

Transcript of the Conference call with Stewart Investors held thru Teams Meeting on Monday, February 7, 2022, between 4.00 p.m. to 5.00 pm (IST)

Participants from 3M India Limited:

Ramesh Ramadurai, Managing Director
Vidya Sarathy, CFO
Srinivasan. V, Company Secretary

Participants from Stewart Investors:

Laura Fyfe
Matthew Gill
Tyler Thomas

00:00:00.000 --> 00:00:01.440

Ramesh Ramadurai
Hi Laura, is that you on the line?

00:00:04.890 --> 00:00:06.020

Ramesh Ramadurai
OK, we'll just go ahead.

00:00:06.450 --> 00:00:06.850

Venkataraman Srinivasan
Yep.

00:00:07.610 --> 00:00:10.470

Venkataraman Srinivasan
So there Ramesh just hello.

00:00:07.960 --> 00:00:09.570

+14*****10

Hello hi there.

00:00:12.490 --> 00:00:18.340

+14*****10

Hi, sorry about that. I'm having some issues M with my computer, but hopefully you're able to hear me now.

00:00:12.810 --> 00:00:13.430

Ramesh Ramadurai
Yeah hi.

00:00:19.090 --> 00:00:24.150

Ramesh Ramadurai
Yes, we can do and this is Ramesh speaking Srini did you want to say anything before I proceed?

00:00:23.170 --> 00:00:35.990

Venkataraman Srinivasan

Yeah, ah yeah just wanted to tell Matthew Taylor and Laura that in as a part of the compliance is we will be recording this conversation and we will be putting it up in our website.

00:00:38.120 --> 00:00:38.500

Matthew Gill

Sure.

00:00:39.310 --> 00:00:46.250

Ramesh Ramadurai

OK so I you know I as you know from my personal history, I've been with the company for over 30 years.

00:00:47.480 --> 00:00:59.960

Ramesh Ramadurai

So, and that's not my first employment, I will. I did about four years and prior prior assignments before I came to 3M and I look at it. And you know, a couple of different ways. One is, I spent out of my.

00:01:01.390 --> 00:01:29.280

Ramesh Ramadurai

30 plus years with the company, about 15 of them were outside of India. Has spent about a little over five years in the US, five years in China, and about three years in Manila. So so 3 three different geographies. Completely different markets, so that's being done by exposure and then between those have been in India handling different businesses. When since I started and then I came back from China in 2019 as the Managing Director for our India operations.

00:01:30.520 --> 00:01:38.610

Ramesh Ramadurai

So that's so. That's very briefly my. I mean, we can get into specifics if you have more interest in that, but I think the biggest.

00:01:39.790 --> 00:02:06.370

Ramesh Ramadurai

Uh, you know the bread. I've most of my career have been in what we would call our today what we call our safety and industrial business as one of our four segments globally. I mean it's gone through a few changes over the years, so but it would be fair to say a predominantly spent my career in the in industrial types of businesses in three M. Of course, when I was the Managing Director in the Philippines, I had the total portfolio just as I do in India right now.

00:02:07.080 --> 00:02:07.420

Matthew Gill

Yeah.

00:02:07.570 --> 00:02:21.510

Ramesh Ramadurai

During my time in China it my role was focused on industrial business but across Asia Pacific. So it included China, Japan, Korea plus the other Southeast Asia countries and India. So that was a more broad based type of an assignment.

00:02:22.620 --> 00:02:23.070

Matthew Gill

OK.

00:02:22.630 --> 00:02:23.030

Ramesh Ramadurai

Uh.

00:02:23.650 --> 00:02:39.400

Ramesh Ramadurai

So there is a lot of similarity about what you see in 3M across the different markets. I mean, we're very consistent in the way we go to market. There is a lot of consistency in the values and culture of the company which is foundational for everything that we do across the globe.

00:02:39.990 --> 00:02:54.970

Ramesh Ramadurai

Uh, you know growth in specific markets of course are dependent on the opportunities in those markets and you know the stage of development of those different markets. So I think it's fair to say that, but broad, broadly speaking, yes, I think it is.

00:02:55.030 --> 00:02:57.090

Ramesh Ramadurai

As you see, a lot of.

00:02:57.930 --> 00:03:00.690

Ramesh Ramadurai

I wouldn't say similarities, but you definitely see.

00:03:01.390 --> 00:03:05.000

Ramesh Ramadurai

You know you're in a 3M facility, irrespective of which part of the world you are in.

00:03:05.810 --> 00:03:36.920

Ramesh Ramadurai

Of course, it's kind of a little hard to imagine that now it's so much of work from home, so I guess that's a little different, so let me before you pivot to the next one. Let me just give you a very few are OK with that. Just a very brief background about 3M India. There's four or five bullets we were established in 1987, started operations in 1988 in India. It was initially set up as a joint venture would be shocked. Bitler group and subsequently with over multiple phases.

00:03:06.040 --> 00:03:06.440

Matthew Gill

K.

00:03:13.270 --> 00:03:13.700

Matthew Gill

OK.

00:03:23.460 --> 00:03:23.750

Matthew Gill

Yeah.

00:03:37.280 --> 00:03:41.330

Ramesh Ramadurai

3M Now owns 75% of the entity and 25% we had listed on the.

00:03:42.140 --> 00:03:43.380

Ramesh Ramadurai

Publicly listed.

00:03:44.880 --> 00:03:49.560

Ramesh Ramadurai

Oh, so over 30 years of operations in India we went public in 1991.

00:03:50.270 --> 00:03:50.620

Matthew Gill

Yeah.

00:03:50.450 --> 00:04:05.460

Ramesh Ramadurai

Between the two and fully owned subsidiary, 3M Electro and communications between that and 3M India we have four manufacturing sites in India. We have an R&D center and customer technical centers in two different cities. When Delhi and Mumbai.

00:04:06.610 --> 00:04:09.430

Ramesh Ramadurai

Uh, headcount right now is running a little over 1200.

00:04:06.960 --> 00:04:07.270

Matthew Gill

Yeah.

00:04:09.790 --> 00:04:17.110

Ramesh Ramadurai

Uh, of reach, about 300 or in the factory ballpark in about 100. R&D engineers, application engineers and so on.

00:04:17.800 --> 00:04:18.120

Matthew Gill

Yeah.

00:04:18.250 --> 00:04:38.120

Ramesh Ramadurai

Uh, we had organized the same way as the rest of 3M into four business groups. So for segments save safety and industrial for us between safety and industrial and transportation and electronics, it makes up of almost 70% of our mix, 70 to 74% depending on the year or quarter that you look at.

00:04:38.740 --> 00:04:57.860

Ramesh Ramadurai

So right now we are running at about 36% for safety and industrial. About 35% transportation and electronics Healthcare is running at 17 and consumer at 12 ballpark. I think the only change compared to last year as I think safety and industrial went down three points, 3 percentage points and healthcare picked up 3.

00:04:46.650 --> 00:04:46.950

Matthew Gill

Yeah.

00:04:50.180 --> 00:04:50.400

Matthew Gill

Yeah.

00:04:58.500 --> 00:04:58.890

Matthew Gill

OK.

00:04:58.810 --> 00:04:59.260

Ramesh Ramadurai

Uh.

00:05:00.580 --> 00:05:13.290

Ramesh Ramadurai

In terms of, you know the last few quarters have been pretty volatile. I think you hear that everywhere, so I won't dwell on that, and the reasons for that. But if you really go back 15 quarters or so, if you look at it since.

00:05:09.980 --> 00:05:10.250

Matthew Gill

Yeah.

00:05:14.150 --> 00:05:36.890

Ramesh Ramadurai

Fiscal 2018 nineteen. I think the the just concluded quarter that is October, November, December of last year, as well as the one prior to that. I think 3 out of our four business groups, we are probably seeing we are almost at the best numbers in absolute numbers. Forget the quarter on quarter percentage changes because the base effect many times SKUs that.

00:05:37.540 --> 00:05:58.410

Ramesh Ramadurai

But if we just look at in terms of run rate, absolute rupee value of revenues, I think we're running. It will be probably the almost the best we've been in the last 15 quarters. That's true in healthcare. That's true in consumer, almost ruined transportation and electronics because I think we had a slightly better quarter 3/4 back.

00:05:49.060 --> 00:05:49.400

Matthew Gill

Yeah.

00:05:59.410 --> 00:06:19.270

Ramesh Ramadurai

And safety and industrial has a little more volatility because of the portfolio. During the pandemic of our respirators portfolio around the automotive aftermarket, where you know with the on and off lockdowns and so on. There is always a lot of variability in what we see in our Body Shop or the car repair business. Yeah?

00:06:19.630 --> 00:06:21.530

Matthew Gill

Yeah OK, OK.

00:06:21.230 --> 00:06:25.230

Ramesh Ramadurai

So I think that's, uh, I'll leave it there and then I'll turn it back to you to for questions here.

00:06:25.800 --> 00:06:38.360

Matthew Gill

Sure, so when you when you took over, when you when you were given the UM, the Managing Director role in 2019, what was what was your mandate? And I suppose what were the things that you personally most wanted to change up on upon taking over.

00:06:39.210 --> 00:06:45.530

Ramesh Ramadurai

Yeah, we look at the stage of growth of our company. I think the a lot of the.

00:06:46.990 --> 00:07:11.270

Ramesh Ramadurai

Priorities are mine are around growth. I mean for the stage of the stage we are in as a in the company as well as in the country. I think the growth opportunity is just continue to emerge and evolve across the segments so it's not limited to any one particular segment and so I think the the main focus of course has been to try and drive our growth. Try and drive.

00:07:00.540 --> 00:07:00.880

Matthew Gill

Yeah.

00:07:05.220 --> 00:07:05.450

Matthew Gill

Yeah.

00:07:11.900 --> 00:07:23.160

Ramesh Ramadurai

Yeah, but we may have to pivot based on the year or so based on how some industries perform weather versus others, but certain certain foundational aspects of how we grow.

00:07:18.770 --> 00:07:19.160

Matthew Gill

Yeah.

00:07:24.120 --> 00:07:31.300

Ramesh Ramadurai

Had to be had to continuously be strengthened, so let me let me explain a little bit about what I mean by the how we grow.

00:07:32.130 --> 00:07:32.470

Matthew Gill

Yeah.

00:07:32.140 --> 00:07:37.150

Ramesh Ramadurai

A lot of our growth, even in India is based on technology based on specifications.

00:07:37.620 --> 00:07:52.410

Ramesh Ramadurai

Uh, you know, driving technical specifications with customers driving regulatory excellence. Working with regulators, you know whether it's in safety, whether it's in health care, whether it's when I say safety, I mean, personal safety, Rd safety. All of the above.

00:07:53.180 --> 00:08:07.450

Ramesh Ramadurai

So, so regulatory excellence also means that there is a constant focus and emphasis on education of customers and stakeholders. You know, working collaboratively to establish standards.

00:08:07.940 --> 00:08:29.530

Ramesh Ramadurai

Uh, and of course, the tricky part is, you know, trying to drive compliance to those standards. Again, working collaboratively with different stakeholders. So I think a lot of these activities you know to just pick on what you said earlier. It doesn't happen necessarily in one of a few quarters, it is. It's a long term play, so we do that. You know, we've been.

00:08:30.210 --> 00:08:39.710

Ramesh Ramadurai

To give you an example, the Indian Rd Congress that we work with we've been associated with them for more than 20 years now, working on their different committees and standard setting councils and so on.

00:08:41.100 --> 00:08:52.820

Ramesh Ramadurai

Just before COVID hit us, so we've been working closely with the factory labor inspectorate. It's called DG Fastly DGFASLI to establish.

00:08:41.310 --> 00:08:41.760

Matthew Gill

K.

00:08:53.350 --> 00:09:24.400

Ramesh Ramadurai

Of personal protective equipment standards for factory workers in the small and medium enterprises and the large enterprises. So I I guess I guess the one way to look at it is the pandemic is made, the PPE and the respirators a little more of a household name. Probably saved us some work there, but nonetheless you know following that and compliance is something we work with very closely, so going back to your question about what was it that you wanted? Or you know what we were trying to do is.

00:09:01.390 --> 00:09:01.710

Matthew Gill

Yeah.

00:09:11.380 --> 00:09:11.710

Matthew Gill

Yeah.

00:09:11.980 --> 00:09:12.250

Matthew Gill

Yeah.

00:09:24.790 --> 00:09:25.560

Ramesh Ramadurai

Trying to

00:09:26.240 --> 00:09:51.380

Ramesh Ramadurai

while it's OK to say at the headline level, we want to focus on growth. I mean there are some elements that ultimately deliver the growth, which is what I spoke about and we need to. We need it to constantly ensure that we are working on those aspects and strengthen strengthening the organization in those areas. And before I leave this topic, just one last comment on automotive because the passenger vehicle production, which is what we are highly correlated to.

00:09:43.700 --> 00:09:44.060

Matthew Gill

Yeah.

00:09:51.990 --> 00:10:20.620

Ramesh Ramadurai

Uh, kind of as being, you know, if you go back four years history of production output and India, we are still. I think over a half a million units behind. You know if you go back four or five years, yes quarter on quarter during the pandemic is you see some great growth percentages 1/4 etc. But if you look at it from 4,000,000 units that was produced about four years back this year we are estimated to to finish at about 3.43 point 5,000,000 passenger vehicles only.

00:10:21.380 --> 00:10:24.600

Ramesh Ramadurai

But even in this environment, I think our success.

00:10:25.280 --> 00:10:36.120

Ramesh Ramadurai

Really depends on how do we drive new specifications for the new models which may be getting launched two years from the day or so from the time you actually.

00:10:31.180 --> 00:10:31.520

Matthew Gill

Yeah.

00:10:36.880 --> 00:10:45.060

Ramesh Ramadurai

Windows specification from the customer, so a tremendous amount of work and effort goes into ensuring that you drive this.

00:10:39.940 --> 00:10:40.300

Matthew Gill

K.

00:10:46.030 --> 00:11:17.130

Ramesh Ramadurai

Look the specifications with customers well in advance of model launch timelines and then of course based on your success. Then of course then your output is your sales output is really purely a function of what the builds are. I mean you then you just write the build rate. I mean, there's very little you can do at that last. Once the specs are all frozen, so I think so. I think that goes to a lot of the foundational capabilities that we it's very important for us to continuously drive those capabilities.

00:10:51.400 --> 00:10:51.740

Matthew Gill

Yeah.

00:11:03.030 --> 00:11:03.410

Matthew Gill

Yeah.

00:11:07.880 --> 00:11:08.200

Matthew Gill

Yeah.

00:11:19.490 --> 00:11:24.120

Matthew Gill

And when you mentioned UM working with the regulators, I suppose, how does that?

00:11:25.650 --> 00:11:32.810

Matthew Gill

How does that process go in terms of trying to push them to to set more ambitious targets in terms of standards?

00:11:33.440 --> 00:11:44.890

Ramesh Ramadurai

Yeah, I think it varies a little bit. By market I mean we do that in practically a number of our markets so you know healthcare. Of course we do that in personal safety. We do that in Rd safety.

00:11:43.770 --> 00:11:44.000

Matthew Gill

In

00:11:46.080 --> 00:12:15.150

Ramesh Ramadurai

And so on. So how they so some markets go a lot by key opinion leaders. I mean you bring in key opinion leaders. In the case of health care and then work with the work with the regulators. So exposure to global standards you know based on evidence evidence. So I think it's it's a long process so you bring global standards. You show the benefits of those global standards and what are the outcomes? So we leverage not only our own.

00:12:06.830 --> 00:12:07.460

+15*****96

Cool.

00:12:15.200 --> 00:12:44.330

Ramesh Ramadurai

Resources, but that's where the global resources of 3M comes into play. So we we we don't have to reinvent everything ourselves here, so there is a readily available library of you know, successful regulations. Paul, you know that have specifications that have been implemented globally and whether it's European or US or Japanese in some cases. So I think these are available to us, and that's where how the leveraging the.

00:12:45.110 --> 00:12:48.900

Ramesh Ramadurai

Broader strength of 3M helps, and then you bring in.

00:12:48.950 --> 00:13:13.160

Ramesh Ramadurai

In 83 M representatives to come in, and you know, either speak with our regulators here or you bring experts from the area from those countries. So so there is a long process of education. So I think so. I talked about three things, you know education, then establishing standards. And of course the last thing is compliance to those standards. But the education process sometimes can be a fairly long process.

00:13:14.480 --> 00:13:28.190

Matthew Gill

OK and do you work at all with the soda testing, inspection and certification companies? And I think when we spoken to her in the past, they just they've said that they find India as a market quite difficult. Do you? Do you interact with them?

00:13:28.810 --> 00:13:29.730

Matthew Gill

Significantly.

00:13:30.250 --> 00:13:32.950

Ramesh Ramadurai

Yes, we do. Many of our products here.

00:13:33.980 --> 00:14:06.350

Ramesh Ramadurai

Have to go through what we call the BIS certification. That's the Bureau of Indian standards. So whether it's respirators, whether it's some of our medical products, of course they have their own FDA approval process, so I think we have to go through those. And we do go through those we work closely with the Bureau of Indian Standards and it's not, and that's part of the standard setting process. Because, you know, sometimes the standards are established by bias. In the case of.

00:13:40.370 --> 00:13:40.750

Matthew Gill

Yeah.

00:13:48.260 --> 00:13:48.620

Matthew Gill

Yeah.

00:14:06.890 --> 00:14:19.720

Ramesh Ramadurai

Uh, you know, I talked about the road safety early on. I talked about the Indian Rd Congress so they they are involved in setting standards for a lot of the highway safety and so on. So I think there are multiple agencies and.

00:14:21.060 --> 00:14:31.080

Ramesh Ramadurai

I think you need to have so, so let me let me add another dimension to it is when I talk about 100 people in our our Indian Application engineering group.

00:14:31.600 --> 00:14:33.280

Ramesh Ramadurai

And you know you shouldn't.

00:14:34.150 --> 00:15:03.740

Ramesh Ramadurai

Uh, construe that they're all product developers. No, I mean we have some of them as product development folks. We have some as application engineers working with customers to, you know, develop new applications and then you also have regulatory people as part of the broader group there who work with who work with the kind of the folks like the bias or IRC and so on. So I think we do have a strong we have a depth in that area.

00:14:38.280 --> 00:14:38.610

Matthew Gill

Yeah.

00:14:59.220 --> 00:14:59.520

Matthew Gill

Yeah.

00:15:03.790 --> 00:15:07.940

Ramesh Ramadurai

We build and we leverage resources from outside the country.

00:15:09.030 --> 00:15:09.400

Matthew Gill

K.

00:15:10.050 --> 00:15:11.520

Matthew Gill

OK, and.

00:15:12.500 --> 00:15:25.180

Matthew Gill

When it comes to when it comes to developing new products, obviously you have your own R&D center in India, but there's also, you know a lot of a lot of products. Which are you know, sensually license from the parent. I suppose. How it does that.

00:15:26.280 --> 00:15:34.400

Matthew Gill

And how does that split work? And I suppose, how do you best decides you know which resources to allocate to the R&D center?

00:15:35.210 --> 00:16:06.070

Ramesh Ramadurai

Yeah, that's a great question. So what we do is we prioritize. We prioritize. We have prioritized a few markets. Where are local efforts will be concentrated or focused on automotive? Is 1 clearly automotive OEM's we develop a lot of products for the local Rd safety portfolio? I mean things like reflective sheeting etc. Yes, it comes it those are global products but there are many parts of the portfolio that are also locally.

00:16:06.120 --> 00:16:12.150

Ramesh Ramadurai

Yeah, we looked then some parts of for cleaning and safety portfolio is developed locally.

00:16:12.300 --> 00:16:41.630

Ramesh Ramadurai

Uh, and then we have a lot of our consumer portfolio. Whether it's the consumer retail consumer that is like Scotch Brite cleaning utensils, cleaning tools, they are all developed locally. When I say develop locally, you know the OK, I'll come to that point a little later, so that's another portfolio that's developed quite a bit locally, and increasingly we're looking at certain industrial products where we can bring in the technology of 3M.

00:16:42.330 --> 00:17:02.360

Ramesh Ramadurai

Like abrasives, if you take it out, you know if you've been following what we do in globally. I think CU drawn is being, you know, talked about quite a bit as a technology platform for 3M in the abrasives for reinventing abrasives. But then we may bring the same qubit Ron technology to India, but try to figure out a way to.

00:17:02.410 --> 00:17:02.680

Ramesh Ramadurai

So.

00:17:04.420 --> 00:17:09.740

Ramesh Ramadurai

Adapt it or modify it to meet local value propositions that may be required.

00:17:10.820 --> 00:17:13.660

Ramesh Ramadurai

Well, so I think we do a lot of those as well.

00:17:14.620 --> 00:17:15.000

Matthew Gill

Make it.

00:17:15.570 --> 00:17:41.550

Ramesh Ramadurai

So we had, so yeah, I gave you a lot of examples, but if you take it one level higher, what we do is we pick a few areas where we would direct our local product development efforts at and the others. We would obviously significantly larger portion. We would leverage the global portfolio and then yes, of course we may do some modifications here, repackaging, etc. But the code product development rests elsewhere, yeah?

00:17:42.370 --> 00:17:42.790

Matthew Gill

OK.

00:17:43.650 --> 00:17:53.830

Matthew Gill

And well, I suppose how significant TDR differences in the time to market between those sorts of adaptive technologies and those which are, you know, almost propriety, 3M India.

00:17:56.550 --> 00:18:11.110

Ramesh Ramadurai

I mean, he obviously when we take look at a product which is we're bringing in from outside the country, the time to market is much shorter. It's although also given the current supply chain challenges. Nothing is quick.

00:18:05.520 --> 00:18:05.820

Matthew Gill

Yeah.

00:18:11.430 --> 00:18:14.820

Ramesh Ramadurai

Yeah, but uh, but I think I do think that.

00:18:12.280 --> 00:18:12.640

Matthew Gill

Yeah.

00:18:14.870 --> 00:18:16.260

Ramesh Ramadurai

The uh.

00:18:17.090 --> 00:18:21.680

Ramesh Ramadurai

It's faster because it's close to an off the shelf product.

00:18:22.350 --> 00:18:31.110

Ramesh Ramadurai

OK, well versus development locally, but then again there are always cycles because we are also part of even for the global teams.

00:18:23.540 --> 00:18:23.820

Matthew Gill

Yeah.

00:18:32.540 --> 00:19:03.540

Ramesh Ramadurai

We key countries and India is one of the key countries where you are part of the lead countries who are part of the development cycle. So we we are in many cases part of a global product development cycle which maybe you know in its early stages of development and which may come to market two years from now. But we are there as part of the early development cycle because you want to ensure customer voice is the development team has customer voices from different parts of the world.

00:19:03.820 --> 00:19:08.050

Ramesh Ramadurai

So they can figure out what is the range of band in which that product needs to perform.

00:19:08.640 --> 00:19:09.420

Matthew Gill

Yeah, right?

00:19:08.890 --> 00:19:13.650

Ramesh Ramadurai

So I mean there are many of those cases, though it that that happens all the time now is.

00:19:14.780 --> 00:19:28.030

Ramesh Ramadurai

While a newly developed and launched product, yeah, if we want to launch it in India, it's much much shorter cycle. But we are also part of the development cycle of new products for many portfolios.

00:19:29.170 --> 00:19:32.970

Matthew Gill

OK, OK and and then.

00:19:34.460 --> 00:19:39.930

Matthew Gill

In terms of so, you mentioned the sort of defining the the mode of growth and.

00:19:41.140 --> 00:19:54.390

Matthew Gill

I suppose this this cheap Asif at this launching new products, but then there's also growing and distribution capabilities. Are you sort of comfortable with the latter? And do you think that the you know growth will be fueled by those new product launches?

00:19:55.530 --> 00:19:56.630

Ramesh Ramadurai

Yeah, I think I think.

00:19:57.930 --> 00:20:04.920

Ramesh Ramadurai

The go to market is absolutely critical. I mean a country like India where the average.

00:20:06.090 --> 00:20:08.440

Ramesh Ramadurai

If you go outside the very large.

00:20:09.090 --> 00:20:35.790

Ramesh Ramadurai

OEM type of customers. The average ticket size would be at an end user level, probably lower than what you would see in many other Western countries, right? It could be for a small fabrication shop. It will be for a Body Shop. It could be similarly. I mean your average ticket size would be lower, so dev. You know having strong channels to market is very critical and that's an area we've been. We continuously work on.

00:20:36.400 --> 00:20:37.320

Ramesh Ramadurai

Uh, I mean.

00:20:38.330 --> 00:20:59.930

Ramesh Ramadurai

Again, based on the markets and the learnings we have over the years is sometimes we adjust it more to be, you know a larger distributor without distribution is still not quite corporatized in the country. OK, it's still a lot of small and medium distributors right across the portfolios it's.

00:21:00.790 --> 00:21:13.330

Ramesh Ramadurai

I don't want to call it with mom and pop. I mean it almost feels like you're doing them a disservice by calling them that. But they are good companies. They are professional people, technically very capable channel partners, but they are also have.

00:21:14.020 --> 00:21:40.180

Ramesh Ramadurai

Their bandwidth constraints in terms of access to good talent and etc. And their leadership, maybe just them and a couple of others partners, so I think it's important so we don't have a lot of corporatization of channel distribution yet it still remains to be seen how that develops. It's not there, it's not. There's no clear pointers.

00:21:41.020 --> 00:21:43.100

Ramesh Ramadurai

But I'll come to another aspect of it later.

00:21:43.660 --> 00:22:06.340

Ramesh Ramadurai

Uh, so continuously developing channels, keeping in mind what The Who are. The end users that we want to serve working backwards from there. That's something we continue to do all the time and key accounts. Of course businesses like automotive, we just sell direct so we don't go through channel partners. So so so we don't have any, you know.

00:22:03.480 --> 00:22:03.800

Matthew Gill

Yeah.

00:22:07.050 --> 00:22:10.330

Ramesh Ramadurai

Any volatility there we feel it the next day so?

00:22:11.310 --> 00:22:12.880

Matthew Gill

OK, and.

00:22:12.220 --> 00:22:26.590

Ramesh Ramadurai

Are they the only comment I wanted to make on channel in terms of disintermediation? Now with the advent of some amount of you know, e-commerce, we're seeing more of that in the consumer business, but there are many B2B marketplaces that are coming up, but.

00:22:27.310 --> 00:22:58.900

Ramesh Ramadurai

It's just, uh, like I've seen in some other geographies in Asia, you know, certain types of product portfolios goes through. You got, let's say, the manufacturer like 3M. Then you got a distributor. Then you've got multiple smaller retailers and then you got the end user. So the question is, is that distributor

going to get disintermediated by the B2B player? By by, you know? And then are they going to still supply direct to the retailer who because ultimately the customer relationship is owned by the retailer?

00:22:55.140 --> 00:22:55.500

Matthew Gill

Yeah.

00:22:59.660 --> 00:23:04.620

Ramesh Ramadurai

So I mean, we'll have to see how that dynamic plays out. I think we we've seen a lot of.

00:22:59.670 --> 00:22:59.990

Matthew Gill

Yeah.

00:23:05.210 --> 00:23:13.070

Ramesh Ramadurai

Early early aspects of this in certain other geographies in Asia during my you know 2014 to 19 stint.

00:23:13.700 --> 00:23:15.590

Ramesh Ramadurai

So we'll see how that plays out here.

00:23:16.800 --> 00:23:24.590

Matthew Gill

As as it stands at the moment, which whichever geography does, does you know what's happening in India at the moment? We mind you off.

00:23:26.690 --> 00:23:42.680

Ramesh Ramadurai

It's very early days in India and these two last two years have not obviously helped them in it. So it it's kind of accelerated the consumer retail for sure through E commerce that I mean that's gone up dramatically, but the industrial space is probably still a little slow, yeah?

00:23:38.560 --> 00:23:38.840

Matthew Gill

Yeah.

00:23:43.900 --> 00:23:44.950

Matthew Gill

Yeah, yeah.

00:23:44.290 --> 00:23:46.930

Ramesh Ramadurai

Consumer retail is moving ahead much faster than.

00:23:47.830 --> 00:23:50.490

Ramesh Ramadurai

In India compared to pre pandemic, yeah.

00:23:51.500 --> 00:23:59.390

Matthew Gill

OK, I'm sorry I suppose so you mentioned the sort of the the limited bandwidth of some of the distributors.

00:24:01.500 --> 00:24:13.730

Matthew Gill

I said what, what, what is it? The 3M can do to sort of improve or to widen that bandwidth. I suppose if they're you know in terms of working with the distributors who have to to to corporatize them I suppose.

00:24:14.720 --> 00:24:16.730

Ramesh Ramadurai

Yeah, I think corporate using them is.

00:24:17.900 --> 00:24:29.830

Ramesh Ramadurai

So we may we we have to be careful what we try to do with them, but So what we do look for is people who have inherent strengths, technical capabilities.

00:24:30.250 --> 00:25:03.710

Ramesh Ramadurai

Uh, and also complementary product lines. What complementary product lines like Carrie to that market so that they become important players to the customer so you know every every end customer you know mid size upwards. They are looking to rationalize their vendor masters and so on. I mean nobody wants a long list of suppliers and vendors, so it's important that we don't get into competitive situations with our channel partners. But at the same time we pick complementary products and we have a number of those examples that have been working.

00:25:03.900 --> 00:25:16.840

Ramesh Ramadurai

Really well for us and we have partners who have been with us for as long as I've been with the company or so. So I think there have been some great examples of building some strengths over a period of time.

00:25:10.320 --> 00:25:10.730

Matthew Gill

OK.

00:25:17.550 --> 00:25:18.720

Ramesh Ramadurai

Uh, yeah.

00:25:20.050 --> 00:25:27.300

Matthew Gill

And aside from automotive, have you have you tried direct distribution and any of you other product segments?

00:25:27.610 --> 00:25:58.490

Ramesh Ramadurai

In limited in very limited cases, certain government business, we do it direct so you know. So in some very limited cases, some health care businesses. But otherwise it's all distribution and you know the obviously you know. While I say distribution, a lot of there in in that more technical portfolio, we do a lot of the specification and the pull through demand generation work and the fulfillment and the management is, you know, just the logistics and all the other admin stuff that goes with it.

00:25:58.540 --> 00:26:02.350

Ramesh Ramadurai

Part of collection. You know managing credit everything.

00:26:02.960 --> 00:26:04.370

Ramesh Ramadurai

It's handled by them, yeah?

00:26:03.190 --> 00:26:03.600

Matthew Gill

OK.

00:26:05.300 --> 00:26:09.580

Ramesh Ramadurai

But in the more general use categories, we rely on distribution to.

00:26:10.400 --> 00:26:18.260

Ramesh Ramadurai

I mean, it's more. How do we support them with marketing campaigns and marketing programs to help them improve their velocity of product movement? Yeah.

00:26:11.150 --> 00:26:11.440

Matthew Gill

Yeah.

00:26:18.710 --> 00:26:24.930

Matthew Gill

Yeah OK. And and how selective are you in terms of selling on on some of those B to B platforms?

00:26:26.110 --> 00:26:31.140

Ramesh Ramadurai

Right now most of our portfolio that we if you look at our revenues.

00:26:31.990 --> 00:26:41.550

Ramesh Ramadurai

It's more in the automotive and the and the automotive aftermarket, meaning car care type of portfolios. Because the.

00:26:38.200 --> 00:26:38.480

Matthew Gill

Yeah.

00:26:43.050 --> 00:26:50.040

Ramesh Ramadurai

The other parts of the B to B. The industrial portfolio is still relatively low traction on these.

00:26:50.100 --> 00:26:51.740

Ramesh Ramadurai

Uh, on these?

00:26:52.600 --> 00:27:00.200

Ramesh Ramadurai

Platforms consumer, of course is doing very well, whether it's with Amazon or Flipkart or the other, you know.

00:27:00.260 --> 00:27:11.620

Ramesh Ramadurai

Wow platforms that we have so we are doing quite well there. We do well with the car care portfolio which is kind of transitioned a lot into DIY during the pandemic.

00:27:12.610 --> 00:27:39.580

Ramesh Ramadurai

Rather than, you know, going to a center people are more more willing now to explore the DIY option. So I think that that portfolio and then we have certain other portfolios even in the healthcare or whatever. You know, I don't know if you're aware, but we have all the stethoscopes, the littmann brand stethoscope. So a lot of that we've seen the uptick that offtake through platforms is really shot up over the last 2-3 years.

00:27:19.450 --> 00:27:19.830

Matthew Gill

Yeah.

00:27:40.200 --> 00:27:47.960

Ramesh Ramadurai

Uh, we see a lot of that moving to the online channels from the more traditional methods of selling, yeah?

00:27:49.930 --> 00:28:00.990

Matthew Gill

On the on the healthcare side of things, in terms of some of the medical device, it's how worried are you about some of the domestic and so I think there's some of the of the domestic.

00:27:58.130 --> 00:27:59.320

Ramesh Ramadurai

I said

00:28:01.040 --> 00:28:09.880

Matthew Gill

And it's been a couple. I think that we've put it fairly recently, funded by private equity. So domestic Indian medical devices manufacturers.

00:28:11.190 --> 00:28:15.780

Matthew Gill

Which I think had had been a very, very significantly cheaper than than your own product line.

00:28:16.410 --> 00:28:18.210

Matthew Gill

It's that it's that much concern.

00:28:16.550 --> 00:28:17.170

Ramesh Ramadurai

so.

00:28:19.560 --> 00:28:27.390

Ramesh Ramadurai

No, I think if you look at the our medical portfolio, the portfolio that we sell into the hospitals, most of it or consumables.

00:28:27.450 --> 00:28:45.750

Ramesh Ramadurai

Uh, I mean things like different kinds of dressings. Won't management portfolio then we still sell products that go into the sterilization portfolio in the in the sterilization department. So I we are seeing actually very strong growth in the healthcare portfolio and.

00:28:38.040 --> 00:28:38.390

Matthew Gill

Yeah.

00:28:45.230 --> 00:28:45.570

Matthew Gill

Yeah.

00:28:46.770 --> 00:29:04.920

Ramesh Ramadurai

I mean, it's somewhat up and down right now because of the elective surgery, elective procedures being a little up and down because of the pandemic. But like I said, you know if we look at 15 quarters, Healthcare is one of the businesses that is right up there. The last two quarters have been some of our best revenue numbers, yeah?

00:29:05.360 --> 00:29:07.630

Matthew Gill

Yeah OK, OK.

00:29:08.310 --> 00:29:10.210

Matthew Gill

And then as far as.

00:29:12.320 --> 00:29:22.320

Matthew Gill

So obviously we can talk about the advantages of having 3M as a parent, but I suppose where do you think there are? There are certain disadvantages and the the you know the the way that.

00:29:23.800 --> 00:29:36.330

Matthew Gill

In some ways it can impede. You know, sometimes we see with with subsidiaries of or listed subsidiaries of of global parents that in some places the decision making process isn't quite as quick.

00:29:36.970 --> 00:29:41.240

Matthew Gill

And as the substantially management team would, would would wish, I suppose.

00:29:42.120 --> 00:29:48.720

Matthew Gill

Where do you where, if anywhere? Do you think that that that sort of friction exists and your business?

00:29:49.550 --> 00:30:09.500

Ramesh Ramadurai

I think I think there is, uh, regularly only one. I mean there may be a few, but I think the one which is most impactful which we talk about a lot. There is always good tension on that is, you know country specific portfolios, development, investing time and resources in developing country specific portfolios. So I mean this this goes around.

00:30:07.110 --> 00:30:07.440

Matthew Gill

Yeah.

00:30:11.400 --> 00:30:25.580

Ramesh Ramadurai

I don't think this discussion will ever stop. Why? Why do you know? That's my experience after 30 years? I hope I'm completely wrong, but but I'll tell you, I'll give you. I mean, it's not just a lighthearted comment, but a couple of examples is.

00:30:26.060 --> 00:30:34.460

Ramesh Ramadurai

Uh, like automotive. Even when we started the local product development for acoustics portfolio for the automotive OEM, there was some some amount of.

00:30:34.510 --> 00:30:49.180

Ramesh Ramadurai

Uh, uh, you know hesitation as to why is this required? You know what is different that we we cannot be cannot be met from a global portfolio. And the answer was there were certain very clear attributes that the Indian.

00:30:49.290 --> 00:31:06.540

Ramesh Ramadurai

Uh, Cutwork manufacturer had to meet given the external conditions noise, you know the source of

noises, etc, vibrations etc. So I think so we were able to demonstrate why it was important and actually it's a very successful portfolio for us right now.

00:31:00.140 --> 00:31:00.480

Matthew Gill

Yeah.

00:31:07.790 --> 00:31:20.160

Ramesh Ramadurai

Uh, I spoke very briefly about taking some of the latest Cuba Tron technology for abrasives and then try. We're looking at modifying them to meet certain price value points in.

00:31:20.680 --> 00:31:30.790

Ramesh Ramadurai

Uh, for India and not only India but for emerging markets in general. I think that is also a reflection that yes, you know what might have been developed with.

00:31:31.240 --> 00:31:46.330

Ramesh Ramadurai

Uh, you know Western US or European customers as the initial target may not may limit you in expanding the portfolio to certain more price sensitive markets. So where value propositions are a little more challenging?

00:31:47.090 --> 00:31:58.700

Ramesh Ramadurai

Uh, uh, so I think I think there are ways in which this these are being accomplished. Then if you look at the you know, another great example is just the car care portfolio. How will?

00:31:47.160 --> 00:31:47.500

Matthew Gill

Yeah.

00:31:59.360 --> 00:32:30.050

Ramesh Ramadurai

I mean, I don't. I don't know. I mean, I'm probably I should not include myself in this. But you know, between the five of us or six of us on the call here, I'm sure each one of us will have great ideas for coming up with some products that you need to take care of your vehicles. OK, and every market they have, every people have their own ideas, but then you find very quickly that you have a proliferation of our portfolio, which is really kind of becomes unmanageable. So there you try to bring them together as more as a.

00:32:30.110 --> 00:32:51.890

Ramesh Ramadurai

Developing markets or you know you try to put some method to the madness and emerging markets is a good way to describe it because their value propositions. So I think if you ask me what are the areas So what is the one area or a couple of areas where we can look at certainly is the portfolio development and how do we make it faster to market?

00:32:35.950 --> 00:32:36.300

Matthew Gill

Yep.

00:32:40.100 --> 00:32:40.350

Matthew Gill

Yeah.

00:32:53.280 --> 00:32:53.870

Ramesh Ramadurai

So.

00:32:54.820 --> 00:33:13.290

Ramesh Ramadurai

And I think that tension is we recognize it as a company and then you know, with respect to the size of your company in relation to your opportunities, your resources are always limited, so you just have to prioritize and see you know what do you go after best? In some cases India maybe right up there on the list. In some cases we may not be there.

00:33:14.060 --> 00:33:15.140

Matthew Gill

Yeah, OK.

00:33:17.000 --> 00:33:26.280

Matthew Gill

And and I, I suppose one aspect of your business is this, you know the significant number of payables to to the parent company.

00:33:28.480 --> 00:33:33.740

Matthew Gill

I suppose when it comes to, you know the the vision for, say, in a decades time.

00:33:33.790 --> 00:33:44.800

Matthew Gill

Yeah, and do you want that number to be or you know, would you prefer that number to be significantly lower than your sort of domestic manufacturing capabilities and domestic supply chain to be?

00:33:45.670 --> 00:33:48.490

Matthew Gill

And to be much sort of stronger.

00:33:49.460 --> 00:34:08.890

Ramesh Ramadurai

Yeah so. So let me give you. There are two aspects to it right? One is the corporate management fee or support services fees as you call it, which is running somewhere in the four to four and a half percent of revenues in the last three or four years. Four or five years. OK, maybe more more like 4.2, four point 3, maybe 4.5.

00:34:02.200 --> 00:34:02.580

Matthew Gill

Yeah.

00:34:09.840 --> 00:34:23.030

Ramesh Ramadurai

And then you have the royalty aspect which is running actually, which is running only at about 1.21 point, 3% to sales. So on I'm giving these numbers on a consolidated basis for 3M, India and DNC now.

00:34:23.840 --> 00:34:27.020

Ramesh Ramadurai

I guess I guess that I don't expect this range too.

00:34:27.730 --> 00:34:57.850

Ramesh Ramadurai

You know we haven't modeled this out into the future in terms of, you know if you look into the 10 year out, what will this model look like? I we haven't modeled that, but if you ask me, I think even if the increasing shift in manufacturing to manufacturing, et cetera, the royalty component may could quite likely go up OK because we pay differentiated royalties for locally manufactured, which is higher. We pay a lower level 4, fully imported and traded products. So what we call?

00:34:57.970 --> 00:35:14.280

Ramesh Ramadurai

Imported stock and sell so so there there are different levels, so I think this ratio by and large maybe in that ballpark. I mean if it goes up or down by you know hundred 150 basis points it's I don't expect it will be very much different than that.

00:35:15.270 --> 00:35:16.700

Matthew Gill

OK, OK.

00:35:17.570 --> 00:35:21.570

Matthew Gill

So, so roughly how much higher visibility for locally manufactured products?

00:35:22.250 --> 00:35:29.200

Ramesh Ramadurai

So today I total royalty payments row is about 1.2 to one point. 3% of our total revenues.

00:35:29.840 --> 00:35:30.240

Matthew Gill

Yeah.

00:35:30.930 --> 00:35:31.410

Matthew Gill

OK.

00:35:31.120 --> 00:35:42.050

Ramesh Ramadurai

And then we give these split dinner I. I don't want to misspeak so I know there are different percentages for different categories but they all add up finally to about 1.21 point 3% right now.

00:35:42.820 --> 00:35:43.230

Matthew Gill

OK.

00:35:43.290 --> 00:35:52.610

Ramesh Ramadurai

So I think we we disclose the by category percentages in our annual report. If you would like that, I think Srinu can just pull that up and send it to you, yeah?

00:35:52.820 --> 00:35:55.590

Matthew Gill

I can check OK, OK.

00:35:56.350 --> 00:35:56.820

Matthew Gill

And.

00:35:57.890 --> 00:36:12.160

Matthew Gill

And then I suppose one other question I had is why? So, given 3M own 75% of the business, why? Why have they never tried to? Or have they ever tried to to buy the remaining 25%?

00:36:14.260 --> 00:36:15.190

Ramesh Ramadurai

So I think.

00:36:16.190 --> 00:36:20.690

Ramesh Ramadurai

To go, but if you go back in history in 1991, you know if you.

00:36:21.440 --> 00:36:26.640

Ramesh Ramadurai

You know, just take one more question prior to what you asked is why did you go public?

00:36:27.160 --> 00:36:56.980

Ramesh Ramadurai

Uh, I think there were restrictions back in the 90s about what was the level of ownership allowed for multinationals. I think they were capped at 40% and then 3M agreed with the joint venture partner that both of them would cap it. Each one would be no higher than the other, so so it was 40-40 and then 3M had the the joint venture partner was. I mean the agreement was 3M would keep management control irrespective of the shareholding and then 20% was they.

00:36:38.090 --> 00:36:38.350

Matthew Gill

Yeah.

00:36:44.980 --> 00:36:45.360

Matthew Gill

Yeah.

00:36:57.060 --> 00:37:00.270

Ramesh Ramadurai

Decided to go public with that rather than a private placement at that time.

00:37:00.920 --> 00:37:01.260

Matthew Gill

Yeah.

00:37:01.930 --> 00:37:06.610

Ramesh Ramadurai

So I think now it's I think now it really comes back to what's the return on investment.

00:37:07.480 --> 00:37:07.860

Matthew Gill

Yeah.

00:37:07.770 --> 00:37:20.270

Ramesh Ramadurai

I mean, it's the capital allocation question and then what's the return on investment for the corporation? I think that's that's really the question on the table to say, you know, if you want to take it private, what's the?

00:37:21.280 --> 00:37:21.610

Matthew Gill

Yeah.

00:37:22.480 --> 00:37:22.850

Matthew Gill

OK.

00:37:24.660 --> 00:37:25.090

Matthew Gill

OK.

00:37:26.030 --> 00:37:26.440

Matthew Gill

OK.

00:37:27.020 --> 00:37:27.480

Matthew Gill

M.

00:37:28.610 --> 00:37:39.780

Matthew Gill

Space I, oh just another question, so it would be quite interesting so to understand. So obviously your chairman is a is an exceptionally impressive individual.

00:37:40.420 --> 00:37:50.120

Matthew Gill

And it would be quite interesting to hear where you and he disagree. If if ever I suppose where one strategy you would, you would feel there's the the the.

00:37:51.310 --> 00:37:55.090

Matthew Gill

I think they have the most the most disagreement.

00:37:56.240 --> 00:38:01.360

Ramesh Ramadurai

You mean from oh you mean the chairman, as in Mr Bradshaw, who's the chairman of our board and 3M India?

00:38:02.010 --> 00:38:02.780

Matthew Gill

Yeah, yeah.

00:38:03.480 --> 00:38:08.160

Ramesh Ramadurai

Yeah, oh, it's very easy. I can't. I mean I don't have to think about that I.

00:38:09.370 --> 00:38:15.690

Ramesh Ramadurai

As you can see, it's a conversation we have, and it's a question is how do you? How do you just grow the company a lot faster?

00:38:16.500 --> 00:38:17.520

Matthew Gill

Yeah, OK.

00:38:16.890 --> 00:38:22.780

Ramesh Ramadurai

And, uh, it I don't think there is any disagreement on the fact that we need to do it, but.

00:38:22.830 --> 00:38:34.670

Ramesh Ramadurai

The you know the different pathways to getting there. And so I spoke a lot about technology and specifications and regulatory et cetera, et cetera. So question is so we say the portfolio.

00:38:32.310 --> 00:38:32.720

Matthew Gill

We

00:38:35.220 --> 00:38:40.870

Ramesh Ramadurai

Uh, and the go to market models give you a certain growth rate, pace of adoption, etc.

00:38:41.540 --> 00:38:41.870

Matthew Gill

yeah.

00:38:41.970 --> 00:38:44.350

Ramesh Ramadurai

And then so yeah, but and I have very.

00:38:45.360 --> 00:39:01.650

Ramesh Ramadurai

I would say, uh, heated or not heated but very challenging and interesting conversations on how can we move some of these move some of these levers to accelerate it and and at the same time it's we also have similar conversations with our.

00:39:01.900 --> 00:39:04.020

Ramesh Ramadurai

A parent group.

00:39:05.360 --> 00:39:05.760

Matthew Gill

OK.

00:39:06.650 --> 00:39:07.070

Matthew Gill

OK.

00:39:08.950 --> 00:39:09.360

Matthew Gill

Yeah.

00:39:09.250 --> 00:39:35.300

Ramesh Ramadurai

I think the agreement is far easier to talk about. I mean, I think there is very good comfort and alignment on as you would. I mean, this should not surprise anyone. Is just the governance systems the 3M has globally. So as a listed entity I think there is a lot of comfort because their governance processes are very robust systems and processes. You know all the adherence to the various norms and requirements.

00:39:22.820 --> 00:39:23.140

Matthew Gill

Yeah.

00:39:36.190 --> 00:39:46.200

Ramesh Ramadurai

Compliance is, so I think those those processes are very robust in the company and I think that gives a lot of comfort to the directors as well.

00:39:36.630 --> 00:39:36.930

Matthew Gill

Yeah.

00:39:47.220 --> 00:39:47.610

Matthew Gill

OK.

00:39:50.730 --> 00:39:53.110

Matthew Gill

Just another question I had was so on the.

00:39:54.180 --> 00:40:02.440

Matthew Gill

So under the the the P for. So the P FAS liabilities that the parent has does that does that have any impact on business?

00:40:03.400 --> 00:40:15.250

Ramesh Ramadurai

No, I think there was a very specific question just a few months back as well from one of TR investors and the answer is we don't have any liability here as as we. I mean I should always qualify that by saying as we know today.

00:40:15.940 --> 00:40:16.380

Matthew Gill

Yeah.

00:40:16.330 --> 00:40:18.830

Ramesh Ramadurai

And to the best of our knowledge, no.

00:40:19.670 --> 00:40:20.840

Matthew Gill

OK, great.

00:40:20.310 --> 00:40:29.020

Ramesh Ramadurai

And all the external communication on that is managed out of the US Office and based on our operations, the portfolios that we sell. We don't have an exposure.

00:40:25.400 --> 00:40:25.770

Matthew Gill

Yep.

00:40:30.010 --> 00:40:35.620

Matthew Gill

OK great great and I should just pause here and see if tile or want to ask anything.

00:40:39.370 --> 00:40:58.940

+14*****95

Uh, yes. Thank you so much Ramesh for those insights. It was really great to learn more about the company from you and hear about your long tenure there. And I was wondering if I could just congratulate Vidya on her first eight months or so in the role and ask her about what attracted her to joining the business.

00:41:02.580 --> 00:41:03.610

Ramesh Ramadurai

Today you're on mute.

00:41:04.640 --> 00:41:04.980

+14*****95

Later.

00:41:07.060 --> 00:41:19.970

Vidya Sarathy

It has been a very interesting journey for me to join. 3:00 AM last six months has been very good. So looking forward for all the growth that Ramesh was speaking on to be part of the journey.

00:41:25.300 --> 00:41:32.990

+14*****95

Wonderful, and is there anything that surprised you upon joining or that sort of differed and when you when you spend a bit of time there?

00:41:39.210 --> 00:41:41.000

Vidya Sarathy

Yeah, I I didn't get what you said.

00:41:43.220 --> 00:41:54.850

+14*****95

And if there is anything that once you joined was different from what you would expect it, any sort of surprises. Anything you didn't realize and from the outside looking in that you've got a better handle if.

00:41:56.240 --> 00:42:07.940

Vidya Sarathy

Uh, no, things are normal and then like any other manufacturing industrial company, the expectations were always. It is Vijay expectations and it's really very nice to work for.

00:42:08.000 --> 00:42:18.820

Vidya Sarathy

From 3M as as a good governance company and then also a lot of information to the employees. So it is very nice to be information saying.

00:42:21.750 --> 00:42:26.150

+14*****95

Wonderful, well great to hear that I'll I'll let Tyler ask any questions he might have.

00:42:27.810 --> 00:42:40.640

Tyler Thomas

I'm yeah I I was just. I'm well thank you. So five enjoys enjoyed listening in I I was just wondering in terms of how decisions are made within 3M India how I guess.

00:42:41.300 --> 00:42:50.680

Tyler Thomas

How much decision making it is from you at the top? Ramesh and versus it being kind of decentralized further down the company.

00:42:54.970 --> 00:43:25.580

Ramesh Ramadurai

Sure, I think I think a lot of the businesses at the end of the day, the leadership team you know runs our business, so we have guidance both from myself as well as you know, as you can. Well imagine as a global company, there is always a matrix and so the the matrix reports into the reports into the global businesses as well through a through an area structure. So which is kind of pretty common for most, you know at least multinationals.

00:43:25.080 --> 00:43:25.420

Tyler Thomas

Yeah.

00:43:25.990 --> 00:43:55.870

Ramesh Ramadurai

So I so I think all the local actions on LOH portfolio selection. You know pricing it's all done consultative Levi. But again at the end of the day the the it's all in the hands of the local business leadership to drive that you know all manufacturing operations, prioritization of the areas where they are and folks will spend product development time on and India. I've talked about four or five areas where we prioritize.

00:43:30.700 --> 00:43:31.120

Vidya Sarathy

Let's see.

00:43:56.130 --> 00:44:11.560

Ramesh Ramadurai

So I'll all of those come bottom up from the country and then based on our local opportunities and their needs and then and there's at every step at all steps of the way, there is an alignment with the area team or the global team. I mean, the area team is also.

00:44:12.680 --> 00:44:40.480

Ramesh Ramadurai

Kind of the representatives of the global business is so there is always a kind of an alignment. Even on pricing you know you, it's important to maintain that alignment because the you know we are also sensitive to corridors that may pricing corridors that may exist in different markets. Certain products are very high value and you can fit a bunch of them in your backpack and you know you can take them. So I think it's very, very important to have.

00:44:40.540 --> 00:45:03.020

Ramesh Ramadurai

For some level of alignment, I mean it doesn't have to be exactly the same, but you need just need to know what that corridor is sent, how you position it. So I think yes, execution is all completely done at the local level. Development of new opportunities at all that done at the local level. But broadly governance processes have to be aligned with what we do at the area and global levels.

00:45:04.120 --> 00:45:26.110

Tyler Thomas

OK, that makes sense all the sense. Thanks and and then I guess just to kind of broader question in terms of your your time. But 3M India or even kind of broadly within the 3M group, what do you think of being or I guess strategic missteps or mistakes that have been made? Lee, while she's been there?

00:45:27.660 --> 00:45:33.510

Ramesh Ramadurai

I think we do. As a company, we've done a very good job in getting ahead of certain.

00:45:34.130 --> 00:45:35.750

Ramesh Ramadurai

Many of the trends at all.

00:45:36.400 --> 00:45:57.560

Ramesh Ramadurai

Uh, because the company like ours, so we talk about at a global level, not just in India and our CEO is spoken about this. The value model of the company is also in identifying those differentiated spaces. How we can bring value to the customers using our technology platforms. So whether you look at consumer electronics or whether you look at.

00:45:58.320 --> 00:46:09.920

Ramesh Ramadurai

You know, uh, augmenting our portfolio and healthcare, augmenting our portfolio and personal safety. So we've done a lot of these both through internal in the case of consumer electronics.

00:46:10.280 --> 00:46:39.000

Ramesh Ramadurai

Uh, you know, as well as some amount of acquisitions in their case of medical and our personal safety portfolios. So augmenting, uh, portfolios. So I think we generally do a good job of staying ahead, or at least being on those being well aligned with those friends and investing or resources to be ahead of the. Of course, now electric vehicles is the whole new energy vehicles is a big area of focus for everybody, as is as it is for 3M.

00:46:40.050 --> 00:46:42.830

Ramesh Ramadurai

So these are some of the aspects now.

00:46:43.780 --> 00:47:14.180

Ramesh Ramadurai

What can we do more of, and I think that's what we are. We're also we've, you know, the whole thing

around. Digitization and transformation is an area for a company with with a broad portfolio like hours. So I think it's very critical to it's more. It's more, it's more of a challenge, limited. Put it that way. So because we do look at digital and four different parts, one is the digital enterprise of course, which is corporate efficiencies. Then you've got digital operations, whether it's through our processes, data, expertise, etc.

00:47:14.540 --> 00:47:40.350

Ramesh Ramadurai

In manufacturing and in supply chain and then customer digital customer as to how do you have different products and solutions for customers and just the new products and portfolios with the new business models. So we we have looked at. You know we have brought the whole digitalization transformation under our CFO Global CFO, so he's responsible not only for you know, he's our CFO and.

00:47:41.140 --> 00:47:48.270

Ramesh Ramadurai

Uh, Chief transformation officer. I hope I hope mohnish will forgive me if I have misspoken, is titled Now good.

00:47:49.720 --> 00:47:58.710

Ramesh Ramadurai

Yeah, but uh, yeah, so I think that's an area where we recognize we can do more and faster. So I think that's it's a global priority.

00:48:00.230 --> 00:48:25.660

Tyler Thomas

Perfect, well just one one last question for me. I'm you spoke a little bit earlier about, you know, growth of B2B marketplaces and how that potentially disintermediate send distributors and you said as well that in your timing other parts of 3M group you'd seen that trend and play out and further that had in India. Now just wondering how?

00:48:26.460 --> 00:48:35.800

Tyler Thomas

You manage those are, I guess those channel relationships and manage any conflicts that might arise there. Again, how you're thinking about that going forward.

00:48:37.380 --> 00:48:39.190

Ramesh Ramadurai

Yeah, I think I think one is to.

00:48:40.010 --> 00:48:54.800

Ramesh Ramadurai

You know, obviously stay in tune with what's going on in the market. Two is also to, you know, our general that happens more in the general use portfolio when you have a one step distribution, it's.

00:48:55.200 --> 00:49:16.840

Ramesh Ramadurai

The the the forces at play may be slightly different, but when you have a two step or more distribution,

that's where you have more. You know, potentially improving efficiencies and dissent remediation because in a market like India, I think the the retailer may not in the B2B space for sure may not.

00:49:17.650 --> 00:49:27.950

Ramesh Ramadurai

Disappeared in the short term or short now, over how many years it may happen, if at all, is a question we don't. I don't. We don't have an answer to right now, but but I think.

00:49:28.860 --> 00:50:02.050

Ramesh Ramadurai

Sensitizing the distributors at some point in time, saying, hey, these are the forces that are happening in other parts of the world is something we can talk about. But then nobody is going to take that too seriously unless they see something happening right at their doorstep. And so you know, why would I completely change my business model when I say I? I mean, if I were the distributor, unless I see the threat is real, not in some distant land which may not have come to my shores yet. So we we do have those conversations with some of our channel partner saying that hey.

00:49:49.860 --> 00:49:50.180

Tyler Thomas

Yeah.

00:50:02.250 --> 00:50:03.180

Ramesh Ramadurai

There is potential.

00:50:04.180 --> 00:50:06.290

Ramesh Ramadurai

But it's still early days. Like I said, I mean.

00:50:08.240 --> 00:50:10.430

Ramesh Ramadurai

And from our side, of course we have to be.

00:50:10.480 --> 00:50:39.320

Ramesh Ramadurai

Yeah, you know, we constantly identify who the emerging platforms are and how do we engage with them from a category management standpoint, which are those categories we prioritize and how do we take it? Work with them so we don't. You know you you don't want to, you want to be there and you want to be able to bring some of our learnings from other markets as well to help them because many of them are also startups in some ways, so they're they're very. They're very open.

00:50:39.370 --> 00:50:44.160

Ramesh Ramadurai

Would have liked to have someone like us go in and work with them and you know, bring.

00:50:44.780 --> 00:50:48.690

Ramesh Ramadurai

And hopefully we provide some value to them as well from our learnings elsewhere, yeah?

00:50:50.640 --> 00:50:54.610

Tyler Thomas

Well, thanks very much for mash, I'm I'll turn back to my peers. I think to ask.

00:50:52.530 --> 00:50:52.950

Ramesh Ramadurai

Shared it.

00:50:57.630 --> 00:50:58.640

Tyler Thomas

Sorry you're on mute map.

00:51:01.840 --> 00:51:03.290

Matthew Gill

Apologies and.

00:51:05.750 --> 00:51:09.850

Matthew Gill

Hasn't been so only been two years shooting video course and still haven't quite used to it.

00:51:10.270 --> 00:51:15.690

Matthew Gill

And I was just wondering if counterfeit products are a particular problem for you.

00:51:17.010 --> 00:51:47.400

Ramesh Ramadurai

It's yes it's there for sure, and but it's a very very small part of our. The impact is relatively very small. We have a very active IP team here in India, though we work with collaboratively with our global team. When I say and I P team, it's a very small team in couple of people. But then we work with external counsel as required. We work with the global team and I mean there's always something going on, but so far the.

00:51:33.370 --> 00:51:33.640

Matthew Gill

Yeah.

00:51:41.210 --> 00:51:41.530

Matthew Gill

Yeah.

00:51:46.660 --> 00:51:46.920

Matthew Gill

Yeah.

00:51:47.460 --> 00:51:50.240

Ramesh Ramadurai

The extent of that has been relatively.

00:51:51.510 --> 00:51:53.650

Ramesh Ramadurai

Virginal and very manageable cap.

00:51:55.890 --> 00:52:04.380

Matthew Gill

Great, well that's that's all I had, but we've been very generous with your time, so so thanks very much. It's been a very interesting conversation.

00:52:03.150 --> 00:52:03.880

Ramesh Ramadurai

So thanks.

00:52:04.900 --> 00:52:31.240

Ramesh Ramadurai

So thank you so much for your interest in 3M India and we you know, I always say that conversations like these are very helpful for us as well because it also gives us a view into how all of you look at our business and what's what is of interest to you and gives us different perspectives so it also informs us and what we should be, how we should be looking at our business. So I appreciate the questions and I always enjoy these conversations. So thank you.

00:52:32.540 --> 00:52:33.600

Matthew Gill

Fit him, thank you.

00:52:32.650 --> 00:52:35.910

Vidya Sarathy

Yeah, I think that's a very interesting conversation. Thank you.

00:52:32.730 --> 00:52:34.640

Tyler Thomas

Thank you very much. Miss yeah.

00:52:36.360 --> 00:52:36.730

Ramesh Ramadurai

Finally.

00:52:36.800 --> 00:52:38.180

Matthew Gill

Chest thank you yes.

00:52:37.000 --> 00:52:37.840

Tyler Thomas

Thank you bye.

00:52:37.170 --> 00:52:37.920

Venkataraman Srinivasan

Thank you Laura.

00:52:37.660 --> 00:52:38.830

+14*****95

Thank you very much.

00:52:39.310 --> 00:52:40.610

Vidya Sarathy

Thank you, thank you all.

00:52:39.320 --> 00:52:39.750

Ramesh Ramadurai

I know.

00:52:39.380 --> 00:52:40.800

Venkataraman Srinivasan

Thank you Matthew. Thank you Tyler.

00:52:41.510 --> 00:52:42.000

Tyler Thomas

Thank you.

00:52:42.480 --> 00:52:42.840

Venkataraman Srinivasan

Thank you.

00:52:43.720 --> 00:52:44.430

+14*****95

Thank you.

00:52:45.750 --> 00:52:46.430

Vidya Sarathy

Thank you.
