

LANXESS: Instrumental in the growth of Indian chemical industry

- Indian chemical industry has high growth potential triggered by increased consumption and growth in user industries
- India needs strong infrastructure to propel the growth of chemical industry

Mumbai, January 31, 2011: As estimated by global consulting firm, McKinsey and Company, the specialty chemicals industry in India is projected to grow at 15-17 percent per year to reach USD 80-100 billion by 2020. This will be driven by steady growth in end user industries and increase consumption. This could generate employment for around 0.8 million people. India could be well poised to capture this opportunity. In order to evaluate the challenges and opportunities ahead, Confederation of Indian Industries (CII) hosted a summit on special chemicals on 20th January, of which the leading specialty chemicals player, LANXESS was a prominent part of.

McKinsey suggests that the increase in global demand for specialty chemicals would be impacted by factors like population growth, shifting centers of economic activity, increasing upstream resource constraints and climate change. The LANXESS' strategy of following the megatrends – mobility, water, urbanization and agriculture is hence very timely and appropriate.

Dr. Joerg Strassburger, Managing Director and Country representative, LANXESS India expressed that LANXESS is excited to be a part of this growth that India is seeing now. LANXESS has made investments of nearly INR 900cr in assets in the last 3 years, mainly in specialty chemicals, which includes both organic and inorganic growth. The Rubber Chemicals plant, the newly operational ion exchange resins plant and the groundbreaking for the compounding facilities for semi crystalline products in Jhagadia in Gujarat, all bear testimony to the LANXESS' commitment to India. The Basic chemicals plant in Nagda in Madhya Pradesh is the result of an acquisition in 2009 which is an asset for LANXESS. In addition, LANXESS operates three plants – leather chemicals, Rhein Chemie (polymer bound rubber chemicals) and material protection products at Madurai in Tamil Nadu.

Along with Shri M. Raman, Secretary to the Government of India, Department of Chemicals and Petrochemicals, Strassburger was a panelist in the discussion on 'Policy enablers: To increase investments into Indian infrastructure.' A key point that surfaced in the discussion is the need for the government to build specialized chemical parks or mega clusters with common infrastructural support like continuous power supply, common effluents treatment system and improved logistics to facilitate import/export. India spends around 13 per cent of its GDP on logistics which is higher than most developed countries. So, proximity of chemical parks to ports will reduce costs and the turnaround time.

For exports, road transfer of finished goods from site to ports is expensive and not very safe, due to bad roads, traffic congestion and clearance at ports take a long time. So it is advisable to have ICD (Inland container depot) near every site, for transfer of finished goods to ports by rail which is safer and costs involved

LANXESS India Private Ltd

Contact: Harshal Makasare
Head - Corporate Communications
Kolshet Road, Thane (w),
Maharashtra, India - 400607
Board: +91 22 2172 9200
Fax : +91 22 2545-5071
harshal.makasare@lanxess.com

Rhituparna Mitra
Deputy Manager – PR
Kolshet Road, Thane (w),
Maharashtra, India - 400607
Cell: +91 9619171456
Telephone: +91 22 2172 9748
Board: +91 22 2172 9200
Fax : +91 22 2545-5071
Rhituparna.Mitra@lanxess.com

Press Release



would also be 20 – 30% lesser. For imports, single container fleet station for chemicals could be of help.

Strassburger added that LANXESS has begun to use the rail services for transfer of chemicals from its Nagda (in Madhya Pradesh) site directly to port, resulting in safer transfer and a cost saving of around 20%.

Raman assured the audience that the Ministry is committed to the chemical sector and also to meet the needs of energy, water and agriculture and stimulate growth in all these areas. He further added that there is a need for an actionable policy prescription by the CII.

The summit hosted several eminent players from the chemicals industry like Mr. R. Mukundan, Managing Director Tata Chemicals and Mr. Nadir Godrej, Managing Director, Godrej Industries Ltd, to name a few.

McKinsey also opines that the time is right for India to make the most of this opportunity, with a boom in end-market consumption expected for the next ten years and beyond. As a building block, this industry will provide an economic and knowledge multiplier to the country. However, the industry and the government will need to work together to put several enablers in place. Some areas that need attention are high quality of infrastructure, ample availability of feedstock, relevant consumer standards to ensure quality and safety, technology and innovation in product and application development, sustainable solutions for environmental protection and training of talent to support this knowledge-based labor intensive industry.

About LANXESS:

LANXESS is a leading specialty chemicals company with sales of EUR 5.06 billion in 2009 and currently around 14,500 employees in 23 countries. The company is represented at 42 production sites worldwide. The core business of LANXESS is the development, manufacturing and marketing of plastics, rubber, intermediates and specialty chemicals.

Forward-Looking Statements.

This news release may contain forward-looking statements based on current assumptions and forecasts made by LANXESS AG management. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

Information for editors:

All LANXESS news releases and their accompanying photos can be found at <http://press.lanxess.com>. Recent photos of the Board of Management and other LANXESS image material are available at <http://photos.lanxess.com>. The latest TV footage, audiofiles and podcasts can be found at <http://corporate.lanxess.com/en/media/audio-video/>.

You can find further information concerning LANXESS chemistry in our WebMagazine at <http://webmagazine.lanxess.com>.

LANXESS India Private Ltd

Contact: Harshal Makasare
Head - Corporate Communications
Kolshet Road, Thane (w),
Maharashtra, India - 400607
Board: +91 22 2172 9200
Fax : +91 22 2545-5071
harshal.makasare@lanxess.com
www.lanxess.in

Rhituparna Mitra
Deputy Manager – PR
Kolshet Road, Thane (w),
Maharashtra, India - 400607
Cell: +91 9619171456
Telephone: +91 22 2172 9748
Board: +91 22 2172 9200
Fax : +91 22 2545-5071
Rhituparna.Mitra@lanxess.com