would highlight here no so actually you know from a capex perspective you mentioned Celesto last time we mentioned Polyamide and could you give a range as to what kind of investment are we looking from Capex perspective over next two to three years

Mr. Alexander Gerding, Managing Director

Thank you for that question as you know we never disclose our capex projections into the future and we will also not do it today but what can I can assure you is that we continuously invest in expanding our asset footprint in India and you mentioned some good examples I mean our performance materials business our dispersion business now the Celesto business as I highlighted today we continuously work on uh expanding our production footprint and then sweating the assets as well getting our asset utilization our capacity utilization up to the highest levels possible I think those are topics that we continue to see and we also continue to share with the analyst community every time we have additional investments coming yeah but we don't disclose a future capex numbers but I can I can I can assure you that we'll continue to invest into our asset footprint in the country.

Mr. Narendranath J. Baliga, Chief Financial Officer & Whole-time Director

Continuing with what Alex said as of March 2025 we have spent one-third of the project cost for Celesto so it's ongoing project it's not commissioned yet it's ongoing project and one third of the total capex has been spent uh by financial year 25

Mr. Girish Raj

Okay on profitability you know you mentioned there are few things which you can control what the controllable part what is the salience you know how much can we actually improve from here broadly if you can give with some anecdotal evidence

Mr. Alexander Gerding, Managing Director

Yeah I mean we of course when it comes to discretionary spending when it comes to cost of capital when it comes to you know the these elements are things that we are we are keeping a close watch on course we also are aiming to you know and wishing that our margin improve our margins improve yeah so that our pricing the pricing situation especially in some of the upstream uh chemicals businesses that are still heavily under pressure that it that the pressure comes down because that will enable us also on the margin side to make improvements but overall I think uh you know it's discretionary spending cost of capital and I think Naren was showing on the financial slide on the last slide that our cost our cost position has been rather you know stable yeah so we have focused over the last years always on making sure we keep our working capital under control and we spend where we need to spend and where we also get a return yeah so I think those are key elements that we continue to focus on and hopefully the market will enable us also on the margin side to recover yeah and we want to have that pricing power where if there's an increase in the input cost we can pass it on to the customers.

Mr. Girish Raj

Sure finally on the agrochemical segment you know when we talk to many pesticide distributors and other players one you know high level problem that they mention is the absence of new chemistry across herbicide and fungicide segments of ours how do we address this problem and finally the Tynzer related generic competition problem is taken care because we had some strategy there thank you

Mr. Alexander Gerding, Managing Director

Yeah I think no you bring up a good point and fortunately we have been quite um robust on this area to really ensure that we um diversify our portfolio especially in India where we all know that um rice and insecticides um are pretty significant segments and we've been continuously working also to um not only diversify ourselves with respect to indications so not only fungicides herbicides but also insecticides but also to crops yeah and rice is one and you will hear soon some news there because we have an upcoming product launch here that will be another blockbuster so and you have seen also with the launches that we've had in the past few years on the insecticide front we're really gaining momentum gaining market share in this very important and largest segment in India yeah so I think we've probably been benefiting from this because we started from a very low base in the insecticide segment and we have been able to gain market share there and we'll continue to do so fungicides we have a very robust business and

especially also last season our fungicide business with multiple products developed very well because the monsoon was very wet so there was a lot of disease pressure and our portfolio fit quite well and BASF has been known to have a very strong fungicide portfolio globally especially also in the fruits and vegetable arena herbicides you're right on Tynzer, I mean there is stronger generic competition. But I also have to give credit to the team we've been holding our ground there and also developing an anti-generic strategy to counter the generic pressure that is in that in that herbicide segment um but I can assure you we're working on all indications not just insecticides but also on our herbicide portfolio and on our fungicide portfolio for India for the future, I feel quite confident that we'll continue to be able to launch new products uh and we're fortunate to have a high R&D intensity as a company to enable us to bring also new products to the market

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

Mr Sharma can you unmute and speak please. Mr Shirish please go ahead

Mr. Shirish

Good evening everyone, uh couple of questions one uh if you could talk about, there any kind of a forex impact this quarter either on a mark to market or on account of treasury uh which led to this kind of a margin performance in this particular quarter and um second is if you could talk a little bit about u how do you see the overall indigenization program uh particular uh in a scenario where the agree solutions business get demerged and as you said already that it's the highest profitability business for you rest everything is like lower than single digit margins for you, I mean you can't be lower than single digit but yeah they are low single digit margins um so how do you think about it uh your post merger of Agricultural Solutions business

Mr. Narendranath J. Baliga, Chief Financial Officer & Whole-time Director

We'll take that after so that's later so with regard to the foreign exchange we have a policy of covering all our exposure so there is no such impact because of foreign exchange loss due to mark-to-market or for any other reason yeah so what we have is a hedging cost which is constant there uh 2 to 4% uh is the hedging cost we and that that's the only foreign exchange yet we have there's no other foreign exchange laws as such.

Mr. Shirish

Sorry sir if you have a hedge, don't you need to mark to market every quarter

Mr. Narendranath J. Baliga, Chief Financial Officer & Whole-time Director

You know just from my understanding how is that impact taken because for example this quarter if I'm not wrong euro moved by almost 7 to 8% so is that mark-to-market being capitalized or how does it pass through from a balance sheet perspective our transactions are all in uh mostly in US dollar so US dollar movement impacts us and hence we since we cover the exposure we don't have any such an adverse impact on the P&L

Mr. Shirish

Okay so whatever you source from the parent is also build in USD okay fine and just on that uh sorry sir uh just on that sir can you just give a clarification like of your total raw material sales how much is bought from the parent and other group companies

Mr. Narendranath J. Baliga, Chief Financial Officer & Whole-time Director

Right now around 80 to 82% is imported from the group companies

Mr. Shirish

Okay wonderful

Mr. Narendranath J. Baliga, Chief Financial Officer & Whole-time Director

If you take it forward and transitioning to your second question indigenized I mean we have what we call own manufactured own manufactured products right which is products that are then formulated in the country even if some raw materials come from the outside yeah but the last steps are done here and that is almost 50% yeah and then the remaining 50% roughly yeah it can vary a few percentage points up and down depending on the quarter depending on the on the year but around 50% we uh we have OMP share and another 50% is an merchandise uh business so it's really a mix and our aim is of course to gradually steadily increase in the OMP share.

Mr. Alexander Gerding, Managing Director

Last point you made with the de merger um I think I mean the reason for the de merger is really to unlock value for shareholders right to have a very a clear focus on the Agricultural Solutions business and this is actually driven globally yeah so this is happening across the world and all the other businesses was also shared by Narin in his in his first slide you know I mean we have a quite balanced especially when it comes to topline a quite balanced portfolio across all the different business units and operating divisions and of course our aim is to continue with India having to move to a a much higher share of manufacturing from GDP which is currently still in the 14 15% level to have a developed India by 2047 to you have to have a strong manufacturing base which has to be in the mid20s probably and to get there you need a chemical a strong chemical industry to enable that yeah so I think the next 20 years will be very important for India to become a developed nation by 2047 and I think the chemical industry will certainly also contribute to that vision and so we see only opportunities uh of growth for all the operating divisions for all the business segments to participate uh in this it's not only the act business uh if you look at construction if you look at

the foot wear if you look at appliances if you look at fastmoving consumer goods all of these segments will significantly increase the automotive segment you know and we will participate in these segments yeah so I see a very robust and strong business even if the agricultural solution business demerged.

Mr. Shirish

Yeah sir, just you know to extend that you talked about ROC's and ROCE how would that look like on the agro side and the non-agro side

Mr. Narendranath J. Baliga

We don't give that break up between the Agro and non-agro it's total that a consolidated view is what we take even for internal purpose we don't go for our ROCE on a segment yeah.

Mr. Shirish

That's fine sir but uh when I look at your capital employed which basically should give me the best approximation your asset base for a solutions is 20% of the total asset base and like you said it's like 50% of your profits so uh my guess is that it will be too much sort of tweaked around the agro side and the non-agro part will probably come down to maybe single digit or maybe at best double digit so how do you propose to take that particular one and a related question to that is at what stage Alexander will you know you be inclined to make a large capex in India within the segments that are in the listed company i know you do a lot of capex outside of the listed company as well but of course we are more focused on the listed company.

Mr. Alexander Gerding, Managing Director

Yeah, I mean thank you for the for the question again we do not provide forward looking statements especially on capex or investments but what I can assure you is that the attention and the focus on India within the company is very high and that we look at every opportunity that we can see be it organic growth be it inorganic growth I mean we always evaluate all opportunities and then in in connection and uh in in collaboration and in discussion with the operating divisions look at these opportunities and whether we can implement the one or the other but that's as much as I can I can say we are um looking very intensively and focused on opportunities of growth in India and I think you know no matter in which legal entity it happens I mean at the end I always have a strong belief and this is my personal view that the listed entity will always benefit from this as well you know if more investments come to India it will it will have sort of a butterfly effect to to all entities that are present in India so that's something that we're certainly working on but nothing concrete at this point.

Mr. Manohar Kamath

Questions of course from Mr Ajay Sharma because he was not able to unmute so I will state that for on his behalf , the first question is how do you see the agro business in FY 2025 performing predict so in the current in the current fiscal year .

Mr. Alexander Gerding

I don't provide forward-looking statements I will just reiterate the statement I gave before, the last fiscal year quarter or the first calendar year quarter you know um was a difficult one for us as you can see also reflected in the numbers that we showed and I think there was a strong focus and there is a strong focus by the team to be ready fully ready for the new season for the curry season coming of course we need to have a good monsoon we need to have good pest pressure but I think the team is ready for the new season and if a good monsoon happens and of course we will do our best yeah to capitalize on our position and gain a position wherever we can with a portfolio with a growing portfolio that we're having um I will not say more than that I think we're focusing on the right things.

Mr. Manohar Kamath

Yeah the next question is um you know the capacities uh in over capacities in China will continue uh so how do you expect the non-ag business to perform or move

Mr. Alexander Gerding, Managing Director

Yeah if I would have a crystal ball I would probably not be sitting here. I think the sustained situation in China and we've been talking about this over multiple analyst conferences as well right so this is not the first time that this comes up we have really not been seeing a substantial a substantial improvement be it on the consumer spending within China be it and of course the tariff this tariff situation that started in April with Trump taking power in in January and then announcing in April um all these reciprocal tariffs has certainly also not positively contributed it to it of course this is a dynamically evolving uh topic and uh and uh recently you know as we all have seen there seems to have been some deal made between the US and China on this but very early to say how this will translate then into um consumption in China and reduction of uh of pressure for over capacities that have been built over the years in China and that need to be filled and those volumes be sold yeah um where these volumes will end up um and how much of these volumes will eventually continue to be ending up in India yeah so for the time being what I would say is I mean don't have a prediction for this because we really have not seen a substantial improvement a substantial um

development here over the last uh quarters and even years yeah um so it continues to be a challenging situation for the chemical industry overall

Mr. Manohar Kamath

Okay the next question is on the materials and industrial solutions segments and the question is the margins have substantially fallen from 2022 onwards where it was around 7 8 to 10% and this has come down to now almost 3% so what's really happened in these segments you want to take it for the industrial for the industrial materials and industrial solution segment

Mr. Anil Choudhary, Manufacturing Head & Whole-time Director

Yeah so may be I comment for the industrial first in the industrial the same statement and explanation given by Naren was true that the input costs were higher there was a falling kind of market in terms of prices and we could not realize kind of the price increases we should have realized especially in the industrial especially in the dispersion segment also in the industrial segment within the plastic additives business we still see sustained kind of price pressure mainly because of imports from China yeah so there's over capacity situation there and we see sustained margin pressure also in the antioxidant business in the industrial segment and then on performance materials actually has done quite well so uh both topline and uh and bottom line in absolute terms I mean uh there has been a significant increase in that uh segment yeah the performance material segment so they're actually very improved i was a little bit surprised the question only industrial we have a challenge for the margins.

Mr. Rohit Nagraj

Yeah in the other segments in Q4 2025 quarter we had almost Rs. 20 crores a bit loss what is this related to.

Mr. Narendranath J. Baliga, CFO & Whole-time Director

In the other segments is something which I already talked about where we don't allocate it to the segment so it's basically the hedging cost the CSR cost other such corporate costs which are not charged to the segments and I showed the Rs. 51 crores versus I think Rs. 49 crores per between the two years so that that is explained by these costs corporate costs which are not allocated to the which cannot be allocated to the segments

Mr. Manohar Kamath

Total sales of about 15,000 crores how much is pure traded goods and how has this changed over the last 3 years

Mr. Narendranath J. Baliga, CFO & Whole-time Director

So generally we have around 50% on own manufactured product and 50% merchandise yeah every

year kind of somewhere falls within that to be precise this year 44% was OMP and the balance 56% was uh merchandise same thing last year only 2 percentage points different 46% was OMP and 54% so generally you can say 45 : 55 is the breakup for OMP and merchandise.

Mr. Rohit Nagraj

The cash flow statement we can see that this year we have done a capex of 200 crores so is it entirely for the uh new Celesto facility or part of that is maintenance capex and part of that is growth capex

Mr. Narendranath J. Baliga, CFO & Whole-time Director

Good point so it's around Rs. 50 crores on um Celesto and the balance are maintenance capex and might be small little capex here and there some incremental capex incremental capex not like polyamide mainly maintenance we had some small project in Panoli and all that counts there

Mr. Rohit Nagraj

Sure got it, second thing again hopping on the agricultural solutions business so we have seen that last few years there have been uh you know new molecules which we have got from parent i think one more is likely to come in near future uh how is the same philosophy applicable for the other business segments are there any set of proprietary products which BASF is likely to I mean our parent is likely to give us and that could help incrementally

More importantly I mean I know that we don't want to give any forward-looking statements but in the past say 3 to 5 years has there in been any shift in terms of such products in other business segments as well similar to agriculture solutions just wanted a broader view on.

Mr. Alexander Gerding, Managing Director

Let's say new developments happening in the industry also and uh I'll give example of let's say the electric vehicle which is know coming in though the overall penetration of electric vehicle in the country has been on the slower track so fast uh both in the two wheeler and the four-wheeler segments but that is also bringing new opportunities especially in terms of polyurethanes plastics also in terms of battery materials and these are the areas where we are also trying to see that we get our innovative products and also we are trying to learn from matured markets like for example China where already PBS and these applications are well established to also learn from those markets and to see that we can penetrate and leverage upon those opportunities uh that's where our new capacity buildup like poly application lab in our Thane site is helping to also then speed up our innovation cycle and ensure that we are qualified at the applications at the customers and also gain those businesses this just example but such as such these new developments also let's say in terms of mobile phone manufacturing which is also growing uh and maybe semiconductor and all is also area where we are trying to ensure that uh we are pitching our products and gain the market share there applications.

Yep very true and I think to that point I mean we're trying to also continuously expand our research and development capabilities in the other segments yeah um uh with the polyurethane development lab that we inaugurated last year that's a good example um where we adapting our products and services to the needs of the of our Indian customers yeah be it the foot wear appliances construction automotive uh so these are good examples we're also continuously and increasingly utilizing our innovation campus yeah so we have demonstration labs uh there as well for other businesses like our care chemicals segment the pharma segment. So we are actively bringing new technologies differentiated technologies and adapting them also to the needs of our Indian customers yeah beyond agro

Mr. Alexander Gerding, Managing Director

I hope we were able to shed some light on all the questions yeah that you had thank you so much for asking the questions and um really looking forward for a strong 2025 and you can be rest assured that our team is fully focused so I also want to congratulate again the entire BASF India Limited team operations businesses service functions everybody because even in volatile and difficult times I think the team has proven once and again you know that we can have a strong performance and uh and continued performance yeah so we will continue to focus on those areas that we highlighted today and look forward to welcome you again at the next analyst conference thank you very much everybody thank you and take care and thank you very much thank you