

BASF INDIA LIMITED
POLICY FOR DETERMINING MATERIAL SUBSIDIARY(IES)

The Board of Directors (Board) of BASF India Limited ('BIL' or 'Company') has adopted the policy for determination of material subsidiary(ies) in accordance with the provisions of Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (Listing Regulations).

The policy is framed and adopted to determine the material subsidiary(ies) of the Company and to provide the governance framework for such subsidiary(ies).

Definitions:

"Board" means the Board of Directors of the Company.

"Company" means BASF India Limited or BIL.

"Audit Committee" means the committee constituted by the Board of Directors of the Company in accordance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations.

"Independent Director" shall mean an Independent Director of the Company who satisfies the criteria of Independence under the Companies Act, 2013 & Listing Regulations, as amended from time to time.

"Subsidiary" shall have the same meaning as defined under Section 2 (87) of the Companies Act, 2013 and the Rules made thereunder.

"Material Subsidiary" shall mean a subsidiary of the Company, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

"Unlisted Subsidiary" means subsidiary of the Company whose securities are not listed on any recognized Stock Exchanges.

"Significant transaction or arrangement" shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.

All terms used in the policy, but not defined above shall have the meanings ascribed to them in the Companies Act, 2013 or the Listing Regulations, as the case may be.

Policy and Governance Framework:

1. The Audit Committee shall review the financial statements, in particular, the investments made by the unlisted subsidiary of the Company.
2. The minutes of the Board Meetings of the unlisted subsidiary Company shall be placed at the Board Meeting of the Company.
3. The Board of the Company shall be provided periodically with a statement of all significant transactions and arrangements entered into by the unlisted subsidiary Company.
4. At least one Independent Director of the Company shall be a Director on the Board of the unlisted material subsidiary whether incorporated in India or not.

{Only for the purposes of point no. 4, notwithstanding anything to the contrary contained in Regulation 16(1)(C) of the Listing Regulations, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year}.

It is being herein clarified that BASF Performance Polyamides India Pvt Ltd is not a material subsidiary within the meaning of Clause 4 above as its income or net worth does not exceed 20% of the consolidated income or net worth of the Company in the immediately preceding accounting year. Accordingly, no Independent Director of the Company is required to be appointed on the Board of BASF Performance Polyamides India Pvt. Ltd.

5. The Company shall not dispose of shares in its material subsidiary, which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in its general meeting except in cases where such divestment is made under a scheme of arrangement duly approved by Court/Tribunal or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
6. Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the Material Subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of special resolution unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
7. This Policy shall be disclosed on the Company’s website and a web link thereto shall be provided in the Board’s Report along with other necessary disclosures, if any.

The Board reserves the right to amend this Policy from time to time based on changing requirements as prescribed by SEBI/Stock Exchange(s) or any other appropriate Statutory Authority.

Any subsequent amendment / modification in the Companies Act, 2013 or the Listing Regulations and/or applicable laws in this regard shall automatically apply to this Policy.

Further, this Policy shall remain in force until the Scheme of Merger by way of Absorption of BASF Performance Polyamides India Pvt. Ltd. with the Company is approved by the Hon'ble National Company Law Tribunal, Mumbai.

The Policy as amended from time to time shall be published / posted in the website of the Company i.e. www.basf.com/in