

## NOTICE

NOTICE is hereby given that the SIXTY SIXTH ANNUAL GENERAL MEETING OF BASF INDIA LIMITED will be held at "Yashwantrao Chavan Pratishthan Auditorium", Y.B. Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai 400021 on Thursday, 12<sup>th</sup> August, 2010 at 3.00 p.m. to transact the following business, namely:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at and the Profit and Loss Account for the year ended 31<sup>st</sup> March, 2010 and the Reports of the Directors' and Auditors' thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Dr. Rainer Diercks who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Hermann Althoff who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s. B S R & Co., Chartered Accountants, as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

### SPECIAL BUSINESS

6. To appoint a Director in place of Mr. Arun Bewoor who was appointed as a Director of the Company with effect from 19<sup>th</sup> January, 2010 to fill in the casual vacancy of Mr. K. R. Coorlawala and who holds office in terms of the provisions of Section 262 of the Companies Act, 1956 and Article 122 of the Articles of Association of the Company upto the date of this meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 alongwith a deposit of Rs. 500/- from a shareholder intimating his intention to propose Mr. Arun Bewoor as a candidate for the office of a Director.
7. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT subject to the limits contained in Section 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956, the Managing Director/Wholetime Directors of the Company be paid, effective 1<sup>st</sup> April, 2010, such remuneration as may be determined by the Board of Directors from time to time within the maximum limits specified below:

By way of salary, additional/adhoc salary, special allowance and other allowances and performance salary (hereinafter referred to as "remuneration"):

- (i) a maximum of Rs. 2,75,00,000/- per annum for the Managing Director of the Company and
- (ii) a maximum of Rs. 1,35,00,000/- per annum for each of the Wholetime Directors of the Company;

Provided however, that:

- (a) In addition to the above remuneration, the Managing Director/each Wholetime Director, shall also be entitled to perquisites including furnished/unfurnished accommodation/house rent allowance in lieu thereof, house painting, utilities, gas, electricity, water, furnishings, medical reimbursement for self and family, leave travel concession for self and family, club fees, personal accident insurance, medical insurance, group insurance and other benefits and amenities payable in accordance with the rules of the Company from time to time. The monetary value of such perquisites being restricted to a maximum limit of Rs. 75,00,000/- per annum for the Managing Director and Rs. 50,00,000/- for each Wholetime Director of the Company;

- (b) Company's contribution to provident fund, superannuation fund and benefit under the Company's pension scheme, gratuity and encashment of leave at the end of the tenure will be permitted, in accordance with the rules of the Company. Company's contribution to provident fund and superannuation fund benefits under the Company's pension scheme, gratuity and encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites stated in (a) above to the extent these singly or put together are not taxable under the Income-tax Act, 1961. Encashment of unavailed leave as per the Rules of the Company paid to the Managing Director and Wholetime Directors of the Company at the time of retirement/cessation of service shall also not be included in the aforesaid perquisite limits. Costs and expenses incurred by the Company in connection with joining/transfer/retirement and long service award as per the Rules of the Company paid to Managing Director and Wholetime Directors will not be included in the computation of the ceiling on perquisites. The Company shall provide car for the Wholetime Directors (with driver for the Managing Director) and telecommunication facilities at residence (including payment of local calls and long distance official calls) of the Managing Director and Wholetime Directors and the expenses connected therewith will be borne by the Company. These perquisites will also not be included in the computation of the ceiling on perquisites;

For the purpose of computing the ceiling on perquisites, the same would be valued as per the Income Tax Rules 1962, wherever applicable. In the absence of any such rule, perquisites shall be evaluated at actual cost.

- (iii) The total remuneration, perquisites, contribution towards provident fund, superannuation fund and benefits under the Company's pension scheme and gratuity payable to the Managing Director/ Wholetime Directors taken together shall not exceed 10% of the profits of the Company calculated in accordance with the provisions of Section 198 and 309 of the Companies Act, 1956.
- (iv) Notwithstanding anything contained in (i), (ii) and (iii) above, wherein any financial year during the tenure of the Managing Director and Wholetime Directors, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to the Managing Director/each Wholetime Director by way of salary, dearness allowance, perquisites and any other allowances as specified in the Agreement entered into between the Company and the Managing Director/each Wholetime Director, subject to the approval of the Central Government, if and to the extent necessary or in the alternative, pay remuneration, within the ceiling limits prescribed in para 1 of Section II of Part II of Schedule XIII to the Companies Act, 1956 or any amendments thereto as may be made from time to time or under the Companies Act, 1956, as may be recodified;

In that event, the following perquisites, however, shall not be included in the computation of the ceiling on remuneration:

- a) Contribution to provident fund, superannuation fund or annuity fund and benefits under the Company's Pension Scheme to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
  - b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
  - c) Encashment of leave at the end of the tenure;
- (v) Notwithstanding anything stated hereinabove, the Board of Directors may in their sole discretion and in the interest of the Company pay to the Managing Director/each Wholetime Directors remuneration lower than the maximum remuneration hereinbefore stipulated and revise the same from time to time, within the maximum limits stipulated by this resolution."
8. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED THAT in partial modification of Resolution No. 9 concerning variation in the terms of appointment and remuneration of Mr. R. Y. Vaidya, Wholetime Director of the Company, passed at the Annual General Meeting of the Company held on August 21, 2009, and in accordance with the provisions of Section 269 and other applicable provisions, if any, of the Companies Act, 1956 ("Act"), read with Schedule XIII to the Act, the Company hereby approves the extension in the tenure of appointment of

Mr. R. Y. Vaidya, Wholetime Director of the Company, for a period of two (2) years from 2<sup>nd</sup> April, 2011 to 1<sup>st</sup> April, 2013, upon the terms, conditions and stipulations contained in the Agreement to be entered into between the Company and Mr. R. Y. Vaidya, a draft whereof is placed before the meeting and initialled by the Chairman for the purpose of identification;

RESOLVED FURTHER THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Act, read with Schedule XIII to the Act, the Company hereby approves the revision in the maximum limit of remuneration fixed by the Board of Directors payable to Mr. R. Y. Vaidya (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment), with authority to the Board to fix his remuneration within such maximum limit, with effect from 1<sup>st</sup> April, 2010, for the remainder of the tenure of his office, as set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting;

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all acts, deeds, matters and things as may be necessary, proper and expedient to give effect to this Resolution."

9. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED THAT subject to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 and other applicable statutory provisions and/or the guidelines for managerial remuneration issued by the Central Government from time to time and subject to the approval of the Central Government, if and to the extent necessary, consent of the Company be and is hereby accorded to the appointment of Mr. S. Regunathan as a Wholetime Director of the Company and to his receiving remuneration, benefits and amenities as a Wholetime Director for a period from 16<sup>th</sup> July, 2010 to 31<sup>st</sup> May, 2014, upon the terms, conditions and stipulations contained in the Agreement to be entered into between the Company and Mr. S. Regunathan, a draft whereof is placed before the meeting and initialled by the Chairman for the purpose of identification;

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to vary the terms and conditions of appointment, including determination of remuneration payable to Mr. S. Regunathan, in such manner as the Board may in its absolute discretion deems fit provided however that the remuneration payable to Mr. S. Regunathan shall not exceed the maximum limits for payment of managerial remuneration specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto as may be made from time to time or under the Companies Act, 1956 as may be recodified or the maximum limits for payment of managerial remuneration as may be prescribed in accordance with the laws, policies, rules, regulations and guidelines in force from time to time;

RESOLVED FURTHER THAT in the event of Mr. S. Regunathan ceasing to be an Alternate Director at any time, during the aforesaid period of service and is appointed as a Director of the Company, whether as an Alternate or otherwise, Mr. S. Regunathan shall continue as a Wholetime Director of the Company on the aforesaid terms and conditions upon such reappointment except that during the period that he ceases to be a Director of the Company, he shall continue as an employee of the Company on the same terms and conditions as aforesaid;

RESOLVED FURTHER THAT wherein any financial year during the tenure of office of Mr. S. Regunathan, the Company has no profits or its profits are inadequate, the Company shall pay remuneration, benefits and amenities to Mr. S. Regunathan as specified in the draft Agreement referred to above, subject to the approval of the Central Government, if and to the extent necessary or in the alternative, pay remuneration to Mr. S. Regunathan by way of salary, dearness allowance, perquisites and any other allowances within the ceiling limits prescribed in para 1 of Section II of Part II of Schedule XIII to the Companies Act, 1956 or any amendments thereto as may be made from time to time or under the Companies Act, 1956, as may be recodified. In that event, the following perquisites however shall not be included in the computation of the ceiling on remuneration specified hereinabove;

- a) Contribution to provident fund, superannuation fund or annuity fund and benefits under the Company's Pension Scheme to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;

- b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and
- c) Encashment of leave at the end of the tenure;

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

By Order of the Board of Directors

**PRADEEP CHANDAN**  
*Company Secretary*

*Registered Office:*  
VIBGYOR Towers, 1<sup>st</sup> Floor,  
Plot No. C-62, 'G' Block,  
Bandra Kurla Complex,  
Mumbai 400 051.

*Dated: 16<sup>th</sup> July, 2010.*

**Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the special businesses proposed to be transacted at the meeting is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will be closed from 2<sup>nd</sup> August, 2010 to 12<sup>th</sup> August, 2010 (both days inclusive) for the purpose of determining the eligibility of the members entitled to dividend (subject to the approval of the members at the Annual General Meeting).
4. Payment of dividend as recommended by the Directors, if approved at the Annual General Meeting, will be made payable on or after 16<sup>th</sup> August, 2010 in respect of shares held in physical form, to those members whose names appear in the Company's Register of Members as on 12<sup>th</sup> August, 2010 and in respect of shares held in the electronic form, to those "Deemed Members" whose names appear in the statement of Beneficial Ownership furnished by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as on the closure of the business hours on 30<sup>th</sup> July, 2010.
5. The members are requested to intimate their queries/requirements for clarification on the Annual Report so as to reach the Company on or before 31<sup>st</sup> July, 2010 which will enable the Company to furnish the replies at the Annual General Meeting.
6. The members are requested to notify (a) to the Depository Participants in case of shares held in electronic form; or (b) to the Company's Registrar & Share Transfer Agent, Sharepro Services (India) Private Limited (Sharepro), 13AB, Samhita Warehousing Complex, 2<sup>nd</sup> Floor, Sakinaka Telephone Exchange Lane, Off. Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai 400 072, of any change in their address.
7. Members holding shares under multiple folios are requested to submit their applications to Sharepro, for consolidation of folios into single folio.
8. Pursuant to the provisions of sub-section (5) of Section 205A of the Companies Act, 1956, any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the unpaid dividend account, shall be transferred by the Company to the Investor Education and Protection Fund of the Central Government.

Those members who have so far not encashed their dividend warrants for the following years, may claim or approach the Company for the payment thereof as the same will be transferred to the Investor Education and Protection Fund of the Central Government, pursuant to Section 205C of the Companies Act, 1956, on the respective dates mentioned there against. Kindly note that the refund of the unclaimed/unpaid dividend amount cannot be claimed by the members once it is transferred to the Investor Education and Protection Fund.

| Financial Year ended | Dates by which unpaid dividend amount will be credited/transferred to the Investor Education and Protection Fund |
|----------------------|--|
| 31.03.2003           | 06.08.2010   |
| *31.03.2003          | 25.08.2010   |
| 31.03.2004           | 04.08.2011   |
| *31.03.2004          | 20.09.2011   |
| 31.03.2005           | 04.08.2012   |
| *31.03.2005          | 19.09.2012   |
| 31.03.2006           | 08.09.2013   |
| *31.03.2006          | 19.09.2013   |
| 31.03.2007           | 06.09.2014   |
| *31.03.2007          | 03.10.2014   |
| 31.03.2008           | 15.09.2015   |
| *31.03.2008          | 29.09.2015   |
| *31.03.2009          | 15.09.2016   |
| 31.03.2009           | 23.09.2016   |

\* Refers to dividend declared by erstwhile Ciba India Limited, now merged with BASF India Limited.

9. The Securities and Exchange Board of India (SEBI) vide its Circular No. MRD/DoP/SE/Dep/Cir-4/2005 dated January 28, 2005 has reviewed the dematerialization charges being levied to investors. Pursuant to the said Circular, with effect from 1<sup>st</sup> April 2005, the Depositories will collect the custody charges from the Issuers on per folio (ISIN position) basis and the same will not to be levied on any Investors. Accordingly, the Company has paid the custody charges levied by the Central Depository Services (India) Limited and the National Securities Depository Limited for the financial year 2010-11.
10. The Company's Equity Shares are listed on The Stock Exchange, Mumbai, P.J. Towers, Dalal Street, Mumbai 400 001 and The National Stock Exchange of India Ltd., Exchange Plaza, 5<sup>th</sup> Floor, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051 and the Company has paid the annual listing fees for the financial year 2010-2011 to both the Stock Exchanges.
11. With respect to payment of dividend, the Company provides the facility of Electronic Clearing Services (ECS) to all shareholders holding shares in electronic and physical forms, residing in the following cities:  
  
Ahmedabad, Bangalore, Bhubhaneshwar, Chandigarh, Chennai, Hyderabad, Jaipur, Kolkata, Mumbai and New Delhi.  
  
The Company also provides the facility of National Electronic Clearing Services (NECS) to all shareholders holding shares in electronic and physical forms. Shareholders holding shares in the physical form who wish to avail ECS/NECS facility, may authorise the Company with their ECS/NECS mandate in the prescribed form, which can be obtained from the Registrar and Share Transfer Agent, Sharepro Services (India) Private Limited (Sharepro), 13AB, Samhita Warehousing Complex, 2<sup>nd</sup> Floor, Sakinaka Telephone Exchange Lane, Off. Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai 400 072. Requests for payment of dividend through ECS/NECS for the year 2009-2010 should be lodged with Sharepro on or before 31<sup>st</sup> July, 2010.
12. In terms of Section 109A of the Companies Act, 1956, every holder of shares of the Company, may at any time nominate in the prescribed manner, a person to whom his/her shares in the Company shall vest, in the event of his/her death, members who wish to avail of this facility, may fill the prescribed Form No. 2B and forward the same to Sharepro.
13. As required under Clause 49 of the Listing Agreement with the Stock Exchanges, the details of Directors retiring by rotation and seeking re-appointment at the ensuing Annual General Meeting are provided in the Notice/Corporate Governance Report, forming part of the Annual Report.
14. Members are requested to bring their Annual Report alongwith them to the meeting.



## Explanatory Statement

*Pursuant to Section 173 of the Companies Act, 1956.*

### Item No. 6

Mr. Arun Bewoor was appointed as a Director of the Company on 19<sup>th</sup> January, 2010 in the casual vacancy caused by the resignation of Mr. K. R. Coorlawala.

He was also appointed as a Member of Audit Committee and Shareholders'/Investors' Grievance Committee of the Company. Mr. Bewoor holds a Bachelor's degree in Science from Pune University. He has also done Advanced Management Education from IIM, Ahmedabad & Columbia University, New York, USA. Mr. Bewoor has been the President of American Chamber of Commerce, Madras Management Association, Madras Chamber of Commerce & Industry. He has worked in the past as Managing Director of Bush Boake Allen India, Vice President, Sales & Marketing of Proctor & Gamble India, & also as Head, South Asia Region for International Flavours & Fragrances.

Mr. Arun Bewoor, was also appointed as a Director and a Member of Audit Committee in BASF Polyurethanes India Limited, a wholly owned subsidiary of the Company.

In terms of Section 262 of the Companies Act, 1956, Mr. Arun Bewoor holds office upto the date of the forthcoming Annual General Meeting, being the date on which Mr. K. R. Coorlawala would have retired by rotation, had he continued to be a Director of the Company.

The Company has received a notice in writing alongwith a deposit of Rs. 500/- from a shareholder under section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Mr. Arun Bewoor for the office of Directors liable to retire by rotation.

The Board recommends his appointment as a Director.

None of the Directors of the Company, other than Mr. Arun Bewoor may be considered to be concerned or interested or deemed to be interested in the passing of this resolution.

### Item No. 7

At the Sixty Third and Sixty Fifth Annual General Meeting held on 31<sup>st</sup> July, 2007 and 21<sup>st</sup> August, 2009 respectively, the shareholders had, *inter alia*, approved the maximum limits for payment of remuneration to the Managing Director and Wholetime Directors of the Company and empowered the Board of Directors to vary the terms of remuneration in such manner as the Board in their absolute discretion deems fit, provided that the remuneration payable to the Managing Director and Wholetime Directors are within the limits of payment of managerial remuneration specified in Schedule XIII of the Companies Act, 1956 or any amendments thereto, as may be made from time to time or the Companies Act, 1956 as may be recodified.

The maximum limit of remuneration payable to the Managing Director/each Wholetime Director earlier approved by the members at the Annual General Meetings held on 31<sup>st</sup> July, 2007 and 21<sup>st</sup> August, 2009, and the proposed revision in the said limits for approval of the members are given below:

| Description   | Managing Director                           |                                       |
|---|---|---------------------------------------|
|   | Existing<br>(as approved by<br>the members) | Proposed                              |
| Salary, additional/adhoc salary, special allowances and other allowances as may be determined by the Directors from time to time. | Not exceeding<br>Rs.1,25,00,000 p.a.        | Not exceeding<br>Rs.1,75,00,000 p.a.  |
| Performance salary as may be determined by the Board of Directors from time to time.  | Not exceeding<br>Rs. 90,00,000 p.a.         | Not exceeding<br>Rs. 1,00,00,000 p.a. |

| Description  | Managing Director                                  |  |
|--|--|--|
|  | Existing<br>(as approved by<br>the members)        | Proposed   |
| Perquisites including furnished/unfurnished accommodation, house rent allowance in lieu thereof house painting, utilities, gas, electricity, water, furnishings, medical reimbursement for self and family, leave travel concession for self and family, club fees, personal accident insurance, medical insurance, group insurance and other benefits and amenities payable in accordance with the rules of the Company payable to Managing Director from time to time. | Monetary value not exceeding<br>Rs. 60,00,000 p.a. | Monetary value not exceeding<br>Rs. 75,00,000 p.a. |

| Description  | Each Wholetime Director                            |  |
|--|--|--|
|  | Existing<br>(as approved by<br>the members)        | Proposed   |
| Salary, additional/adhoc salary, special allowances and other allowances as may be determined by the Directors from time to time.  | Not exceeding<br>Rs. 50,00,000 p.a.                | Not exceeding<br>Rs. 1,00,00,000 p.a.              |
| Performance salary as may be determined by the Board of Directors from time to time.   | Not exceeding<br>Rs. 25,00,000 p.a.                | Not exceeding<br>Rs. 35,00,000 p.a.                |
| Perquisites including furnished/unfurnished accommodation, house rent allowance in lieu thereof/house painting, utilities, gas, electricity, water, furnishings, medical reimbursement for self and family, leave travel concession for self and family, club fees, personal accident insurance, medical insurance, group insurance and other benefits and amenities payable in accordance with the rules of the Company payable to the Wholetime Directors from time to time. | Monetary value not exceeding<br>Rs. 35,00,000 p.a. | Monetary value not exceeding<br>Rs. 50,00,000 p.a. |

Company's contribution to provident fund, superannuation fund and benefit under the Company's pension scheme, gratuity and encashment of leave at the end of the tenure will be permitted, in accordance with the rules of the Company. Company's contribution to provident fund and superannuation fund, benefits under the Company's pension scheme, gratuity and encashment of leave at the end of the tenure, will not be included in the computation of the ceiling on perquisites to the extent these singly or put together are not taxable under the Income Tax Act, 1961. Encashment of unavailed leave as per the Rules of the Company paid to the Managing Director and Wholetime Directors of the Company at the time of retirement/cessation of service shall also not be included in the aforesaid perquisite limits. Costs and expenses incurred by the Company in connection with joining/transfer/retirement and long service award as per the Rules of the Company paid to Managing Director and Wholetime Directors will not be included in the computation of the ceiling on perquisites.

The Company shall provide car for the Wholetime Directors (with driver for the Managing Director) and telecommunication facilities at residence (including payment of local calls and long distance official calls) of the Managing Director and Wholetime Directors and the expenses connected therewith will be borne by the Company. These perquisites will also not be included in the computation of the ceiling on perquisites. For the purpose of computing the ceiling on perquisites, the same would be valued as per the Income Tax Rules 1962, wherever applicable. In the absence of any such rule, perquisites shall be evaluated at actual cost.

It is therefore, proposed to specify the maximum limits of remuneration payable to the Managing Director and the Wholetime Directors of the Company from time to time as may be determined by the Board of Directors as specified in the resolution.

The total remuneration payable including by way of salary, additional/adhoc salary, perquisites and other allowances, performance salary, contribution to provident fund, superannuation fund and benefits under the Company's pension scheme to the Managing Director and Wholetime Directors taken together shall not exceed 10% of the profits of the Company calculated in accordance with Section 198 and 309 of the Companies Act, 1956.

This is only an enabling resolution with a view to gain flexibility in the emerging environment.

The remuneration as may be determined by the Board of Directors from time to time within the maximum limits for the Managing Director and Wholetime Directors, may be treated as an abstract under section 302 of the Companies Act, 1956.

The Board of Directors recommend passing of the resolution set out in Item No. 7 of the accompanying notice.

Mr. Prasad Chandran, Mr. S. Regunathan, Mr. R. Y. Vaidya and Mr. Deepak Thuse, may be deemed to be concerned or interested in the resolution at Item No. 7 in so far as it relates to variation in their remuneration as may be decided by the Board from time to time.

#### **Item No. 8**

1. At the Sixty Fifth Annual General Meeting of the Company held on 21<sup>st</sup> August, 2009, the Members of the Company had approved the variation in the terms of appointment and remuneration of Mr. R. Y. Vaidya as a Wholetime Director of the Company for a period from 1<sup>st</sup> September, 2010 to 1<sup>st</sup> April, 2011.
2. The Board of Directors at its meeting held on 16<sup>th</sup> July, 2010 have, subject to the approval of the Members, extended the tenure of appointment of Mr. R. Y. Vaidya as Wholetime Director for a period of two (2) years from 2<sup>nd</sup> April, 2011 to 1<sup>st</sup> April, 2013, on the terms and conditions as detailed in para 4 below, with authority to the Board to fix his remuneration within the said maximum limit. A brief profile of Mr. R. Y. Vaidya in terms of Clause 49 IV (G) (i) of the Listing Agreement relating to the Corporate Governance is detailed in para 3 below.
3. Mr. R. Y. Vaidya is a B.E. (Mechanical) from the Government College of Engineering, Ahmedabad. He is designated as Chief Executive, Manufacturing and has been in the employment of the Company since 14<sup>th</sup> March, 1997. Mr. Vaidya has valuable experience of over 36 years in the areas of manufacturing, operations and technical management and is on the Board of the Company as a Wholetime Director effective 16<sup>th</sup> April, 2008. Mr. Vaidya is also a Director in BASF Polyurethanes India Limited, a wholly owned subsidiary of the Company w.e.f. 16<sup>th</sup> April, 2008. Mr. Vaidya does not hold any Committee Membership in other Companies. Mr. Vaidya holds 100 equity shares of Rs. 10/- in the equity share capital of the Company.

Having regard to his qualifications, experience and association with the Company, the Directors consider that it will be in the business interest of the Company to extend the tenure of appointment of Mr. R. Y. Vaidya as a Wholetime Director for the period from 2<sup>nd</sup> April, 2011 to 1<sup>st</sup> April, 2013.

4. The essential terms and conditions of his appointment and remuneration payable are as under:
  - (i) Mr. R. Y. Vaidya shall carry out such functions, exercise such powers of management and carry out such duties as may be entrusted to him by the Managing Director of the Company from time to time.
  - (ii) Period of Agreement: For the period from 2<sup>nd</sup> April, 2011 to 1<sup>st</sup> April, 2013.
  - (iii) Remuneration: The remuneration payable to Mr. R. Y. Vaidya by way of salary, additional salary, special allowance, perquisites and other allowances, performance salary/performance linked incentive shall be determined by the Board from time to time at their absolute discretion but shall not exceed the maximum



limits prescribed in Schedule XIII to the Companies Act, 1956 or any amendments thereto as may be made from time to time or under the Companies Act, 1956 as may be recodified. The remuneration payable to Mr. R. Y. Vaidya as determined by the Board of Directors is as under:

- (a) Salary, additional salary, special allowance and any other allowances not exceeding Rs. 1,00,00,000/- p.a., the current basic salary plus fixed allowance w.e.f. 1<sup>st</sup> April, 2010, being Rs. 5,19,850/- per month.
- (b) In addition to remuneration payable under (a) above, Mr. Vaidya is entitled to perquisites including furnished/unfurnished accommodation, house rent allowance in lieu thereof, house painting, utilities, gas, electricity, water, furnishings, medical reimbursements for self and family, leave travel concession for self and family, club fees, personal accident insurance, medical insurance, group insurance and other benefits and amenities payable in accordance with the rules of the Company from time to time.

The monetary value of the perquisite aforesaid presently not exceeding Rs. 50,00,000/- p.a.

- (c) Performance salary/performance linked incentive as may be determined by the Board from time to time, presently not exceeding Rs. 35,00,000/- p.a.
- (d) Company's contribution to provident fund, superannuation fund and benefit under the Company's pension scheme, gratuity and encashment of leave at the end of the tenure will be permitted, in accordance with the rules of the Company. Company's contribution to provident fund and superannuation fund benefits under the Company's pension scheme, gratuity and encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites stated in 4(iii)(b) above to the extent these singly or put together are not taxable under the Income-tax Act, 1961. Encashment of unavailed leave as per the Rules of the Company paid to the Director at the time of retirement/cessation of service shall also not be included in the aforesaid perquisite limits. Costs and expenses incurred by the Company in connection with joining/transfer/retirement and long service award as per the Rules of the Company paid to Director will not be included in the computation of the ceiling on perquisites. The Company shall provide car for the Director and telecommunication facilities at residence (including payment of local calls and long distance official calls) of the Director and the expenses connected therewith will be borne by the Company. These perquisites will also not be included in the computation of the ceiling on perquisites;

For the purpose of computing the ceiling on perquisites, the same would be valued as per the Income Tax Rules, 1962, wherever applicable. In the absence of any such rule, perquisites shall be evaluated at actual cost.

- (e) Wherein any financial year during the tenure of office of Mr.Vaidya, the Company has no profits or its profits are inadequate, the Company shall pay remuneration, benefits and amenities to Mr.Vaidya as specified in the draft Agreement, subject to the approval of the Central Government, if and to the extent necessary or in the alternative pay remuneration to Mr.Vaidya by way of salary, dearness allowance, perquisites and any other allowances, within the ceiling limits prescribed in para 1 of Section II of Part II of Schedule XIII to the Companies Act, 1956 or any amendments thereto as may be made from time to time or under the Companies Act as may be recodified.
- (f) The total remuneration payable by way of salary, additional salary, performance salary/performance linked incentive, special allowance, perquisites and other allowances, contribution to provident fund, superannuation fund and benefits under the Company's pension scheme to the Managing and Wholetime Directors taken together shall not exceed 10% of the profits of the Company calculated in accordance with Sections 198 and 309 of the Companies Act, 1956.

(iv) Other Terms:

- 1. Mr. Vaidya shall not become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company without the prior approval of the Central Government.
- 2. Mr. Vaidya shall be entitled to housing loan as per the rules of the Company.

3. Mr. Vaidya shall be entitled to reimbursement of actual expenses incurred in the course of Company's business.
4. Mr. Vaidya shall be entitled to fully paid leave as per the rules of the Company.
5. The said extension may be terminated by the Company or Mr. Vaidya by giving not less than 6 months notice in writing.
6. Mr. Vaidya shall observe the secrecy obligations with regard to the business and operations of the Company.
7. The Agreement also sets out the mutual rights and obligations of the Company and Mr. Vaidya.

In compliance with the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions of the Companies Act, 1956, the ordinary resolution in terms as set out in Item No. 8 of the accompanying notice is now being placed before the members for approval.

The terms and conditions of extension of tenure of appointment and remuneration payable to Mr. Vaidya as a Wholetime Director of the Company as set out in the Notice and Explanatory Statement may be treated as an abstract of the terms of his appointment under Section 302 of the Companies Act, 1956.

The Board of Directors recommend the passing of the resolution set out in Item No. 8 of the accompanying Notice.

None of the Directors of the Company other than Mr. R. Y. Vaidya may be considered to be concerned or interested or deemed to be interested in the passing of this resolution.

#### **Item No. 9**

1. The Board of Directors (the Board) of the Company at their meeting held on 16<sup>th</sup> July, 2010, appointed Mr. S. Regunathan as a Wholetime Director of the Company, subject to the approval of the members and the Central Government, if and to the extent necessary, and on the terms and conditions detailed in para 3 below. A brief profile of Mr. S. Regunathan in terms of Clause 49 IV (G) (i) of the Listing Agreement relating to the Corporate Governance is detailed in para 2 below.
2. Mr. S. Regunathan is a graduate in Science and a Chartered Accountant. He also holds a Diploma in Management Accountancy. He has been associated with BASF since 1982 and has valuable experience of over 27 years in BASF Group including 6 years in Singapore as Director – Finance & Controlling, Asia Pacific and 3 years as Representative & Managing Director, Finance & Corporate Services, BASF Japan Limited. Mr. Regunathan is working with the Company as Vice-President – Corporate Processes & Services, South Asia with effect from 1<sup>st</sup> June, 2010 and is on the Board of the Company as a Wholetime Director since 16<sup>th</sup> July, 2010. He is also on the Board of other BASF Group Companies in India. Having regard to his qualifications, experience and association with the Company, the Directors consider that it will be in the business interest of the Company to appoint Mr. S. Regunathan as a Wholetime Director of the Company for a period from 16<sup>th</sup> July, 2010 to 31<sup>st</sup> May, 2014.
3. The essential terms and conditions of his appointment are as under:
  - (i) Mr. S. Regunathan shall carry out such functions, exercise such powers of management and carry out such duties as may be entrusted to him by the Managing Director of the Company from time to time.
  - (ii) Period of Agreement: For a period from 16<sup>th</sup> July, 2010 to 31<sup>st</sup> May, 2014.
  - (iii) Remuneration: The remuneration payable to Mr. S. Regunathan by way of salary, additional/adhoc salary, special allowance, perquisites and other allowances, performance salary/performance linked incentive shall be determined by the Board from time to time at their absolute discretion but shall not exceed the maximum limits prescribed in Schedule XIII to the Companies Act, 1956 or any amendments thereto as may be made from time to time or under the Companies Act, 1956, as may be recodified. The remuneration payable to Mr. S. Regunathan as determined by the Board of Directors is as under:
    - (a) Salary, additional/adhoc salary, special allowance and any other allowances not exceeding Rs. 1,00,00,000/- p.a., the current basic salary plus fixed allowance being Rs. 4,57,800/- per month.