

RECOMMENDATION SNAPSHOT					
*CMP	Initiation Price	Target	Potential Upside	Recommendation	MCap (Rsbn)
Rs3641	Rs1954	Rs4000	10%	Accumulate	157.6

\* as of 09th Aug, 2021

### About the Company:

BASF India Limited (BASF) is a subsidiary of BASF SE (73.33% of the shares held by BASF SE). It is a leading multinational company in the Indian chemical industry. The company manufactures and markets expandable polystyrene, tanning agents and auxiliaries including specialized metal complex dyes, leather dyes, textile chemicals, dispersions and specialty chemicals, acrylic polymers in primary forms and crop protection chemicals. They are also involved in the trading of chemicals including dyestuffs and related textile auxiliaries and also provides technical services to various industries. The business is organized into segments namely Chemicals, Performance Products, Functional Materials & Solutions and Agricultural Solutions while the products manufactured cater to sectors including agriculture, automotive, pharmaceuticals, construction, consumer durables, consumer care, paper and paints to mention a few.

### Results: Quick Glance

- The net revenue for the quarter grew by 68.7% to Rs30,129mn as compared to Rs17,865mn in the same quarter last year. Growth was driven by higher volumes and sales price increase across segments
- The EBITDA margin for the quarter under review stood at 9.6% as compared to 0.7% in the corresponding quarter. Expansion in margins are attributed to volumes and better realization mainly by materials and industrial solutions segment.
- The net profit for the quarter came in at Rs1973mn as against loss of Rs312mn in the comparative quarter
- The EPS after exceptional items stands at Rs45.6
- On the segmental front, growth was seen in Materials (up by 296% y-o-y), Nutrition & Care (up by 7.8% y-o-y), chemicals segment (up by 93.5% y-o-y), Agriculture solution (up by 10.8% y-o-y), Industrials Solution segment (up by 148% y-o-y) and surface technologies (up by 5.4% y-o-y).

### Financials:

Performance (Q1FY22)							
Q1FY22 Result (Rs mn)	June-21	June-20	y-o-y	Mar-21	q-o-q	FY21	FY22E
Total Revenue	30129	17865	68.7%	28056	7.4%	95583	110738
EBITDA	2899	126	-	2193	32.2%	6328	9413
Other Income	34	30	12.7%	42	(20.1%)	165	167
Interest	31	123	(74.4%)	105	(70.0%)	376	123
Depreciation	417	440	(5.2%)	424	(1.8%)	1739	1618
Exceptional Items	-	-	-	(215)	-	4021	-
Tax	512	(95)	-	933	(45.2%)	2874	2195
Net Profit	1973	(312)	-	558	-	5526	5644

### Outlook and Recommendations:

It has been a robust quarter for the company with the highest ever EBIT reported by BASF India. Across the P&L there has been a strong growth, and even if the low base of Q1FY21 is compared, excluding that too the growth has been strong. Materials and industrial solutions led the way. In FY21 the segment of industrial solutions was impacted by supply constraints while the materials was challenged due to slowdown in the Auto sector. Both of these have rebounded with strong growth in the quarter under reference. Cost efficiency measures, divestments coupled with digital initiatives, realignment of business all have benefitted in the quarter and should be triggers for future growth as well. Overall it was an overwhelming quarter for the company with strategies in place and we maintain our positive stance on the same. We maintain an Accumulate on the stock for a target of Rs4000.

#### DISCLAIMERS AND DISCLOSURES-

Progressive Share Brokers Pvt. Ltd. and its affiliates are a full-service, brokerage and financing group. Progressive Share Brokers Pvt. Ltd. (PSBPL) along with its affiliates are participants in virtually all securities trading markets in India. PSBPL started its operation on the National Stock Exchange (NSE) in 1996. PSBPL is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE) for its stock broking services and is Depository Participant with Central Depository Services Limited (CDSL) and is a member of Association of Mutual Funds of India (AMFI) for distribution of financial products. PSBPL is SEBI registered Research Analyst under SEBI (Research Analysts) Regulations, 2014 with SEBI Registration No. INH000000859. PSBPL hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in last five years. PSBPL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

PSBPL offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Other disclosures by Progressive Share Brokers Pvt. Ltd. (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company (s) covered in this report:-

- PSBPL or its associates financial interest in the subject company: NO
- Research Analyst (s) or his/her relative's financial interest in the subject company: NO
- PSBPL or its associates and Research Analyst or his/her relative's does not have any material conflict of interest in the subject company. The research Analyst or research entity (PSBPL) has not been engaged in market making activity for the subject company.
- PSBPL or its associates actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report: NO
- Research Analyst or his/her relatives have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report: NO
- PSBPL or its associates may have received any compensation including for brokerage services from the subject company in the past 12 months. PSBPL or its associates may have received compensation for products or services other than brokerage services from the subject company in the past 12 months. PSBPL or its associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report. Subject Company may have been client of PSBPL or its associates during twelve months preceding the date of distribution of the research report and PSBPL may have co-managed public offering of securities for the subject company in the past twelve months.
- The research Analyst has served as officer, director or employee of the subject company: NO

PSBPL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our sales people, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses (if any) may make investment decisions that may be inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution publication, availability or use would be contrary to law or regulation or which would subject PSBPL or its group companies to any registration or licensing requirement within such jurisdiction. If this document is sent or has reached any individual in such country, especially, USA, the same may be ignored. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of PSBPL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of PSBPL or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

#### Terms & Conditions:

This report has been prepared by PSBPL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of PSBPL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. PSBPL will not treat recipients as customers by virtue of their receiving this report.

Registered Office Address:  
Progressive Share Brokers Pvt. Ltd.,  
122-124, Laxmi Plaza, Laxmi Indl Estate,  
New Link Rd, Andheri West,  
Mumbai-400053;  
www.progressiveshares.com  
Contact No.:022-40777500.

Compliance Officer:  
Mr. Shyam Agrawal,  
Email Id: compliance@progressiveshares.com,  
Contact No.:022-40777500.