

Transcript of the Group Investor Conference Hosted by Kotak Institutional Securities
on June 28, 2021

00:10:50.310 --> 00:10:51.060

Wiebke Coutinho (Kotak): I was on mute.

102

00:20:18.690 --> 00:20:24.270

Aditya Mongia (Kotak): Thank you for being on the call so i'll be i'll be moderating the sessions for.

103

00:20:25.680 --> 00:20:29.520

Aditya Mongia (Kotak): For 443 and four investors and I just.

104

00:20:31.560 --> 00:20:34.050

Aditya Mongia (Kotak): I hope, first of all things are fine with you and your family.

105

00:20:35.580 --> 00:20:37.110

V Srinivasan: To us okay yeah.

106

00:20:37.170 --> 00:20:37.620

V Srinivasan: about you.

107

00:20:37.890 --> 00:20:52.650

Aditya Mongia (Kotak): It will be yeah absolutely fine, but, as you can see i'm not an office and actually as an working from the module right now oh so this kind of highlighting just think if any issues from a connectivity perspective.

108

00:20:54.030 --> 00:20:59.250

Aditya Mongia (Kotak): There is also on backup pools that so shouldn't be an issue Tina is also part of my Dean and she'd be then.

109

00:21:00.780 --> 00:21:01.290

Aditya Mongia (Kotak): underscore.

110

00:21:02.310 --> 00:21:08.520

Wiebke Coutinho (Kotak): Then I will also stay on the call, just in case there is a problem that i'm their.

111

00:21:09.540 --> 00:21:09.840

Wiebke Coutinho (Kotak): True.

112

00:21:11.640 --> 00:21:15.060

Aditya Mongia (Kotak): So, the key is also there you probably would have interacted with earlier.

113

00:21:15.390 --> 00:21:16.320

Aditya Mongia (Kotak): yeah she's the one.

114

00:21:16.560 --> 00:21:17.670

Aditya Mongia (Kotak): who's made all this possible.

115

00:21:18.480 --> 00:21:18.900

Aditya Mongia (Kotak): Right now.

116

00:21:21.030 --> 00:21:29.550

Aditya Mongia (Kotak): So if I was suggesting to do what he was suggesting was that probably a few opening remarks from your side.

117

00:21:31.140 --> 00:21:34.470

Aditya Mongia (Kotak): From from TMC it would be useful kickstart to make.

118

00:21:36.690 --> 00:21:39.300

V Srinivasan: The schedule will be like that you know first to introduce.

119

00:21:40.470 --> 00:21:49.980

V Srinivasan: management team affirmation via then in automation will take over and then he will do the opening remarks for about 7- 8 minutes, then no should be followed by county.

120

00:21:52.680 --> 00:21:58.320

Aditya Mongia (Kotak): Okay well i'll just be back in a minute or so i'm just getting a call and then you can forgive.

121

00:21:59.940 --> 00:22:02.130

Wiebke Coutinho (Kotak): me she's also joined in yeah oh.

122

00:22:02.370 --> 00:22:03.480

Aditya Mongia (Kotak): Great hi.

123

00:22:04.770 --> 00:22:05.700

Ramesh Ramadurai, 3M India: Good morning, everyone.

124

00:22:07.500 --> 00:22:13.620

Aditya Mongia (Kotak): Good morning, good morning trauma Satan thanks thanks for taking the time this time around, and and being that.

125

00:22:15.510 --> 00:22:25.470

Aditya Mongia (Kotak): I am aditya I represent cortex securities I lead the capital goods sector over here from a research perspective and i'll be moderating the session.

126

00:22:26.610 --> 00:22:27.780

Aditya Mongia (Kotak): For the benefit of investors.

127

00:22:28.770 --> 00:22:30.720

Ramesh Ramadurai, 3M India: Sure yeah Thank you good to be here, thank you.

128

00:22:32.220 --> 00:22:46.710

Aditya Mongia (Kotak): Thank you, so we probably start back on time at about 11 and yeah it will be, it will be it'll be a simplistic kind of a session, where, then you may want to put in some remote in response to start with, and then we have the Q amp a session to go.

129

00:22:47.460 --> 00:22:50.820

Aditya Mongia (Kotak): Sir yeah that must have been be fine thanks.

130

00:22:51.330 --> 00:22:55.590

Aditya Mongia (Kotak): Sure thanks thanks for thanks for thanks for screening i'll just be back in a minute or so.

131

00:23:10.560 --> 00:23:10.770

All.

132

00:24:06.990 --> 00:24:07.830

Wiebke Coutinho (Kotak): Oh hi Tina.

133

00:24:10.140 --> 00:24:10.500

Teena Virmani (Kotak): hi.

134

00:24:11.520 --> 00:24:24.960

Wiebke Coutinho (Kotak): Oh hi Tina aditya awesome, of course, so we have the management and you know, everybody is waiting in the meeting room so i'll give meeting them, so I don't know how long he's going to be on the call but, though.

135

00:24:25.170 --> 00:24:33.120

Teena Virmani (Kotak): So he'll be available lighting on the call but don't worry the law of the clients join and then we'll see.

136

00:24:33.840 --> 00:24:35.070

Wiebke Coutinho (Kotak): yeah aditya back.

137

00:24:36.750 --> 00:24:37.950

Aditya Mongia (Kotak): yeah yeah.

138

00:24:40.620 --> 00:24:43.350

Wiebke Coutinho (Kotak): We have a few clients so we're just taking them in okay.

139

00:24:44.100 --> 00:24:44.640

Teena Virmani (Kotak): yeah sure.

140

00:27:54.960 --> 00:27:57.270

Aditya Mongia (Kotak): So, good morning everyone to this session.

141

00:27:58.530 --> 00:28:00.900

Aditya Mongia (Kotak): Being hosted by aquatic or institutional equities.

142

00:28:02.850 --> 00:28:08.370

Aditya Mongia (Kotak): This would be a session that will focus on 3am india's business and rose rose prospect going forward.

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00:28:10.950 --> 00:28:23.370

Aditya Mongia (Kotak): I am aditya ammonia I lead the research practice over here for capital word sector and then happy to have the management from three and being there on this call.

144

00:28:26.160 --> 00:28:32.220

Aditya Mongia (Kotak): From the company, we have Mr mukesh ramada managing director and executive director.

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00:28:33.480 --> 00:28:43.920

Aditya Mongia (Kotak): And with Dr Saturday chief financial officer and Mr 3D motion when you're in determine the company Secretary and compliance officer.

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00:28:45.240 --> 00:28:53.850

Aditya Mongia (Kotak): Without further ado, I would request the management for the opening remarks and beyond that we would get into an interactive q&a session.

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00:28:54.900 --> 00:28:56.250

Aditya Mongia (Kotak): What do you mean, so thank you.

148

00:28:58.320 --> 00:29:06.900

Ramesh Ramadurai, 3M India: yeah Good morning, thank you very much at the desk this is from Asia, but Ray if you can just do a thumbs up to let me know clear inaudible yep perfect Thank you.

149

00:29:08.310 --> 00:29:19.740

Ramesh Ramadurai, 3M India: So, as you said what I will do this morning is this make a few opening comments for maybe six seven minutes or so, and then we can just open it up for an introduction and q&a.

150

00:29:20.700 --> 00:29:28.800

Ramesh Ramadurai, 3M India: So good morning everyone I hope all of you are staying safe and well and once again I thank all of you for this opportunity for his interaction with you.

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00:29:29.670 --> 00:29:39.060

Ramesh Ramadurai, 3M India: As a DPS already pointed out to him joining the call today by our new CFO miss with the authority and our company Secretary mysteries in USA we srinivasan.

152

00:29:40.170 --> 00:29:44.730

Ramesh Ramadurai, 3M India: So, before we begin, as usual, I just like to reinforce some disclaimers safe harbor.

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00:29:45.270 --> 00:29:56.760

Ramesh Ramadurai, 3M India: In today's call there may be some predictive statements that reflect our current views about 3am india's future performance, but these are subject to risks and uncertainties and as per our company's policy 3am India does not provide forward guidance.

154

00:29:57.210 --> 00:30:10.260

Ramesh Ramadurai, 3M India: And therefore I will not cover that and, as for regulations as your which i'm sure you're all very familiar with this entire interaction will be recorded and the transcript recordings will be made available in our website.

155

00:30:11.760 --> 00:30:21.630

Ramesh Ramadurai, 3M India: So what i'll do today is, in our call my opening remarks, I will share with you our 20 2021 financial results and highlight certain aspects of our results.

156

00:30:22.860 --> 00:30:29.790

Ramesh Ramadurai, 3M India: As you already know, we operate in for business segments safety and industrial transportation and electronics, healthcare and consumer.

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00:30:30.870 --> 00:30:41.100

Ramesh Ramadurai, 3M India: For the year 21 2021 safety and industrial contributed 39% of our overall revenue mix transportation and electronics 35%.

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00:30:41.730 --> 00:30:50.940

Ramesh Ramadurai, 3M India: Healthcare 14% and consumer 12% This is all on a consolidated basis they were there has not been much variation with the prior year.

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00:30:51.450 --> 00:31:02.700

Ramesh Ramadurai, 3M India: Changes in the economy segment sales makes us being at St not one percentage point or two percentage points changes so there's not been any significant change in the mix.

160

00:31:03.600 --> 00:31:20.610

Ramesh Ramadurai, 3M India: all segments delivered negative growth with health care, the most impacted at minus 25% and consumer the least impacted at minus 2% the Indian economy was softening sequentially pretty much from July 2019 with declines in automotive production.

161

00:31:21.000 --> 00:31:24.720

Ramesh Ramadurai, 3M India: Broad based declines in industrial output and a

tightening credit situation.

162

00:31:26.280 --> 00:31:33.240

Ramesh Ramadurai, 3M India: Due to the pandemic related lockdown we experienced sharp declines across all of our end user market segments, and the last financial year.

163

00:31:34.380 --> 00:31:45.120

Ramesh Ramadurai, 3M India: After the strict lockdown in April 2020 and part of may 2020 we saw a gradual reopening of the economy from June last year, our sales growth.

164

00:31:45.750 --> 00:32:04.530

Ramesh Ramadurai, 3M India: contracted sharply in fiscal q1 and short subsequent sequential improvement and a consolidated basis of fiscal q1 growth was minus 57% this improved to minus 9.6% in q2 minus point 5% in q3 and plus 22.9% in Q4.

165

00:32:06.090 --> 00:32:23.040

Ramesh Ramadurai, 3M India: So under these conditions, we delivered consolidated sales of 2605 crores in 2021 which is 12.8% lower than previous year, with an ebitda of 10.8% we also deliver pvt of to 20 crores at a point 4%.

166

00:32:24.660 --> 00:32:30.810

Ramesh Ramadurai, 3M India: The face of week external market conditions and we exercise good discipline and managing all aspects of what costs.

167

00:32:32.550 --> 00:32:38.580

Ramesh Ramadurai, 3M India: And now i'd like to cover about a few specific topics actually seven different topics, but i'll get through them quickly.

168

00:32:40.290 --> 00:32:44.760

Ramesh Ramadurai, 3M India: Number One is the amalgamation of emc private limited with 3am India limited.

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00:32:45.360 --> 00:32:52.980

Ramesh Ramadurai, 3M India: As we intimate it to the stock exchanges on 17 June 2021 we've run into some unexpected procedural issues and completing this amalgamation.

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00:32:53.430 --> 00:32:56.340

Ramesh Ramadurai, 3M India: And the application was denied by the regional director hyderabad.

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00:32:56.760 --> 00:33:11.280

Ramesh Ramadurai, 3M India: Ministry of corporate affairs, we will pursue alternate pathway or the nclb to move this forward, we do not anticipate this will have any material impact on operations of business continuity, however, we did want to flag this and we will keep Members updated as we progress.

172

00:33:13.230 --> 00:33:22.770

Ramesh Ramadurai, 3M India: The second point is consolidation of a temporary factory with ranjan gunboat and the poon area, as you may know, the temporary site is owned by three m E MC private limited.

173

00:33:23.430 --> 00:33:30.900

Ramesh Ramadurai, 3M India: We had earlier announced a plan to consolidate the smaller site into ranjan GM for operational efficiencies and better customer support.

174

00:33:31.800 --> 00:33:44.790

Ramesh Ramadurai, 3M India: The timing of this consolidation was earlier indicated is December 2021 we are proceeding with this plan, there may be some slight delays have a couple of months to do all the lockdown situations we are experiencing in the area.

175

00:33:46.620 --> 00:33:56.430

Ramesh Ramadurai, 3M India: The third comment is on portfolio management, this is an ongoing effort in our company to ensure that we prioritize our efforts to the best product and customer portfolios.

176

00:33:57.270 --> 00:34:13.740

Ramesh Ramadurai, 3M India: Last year in June 2020 we had announced our intention to exit the printed graphics also called decals the printed graphics business that we sell to the two wheel and four wheel automotive Williams, this was part of our transportation and electronics segment.

177

00:34:14.850 --> 00:34:19.920

Ramesh Ramadurai, 3M India: And this portfolio represented well below 5% of our total company's consolidated sales.

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00:34:20.490 --> 00:34:28.710

Ramesh Ramadurai, 3M India: i'd like to inform you that the business exit was completed with good transition support to our customers that we are a scheme was also successfully implemented.

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00:34:29.640 --> 00:34:38.490

Ramesh Ramadurai, 3M India: I would once again like to thank all of our employees who are part of this business for several years, for their contributions, as well as to our customers for their support during this transition.

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00:34:40.440 --> 00:34:57.180

Ramesh Ramadurai, 3M India: The fourth point i'd like to talk about is operations during covert tanks as a company we adapted very well to the covert situation with focus on employee health and safety factory operations remote working and also extending support to healthcare workers and Community support.

181

00:34:58.380 --> 00:35:09.720

Ramesh Ramadurai, 3M India: Since April 2020 we have been working mostly remotely with barely about 5% of our head office employees accessing the office based on specific business week.

182

00:35:10.860 --> 00:35:17.040

Ramesh Ramadurai, 3M India: At the same time we put in place several employee engagement and support programs in the areas of health and wellness.

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00:35:18.840 --> 00:35:27.180

Ramesh Ramadurai, 3M India: connectedness sharing employees stories and learning, we also rolled out a vaccination campaigns for employees and they're eligible dependence.

184

00:35:27.480 --> 00:35:33.240

Ramesh Ramadurai, 3M India: And we've covered close to 50% of our employees through with their first doors through the company vaccination.

185

00:35:34.020 --> 00:35:50.280

Ramesh Ramadurai, 3M India: off the balance several employees have already received the vaccination on their own from nearby hospitals or health centers we also started the second dose of vaccination for those eligible last week, last Thursday and Friday, we had the first two camps.

186

00:35:51.750 --> 00:36:07.830

Ramesh Ramadurai, 3M India: A strong demand recovery and business growth in the fourth quarter of 2021 that's the January, February, March quarter was tempered by supply chain disruptions due to pandemic winter storms etc resulting and raw material and logistics costs inflation.

187

00:36:09.480 --> 00:36:22.020

Ramesh Ramadurai, 3M India: i'll make a few comments on growth now number six the breadth of technologies, the product portfolio and our team gives us all the ingredients for resilience and we are leveraging the strengths for sustainable growth.

188

00:36:22.950 --> 00:36:35.310

Ramesh Ramadurai, 3M India: i'll just highlight a few areas, one is we double down on segments that demonstrate recovery, obviously, and this was evidenced by a strong growth of about 23% in the fiscal fourth quarter of last year.

189

00:36:37.110 --> 00:36:42.870

Ramesh Ramadurai, 3M India: During the past year, we also took several actions to improve productivity and efficiency across the enterprise.

190

00:36:43.290 --> 00:36:54.090

Ramesh Ramadurai, 3M India: For example, we focused on improving our capability in digital lead customer experience enhance digital intimacy with customers through programs, such as the healthcare Academy.

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00:36:54.570 --> 00:37:05.940

Ramesh Ramadurai, 3M India: Infection prevention protocols energy Academy in our electrical markets and several webinars and he connects we've also been overlaying our design capability to these approaches.

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00:37:07.320 --> 00:37:22.680

Ramesh Ramadurai, 3M India: We continue to closely tractor making India priorities, as well as the PR lies that have been announced, we have opportunities in practically most of these new sectors to varying levels of intensity, we see this as a medium term opportunity.

193

00:37:24.060 --> 00:37:30.390

Ramesh Ramadurai, 3M India: new applications and application replication can continue to be foundational to our growth and existing markets.

194

00:37:31.230 --> 00:37:44.610

Ramesh Ramadurai, 3M India: And several new products in the area of acoustics for automotive Williams various interior cleaning portfolio for the aftermarket road safety pro products and new multi pack SK use and consumer are some examples.

195

00:37:45.660 --> 00:37:59.100

Ramesh Ramadurai, 3M India: And the last one is on margins, you may have observed that our material costs increased by 330 basis points in financial year 2021 verses prior year after us increase, we would attribute roughly.

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00:38:00.210 --> 00:38:08.250

Ramesh Ramadurai, 3M India: Two equally almost equally to the rupee depreciation, as well as the impact of revenue mix and some of the cost information that I mentioned earlier.

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00:38:09.810 --> 00:38:18.090

Ramesh Ramadurai, 3M India: And finally I just like to provide a very brief update on our CSR programs in 2021 in addition to some of our multi year commitments.

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00:38:18.540 --> 00:38:31.860

Ramesh Ramadurai, 3M India: We supported several NGO partners in the areas of food security and also programs to build resilience, such as critical critical medical equipment for cancer foundation hospital mobile health plans and more.

199

00:38:33.570 --> 00:38:46.380

Ramesh Ramadurai, 3M India: We also leveraged grants from the parent tm foundation in the US to build capacity by providing oxygen concentrators hf mcs etc to a selected hospitals in December 2020.

200

00:38:47.730 --> 00:38:54.150

Ramesh Ramadurai, 3M India: In the last couple of months we've partnered with other companies to support the government to augment icu bed capacity as well.

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00:38:55.740 --> 00:39:11.910

Ramesh Ramadurai, 3M India: In closing, I just want to remind all of you that we will hold our agm on a virtual mode again this year on August 26 This is just fyi and, of course, we invite you to participate in that as well i'll turn it back to you at the end that we can open up the call for Q amp a thank you.

202

00:39:15.840 --> 00:39:17.580

Aditya Mongia (Kotak): Thank you so for for your he wants.

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00:39:18.180 --> 00:39:22.080

Aditya Mongia (Kotak): I think they set up the stage for a good conversation from Iran.

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00:39:23.100 --> 00:39:36.990

Aditya Mongia (Kotak): I would request all clients who are interested in asking questions either to send to me in the chat box or raise your hands, and then I can unmute you and we'll just meet for a few moments for the question you to assemble sure.

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00:40:08.250 --> 00:40:10.410

Aditya Mongia (Kotak): We just in the meantime that the question to assemble.

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00:40:12.270 --> 00:40:13.800

Aditya Mongia (Kotak): kickstarter discussion from my state.

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00:40:16.320 --> 00:40:19.590

Aditya Mongia (Kotak): So one question that I want to ask you, was that if I kind of see.

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00:40:20.490 --> 00:40:28.050

Aditya Mongia (Kotak): How 3am has been thinking at least five years back, there was a lot of optimism on the making India and this monster key initiatives of the government.

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00:40:28.650 --> 00:40:45.390

Aditya Mongia (Kotak): I wanted to get a sense from you as to how much has the GMO India benefited from these two programs over the past five years, and how do you see if you see a State search for acceleration on these two counts incrementally, for instance, thank you.

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00:40:46.560 --> 00:40:55.650

Ramesh Ramadurai, 3M India: Sure, I think both of them have been good tailwinds for our growth over the last few years, the smart city program still continues to be.

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00:40:56.190 --> 00:41:05.490

Ramesh Ramadurai, 3M India: You know, opportunities for us, yes, all of these have been somewhat impacted by the pandemic, but nonetheless our our opportunities in the smart city program continues.

212

00:41:05.820 --> 00:41:16.920

Ramesh Ramadurai, 3M India: And we've been seen success in smart cities with our with our digital signage is without you know, without safety, safety signage is and several other products as well.

213

00:41:17.700 --> 00:41:28.950

Ramesh Ramadurai, 3M India: So that's been going well and to make an India program also you know, the biggest one which was, which is the office of course has been the mobile hand and over the last year year and a half or so.

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00:41:29.700 --> 00:41:39.300

Ramesh Ramadurai, 3M India: In addition to that other opportunities in terms of you know, focus on certain export segments and engineering goods, etc, which play well into our portfolio.

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00:41:39.900 --> 00:41:57.450

Ramesh Ramadurai, 3M India: have also been opportunities for us, so we are, we remain positive about the Jamaican India opportunities, because I think the runway, for that is quite long right now, and the Smart Cities programs continues to be a benefit for the growth for the total company.

216

00:42:02.220 --> 00:42:11.430

Aditya Mongia (Kotak): God that's so related question which is, which is, which is coming in the chat box relates to the bailout scheme and you kind of mentioned that in your opening remarks Watson.

217

00:42:12.120 --> 00:42:21.990

Aditya Mongia (Kotak): And I think investors would understand that select key factors like automotive electronics, are the ones version, they would be a Kenyan putters a scene, and these are key sectors for you also.

218

00:42:23.730 --> 00:42:29.910

Aditya Mongia (Kotak): It will be useful for us to kind of appreciate some of Allah from you on the opportunity it brings up and as an one we have.

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00:42:31.440 --> 00:42:34.560

Aditya Mongia (Kotak): And this is coming from me to it one way of thinking through it is.

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00:42:36.090 --> 00:42:46.050

Aditya Mongia (Kotak): If we were to be thinking through an additional revenue number four let's hear an additional thousand rupees of additional revenues for our customers.

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00:42:46.860 --> 00:43:03.090

Aditya Mongia (Kotak): What would be that number it'll just help us better appreciate how how big all relevant or all three and country as some public sectors like four to 27 Defense start becoming a bigger part of what happens in India and

Clemente.

222

00:43:04.980 --> 00:43:20.160

Ramesh Ramadurai, 3M India: So i'll make some comments on this so out of the I think what was a 13 sectors or so that were identified for making India for the production linkedin incentive schemes, I think, almost 10 or 11 sectors have the details already.

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00:43:20.250 --> 00:43:21.090

Ramesh Ramadurai, 3M India: announced and.

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00:43:22.440 --> 00:43:30.060

Ramesh Ramadurai, 3M India: announced to more broadly in terms of what is the nature of the incentive, what is the quantum of the incentive and or what time period.

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00:43:30.990 --> 00:43:41.490

Ramesh Ramadurai, 3M India: So, so at this stage, if you look at the some of these whether it's mobile manufacturing or even manufacturing of medical devices or electronic products or you know.

226

00:43:42.300 --> 00:43:55.950

Ramesh Ramadurai, 3M India: High efficiency solar PV modules white goods advanced cell chemistry battery all of these, we find that we have portfolios going into all of these sectors okay.

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00:43:56.490 --> 00:44:12.480

Ramesh Ramadurai, 3M India: And the intensity would be different, I mean some sectors would be much stronger obviously automotive electronics, etc, we have a much stronger play relative to some of the other sectors, but nonetheless all of the all of these sectors provide opportunities for growth for for our company.

228

00:44:13.830 --> 00:44:20.400

Ramesh Ramadurai, 3M India: Nothing is so we've we've also been working to quantify some of these opportunities.

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00:44:21.330 --> 00:44:27.300

Ramesh Ramadurai, 3M India: I think it's right now it's a little early to be able to give you any sort of a number in terms of what does opportunity would be.

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00:44:27.720 --> 00:44:36.720

Ramesh Ramadurai, 3M India: Because we are still and relatively early stages of

execution of many of these programs, I think the clarity will emerge as we go forward.

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00:44:37.440 --> 00:44:45.750

Ramesh Ramadurai, 3M India: You know it's hard for me to predict whether it would be in the next six to 12 months or even a little longer than that, but we continue to stay very close to.

232

00:44:46.410 --> 00:44:55.650

Ramesh Ramadurai, 3M India: One day government departments to understand, to understand the the different players who are wincing interest in these be allies.

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00:44:56.040 --> 00:45:07.920

Ramesh Ramadurai, 3M India: And also, thereby also staying close to these manufacturers and audience, who are evidencing strong interest in each of these areas, so I think it's still a look a bit of an early days for us to be able to give you.

234

00:45:09.330 --> 00:45:20.310

Ramesh Ramadurai, 3M India: An estimate, but just based on the share quantum of the outlays that we're seeing whether it's you know whether it's 40,000 crores in the mobile handheld or whether it's.

235

00:45:21.000 --> 00:45:29.580

Ramesh Ramadurai, 3M India: You know let's say advanced cell chemistry was 18,000 crores of incentives and so on, so, if you look at that obviously and and they typically.

236

00:45:30.150 --> 00:45:36.930

Ramesh Ramadurai, 3M India: You know range in somewhere between four to five 6% of the incremental sales, you know that's kind of been the range.

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00:45:37.590 --> 00:45:51.390

Ramesh Ramadurai, 3M India: So, which means the output is going to be pretty substantial and therefore I think we do see our opportunities will also be attractive, but beyond the qualitative assessment at this stage, and unfortunately i'm not able to provide you a more.

238

00:45:52.470 --> 00:45:55.290

Ramesh Ramadurai, 3M India: Quantitative fix on the estimate, but.

239

00:45:56.430 --> 00:46:02.850

Ramesh Ramadurai, 3M India: We will certainly you know provide as much information that that's possible as we move forward, perhaps into the next 12 months.

240

00:46:05.520 --> 00:46:11.790

Aditya Mongia (Kotak): Great holly's krishnan as an expression I be sure to read the question.

241

00:46:13.980 --> 00:46:14.190

Harish Krishnan: Thanks.

242

00:46:15.990 --> 00:46:28.140

Harish Krishnan: JEREMY show for the opening remarks, I have two sets of questions first is up look at three m's journey over the last decade, you know, in the first five years.

243

00:46:28.140 --> 00:46:29.670

Harish Krishnan: Starting from about 1000.

244

00:46:29.670 --> 00:46:37.770

Harish Krishnan: crores of revenues we we spent close to about 404 50 crores in the first five years of the last decade.

245

00:46:38.520 --> 00:46:45.630

Harish Krishnan: And that helped improve localization that helped improve margins from a trading to a more value at it as kind of.

246

00:46:46.410 --> 00:46:56.250

Harish Krishnan: operation that we have entry and now I understand that the last two years, you know that have been various one or six cetera so i'm not really looking at it from.

247

00:46:56.940 --> 00:47:08.820

Harish Krishnan: You know, near term or a quarter specific country, but over the course of the last five years, you know, obviously, our localization as being in that 50 to 60%, which means that you know.

248

00:47:09.480 --> 00:47:19.020

Harish Krishnan: Close to about 1500 200 crores of revenues is coming through in the form of trading obviously there is a margin capture that we are doing.

249

00:47:19.770 --> 00:47:29.520

Harish Krishnan: We are setting on thousand euros, plus of cash so, given the unit broader investment climate improving lot of factors that we spoke about.

250

00:47:30.150 --> 00:47:40.380

Harish Krishnan: For our end customers, how are we looking at our own business, a opportunity to create a localized be we have all the resources that we can.

251

00:47:41.100 --> 00:47:50.550

Harish Krishnan: and see you know therefore improve our margins for more value editor than from a training perspective, so, if you look at say the next five years.

252

00:47:50.850 --> 00:48:00.630

Harish Krishnan: Do you reckon that you know we go back to the first half of the last decade, or it will be more in the form of the last, but the latter half a decade, thank you.

253

00:48:04.590 --> 00:48:16.110

Ramesh Ramadurai, 3M India: It, thank you for the question you're right, if you look at our topics trend going back to 2009 10 till till last year you're right, I mean the first four or five years of that.

254

00:48:16.800 --> 00:48:27.030

Ramesh Ramadurai, 3M India: period we had on the average about 100 crores or so per year, you know, cumulatively about 400 to 450 crores, as you pointed out in the four to five year period.

255

00:48:27.720 --> 00:48:35.340

Ramesh Ramadurai, 3M India: and the subsequent period has been more in the range of if you look at the last four years or so it's probably been in the range of about 100 crores or hundred and.

256

00:48:35.370 --> 00:48:36.480

Ramesh Ramadurai, 3M India: 20 crores okay.

257

00:48:37.740 --> 00:48:41.970

Ramesh Ramadurai, 3M India: So, so there are two things one is, of course, the one is of course the.

258

00:48:43.230 --> 00:48:51.270

Ramesh Ramadurai, 3M India: You utilize their driving the utilization and your full utilization of all the investments made and leveraging those investments that's number one.

259

00:48:51.990 --> 00:49:03.360

Ramesh Ramadurai, 3M India: And number two is be continuously look to identify opportunities with scale where we can make these investments and to capture value, as well as to drive our.

260

00:49:03.990 --> 00:49:06.690

Ramesh Ramadurai, 3M India: margin improvement as well as improved localization.

261

00:49:07.440 --> 00:49:17.040

Ramesh Ramadurai, 3M India: localization clearly is the strategy for you know for two things one is, of course, to improve margins and to do is to reduce some volatility that may be associated with those margins, year on year.

262

00:49:17.940 --> 00:49:36.150

Ramesh Ramadurai, 3M India: Again, as you rightly pointed out, our if you look at our history over the last five years or so we've been increasing our share of local manufacturing roughly by about 550 basis points over the last 45 years 550 maybe even 600 basis points, if you include 2021.

263

00:49:37.200 --> 00:49:47.220

Ramesh Ramadurai, 3M India: And so that roughly translates to about 120 hundred and 30 basis points, a year some years may have been a little more than that, but when you paint of points to a trend over the last.

264

00:49:47.670 --> 00:49:56.430

Ramesh Ramadurai, 3M India: four to five years and that's very much part of our approach is to continuously derive this improvement of local local mix so that.

265

00:49:57.000 --> 00:50:06.750

Ramesh Ramadurai, 3M India: For for for the two reasons I already mentioned, which is one margin improvement and two is you know manage margin volatility as to as best as possible.

266

00:50:07.440 --> 00:50:15.600

Ramesh Ramadurai, 3M India: Now, as you know that we announced last year that we are, we are progressing with certain no capital expenditures in our engine GM factory for.

267

00:50:16.050 --> 00:50:28.500

Ramesh Ramadurai, 3M India: Our emissions business, this is for the automotive commercial vehicle segment that's progressing well, perhaps again like I mentioned that likely delay of one quarter, but not substantial.

268

00:50:29.310 --> 00:50:37.980

Ramesh Ramadurai, 3M India: We expect it to be operational barring know of you know unforeseen circumstances, between now and end of the year, probably by do the production.

269

00:50:38.700 --> 00:50:48.600

Ramesh Ramadurai, 3M India: The trial runs by the first quarter of calendar year next year and go into production by April 2022 which was just a may perhaps one quarter.

270

00:50:49.140 --> 00:51:00.810

Ramesh Ramadurai, 3M India: delayed compared to what we were anticipating but, however, keep in mind any sales opportunities that are there during this period is still being met by imports of these products from other sources of supply, but the.

271

00:51:01.890 --> 00:51:11.730

Ramesh Ramadurai, 3M India: But the local manufacturing obviously gives us strong benefits and costs as well as better ability to better respond and so customers requirements.

272

00:51:12.630 --> 00:51:21.240

Ramesh Ramadurai, 3M India: So that is broadly our plan right now is continue to so the other important pertinent question that you may have in your mind is, as we look at additional expansion.

273

00:51:22.080 --> 00:51:29.910

Ramesh Ramadurai, 3M India: You know, in terms of physical space, yes, physical spaces available in our original factory to have easily an additional.

274

00:51:30.570 --> 00:51:42.060

Ramesh Ramadurai, 3M India: You know fairly large stage equivalent size Bay which can you know put in which can absorb a fair amount of manufacturing so physically, we are not constrained by physical space for the next you know.

275

00:51:42.780 --> 00:51:50.220

Ramesh Ramadurai, 3M India: Perhaps three four years, so I think we're beyond that

we may have we'll see how the outlook is and what actions, we have to take.

276

00:51:52.020 --> 00:51:52.410

Ramesh Ramadurai, 3M India: Thank you.

277

00:51:52.530 --> 00:52:03.000

Harish Krishnan: shut up anytime instrumentation not on the capital allocation at all in terms of the fact that we are almost at 1100 calls of cash on the balance sheet.

278

00:52:04.290 --> 00:52:10.770

Harish Krishnan: How should we look at capital allocation over the course of the next four five years and, secondly, you know.

279

00:52:12.600 --> 00:52:26.790

Harish Krishnan: Your predecessor, I think, is part of the global management council or the Executive Board globally and therefore it's heartening to see that you know 3am India, he has a one page point of from a from a global perspective so.

280

00:52:27.870 --> 00:52:33.030

Harish Krishnan: When we look at exports of course it's not something that that kind of reflects.

281

00:52:33.660 --> 00:52:45.150

Harish Krishnan: We understand that three and you know plays more local to local you've got operations across the world, but is there some something where we can look at maybe for a few select products, India, being the hub.

282

00:52:45.660 --> 00:52:53.220

Harish Krishnan: Is that a thought at all that you know, we should we should look at all the course of the next the next three four years, thank you.

283

00:52:55.080 --> 00:52:55.410

Ramesh Ramadurai, 3M India: sure.

284

00:52:56.490 --> 00:53:03.300

Ramesh Ramadurai, 3M India: Let me take the capital allocation first and then i'll talk about exports from the capital allocation standpoint, yes, we review this.

285

00:53:04.470 --> 00:53:19.740

Ramesh Ramadurai, 3M India: With a board as well, and our view at this view at this time is to retain earnings for reinvestment of the business and like i've said in the past as well are Catholics are tends to be a little tends to be a little lumpy.

286

00:53:20.010 --> 00:53:22.860

Ramesh Ramadurai, 3M India: I think we've seen that, over the course of the last 10 years.

287

00:53:23.100 --> 00:53:33.480

Ramesh Ramadurai, 3M India: And it's been relatively modest, I mean it's been a kind of a Lino phase, the last two or three years, so I think coming out of this, we should look to accelerate some of our capital.

288

00:53:33.960 --> 00:53:44.100

Ramesh Ramadurai, 3M India: So that has been pretty much our intent at this point in time Okay, in terms of exports you're right our exports today from India is it's it's quite.

289

00:53:44.910 --> 00:53:53.460

Ramesh Ramadurai, 3M India: it's extremely low, I think there are just a couple of product categories that we do export out of here, this is something that we review as part of the.

290

00:53:54.030 --> 00:54:05.850

Ramesh Ramadurai, 3M India: With the global team as part of more like an emerging markets strategy as to how some of our manufacturing facilities that we have in India could be leveraged for an emerging markets portfolio as well.

291

00:54:06.480 --> 00:54:17.190

Ramesh Ramadurai, 3M India: keep in mind, we also have about close to 100 what 9200 R amp D engineers in our in our operations here in India.

292

00:54:17.940 --> 00:54:26.460

Ramesh Ramadurai, 3M India: Or, which we have a mix between product developers, as well as application engineers who work very closely with customers for product and application development.

293

00:54:27.000 --> 00:54:38.010

Ramesh Ramadurai, 3M India: So leveraging the entire the strength of this ecosystem in India, there is there is discussions and dialogue, to see if there are opportunities to leverage some of these for.

294

00:54:40.920 --> 00:54:48.180

Ramesh Ramadurai, 3M India: quite possibly an emerging markets portfolio, but at this stage, we do not have specific plans that we can share at this time.

295

00:54:50.970 --> 00:54:51.330

Thank you.

296

00:54:52.710 --> 00:54:53.190

Harish Krishnan: Thank you.

297

00:54:54.690 --> 00:54:55.050

Aditya Mongia (Kotak): Thanks so.

298

00:54:56.490 --> 00:55:01.320

Aditya Mongia (Kotak): We want the next question coming in from and enjoy the question essentially focuses on.

299

00:55:02.850 --> 00:55:18.720

Aditya Mongia (Kotak): New areas on your market strategy, and we want to get it inside, so the question focuses on dusty and tier three and move it to production solutions for developing world Sorry, I think this question in some ways, has been taken so I take the next question of control the engine.

300

00:55:20.010 --> 00:55:28.800

Aditya Mongia (Kotak): I their product specifically related to green hydrogen renewables sal manufacturing cetera that three and probably invest sin and coming to India.

301

00:55:31.440 --> 00:55:48.840

Ramesh Ramadurai, 3M India: Yes, that are that are some product portfolios that we we make, for we make for the hydrogen let, let me just say more broadly the hydrogen based ecosystem and technologies, whether it's for vehicles, etc.

302

00:55:49.890 --> 00:55:58.110

Ramesh Ramadurai, 3M India: These boys to specialized applications like coatings that go into reducing Walt Walt thicknesses which allow the.

303

00:55:58.980 --> 00:56:00.870

Ramesh Ramadurai, 3M India: tank capacity to be increased.

304

00:56:01.170 --> 00:56:11.820

Ramesh Ramadurai, 3M India: Even ever so slightly gives an advantage, so there are very specific technologies, you know I think I will have to draw upon additional expertise from our.

305

00:56:12.930 --> 00:56:17.250

Ramesh Ramadurai, 3M India: Scientists to be able to more meaningfully answer that question, but the answer is yes.

306

00:56:18.960 --> 00:56:19.350

Aditya Mongia (Kotak): Go to the.

307

00:56:20.640 --> 00:56:25.020

Aditya Mongia (Kotak): next question Robin would request you to unmute and ask your question.

308

00:56:26.310 --> 00:56:27.450

Bhavin Vithlani - SBI MF: Thank you for the opportunity.

309

00:56:28.560 --> 00:56:50.610

Bhavin Vithlani - SBI MF: question is on the phrases as a segment and what we see globally and has market leadership in, especially on the super abrasive side, so your thoughts on your reserves in competitive positioning for vm in India and and especially the way forward for super addresses which.

310

00:56:51.840 --> 00:57:00.840

Bhavin Vithlani - SBI MF: What we understand has a strong linkages to growth to be mobile, electronics manufacturing and aerospace manufacturing.

311

00:57:02.520 --> 00:57:05.940

Ramesh Ramadurai, 3M India: cool I think it's a very it's a very you know.

312

00:57:07.170 --> 00:57:08.340

Ramesh Ramadurai, 3M India: incisive question.

313

00:57:09.390 --> 00:57:20.220

Ramesh Ramadurai, 3M India: And I, and I agree with your comments, I think the 3am does have a very strong position globally in the abrasive space, I think we invented the category many, many, many.

314

00:57:20.640 --> 00:57:27.210

Ramesh Ramadurai, 3M India: Decades ago and we've also been reinventing the category as recently as over the last five to seven years.

315

00:57:27.900 --> 00:57:40.650

Ramesh Ramadurai, 3M India: With our with the with with newer abrasive technologies with what we call a precision green technologies and in India as well, we have you know these products have a lot of opportunities.

316

00:57:41.400 --> 00:57:54.240

Ramesh Ramadurai, 3M India: In for customers in India and we've also looked at options to like I talked about an emerging markets portfolio, we also, we are also looking at opportunities to see how best we can.

317

00:57:55.440 --> 00:58:06.870

Ramesh Ramadurai, 3M India: You know customize some of these are not just customized but calibrate these products so which will have a superior value proposition for emerging economies and.

318

00:58:07.350 --> 00:58:15.630

Ramesh Ramadurai, 3M India: such as India, so I think that's going on, so I think we're very, very excited about that whether it's in the existing automotive segments, or whether it's in the.

319

00:58:16.290 --> 00:58:27.810

Ramesh Ramadurai, 3M India: Emerging segments, such as aerospace etc, as well as electronics I think they're all of those offer great opportunities for these products, not only for our precision grain.

320

00:58:28.530 --> 00:58:47.370

Ramesh Ramadurai, 3M India: appraisers but also for like super abrasive so as you refer to them that's number one, and you know I think I think more broadly, I think the question is the point i'd like to also make this a lot of the portfolio that we are focused on in those types of categories.

321

00:58:48.660 --> 00:58:56.550

Ramesh Ramadurai, 3M India: goes to a higher value added, how we can solve specific problems for customers by there, including improving their.

322

00:58:57.150 --> 00:59:03.930

Ramesh Ramadurai, 3M India: Product Quality improving consistency of their processes

in their processes and also improving productivity.

323

00:59:04.290 --> 00:59:14.490

Ramesh Ramadurai, 3M India: So I think we were very focused on some of these value attributes, as we work with customers to develop these markets, and so we remain very sanguine about these portfolios, thank you.

324

00:59:16.860 --> 00:59:17.520

Bhavin Vithlani - SBI MF: Thank you so much.

325

00:59:30.600 --> 00:59:31.320

V Srinivasan: you're on mute.

326

00:59:33.870 --> 00:59:37.080

Aditya Mongia (Kotak): Here apologies for that we need to do you want to go into the question.

327

00:59:37.770 --> 00:59:38.400

Vineet Maloo: yeah sure thanks.

328

00:59:41.010 --> 00:59:51.330

Vineet Maloo: So you know my question is just a follow up from what her issue was asking on capital allocation, if you could just you know, help us with your current capex plans that you have.

329

00:59:51.450 --> 01:00:10.260

Vineet Maloo: And, and you know which segments where you see a possibility for that capex and also slightly medium term view on you know which areas you see utilizations you know being at levels where you see more capex will come in so she could just elaborate on that second I can ask one more follow.

330

01:00:11.760 --> 01:00:23.700

Ramesh Ramadurai, 3M India: up after effects that we are in the process of executing this focus on pretty much three areas, one is one is of course in automotive, we talked about that, which is in the.

331

01:00:24.150 --> 01:00:28.140

Ramesh Ramadurai, 3M India: admissions control space for the automotive area.

332

01:00:29.010 --> 01:00:48.210

Ramesh Ramadurai, 3M India: The second one that we are continuing to we've invested and continue to review investments is in the area of the old portal safety and hygiene portfolio, more broadly, which could mean what you know not just respirators but also other safety equipment for for factory workers.

333

01:00:49.740 --> 01:00:53.160

Ramesh Ramadurai, 3M India: So that's the other portfolio that we are looking at and.

334

01:00:53.850 --> 01:01:02.250

Ramesh Ramadurai, 3M India: And the third one is also specifically in certain consumer categories such as you know you have we have the entire range of Scotch bread cleaning pro portfolio.

335

01:01:02.700 --> 01:01:13.980

Ramesh Ramadurai, 3M India: we're looking at some additions and I would say they are not large ones, but nonetheless they are important, you know they provide a good leverage in terms of.

336

01:01:14.910 --> 01:01:25.320

Ramesh Ramadurai, 3M India: value and output, so I think we are looking at certain gap fills and incremental investments to provide additional capacity in our consumer area.

337

01:01:25.830 --> 01:01:41.430

Ramesh Ramadurai, 3M India: So these are three areas we're looking at right now now in terms of you also asked a question about what do we see going forward I do see some of the investments going forward to be aligned with over before I go there, the other one that we are talking about is.

338

01:01:42.540 --> 01:01:50.220

Ramesh Ramadurai, 3M India: we're also You know, as I mentioned earlier, integrating our Temporary factory with where we make electrical products into our engine going facility.

339

01:01:50.700 --> 01:01:56.130

Ramesh Ramadurai, 3M India: While that is purely a shift from factory to factory be that has been pre to run general.

340

01:01:56.670 --> 01:02:04.650

Ramesh Ramadurai, 3M India: Nonetheless, there is some improvements and additions that go in, at the same time it's just not like the like it, there will be some

enhancements made.

341

01:02:05.370 --> 01:02:12.630

Ramesh Ramadurai, 3M India: To improve efficiencies and capacities of what electrical line as well, so that's that's what we're working on right now, and if I.

342

01:02:13.290 --> 01:02:29.700

Ramesh Ramadurai, 3M India: If I look forward i'll go back to the comments I made around some of our pls scheme, so I think we see some of the we expect some of the opposite investment opportunities to come up in the aligned to some of those pls certainly the mobile handheld is furthest along.

343

01:02:31.440 --> 01:02:35.730

Ramesh Ramadurai, 3M India: And I think, unfortunately, due to the fact that there's been some you know, I think.

344

01:02:36.240 --> 01:02:46.200

Ramesh Ramadurai, 3M India: The value chain getting localized I think there's probably been some different from a timing standpoint, so we continue to track that closely and we see some of those investments might be aligned to.

345

01:02:46.890 --> 01:02:56.040

Ramesh Ramadurai, 3M India: These new segments Ada with the pls or will increase the manufacturing in the Defense sector, so those are some areas we are anticipating.

346

01:02:57.480 --> 01:03:04.710

Vineet Maloo: Okay, would you be able to quantify the Cape is currently ongoing in these three areas that you may read it first the factory shifting.

347

01:03:05.610 --> 01:03:07.560

Ramesh Ramadurai, 3M India: Yes, I think we've already.

348

01:03:08.880 --> 01:03:17.490

Ramesh Ramadurai, 3M India: reported last year we working close to about 100 crores of investment, right now, out of which 65 or thereabouts is just the.

349

01:03:18.570 --> 01:03:25.080

Ramesh Ramadurai, 3M India: automotive one, and then the others, and then there are several others making up the balance and then for the shifting I think.

350

01:03:26.490 --> 01:03:39.300

Ramesh Ramadurai, 3M India: That is, we have not quite publicly announced it, so we will just hold and make look at it separately but it's not a it's it's moving it's really building some infrastructure and ranjan down to accommodate all the.

351

01:03:39.720 --> 01:03:48.360

Ramesh Ramadurai, 3M India: blanton missionary to come in from to come in from pimply it's a shift and therefore there's some infrastructure spend that's going on.

352

01:03:49.380 --> 01:03:52.230

Ramesh Ramadurai, 3M India: And with some enhancements as they said yeah.

353

01:03:55.020 --> 01:04:12.000

Vineet Maloo: Okay, understood on your you know specificity to heather about the lead schemes as well, where you could seize opportunities and i'm presuming the search to service those customers who are actually setting up facilities under those things right and and what kind of.

354

01:04:13.590 --> 01:04:13.920

site.

355

01:04:16.290 --> 01:04:16.860

Ramesh Ramadurai, 3M India: Please go ahead.

356

01:04:19.170 --> 01:04:25.890

Vineet Maloo: yeah so I just want to know what kind of you know arrangement, or you know let's say contracting do you foresee with this.

357

01:04:25.920 --> 01:04:36.030

Vineet Maloo: Is it like you know capacity tailored to specific customers and, accordingly, you have specific contracts for certain kind of off tickets extra.

358

01:04:36.570 --> 01:04:45.900

Vineet Maloo: Or is it more like you know slightly more generic product, where you find multiple customers, etc, and you take the risk for the market, how is it like you to work.

359

01:04:46.830 --> 01:04:56.880

Ramesh Ramadurai, 3M India: It would be the latter, it will not we don't expect it will be based on very specific contracts, but, but the but the capability that will go in will be.

360

01:04:57.360 --> 01:05:12.660

Ramesh Ramadurai, 3M India: wildly what we would call the anchor customers would be in some of these sectors that they would be really the anchor customers for the investments, you know, in some cases there could be a possibility of a contract, but I do not want to you know.

361

01:05:13.890 --> 01:05:16.080

Ramesh Ramadurai, 3M India: Save that with certainty so there could be.

362

01:05:17.250 --> 01:05:32.430

Ramesh Ramadurai, 3M India: There could be a possibility of a contractual arrangement with an anchor customer but, but you know we, we have to take that assuming that it will be the capability that we believe will be able to serve multiple customers so that's how we would approach it.

363

01:05:34.890 --> 01:05:37.140

Vineet Maloo: Okay, so market risk remains with us.

364

01:05:38.340 --> 01:05:38.970

Ramesh Ramadurai, 3M India: That is correct.

365

01:05:39.030 --> 01:05:44.580

Vineet Maloo: That is correct yeah and and when you said you know that investments they could be lump in nature.

366

01:05:45.510 --> 01:05:57.960

Vineet Maloo: And and could could that mean you know let's say you do something like 200 300 cross kind of investment in May, all about or that's not the size and scale of investment that you were you were referring to.

367

01:05:59.160 --> 01:06:04.890

Ramesh Ramadurai, 3M India: yeah that would be about the size, because, even if we look at our history over the past several years, I think.

368

01:06:05.550 --> 01:06:19.920

Ramesh Ramadurai, 3M India: You know, from a capitalization standpoint in a given year I think we've we've hit about 161 65 I think going back a few years so yeah we could look at that or look at you know some something in excess of that you.

369

01:06:21.810 --> 01:06:23.130
Vineet Maloo: understood it Thank you so much.

370
01:06:26.580 --> 01:06:27.150
Aditya Mongia (Kotak): Nathan.

371
01:06:27.420 --> 01:06:28.230
Aditya Mongia (Kotak): We want to go next.

372
01:06:28.560 --> 01:06:37.950
Nitin Jain: yeah we are thanks thanks formation so i'm just taking off from the need left and he was there on the on the size of capex.

373
01:06:39.600 --> 01:06:50.130
Nitin Jain: There are times when you can make a leap frog and I know from our perspective, it seems that's a time for 3am right now and we have a balance sheet strength we have reasonable cash flows that you can visualize.

374
01:06:50.520 --> 01:07:09.150
Nitin Jain: For the forthcoming you know few years, so why are we still talking in the range of you know 10 \$20 million of annual capex for a company which is global sized around leader in in many technologies is India, not the right market from a from a capex perspective.

375
01:07:10.410 --> 01:07:24.330
Nitin Jain: or other factors which we should look out for when it when it becomes ripe for a large scale capex number from the other angle, that is, there is, you know you had a very high acceptance.

376
01:07:25.500 --> 01:07:43.260
Nitin Jain: For from existing businesses should we look at your capex being in the asset, on being You know, as I started when I say turns going forward to, so we had two questions first and then, I have one wanted to follow up in specific areas sure.

377
01:07:43.800 --> 01:07:50.190
Ramesh Ramadurai, 3M India: So if you're looking at portfolio, a lot of what we what we sell a large part of what we sell in the country.

378
01:07:51.120 --> 01:07:56.760
Ramesh Ramadurai, 3M India: is driven by you know, value added portfolio like I talked about a little earlier.

379

01:07:57.390 --> 01:08:05.220

Ramesh Ramadurai, 3M India: There is a high degree of specifications that go into it so technology specifications and then there is some amount of.

380

01:08:05.760 --> 01:08:13.020

Ramesh Ramadurai, 3M India: You know, in certain portfolios it's combined with regulatory aspects as well, whether it's education, whether it's standards.

381

01:08:13.770 --> 01:08:20.580

Ramesh Ramadurai, 3M India: You know, establishing standards to to move the market up to up the so called value chain okay.

382

01:08:21.090 --> 01:08:28.440

Ramesh Ramadurai, 3M India: So I think a lot of these happens and some of these aspects also plays, on the face of adoption of some of the products.

383

01:08:28.830 --> 01:08:36.420

Ramesh Ramadurai, 3M India: And that is what I mean by saying that sometimes these product portfolios, the investments get a little lumpy from a timing standpoint.

384

01:08:36.960 --> 01:08:45.510

Ramesh Ramadurai, 3M India: i'm good example in terms of how regulation and how standards, although we may not have influenced it in this particular example.

385

01:08:45.930 --> 01:08:52.140

Ramesh Ramadurai, 3M India: How That was the catalyst for a new investment in automotive emissions is very clear, be a six came in and then we have the.

386

01:08:52.920 --> 01:09:04.860

Ramesh Ramadurai, 3M India: We have certain technologies which are critical for you know the managing the emissions in commercial vehicles, and so, therefore, we went in with the investment which is.

387

01:09:05.340 --> 01:09:18.840

Ramesh Ramadurai, 3M India: which we already talked about so that is a clear example of how an event, such as standards etc came in and that became the trigger point for an investment because, clearly, the body.

388

01:09:19.980 --> 01:09:28.530

Ramesh Ramadurai, 3M India: Sustainability profitability and you no longer term ability to win in this business was clearly based on local manufacturing.

389

01:09:29.070 --> 01:09:34.620

Ramesh Ramadurai, 3M India: So that's very clear, so, in the meantime, what we would do is well in some cases, so, even in the case of.

390

01:09:35.340 --> 01:09:46.770

Ramesh Ramadurai, 3M India: The emissions product portfolio, we are able to import some of those products right no it's not that we are not serving the market because we've already transitioned to be a six, so we are serving the market through important products.

391

01:09:47.370 --> 01:09:52.980

Ramesh Ramadurai, 3M India: i'll be at a higher cost because of the nature of the product, the transportation costs, etc, etc.

392

01:09:53.940 --> 01:10:00.780

Ramesh Ramadurai, 3M India: In some of the other products where we take a similar approach we bring in save the market with important products, we may put in capex.

393

01:10:01.200 --> 01:10:08.040

Ramesh Ramadurai, 3M India: Early on, to do the finishing or the converting in India, which means I bring in let's say let's assume it's a.

394

01:10:08.520 --> 01:10:16.620

Ramesh Ramadurai, 3M India: Paid product it's an adhesive tape so we bring in the tape tape in a jumbo format, the very specific product required for that segment.

395

01:10:17.130 --> 01:10:24.630

Ramesh Ramadurai, 3M India: And then put in investments required to do the final converting to the shapes sizes and forms from factors that the customer requires it, and.

396

01:10:25.320 --> 01:10:33.690

Ramesh Ramadurai, 3M India: thereby it a one it helps improve our service capability and to is there is some cost position also that's.

397

01:10:34.380 --> 01:10:44.580

Ramesh Ramadurai, 3M India: Improved so that's how we approach it so in terms of you know, the art question about what triggers should we should be looking for I think

some of these other key ones that play into it.

398

01:10:46.530 --> 01:10:47.430

Ramesh Ramadurai, 3M India: You had a follow up.

399

01:10:47.760 --> 01:10:53.670

Nitin Jain: yeah i'm just trying to take off from where you sit on emissions that there was a term punishing to be a six.

400

01:10:53.670 --> 01:10:58.920

Nitin Jain: So in our mind that the pls came in, and this is possibly a gap that we may have.

401

01:10:58.980 --> 01:11:02.100

Nitin Jain: In our understanding versus what the company has in his mind.

402

01:11:03.270 --> 01:11:10.290

Nitin Jain: In our understanding me pls scheme and mobile would have led to a significant amount of an opportunity for three years.

403

01:11:10.890 --> 01:11:14.430

Nitin Jain: And there could have been a larger scale commitment.

404

01:11:14.730 --> 01:11:15.540

Aditya Mongia (Kotak): To capex.

405

01:11:16.410 --> 01:11:23.640

Nitin Jain: But it seems that it is going to be a little longer time, maybe it is going to be still a lot of important.

406

01:11:24.090 --> 01:11:36.780

Nitin Jain: component which will play or we are missing institution similarly on hydrogen chain and what we understand for many players at this point of time announcements of mega scale of opportunity.

407

01:11:37.890 --> 01:11:41.850

Nitin Jain: And it may happen, two years later, but are we getting a foot that.

408

01:11:41.940 --> 01:11:44.130

Nitin Jain: As we speak, pray or it is going to be.

409

01:11:44.880 --> 01:11:49.950

Nitin Jain: When when we really see some of those opportunities coming up, we will put some nice capacity.

410

01:11:51.210 --> 01:11:55.110

Ramesh Ramadurai, 3M India: Sure, in the case of the mobile android which is your first part of the question.

411

01:11:56.130 --> 01:12:12.570

Ramesh Ramadurai, 3M India: Yes, I think there has been some you know because of the pandemic there's been some delay in the supply chain getting localized so from being a 90% plus assembly of the hundred and 50 odd million smartphones so our mobile phones sold here.

412

01:12:13.770 --> 01:12:19.980

Ramesh Ramadurai, 3M India: couple of years back, I think, from 90% plus assembly, the intent was obviously to increase local content.

413

01:12:20.400 --> 01:12:30.060

Ramesh Ramadurai, 3M India: And there's been some some delays, because of the pandemic, because to for all the tier suppliers, also to establish all of their local manufacturing.

414

01:12:30.600 --> 01:12:41.640

Ramesh Ramadurai, 3M India: Because keep in mind that we come in as a material supplier, we are not a tier one, we are in many cases at tier two or tier three so we come so some of our customers so just.

415

01:12:43.050 --> 01:12:51.270

Ramesh Ramadurai, 3M India: You know our customers need to localize enough of their operations and not rely on imports, so that's that's where we are right now.

416

01:12:51.630 --> 01:13:02.640

Ramesh Ramadurai, 3M India: And we do anticipate that will be an opportunity for us to increase some local content here in India and and even in the case of the hydrogen ecosystem that you referred to.

417

01:13:03.360 --> 01:13:12.390

Ramesh Ramadurai, 3M India: We are again supplier of very specialized materials into

certain applications in the whole value chain, so we are not the.

418

01:13:12.900 --> 01:13:19.950

Ramesh Ramadurai, 3M India: large scale manufacturer or producer there, but we are the material supplier, which goes into very specific applications.

419

01:13:20.460 --> 01:13:31.890

Ramesh Ramadurai, 3M India: We have the ability to like saic the market with imports, because some of those applications are happening as we speak in several countries, whether it's Korea whether it's in the in Europe, etc.

420

01:13:33.060 --> 01:13:43.890

Ramesh Ramadurai, 3M India: So we have the ability to look at some of those applications and again it depends on what the customers will be doing here versus what customers are doing in other parts of the world.

421

01:13:44.460 --> 01:14:00.840

Ramesh Ramadurai, 3M India: So I think so, yes, we don't our our investments will probably lag what some of the key players in the industry would be doing the key or we would be doing in the industry ours would probably like so you're you're right in treating it that way.

422

01:14:01.980 --> 01:14:11.490

Nitin Jain: This one last very general question is it isn't a top down thought within three me that you know from 1% of global business that we would be.

423

01:14:12.330 --> 01:14:21.300

Nitin Jain: 3% or 5% of global business in the next 10 years in India or there is no outline number from my end the operation i'm just looking for reading in perspective of.

424

01:14:21.690 --> 01:14:30.720

Nitin Jain: China plus one, I know, and some of the costs leavers that in There may still have image favor versus China so i'm just looking at the broader process.

425

01:14:32.550 --> 01:14:33.000

Ramesh Ramadurai, 3M India: The growth.

426

01:14:33.030 --> 01:14:43.890

Ramesh Ramadurai, 3M India: The growth expectation from india's obviously at a premium to what we three mcs from a cow when you look at it from a top management

i'm saying, I mean the US headquarters.

427

01:14:44.670 --> 01:14:56.850

Ramesh Ramadurai, 3M India: Growth expectations out of India would be at a premium to what we are seeing in the general, not just at the global average but certainly even amongst the emerging markets peers within three, and that is.

428

01:14:57.180 --> 01:15:05.220

Ramesh Ramadurai, 3M India: So I think that certainly there is an expectation that our growth would dry would be at a premium to what we are seeing elsewhere.

429

01:15:06.480 --> 01:15:12.000

Ramesh Ramadurai, 3M India: And in terms of in terms of how that comes about, I mean it would come about with the.

430

01:15:12.960 --> 01:15:22.200

Ramesh Ramadurai, 3M India: With continuous development of the domestic market, we talked a lot about manufacturing and so on, but even you know in areas like healthcare and the consumer business that a.

431

01:15:22.650 --> 01:15:37.350

Ramesh Ramadurai, 3M India: lot of opportunities going forward, where we are, you know, we have the ability to drive our growth through a combination of many of the same factors key success factors that I talked about So yes, that expectation is very much there yeah.

432

01:15:39.030 --> 01:15:48.990

Ramesh Ramadurai, 3M India: Of course yeah and, of course, keep in mind that our global CFO now is, if you know if you noted that is also a person of Indian origin has a good understanding of markets here.

433

01:15:50.280 --> 01:15:53.220

Nitin Jain: Okay okay thanks, thank you very much, I like it thanks.

434

01:15:53.370 --> 01:15:53.730

Ramesh Ramadurai, 3M India: Thank you.

435

01:15:57.060 --> 01:15:58.320

Aditya Mongia (Kotak): You thanks thanks that.

436

01:15:59.520 --> 01:16:01.560

Aditya Mongia (Kotak): You can do your hand, thank you.

437

01:16:02.970 --> 01:16:09.450

Aditya Mongia (Kotak): I think i'm, the key to kind of squeeze in a question of my own, so I do that in the time in the time that other questions come.

438

01:16:10.230 --> 01:16:21.690

Aditya Mongia (Kotak): up my question was more to get a sense of the extent of penetration that 3am has in the market started operates Okay, and how that may have changed for your key markets for the last eight years.

439

01:16:22.290 --> 01:16:31.950

Aditya Mongia (Kotak): And sometimes you can kind of focus on how big a support E commerce has been as a new platform a few kind of getting more insight etc cities and how much more can happen.

440

01:16:36.120 --> 01:16:43.230

Ramesh Ramadurai, 3M India: So I think I mean we operate in very, very broad segments, you know, as you know that if you look at our key segments.

441

01:16:44.130 --> 01:16:50.310

Ramesh Ramadurai, 3M India: At a minimum we can look at it, as seven segments, but then they also go below that we know we have the infrastructure we have.

442

01:16:50.670 --> 01:16:54.420

Ramesh Ramadurai, 3M India: automotive, we have the automotive aftermarket we have health care.

443

01:16:54.840 --> 01:17:07.980

Ramesh Ramadurai, 3M India: We have the retails and then the utilities and then manufacturing so manufacturing is kind of a catch all which covers so many different segments sub segments per se, so you know you can drill down further into manufacturing and.

444

01:17:09.090 --> 01:17:22.200

Ramesh Ramadurai, 3M India: look at it, I think what I would say broadly is, we still have tremendous opportunities to grow in all of these segments, we have continuously improved opposition in each of these segments over the last kind of.

445

01:17:23.640 --> 01:17:34.920

Ramesh Ramadurai, 3M India: If you kind of go back a few years and then start to look at how our margin for our penetration positions have changed over the years we've been making good progress in each of these.

446

01:17:37.380 --> 01:17:52.380

Ramesh Ramadurai, 3M India: The opportunities to continue to grow in all of the segments are very robust and very strong, so we look at it, as the seven plus manufacturing again, you would probably look at you know, two or three or four key some segments, and then try to.

447

01:17:53.220 --> 01:17:56.190

Ramesh Ramadurai, 3M India: chart how we are doing with respect to the external.

448

01:17:57.390 --> 01:18:03.420

Ramesh Ramadurai, 3M India: Now the other part of the question was about channels and now reaching a tier two tier three markets.

449

01:18:04.440 --> 01:18:12.030

Ramesh Ramadurai, 3M India: You know the for businesses, we are organized into fall bell business verticals and a lot of these business verticals per se, the underlying theme is also.

450

01:18:12.600 --> 01:18:28.860

Ramesh Ramadurai, 3M India: inherent, and this is the go to market model, a lot of our safety and industrial business has a kind of an industrial channel driven approach to go to market our transportation, the electronics businesses by and large specification driven we any type of business.

451

01:18:30.120 --> 01:18:33.630

Ramesh Ramadurai, 3M India: And now, of course, we have our healthcare business can go to market model and consumer.

452

01:18:35.550 --> 01:18:43.230

Ramesh Ramadurai, 3M India: we've seen a significant increase in our overall E commerce channels, especially in the last year and a half or so.

453

01:18:44.730 --> 01:18:51.720

Ramesh Ramadurai, 3M India: But again, keep in mind that our overall consumer business is about 12% of our mix and E commerce is again a portion of that.

454

01:18:52.080 --> 01:18:57.150

Ramesh Ramadurai, 3M India: Yes, we have some other parts of our business in some of our industrial business also goes through.

455

01:18:57.990 --> 01:19:01.350

Ramesh Ramadurai, 3M India: And some of our health care products go through E commerce but.

456

01:19:01.800 --> 01:19:13.680

Ramesh Ramadurai, 3M India: I would say our e commerce contribution of E commerce to the total company makeup is you know, in the single digits probably the lower end of the single digits and that's a tremendous opportunity for growth for us.

457

01:19:14.460 --> 01:19:18.120

Ramesh Ramadurai, 3M India: Not only for not only for the existing portfolios and consumer.

458

01:19:19.020 --> 01:19:32.700

Ramesh Ramadurai, 3M India: And also, but also to reach reach of you know, care to markets, as well as you know, take on a broader portfolio from some of our other businesses where it's appropriate So yes, that is a significant opportunity for growth for us.

459

01:19:34.830 --> 01:19:38.100

Aditya Mongia (Kotak): Thanks to delete please go to the question.

460

01:19:39.420 --> 01:19:39.840

Vineet Maloo: yeah thanks.

461

01:19:41.190 --> 01:19:47.610

Vineet Maloo: So when again follow up on campus and Saul to belabor this point you're just wanting to understand how likely is that.

462

01:19:48.630 --> 01:19:56.790

Vineet Maloo: That we will use the bulk of the cash on the balance sheet or next three or four years in the capex and what kind of quality we put on that.

463

01:19:59.400 --> 01:20:13.260

Ramesh Ramadurai, 3M India: We continue to look at utilizing our cash for investments and the business and like I said before, we have many opportunities that we are looking at for capital capital expenditures in the coming few years.

464

01:20:14.280 --> 01:20:21.180

Ramesh Ramadurai, 3M India: So I would leave it there, rather, we would not be able to specify a timing and quantum at this time.

465

01:20:22.260 --> 01:20:34.080

Vineet Maloo: But is it fair to assume right now we don't have specific visibility, exactly, but it will materialize anytime within is it is it, how we should understand it, we.

466

01:20:34.170 --> 01:20:41.100

Ramesh Ramadurai, 3M India: We have we are working on several plans, right now, but it's not been it's, we are not at a stage where able to communicate it.

467

01:20:42.990 --> 01:20:57.750

Vineet Maloo: Okay Oh, and the last point on this pillai related opportunity Oh, what is the timeframe that we're looking at that they should modernize our next three years, or it could take longer or you know how should we think about this.

468

01:20:58.800 --> 01:21:08.970

Ramesh Ramadurai, 3M India: yeah you know that's a that's a good question and i'll be very honest, they say, you know just with the experience in the mobile handle it's been kind of a little bit of a shift in the timing.

469

01:21:10.110 --> 01:21:20.460

Ramesh Ramadurai, 3M India: So we broadly say medium term, it could be three to four three to four years, is what we are thinking right now whether it shifts by another couple of years.

470

01:21:21.060 --> 01:21:31.890

Ramesh Ramadurai, 3M India: We can't be we can't you know there's always a possibility that may happen in some of those I mean we got 10 1110 to 13 different sectors, so you know there's bound to be.

471

01:21:32.700 --> 01:21:42.510

Ramesh Ramadurai, 3M India: Some fair amount of variability in the pace at which these get executed, so I think you know we are internally we are thinking of it as three to four right now.

472

01:21:43.110 --> 01:21:55.530

Ramesh Ramadurai, 3M India: But it could go up a couple of years, but if it shortens, of course, we are always prepared to take advantage of that it's not that

we cannot take advantage of something happens faster we are well prepared to take advantage.

473

01:21:57.810 --> 01:21:58.680

Vineet Maloo: Thank you very much.

474

01:22:03.330 --> 01:22:05.340

Aditya Mongia (Kotak): We need a few questions from my side.

475

01:22:07.500 --> 01:22:11.670

Aditya Mongia (Kotak): The first question that I had was the some several of your peers.

476

01:22:13.740 --> 01:22:29.400

Aditya Mongia (Kotak): have this the product vitality index or the sense that they give on the proportion of revenues coming in from new products launched last three years or five years, what would that number be for you, and if it has changed over the past two three years would be would be good to know that.

477

01:22:30.330 --> 01:22:36.210

Ramesh Ramadurai, 3M India: sure we typically are you know we we you know, over the years we've always talked about.

478

01:22:36.660 --> 01:22:47.640

Ramesh Ramadurai, 3M India: Product new product vitality index or npv is we refer to it internally to be somewhere in the 30% range, you know it may, it may go up and down, you know band of about.

479

01:22:48.450 --> 01:22:59.250

Ramesh Ramadurai, 3M India: Two 3% plus or minus based on product mix based on market conditions, etc, and and typically that's the range, in which we operate today that's number one.

480

01:23:00.060 --> 01:23:18.000

Ramesh Ramadurai, 3M India: number two is you know, keep in mind that the new product vitality index also includes products, which you know there's cannibalization of the existing portfolio as well, it may not be necessarily 100% man, it will not be incremental to the.

481

01:23:19.770 --> 01:23:24.690

Ramesh Ramadurai, 3M India: Overall revenues, because there is some amount of

cannibalization that goes on, which is.

482

01:23:25.680 --> 01:23:39.960

Ramesh Ramadurai, 3M India: Because of you know just refreshing the portfolio responding to competitive situations, improving value position, etc, etc, so we do all of that so that's where we are and that that's been going fairly well over the last several years for us.

483

01:23:42.150 --> 01:23:46.080

Aditya Mongia (Kotak): But the last question from my side relates to margins.

484

01:23:47.280 --> 01:23:52.620

Aditya Mongia (Kotak): And and i'm focusing on a specific line item which is the corporate management fee.

485

01:23:53.940 --> 01:24:04.530

Aditya Mongia (Kotak): If I if I refer to a new report the future estimates shared of this number going up from the it's a one particular number four to 31.

486

01:24:05.790 --> 01:24:15.660

Aditya Mongia (Kotak): or 2019 2023 I want to get a sense from you as to if you can share related business benefits that can actually come inside remember this in this timeframe.

487

01:24:16.440 --> 01:24:31.710

Ramesh Ramadurai, 3M India: yeah I want to make one just want to clarify one thing on the corporate management fee so when we took the RPT approvals last year in the agm I think all of those were finalized before really the pandemic hit okay so some of those numbers, you see, maybe.

488

01:24:32.490 --> 01:24:46.560

Ramesh Ramadurai, 3M India: quantum I mean not because of what happened last year, it may appear to be a kind of a steep change, so I just want you to be aware that some of those numbers for our PT approvals were actually finalized before we really understood and felt the impact of the.

489

01:24:46.560 --> 01:24:58.860

Ramesh Ramadurai, 3M India: pandemic so that's Point number one Point number two is specifically to see a corporate management fee, if you look at the last several years we've been running somewhere in the four four and a half percent range to sales okay.

490

01:25:00.060 --> 01:25:09.360

Ramesh Ramadurai, 3M India: Although, although you know that's not the right way to look at it, because typically, these are not necessarily always linked to sales, but we recognize that you know.

491

01:25:10.260 --> 01:25:22.770

Ramesh Ramadurai, 3M India: investors and analysts do look at it somewhat as there's a trend has a percent to sales and we've been somewhere in that range for four and a half, I mean, sometimes we may be at the higher end sometimes last year, I think we were at 4%.

492

01:25:23.280 --> 01:25:34.800

Ramesh Ramadurai, 3M India: So I think we expect to be somewhere in the four to 5% range I don't think exactly what where it would fall you're on your you know effects impacts and several other impacts will be there.

493

01:25:36.120 --> 01:25:56.340

Ramesh Ramadurai, 3M India: And, and the benefits are, I think, numerous for us, I mean, starting with manufacturing technology, I mean you're all the all the technologies investments that go into putting in new investments people supporting startup of those people, a lot of the lab lab related technology related the.

494

01:25:57.420 --> 01:25:57.840

Ramesh Ramadurai, 3M India: You know.

495

01:26:01.470 --> 01:26:06.090

Ramesh Ramadurai, 3M India: Access that we have to a lot of the 51 technology platforms that operates in.

496

01:26:07.410 --> 01:26:19.530

Ramesh Ramadurai, 3M India: The whole IT infrastructure, the whole era P infrastructure, so I think you know the whole digital infrastructure as well we're looking at digital in four different ways, so, if you look at take that and we kind of.

497

01:26:20.010 --> 01:26:28.050

Ramesh Ramadurai, 3M India: Take some a lot of those capabilities from the parent company or the affiliates, so I think there are several.

498

01:26:29.130 --> 01:26:38.880

Ramesh Ramadurai, 3M India: You know advantages and capacity and capability building

that we have access to without having to invest completely here and try to replicate everything here in the country.

499

01:26:43.080 --> 01:26:43.890

Aditya Mongia (Kotak): got that donation.

500

01:26:45.420 --> 01:26:57.420

Aditya Mongia (Kotak): ramesh we must win this session to a close, thank you to you and your team for being there and being a part of this very interesting and interactive seminar it's been very informative for both of us.

501

01:26:59.100 --> 01:27:11.550

Aditya Mongia (Kotak): And thank you all investors for being there, just in case there were any questions which couldn't be taken site, please do share them and we will see and get answers tools, thank you, Sir Thank you everyone.

502

01:27:12.150 --> 01:27:20.340

Ramesh Ramadurai, 3M India: yeah Thank you so just we have one we have 3am and you know i'd like to extend my thanks as well it's always it's always very.

503

01:27:21.300 --> 01:27:30.450

Ramesh Ramadurai, 3M India: refreshing and it's also enlightening to have these kinds of interactions with all of you, because you know we talked about market insights right in the.

504

01:27:31.050 --> 01:27:37.380

Ramesh Ramadurai, 3M India: In the in the when we talk about marketing and business development, we talked about market insights and outside in.

505

01:27:37.740 --> 01:27:49.320

Ramesh Ramadurai, 3M India: I think insights from an investor's perspective is absolutely critical it's a great outside in perspective that we get and it informs us and also allows us to go back and deliberate a lot more.

506

01:27:49.470 --> 01:27:53.670

Ramesh Ramadurai, 3M India: So, thank you very much, thank you for all of your questions and the good, thank you for hosting this.

507

01:27:56.880 --> 01:27:57.300

Aditya Mongia (Kotak): Thank you.

508

01:27:57.570 --> 01:27:57.960

Okay.

509

01:27:59.010 --> 01:27:59.280

Thank you.

510

01:28:00.810 --> 01:28:01.200

VIDYA: Thank you.

511

01:28:02.400 --> 01:28:02.640

VIDYA: bye.