

10th April, 2019

Mr. R. A. Shah
Panorama, 2nd Floor,
203, Walkeshwar Road,
Mumbai- 400006.

Dear Mr. Shah,

Sub: Re-appointment of Independent Director

I am pleased to inform you that upon the recommendation of the Nomination & Remuneration Committee, the Board of Directors ('the **Board**') of BASF India Limited ('the **Company**') have approved your re-appointment as an Independent Director of the Company ('Independent Director'). This letter sets out the terms of your re-appointment.

1. **Re-appointment**

In accordance with the provisions of the Companies Act, 2013 and other applicable laws, you will serve as an Independent Director of the Company, not liable to retire by rotation from 1st April, 2019 till 31st March, 2024. Your re-appointment is approved by the Shareholders of the Company at their General Meeting held by way of Postal Ballot on 26th March, 2019.

2. **Board Committees**

- 2.1. As advised by the Board, during the tenure of office, you may be nominated to be a Member or a Chairman of any one or more Committees of the Board established by the Company.
- 2.2. Presently, the Board has five Committees: Audit Committee, Nomination & Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee. Recommendations of the Committees are submitted to the Board of the Company for approval.

3. **Training of the Board**

The Board / Senior Management Personnel of the Company shall provide you with an orientation programme of the Company's strategy and operations. The services of Company Secretary are available to assist you with both day-to-day and specific matters in your role as an Independent Director of the Company.

4. **Professional Conduct**

As an Independent Director, you shall:

- (a) uphold ethical standards of integrity and probity;
- (b) act objectively and constructively while exercising your duties;
- (c) exercise your responsibilities in a bona fide manner in the interest of the Company;
- (d) devote sufficient time and attention to your professional obligations for informed and balanced decision-making;
- (e) not allow any extraneous considerations that may vitiate your exercise of objective independent judgement in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgement of the Board in its decision-making
- (f) not abuse your position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person.
- (g) refrain from any action that could lead to a loss of your independence;
- (h) ensure that if circumstances arise under which you may lose your independence, you will immediately inform the Board accordingly;
- (i) assist the Company in implementing the best corporate governance practices.

5. **Functions, Responsibilities and Duties of Independent Director**

5.1. Functions

- (a) To review the Company's strategy, the annual financial plan and monitor the Company's performance;
- (b) To review management performance and compensation;
- (c) To review and decide on succession planning of executive officers of the Company;
- (d) To advice and counsel the Management;
- (e) To monitor and manage potential conflicts of interests of the Management;
- (f) To oversee and ensure the integrity of financial information and legal compliance;
- (g) Any other functions as may be required under the Companies Act, 2013 and rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

5.2. Responsibilities

Independent Directors have the same general legal responsibilities to the Company as that of any other Director. The Board, as a whole, is collectively responsible for ensuring the success of the Company by directing and supervising the Company's affairs.

The Board:

- (a) provides entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed;
- (b) sets the Company's strategic aims, ensures that the necessary financial and human resource requirements are in place for the Company to meet its objectives and reviews management performance;
- (c) sets the Company's values and standards, ensures that its obligations to its Shareholders and others are understood and met by the Company.

In addition to the criteria mentioned in the previous sections for the induction of Directors, the role of Independent Directors also includes tracking, reviewing and providing feedback on:

- (a) Strategy: Independent Directors to constructively contribute to the development of the Company strategy;
- (b) Performance: Independent Directors to oversee the performance of the Management in meeting agreed goals and objectives and monitor the reporting of performance;
- (c) Risk: Independent Directors to evaluate and ensure that financial information is accurate, and that financial controls and systems of risk management are robust and defensible;
- (d) People: Independent Directors are responsible for determining the appropriate levels of remuneration of executive directors and the process of succession planning. They also have a prime role in appointing, and, where necessary, removing senior management.
- (e) Stakeholders: Independent Directors to balance the conflicting interest of the Stakeholders, including minority Shareholders. In the event of any conflict, they shall moderate and arbitrate in the interest of the Company as a whole.

5.3. Duties

As an Independent Director, you shall:

- (a) undertake the appropriate induction into the Board and regularly update and refresh your skills, knowledge and familiarity with the Company;
- (b) seek appropriate clarification and, where necessary, seek and follow appropriate professional advice from external experts;
- (c) strive to attend every meeting of the Board and of the Board Committees of which you are a member;
- (d) actively and constructively participate in the Board Committees of the Board in which you may be a member or the Chairperson;
- (e) strive to attend the general meetings of the Company;
- (f) ensure that any concerns that you may have about the running of the Company are addressed by the Board and seek inclusion of these concerns in the Board Minutes to the extent these concerns are not resolved;
- (g) keep yourself well informed about the Company and the external environment in which it operates;
- (h) not unfairly obstruct the functioning of an otherwise proper Board or Committee;
- (i) ensure that related party transactions are considered carefully before they are approved and are in the interest of the Company;
- (j) ensure that the whistleblower function of the Company is functioning adequately;
- (k) report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct and Ethics;
- (l) within your authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
- (m) not disclose any confidential information unless such disclosure is expressly approved by the Board or required by law.
- (n) Any other duties as may be required under the Companies Act, 2013 and rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

6. **Remuneration**

- 6.1. The remuneration of the Non-Executive/Independent Directors is approved at a meeting of the full Board. The total remuneration payable to the entire group of Non-executive/Independent Directors is limited to a fixed amount per year as determined by the Board. This amount shall not exceed 1% of the net profit of the Company for the each financial year calculated as per the provisions of the Companies Act, 2013.

In addition to this, sitting fees will be paid to the Non-Executive/Independent Directors of the Company for attending the Board and/or Committee Meetings of the Company as determined by the Board of Directors of the Company.

- 6.2. The criteria for payment of remuneration to Non-Executive/Independent Directors shall be based on:
- a) Number of Board & Committee Meetings attended during a financial year.
 - b) Time devoted towards the affairs of the Company.
 - c) Performance of the Company during a financial year.
 - d) Additional work / areas performed.

7. **Directors and Officers Insurance**

The Company maintains a Directors and Officers insurance policy (D & O policy) to pay for the personal liability of Directors and officers for claims, if any made against them while serving on the Board and / or as an officer of the Company.

8. **Term**

- 8.1. Subject to applicable law, you will serve as a Non-executive/Independent Director of the Company for the term specified in Clause 1.

9. **Memberships of other Boards**

- 9.1. The Company acknowledges that you may have business interests other than those of the Company. In the event that you become aware of any potential conflicts of interest, these should be disclosed to the Board in accordance with Section 184 of the Companies Act, 2013 as soon as they become apparent or known to you.
- 9.2. During your office, you may consult with the Managing Director of the Company prior to accepting any other (or further) Directorships of publicly quoted Companies or any major external appointments.

10. **Information on meetings**

10.1. Scheduling and selection of agenda items for Board meetings

Dates for the Board meeting for the ensuing year are decided in advance and published in the Annual Report. Generally, the Board Meetings are held at The Taj Mahal Palace, Colaba, Mumbai- 400001. The Agenda along with the explanatory notes of the Board / Committee Meetings will be circulated to all the members of the Board well in advance but not later than 7 days before the date of the Meeting. Every Board member is free to suggest the inclusion of items on the agenda. Normally, the Board meets once a quarter to review the quarterly results and other items on the agenda. The Board also meets during the Annual shareholders' meeting. Additional meetings are held based on need. Non-executive directors are expected to attend at least four Board meetings in a year.

The Board, being represented by Non-Executive/Independent Directors from various parts of the globe, it may not be possible for each one of them to be physically present at all the Board meetings. The Company shall provide video / teleconference facilities to facilitate participation, if required and informed to the Company Secretary of the Company in advance.

10.2. Availability of information to the Board

The Board has full and unfettered access to any information of the Company, and to any employee of the Company. At Board meetings, the Board invites managers of the Company when additional details into the items being discussed are required.

10.3. Independent Directors' discussion

The Board's policy is to have regular "Independent Directors only" meetings so that they can have a full and frank discussion on the performance of the Company, risks faced by the Company, and the performance of executive members of the Board including the chairperson. Independent Directors may decide any one of them to be the Lead Independent Director who shall preside over such meetings and may invite the Chairman, any Executive Director and any senior management personnel to make presentations on relevant issues.

11. **Mechanism for evaluating Board Members**

Based on the evaluation criteria provided in the Nomination & Remuneration Committee Policy and a peer evaluation survey, the Board assesses its own performance as a whole and that of individual Board members. Performance is assessed based on clearly defined objective criteria. This is in line with the Company's policy of being data-oriented in every transaction and decision. Performance is measured against commitments and best-in-class benchmarks.

12. **Dealing in shares and Code of Conduct**

You are prohibited from dealing in the Company's shares during the period when the trading window is closed. Further, you/your immediate relative(s), being a designated person of the Company for the purpose of insider trading guidelines, are required to pre-clear all trades (buy/sell/gift) from the Company Secretary & Compliance Officer of the Company. You are required to comply with the applicable insider trading laws and regulations. You are also required to comply with the Company's Code of Conduct, enclosed with this letter of appointment.

It is a pleasure to have you on Board. I am confident that your association, expertise and advice will immensely benefit the Company and the Board.

Best regards

Yours sincerely,

For BASF India Limited

Narayan Krishnamohan
Managing Director
(DIN: 08350849)

Encl: Code of Conduct of Board and Senior Management Personnel