



We create chemistry

BASF India Limited, Mumbai - 400 051, India

March 12, 2021

The Market Operations Department
BSE Limited,
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400 001.

Name of the Company: BASF India Limited
Security Code No. : 500042

Dear Sir/Madam,

Re: Postal Ballot Notice dated 9th February, 2021

This is further to our letter dated 2nd March, 2021 with respect to the Postal Ballot Notice dated 9th February, 2021. We wish to provide the following information to all the Shareholders to bring more clarity on the special resolution proposed for their approval by way of Postal Ballot:

- i) As BASF India Ltd has surplus funds, it has been decided by the Audit Committee and the Board of Directors of the Company at its Meeting held on 9th February 2021 to provide Inter-Corporate Deposits (ICDs) to BASF Catalysts India Pvt Ltd ("BASF Catalysts") and BASF Chemicals India Pvt Ltd ("BASF Chemicals") and other BASF Group Companies for an aggregate amount not exceeding Rs. 750 crore, subject to the approval of the shareholders of the Company.

The investment of surplus fund in fixed deposits with Banks would have earned a relatively lower rate of interest and hence it was decided to place ICDs with the above legal entities, which would fetch higher returns for the Company and benefit the stakeholders including the minority shareholders.

- ii) The Shareholder's approval by way of a Special Resolution is sought as an enabling resolution empowering the Board of Directors to evaluate proposals and place such ICDs with BASF Group Companies out of surplus funds, only for their principal business activities.
- iii) Presently, there are only 2 legal entities i.e. BASF Catalysts and BASF Chemicals, with whom the ICDs are proposed to be placed.

BASF Catalysts, a joint venture between BASF SE and NE Chemcat Corporation, Japan where BASF SE, Germany directly holds 90% stake (In NECC, BASF SE holds 50% stake and hence economic interest of BASF SE in BASF Catalysts is 95%). It is involved in the production of automotive catalysts and has set up a mobile emissions catalyst manufacturing site in Chennai. The site produces a full range of Automobile Catalysts, including light duty, heavy duty, and motorcycle emissions catalysts to meet regulatory requirements (Bharat VI) and growing market demand and customer technology needs.

BASF Chemicals is a wholly owned subsidiary of BASF SE, Germany. It houses the global research operations for the BASF Group through the Innovation Campus in Mumbai. Engineering and

Registered Office
BASF India Limited
The Capital, 'A' Wing, 12th Floor,
Plot No. C-70, 'G' Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai - 400 051, India

Tel +91 22 6278 5600

CIN - L33112MH1943FLC003972

www.basf.com/in



We create chemistry

technical expertise is also housed under BASF Chemicals which offers digitalization services, high value engineering domain services to all the Projects in Asia Pacific, IT projects for BASF globally including technical site services for BASF India and other BASF group companies in Asia Pacific. Apart from this, it also houses Intellectual Property which supports BASF global IP strategy.

Apart from being subsidiaries of BASF SE, both these legal entities i.e. BASF Catalysts and BASF Chemicals are financially sound and have never defaulted in the past.

- iv) The individual limit for the ICDs to be placed with BASF Catalysts and BASF Chemicals is as follows:
 - a. BASF Catalysts India Pvt Ltd – Amount not exceeding Rs. 750 crores
 - b. BASF Chemicals India Pvt Ltd – Amount not exceeding Rs. 250 crores

As regards other BASF Group Companies having common Directors i.e. Chemetall India Pvt Ltd, Nunhems India Pvt Ltd and BASF Colors & Effects India Pvt Ltd, which are 100% Subsidiary Companies of BASF SE, Germany, are presently not borrowing by way of ICDs. In case any of these entities seek ICDs in future, then the amount of ICDs to each of these legal entities would not exceed Rs. 100 crores, subject to Audit Committee and Board approval and will be within the overall aggregate limit of Rs. 750 crores. Accordingly, to that extent, the limits of BASF Catalysts and BASF Chemicals would get reduced proportionately.

- v) The ICD would be given for a period not exceeding 1 year. Further, it will be rolled over on a need basis, within the maximum tenure of 1 year, on mutually agreed terms and conditions.
- vi) The rate of interest on ICDs would be at arms' length basis and will always be higher than Government Securities / Bank Fixed Deposits rate for the corresponding tenure. The Company would charge applicable premium for the business / financial risk. Each ICD proposal would be placed before the Audit Committee and Board of Directors of the Company for its approval.

It may also be noted that there is no conflict of interest between the Audit Committee of the Company and the proposed borrowing companies viz. BASF Catalysts and BASF Chemicals and / or any other BASF Group Company. None of the Independent Directors of the Company are Directors on the Board of BASF Catalysts, BASF Chemicals and / or any other BASF Group Company. Further, the approval to be sought from the Shareholders by way of a Special Resolution would be valid for a period of 5 years from the date of passing of the Special Resolution.

Kindly take note of the above.

Thanking you.

Yours faithfully
For BASF India Limited

Pradeep Chandan
Director – Legal, General Counsel (South Asia)
& Company Secretary

Pankaj Bahl
Manager- Company Secretarial

Cc: Listing Compliance,
National Stock Exchange of India Limited,
Exchange Plaza, C-1, Block-G,
Bandra Kurla Complex, Bandra –(East).
Mumbai-400051.