

HIGH PERFORMANCE LEWATIT® ION EXCHANGE RESINS FOR INDIAN CUSTOMERS

An Exclusive WD interview with
Dr. Joerg Strassburger - Country Representative and Managing Director of LANXESS India.

In a Media conference held in Mumbai, LANXESS India announced their first acquisition in India. LANXESS, which is now growing its presence in India, has its headquarter located in Thane, Maharashtra and has a production site in Madurai, Tamil Nadu state, for leather chemicals, Rhein Chemie and Material Protections Products. It will have a new site for ION exchange resins in Jhagadia, Gujarat and will also relocate its rubber chemical plant from Thane to Jhagadia. The company has assessed that India is next to China as their most important market hub in Asia and is an integral part of LANXESS' BRIC strategy. LANXESS achieved sales of EUR 115 million in India in 2008 and currently employs about 200 people. Despite the global economic crisis, the Company expects that India's economy will grow by six percent this year, with a rising middle-class driving demand for chemicals.

In an exclusive interview with Dr. Joerg Strassburger, we tried to get answers of questions that we all are quested to know, let's read excerpts from the interview.

WD: What products will be produced in this plant and what is the application?

It's also the job of the government, local authorities and inhabitants to clean waste water by adopting recycling methods and avoid river/water pollution.

Dr. Joerg Strassburger

Dr. J S: Ion Exchange Resins business unit is registering strong growth from both regional as well as global perspectives. We serve a broad range of industries. For example; we are looking into the various trends of water, scarcity of water, quality of water and supplying solution to industries.

1st segment is the nuclear, power and semi conductor industry which have special needs of purified water. That is why we call it as industry of water treatment.

2nd segment is the consumer segment where as a very important area we have end customer applications like food chromatography, de-ashing of starch and gelatine. India also consists of big sugar industry which in turns means that our Lewatit® products for sugar syrup decolorization have also strong growth potential in the future.

3rd segment called specialties involves specialized water treatment, decontamination of surface, ground and waste water. Furthermore we



are - among others - providing customized solutions for the mining industry where the new technology is ongoing and we are also tapping the petrochemical catalyst industry.

WD: When will the construction of the site complete?

Dr. J. S.: The construction is underway and should be complete by 2010.

WD: Why have you chosen Jhagadia?

Dr. J. S.: The Jhagadia Chemical Park in India fulfilled a combination of requirements and was thus selected as the ideal location for this plant. The site has an excellent industrial infrastructure in place and also, the state of Gujarat as a whole including Jhagadia, has expertise in the

About Dr. Strassburger

Dr. Joerg Strassburger is Country Representative and Managing Director of LANXESS India since March 2005. Before this assignment, he had been head of the Group Function Corporate Development at LANXESS AG. Dr. Joerg Strassburger, who has a doctorate in chemistry and a Diploma in economics, is responsible for the operations and development of the global LANXESS business units in India.

Prior to being the Country Representative and MD of LANXESS India, when Dr. Joerg Strassburger was Head of Corporate Development at headquarters, he had been closely involved in developing LANXESS' global strategy for the going public. He started his career 16 years ago in the Bayer subsidiary Wolff Walsrode in Marketing for Cellulose ethers. Former positions took him also to France as Head of Marketing & Sales for Wolff Walsrode. After 4 years in France, he became Strategy Consultant in the Strategic Planning of Bayer AG. Before joining LANXESS, Strassburger was head of Strategic Planning at Bayer Polymers. He is convinced that India will become even more attractive for business over the next few years. Concerning the current economic crisis he is sure that the Indian economy is in a relatively better position than many other countries and will recover faster. He loves traveling, motorcycling and reading. He is married and has one daughter.

chemical industry. The area is well developed and offers good industrial infrastructure. Along with this, a new wastewater treatment plant had also been built recently, and there are a number of potential raw material suppliers located in the vicinity.

WD: How many plants does LANXESS have in India and abroad?

Dr. J. S.: LANXESS is a leading specialty chemicals company with sales of EUR 6.58 billion in 2008 and currently around 14,600 employees in 23 countries. The company is represented at 44 production sites worldwide.

In India, the company is represented through all its 13 business units. It employs about 200 employees in Thane, Madurai, Kolkata, Chennai and New Delhi. LANXESS has its headoffice in Thane. The company has its sales offices in Thane, Delhi, Kolkata and Chennai for the specific regions.

In India, the Leather business unit, Material Protection Products business unit and Rhein Chemie business unit have an established facility in Madurai. The Rubber Chemicals business unit had a production facility in Thane which has been relocated to Jhagadia (Gujarat). Ion Exchange Resins business unit will also have new production site in Jhagadia (Gujarat).

WD: What will be your strategy to confront local Indian resin manufacturers?

Dr. J.S.: We are convinced the market in India offers strong opportunities for high technology products like ours. We are bringing internationally acclaimed products and expertise to the Indian market.

The Ion Exchange Resins business unit has also made a name for itself as a developer of innovative plant engineering for example, modern countercurrent processes that have become the standard in industrial water treatment. Apart from providing high-performance products and processes, the Lewatit specialists also offer their customers a variety of support services.



L to R: Dr. Joerg Strassburger, Country Representative & Managing Director - LANXESS India, Dr. Hans - George Schmitt, Head of Business Unit, Basic Chemicals, LANXESS AG along with the representatives of Gwalior Chemical, at the signing ceremony.

LANXESS MAKES FIRST ACQUISITION IN INDIA

LANXESS to acquire chemical businesses of Indian company Gwalior Chemical Industries for EUR 82.4 million

- Further milestone in LANXESS' BRIC strategy
- Assets of mid-sized Chinese company Jiangsu Polyols Chemical Co Ltd. also to be acquired.
- Acquisitions strengthen Basic Chemicals business unit

The subsidiary of specialty chemicals group LANXESS AG, LANXESS India acquired the chemical businesses and assets of stock-market-listed Indian company Gwalior Chemical Industries Ltd. for EUR 82.4 million, including debt. A corresponding agreement was reached with the company. The transaction is subject to formal approval by Gwalior's shareholders and clearance by the relevant antitrust authorities. Closing is expected at the end of the third quarter of 2009.

"This is our first acquisition in India and a further milestone in our company's long-term growth strategy in BRIC countries. Gwalior's business complements the portfolio of the Basic Chemicals business unit and will strengthen our production base in the exciting Indian market." said Axel C. Heitmann, Chairman of LANXESS' Board of Management.

Gwalior is one of the largest Indian producers of benzyl products and one of the leading global producers of sulphur chlorides for the agrochemicals, pharmaceutical as well as flavor and fragrance industries. Its production sites are in Nagda, Madhya Pradesh state, and in Ankleshwar, Gujarat state. In the future, production will be concentrated at the modern Nagda site, which is currently expanding capacities.

In addition to the acquisition of Gwalior, LANXESS announced the takeover of the business and production assets of Jiangsu Polyols Chemical Co. Ltd. Both parties have agreed not to disclose the purchase price. Closing is expected in the third quarter of 2009. Jiangsu Polyols achieved sales of about EUR 10 million in 2008 and currently employs some 170 staff at a facility with competitive technology.

Indian pride held high across the globe



- **NTPC Vindhyachal** (2 x 500 MW) Stage-III has been conferred the **IPMA SILVER MEDAL** for Project Excellence by International Project Management Association, at the IPMA Congress, held in Rome, Italy, for implementation of project in record time and achieving excellent environmental, economic performance and giving outstanding support to the local community.
- Ranked **#1 Independent Power Producer in Asia** in the **THIRD ANNUAL PLATTS TOP 250 GLOBAL ENERGY COMPANY AWARDS - 2008** for outstanding Global Financial and Industrial performance at the award ceremony in Singapore. The Corporation has been simultaneously ranked **# 15, overall in Asia amongst the energy companies**.
- **NTPC – CenPEEP (Centre for Power Efficiency & Environment Protection)**, set up in collaboration with USDOE has been conferred Jury Award at **“INDIA POWER AWARDS 2008”** for its efforts in reducing GHG emissions by Council of Power Utilities.
- **GOLD TROPHY** in **SCOPE MERITORIOUS AWARDS - 2006-07** for **CORPORATE SOCIAL RESPONSIBILITY & RESPONSIVENESS** in recognition of its commitment and commendable contribution in the area of CSR.
- Ranked **# 1 Best Workplace in India** among Large Organizations for the year 2008, by **Great Places to Work Institute's** India Chapter in collaboration with **The Economic Times**.
- **Leadership Award for CMD, NTPC** in the **4th Global Leadership Summit** by Amity University for Sectoral Excellence in Power Industry for his outstanding contribution to the growth of Indian business and bringing glory to the country through his pioneering leadership.



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Powering India's Growth



Jhagadia site

WD: Will you also relocate some of your manpower to India?

Dr. J. S.: There are currently no plans of taking this step.

WD: Resin is a very small contributor to LANXESS Group of businesses, how big will this be in coming years?

Dr. J. S.: LANXESS is not primarily interested in the size of its businesses but foremost on their profitability and leadership position. On both accounts Lewatit IX resins are well positioned globally.

Lewatit's turnover has strongly developed over the last years in the Indian sub-continent. This positive trend will be further enhanced by the new world-scale production

Ms. Kayo Nakajima, a part-time jobber of BU ION Toyohashi Lab. is checking 'Out Appearance' (OA, ratio of perfect beads, cracked beads and broken beads) by microscopic observation. In most case, OA is one of the specifications for fresh resin in Japan. In analysis of used resin, OA gives us information on physical degradation.



LANXESS on track to start up new Jhagadia site in 2010

- Relocation of rubber chemicals plant and construction of ion exchange resins plant on schedule
- Plans to build natural gas-based cogeneration plant and advanced waste water management system
- Achievement of 1.65 million accident-free man hours to date

LANXESS India, the Indian subsidiary of specialty chemicals company LANXESS, is on track to start up its new Jhagadia site, Gujarat state, in 2010.

With an investment of around EUR 50 million, the site will have a new ion exchange resins plant and a rubber chemicals plant, which is being relocated from Thane, Maharashtra state. The plants will employ 230 workers in total.

"The Jhagadia site will be our largest production site in India and

capacity for ion exchange resins that LANXESS is currently building at full speed. With this asset in place ION aims to be the first address for high performance Lewatit ion exchange resins for Indian customers.

WD: What are the export markets? And specifically for the Indian plant?

Dr. J. S.: India has the highest growth rates in Asia after China. This makes it very important in the Asia-Pacific

highlights our long-term commitment to the growing domestic market," said Joerg Strassburger, Managing Director of LANXESS

LANXESS is also on schedule to start up its ion exchange resins plant, which will be the most modern of its kind in Asia. It will supply products for the generation of ultra-pure water for the semiconductor and pharmaceutical industries, for industrial water treatment, for food production and for power generation.

"The water industry, which caters to basic human needs, is less affected by the economic crisis than other industries. As a result of the booming population and increasing urbanization in India, demand for clean water will further increase," said Michael Zobel, Global Head of the Ion Exchange Resins business unit.

In addition, LANXESS will build a natural gas-based cogeneration plant to supply steam and electricity to the rubber chemicals and ion exchange resins plants.

At the new ion exchange resins plant, the wastewater management will be another noteworthy feature. The wastewater is thoroughly pre-cleaned before it is released into the effluent pipe at the Jhagadia Chemical Park. This process takes place in a separate, modern LANXESS treatment plant and ensures that all used water is well within discharge limits, when it leaves the company premises.

(APAC) region and for LANXESS as a whole. The country offers many opportunities not least for the Ion Exchange business.

The plant will produce products for the global market, not only for the Asian market and it is planned to produce all types of ion exchange resins as we are a global player and serve the markets worldwide.

Lewatit® offers a broad range of high performance ion exchange products



WD: What next after Jhagadia?

Dr. J. S.: LANXESS India has recently acquired the chemical businesses and assets of Gwalior Chemical Industries Limited for Euro 82.4 mn. It marks the first acquisition for LANXESS in India. This makes quite evident LANXESS' commitment to the Indian subcontinent. India is an integral part of LANXESS' BRIC strategy and we will continue to invest in the country albeit with caution.

WD: What is the amount of consumption you foresee consuming in India & what is the next three years plan?

Dr. J. S.: We expect substantial growth of the market demand for our high-quality products in the Indian subcontinent in the future.

WD: What is the revised business plan considering slowdown in Western markets?

Dr. J. S.: Particularly in India, I do not see any crisis, but a slow down in terms of growth rates. Asia is starting to feel the effects of the crisis, albeit not with the same force that it has impacted the Western economies. The outlook for 2009 is not very engaging; though we start seeing an increased amount of inquiries globally.

LANXESS's global strategy is that for countering the effects of the global economic turbulence manufacturing worldwide that will be slowed down or halted at several plants during holiday periods in order to reduce cost.

WD: What message you would like to give to our audience?

Dr. J. S.: LANXESS is ready to support the sector with suitable products but also creating awareness for more clean water.

We need to address the main issue of pollution of water.

There are two topics here:- Firstly, we should be very careful with our resources and hence try to use less water. The second issue is the contamination of rivers or water bodies with polluted water. LANXESS Lewatit is able to provide tailor-made solutions for water treatment. But this is not only up to the water industry, it's also the job of the government, local authorities and inhabitants to clean waste water by adopting recycling methods and avoid river/water pollution.

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