

BASF INDIA



The Chemical Company

BASF Global, World Leaders in Chemical Manufacturing

BASF has about 87,000 employees worldwide, operates production facilities in 41 countries and maintains contact with customers in more than 170 nations. The BASF Group encompasses BASF Aktiengesellschaft with its parent plant in Ludwigshafen (Germany) as well as 141 subsidiaries and 12 joint ventures in which BASF holds a stake of at least 50 per cent. Its sales reached US\$ 46.8 billion in 2003. In the year 2000, Fortune 500 proclaimed BASF as the “most admired chemical company” in the world.

BASF India, established in 1968, has grown to employ over 1300 people. Alongwith three other Group entities in India, BASF in India has six production sites, five in the Western region and one in the Southern region of India (Mangalore). BASF India Limited operates in four business segments, which are chemicals, plastics, performance products-chemicals, and agricultural and nutrition products. BASF in India manufactures tanning agents, leather chemicals & auxiliaries, textile chemicals, dispersions and speciality chemicals, expandable polystyrene, agricultural products, automotive and industrial coatings, printing inks and polystyrene.

A leading player in the Indian chemicals market

The Economic Times survey, 2000, adjudged BASF as the most admired company in the Chemical and Fertilizer sector. Exports in 2003 were US\$ 13.5 billion compared to US\$ 12.7 billion in the previous year. The company has significant market share in several segments such as leather chemicals, paper chemicals, textile chemicals, agrochemicals and polystyrene.

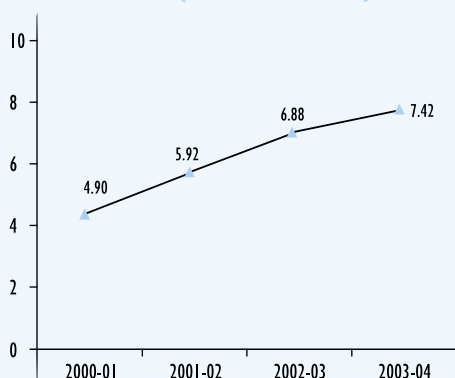
Factors for success

India's growing middle class, predominantly young demography and healthy economic growth have made it an attractive destination for BASF. The price/value sensitive nature of the Indian market has necessitated a long-term view where user charges for products with high developmental costs have had to be kept low. Additionally the group has overcome inadequate infrastructure support and the absence of a product patent regime to succeed in India. Some of the measures adopted by the group in India are:

Manufacturing in India

The group has adopted the strategy to manufacture its products in India in order to exploit the cost advantages of the country. The group aims to derive about 70 percent of its sales from local manufacturing facilities in India. The group has established an 85-hectare modern manufacturing site near Mangalore located close to a large refinery and a harbour.

Net Profit (US\$ Million)



Mergers, acquisitions and joint ventures

The company has consolidated its presence in the country by making certain strategic acquisitions

- The global acquisition of the Cyanamid crop protection businesses by the German conglomerate boosted BASF India's crop protection revenues to US\$ 54 million (BASF's holdings in India rose from just over 50 per cent to almost 52.7 per cent).
- BASF Acquired Dr Beck India's OEM division (BASF held a 51 per cent stake in Dr. Beck and Co.) making it a significant producer of OEM coatings, and industrial coatings.
- BASF acquired the polystyrene business from the Chatterjee Group in 2000.

Focusing on core strengths

BASF-India has divested its interests from a number of sectors in an attempt to focus on becoming a leading chemical manufacturer. In 2000, BASF India transferred its textiles dyes sales and marketing operations to DyStar, the decision was in line with the global arrangement of BASF AG to divest its worldwide textile dyes operations to DyStar GmbH.

Future plans

Given strong growth in key end-user industries such as automobiles, pharmaceuticals, consumer durables, textiles, construction etc in India, the company sees



tremendous growth opportunities especially in the plastics, chemicals and performance products segments. The company also expects increase in revenues from agro products and technologies. With the introduction of patent laws in the country, the company intends to introduce a number of new products across segments.

The company is currently in discussions with international offices to leverage the Indian advantage in the following areas:

- Service capabilities
- Research & Development, given the availability of technically qualified and skilled technicians and scientists
- Using India as a sourcing base for raw materials and intermediates for BASF sites around the world.

