

Our Values

Bayer's corporate culture is an important factor in the company's success. Central to this culture are our values: Leadership, Integrity, Flexibility and Efficiency - or LIFE for short. They provide us with guidance for our daily work as we seek solutions to the major challenges of our time, in line with our mission "Bayer: Science For A Better Life."

LIFE

L LEADERSHIP

- Be passionate for people and performance
- Show personal drive, inspire and motivate others
- Be accountable for actions and results, successes and failures
- Treat others fairly and with respect
- Give clear, candid and timely feedback
- Manage conflicts constructively
- Create value for all our stakeholders

I INTEGRITY

- Be a role model
- Comply with laws, regulations and good business practices
- Trust others and build trustful relationships
- Be honest and reliable
- Listen attentively and communicate appropriately
- Ensure sustainability: balance short-term results with long-term requirements
- Care about people, safety and the environment

F FLEXIBILITY

- Drive change actively
- Be ready to adapt to future trends and needs
- Challenge the status quo
- Think and act with customers in mind
- Seek out opportunities and take calculated risks
- Be open-minded
- Embrace lifelong learning

E EFFICIENCY

- Manage resources smartly
- Focus on activities that create value
- Do things simply and effectively
- Deliver with appropriate costs, speed and quality
- Speed up good decision-making
- Be accountable for consistent execution
- Collaborate for better solutions

Bayer CropScience Limited
53rd Annual Report
April 2010 - March 2011



Science For A Better Life

Bayer CropScience strives to be the global innovation leader, providing sustainable crop solutions from seed to harvest.

We help farmers worldwide meet the ever-increasing demand for affordable and high quality food, feed, fiber and energy crops. At Bayer CropScience, we share a passion for discovering new approaches - anywhere in our company. Thus we help shape the future of agriculture and create value for our customers and society.

This is how we live Science For A Better Life every day.

From left to right:

Johannes Dietsch
Non-Executive Director

Vimal Bhandari
Non-Executive
Independent Director

A K R Nedungadi
Non-Executive
Independent Director

Kaikobad B Mistry
Whole-time Director

Dr. Vijay Mallya
Chairman

Shirin V Balsara
Vice President
Legal & Company
Secretary

Sharad M Kulkarni
Non-Executive
Independent Director

Stephan Gerlich
Vice Chairman &
Managing Director

Bernd Naaf
Non-Executive Director



Launches
2010-2011



Solitude[®]
A herbicide that rids weeds from soyabean fields



Ricestar[™]
An excellent weedicide used to control grassy weeds in rice crop



Arize[®] Swift
A short duration hybrid that assures heavy weight grain and high yield



Arize[®] 6444 Gold
Power of protection against Bacterial Leaf Blight



SurPass[®] Aasha
SP 1171 BG II
A high yielding hybrid of cotton seed



Bayer CropScience Limited Annual Report 2010-11

Directors	Dr. Vijay Mallya	– Chairman
	Mr. Stephan Gerlich	– Vice Chairman & Managing Director
	Mr. Sharad M. Kulkarni	
	Mr. Johannes Dietsch	
	Mr. A. K. R. Nedungadi	
	Mr. Bernd Naaf	
	Mr. Vimal Bhandari	
	Mr. Kaikobad B. Mistry	– Whole-time Director

Vice President - Legal & Company Secretary Shirin V. Balsara

Bankers	Bank of America
	BNP Paribas
	Central Bank of India
	Citibank N.A.
	Credit Agricole Corporate and Investment Bank
	Deutsche Bank
	HDFC Bank Limited
	Societe Generale
	Standard Chartered Bank
	State Bank of India
Union Bank of India	

Auditors Price Waterhouse

Solicitors Crawford Bayley & Co.

Registered Office Bayer House, Central Avenue, Hiranandani Gardens, Powai, Mumbai - 400 076.
Tel. No. 91 22 2571 1234
Fax No. 91 22 2570 0147

Registrars & Share Transfer Agents TSR Darashaw Limited (TSRDL) 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Near Famous Studio, Mahalaxmi, Mumbai - 400 011.
Tel. No. 91 22 6656 8484
Fax No. 91 22 6656 8494

Factories (1) Plot Nos. 6008 - 10 & 6301 - 10A, G.I.D.C. Industrial Estate, Ankleshwar - 393 002, Gujarat.
(2) Plot Nos. 66/1 to 75/2, G.I.D.C. Industrial Estate, Himatnagar - 383 001, Gujarat.

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Members are requested to:

- direct all shares related correspondence to TSRDL.
- bring their copy of the Annual Report to the Annual General Meeting.
- send their queries, if any, relating to the accounts of the Company, at least 10 days before the Annual General Meeting, so that the necessary information can be made available at the Meeting.



NOTICE

NOTICE is hereby given that the 53rd Annual General Meeting of Bayer CropScience Limited will be held on Thursday, 25th August, 2011 at 12.00 noon at "Yashwantrao Chavan Pratishthan Auditorium", Y. B. Chavan Centre, Near Mantralaya, Gen. J. Bhonsale Marg, Mumbai - 400 021 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the audited Profit and Loss Account for the year ended 31st March, 2011 and the Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare dividend on Equity Shares for the year ended 31st March, 2011.
3. To appoint a Director in place of Dr. Vijay Mallya, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. A.K.R. Nedungadi, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

5. To consider and if thought fit to pass the following resolution with or without modification(s) as an Ordinary Resolution:

"RESOLVED THAT pursuant to provisions of the Section 225(1) and other applicable provisions, if any, of the Companies Act, 1956, M/s. Price Waterhouse, Chartered Accountants, (Firm Registration No. 301112E), be and are hereby appointed as Auditors of the Company, in place of M/s. Price Waterhouse, Chartered Accountants, (Firm Registration No. 007568S), the retiring Auditors, to hold office from the conclusion of this Annual General Meeting, on such remuneration as may be fixed by the Board of Directors of the Company.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do all such acts, deeds and things as may be necessary to give effect to this resolution."

NOTES:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. The instrument appointing a proxy in order to be effective shall be duly filled, stamped, signed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting. Proxies submitted on behalf of the Companies, Societies etc. must be supported by an appropriate Resolution / Authority, as applicable, issued on behalf of the nominating organisation.
- (b) Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, is annexed hereto and forms part of this Notice. The details under Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited, Mumbai, in respect of Directors seeking approval for re-appointment at the Annual General Meeting forms part of the Corporate Governance Report.
- (c) The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 11th August, 2011 to Thursday, 25th August, 2011 (both days inclusive).
- (d) The dividend of ₹ 4 per Equity Share, as recommended by the Board of Directors, if declared at the ensuing 53rd Annual General Meeting to be held on Thursday, 25th August, 2011 will be paid at par within 30 days of the said date:
 - (i) To those members who hold shares in physical form and whose names appear on the Company's Register of Members as holders of Equity Shares on Thursday, 25th August, 2011.
 - (ii) In respect of shares held in electronic form, to the Beneficial Owners of the shares as at the close of business hours on Wednesday, 10th August, 2011, as per details to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
- (e) Members are requested to direct all shares related correspondence to TSRDL at the following address:

TSR Darashaw Limited,
Unit : Bayer CropScience Limited,
6-10, Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road, Near Famous Studio,
Mahalaxmi, Mumbai – 400 011.
Tel. No. 91 22 6656 8484
Fax No. 91 22 6656 8494
e-mail : csg-unit@tsrdarashaw.com
- (f) Members holding shares in physical form are requested to notify/send the following to TSRDL on or before Wednesday, 10th August, 2011 in order to facilitate better service:
 - (i) any change in their address/mandate/bank details;
 - (ii) particulars of their bank account in case the same have not been sent earlier; and
 - (iii) share certificate(s) held in multiple accounts in identical names or joint accounts in the same order of names for consolidation of such shareholdings into one account.

NOTICE (contd.)

- (g) Members holding shares in dematerialised form are requested to intimate all changes pertaining to their bank details, NECS mandates, nominations, power of attorney, change of address/name etc. to their Depository Participant only and not to the Company/ TSRDL. Changes intimated to the Depository Participant will then be automatically reflected in the Company's records which will help the Company and TSRDL to provide efficient and better service to the members.
- (h) The members are requested to encash the Dividend Warrants immediately on its receipt, as pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, dividends remaining unclaimed for 7 years from the date they were transferred to the unpaid dividend account are required to be transferred to the "Investor Education and Protection Fund" (IEPF) established by the Central Government under Section 205C of the Companies Act, 1956. Members shall not be able to claim any unpaid or unclaimed dividend from IEPF or the Company thereafter.
- (i) **The members are requested to note that the dividend declared in June, 2005 is due to be transferred to IEPF in July, 2012.**
- (j) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN details to the Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to TSRDL.
- (k) Members can avail the facility of nomination in respect of shares held by them by sending their nomination in the prescribed Form No. 2B duly filled in to TSRDL, quoting their respective Folio Nos., Certificate Nos. and Distinctive Nos.
- (l) All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days between 10.00 a.m. and 12.00 noon upto the date of the Annual General Meeting.
- (m) The Ministry of Corporate Affairs (MCA), Government of India, vide its circular nos. 17/2011 and 18/2011, dated 21st April, 2011 and 29th April, 2011 respectively, has allowed companies to send official documents to the members electronically as a part of its 'Green Initiative in Corporate Governance'. In line with the aforesaid circulars, the Company proposes to send documents like the Notice governing the general meetings, financial statements, Directors' Report, Auditors' Report etc. to the email address provided by you to your depositories. Accordingly, members are requested to register their e-mail address(es) and changes therein from time to time, by directly sending the relevant e-mail address alongwith details of name, address, Folio No., shares held:
- i) To the Registrars and Share Transfer Agents, TSRDL for shares held in physical form and;
 - ii) In respect of shares held in demat mode, also provide DP ID/Client ID with the above details and register the same with their respective Depository Participants.

By Order of the Board of Directors
For Bayer CropScience Limited

Shirin V. Balsara
Vice President - Legal & Company Secretary

Leverkusen, Germany, 19th May, 2011

Registered Office:
Bayer House, Central Avenue,
Hiranandani Gardens, Powai,
Mumbai - 400 076.



ANNEXURE TO NOTICE

The following Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 sets out all material facts relating to the business mentioned in Item No. 5 in the accompanying Notice dated 19th May, 2011:

Explanatory Statement

Item No. 5

The Auditors of the Company, M/s. Price Waterhouse, Chartered Accountants (Firm Registration No. 007568S) retire at the ensuing Annual General Meeting of the Company, but have expressed their unwillingness to be re-appointed as Auditors of the Company for the financial year 2011-12.

The Directors have, on recommendation of the Audit Committee, proposed appointment of M/s. Price Waterhouse, Chartered Accountants (Firm Registration No. 301112E), as the Auditors of the Company, to conduct audit for the financial year 2011-12.

The Company has received a special notice from a member of the Company, in terms of provisions of Section 225 of the Companies Act, 1956, read with Section 190, proposing the appointment of M/s. Price Waterhouse, Chartered Accountants (Firm Registration No. 301112E) as the Auditors of the Company from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting of the Company. M/s. Price Waterhouse (Firm Registration No. 301112E) have signified their consent vide their letter dated 12th May, 2011 to act as Auditors of the Company, if appointed.

The members' approval is being sought for the appointment of M/s. Price Waterhouse, Chartered Accountants (Firm Registration No. 301112E), as the Auditors and to authorise the Directors, on the recommendation of the Audit Committee, to determine the remuneration payable to the Auditors.

The Board recommends this resolution for approval by the Members.

None of the Directors are concerned or interested in the passing of this resolution.

By Order of the Board of Directors
For Bayer CropScience Limited

Shirin V. Balsara
Vice President - Legal & Company Secretary

Leverkusen, Germany, 19th May, 2011

Registered Office:
Bayer House, Central Avenue,
Hiranandani Gardens, Powai,
Mumbai - 400 076.

DIRECTORS' REPORT

Dear Members,

Your Directors take pleasure in presenting the 53rd Annual Report on the business and operations of the Company together with the audited Statements of Accounts along with the Report of the Auditors for the financial year ended 31st March, 2011.

Financial Performance:

	₹ in million	
Particulars	2010-11	2009-10
Net Sales and Other Operating Income	21,392.71	17,241.06
Other Income	184.96	252.53
Total Income	21,577.67	17,493.59
Profit before Interest, Depreciation, Exceptional Items and Taxation	2,433.44	2,430.15
Less : Interest	(79.11)	(114.50)
Less : Depreciation/ Amortisation	(326.89)	(264.42)
Profit before Exceptional Items and Taxation	2,027.44	2,051.23
Less : Exceptional Items	(37.78)	(86.78)
Profit for the year Before Tax	1,989.66	1,964.45
Less : Taxes	(674.22)	(691.91)
Profit for the year After Tax	1,315.44	1,272.54
Add : Profit & Loss balance brought forward from previous year	4,032.03	3,070.98
Amount available for Appropriation	5,347.47	4,343.52
Appropriations:		
Proposed Dividend	158.00	158.00
Taxation on Proposed Dividend	25.63	26.24
Transferred to General Reserve	131.54	127.25
Profit & Loss Balance Carried Forward	5,032.30	4,032.03

Operations:

Your Company's profit after tax increased to ₹ 1,315.44 million during the year ended 31st March, 2011 as compared to ₹ 1,272.54 million in the previous year, an increase of 3.37%.

Dividend:

The Board of Directors is pleased to recommend the payment of dividend of ₹ 4 per Equity Share of ₹ 10 each for the financial year ended 31st March, 2011, subject to the approval of members (previous year ₹ 4 per Equity Share of ₹ 10 each). The proposed dividend will absorb a sum of ₹ 158 million. The Register of Members will remain closed from Thursday, 11th August, 2011 to Thursday, 25th August, 2011 (both days inclusive).

Exports:

Your Company is a recognised Export House. The export sales (FOB) for the year ended 31st March, 2011 was ₹ 2,362.89 million compared to ₹ 1,518.46 million during the previous year.

Public Deposits:

A sum of ₹ 15,000 relating to 1 deposit, which was claimed, but not encashed, remained balance as on 31st March, 2011. No interest is payable on such unclaimed deposit after the maturity date. During the year under review, your Company has not accepted any public deposits.

Insurance:

The Company's assets continue to be adequately insured against the risk of fire, riot, earthquake, terrorism and the risk of loss of profits, among other things.

In addition to the above, adequate coverage has been taken to cover public liability and product liability claims. Also, all the employees are covered against the risk of hospitalisation and personal accident.

Foreign Exchange Management:

The Company's exposure to foreign exchange risk comprises the risk of a foreign currency versus the local currency. The goal is to reduce the negative impact of the risks arising from fluctuations in exchange rates in the earnings. The majority of the Forex transactions are denominated in US dollar. To mitigate the currency fluctuations, the net exposure of the Bayer Group is hedged after taking advantage of the natural hedge at the end of each month. Foreign currency loans including interest are completely hedged.



DIRECTORS' REPORT (contd.)

Directors' Responsibility Statement:

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors confirm that, to the best of their knowledge and belief;

1. in the preparation of the annual accounts, the applicable accounting standards have been followed;
2. appropriate accounting policies have been selected and applied consistently and such judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2011 and of the profit of the Company for the financial year ended 31st March, 2011;
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. the annual accounts have been prepared on a going concern basis.

Responsible Care and Quality:

Your Company was awarded "The Best Green Belt Award" from the Chief Minister of Gujarat for its Ankleshwar plant.

Your Company observed National Safety week and Fire Prevention week and conducted various activities throughout the week to spread awareness amongst its employees.

Your Company, covering all the manufacturing units, all India business operations and supporting services, was audited on Quality Management System by TUV India Private Limited (TUV) and the Company was recertified to ISO 9001:2008 certificate. The Environmental Management System for Himatnagar and Ankleshwar plants was audited by TUV and was recommended continuation of ISO 14001:2004 certificate.

Continual improvement and sustainability resulted in conservation of energy, reduction in waste generation, recycling of resources and cost savings.

Your Company accords high priority to health, safety and environment.

Material Developments during the financial year:

In follow up to the incident that occurred at the Ankleshwar site, Gujarat, on 11th March 2010, the Company on 11th April, 2011 was granted permanent re-instatement of all permissions for production of all products, except Ethoprophos from the relevant authorities' in Gujarat. Subsequently permanent re-instatement of permission for production of Ethoprophos was granted on 20th April, 2011.

Your Company's Board had approved the sale of around 100 acres of land at Thane. The Company has entered into a non-binding and exclusive agreement, for the proposed sale of the land, with Agile Real Estate Private Limited. The Company has received an earnest amount of ₹ 2,600 million for this exclusive arrangement. The Conveyance, Transfer, Sale and Possession of the said Thane land will be completed at a future date, subject to relevant approvals and permissions from the Government & other Statutory Authorities, as may be deemed necessary.

Corporate Sustainability and Social Responsibility:

The Bayer Group believes that its technical and commercial expertise entails a duty to contribute to sustainable development. The main areas that Bayer in India is involved in include Learning & Child Education, Youth Environmental Partnerships, Emergency Response, Partnerships with Associations to combat social and environmental problems and activities in the vicinity of the sites where Bayer has operations.

Making Science Make Sense Program (MSMS)

MSMS is an initiative that advances science literacy among students through hands-on, inquiry-based science learning. The program is designed in a specific way that includes live demonstrations, experiments, audio-visual tools and interactive sessions to enhance the learning experience and make sure that science is taught in a way that's enjoyable and fun. Currently, 20 schools in Mumbai and 4 schools in Ankleshwar participated in this program.

Bayer Young Environmental Envoy Program

As a research-based enterprise, Bayer also places great emphasis on promoting science education for the youth and has, therefore, been committed to promoting youth environmental programs for many years. In cooperation with the United Nations Environment Program, Bayer organises and promotes a number of specific projects which aim to improve knowledge about the environment among the youth and support them in their environmental commitment. Under the Bayer Young Environment Envoy Program, the participating students win a chance to represent India, alongwith youth delegates from other countries on an 'all - expense' paid study trip to Germany every year. The week long study trip gives students the unique opportunity to gain a first hand experience of best environmental protection practices by the Company, people and Government in industrialised countries.

Child Care Program (CCP): A social intervention model for tackling child labour and protecting their right to education

The CCP is one of the most successful initiatives of Bayer in India. No children in the hybrid cotton seed fields - that's the principle of Bayer. For the past 5 years, Bayer has worked effectively to implement a comprehensive multilevel CCP. The program has been rolled out in Andhra Pradesh, Karnataka and Tamil Nadu where Bayer has contract cotton seed production. It aims at getting children off the fields of contract farmers and into schools.

DIRECTORS' REPORT (contd.)

Learning for Life project - Impacting lives

A key component of the CCP is the educational module under the broader 'Learning for Life' initiative. It provides out-of-school children from cotton seed production farms with an access to education.

The Bayer-Ramanaidu Vignana Jyothi School of Agriculture was established as a part of the 'Learning for Life' strategy to foster education. This is a first-of-its-kind model developed and successfully implemented in an industry with a farm-based supply chain.

Your Company remains committed to Social Responsibility by continuing to be involved in community projects. The Bayer Group also undertakes several initiatives around the sites where it has operations. For example your Company organised transport and books for the differently abled children of Holy Cross Convent School, Thane and also distributed school uniforms, medicines and other school supplies to schools in the vicinity of Ankleshwar and Thane. Over the years, tree plantation drives have also been successfully implemented.

As an extension of the Company's activities in Sustainable Development and Climate Program, Bayer in India has enrolled itself as an invitational member with The Energy and Resources Institute – Business Council for Sustainable Development (TERI - BCSD). TERI-BCSD India is an independent and credible platform for corporate leaders to address issues related to sustainable development and promote leadership in environmental management, social responsibility and economic performance.

Bayer considers sustainable development to be the central model for companies in the 21st century. As a result, Bayer is committed to structuring its business processes in such a way that they meet the economic, ecological and social needs of society without compromising on development opportunities for future generations.

Human Resources:

This year, the employees of your Company participated in the Bayer Employee Survey and achieved excellent results. The survey was held across the Bayer Group Companies worldwide and Bayer CropScience in India showed significantly higher engagement scores. The engagement score of Bayer CropScience in India was 97%.

The importance of personal growth was reaffirmed with the launch of 26 different training and development initiatives to help the employees find their bearings in an increasingly challenging and complex work environment. More than 900 employees participated in 26 training initiatives and 72 participants were nominated for 37 external training programs.

In line with Bayer's philosophy of "Grow from Within", a large number of employees went through Assessment Center exercise during the year and qualified for promotion at National Level. The Assessment Center was conducted based on the specific skills and competencies identified in the XCEDO (BCS Training Academy).

In continuation to last year's efforts towards providing opportunities for Learning and Development to the employees, the second batch of Bayer Management Program "NEIV" was rolled out in October 2010 with 32 participants from across the Bayer Group in India.

An extension of BCS Training Academy – Kalpavruksh Prabodhini continued with providing training programs focusing on our Industrial Operations Group.

Your Company further continued its strong Employer Branding initiatives and built upon its Corporate Image in the market.

Employee relations during the year were harmonious and cordial.

Information pursuant to Section 217(2A) of the Companies Act, 1956:

The information as prescribed by Section 217(2A) of the Companies Act, 1956, read along with the Companies (Particulars of Employees) Rules, 1975, as amended is set out as an annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report and Accounts are being sent to the members excluding the statement giving particulars of employees under Section 217(2A). Any member interested in obtaining a copy of the statement may write to the Company Secretary at the Registered Office of the Company.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:

The information required under Section 217(1)(e) of the Companies Act, 1956 read along with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 with respect to these matters forms part of this Report and is annexed hereto.

Corporate Governance:

Your Company believes in transparency and has always maintained a very high level of Corporate Governance. As required by Clause 49 of the Listing Agreement, a detailed Report on Corporate Governance is given as an Annexure to this Report. Your Company is in full compliance with the requirements and disclosures that have to be made in this regard. A certificate from a Company Secretary in whole-time practice confirming compliance of the Corporate Governance requirements by the Company is attached to the Corporate Governance Report.

Management Discussion and Analysis:

A detailed review of operations, performance and future outlook of the Company is given separately under the head Management Discussion & Analysis Report.



DIRECTORS' REPORT (contd.)

Directors:

Dr. Vijay Mallya and Mr. A.K.R. Nedungadi retire by rotation and being eligible, offer themselves for re-appointment. A brief profile of Dr. Mallya and Mr. Nedungadi is given under the Corporate Governance Report.

Cost Audit:

In accordance with the directive received from the Central Government, every year, an audit of the cost accounts relating to Insecticides manufactured by the Company is required to be conducted by an auditor with the requisite qualifications as prescribed under Section 233B of the Companies Act, 1956.

The Board of Directors has appointed M/s. N. I. Mehta and Co., qualified Cost Accountants for the conduct of the audit of Insecticides – Technical Grade for the year ending 31st March, 2012. The requisite approval from the Central Government for their appointment has been received. In terms of the Cost Audit Report Rules, 2001 the Cost Audit Report is required to be filed within 180 days from the end of the financial year. Your Company filed the Cost Audit Report for the year ended 31st March, 2010 on 19th September, 2010. The Cost Audit Report for the year ended 31st March, 2011 will be filed on or before 30th September, 2011.

Auditors:

M/s. Price Waterhouse, Chartered Accountants, (Firm Registration No. 007568S) retire as Statutory Auditors at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. M/s. Price Waterhouse, (Firm Registration No. 007568S) have communicated their unwillingness to be re-appointed as Auditors. The Board of Directors has on recommendation of the Audit Committee proposed the appointment of M/s. Price Waterhouse (Firm Registration No. 301112E) for the approval of the members at the ensuing Annual General Meeting. The Company has received a special notice from a member, in terms of provisions of Section 225 of the Companies Act, 1956, read with Section 190, proposing the appointment of M/s. Price Waterhouse (Firm Registration No. 301112E) as the Auditors of the Company from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting. Members are requested to consider and appoint M/s. Price Waterhouse (Firm Registration No. 301112E) as the Auditors of the Company for the year ending 31st March, 2012.

A certificate from them has been received, to the effect that their appointment as Auditors of the Company, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956.

Acknowledgements:

The Board places on record its sincere appreciation for the dedicated services rendered by employees at all levels and the constructive cooperation extended by the staff unions and the officers' association. Your Directors would like to express their grateful appreciation for the assistance and support extended by all customers, government authorities, financial institutions, banks, shareholders, suppliers and other business associates. We also acknowledge the continual support and guidance from Bayer AG, Bayer CropScience AG and Bayer SAS.

For and on behalf of the Board of Directors
Bayer CropScience Limited

Dr. Vijay Mallya
Chairman

Leverkusen, Germany, 19th May, 2011

ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217(1)(e) of the Companies Act, 1956 read along with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the period ended 31st March, 2011.

I. CONSERVATION OF ENERGY

(a) Energy conservation measures taken

1. Installed automatic power factor control panel with 150 KVARH capacitor.
2. Maintained average power factor of 0.98.
3. Maintained overall power factor above 0.9 by load management and capacitor bank control at Ankleshwar.
4. Installation of 1 more unit of Variable Frequency Drive (VFD) for brine plant of AC-4 (160 KW Motor) at Ankleshwar.
5. Carried out climate check and carbon footprint study for Ankleshwar to identify future energy conservation potential.
6. Usage of energy efficient motors at Ankleshwar for new requirements, based on applications.
7. Installed 30 KW solar power panel for new warehouse building.
8. Installed solar water heaters for ANNEX building and security gate house for new plot at Ankleshwar.
9. Replaced watering vacuum pump + steam jet ejector combination by dry vacuum pump to save electricity.
10. Optimized reaction time for Reactor 5411R02 to reduce the overall time cycle.
11. Cooling Tower for 1.4 MW Engine is removed and Cooling Tower 221 shall be used for engine and Vapour Absorption Machine (VAM) to save electricity.
12. Combined process scrubber and CO₂ scrubber to reduce the electricity consumption.

(b) Additional Investment and proposals for energy conservation

1. To reduce the revolution per minute of vacuum pump instead of purging Nitrogen to achieve desired vacuum in the process to save nitrogen consumption.
2. To install VFD for chilled water circulation pump of VAM to save electricity.
3. Optimization of stirring time for Reactor 5442R02 to reduce overall time cycle.

(c) Impact of the measure at (a) and (b) above for reduction of Energy Consumption and consequent impact on the cost of production of goods.

The Company's present system does not allow us to identify and hence determine precisely the reduction of energy consumption per unit and consequent impact on the cost of production of goods.

(d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure to the Rules in respect of industries specified in the schedule thereto:

FORM A

A. Power and Fuel Consumption	Current Year (2010 -11)	Previous Year (2009-10)
1. Electricity:		
(a) Purchased: Ankleshwar Plant		
Unit (KWH)	953,020	377,870
Total Amount (₹ in million)	9.04	3.05
Rate/unit (₹)	9.49	8.06
(b) Purchased: Himatnagar Plant		
Unit (KWH)	2,178,730	1,612,470
Total Amount (₹ in million)	12.76	9.93
Rate/unit (₹)	5.85	6.16
(c) Own Generation: Ankleshwar Plant		
Through gas turbine/ generator		
Units	5,972,804	4,807,008
Units/Sm ³ of gas	3.55	3.42
Cost/Unit	4.50	5.40



ANNEXURE TO THE DIRECTORS' REPORT (contd.)

	Current Year (2010 -11)	Previous Year (2009-10)
(d) Own Generation: Himatnagar Plant		
Through diesel generator		
Units (KWH)	5,172	4,700
Units/litre of diesel oil	3.31	4.17
Cost/unit -- No separate unit cost calculated since generation is marginal		
2. Coal:		
Quantity (tonnes)	-	-
Total cost	-	-
Average cost (₹)	-	-
3. Other fuels: Ankleshwar Plant		
Quantity (Sm ³) - Natural Gas	2,116,685	1,688,929
Total cost (₹ in million)	34.30	25.47
Rate/unit (₹)	16.20	15.08

B. Consumption per unit of production

Since the Company is a multi-divisional unit, producing a variety of products, proper allocation of energy cannot be ascertained.

II. TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form B are as under:

FORM B

Research and Development (R & D)

1. Specific Areas

As the frontrunner in innovation and excellence, your Company continues to bring in a number of novel and effective solutions to the farmers in the field of crop protection in order to keep pace with the ever-changing and dynamic scenario. A number of early phase compounds and many new molecules and mixtures were evaluated, for use in variety of agricultural and horticultural crops covering a wide spectrum of pest and disease segments.

Continuing its success in R & D, your Company secured registrations for its key products and launched new molecules viz. Tebuconazole 50% + Trifloxystrobin 25% WG (Nativo 75 WG) – a new broad spectrum fungicide for use in Rice for disease control as well as improving quality and crop yield; Ethiprole 40 + Imidacloprid 40 WG (Glamore 80 WG) – a one-shot solution insecticide, highly effective against a broad spectrum of sucking pests in Rice; and Fenoxaprop-p-ethyl 6.9 EC (Ricestar 6.9 EC) – a selective post-emergent herbicide for control of grassy weeds in Rice.

8 new label extensions on existing product registrations were also obtained in 2010 which include Flubendiamide 480 SC (Fame 480 SC) in Chilli, Black gram and Pigeon pea, Spiromesifen 240 SC (Oberon 240 SC) in Okra, Deltamethrin 100 EC (Decis 100 EC) in Rice, Pencycuron 250 SC (Monceren 250 SC) in Potato.

Additionally, your Company also secured 7 new approvals exclusively for export to other countries which include Deltamethrin 25% + Imidacloprid 50% - 75 WG, Deltamethrin 25 EC, Imidacloprid 350 FS, Propanil Technical.

Your Company has also complied with the requirement of National Maximum Residue Limits fixation in crops (food commodities), a prerequisite for registration/ introduction of new agrochemical products.

With its focus on enhancing the productivity of farmers, after a lot of sustained research and spending resources in generating scientific data, in 2010 your Company has submitted applications to register new products to be launched in future:

- a) Spirotetramat 120 + Imidacloprid 120 (Movento Energy 240 SC) – A broad spectrum and highly effective insecticide for use in Okra and Brinjal for control of sucking pests viz. aphids, jassids, thrips, whiteflies.
- b) Fluopicolide 4.4% + Fosetyl-AI 66.66% (Profiler 71 WG) – A specialty fungicide for the control of downy mildew disease in Grape.
- c) Tebuconazole 060 FS (Raxil 060 FS) – A seed treatment fungicide for use against loose smut disease of Wheat.
- d) Flubendiamide 240 + Thiacloprid 240 SC (Nical 480 SC) – The first Flubendiamide mixture with Thiacloprid for control of bollworms and sucking pests on Cotton.

Besides this, 7 new applications for label extensions of existing products on new crops/pests were submitted for approval, which includes amongst other Nativo 75 WG on Chilli and Grape, Fenoxaprop-p-ethyl 9% EC (Whip Super 9 EC) on Cotton.

ANNEXURE TO THE DIRECTORS' REPORT (contd.)

In order to improve the productivity, quality and return on investment for farmers, your Company is developing and promoting seed to harvest packages in key agriculture and horticulture crops like hybrid rice, cotton, fresh fruits and vegetables. Your Company continuously provides guidance and inputs to farming community on safe and judicious use of pesticides through various Stewardship and Sustainable agriculture projects. Your Company provides a helpline dedicated to the farming community for seeking clarifications on appropriate use of its products.

2. Future Plans:

In the new scenario of recent membership of India to OECD which will result in Regulatory Data Harmonization and the move towards Regulatory Data Protection and effective implementation of Patent regime by the Government, in future, your Company will be introducing some excellent high technology products in Crop Protection as well as Environmental Science.

Year 2011 has an interesting line-up with the expected approval and launch of 4 globally renowned products – 3 insecticides viz. Fipronil + Imidacloprid 80 WG (Lesenta 80 WG) for use in Cotton against sucking pests, Betacyfluthrin 9% + Imidacloprid 21% OD (Solomon 300 OD) for control of fruit and shoot borers and sucking pests in Okra and Brinjal, Spirotetramat 120 + Imidacloprid 360 SC (Ultor 480 SC) in Cotton against mealy bugs and sucking pests; and 1 herbicide, Fenoxaprop 8% + Metribuzin 14% EC (Accord Plus 22 EC) for use in Wheat for control of grassy and broad leaf weeds, besides securing key label extensions.

3. Expenditure on R & D**(₹ in million)**

(a) Capital	Nil
(b) Recurring (including registration study expenses net of recoveries)	133.44
(c) Total	133.44
(d) Total R&D Expenses are 0.65% of the total net sales	

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

(i) Information relating to exports is contained in the Directors' Report.

(ii) Total foreign exchange utilised and earned:

Details relating to export, foreign exchange earnings and expenditure have been given under Note Nos. 21(11) to 21(15) of the Notes to Accounts.



CORPORATE GOVERNANCE REPORT

1.0 COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy of Corporate Governance is based on preserving core values and ethical business conduct, commitment to maximise shareholder value on a continuous basis while looking after the welfare of all the other stakeholders which is the primary responsibility of the Board of Directors, Management and Employees. Our Board judiciously exercises its fiduciary responsibilities in a spirit of trust, transparency and fair play.

At Bayer, we aim to create value through innovation, growth and high earning power. We have geared up our internal control functions and risk management to meet the progressive governance standards.

Our values express what organisational, cultural and ethical references we wish to promote in managing our employee and business.

Mission and Values

Our mission - "Bayer: Science For A Better Life"

Bayer is an inventor Company with a long tradition of research. By applying science to the major global challenges, we deliver innovations that address unmet customer and market needs.



Science For A Better Life

Our focus on innovation is the key to maintaining or gaining a leading position in every market in which we operate. It is also the foundation for improving the lives of many millions of people.

By working sustainably and accepting our role as a socially and ethically responsible corporate citizen – and by committing to our Bayer values – we create benefits for the communities in which we live.

Science For A Better Life: this is the promise we give to all our stakeholders.

Our values - "LIFE"

Bayer's corporate culture is an important factor in the Company's success. Central to this culture are our values: Leadership, Integrity, Flexibility and Efficiency, summarised by the term LIFE. Living these values is crucial to putting our mission statement into practice.



These values provide us with guidance for our daily work as we seek solutions to the major challenges of our time, in line with our mission statement "Bayer: Science For A Better Life".

1.1 Corporate Compliance Program

Our corporate activity is governed by national and local laws and statutes that place a range of obligations on the Bayer Group and its employees. Bayer manages its business responsibly in compliance with the statutory and regulatory requirements of the countries in which it operates.

The Board of Management has also issued internal directives to achieve this goal. These are summarized in the Corporate Compliance Policy which contains binding rules for fair competition, integrity in business dealings and adherence to the principle of sustainable development.

To avoid conflicts of interest, every employee is required to separate corporate and private interests. The Corporate Compliance Policy also lays down clear rules for the establishment of fair and respectful working conditions and the responsible handling of insider information.

The Compliance Committee has been established to initiate systematic, business-specific training programs and oversee their implementation in line with the Corporate Compliance Policy. The Committee is also responsible for investigating any suspected violations of the Corporate Compliance Policy and, if necessary, taking remedial action. All Bayer employees are required to immediately report any violations of the Corporate Compliance Policy.

CORPORATE GOVERNANCE REPORT (contd.)

1.2 Whistle Blower Policy

In terms of the Corporate Compliance Program, your Company has also formulated a 'Whistle Blower Policy' with an objective of encouraging the employees to raise any concern about Bayer's operations and working environment, including possible breaches of Bayer's policies and standards, values or any laws within the country or elsewhere, without fear of adverse managerial action being taken against such employees. It basically enables the employees to report their concerns which would be looked into and if found appropriate, would be fully investigated and acted upon.

1.3 Policy for Prevention of Sexual Harassment

Bayer's quest for competitive excellence consists of its commitment to lawful and ethical conduct and adherence to Bayer values. Integrity, honesty and respect for people remain some of our core values. Your Company is committed to provide a safe and conducive work environment to its employees and expects them to combine "expertise with responsibility". Bayer's 'Policy for Prevention of Sexual Harassment' has been formed to prohibit, prevent or deter any acts of sexual harassment at workplace and to provide the procedure for the redressal of complaints pertaining to sexual harassment.

1.4 Code of Conduct

In compliance with the requirements of Clause 49 of the Listing Agreement, your Company has adopted the Code of Conduct for Directors as well as for Senior Management. All Board members and Senior Management personnel have affirmed compliance with the applicable Code of Conduct.

The policies as well as codes are posted on the website of the Company.

1.5 Risk Management

Risk Management comprises all of the organisational rules and actions for early identification of the risks in the course of business and the management of such risks. Risk Management includes implementing systems to identify risks at an early stage, report them and take measures to mitigate them.

Your Company has laid down procedures to inform the Audit Committee of the Board of Directors about risk assessment and minimisation procedures. These procedures have been periodically reviewed to ensure that executive management controls the risks pertinent to the business operations.

Mr. Amit Narkar, General Manager - Internal Audit, is responsible for co-ordinating with the various head of departments with respect to the process of identifying key risks associated with the business, the manner of handling risks, the adequacy of mitigating measures, recommending corrective action and reporting to the Audit Committee.

2.0 BOARD OF DIRECTORS

Your Company has an optimum combination of Executive and Non-Executive Directors to maintain the independence of the Board. Dr. Vijay Mallya, the Chairman of the Board is a Non-Executive Independent Director.

Presently the Board consists of a total of 8 Directors, out of which 2 are Executive Directors and from the remaining 6 Non-Executive Directors, 4 are Independent. None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49 of the Listing Agreement), across all the Companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by all the Directors.

The Managing Director and 3 other Directors are from the Promoter Group. The remaining 4 Non-Executive Independent Directors are professionals with expertise and experience in general corporate management, finance, accounting and other allied fields. Apart from drawing sitting fees and commission, none of these Directors have any other material pecuniary relationship or transactions with the Company, its Promoters and its Management, which in the judgement of the Board would affect the independence of the Directors. Except Dr. Vijay Mallya, who holds 53 shares, none of the Directors hold any shares in the Company.

All Non-Executive Independent Directors comply with the requirements of the Listing Agreement applicable to "Independent Director".

Details of the composition of the Board and changes therein during the year, category of the Directors, number of their other directorships and committee memberships are given below:

Constitution of the Board as on 31st March, 2011

Sr. No.	Name of Director	Category [@]	Age (years)	Directorship Tenure
1	Dr. Vijay Mallya, Chairman	NED-(I)	55	7 years and 3 months
2	Mr. Stephan Gerlich*, Vice Chairman	MD	52	7 years and 9 months
3	Mr. Sharad M. Kulkarni	NED-(I)	72	16 years and 7 months
4	Mr. Johannes Dietsch*	NED	49	10 years
5	Mr. A. K. R. Nedungadi	NED-(I)	53	7 years and 3 months
6	Mr. Bernd Naaf *	NED	52	3 years and 5 months
7	Mr. Vimal Bhandari	NED-(I)	52	2 years and 9 months
8	Mr. Kaikobad B. Mistry*	WTD	51	2 years and 9 months

@

MD – Managing Director

NED – Non-Executive Director

NED-(I) – Non-Executive Independent Director

WTD – Whole-time Director

* Represent the Promoter Group



CORPORATE GOVERNANCE REPORT (contd.)

Directorship in other companies / committee position as on 31st March, 2011

Sr. No.	Name of Director	No. of other Directorships		No. of other Committee Memberships	
		Chairman	Memberships	Chairman	Memberships
1	Dr. Vijay Mallya, Chairman	10	–	–	–
2	Mr. Stephan Gerlich, Vice Chairman & Managing Director	–	1	–	–
3	Mr. Sharad M. Kulkarni	–	10	4	2
4	Mr. Johannes Dietsch	–	–	–	–
5	Mr. A.K. R. Nedungadi	–	4	–	2
6	Mr. Bernd Naaf	–	–	–	–
7	Mr. Vimal Bhandari	–	7	2	3
8	Mr. Kaikobad B. Mistry	–	–	–	–

Notes:

- Directorships mentioned above include alternate directorships, but exclude directorships in private companies and foreign companies.
- The details mentioned above are for companies other than Bayer CropScience Limited.
- Committee details consist only of Audit and Shareholders'/Investors' Grievance Committee.

2.1 Responsibilities

2.1.1 Managing Director

Mr. Stephan Gerlich, Vice Chairman & Managing Director of the Company, is also the Country Speaker for the Bayer Group in India. He is responsible for the overall management of the Company. As the Managing Director, he periodically apprises the Board about the performance of the Company.

2.1.2 Whole-time Director

Mr. Kaikobad B. Mistry, who has been appointed as Whole-time Director with effect from 1st July, 2008, is responsible for various functions which include Accounts, Taxation, Treasury, Financial Services, Secretarial & Legal and Information Technology.

2.1.3 Independent Directors

The Independent Directors play a vital role in decision making at the Board Meetings and bring to the Company their rich and varied experience in the fields of Corporate Management, Accounts, Finance, Taxation, Corporate Governance and Law.

The Audit Committee consists entirely of Non-Executive Directors with the majority of them being Independent. Independent Directors have unfettered and complete access to all information within the Company.

3.0 BOARD PROCEDURE

The annual calendar of meetings is agreed upon at the beginning of each year. The meetings are governed by a detailed agenda. All issues included in the agenda are backed up by comprehensive background information to enable the Board to take informed decisions. The agenda papers, containing detailed notes on various agenda items and other information, which would enable the Board to discharge its responsibility effectively, are circulated in advance to the Directors. The Managing Director briefs the Board on the overall performance of the Company. The Chairman of the Audit Committee briefs the Board on important matters discussed at the meetings of the Audit Committee. The statements of Shareholders'/Investors' grievances received and resolved are also placed before the Board.

3.1 Information given to the Board

The Board has complete access to all information within the Company. The information required to be provided to the Board includes:

- Annual operating plans, budgets and updates
- Capital budgets and updates
- Quarterly results of the Company
- Minutes of meetings of Audit Committee and other Committees of the Board
- The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary
- Show cause, demand, prosecution notices and penalty notices, which are materially important
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company

CORPORATE GOVERNANCE REPORT (contd.)

- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company
- Details of any joint venture or collaboration agreement
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property
- Significant labour problems and their proposed solutions. Any significant development on Human Resources/ Industrial Relations front such as signing of wage agreement, implementation of Voluntary Retirement Scheme etc
- Sale of material nature of investments, subsidiaries, assets, which is not in normal course of business
- Amount of borrowings along with the terms on which amounts are borrowed
- Quarterly details of foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders' service such as non-payment of dividend, delay in share transfer etc.

3.2 Attendance Record of the Directors at Meetings of the Board and the Annual General Meeting

6 Board Meetings were held during the year 1st April, 2010 to 31st March, 2011, the details of which are as under:

Sr. No.	Date of Meeting	Quarter	No. of days from previous Board Meeting	Maximum period permitted as per Clause 49
1	26 th April, 2010	April – June	95	4 months
2	28 th May, 2010	April – June	31	
3	19 th July, 2010	July – September	51	
4	25 th October, 2010	October – December	97	
5	22 nd December, 2010	October – December	57	
6	11 th February, 2011	January – March	50	

The maximum time gap between any two meetings is much less as compared to the mandatory requirement of not more than 4 months as per Clause 49.

The Annual General Meeting was held on 28th September, 2010. The attendance of the Directors at the Board and Annual General Meetings held during the year ended 31st March, 2011 is as under:

Sr. No.	Name of Director	Board Meetings held in Director's tenure	Attendance	
			Board Meeting	AGM held on 28 th September, 2010
1	Dr. Vijay Mallya	6	6	Yes
2	Mr. Sharad M. Kulkarni	6	6	Yes
3	Mr. Stephan Gerlich	6	6	Yes
4	Mr. Johannes Dietsch	6	1	No
5	Mr. A.K.R. Nedungadi	6	6	Yes
6	Mr. Bernd Naaf	6	–	No
7	Mr. Vimal Bhandari	6	5	Yes
8	Mr. Kaikobad B. Mistry	6	6	Yes

4.0 DIRECTORS SEEKING RE-APPOINTMENT

Dr. Vijay Mallya and Mr. A.K.R. Nedungadi retire by rotation and being eligible, offer themselves for re-appointment.

Particulars of the aforementioned Directors of the Company seeking re-appointment are as under:

4.1 Dr. Vijay Mallya

Dr. Vijay Mallya is a second-time India's Member of Parliament and Chairman of the UB Group, one of India's largest conglomerates with diverse interests in brewing, distilling, pharmaceuticals, aviation, real estate, engineering, fertilizers, biotechnology and information technology.

He was born in 1955 and became the Chairman of the UB Group at the age of 28 following his father's demise.

United Spirits Limited, the flagship of the UB Group, has achieved the historic milestone of selling a 100 million cases, becoming the second-largest spirits company in the world.

United Breweries Limited (UBL), the makers of Kingfisher beer, is the largest brewing company in India with a national market share of more than 50%. Kingfisher beer is currently available in 52 countries outside India and leads the way among Indian beers in the international market. The brand also brings out the Kingfisher Calendar which is not just one of the most high-profile calendars in the world; but also a forum that has launched several Bollywood actresses and supermodels.



CORPORATE GOVERNANCE REPORT (contd.)

Kingfisher Airlines which is 5 years old has set new benchmarks in the Indian aviation industry. Among the acclaim that the airline has won, it boasts of several international awards including the Best Airline – India/ Central Asia, Staff Service Excellence – India/ Central Asia and the World's best economy seat awards.

Dr. Vijay Mallya is the Chairman of public companies both in India as well as in the United States of America. He has been the Chairman of Aventis Pharma India (previously Hoechst) as well as the Chairman of Bayer CropScience in India (including erstwhile Aventis CropScience) for over 20 years, in addition to being the Chairman of several other corporations.

Dr. Vijay Mallya personally and the UB Group as a whole, have vast sporting interests internationally as well as in India.

Dr. Vijay Mallya is the first Indian ever to own a Formula 1 Team. He is the Team Principal and owner of Force India Formula One, which is also India's first-ever Formula 1 Team and represents India's first, truly global sports foray. The Silverstone (U.K.) - based team is now a finely tuned, state-of-the-art team that has proved itself as a front running Formula 1 team that has gone on to challenge some of the automotive industry's greatest brands for track victory.

In 2008, the UB Group bid and acquired Royal Challengers Bengaluru, an IPL team which has been in the finals and semi-finals of the tournament in the last 2 years. The Company also owns the country's 2 premium football teams; Kingfisher East Bengal and McDowell Mohun Bagan. He is also a breeder and owner of race horses. His horses have won every single major horse race in the country. He is a keen sportsman, an ardent aviator and yachtsman of distinction.

Dr. Vijay Mallya has received several professional awards both in India and overseas. He was conferred a Doctorate of Philosophy (Honoris Causae) in Business Administration, by the Southern California University, Irvine. He has also been nominated as a Global Leader for Tomorrow by the World Economic Forum. He has also received France's highest civilian award – the Legion of Honour.

His first term as a Member of Parliament was between 2002 and 2008.

As on 31st March, 2011, he is on the Board of Directors of the following companies:

- Kingfisher Airlines Limited, Bengaluru
- Aventis Pharma Limited, Mumbai
- Four Seasons Wines Limited, Bengaluru
- Mangalore Chemicals & Fertilizers Limited, Bengaluru
- McDowell Holdings Limited, Bengaluru
- Shaw Wallace Breweries Limited, Mumbai
- United Breweries Limited, Bengaluru
- United Breweries (Holdings) Limited, Bengaluru
- United Racing and Bloodstock Breeders Limited, Bengaluru
- United Spirits Limited, Bengaluru
- Kamsco Industries Private Limited, Kolkata
- Mallya Private Limited, Kolkata
- Pharma Trading Company Private Limited, Kolkata
- Royal Challengers Sports Private Limited, Bengaluru
- The Gem Investment & Trading Company Private Limited, Kolkata
- United East Bengal Football Team Private Limited, Kolkata
- United Mohun Bagan Football Team Private Limited, Kolkata
- VJM Investments Private Limited, Bengaluru
- Motor Sports Association of India, Mumbai
- SWEW Benefit Company
- Bouvet Ladubay SA, France
- Connectics Pte. Ltd., Singapore
- Force India Formula One Team Limited, U.K.
- Force India Formula One Limited, U.K.
- Force India Brand Limited, U.K.

CORPORATE GOVERNANCE REPORT (contd.)

- Imbali Holdings (Pty) Ltd., South Africa
- Jenson & Nicholson (Singapore) Pte. Ltd., Singapore
- Kingfisher America Inc., USA
- Kingfisher International Airlines Inc., USA
- Kingfisher Resorts Management SA (Pty) Ltd., South Africa
- Lake Kyle Holdings (Pty) Ltd., South Africa
- Liquidity Inc., USA
- Mabula Game Reserve (Pty) Ltd., South Africa
- Mabula Investments (Pty) Ltd., South Africa
- Marinscope Inc., USA
- Mendocino Brewing Company, USA
- Orange India Holdings S.A.R.L., Luxembourg
- The Cape Milner SA (Pty) Ltd., South Africa
- UB Emirates LLC, Dubai
- UB Gulf FZE, Dubai
- UB Holdings SA (Pty) Ltd., South Africa
- VJM Resorts Holdings SA (Pty) Ltd., South Africa
- VJM Resorts Investments SA (Pty) Ltd., South Africa
- UBICS Inc., USA
- UBSN Limited, U.K.
- United Breweries of America Inc., USA
- United Breweries & Distilleries (Pacific) Pte Ltd. Singapore
- United National Breweries (SA)(Pty) Ltd., South Africa
- United Spirits Nepal Private Limited, Nepal
- United Spirits (Shanghai) Trading Company Limited, Shanghai, China
- United Wineries of America Inc., USA
- Vantage Investments Pte Ltd., Singapore
- Whyte and Mackay Limited, Scotland, U.K.
- Whyte and Mackay Group Limited, Scotland, U.K.
- Whyte and Mackay Warehousing Limited, Scotland, U.K.
- Wotan Pte. Ltd., Singapore
- Cineblitz Productions Private Limited, Bengaluru
- Devi Investments Private Limited, Mumbai
- Ganapathy Mallya Investments Private Limited, Chennai
- Kingfisher Training and Aviation Services Limited, Bengaluru
- Vittal Investments Private Limited, Chennai

4.2 Mr. A.K.R. Nedungadi

A trained Chartered and Cost Accountant, Mr. A.K.R. Nedungadi joined the United Breweries (UB) Group in 1990 as the Corporate Treasurer. Within 2 years, he became the Group Finance Director of the Group's International business, managing the businesses of UB International, which included the paint giant Berger Jenson and Nicholson with operations spanning over 27 countries. He was instrumental in listing the Berger Group Companies on the London and Singapore bourses.

Since his appointment as the President and Group CFO in 1998, he led the way to sharpening the focus of the Group, which had a conglomerate approach, on areas of competence and global reach. This saw the Group focus on 3 verticals – Brewing, Distilling and Aviation, each area presenting clear leadership within India and abroad.



CORPORATE GOVERNANCE REPORT (contd.)

He was also responsible for opening up the beverage, alcohol sector to Global Best Practices and Transparency, enabling the entry of institutional investors and rerating of the industry itself.

Under his leadership the market capitalisation of the 3 principal group companies has crossed US\$ 5 billion, (as against US\$ 145 million 5 years ago) which bears testimony to the successful accomplishment of business restructuring, consolidation and enhanced shareholder value. As the principle leadership resource of UB Group, Mr. A.K.R. Nedungadi was instrumental in concluding the acquisition of Shaw Wallace & Co., Whyte & Mackay, Air Deccan, Bouvet Ladubay etc.

Mr. A.K.R. Nedungadi was actively engaged with the creation of Kingfisher Airlines – Voted Best Airline of India (TOI / IMRB) - and which continues to set new benchmarks of customer delight. In 5 years, Kingfisher has become the single largest domestic airline in a highly competitive arena and has won many national and international awards.

Mr. A.K.R. Nedungadi is the recipient of many awards of excellence including Udyog Ratan Award, IMA's CFO of the Year, CNBC TV18's – CFO of the Year – M & A etc. Memberships in esteemed organizations like Who's Who of Professionals only reinforce the above testimonials.

His interests in social work and the arts engage his free time. He is an active Rotarian and is a Trustee of India Foundation for the Arts, India's leading grant making art philanthropy.

As on 31st March, 2011, Mr. A.K.R. Nedungadi is on the Board of Directors of the following companies:

- Aventis Pharma Limited, Mumbai
- Kingfisher Airlines Limited, Bengaluru
- United Breweries Limited, Bengaluru
- Idea Streamz Consultants Private Limited
- Beta Eductech Limited
- Millenea Vision Advertising (P) Limited
- Shaw Wallace Breweries Limited
- SWEW Benefit Company
- Wotan Pte. Limited, Singapore.
- Whyte and Mackay Limited, UK
- Whyte and Mackay Group Limited
- Whyte and Mackay Warehousing Limited
- Bouvet Ladubay S.A.
- Orange India Holdings S.A.R.L.
- Force India Formula One Team Limited
- Force India Formula One Limited
- Force India Brand Limited
- UBSN Limited

He is also a Member of various committees in the following Companies:

Sr. No.	Name of Company	Committee
1	Aventis Pharma Limited	Shareholders' Grievance
2	Kingfisher Airlines Limited	Audit
3	Kingfisher Airlines Limited	Remuneration

5.0 REMUNERATION OF DIRECTORS

5.1 Details of remuneration paid to Non-Executive/ Independent Directors and Executive Directors during the year ended 31st March, 2011

a) Non-Executive/ Independent Directors

The Non-Executive Directors do not draw any remuneration from the Company. The Non-Executive Independent Directors are entitled to sitting fees of ₹ 20,000 for each Board, Remuneration Committee and Audit Committee meetings attended. With effect from 1st April, 2010, the Non-Executive Independent Directors will also be entitled to commission of an amount, as may be determined by the Board from time to time, subject to a ceiling of 1% of the net profits of the Company. The commission for the financial year ended 31st March, 2011 will be paid during the financial year 2011-12.

CORPORATE GOVERNANCE REPORT (contd.)

(₹ in million)

Sr. No.	Name of Director	Sitting Fees
1	Dr. Vijay Mallya	0.12
2	Mr. A.K.R. Nedungadi	0.30
3	Mr. Sharad M. Kulkarni	0.30
4	Mr. Vimal Bhandari	0.28

b) Executive Directors

Mr. Stephan Gerlich, Vice Chairman & Managing Director and Mr. Kaikobad B. Mistry, Whole-time Director, were paid remuneration for the year ended 31st March, 2011 as per their respective agreements with the Company, which has been approved by the Board as well as the members.

The remuneration payable to Mr. Gerlich was revised with effect from 1st September, 2010 and the remuneration payable to Mr. Mistry was revised with effect from 1st April, 2010 which is within the limits approved by the shareholders. Details of remuneration paid to Mr. Gerlich and Mr. Mistry are as under:

(₹ in million)

Sr. No.	Name of Director	Position	Salary & Allowances	Perquisites	Total Salary	Contract Period
1	Mr. Stephan Gerlich	Managing Director	27.00	11.46	38.46	01.07.2009 to 30.06.2014
2	Mr. Kaikobad B. Mistry	Whole-time Director	16.39	11.08	27.47	01.07.2008 to 30.06.2013

5.2 Service contract, notice period and severance fees

Mr. Stephan Gerlich was re-appointed as the Vice Chairman & Managing Director of the Company with effect from 1st July, 2009. His employment is contractual for a period of 5 years and terminable by 6 months' notice on either side.

Mr. Kaikobad B. Mistry has been appointed as a Whole-time Director of the Company with effect from 1st July, 2008. His employment is contractual for a period of 5 years and terminable by 6 months' notice on either side.

The Company does not have a scheme for stock options, either for the Directors or its employees. There is no severance fees paid to the Vice Chairman & Managing Director or Whole-time Director.

6.0 COMMITTEES OF THE BOARD**6.1 Audit Committee**

Details of the composition of the Audit Committee, which comprises of all Non-Executive Directors, with the majority of them being Independent, is as under:

Sr. No.	Name of Member	Designation	Category
1	Mr. Sharad M. Kulkarni	Chairman	Non-Executive Independent
2	Mr. A.K.R. Nedungadi	Member	Non-Executive Independent
3	Mr. Vimal Bhandari	Member	Non-Executive Independent
4	Mr. Bernd Naaf	Member	Non-Executive

The Committee held 6 meetings during the year ended 31st March, 2011. The meetings were held on 19th April, 2010, 28th May, 2010, 19th July, 2010, 25th October, 2010, 26th November, 2010 and 11th February, 2011. The attendance at the meetings was as under:

Sr. No.	Name of Member	Audit Committee Meetings held in Director's tenure	No. of meetings attended
1	Mr. Sharad M. Kulkarni	6	6
2	Mr. A.K.R. Nedungadi	6	6
3	Mr. Bernd Naaf	6	–
4	Mr. Vimal Bhandari	6	6

The Vice Chairman & Managing Director, Chief Financial Officer, the Head of Corporate Accounting and the Head of Internal Audit are permanent invitees to all Audit Committee meetings. The Statutory Auditors are also invited to attend the meetings. The Company Secretary acts as the Secretary to the Committee.

The Audit Committee acts as a link between the Statutory and the Internal Auditors on one side and the Board of Directors of the Company on the other side.

Role of the Audit Committee:

- Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the Statutory Auditor and the fixation of audit fees.



CORPORATE GOVERNANCE REPORT (contd.)

- Approval of payment to Statutory Auditors for any other services rendered by them.
- Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement forming part of the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956
 - b) Changes, if any, in accounting policies and practices and reasons for the same
 - c) Major accounting entries involving estimates based on the exercise of judgement by management
 - d) Significant adjustments made in the financial statements arising out of audit findings
 - e) Compliance with listing and other legal requirements relating to financial statements
 - f) Disclosure of any related party transactions
 - g) Qualifications in the draft Audit Report
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing with the management, performance of Statutory and Internal Auditors, and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Discussion with Internal Auditors on any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower mechanism.
- Approval of appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualificalional experience & background etc. of the candidate.
- Reviewing management letters/ letters of internal control weaknesses issued by the Statutory Auditors.
- Reviewing internal audit reports relating to internal control weaknesses.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The minutes of the meetings of the Audit Committee are placed before the Board of Directors.

The Chairman of the Audit Committee, Mr. Sharad M. Kulkarni was present at the Annual General Meeting of the Company held on Tuesday 28th September, 2010.

6.2 Shareholders' / Investors' Grievance Committee

The Company has a Shareholders' / Investors' Grievance Committee under the Chairmanship of Mr. A. K. R. Nedungadi, a Non-Executive Independent Director, to attend to and redress the grievances received from the members of the Company.

Details of the composition of the Shareholders' / Investors' Grievance Committee is as under:

Sr. No.	Name of Member	Designation	Category
1	Mr. A. K. R. Nedungadi	Chairman	Non-Executive Independent
2	Mr. Sharad M. Kulkarni	Member	Non-Executive Independent
3	Mr. Stephan Gerlich	Member	Vice Chairman & Managing Director
4	Mr. Kaikobad B. Mistry	Member	Whole-time Director

The Committee held 4 meetings during the year ended 31st March, 2011. The meetings were held on 26th April, 2010, 19th July, 2010, 25th October, 2010 and 11th February, 2011. The attendance at the meetings was as under:

Sr. No.	Name of Member	Shareholders' / Investors' Grievance Committee Meetings held in Director's tenure	No. of Meetings attended
1	Mr. A.K.R. Nedungadi	4	4
2	Mr. Sharad M . Kulkarni	4	4
3	Mr. Stephan Gerlich	4	4
4	Mr. Kaikobad B. Mistry	4	4

During the year ended 31st March, 2011, the Company received 5 grievances, all of which have been resolved to the satisfaction of the members. The details of the same were also placed before the Board.

CORPORATE GOVERNANCE REPORT (contd.)

A comparative statement of the various complaints received and resolved by the Company during the year ended 31st March, 2011 is given below:

Nature of Complaints	01.04.2010 to 31.03.2011	
	Received	Resolved
Non-receipt of Share Certificates duly transferred	–	–
Non-receipt of dividend warrant	–	–
Non-receipt of Annual Report	–	–
Letters from SEBI	2	2
Letters from Stock Exchange	2	2
Letters referred by Reserve Bank of India / Ministry of Corporate Affairs	–	–
Letters referred by other Government bodies	1	1

6.3 Share Transfer Committee

In compliance with the amended Clause 49 of the Listing Agreement and in order to expedite the process of share transfer, power to approve share transfers has been delegated to the officials of the Company.

Further, a sub-committee has been constituted for attending to matters relating to issue of duplicate share certificates, transmission of shares, split and consolidation, etc. The composition of the Share Transfer Committee is as under:

Sr. No.	Name of Member	Designation	Category
1	Mr. Stephan Gerlich	Chairman	Vice Chairman & Managing Director
2	Mr. Kaikobad B. Mistry	Member	Whole-time Director
3	Shirin V. Balsara	Member	Vice President - Legal & Company Secretary

6.4 Remuneration Committee

The Company has a Remuneration Committee to approve the remuneration of managerial person(s). The composition of the Remuneration Committee is as under:

Sr. No.	Name of Member	Designation	Category
1	Mr. Vimal Bhandari	Chairman	Non-Executive Independent
2	Mr. A.K.R. Nedungadi	Member	Non-Executive Independent
3	Mr. Sharad M. Kulkarni	Member	Non-Executive Independent
4	Mr. Bernd Naaf	Member	Non-Executive

7.0 COMPLIANCE OFFICER

Shirin V. Balsara, Vice President - Legal & Company Secretary, is the Compliance Officer of the Company.

8.0 GENERAL SHAREHOLDER INFORMATION**8.1 Annual General Meeting**

Date of AGM : Thursday, 25th August, 2011

Venue and time : Yashwantrao Chavan Pratishthan Auditorium,
Y. B. Chavan Centre, Gen. J. Bhonsale Marg,
Mumbai - 400 021 at 12.00 noon

8.2 Dates of Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 11th August, 2011 to Thursday, 25th August, 2011 (both days inclusive).

8.3 Proposed Date of Dividend Payment

The dividend of ₹ 4 per Equity Share, as recommended by the Board of Directors, if declared, at the ensuing 53rd Annual General Meeting to be held on Thursday, 25th August, 2011 will be paid at par within 30 days of the said date:

- (i) To those members who hold shares in physical form and whose names appear on the Company's Register of Members as holders of Equity Shares on Thursday, 25th August, 2011.
- (ii) In respect of shares held in electronic form, to the beneficial owners of the shares as at the close of business hours on Wednesday, 10th August, 2011, as per details to be furnished by NSDL and CDSL.

8.4 Financial Calendar

The financial calendar of the Company is from 1st April to 31st March.



CORPORATE GOVERNANCE REPORT (contd.)

8.5 Board Meetings for Quarterly Results

(Tentative and subject to change)

Quarter ending 30 th June, 2011	End July, 2011
Half year ending 30 th September, 2011	On or before 15 th November, 2011
Third quarter ending 31 st December, 2011	On or before 15 th February, 2012
Year ending 31 st March, 2012	On or before 30 th May, 2012
Annual General Meeting for the year ending 31 st March, 2012	On or before 30 th September, 2012

8.6 Registered Office

Bayer CropScience Limited
Bayer House, Central Avenue,
Hiranandani Gardens,
Powai, Mumbai 400 076.

8.7 Listing of Equity Shares

Name and Address of Stock Exchange : Bombay Stock Exchange Limited (BSE)
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 023.

Scrip Code : 506285
Scrip ID : BAYER
ISIN : INE462A01022 (NSDL & CDSL)

The Company has paid the annual listing fees.

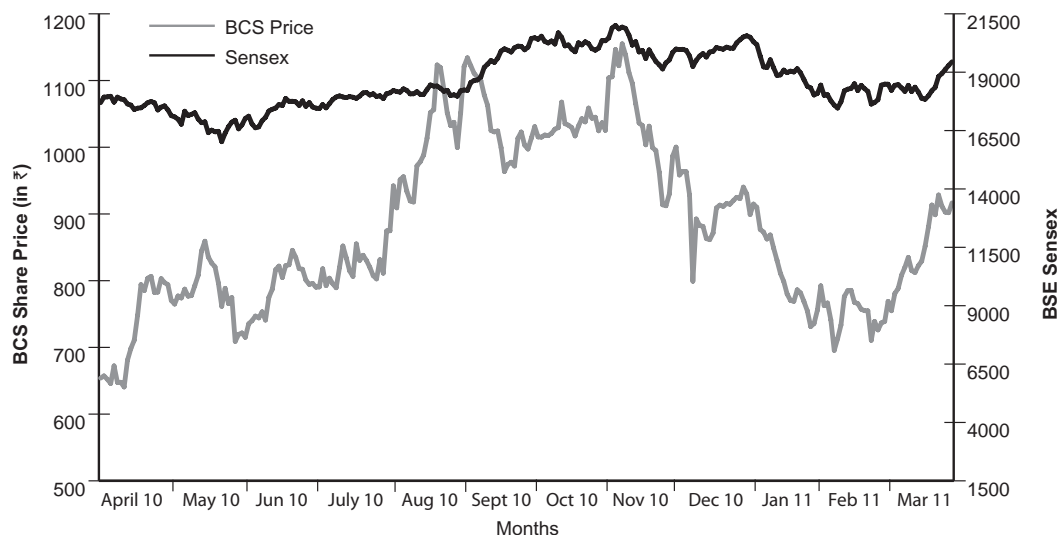
8.8 Stock Price Data

The monthly high and low prices of the Company's shares on BSE from 1st April, 2010 to 31st March, 2011 was as under:

Month	Share Prices (in ₹)	
	High	Low
April	839.00	635.15
May	911.00	696.15
June	864.00	682.25
July	905.90	780.00
August	1,155.00	816.00
September	1,173.00	951.00
October	1,125.00	997.55
November	1,163.90	880.10
December	1,021.00	755.55
January	949.75	725.00
February	817.80	655.00
March	959.00	725.00

8.9 Stock Performance

BCS Share Price vis-a-vis BSE 1st April, 2010 to 31st March, 2011



CORPORATE GOVERNANCE REPORT (contd.)**8.10 Registrars and Share Transfer Agents:**

TSR Darashaw Limited (TSRD) acts as the Registrars and Share Transfer Agents of the Company. Share transfers, dividend payment, requests for duplicates, revalidation, transmission and other investor related requests are attended by TSRDL at its Registered Office situated at :

TSR DARASHAW LIMITED (Unit – Bayer CropScience Limited)
6-10, Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road, Near Famous Studio, Mahalaxmi,
Mumbai - 400 011
Tel : 022-6656 8484
Fax : 022-6656 8494
e-mail : csg-unit@tsrdarashaw.com
Website : www.tsrdarashaw.com
Contact Person: Ms. Madhuri Narang

Investors may also contact the following TSRDL branch offices:

a) Branch Offices of TSRDL

- | | |
|---|--|
| <p>1. TSR DARASHAW LIMITED
503, Barton Centre (5th Floor)
84, Mahatma Gandhi Road,
Bengaluru – 560 001
Tel : 080 – 2532 0321
Fax : 080 – 2558 0019
e-mail : tsrdlbg@tsrdarashaw.com</p> | <p>2. TSR DARASHAW LIMITED
Bungalow No.1,
“E” Road, Northern Town, Bistupur,
Jamshedpur – 831 001
Tel : 0657 – 242 6616
Fax : 0657 – 242 6937
e-mail : tsrdljsr@tsrdarashaw.com</p> |
| <p>3. TSR DARASHAW LIMITED
Tata Centre, 1st Floor,
43, J.L. Nehru Road,
Kolkata – 700 071
Tel : 033 – 2288 3087
Fax : 033 – 2288 3062
e-mail : tsrdlcal@tsrdarashaw.com</p> | <p>4. TSR DARASHAW LIMITED
2/42, Sant Vihar,
Ansari Road, Daryaganj,
New Delhi – 110 002
Tel : 011 – 2327 1805
Fax : 011 – 2327 1802
e-mail : tsrdldel@tsrdarashaw.com</p> |

b) Agent of TSRDL

Shah Consultancy Services Limited
3 Sumatinath Complex,
2nd Dhal, Pritam Nagar, Ellisbridge,
Ahmedabad – 380 006
Telefax : 079-2657 6038
e-mail : shahconsultancy@hotmail.com

8.11 Share Transfer System

The shares of the Company being in compulsory demat form, are transferable through the depository system. Shares in physical form should be lodged for transfer with the office of TSRDL, Mumbai or at their Branch Offices or at the Registered Office of the Company. The transfers are processed, if technically found to be in order and complete in all respects. The transfers processed are approved by the Company thrice a month.

8.12 Distribution of shareholding as on 31st March, 2011

Range of Shares	Number of Shareholders	Number of Shares	% to Total Shareholders
1 – 500	19,877	1,746,478	93.53
501 – 1,000	743	551,984	3.50
1,001 – 2,000	354	504,714	1.67
2,001 – 3,000	89	218,175	0.42
3,001 – 4,000	36	128,488	0.17
4,001 – 5,000	22	103,916	0.10
5,001 – 10,000	58	426,473	0.27
10,001 and above	72	35,818,519	0.34
Total	21,251	39,498,747	100.00



CORPORATE GOVERNANCE REPORT (contd.)

Shareholding Pattern as on 31st March, 2011

Category of Shareholder	Number of shareholders	Number of shares	Number of shares held in dematerialised form	Shareholding as a percentage of total number of shares
(A) Promoter and Promoter Group				
(1) Indian Body Corporate	1	654,850	654,850	1.66
(2) Foreign Body Corporate	3	27,431,812	27,431,812	69.45
Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	4	28,086,662	28,086,662	71.11
(B) Public Shareholding				
(1) Institutions				
(a) Mutual Funds/ UTI	10	1,248,597	1,248,307	3.16
(b) Financial Institutions/ Banks	25	13,934	8,970	0.03
(c) Insurance Companies	9	2,224,926	2,224,576	5.63
(d) Foreign Institutional Investors	21	1,401,917	1,401,001	3.55
Sub-Total (B) (1)	65	4,889,374	4,882,854	12.37
(2) Non-Institutions				
(a) Bodies Corporate	573	2,233,751	2,224,240	5.66
(b) Individuals -				
i Individual shareholders holding nominal share capital upto ₹ 1 lakh	20,572	3,335,250	2,778,284	8.45
ii Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	29	948,341	921,181	2.40
(c) Any Other				
i Director	1	53	0	0.00
ii Trusts	7	5,316	5,250	0.01
Sub-Total (B) (2)	21,182	6,522,711	5,928,955	16.52
Total Public Shareholding (B) = (B)(1)+(B)(2)	21,247	11,412,085	10,811,809	28.89
TOTAL (A)+(B)	21,251	39,498,747	38,898,471	100.00

8.13 List of Top 10 shareholders as on 31st March, 2011

Sr. No.	Name	Number of Shares	% to Capital
1	Bayer CropScience AG	11,236,586	28.45
2	Bayer AG	8,272,560	20.94
3	Bayer SAS	7,922,666	20.06
4	Life Insurance Corporation of India	819,076	2.07
5	Bajaj Allianz Life Insurance Company Limited	793,780	2.01
6	Merrill Lynch Capital Markets Espana S.A. S.V.	700,000	1.77
7	Bayer MaterialScience Private Limited	654,850	1.66
8	Kotak Mahindra Prime Limited	476,000	1.21
9	Indian Syntans Investments (P) Ltd.	450,298	1.14
10	Meenakshi Narayanan Investments (P) Ltd.	411,539	1.04
	Total	31,737,355	80.35

CORPORATE GOVERNANCE REPORT (contd.)**8.14 Pledge of Equity Shares**

None of the Equity Shares held by the Promoters and/or Promoter Group as on 31st March, 2011 have been pledged or otherwise encumbered.

8.15 Dematerialisation of Shares and Liquidity

As per the Notification received from SEBI, the shares of the Company are traded compulsorily in dematerialised form with effect from 21st March, 2000. Your Company has signed an agreement with both the Depositories in the country, viz. NSDL and CDSL whereby the members have an option to get the shares dematerialised with any of the Depositories.

The conversion of the shares from physical form to electronic form is known as dematerialisation. The member(s) desiring to dematerialise the shares has to open a demat account with a Depository Participant (DP) of his choice. Many nationalized banks and private sector undertakings offer this facility. After opening the demat account, the member(s) has to handover the physical share certificates along with the Demat Request Form to his DP, who in turn will forward the documents to TSRDL, both physically and electronically. On receipt of the physical documents and electronic request routed through the Depository, TSRDL shall dematerialise the shares and give credit to the member's demat account maintained with the DP.

As of 31st March, 2011, 38,898,471 (98.48%) shares issued by the Company have been dematerialised.

8.16 Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, conversion date and likely impact on equity

Not Applicable

8.17 Plant Locations

- (a) Plot No. 6008 - 10, & 6301 - 10A
G.I.D.C. Industrial Estate, Ankleshwar - 393 002, Gujarat.
- (b) 66/1 to 75/2, G.I.D.C. Industrial Estate,
Himatnagar - 383 001, Gujarat.

8.18 Address for correspondence:

Investors and members can correspond with

- 1) The Company at the following address :
Bayer CropScience Limited
Secretarial & Legal Department
Bayer House, Central Avenue,
Hiranandani Gardens, Powai,
Mumbai - 400 076.
Tel. : (91-22) 2571 1395/1393
Fax : (91-22) 2570 0147
e-mail : nilesh.limaye@bayer.com
Website : www.bayer.co.in
- 2) TSRDL at their following address :
TSR DARASHAW LIMITED (Unit – Bayer CropScience Limited)
6-10, Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road, Near Famous Studio, Mahalaxmi, Mumbai - 400 011.
Tel. : (91-22) 6656 8484
Fax : (91-22) 6656 8494
e-mail : csg-unit@tsrdarashaw.com
Website : www.tsrdarashaw.com

All information / requests for share transfers, dematerialisation, transmissions, change of address, non-receipt of dividend warrants, duplicate/missing share certificates and other matters connected therewith be addressed to TSRDL at the address mentioned above.

In accordance with the Stock Exchange intimation vide letter dated 21st February, 2007, the Company has opened a specific investor grievance e-mail ID as under :

nilesh.limaye@bayer.com



CORPORATE GOVERNANCE REPORT (contd.)

9.0 OTHER DISCLOSURES

9.1 Details of Annual General Meetings held in the past 3 years

Year	Venue	Date	Time
2010	Yashwantrao Chavan Pratishthan Auditorium, Y. B. Chavan Centre, Gen. J. Bhonsale Marg, Mumbai - 400 021	28 th September, 2010	2.30 p.m.
2009	Yashwantrao Chavan Pratishthan Auditorium, Y. B. Chavan Centre, Gen. J. Bhonsale Marg, Mumbai - 400 021	8 th September, 2009	11.00 a.m.
2007-08	Yashwantrao Chavan Pratishthan Auditorium, Y. B. Chavan Centre, Gen. J. Bhonsale Marg, Mumbai - 400 021	9 th September, 2008	2.00 p.m.

9.2 Special Resolutions passed in the previous 3 Annual General Meetings

- Payment of commission to the Company's Non-Executive Independent Directors, in addition to the sitting fees paid to them. Passed unanimously (AGM held on 28th September, 2010).
- Re-appointment of Mr. Stephan Gerlich as Vice Chairman & Managing Director and revision/payment of remuneration. Passed unanimously (AGM held on 8th September, 2009).
- Variation in terms and conditions of appointment of Mr. Kaikobad B. Mistry, Whole-time Director. Passed unanimously (AGM held on 8th September, 2009).
- Approval of the Company to appoint Mr. Kaikobad B. Mistry as a Whole-time Director of the Company for a period of 5 years with effect from 1st July, 2008. Passed unanimously (AGM held on 9th September, 2008).

9.3 Postal Ballot

During the year under review, an Ordinary Resolution under Section 293(1)(a) of the Companies Act, 1956 seeking approval of the members to sell, transfer and / or otherwise dispose of the whole or substantially the whole / part of the Company's assets consisting of property/ land undertaking at Kolshet Road, Thane was passed by a postal ballot, conducted pursuant to the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules as set out in the Notice dated 19th July, 2010.

The said resolution was passed by the requisite majority and the result of the postal ballot was declared by Mr. Kaikobad B. Mistry, Whole-time Director, on 20th September, 2010.

Voting Pattern:

Voting	Number of Votes	% of Total Votes
Votes For	28,304,075	99.06
Votes Against	259,867	0.91
Invalid Votes	9,782	0.03
Total	28,573,724	100

9.4 Related Party Disclosures

The Company has not entered into any transactions of a material nature with the promoters, directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company. Transactions with related parties as per the requirements of Accounting Standards 18 are disclosed in the Notes to Accounts.

9.5 Code of Conduct for Prevention of Insider Trading

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company has adopted a "Code of Conduct for Dealing in Securities". The Company has from time to time updated the Code as per the requirements of the SEBI.

9.6 Details of non-compliance

There was no non-compliance by the Company on any matters related to capital markets during the last 3 years.

9.7 Means of communication

Financial Results: The quarterly, half-yearly and annual results of the Company are published in widely circulated newspapers, viz. *The Financial Express* and the *Loksatta*. These are also submitted to BSE in accordance with the Listing Agreement.

CORPORATE GOVERNANCE REPORT (contd.)

Website: The results are also regularly posted on the Company's website: www.bayer.co.in. The Annual Report is also available on the website in a user-friendly and downloadable manner. Apart from this, official news releases, Code of Conduct, Whistle Blower Policy, shareholding patterns, board structure etc. are also available on the Company's website.

Corp Filing: The information relating to, shareholding pattern, results etc. of the Company is periodically posted with the Corporate Filing & Dissemination System (CFDS) at www.corpfiling.com as required under the Listing Agreement.

Since the half-yearly financial results are published in leading newspapers as well as displayed on the website, the same are not sent to the members of the Company.

9.8 Office of the Chairman: Your Company maintains the office of the Chairman at Hoechst House, 5th floor, Nariman Point, Mumbai – 400 021.

For and on behalf of the Board
Bayer CropScience Limited

Dr. Vijay Mallya
Chairman

Leverkusen, Germany, 19th May, 2011

RECOMMENDATIONS TO THE INVESTORS/ SHAREHOLDERS

- Open a demat account and dematerialise your shares since it helps in immediate transfer of shares without payment of stamp duty.
- Provide NECS mandate to the Company in case of shares in physical form and ensure that correct and updated particulars of bank account are available with DP in case of shares held in demat form.
- Fill and submit nomination forms (to the Company/TSRD - for Physical shares; to DP - for Dematerialised shares).
- Obtain valid documents relating to purchase/sale of shares.
- Transfer shares prior to book closure/record date to be eligible for corporate benefits.
- Deal only through SEBI registered intermediaries.
- Give clear and unambiguous instructions to your broker/sub-broker/DP.
- Keep copies of all your investment documentation.
- Send share certificates, warrants, cheques, demand drafts etc. through registered post or courier.

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To the Members of Bayer CropScience Limited,

I have examined the compliance of conditions of Corporate Governance by Bayer CropScience Limited for the financial year ended 31st March, 2011, as stipulated in Revised Clause 49 of the Listing Agreement of the said Company with the Bombay Stock Exchange Limited, made applicable to all listed companies with effect from 1st April, 2006.

The compliance of the conditions of Corporate Governance is a responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of a Company.

In my opinion and to the best of my information and according to the explanation given to me, I certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the above mentioned Listing Agreement.

I further state that compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Nilesh A .Pradhan & Co.,

Nilesh A. Pradhan
Proprietor
C. P. No.: 3659.

Mumbai, 12th May, 2011



CORPORATE GOVERNANCE REPORT (contd.)

**CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER AND
CHIEF FINANCIAL OFFICER OF THE COMPANY**

We, Stephan Gerlich, Vice Chairman & Managing Director (Chief Executive Officer) and Kaikobad B. Mistry, Whole-time Director (Chief Financial Officer), to the best of our knowledge and belief, hereby certify that:

1. We have reviewed the Balance Sheet as at 31st March, 2011, Profit & Loss Account for the financial year ended on that date along with all its schedules, notes to accounts as well as cash flow statements and Directors' Report for the financial year and based on our knowledge and information confirm that:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
 - b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. Based on our knowledge and information, there are no transactions entered into by the Company during the financial year which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We, along with the Company's other certifying officers, accept responsibility for establishing and maintaining internal controls and have evaluated the effectiveness of internal control systems of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. The Company's other certifying officers and we, are responsible for establishing and maintaining disclosure controls and procedures for the Company, and we have :
 - a) designed such disclosure controls and procedures to ensure that material information relating to the Company, is made known to us by others within those entities, particularly during the financial year in which this report is being prepared; and
 - b) evaluated the effectiveness of the Company's disclosure, controls and procedures.
5. We, along with the Company's other certifying officers, have indicated to the Auditors and the Audit Committee of the Company, the following:
 - a) significant changes in internal control during the financial year under review;
 - b) significant changes in accounting policies during the financial year under review and that the same have been disclosed in the notes to the financial statements; and
 - c) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.
6. We affirm that we have not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct) and we have provided protection to 'whistle blowers' from unfair termination and other unfair or prejudicial employment practices; and
7. We further declare that all Board members and senior managerial personnel have affirmed compliance with the Code of Conduct for the year under review.

Stephan Gerlich
Vice Chairman & Managing Director
(Chief Executive Officer)

Kaikobad B. Mistry
Whole-time Director
(Chief Financial Officer)

Leverkusen, Germany, 19th May, 2011

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1.0 OVERVIEW OF AGRICULTURAL SECTOR

Indian economic growth story remains dynamic. Despite a global recession, the country has reinforced consumption, incomes, jobs, currency and investment. According to the Central Statistical Organisation (CSO), the GDP growth rate for the Indian economy stood at 7.4% in 2010. Farm output showed excellent signs of recovery. The advance estimates of CSO indicate that agriculture and allied sectors are expected to grow at 5.4% in 2010-11 compared to 0.4% in the previous fiscal. Despite moderation in industrial growth the economic expansion has also been pegged at 8.5% in 2010-11.

According to the latest announcement made by the Planning Commission, the anticipated growth in the farm sector will make up for the shortfall in the industrial output and there is also the likelihood of agriculture growth being higher than the earlier forecast of 5.4%. Experts indicate that this will be the third consecutive year of positive growth for the agriculture sector and the same is also likely to remain buoyant in the forthcoming year.

The third advance estimates released by the Ministry of Agriculture showed an all-time record production of 235.88 million tonnes of food grains. Wheat stood at 84.27 million tonnes, while pulses stood at 17.29 million tonnes. Rice production has been revised upward to 94.11 million tonnes in 2010-11, from the earlier estimates, which is much higher than last year's output of 89.09 million tonnes. Coarse cereal production has been revised to 40.21 million tonnes in 2010-11, from the earlier estimates. Owing to a good monsoon, the food grain production this year is nearly 18 million tonnes higher than last year. The Economic Survey presented by the Ministry of Finance points out that the increased Minimum Support Price along with various other steps taken by the Government of India have resulted in higher levels of food grain production. Economists indicate that the higher food grain production will facilitate further easing of food inflation.

According to a report published by the US Department of Agriculture, cotton production of India, the world's second biggest cotton producer, stood at 32 million bales in 2010-11 season (August-July). Cotton output is likely to achieve a record high in 2011-12 season at 35 million bales as farmers are expected to put more area under this crop. The report further stated that the area under cotton cultivation may rise by 12% this year at 12.5 million hectares, due to record cotton prices. Bt cotton area is expected to reach 90% of the total area this year.

In order to give a further impetus to the agricultural sector, the Government of India is to focus on removal of supply bottlenecks in the food sector in 2011-12. A multi-pronged strategy covering agricultural production, reduction in wastage of produce, credit support to farmers and momentum to the food processing sector is also envisaged. In order to reduce the country's dependence on import of pulses and edible oil, the Government of India, has also announced various schemes for promoting production of vegetables, pulses, oilseeds, fodder and nutrition rich crops like millets and maize.

The above initiatives coupled with private sector participation, which according to industry estimates has shown a noticeable improvement over the past few years, are expected to boost the growth of Indian agricultural sector going forward in 2011.

2.0 INDUSTRY STRUCTURE AND DEVELOPMENT

In India, the agrochemicals industry has aligned itself with the long term agricultural trends. For the past 3 years, Indian crop protection market has been growing by double-digits. In the year 2010, the market registered a growth rate close to 15%. Some important reasons that contributed to this growth are good commodity prices, increasing demand for quality fruits and vegetables and new cropping practices that encouraged the farmers to opt for crop protection products.

Indian farmers further enthused with the support from private industry, academia and the Government are looking to adopt more sophisticated agronomic practices. Combined with land reform and better educated farmers, more diverse crops are expected to usher in a period of rapid expansion for agriculture and crop protection.

There is also a great acceptance of new products. Farmers are now well aware about the demand for quality of produce in the fruits and vegetables divisions and are increasingly opting for fungicides, which has spurred the growth of products relating to this business remarkably.

Labour shortage factors, such as rising incomes contributed by more employment opportunities in the manufacturing and service sectors across the country and NREGS (National Rural Employment Guarantee Scheme) have led to increased demand for herbicides.

Substantial decline in the prices of many generic molecules coupled with manufacturing capacity expansion, by many companies, contributed to the erosion of the market value for generic products.

According to industry analysts, however, there is a growing realisation among farmers that in order to ensure higher productivity and quality crop, new, more effective and environmentally safe chemistry are the need of the hour. This trend is contributing to the growth of innovation-driven companies and also underscores the importance of research, innovation and new product development for sustainable growth in the agri inputs market.

Under Environmental Science business operation, Public Health business in India grew during the year 2010-11 because of higher incidences of vector borne diseases like malaria and dengue. While DDT, malathion and synthetic pyrethroids continue to find use as indoor residual spray products in the malaria control programme, the consumption of space spray chemicals increased due to rapid urbanisation and threats of epidemics. Insecticide treated Bednets / Long Lasting Insecticide Nets emerged as an upcoming area in Public Health and will continue to grow in the years to come as the Government would like to cover maximum population living in disease prone states.

Growing awareness about health and hygiene and rising income levels in metros and mini-metros is boosting the growth in the Professional Pest Control (PPC) business, both in commercial and residential areas. Growing awareness about safe chemicals is



MANAGEMENT DISCUSSION AND ANALYSIS REPORT (contd.)

a good sign for our business. Synthetic pyrethroids are still being used for various active treatments of pests. A latent demand for 'natural/alternative products' is met by unbranded products in the unorganised sector. Termite control products keep growing with increase in the construction activity. Bedbugs are posing a major threat to hospitality industry and is emerging as a key division apart from roaches & rodents.

3.0 REVIEW OF FINANCIAL AND OPERATIONAL PERFORMANCE

The net sales and other operating income for the year ended 31st March, 2011 amounted to ₹ 21,392.71 million as compared to ₹ 17,241.06 million for the last financial year and profit after tax for the year increased to ₹ 1,315.44 million as against ₹ 1,272.54 million for the last financial year.

Bayer CropScience intends to maintain its growth strategy with innovative crop protection products. To this end, your Company plans to further strengthen its portfolio in conventional crop protection and increase the proportion of new, high-margin products.

For Bayer CropScience in India, with a high innovation rate, more than one third of its total business, a market share close to 15% and regular launches of modern products in the market, the claim to a sustained leadership is not far from reality. In 2010, your Company had launched effective and environmentally safer products such as Nativo[®] a fungicide and Adora[®] a herbicide, which have been well accepted by the farmers. Your Company's blockbuster product Fame[®] has also performed very well in 2010. New crops and areas have opened up for this product, that have contributed significantly to this year's domestic business.

Your Company plans to launch 3 new innovative products Glamore[®] - an insecticide, Ricestar[™] and Accord[™] - herbicides in 2011. These products are expected to grow rapidly across various geographic regions during 2011 and create value not only for farmers, but also for the shareholders.

Your Company has established itself in the market as comprehensive 'Seed to Harvest' solutions provider. This has helped your Company to reach out to many hitherto unexplored regions of the country, created opportunities to discover potential of new crops and meet the requirements of farmers through a common distribution channel.

A number of distinctive product packages are being offered to farmers that include seeds and crop protection products. The integrated model has also provided a wider distribution channel to the seed portfolio resulting in significant volume growth.

During the year your Company has launched a distinctive internal campaign called 'Innovate for More' in order to further stimulate innovative spirit among employees across all functions. This has resulted in the conception of many local best practices, stimulating campaigns that have resulted in capturing the attention of customers more effectively thus outperforming the competition. Constant motivation through internal bulletins, spot recognition schemes and best practice sharing has successfully driven across the Company the key message of innovation through 'Innovate for More'.

The Food Chain Partnership is an innovative business model, wherein your Company facilitates a win-win situation for all key stakeholders of the food value chain. Your Company is working closely with the farming community, teaching them about sustainable agricultural practices, the proper use of crop protection products and pest monitoring. Your Company wants to ensure that farmers are getting the maximum yield of healthy vegetables out of their acres, simultaneously, your Company is in close contact with some of the major retail companies in India, with the objective of adding value along the entire food chain, from the farm gate to the retail shop. So far, a Memorandum of Understanding has been signed with a couple of important retailers.

In 2010, Food Chain Partnership projects in India have been rolled out with 25 leading players of Food Chain. The project has benefitted more than 45,000 farmers in the year. Your Company has imbued the spirit of innovation, which is reflected in its business strategy. Your Company has been a pioneer in many respects in the industry, by continuously demonstrating its ability to implement newer business approaches that add value to its customers and stakeholders.

Your Company is also implementing many unique business excellence initiatives that are driving business generation activities and are further adding to its competitive edge.

The Environmental Science business maintains its position as the market leader in the areas of public health and PPC. Your Company continues to sponsor major symposia and seminars to promote general awareness, product knowledge and international trends in vector borne disease management. Several techno commercial training programmes on safe use and handling of products were conducted during the year. The new product for control of mosquito larvae, 'Bilarv', is slowly gaining momentum in municipal councils and corporations and has the potential to be a major intervention in mosquito vectored diseases.

In the PPC business, your Company has focussed on building scientific sales processes, closer engagement with large players in the category and also on increasing its reach to regional, medium sized players in all cities. For achieving the same, your Company has started 'Bayer Network', a new program for engaging medium sized 'Pest Control Operators' (PCOs). The engagement and certification of PCOs happens on passing elaborate criteria. Post certification, the PCOs are entitled to use 'Bayer Network' logo in prescribed manner and have obligation of following Bayer Standard Operating Procedure dealing with 'Application', 'Audit' and 'Behavioural Skills'. This pilot activity is expected to not only increase business with the partner PCOs but also create demand for Bayer products from the end users, in the long run.

4.0 OPPORTUNITIES AND OUTLOOK

The outlook for crop protection companies focused on innovation continues to be positive and experts indicate that the overall value of the market is expected to rise. Industry enabling factors facilitated by the Government of India such as strengthening IPR regulations will create a more favourable environment for further growth. Increasing farm incomes spurred by good commodity prices are expected to further encourage farmers to invest in innovative and good quality crop protection products.

According to industry estimates, in the long-term, the market will continue to grow at a vigorous rate. The consumption of crop protection products will increase with higher usage in the low input regions and introduction of better quality molecules will drive

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (contd.)

the value growth. Prospects for fungicides and herbicides continue to be favourable and noteworthy market growth is expected in these areas.

An increased impetus by means of non-agricultural employment opportunities in rural areas due to the progressive governmental policies and actions, along with high economic growth are expected to influence labour availability for agricultural business. Consequently usage of selective and non-selective herbicides will get a major impetus.

Rising quality consciousness in consumers will greatly impact the market. This will propel the fungicides business and create opportunities for the crop protection products in the fruits and vegetables cultivation.

Your Company is strongly positioned as an innovation leader in the industry. By implementing a comprehensive strategy, your Company has a good position in the entire market. Your Company's focus on innovation will ensure that it benefits from the existing growth trends. A strong product pipeline has been developed to further align with the demand in the market.

Last year's strategic initiatives such as the creation of the new vegetables organisation are helping to garner a significant market share in this very important and growing market segment.

Renewed focus on Customer Relationship Management initiatives across the chain of influence are helping in increasing customer loyalty and thereby in ensuring that the Company stays ahead of competition.

Over and above the international funding provided by donors the growing awareness on vector borne diseases in the Public and Government agencies is an opportunity under the Environmental Science Business. Resistance to DDT and organophosphate chemicals by mosquitoes is an opportunity for your Company to promote synthetic pyrethroids. In bednets business, your Company will soon be launching a 'Long Lasting Insecticide treated Bednet' product which will provide a solution to the needs of such products in the market.

In the PPC business, growth and opportunities are seen in sub-divisions of termiticides and general pest control. The demand for eco-friendly and safer formulations in this business is continuing which is seen as an opportunity for your Company. The partnership with leading pest control operators is ongoing. Your Company will be launching many new products targeting growing businesses of 'Bedbugs' and 'Fly Control' in the near future to provide an effective solution to the customers.

5.0 RISKS, CONCERNS AND THREATS

In the short and medium term, downward pressure on prices is expected to continue which will strain the overall crop protection market. As demand for generic molecules is on the decline, manufacturing capacity expansion initiatives for such molecules undertaken globally over the previous years will continue to be the major factor contributing to this situation. This trend is likely to continue in the coming years.

This will however not impact innovation-driven companies with a strong R&D focus and a robust pipeline of products. As market for new chemistry continues to emerge strongly, a sustainable upsurge in demand is expected. Your Company, as an innovation leader, stands to gain from this development.

A well planned vegetables strategy has also been implemented by your Company to further tap the immense potential of this division. Strengthening of the dedicated vegetables team is ensuring positive results within 1 year of inception.

Your Company has taken up many initiatives to strengthen the consistent business growth over the last several years. Restructuring of the sales organisation by your Company is showing positive results. Through its new sales organization which has 9 zones, your Company has increased its market reach and is able to tap the potential of many new crops. People development has also received focus and systematic training and development is being imparted to the sales teams. More investment in terms of number of legs on the ground has also been enhanced.

Meeting the needs of present without compromising the ability of future generations to meet their own needs remains a basis of your Company's business conduct.

In the Environmental Science business, generics in public health division, availability of funds for health division, resistance of some pests to insecticides and restricted use of products are some of the risks and threats seen. Your Company is taking several measures to mitigate the risk from such threats.

6.0 INTERNAL CONTROL SYSTEMS

Your Company has appropriate internal control systems for business processes with regard to its operations, financial reporting and compliance with applicable laws and regulations. The Audit Committee of the Board of Directors approves the internal audit plan and internal audits are conducted at regular intervals across various locations and processes in line with the approved internal audit plan. Audit observations and follow-up actions are discussed with the Management of the Company as well as the Audit Committee.

7.0 MATERIAL DEVELOPMENT ON HUMAN RESOURCES AND INDUSTRIAL RELATION

The industrial relations situation was cordial and harmonious and continues to be so at present. Extensive training was given to workers on personal effectiveness, corporate compliance, first aid, safe driving, QHSE, emergency handling and fire fighting, health and employee safety and risk assessment. We appreciate the contributions and initiatives made by all employees towards achieving improved productivity, flexibility in operations and overall business performance of your Company.

CAUTIONARY STATEMENT

The statements in the "Management Discussion & Analysis Report" describe the Company's objectives, projections, estimates, expectations and predictions which may be "forward looking statements" within the meaning of applicable laws and regulations. The annual results can differ materially from those expressed or implied, depending upon the economic and climatic conditions, Government policies and other incidental factors.



Bayer Group of Companies in India and Worldwide

Persons constituting group coming within the definition of "group" for the purpose of Regulation 3(1)(e)(i) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, include the following:

Company name	Country	Company name	Country	Company name	Country
Bayer Algeria S.P.A.	Algeria	AiCuris Verwaltungs-GmbH	Germany	Pallas Versicherung Aktiengesellschaft	Germany
Bayer S.A.	Argentina	Alcaflou Management GmbH & Co. KG	Germany	Partner für Berlin Holding Gesellschaft für Hauptstadt-Marketing mbH	Germany
Instituto Reosenbusch SA	Argentina	Ausbildungsinitiative Rheinland GmbH	Germany	pharma mall Gesellschaft für Electronic Commerce mbH	Germany
Bayer Australia Limited	Australia	Bayer 04 Immobilien GmbH	Germany	Pharma-Verlagsbuchhandlung GmbH	Germany
Bayer CropScience Holdings Pty Ltd.	Australia	Bayer 04 Leverkusen Fußball GmbH	Germany	PharmLog Pharma Logistik GmbH	Germany
Bayer CropScience Pty. Limited	Australia	Bayer 04 Leverkusen Sportförderung GmbH	Germany	Salzgewinnung Westfalen Verwaltungen GmbH	Germany
Bayer MaterialScience Pty. Ltd.	Australia	Bayer 04 Marketing GmbH	Germany	Salzgewinnungsgesellschaft Westfalen mbH & Co. KG	Germany
Bomac Animal Health Pty. Limited	Australia	Bayer Aktiengesellschaft	Germany	Sauerstoff- und Stickstoffrohrlieferungsgesellschaft mbH	Germany
Bomac Laboratories Pty. Limited	Australia	Bayer Altersversorgung GmbH	Germany	SBB Abfallerzeuger GbR	Germany
Bomac Pty. Ltd.	Australia	Bayer Animal Health GmbH	Germany	Schering Aktiengesellschaft	Germany
Bomac Research Pty. Ltd.	Australia	Bayer Animal Health Studies GmbH	Germany	Schering GmbH und Co. Produktions KG	Germany
Cotton Growers Services Pty. Limited	Australia	Bayer Beteiligungsverwaltung Goslar GmbH	Germany	Schering International Holding GmbH	Germany
Imaxeon Pty. Ltd.	Australia	Bayer Beteiligungsverwaltungsgesellschaft mbH	Germany	Schering Verwaltungen-Gesellschaft mbH	Germany
Schering Pty. Limited	Australia	Bayer BioScience GmbH	Germany	Schering-Kahlbaum Gesellschaft mit beschränkter Haftung	Germany
U I M Agrochemicals (Aust) Pty. Ltd.	Australia	Bayer Bitterfeld GmbH	Germany	Sechste Bayer VV GmbH	Germany
Bayer Austria Gesellschaft m.b.H.	Austria	Bayer Business Services GmbH	Germany	Siebte Bayer VV GmbH	Germany
Intendis Austria Handels GesmbH	Austria	Bayer Chemicals Aktiengesellschaft	Germany	Sportrechte Vermarktungs- und Verwertungs-GmbH & Co. oHG	Germany
Bayer CropScience Ltd.	Bangladesh	Bayer CropScience Aktiengesellschaft	Germany	SYGNIS Pharma AG	Germany
Bayer Antwerpen NV	Belgium	Bayer CropScience Beteiligungsgesellschaft mbH	Germany	TecArena+ GmbH	Germany
Bayer BioScience N.V.	Belgium	Bayer CropScience Deutschland GmbH	Germany	tecpol Technologieentwicklung GmbH für ökoeffiziente Polymerenwert.	Germany
Bayer CropScience SA-NV	Belgium	Bayer CropScience Vermögensverwaltungsgesellschaft mbH	Germany	TECTRION GmbH	Germany
Bayer SA-NV	Belgium	Bayer Direct Services GmbH	Germany	TravelBoard GmbH	Germany
Bayer Sheet Europe N.V.	Belgium	Bayer Gastronomie GmbH	Germany	Viverso GmbH	Germany
Indaver N.V.	Belgium	Bayer Gesellschaft für Beteiligungen mbH	Germany	WFG Wirtschaftsförderungsgesellschaft Krefeld mbH	Germany
Medrad Belgium BVBA	Belgium	Bayer HealthCare Aktiengesellschaft	Germany	WFL Wirtschaftsförderung Leverkusen GmbH	Germany
Bayer Boliviana Ltda	Bolivia	Bayer Innovation GmbH	Germany	Zweite K-W-A Beteiligungsgesellschaft mbH	Germany
Bayer d.o.o. Sarajevo	Bosnia & Herzegowina	Bayer Innovation Ventures GmbH	Germany	Bayer Hellas AG	Greece
Bayer Distribuidora de Produtos Quimicos e Farmacêuticos Ltda.	Brazil	Bayer MaterialScience Aktiengesellschaft	Germany	Bayer S.A.	Guatemala
Bayer S.A.	Brazil	Bayer MaterialScience Customer Services GmbH	Germany	Comercial Interamericana, S.A.	Guatemala
Campo Limpo - Reciclagem e Transformacao de Plasticos S.A.	Brazil	Bayer Real Estate GmbH	Germany	Miles, S.A. Guatemala Branch	Guatemala
Farmaco Ltda.	Brazil	Bayer Schering Pharma Aktiengesellschaft	Germany	Bayer S.A. de C.V.	Honduras
Medrad do Brasil Ltda.	Brazil	Bayer Sheet Europe GmbH	Germany	Bayer Far East Service Co. Ltd.	Hong Kong
Nunhems do Brasil Comercio de Sementes Ltda.	Brazil	Bayer Technology Services GmbH	Germany	Bayer HealthCare Limited	Hong Kong
Schering do Brasil Química e Farmacêutica Ltda.	Brazil	Bayer Verwaltungsgesellschaft für Anlagevermögen m.b.H.	Germany	Bayer MaterialScience Limited	Hong Kong
Bayer Bulgária EOOD	Bulgaria	Bayer Vital GmbH	Germany	Vincent Medical Manufacturing Co., Limited (Hong Kong)	Hong Kong
Bayer Canadian Holdings Inc.	Canada	Bayer-Handelsgesellschaft mit beschränkter Haftung	Germany	Bayer Hungaria Kft.	Hungary
Bayer CropScience Holdings Inc.	Canada	Bayer-Unterstützungskasse GmbH	Germany	CSEBER Csomagoloeszköz Begyűjtesi Rendszer Kft	Hungary
Bayer CropScience Inc.	Canada	Bayfin GmbH	Germany	Nunhems Hungary Kft.	Hungary
Bayer Inc.	Canada	BayInvest GmbH	Germany	Bayer BioScience Private Limited	India
Berlex Canada, Inc.	Canada	BaySecur GmbH	Germany	Bayer Business Services Private Limited	India
Schein Pharmaceutical Canada, Inc.	Canada	BaySports-Travel GmbH	Germany	Bayer CropScience Limited	India
Aimtec S.A.	Chile	BaySystems GmbH & Co. KG	Germany	Bayer Mailbu Polymers Private Limited	India
Bayer S.A.	Chile	BaySystems Verwaltungs-GmbH	Germany	Bayer MaterialScience Private Limited	India
Laboratorio Berlimed S.A.	Chile	BBB Management GmbH Campus Berlin-Buch	Germany	Bayer Pharmaceuticals Private Limited	India
Nunhems Chile S.A.	Chile	BKV Beteiligungs- und Kunststoffverwertungsgesellschaft mbH	Germany	Bayer Zydus Pharma Private Limited	India
Bayer S.A.	Colombia	byometric systems AG	Germany	Bilag Industries Private Limited	India
Fogansa S.A.	Colombia	Chemion Logistik GmbH	Germany	Nunhems India Private Limited	India
Bayer Central America Sociedad Anonima	Costa Rica	Currenta Geschäftsführungs-GmbH	Germany	PT. Bayer Indonesia	Indonesia
Bayer S.A.	Costa Rica	Currenta GmbH & Co. OHG	Germany	PT. Bayer MaterialScience Indonesia	Indonesia
Bayer d.o.o.	Croatia	Drugofa GmbH	Germany	Bayer Limited	Ireland
Quimicas Unidas S.A.	Cuba	Dynevo GmbH	Germany	Bayer Parsian AG	Islam Rep Iran
Bayer s.r.o.	Czech Republic	Ehrfeld Mikrotechnik BTS GmbH	Germany	Bayer Israel Ltd.	Israel
BaySystems a.s.	Czech Republic	Epurex Films Geschäftsführungs-GmbH	Germany	Evogene Ltd.	Israel
Bayer A/S	Denmark	Epurex Films GmbH & Co. KG	Germany	Mediterranean Seeds Ltd.	Israel
BaySystems Northern Europe A/S	Denmark	Erste BSP VV Aktiengesellschaft	Germany	Paltough Industries (1998) Ltd.	Israel
Medrad Denmark ApS	Denmark	Erste K-W-A Beteiligungsgesellschaft mbH	Germany	Polygal (Management) 1998 Ltd.	Israel
Bayer S.A.	Dominican Republic	Euroservices Bayer GmbH	Germany	Polygal (Marketing) Ltd. Limited Partnership	Israel
Bayer S.A.	Ecuador	Faserwerke Hüls GmbH	Germany	Polygal Plastics Industries Ltd.	Israel
Bayer, S.A.	El Salvador	Generics Holding GmbH	Germany	3R ASSOCIATI S.p.A.	Italy
Corporación Bonima S.A. de C.V.	El Salvador	GENUS Grundstücks-Vermietungsgesellschaft mbH & Co. KG	Germany	Axxam S.p.A.	Italy
Bayer OÜ	Estonia	GP Grenzach Produktions GmbH	Germany	Bayer CropScience S.r.l.	Italy
Bayer Oy	Finland	Hi-BIS GmbH	Germany	Bayer HealthCare Manufacturing S.r.l.	Italy
Baulé S.A.S.	France	Hild Samen GmbH	Germany	Bayer Healthcare S.r.l.	Italy
Bayer CropScience 1272	France	HTV Gesellschaft für Hochtemperaturverbrennung mbH	Germany	Bayer MaterialScience S.r.l.	Italy
Bayer CropScience Holding SA	France	Icon Genetics GmbH	Germany	Bayer S.p.A.	Italy
Bayer Immobilier SAS	France	Intendis GmbH	Germany	Bayer Sheet Europe S.p.A.	Italy
Bayer Polyols S.N.C.	France	Intraserv GmbH & Co. KG	Germany	Consorzio Dafne	Italy
Bayer S.A.S.	France	Intraserv Verwaltungs-GmbH	Germany	Intendis Manufacturing S.p.A.	Italy
Bayer Santé Familiale SAS	France	INVITE GmbH	Germany	Intendis S.p.A.	Italy
Bayer Santé SAS	France	Jenapharm GmbH & Co. KG	Germany	Medrad Italia S.r.l.	Italy
GIE AIFOR	France	KeyNeurotek Pharmaceuticals AG	Germany	Nunhems Italy S.r.l.	Italy
Medrad France S.A.R.L.	France	KOSINUS Grundstücks-Verwaltungsgesellschaft mbH	Germany	Philogen S.p.A.	Italy
Nunhems France S.A.R.L.	France	KOSINUS Grundstücks-Verwaltungsgesellschaft mbH & Co. Gamma OHG	Germany	UNIFARM Consorzio	Italy
PYCO SA	France	KVP Pharma+Veterinär Produkte GmbH	Germany	Bayer CropScience K.K.	Japan
Secmer SARL	France	Lilienthalstraße Nr. 4 GmbH	Germany	Bayer Holding Ltd.	Japan
1. BCrSV GmbH	Germany	Lilienthalstraße Nr. 4 Verwaltungen GmbH	Germany	Bayer MaterialScience Ltd.	Japan
Agreva GmbH	Germany	Marotras GmbH	Germany	Bayer Yakuhin, Ltd.	Japan
AgrEvo Verwaltungsgesellschaft mbH	Germany	Medrad Medizinische Systeme GmbH	Germany	DIC Bayer Polymer Ltd.	Japan
AiCuris GmbH & Co. KG	Germany	MENADIER Heilmittel GmbH	Germany	Hokusan Co. Ltd.	Japan

Bayer Group of Companies in India and Worldwide (contd.)

Company name	Country
Nihon Medrad K.K.	Japan
Sumika Bayer Urethane Co. Ltd.	Japan
Teijin-Bayer Polytec Ltd.	Japan
TOO Bayer KAZ	Kazakhstan
Bayer East Africa Ltd.	Kenya
Bayer CropScience Ltd.	Korea Republic
Bayer Korea Ltd.	Korea Republic
Bayer Sheet Korea Ltd.	Korea Republic
SIA Bayer	Latvia
UAB Bayer	Lithuania
INDURISK RÜCKVERSICHERUNG AG	Luxembourg
Pandias Re AG	Luxembourg
Bayer (Malaysia) Sdn. Bhd.	Malaysia
Bayer Co. (Malaysia) Sdn Bhd	Malaysia
Bayer CropScience (OHQ) (Malaysia) Sdn Bhd	Malaysia
Bayer S.A.	Maroc
Bayer de Mexico, S.A. de C.V.	Mexico
Bayer IMSA, S.A. de C.V.	Mexico
Centro Estratégico Canada Latinoamerica S.A. de C.V.	Mexico
Industrias Gustafson, S.A. de C.V.	Mexico
Medrad Mexicana S. de R.L. de CV	Mexico
Nunhems Mexico S.A. de C.V.	Mexico
PROQUINA Productos Quimicos Naturales, S.A. de C.V.	Mexico
Bayer Schering Pharma Mocambique, Lda	Mozambique
Myanmar Aventis CropScience Ltd.	Myanmar
Bayer B.V.	Netherlands
Bayer Capital Corporation B.V.	Netherlands
Bayer CropScience B.V.	Netherlands
Bayer CropScience Investments B.V.	Netherlands
Bayer Foreign Investments B.V.	Netherlands
Bayer Global Investments B.V.	Netherlands
Bayer International Investments B.V.	Netherlands
Bayer Pharma Investments B.V.	Netherlands
Bayer Polyurethanes B.V.	Netherlands
BaySystems B.V.	Netherlands
Berlipharm B.V.	Netherlands
Biogenetic Technologies B.V.	Netherlands
Lyondell Bayer Manufacturing Maasvlakte VOF	Netherlands
Medrad Europe B.V.	Netherlands
Nunhems B.V.	Netherlands
Nunhems Netherlands B.V.	Netherlands
PGS International N.V.	Netherlands
Zilip Pharma B.V.	Netherlands
Bayer New Zealand Limited	New Zealand
Bomac Industries Limited	New Zealand
Bomac Laboratories Limited	New Zealand
Bomac Research Limited	New Zealand
Mastitis Research Centre Limited	New Zealand
Vetpak Limited	New Zealand
Bayer S.A.	Nicaragua
Bayer AS	Norway
Mediwest Norway AS	Norway
Bayer CropScience (Private) Limited	Pakistan
Bayer DAS (Private) Limited	Pakistan
Bayer Pakistan (Private) Limited	Pakistan
Chemdyes Pakistan (Private) Limited	Pakistan
Medipharm (Pvt.) Ltd.	Pakistan
Bayer S.A.	Panama
Bayer S.A.	Paraguay
Bayer S.A.	Peru
CROPSA S.A.C.	Peru
Schering Peruana S.A.	Peru
Bayer CropScience, Inc.	Philippines
Bayer Philippines, Inc.	Philippines
Bayer Sp. z o.o.	Poland
Nunhems Poland Sp. z o.o.	Poland
Bayer CropScience (Portugal)-Produtos para a Agricultura, Lda	Portugal
Bayer Portugal S.A.	Portugal
Bayhealth Comercialização de Produtos Farmacêuticos Unipessoal Lda.	Portugal
Berlex Especialidades Farmacêuticas Lda.	Portugal
Berlifarma Lda	Portugal
Berlimed-Especialidades Farmacêuticas Lda.	Portugal
CENTROFARMA-Indústria e Comércio de Prod. Farmacêuticos, Lda.	Portugal
Lusal Produção Químico Farmacêutica Luso-Alema, Lda.	Portugal
Lusalfarma-Especialidades Farmacêuticas, Lda	Portugal
Bayer (Beijing) Sheet Company Limited	PR China
Bayer (China) Limited	PR China

Company name	Country
Bayer (Sichuan) Animal Health Co. Ltd.	PR China
Bayer CropScience (China) Company Ltd.	PR China
Bayer Healthcare Co. Ltd.	PR China
Bayer Jinling Polyurethane Co. Ltd.	PR China
Bayer MaterialScience (China) Company Limited	PR China
Bayer MaterialScience (Qingdao) Co. Ltd.	PR China
Bayer Technology and Engineering (Shanghai) Company Limited	PR China
Bayer TPU (Shenzhen) Co. Ltd.	PR China
Guangzhou Bayer MaterialScience Company Limited	PR China
Medrad Medical Equipment Trading Company	PR China
Nunhems Beijing Seeds Co. Ltd.	PR China
Shanghai Baule Polyurethane Technology Co. Ltd.	PR China
TianJin Greenstone Polymer Technology Co. Ltd.	PR China
Vincent Medical(Dongguan) Manufacturing Co. Limited	PR China
Bayer Puerto Rico Inc.	Puerto Rico
SC Bayer SRL	Romania
ZAO Bayer	Russia
ZAO Rhône-Poulenc AO	Russia
Bayer d.o.o.	Serbia
Bayer (South East Asia) Pte. Ltd.	Singapore
Medrad Asia Pte. Ltd.	Singapore
Bayer, spol. s.r.o.	Slovakia
Bayer d.o.o.	Slovenia
AgriEvo South Africa (Pty.) Ltd.	South Africa
Bayer (Proprietary) Limited	South Africa
Coopers Environmental Health Pty. Ltd.	South Africa
Rustenburg Chrome Mine Holdings (Pty.) Ltd.	South Africa
Schering (Pty.) Ltd.	South Africa
Aguas Industriales de Tarragona, S.A. (AITASA)	Spain
Bayer CropScience, S.L.	Spain
Bayer Hispania, S.L.	Spain
Bayer MaterialScience, S.L.	Spain
Bayhealth, S.L.	Spain
Berlimed, S.A.	Spain
Consorci D'aigües de Tarragona	Spain
Disalfarm, S.A.	Spain
Euroservices Bayer S.L.	Spain
Intendis Derma, S.L.	Spain
Nunhems Spain, S.A.	Spain
Racks de la zona Sur, C.B.	Spain
Sociedad Espanola de materiales Plasticos, S.A.	Spain
Bayer AB	Sweden
Medrad Sweden AB	Sweden
ARA Rhein AG	Switzerland
Bayer (Schweiz) AG	Switzerland
Bayer Consumer Care AG	Switzerland
Bayer International S.A.	Switzerland
Berlis AG	Switzerland
Chemie-Beteiligungsaktiengesellschaft	Switzerland
EMP-Estrusione Materiali Plastici S.A.	Switzerland
Bayer Polyurethanes Taiwan Ltd.	Taiwan
Bayer Taiwan Company Ltd.	Taiwan
Bayer Uretech Ltd.	Taiwan
Bayer CropScience (Thailand) Company Limited	Thailand
Bayer Thai Co., Ltd.	Thailand
Bayer Türk Kimya Sanayi Limited Sirketi	Turkey
Intendis Ilac Ticaret Limited Sirketi	Turkey
Nunhems Tohumculuk Limited Sirketi	Turkey
Bayer Ltd.	Ukraine
Bayer Middle East FZE	United Arab Emirates
Bayer Middle East Limited Liability Company	United Arab Emirates
BaySystems Pearl FZCO	United Arab Emirates
BaySystems Pearl Limited Liability Company	United Arab Emirates
Astex Therapeutics Ltd.	United Kingdom
Baule UK Ltd.	United Kingdom
Bayer AEH Limited	United Kingdom
Bayer AGCO Limited	United Kingdom
Bayer Agriculture Limited	United Kingdom
Bayer CropScience Holdings Limited	United Kingdom
Bayer CropScience Limited	United Kingdom
Bayer CropScience Norwich Limited	United Kingdom
Bayer Public Limited Company	United Kingdom

Company name	Country
Bayer UK Limited	United Kingdom
CIS (U.K.) Limited	United Kingdom
Medrad UK Limited	United Kingdom
pbi Home & Garden Limited	United Kingdom
Schering Agrochemicals Holdings	United Kingdom
Schering Health Care Limited	United Kingdom
Schering Holdings Ltd.	United Kingdom
Schering Industrial Products	United Kingdom
Schering Industrial Products Holdings	United Kingdom
ACT Biotech, Inc.	United States
AEROVANCE, INC.	United States
AgraQuest, Inc.	United States
Anthra Pharmaceuticals Inc.	United States
Artificial Muscle, Inc.	United States
Athenix Corp.	United States
Baule Inc.	United States
Baule USA LLC	United States
Bayer Business and Technology Services LLC	United States
Bayer Corporation	United States
Bayer Cotton Seed International Inc.	United States
Bayer CropScience Holding Inc.	United States
Bayer CropScience Inc.	United States
Bayer CropScience LLC	United States
Bayer CropScience LP	United States
Bayer HealthCare LLC	United States
Bayer HealthCare Pharmaceuticals Inc.	United States
Bayer HealthCare Pharmaceuticals LLC	United States
Bayer International Trade Services Corporation	United States
Bayer MaterialScience LLC	United States
Bayer Pharma Chemicals Inc.	United States
BayOne Urethane Systems LLC	United States
Baypo I LLC	United States
Baypo II LLC	United States
BAYPO Limited Partnership	United States
BHCP Holdings LLC	United States
BIPPO Corporation	United States
CMEA Ventures II, L.P.	United States
Cobalt Biofuels	United States
Collateral Therapeutics, Inc.	United States
Cooper Land Company of New Jersey, Inc.	United States
Delinting and Seed Treating Company	United States
Guidance Interactive Healthcare, Inc.	United States
ICON Genetics, Inc.	United States
InPhase Technologies, Inc.	United States
Intendis, Inc.	United States
iSense Corporation	United States
iSense Development Corporation	United States
Lifecor Inc.	United States
Medrad, Inc.	United States
MTFP Inc.	United States
Myopoint Inc.	United States
NGEN Enabling Technologies Fund, LP	United States
NGEN II, L.P.	United States
NippoNex Holdings LLC	United States
NippoNex Inc.	United States
NOR-AM Agro LLC	United States
NOR-AM Land Company	United States
Nunhems USA, Inc.	United States
Odyssey Thera, Inc.	United States
Onyx Pharmaceuticals, Inc.	United States
Pallas North America Insurance Company, Inc.	United States
Paratek Pharmaceuticals, Inc.	United States
PO JV, LP	United States
SB Capital Corporation	United States
Schering Berlin Inc.	United States
Scynexis, Inc.	United States
Stoneville Pedigreed Seed Company	United States
STWB Inc.	United States
Technology JV, L.P.	United States
The SDI Divestiture Corporation	United States
Viterion TeleHealthcare LLC	United States
Bayer SA	Uruguay
Bayer S.A.	Venezuela
Bayer Vietnam Ltd.	Vietnam
Bayer Zimbabwe (Private) Limited	Zimbabwe



AUDITORS' REPORT

TO THE MEMBERS OF BAYER CROPSCIENCE LIMITED

1. We have audited the attached Balance Sheet of Bayer CropScience Limited (the "Company") as at March 31, 2011, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on March 31, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Price Waterhouse
Firm Registration Number: 007568S
Chartered Accountants

Uday Shah
Partner
Membership No. F- 46061

Place : Mumbai
Date : May 19, 2011

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 3 of the Auditors' Report of even date to the members of Bayer CropScience Limited on the financial statements for the year ended March 31, 2011)

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
- (ii) (a) The inventory (including stocks with third parties) has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- (iii) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, no major weakness have been noticed or reported.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed thereunder.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues, as applicable with the appropriate authorities though there has been slight delays in few cases.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth tax as at March 31, 2011 which have not been deposited on account of any dispute. Refer Appendix A for particulars of dues of income tax, sales tax, customs duty, service tax, excise duty and cess thereon as at March 31, 2011 which have not been deposited on account of dispute.
- (x) The Company has no accumulated losses as at March 31, 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- (xi) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any banks as at Balance Sheet date. Further, there were no dues payable to financial institution or debenture holders as at the Balance Sheet date.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 3 of the Auditors' Report of even date to the members of Bayer CropScience Limited on the financial statements for the year ended March 31, 2011)

- (xiii) The provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company.
- (xiv) In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi) The Company has not obtained any term loans.
- (xvii) On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For Price Waterhouse
Firm Registration Number: 007568S
Chartered Accountants

Uday Shah
Partner
Membership No. F- 46061

Place : Mumbai
Date : May 19, 2011

Appendix A

[Referred to in paragraph (ix)(b) of our annexure to the Auditors' Report of even date to the members of Bayer CropScience Limited on the financial statements for the year ended March 31, 2011]

Sr. No.	Name of the Statute	Nature of Dues	Amount (₹ in '000s)	Period to which the amount relates	Forum where dispute is pending
1.	Excise Duty The Central Excise Act, 1944	Excise duty including interest and penalty, where applicable	4,284	Years 1986 to 1991 and 1993 to 1997	Appellate Authority - up to Commissioner's level
			7,132	Years 1993-1994, 1998 to 2004 and 2007	Custom, Excise and Service Tax Appellate Tribunal
			13,648	Years 1994-1995, 2000-2001, 2001-2002 and 2002-2003	High Court
			Sub Total	25,064	
2.	Service Tax The Finance Act, 1994	Service Tax liability including interest and penalty, where applicable	1,051	Years from 2004 to 2007	Appellate Authority - up to Commissioner's level
			8,105	Year 2006-2007	Custom, Excise and Service Tax Appellate Tribunal
			Sub Total	9,156	
3.	Sales Tax The Central Sales Tax Act, 1956 and Local Sales Tax Acts	Sales Tax liability including penalty and interest, where applicable	330,773	Years 1977-1978 to 1984-1985, 1994-1995, 1995-1996, 1999-2000 to 2005-2006, 2007-2008 to 2009-2010	Appellate Authority - up to Commissioner's level
			2,571	Years 1989-1990 to 1991-1992, 2000-2001, 2009-2010	Sales Tax Appellate Tribunal
			59,300	Year 2003-2004	High Court
			Sub Total	392,644	
4.	Customs Duty The Customs Duty Act, 1962	Demand raised with interest and penalty due to valuation dispute	321,836	For the period February 1996 to September 1999	The Supreme Court of India
			Sub Total	321,836	
5.	Income Tax The Income Tax Act, 1961	Income Tax liability including interest and penalty, where applicable	1,062	Assessment Year 2005-2006	Appellate Authority - up to Commissioner's level
			14,074	Assessment Years 1996-1997 and 2003-2004	Income Tax Appellate Tribunal
			15,388	Assessment Year 2001-2002	High Court
			Sub Total	30,524	
	Total		779,224		



Balance Sheet as at March 31, 2011

	Schedule	As at 31.03.2011	₹ '000s As at 31.03.2010
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	394,987	394,987
Reserves and Surplus	2	6,334,753	5,202,938
		6,729,740	5,597,925
LOAN FUNDS			
Secured Loans	3	—	14,906
Unsecured Loans	4	1,085,000	1,124,843
		1,085,000	1,139,749
		7,814,740	6,737,674
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	5,503,495	4,789,608
Less: Depreciation/ Amortisation/ Impairment Loss		1,994,231	1,868,512
Net Block		3,509,264	2,921,096
Capital Work-In-Progress		85,273	287,359
		3,594,537	3,208,455
INVESTMENTS	6	867,899	628,175
DEFERRED TAX ASSET (NET) (Refer Note 4 of Schedule 21)		59,900	66,118
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	4,374,001	3,479,998
Sundry Debtors	8	2,823,392	1,976,014
Cash and Bank Balances	9	2,763,974	153,514
Loans and Advances	10	1,116,918	1,182,851
		11,078,285	6,792,377
Less: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	11	7,329,745	3,522,853
Provisions	12	456,136	434,598
		7,785,881	3,957,451
NET CURRENT ASSETS		3,292,404	2,834,926
		7,814,740	6,737,674
Notes to Accounts	21		

Schedules referred to above form an integral part of the Balance Sheet.
This is the Balance Sheet referred to in our report of even date.

For Price Waterhouse

Firm Registration Number: 007568S

Chartered Accountants

Uday Shah

Partner

Membership Number: F - 46061

Shirin V. Balsara
Vice President - Legal &
Company Secretary

For and on behalf of the Board

Chairman **Dr. Vijay Mallya**

Vice Chairman &
Managing Director **Stephan Gerlich**

Directors **Sharad M. Kulkarni**
Johannes Dietsch
A.K.R. Nedungadi
Bernd Naaf
Vimal Bhandari
Kaikobad B. Mistry

Place : Mumbai

Date : May 19, 2011

Place : Leverkusen, Germany

Date : May 19, 2011

Profit and Loss Account for the year ended March 31, 2011

	Schedule	01.04.2010 to 31.03.2011	₹ '000s 01.04.2009 to 31.03.2010
INCOME			
Sales		21,273,247	16,905,698
Less: Excise Duty		886,406	658,079
		20,386,841	16,247,619
Other Operating Income	13	1,005,871	993,444
Other Income	14	184,963	252,525
		21,577,675	17,493,588
EXPENDITURE			
Materials Consumed	15	4,071,868	3,855,839
Decrease in Stock	16	113,955	122,235
Cost of Traded Goods Sold	17	9,555,660	6,627,115
Employees Cost	18	1,597,763	1,411,231
Other Expenses	19	3,796,218	3,033,201
Finance Charges	20	87,875	128,316
Depreciation/ Amortisation		326,892	264,419
		19,550,231	15,442,356
		2,027,444	2,051,232
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAXATION			
Exceptional items :			
– Demolition and Remediation Expenditure (Refer Note 23 of Schedule 21)		(37,785)	(54,904)
– Voluntary Retirement Expenditure		–	(31,881)
		(37,785)	(86,785)
PROFIT BEFORE TAXATION			
Taxation		1,989,659	1,964,447
– Current Tax		668,000	615,000
[including charge for earlier years ₹ 6,438 (Previous Year ₹ 6,099)]			
– Deferred Tax charge		6,218	77,944
– Fringe Benefit Tax		–	(1,032)
[including credit for earlier years ₹ Nil (Previous Year ₹ 1,032)]			
		674,218	691,912
PROFIT AFTER TAXATION			
		1,315,441	1,272,535
Add: Balance brought forward from previous year		4,032,034	3,070,989
AMOUNT AVAILABLE FOR APPROPRIATION			
		5,347,475	4,343,524
APPROPRIATIONS			
Proposed Dividend		157,995	157,995
Provision For Tax on Proposed Dividend		25,631	26,241
Transfer to General Reserve		131,544	127,254
Balance carried to Balance Sheet		5,032,305	4,032,034
		5,347,475	4,343,524
Earnings Per Share - Basic and Diluted (Refer Note 25 of Schedule 21)		33.30	32.22
Face Value per Equity Share - ₹ 10			

Notes to Accounts

21

Schedules referred to above form an integral part of the Profit and Loss Account.
This is the Profit and Loss Account referred to in our report of even date.

For Price Waterhouse

Firm Registration Number: 007568S

Chartered Accountants

Uday Shah

Partner

Membership Number: F - 46061

Shirin V. Balsara
Vice President - Legal &
Company Secretary

For and on behalf of the Board

Chairman **Dr. Vijay Mallya**Vice Chairman &
Managing Director **Stephan Gerlich**

Directors **Sharad M. Kulkarni**
Johannes Dietsch
A.K.R. Nedungadi
Bernd Naaf
Vimal Bhandari
Kaikobad B. Mistry

Place : Mumbai

Date : May 19, 2011

Place : Leverkusen, Germany

Date : May 19, 2011



Schedules forming part of the Balance Sheet as at March 31, 2011

	As at 31.03.2011	₹ '000s As at 31.03.2010
SCHEDULE 1		
SHARE CAPITAL		
Authorised:		
46,300,000 (Previous Year 46,300,000) Equity Shares of ₹ 10 each	<u>463,000</u>	<u>463,000</u>
Issued, Subscribed and Paid-up:		
39,498,747 (Previous Year 39,498,747) Equity Shares of ₹ 10 each, fully paid-up	<u>394,987</u>	<u>394,987</u>
Notes:		
(a) Of the above, 12,632,500 (Previous Year 12,632,500) Equity Shares of ₹ 10 each are allotted as fully paid-up Bonus Shares by way of capitalisation of Capital Reserve, Premium received on Shares and General Reserve.		
(b) Pursuant to the Scheme of Amalgamation of erstwhile Bayer CropScience India Limited with the Company, 23,278,747 Equity Shares of ₹ 10 each have been issued and allotted as fully paid-up to the Shareholders of erstwhile Bayer CropScience India Limited without payment being received in cash.		
(c) 28,086,662 (Previous Year 28,086,662) Equity Shares of ₹ 10 each are held by Bayer AG, Germany, the Ultimate Holding Company and its subsidiaries.		
SCHEDULE 2		
RESERVES AND SURPLUS		
General Reserve		
As per last Balance Sheet	1,170,904	1,043,650
Add: Transfer from Profit and Loss Account	<u>131,544</u>	<u>127,254</u>
	1,302,448	1,170,904
Profit and Loss Account	<u>5,032,305</u>	<u>4,032,034</u>
	<u>6,334,753</u>	<u>5,202,938</u>
SCHEDULE 3		
SECURED LOANS		
Loan from Banks	-	14,906
(Secured by <i>Pari Passu</i> charge by hypothecation of Stocks and Book Debts) [Due within a year ₹ Nil (Previous Year ₹ 14,906)]		
	<u>-</u>	<u>14,906</u>
SCHEDULE 4		
UNSECURED LOANS		
Short Term Loans from Banks	-	349,843
[Due within a year ₹ Nil (Previous Year ₹ 349,843)]		
Inter Corporate Loans	<u>1,085,000</u>	775,000
[Due within a year ₹ 1,085,000 (Previous Year ₹ 555,000)]		
	<u>1,085,000</u>	<u>1,124,843</u>

Schedules forming part of the Balance Sheet as at March 31, 2011

SCHEDULE 5

FIXED ASSETS

₹ '000s

Assets	Gross Block (at Cost)			Depreciation/ Amortisation				Impairment				Net Book Value		
	As at 01.04.2010	Additions	Deletions	As at 31.03.2011	As at 01.04.2010	For the year	Deletions	Upto 31.03.2011	As at 01.04.2010	Loss for the year	Deletions	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
Intangibles														
Goodwill	93,256	-	-	93,256	93,256	-	-	93,256	-	-	-	-	-	-
Technical Knowhow	15,633	-	-	15,633	15,633	-	-	15,633	-	-	-	-	-	-
Software	17,697	30,683	-	48,380	1,975	10,750	-	12,725	-	-	-	-	35,655	15,722
Sub-total	126,586	30,683	-	157,269	110,864	10,750	-	121,614	-	-	-	-	35,655	15,722
Tangibles														
Freehold Land #	949,400	-	-	949,400	-	-	-	-	-	-	-	-	949,400	949,400
Leasehold Land	18,966	-	-	18,966	2,224	219	-	2,443	-	-	-	-	16,523	16,742
Buildings #	953,238	419,250	34,297	1,338,191	352,354	34,656	23,645	363,365	26,407	-	-	26,407	948,419	574,477
Leasehold Improvement	3,034	-	-	3,034	3,034	-	-	3,034	-	-	-	-	-	-
Plant and Machinery	1,949,307	293,989	129,549	2,113,747	970,720	181,596	123,821	1,028,495	5,964	-	2,243	3,721	1,081,531	972,623
Office Equipment and Computers	394,073	77,101	24,630	446,544	218,587	49,889	22,764	245,712	7,529	-	372	7,157	193,675	167,957
Furniture and Fixtures	128,171	25,707	10,064	143,814	75,389	12,793	8,967	79,215	8,239	-	819	7,420	57,179	44,543
Vehicles	266,833	95,206	29,509	332,530	87,201	36,989	18,542	105,648	-	-	-	-	226,882	179,632
Sub-total	4,663,022	911,253	228,049	5,346,226	1,709,509	316,142	197,739	1,827,912	48,139	-	3,434	44,705	3,473,609	2,905,374
Total	4,789,608	941,936	228,049	5,503,495	1,820,373	326,892	197,739	1,949,526	48,139	-	3,434	44,705	3,509,264	2,921,096
Previous Year	4,413,559	634,535	258,486	4,789,608	1,760,195	264,419	204,241	1,820,373	58,398	-	10,259	48,139		
Capital Work-In-Progress includes Capital Advances													85,273	287,359
													3,594,537	3,208,455

#Refer Note 24 of Schedule 21



Schedules forming part of the Balance Sheet as at March 31, 2011

	As at 31.03.2011	As at 31.03.2010
SCHEDULE 6		
INVESTMENTS		
(Refer Note 19 of Schedule 21)		
LONG TERM (At Cost)		
NON-TRADE		
UNQUOTED		
Others		
4,900 (Previous Year 4,900) Equity Shares in Bharuch Enviro Infrastructure Limited of ₹ 10 each, fully paid-up	49	49
209,880 (Previous Year 209,880) Equity Shares in Bharuch Eco Acqua Infrastructure Limited of ₹ 10 each, fully paid-up	2,099	2,099
	<u>2,148</u>	<u>2,148</u>
CURRENT (At Cost or Net Asset Value, whichever is lower)		
NON-TRADE		
UNQUOTED		
Nil (Previous Year 5,000,583) units of ₹ 10 each in Birla Sun Life Mutual Fund - Cash Manager - IP	-	50,021
4,991,263 (Previous Year 3,993,261) units of ₹ 10 each in Birla Sun Life Mutual Fund - Cash Plus - Institutional Premium	50,010	40,010
4,632,252 (Previous Year 4,629,203) units of ₹ 10 each in Birla Sun Life Mutual Fund - Cash Plus - Institutional	50,039	50,006
499,171 (Previous Year 5,001,011 of ₹ 10 each) units of ₹ 100 each in DWS Mutual Fund - Insta Cash Plus Fund - Super Institutional Plan	50,069	50,162
Nil (Previous Year 4,975,975) units of ₹ 10 each in DWS Mutual Fund - Insta Cash Plus Fund - Institutional Plan	-	50,017
4,889,670 (Previous Year Nil) units of ₹ 10 each in Fidelity Mutual Fund - Cash Fund - Super Institutional	50,036	-
3,267,862 (Previous Year 2,041,631) units of ₹ 10 each in HDFC Mutual Fund - Liquid Fund Premium Plan	40,063	25,030
4,701,855 (Previous Year 4,703,845) units of ₹ 10 each in HDFC Mutual Fund - Cash Management Fund Saving Plan	50,011	50,032
4,723,625 (Previous Year 4,723,084) units of ₹ 10 each in IDFC Mutual Fund - Cash Fund - Inst Plan B	50,010	50,005
4,007,691 (Previous Year 5,002,687) units of ₹ 10 each in IDFC Mutual Fund - Cash Fund - Super Inst Plan C	40,087	50,039
4,089,983 (Previous Year 4,119,887) units of ₹ 10 each in Kotak Mutual Fund - Liquid (Institutional Premium)	50,013	50,379
4,092,391 (Previous Year Nil) units of ₹ 10 each in Kotak Mutual Fund - Liquid (Institutional)	50,042	-
500,006 (Previous Year Nil) units of ₹ 100 each in Prudential ICICI Mutual Fund- Liquid - Super Institutional Plan	50,012	-
422,923 (Previous Year Nil) units of ₹ 100 each in Prudential ICICI Mutual Fund- Liquid - Institutional Plus Plan	50,123	-
1,962,813 (Previous Year 668,679) units of ₹ 10 each in Reliance Mutual Fund - Liquid Fund - Treasury Plan IP	30,006	10,222
Nil (Previous Year 4,998,363) units of ₹ 10 each in Reliance Mutual Fund - Liquid Fund Plan	-	50,008
2,696,916 (Previous Year Nil) units of ₹ 10 each in Reliance Mutual Fund - Liquid Fund - Cash Plan	30,048	-
49,999 (Previous Year Nil) units of ₹ 1,000 each in Religare Mutual Fund - Liquid Fund - IP	50,010	-
5,978,438 (Previous Year Nil) units of ₹ 10 each in SBI Mutual Fund - Magnum Insta Cash Fund	100,141	-
44,872 (Previous Year 44,907) units of ₹ 1,000 each in Tata Mutual Fund - Liquid Super High Investment Fund	50,011	50,050
22,453 (Previous Year Nil) units of ₹ 1,000 each in Tata Mutual Fund- Liquid High Investment Fund	25,020	-
Nil (Previous Year 49,877) units of ₹ 1,000 each in UTI Mutual Fund - Money Market Fund	-	50,046
	<u>865,751</u>	<u>626,027</u>
	<u>867,899</u>	<u>628,175</u>
Note: Aggregate Book Value of Unquoted Investments ₹ 867,899 (Previous Year ₹ 628,175)		

Schedules forming part of the Balance Sheet as at March 31, 2011

	As at 31.03.2011	₹ '000s As at 31.03.2010
SCHEDULE 7		
INVENTORIES		
Stores and Spares	47,646	53,100
Stock-in-Trade:		
Raw Materials	1,438,825	1,051,505
Packing Materials	117,388	81,656
Semi-Finished Goods	311,601	390,805
Finished Goods	738,643	773,394
Traded Goods	1,068,953	588,472
Goods In Transit	650,945	541,066
	<u>4,374,001</u>	<u>3,479,998</u>
SCHEDULE 8		
SUNDRY DEBTORS		
Debts outstanding for a period exceeding six months		
– Considered Good	32,702	51,731
– Considered Doubtful	78,564	94,584
	<u>111,266</u>	<u>146,315</u>
Other Debts		
– Considered Good [Includes due from a Private Company in which a Director is a Director ₹ 26,816 (Previous Year ₹ 13,541)]	2,790,690	1,924,283
– Considered Doubtful	2,180	64
	<u>2,792,870</u>	<u>1,924,347</u>
Less : Provision for Doubtful Debts	80,744	94,648
	<u>2,823,392</u>	<u>1,976,014</u>
Sundry Debtors		
– Secured	47,497	38,930
– Unsecured	2,775,895	1,937,084
	<u>2,823,392</u>	<u>1,976,014</u>
SCHEDULE 9		
CASH AND BANK BALANCES		
Cash on Hand	131	347
Cheque on Hand (Refer Note 24 of Schedule 21)	2,600,000	–
Balance with Scheduled Banks:		
– In Current Accounts	47,265	18,702
– In Deposit Accounts	48	48
– In Cash Credit Accounts	113,397	131,743
– In Unclaimed Dividend Accounts	3,133	2,674
	<u>2,763,974</u>	<u>153,514</u>



Schedules forming part of the Balance Sheet as at March 31, 2011

	As at 31.03.2011	As at 31.03.2010
₹ '000s		
SCHEDULE 10		
LOANS AND ADVANCES		
(Unsecured - considered good unless stated otherwise)		
Advances recoverable in cash or in kind or for value to be received		
– Considered Good	257,854	270,358
– Considered Doubtful	630	678
	<u>258,484</u>	<u>271,036</u>
Less: Provision for Doubtful Advances	630	678
	<u>257,854</u>	<u>270,358</u>
Deposits		
– Considered Good	125,706	91,629
– Considered Doubtful	6,408	6,877
	<u>132,114</u>	<u>98,506</u>
Less: Provision for Doubtful Deposits	6,408	6,877
	<u>125,706</u>	<u>91,629</u>
Balance with Excise, Customs and Port Authorities	282,947	262,701
Fringe Benefit Tax [Net of Provision for Taxation ₹ 124,533 (Previous Year ₹ 124,533)]	2,698	2,698
Advance payment of Income Tax [Net of Provision for Taxation ₹ 4,411,865 (Previous Year ₹ 3,746,964)]	447,713	555,465
	<u>1,116,918</u>	<u>1,182,851</u>
SCHEDULE 11		
CURRENT LIABILITIES		
Sundry Creditors		
– Due to Micro and Small Enterprises (Refer Note 8 of Schedule 21)	13,350	12,210
– Others	3,965,965	2,628,243
Advances from Customers	582,359	727,889
Interest accrued but not due	–	1,455
Unclaimed Dividends *	3,133	2,674
Unclaimed Public Deposits *	15	125
Deposits from Agents, Dealers and Customers	75,314	72,364
Other Liabilities	89,609	77,893
Earnest Money Deposit (Refer Note 24 of Schedule 21)	2,600,000	–
	<u>7,329,745</u>	<u>3,522,853</u>
*There are no amounts as at year end which are due to be credited to Investor Education and Protection Fund		
SCHEDULE 12		
PROVISIONS		
Proposed Dividend	157,995	157,995
Tax on Proposed Dividend	25,631	26,241
Leave Encashment	99,458	86,380
Gratuity	67,216	75,042
Pension	7,874	8,281
Long Service Award	11,095	11,051
Direct Tax Matters (Refer Note 7 of Schedule 21) [Net of Advance Tax of ₹ 128,574 (Previous Year ₹ 128,574)]	32,146	29,047
Indirect Tax Matters (Refer Note 7 of Schedule 21)	51,879	37,469
Commercial and Other Matters (Refer Note 7 of Schedule 21)	2,842	3,092
	<u>456,136</u>	<u>434,598</u>

Schedules forming part of the Profit and Loss Account for the year ended March 31, 2011

₹ '000s

	01.04.2010 to 31.03.2011	01.04.2009 to 31.03.2010
SCHEDULE 13		
OTHER OPERATING INCOME		
Recoveries from Group Companies and Third Parties [Tax deducted at source ₹ 25,854 (Previous Year ₹ 23,532)]	1,005,871	993,444
	<u>1,005,871</u>	<u>993,444</u>
SCHEDULE 14		
OTHER INCOME		
Interest Received [Tax deducted at source ₹ 114 (Previous Year ₹ 481)]	6,152	3,015
Dividend Income from Current Investments	17,874	8,436
Profit on Assets sold/ discarded (Net)	15,629	–
Writeback for Doubtful Deposits/ Advances	419	–
Rent Income [Tax deducted at source ₹ 2,627 (Previous Year ₹ 5,704)]	21,724	27,621
Insurance Claims	3,600	865
Provisions No Longer Required Written Back	57,044	143,496
Export Incentives	17,393	12,709
Miscellaneous	45,128	56,383
	<u>184,963</u>	<u>252,525</u>
SCHEDULE 15		
MATERIALS CONSUMED*		
Raw Materials		
Opening Stock	1,051,505	858,306
Add: Purchases	4,175,099	3,760,389
	<u>5,226,604</u>	<u>4,618,695</u>
Less: Closing Stock	1,438,825	1,051,505
	<u>3,787,779</u>	<u>3,567,190</u>
Packing Materials consumed	284,089	288,649
	<u>4,071,868</u>	<u>3,855,839</u>
* Includes ₹ 20,893 (Previous Year ₹ 17,828) on account of Write off/ Write downs in carrying values of Raw Materials and Packing Materials		
SCHEDULE 16		
DECREASE IN STOCK*		
Opening Stock		
– Semi-Finished	390,805	602,808
– Finished	773,394	683,626
	<u>1,164,199</u>	<u>1,286,434</u>
Closing Stock		
– Semi-Finished	311,601	390,805
– Finished	738,643	773,394
	<u>1,050,244</u>	<u>1,164,199</u>
	<u>113,955</u>	<u>122,235</u>
* Includes ₹ 43,048 (Previous Year ₹ 5,867) on account of Write off/ Write downs in carrying values of Semi-Finished and Finished Goods		
SCHEDULE 17		
COST OF TRADED GOODS SOLD*		
Opening Stock	588,472	532,609
Add: Purchases	10,036,141	6,682,978
	<u>10,624,613</u>	<u>7,215,587</u>
Less: Closing Stock	1,068,953	588,472
	<u>9,555,660</u>	<u>6,627,115</u>
* Includes ₹ 7,293 (Previous Year ₹ 23,934) on account of Write off/ Write downs in carrying values of Traded Goods		



Schedules forming part of the Profit and Loss Account for the year ended March 31, 2011

₹ '000s

	01.04.2010 to 31.03.2011	01.04.2009 to 31.03.2010
SCHEDULE 18		
EMPLOYEES COST		
Payments to and Provisions for:		
Salaries, Wages, Bonus and Allowances	1,366,100	1,224,942
Contribution to Provident, Gratuity, Superannuation and Other Funds	154,007	106,409
Staff Welfare Expenses	77,656	79,880
	<u>1,597,763</u>	<u>1,411,231</u>
SCHEDULE 19		
OTHER EXPENSES		
Stores and Spares consumed	76,590	40,697
Power, Fuel and Water charges	186,615	142,490
Freight and Clearing charges	441,789	341,148
Rent	151,143	137,009
Rates and Taxes	117,118	82,771
Job work	76,709	78,702
Insurance	25,259	48,073
Excise Duty	14,908	(1,252)
Repairs and Maintenance:		
Plant and Machinery	55,666	57,895
Buildings	55,052	42,089
Others	84,925	58,115
	<u>195,643</u>	<u>158,099</u>
Travelling and Conveyance	300,220	250,883
Communication	138,521	159,475
Printing and Stationery	12,941	12,992
Directors' Sitting Fees	1,000	680
Commission to Non-Executive Directors	2,000	-
Auditors' Remuneration (Refer Note 5 of Schedule 21)	9,461	9,838
Advertisement and Publicity and Sales Promotion	1,079,697	829,267
Legal and Professional Fees	182,737	141,978
Discounts	407,116	341,805
Commission	48,323	28,453
Donations	101	2,517
Royalty	13,604	15,655
Bad Debts	39,625	3,579
Less: Withdrawn from Provision for Doubtful Debts	<u>39,625</u>	<u>3,579</u>
	-	-
Compensation	8,000	-
Provision for Doubtful Debts	25,721	7,459
Deposits/ Advances written off	98	7,684
Less: Withdrawn from Provision for Doubtful Deposits/ Advances	<u>98</u>	<u>7,684</u>
	-	-
Provision for Doubtful Deposits/ Advances	-	578
Loss on assets sold/ discarded (Net)	-	11,458
Foreign Exchange Fluctuations (Net)	28,856	7,261
Miscellaneous	252,146	185,165
	<u>3,796,218</u>	<u>3,033,201</u>
SCHEDULE 20		
FINANCE CHARGES		
Interest on:		
- Fixed Loans	5,925	36,613
- Others	73,185	77,886
Bank Charges	8,765	13,817
	<u>87,875</u>	<u>128,316</u>

Schedules Annexed to the Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011

SCHEDULE 21 - NOTES TO ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

These financial statements have been prepared under historical cost convention from the books of accounts maintained on an accrual basis in conformity with accounting principles generally accepted in India and comply with the accounting standards notified under Section 211(3C) of the Companies Act, 1956 (the Act) and the relevant provisions of the Act.

(b) Fixed Assets and Depreciation/ Amortisation

Fixed Assets are stated at cost of acquisition less depreciation. Cost comprises of cost of acquisition, cost of improvements and any attributable cost of bringing the asset to its working condition for intended use.

Depreciation on tangible assets is provided on Straight Line method at the following rates, which are higher than or equal to the rates prescribed in Schedule XIV to the Act.

Assets	Rates (%)
Buildings	3.50/ 5.00
Plant and Machinery	8.33/ 10.34
Office Equipment	10.00
Computer Hardware	20.00
Furniture and Fixtures	10.00
Vehicles	12.50

Leasehold Land and Leasehold Improvement are amortised over the period of lease. Depreciation on assets costing ₹ 5,000 or less is provided at the rate of 100% in the year of acquisition of the assets.

Goodwill, Technical Knowhow and Software are amortised over a period of three to five years.

(c) Investments

Long term investments are stated at cost and provision is made for diminution, other than temporary, in value of investments. Current investments are valued at lower of cost and market value/ net asset value.

(d) Inventories

Inventories are stated at cost or net realisable value, whichever is lower.

Cost of raw materials, packing materials and traded goods are determined on Weighted Average method.

Cost of finished goods and semi-finished goods include cost of raw materials and packing materials, cost of conversion and other costs incurred in bringing the inventories to the present location and condition.

(e) Revenue Recognition

Sales are accounted for inclusive of excise duty but excluding sales tax, rebates and trade discounts.

Revenue is recognised when the property and all significant risks and rewards of ownership are transferred to the buyer and no significant uncertainty exists regarding the amount of consideration that is derived from the sale of goods.

Interest Income is accounted on accrual basis and dividend income is accounted when right to receive payment is established.

Recoveries from group companies and third parties include recoveries towards common facilities/ resources, Information Technology and other support provided to such parties which is recognised as per terms of agreement.

(f) Foreign Currency Transactions

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of the transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Profit and Loss Account.

Monetary assets and liabilities in foreign currency are translated at the year-end at the closing exchange rate and the resultant exchange differences are recognised in the Profit and Loss Account. Non-monetary foreign currency items are carried at cost.

The premium or discount on forward exchange contracts is amortised as expense or income over the life of the contract.



Schedules Annexed to the Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011

SCHEDULE 21 - NOTES TO ACCOUNTS (contd.)

(g) Employee Benefits

a. Defined Contribution Plans:

The Company has Defined Contribution plans for post employment benefits namely Provident Fund and Superannuation Fund which are administered through appropriate authorities/ trustees.

The Company contributes to a Government administered Provident Fund, Employees' Deposit Linked Insurance Scheme and Family Pension Fund on behalf of its employees and has no further obligation beyond making its contribution.

The Superannuation Fund applicable to certain employees is a defined contribution plan as the Company makes contributions to Managerial employees' Superannuation Scheme which is administered by Life Insurance Corporation of India ('LIC') and has no further obligation beyond making the payment to the insurance company.

The Company makes contributions to State plans namely Employees' State Insurance Fund and has no further obligation beyond making the payment to them.

The Company's contributions to the above funds are charged to revenue every year.

b. Defined Benefit Plans:

The Company has a Defined Benefit plan namely Gratuity covering its employees and Pension for certain employees. The gratuity scheme is funded through Group Gratuity-cum-Life Assurance Scheme which is administered by Life Insurance Corporation of India ('LIC') and Pension plan is an unfunded scheme.

The liability for the Defined Benefit plan of Gratuity and Pension is provided based on an actuarial valuation at the year-end using Projected Unit Credit Method.

c. Termination benefits are recognised as an expense as and when incurred.

d. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

e. Other Employee Benefits:

The employees of the Company are entitled to leave encashment and long service awards as per the policy of the Company. The liability in respect of the same is provided, based on an actuarial valuation carried out by an independent actuary as at the year-end using Projected Unit Credit Method. Short term compensated absences, if any are provided on cost to Company basis.

(h) Taxation

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred Tax is recognised, subject to the consideration of prudence, on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Asset is not recognised unless there are timing differences, the reversal of which will result in sufficient income or there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised.

(i) Borrowing Costs

Borrowing cost directly related to the acquisition or construction of a qualifying asset is capitalised as part of the cost of that asset. Other borrowing costs are charged to the Profit and Loss Account.

(j) Operating Lease

Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term. Initial direct costs are charged to Profit and Loss Account as and when incurred.

(k) Provision, Contingent Liabilities and Contingent Assets

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure as specified in Accounting Standard 29 – "Provisions, Contingent Liabilities and Contingent Assets" is made.

Contingent Assets are not recognised in the financial statements.

Schedules Annexed to the Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011

SCHEDULE 21 - NOTES TO ACCOUNTS (contd.)

(I) Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

2. Estimated amount of contracts net of advances remaining to be executed on capital account ₹ 144,631 ('000s) [Previous Year ₹ 217,843 ('000s)].

3. Contingent Liabilities

Particulars	₹ '000s	
	As at March 31, 2011	As at March 31, 2010
(a) In respect of Bank Guarantees issued in favour of statutory authorities	4,986	7,945
(b) Counter Guarantee by the Company issued in favour of Gujarat Industrial Development Corporation	2,967	2,967
(c) In respect of customs duty on outstanding Export obligation against advance licenses acquired by the Company	123,765	171,981
(d) Claims against the Company not acknowledged as debts in respect of litigation/ claims filed by customer/ vendor/ labour	32,889	17,559
(e) In respect of Indirect Tax matters (Excise duty, Customs duty, Service tax and Sales tax)	753,559	736,545
(f) In respect of Direct Tax matters	170,901	168,895
(g) Demand raised by Ministry of Chemicals and Fertilisers, Department of Chemicals and Petro Chemicals for the difference between the pooled price and the retention price on the production of Chloroquine Phosphate from 1979-1980 upto December 14, 1988. The Company has filed a writ petition in the Hon'able High Court of Mumbai, challenging this demand.	27,581	27,581

Note: Future cash flows in respect of (d) to (g) above, if any, is determinable only on receipt of judgement/ decisions pending with relevant authorities.

4. Deferred Tax

The Company has accounted for Deferred Tax in accordance with the Accounting Standard 22 – "Accounting for Taxes on Income". The Deferred Tax balances are set out below:

Particulars	₹ '000s	
	As at March 31, 2011	As at March 31, 2010
Deferred Tax Assets		
Provision for Doubtful Debts/ Advances/ Deposits	28,481	33,949
VRS Expenses	36,188	59,708
Disallowances under Section 40(a)(i) and 40(a)(ia)	52,516	39,367
Liabilities allowed on payment basis	58,441	53,417
Others	25,944	16,096
	201,570	202,537
Deferred Tax Liability		
Depreciation/ Impairment of Assets	141,670	136,419
	141,670	136,419
Net Deferred Tax Assets	59,900	66,118

5. Auditors' Remuneration

Particulars	₹ '000s	
	2010-11	2009-10
(a) Audit fees		
– for statutory audit	4,200	4,200
– for limited review	1,950	1,950
(b) Tax Audit	650	650
(c) Audit of Group Reporting Package	2,500	2,875
(d) Reimbursement of out-of-pocket expenses	161	163
Total	9,461	9,838



Schedules Annexed to the Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011

SCHEDULE 21 - NOTES TO ACCOUNTS (contd.)

6. Research and Development Expense

Particulars	₹ '000s	
	2010-11	2009-10
Research and Development Revenue Expenses *	133,437	127,535

*Including registration studies expense net of recoveries

7. Disclosure of Provisions

Particulars	₹ '000s		
	Direct Tax (net of advance tax)	Indirect Tax	Commercial and Other Matters
Opening balance	29,047 (28,270)	37,469 (25,218)	3,092 (2,492)
Add: Additional provision	3,099 (777)	14,410 (20,192)	– (600)
Less: Provision utilised/ reversed	– (–)	– (7,941)	250 (–)
Closing balance	32,146 (29,047)	51,879 (37,469)	2,842 (3,092)

Note: Figures shown in brackets are in respect of previous year.

Direct and Indirect Tax

Provisions in this category represent estimates made for probable liabilities arising out of pending disputes/ litigations with various tax authorities. The outflow with regard to the said matter depends on the exhaustion of remedies available to the Company under the law and hence the Company is not able to reasonably ascertain the timing of the outflow.

Commercial and Other Matters

Provisions in this category represent estimates made for probable liabilities/ claims arising out of commercial transactions with third parties. The outflow with regard to the said matter depends on the exhaustion of remedies available to the Company under the law and hence the Company is not able to reasonably ascertain the timing of the outflow.

8. Disclosure of details pertaining to Micro and Small Enterprises as defined in Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act")

Particulars	₹ '000s	
	2010-11	2009-10
(a) Principal amount remaining unpaid as at year end and Interest due thereon, if any	13,350	12,210
(b) (i) Interest paid during the year in terms of Section 16 of the MSMED Act	425	363
(ii) Principal amount where payment is delayed beyond the appointed date during the year	71,730	63,284
(c) Interest due and payable [not covered by Section 16 of the MSMED Act] in respect of delay in payment during the year	–	–
(d) Interest expense during the year	425	363
(e) Further interest remaining due and payable even in the succeeding years	–	–

9. Remuneration to Directors

(i) Executive Directors

Particulars	₹ '000s	
	2010-11	2009-10
(a) Salaries and Allowances *	65,931	68,971
(b) Contribution to Provident Fund *	–	1,793
Total	65,931	70,764

* The above remuneration includes amount aggregating to ₹ 21,047 ('000s) [Previous Year ₹ 19,860 ('000s)] recovered from a Group Company in the capacity of Managing Director.

(ii) Non-Executive Directors

Particulars	₹ '000s	
	2010-11	2009-10
(a) Commission	2,000	–
(b) Directors' Sitting Fees	1,000	680
Total	3,000	680

Schedules Annexed to the Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011

SCHEDULE 21 - NOTES TO ACCOUNTS (contd.)

(iii) Computation of Net Profit in accordance with Section 198 of the Companies Act, 1956, and Commission payable to the Directors:

₹ '000s

Particulars	2010-11		2009-10
Profit Before Taxation		1,989,659	1,964,447
Add: (i) Managerial remuneration paid to executive directors	65,931		70,764
(ii) Commission to non-executive directors	2,000		—
(iii) Directors' sitting fees	1,000		680
(iv) Depreciation/ Amortisation as per books	326,892		264,419
(v) Voluntary Retirement Expenditure	—		31,881
(vi) Loss on assets sold/ discarded (net)	—		11,458
		395,823	379,202
Less: (i) Profit on assets sold/ discarded (net)	15,629		—
(ii) Write-back of provision for doubtful debts/ deposits/ advances (net)	14,421		3,226
(iii) Depreciation as envisaged under Section 350 of the Companies Act *	326,892		264,419
		356,942	267,645
Net Profit for the purpose of Directors' Commission		2,028,540	2,076,004
Commission @ 1% of Net Profit		20,285	20,760
Restricted to		2,000	—

* The rates of depreciation for fixed assets used by the Company are higher than the minimum prescribed by Schedule XIV of the Companies Act, 1956.

10. Information given under clause 3(i)(a), 3(ii), 4-C, 4-D(c) of Part II of Schedule VI to the Act.

(a) Turnover of goods produced/ purchased

Class of Goods	Unit of Measurement	Quantity	Value (₹ in '000s)
(a) Active Ingredients	Tons	2,190 (1,449)	1,401,037 (1,029,283)
(b) Formulations			
(1) Liquids	KL	8,620 (9,214)	7,629,818 (6,956,560)
(2) Powders	Tons	4,556 (4,154)	3,155,834 (2,826,678)
(3) Wettable Dispersable Granules	Tons	12,471 (11,429)	2,468,868 (1,816,215)
(c) Seeds	Tons	17,185 (15,025)	3,265,583 (2,590,470)
(d) Others			3,352,107 (1,686,492)
Total			21,273,247 (16,905,698)

Note: Figures shown in brackets are in respect of previous year.



Schedules Annexed to the Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011

SCHEDULE 21 - NOTES TO ACCOUNTS (contd.)

(b) Opening and Closing stock of goods produced/ purchased

Class of Goods	Unit of Measurement	Opening Stock		Closing Stock	
		Quantity	Value (₹ in '000s)	Quantity	Value (₹ in '000s)
(a) Active Ingredients	Tons	10 (3)	75,207 (21,101)	11 (10)	88,553 (75,207)
(b) Formulations					
(1) Liquids	KL	1,352 (1,932)	704,359 (766,225)	1,044 (1,352)	964,073 (704,359)
(2) Powders	Tons	588 (579)	289,494 (266,977)	859 (588)	357,766 (289,494)
(3) Wettable Dispersable Granules	Tons	710 (1,285)	193,129 (93,742)	1,534 (710)	329,920 (193,129)
(4) Tablets	'000s Nos.	- (6)	- (5)	- (-)	- (-)
(c) Seeds	Tons	470 (502)	99,677 (68,185)	266 (470)	67,284 (99,677)
Total			1,361,866 (1,216,235)		1,807,596 (1,361,866)

Notes:

1. The closing stock stated above is after adjustments for free goods, breakages/ damages, captive consumption and expired goods. Closing stock quantities, if derived from opening stock, production, purchases and sales would be different due to these adjustments.
2. Opening and closing stock consists of finished and traded goods.
3. Figures shown in brackets are in respect of previous year.

(c) Installed Capacity and Actual Production

Class of Goods	Unit of Measurement	Installed Capacity	Actual Production
(a) Active Ingredients	Tons	5,783 (5,770)	2,192 (1,485)
(b) Formulations			
(1) Liquids	KL	12,610 (10,025)	5,209 (6,379)
(2) Powders	Tons	3,600 (3,650)	2,321 (2,193)
(3) Wettable Dispersable Granules	Tons	720 (700)	13,370 (10,787)
(4) Tablets	'000s Nos.	- (6,200)	- (-)

Notes:

1. The installed capacities are as per the certificate given by the Management of the Company on which auditors have relied.
2. Actual formulation production includes quantities manufactured by others on Lease/ Job work basis.
3. Being multipurpose plants, installed capacity is variable in view of different product mix produced in the plant.
4. Installed capacity for Active Ingredients is on three shift basis. Installed capacity for formulation plant at Ankleshwar and Himatnagar is on single shift and three shift basis respectively.
5. Figures shown in brackets are in respect of previous year.

Schedules Annexed to the Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011

SCHEDULE 21 - NOTES TO ACCOUNTS (contd.)

(d) Purchase of Traded Goods

Class of Goods	Unit of Measurement	2010-11		2009-10	
		Quantity	Value (₹ in '000s)	Quantity	Value (₹ in '000s)
Liquids	KL	3,400	3,598,718	2,456	2,144,526
Powders	Tons	2,679	980,191	2,015	750,048
Seeds	Tons	17,015	2,397,646	15,055	2,155,415
Wetable Dispersable Granules	Tons	59	115,272	99	188,059
Others			2,944,314		1,444,930
Total			10,036,141		6,682,978

(e) Raw Materials Consumed

Class of Goods	Unit of Measurement	2010-11		2009-10	
		Quantity	Value (₹ in '000s)	Quantity	Value (₹ in '000s)
Active Ingredients	Tons	2,431	2,041,731	2,836	2,024,518
	KL	–	–	890	160,159
Others	Tons	24,585	1,665,855	18,210	1,317,550
	KL	178	80,193	192	64,963
Total			3,787,779		3,567,190

(f) Value of all imported and indigenous Raw Materials, Spares, Components and Other Items consumed

Particulars	2010-11				2009-10			
	Raw Materials		Spares, Components and Other Items		Raw Materials		Spares, Components and Other Items	
	(₹ in '000s)	%	(₹ in '000s)	%	(₹ in '000s)	%	(₹ in '000s)	%
Imported	2,292,124	61	4,468	6	2,209,488	62	1,314	3
Indigenous	1,495,655	39	72,122	94	1,357,702	38	39,383	97
Total	3,787,779	100	76,590	100	3,567,190	100	40,697	100

11. Net amount remitted in foreign currency on account of dividend to four non-resident shareholders

₹ '000s

For the Year	No. of Equity Shares	2010-11	2009-10
2009-10	27,433,252	109,733	–
2008-09	27,433,252	–	76,813

The above information pertains only to those shareholders where direct remittances are made by the Company.

₹ '000s

	2010-11	2009-10
12. Value of Imports on C.I.F. basis		
Raw Materials, Packing Materials and Traded Goods	4,596,227	3,498,763
Stores, Spares and Components	8,681	1,442
Capital Goods	102,818	91,646
13. Expenditure in Foreign Currency (on payment basis)		
Royalty	12,842	12,711
Professional/ Consultation/ Communication charges	171,203	206,215
Interest	5,270	15,823
Other Expenses	63,423	53,853
14. Export of Goods calculated on F.O.B. basis	2,362,886	1,518,459
15. Earnings in Foreign Exchange		
Recoveries from Group Companies	606,520	629,455



Schedules Annexed to the Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011

SCHEDULE 21 - NOTES TO ACCOUNTS (contd.)

16. Operating Lease

a) Assets taken on lease:

The Company has taken residential flats and office under non-cancellable operating lease and lease rent amounting to ₹ 31,631 ('000s) [Previous Year ₹ 44,008 ('000s)] has been debited to Profit and Loss Account.

The future minimum lease payments under non-cancellable operating lease is as follows:

Period	₹ '000s	
	As at March 31, 2011	As at March 31, 2010
Not later than one year	14,421	22,752
Later than one year and not later than five years	11,678	1,517
Later than five years	—	—

The Company has entered into cancellable leasing arrangement for office, residential and warehouse premises. The lease rental of ₹ 119,512 ('000s) [Previous Year ₹ 93,001 ('000s)] has been included under the head Other Expenses - 'Rent' under Schedule 19 to the Profit and Loss Account.

b) Assets given on lease:

The Company has given part of the building, office area and parking area under non-cancellable operating lease and lease rent amounting to ₹ 18,773 ('000s) [Previous Year ₹ 24,333 ('000s)] has been credited to Profit and Loss Account.

The detail of the assets given on lease is as follows:

Premises	₹ '000s		
	Gross Block as at March 31, 2011	Accumulated Depreciation as at March 31, 2011	Depreciation provided for the year ended March 31, 2011
Building	73,972	24,546	2,392

The future minimum lease receivables in respect of assets given under non-cancellable operating lease are as follows:

Period	₹ '000s	
	As at March 31, 2011	As at March 31, 2010
Not later than one year	14,806	18,450
Later than one year and not later than five years	—	13,838

The Company has entered into cancellable lease arrangement for Building on operating lease. The lease rentals aggregating to ₹ 2,413 ('000s) [Previous Year ₹ 2,768 ('000s)] has been included under the head Other Income - 'Rent Income' under Schedule 14 to the Profit and Loss Account.

17. Segment Reporting

The Company has only one reportable business segment "Agri Care" as primary segment. The Company has identified the Secondary Segment as geographical segment based on the location of customers.

Secondary Segmental Reporting

	₹ '000s	
	2010-11	2009-10
1. Segmental Revenue		
(a) Segment - Local	19,455,109	15,993,904
(b) Segment - Exports	3,008,972	2,157,763
Total	22,464,081	18,151,667
2. Segmental Assets (excluding Deferred Tax Assets)		
(a) In India	15,020,767	10,265,477
(b) Outside India	519,954	363,530
Total	15,540,721	10,629,007
3. Capital Expenditure during the year in India	739,850	816,062

18. Related Party Transactions (as identified by the Management)

(i) **Ultimate Holding Company** : Bayer AG, Germany

(ii) **Parties under common control** :

- Bayer (China) Limited, China
- Bayer (Malaysia) Sdn. Bhd., Malaysia
- Bayer A/S, Denmark
- Bayer Animal Health GmbH, Germany
- Bayer Australia Limited, Australia
- Bayer BioScience Private Limited, India

Schedules Annexed to the Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011**SCHEDULE 21 - NOTES TO ACCOUNTS (contd.)**

- Bayer Business and Technology Services LLC, U.S.A.
- Bayer Business Services GmbH, Germany
- Bayer Business Services Private Limited, India (from December 1, 2010)
- Bayer CropScience (China) Co. Limited, China
- Bayer CropScience (Pvt.) Limited, Pakistan
- Bayer CropScience AG, Germany
- Bayer CropScience K.K., Japan
- Bayer CropScience Limited, Bangladesh
- Bayer CropScience Limited, Korea
- Bayer CropScience OHQ (Malaysia) Sdn. Bhd., Malaysia
- Bayer CropScience Pty Limited, Australia
- Bayer CropScience S.A., France (upto December 31, 2009)
- Bayer CropScience Inc., U.S.A.
- Bayer Direct Services GmbH, Germany
- Bayer HealthCare AG, Germany
- Bayer HealthCare Aktiengesellschaft, Germany
- Bayer HealthCare LLC, U.S.A.
- Bayer HealthCare Limited, Hongkong
- Bayer HealthCare Pharmaceuticals Inc., U.S.A.
- Bayer Industry Services GmbH, Germany
- Bayer Korea Limited, Korea
- Bayer Malibu Polymers Private Limited, India
- Bayer MaterialScience AG, Germany
- Bayer MaterialScience Limited, Hongkong
- Bayer MaterialScience Private Limited, India
- Bayer Middle East FZE, U.A.E.
- Bayer New Zealand Limited, New Zealand
- Bayer Parsian AG, Iran
- Bayer Pharmaceuticals Private Limited, India
- Bayer Public Limited Company, United Kingdom
- Bayer S.A., Brazil
- Bayer S.A.S., France (from January 1, 2010)
- Bayer South East Asia Pte Limited, Singapore
- Bayer Taiwan Company Limited, Taiwan
- Bayer Technology and Engineering (Shanghai) Co. Limited, China
- Bayer Technology Services, Germany
- Bayer Thai Company Limited, Thailand
- Bayer Türk Kimya Sanayi Limited Sti., Turkey
- Bayer Vietnam Limited, Vietnam
- Bayer Yakuhin Limited, Japan
- Bilag Industries Private Limited, India
- EuroServices Bayer GmbH, Germany
- Nunhems Seeds Private Limited, India
- PT Bayer Indonesia, Indonesia

(iii) Key Management Personnel:

- | | | |
|------------------------|---|-------------------------------------|
| Mr. Stephan Gerlich | : | Vice Chairman and Managing Director |
| Mr. Kaikobad B. Mistry | : | Whole-time Director |



Schedules Annexed to the Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011

SCHEDULE 21 - NOTES TO ACCOUNTS (contd.)

(iv) The transactions with and outstanding balances of related parties are furnished below :

₹ '000s

Nature of Transaction	Parties referred to in (i) above		Parties referred to in (ii) above		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Purchase of Goods						
Bayer CropScience AG	–	–	4,260,524	2,713,365	4,260,524	2,713,365
Bayer BioScience Private Limited	–	–	2,397,646	2,155,415	2,397,646	2,155,415
Others	–	–	545,863	462,940	545,863	462,940
Total	–	–	7,204,033	5,331,720	7,204,033	5,331,720
Sale of Goods						
Bayer CropScience AG	–	–	2,092,473	1,224,851	2,092,473	1,224,851
Bayer CropScience (Pvt.) Limited	–	–	155,600	181,689	155,600	181,689
Others	–	–	187,205	145,548	187,205	145,548
Total	–	–	2,435,278	1,552,088	2,435,278	1,552,088
Dividend paid						
Bayer AG	33,090	23,163	–	–	33,090	23,163
Bayer CropScience AG	–	–	44,946	31,462	44,946	31,462
Bayer S.A.S.	–	–	31,691	–	31,691	–
Bayer CropScience S.A.	–	–	–	22,183	–	22,183
Bayer MaterialScience Private Limited	–	–	2,619	1,834	2,619	1,834
Total	33,090	23,163	79,256	55,479	112,346	78,642
Interest Expense						
Bayer BioScience Private Limited	–	–	4,003	10,657	4,003	10,657
Bilag Industries Private Limited	–	–	61,646	63,000	61,646	63,000
Bayer Pharmaceuticals Private Limited	–	–	–	668	–	668
Total	–	–	65,649	74,325	65,649	74,325
Rental Income						
Bayer BioScience Private Limited	–	–	538	520	538	520
Total	–	–	538	520	538	520
Recoveries from Group Companies						
Bayer AG	239	38	–	–	239	38
Bayer Business Services GmbH	–	–	293,818	305,105	293,818	305,105
Bayer CropScience AG	–	–	267,090	95,440	267,090	95,440
Bayer MaterialScience Private Limited	–	–	116,520	112,165	116,520	112,165
Bayer Pharmaceuticals Private Limited	–	–	110,627	99,903	110,627	99,903
Bayer Business and Technology Services LLC	–	–	89,195	91,137	89,195	91,137
Others	–	–	238,687	232,136	238,687	232,136
Total	239	38	1,115,937	935,886	1,116,176	935,924
Professional/ Support Charges						
Bayer AG	8,163	9,137	–	–	8,163	9,137
Bayer CropScience AG	–	–	85,075	25,680	85,075	25,680
Bayer South East Asia Pte Limited	–	–	85,044	126,470	85,044	126,470
Bayer Business Services GmbH	–	–	31,188	30,729	31,188	30,729
Bayer MaterialScience Limited	–	–	16,203	28,375	16,203	28,375
Others	–	–	56,423	24,308	56,423	24,308
Total	8,163	9,137	273,933	235,562	282,096	244,699
Sale of Fixed Assets						
Bayer Pharmaceuticals Private Limited	–	–	52	–	52	–
Bayer MaterialScience Private Limited	–	–	4	–	4	–
Total	–	–	56	–	56	–

Schedules Annexed to the Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011

SCHEDULE 21 - NOTES TO ACCOUNTS (contd.)

(iv) The transactions with and outstanding balances of related parties are furnished below : (contd.)

₹ '000s

Nature of Transaction	Parties referred to in (i) above		Parties referred to in (ii) above		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Purchase of Fixed Assets						
Bayer Business Services GmbH	–	–	20,592	24,373	20,592	24,373
Bayer BioScience Private Limited	–	–	11,463	–	11,463	–
Bayer CropScience (China) Co. Ltd.	–	–	–	4,276	–	4,276
Others	–	–	5,716	3,032	5,716	3,032
Total	–	–	37,771	31,681	37,771	31,681
Inter Corporate Loans Taken						
Bilag Industries Private Limited	–	–	2,300,000	1,475,000	2,300,000	1,475,000
Bayer BioScience Private Limited	–	–	1,985,000	2,814,000	1,985,000	2,814,000
Bayer Pharmaceuticals Private Limited	–	–	–	186,000	–	186,000
Total	–	–	4,285,000	4,475,000	4,285,000	4,475,000
Royalty Expense (Net of Service Tax)						
Bayer CropScience AG	–	–	12,334	14,193	12,334	14,193
Total	–	–	12,334	14,193	12,334	14,193
Outstanding Receivables net of Payables						
Bayer AG	–	21	–	–	–	21
Bayer Pharmaceuticals Private Limited	–	–	25,807	11,584	25,807	11,584
Bayer MaterialScience Private Limited	–	–	25,300	13,557	25,300	13,557
Bayer CropScience Limited, Bangladesh	–	–	17,466	12,369	17,466	12,369
Bayer Business Services Private Limited	–	–	15,374	–	15,374	–
Bayer CropScience (Pvt.) Limited	–	–	–	27,331	–	27,331
Bayer Business Services GmbH	–	–	–	33,031	–	33,031
Others	–	–	14,301	31,871	14,301	31,871
Total	–	21	98,248	129,743	98,248	129,764
Outstanding Payables net of Receivables						
Bayer AG	1,236	–	–	–	1,236	–
Bayer CropScience AG	–	–	604,871	281,946	604,871	281,946
Bilag Industries Private Limited	–	–	189,349	112,866	189,349	112,866
Bayer BioScience Private Limited	–	–	118,663	163,627	118,663	163,627
Others	–	–	56,996	12,657	56,996	12,657
Total	1,236	–	969,879	571,096	971,115	571,096
Outstanding Inter Corporate Loans						
Bilag Industries Private Limited	–	–	1,085,000	775,000	1,085,000	775,000
Total	–	–	1,085,000	775,000	1,085,000	775,000

₹ '000s

Related Party	Designation	Nature of Transaction	2010-11	2009-10
Mr. Stephan Gerlich	Vice Chairman and Managing Director	Remuneration	38,457	44,727
Mr. Kaikobad B. Mistry	Whole-time Director	Remuneration	27,474	26,037
Total			65,931	70,764



Schedules Annexed to the Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011

SCHEDULE 21 - NOTES TO ACCOUNTS (contd.)

19. Current Investments purchased and sold during the year

Name and Scheme of the Mutual Fund

	Purchase		Sale	
	Quantity (Units)	₹ in '000s	Quantity (Units)	₹ in '000s
Birla Sun Life Mutual Fund				
- Cash Manager - IP	23,721,147	237,303	28,721,730	287,324
- Cash Plus - Institutional	18,556,860	200,463	18,553,811	200,430
- Cash Plus - Institutional Premium	52,023,342	521,258	51,025,340	511,258
DWS Mutual Fund				
- Insta Cash Plus Fund - Institutional Plan	38,684,500	388,858	43,660,475	438,875
- Insta Cash Plus Fund - Super Institutional Plan	42,497,310	606,726	46,999,150	606,819
Fidelity Mutual Fund				
- Cash Fund Institutional	28,002,935	280,099	28,002,935	280,099
- Cash Fund Super Institutional	39,150,957	400,734	34,261,287	350,698
HDFC Mutual Fund				
- Cash Management Fund - Saving Plan	37,662,993	400,631	37,664,983	400,652
- Liquid Fund Premium Plan	23,718,253	290,811	22,492,022	275,778
HSBC Mutual Fund				
- Cash Fund - Institutional Plus	17,996,637	180,067	17,996,637	180,067
IDFC Mutual Fund				
- Cash Fund - Inst. Plan B	14,193,447	150,275	14,192,906	150,270
- Cash Fund - Super Inst. Plan C	51,617,767	516,346	52,612,763	526,298
JM Financial Mutual Fund				
- High Liquidity Fund Institutional Plan	10,011,659	100,276	10,011,659	100,276
- High Liquidity Fund - Super Institutional Plan	10,021,613	100,381	10,021,613	100,381
Kotak Mutual Fund				
- Liquid Plan (Institutional Premium)	70,468,630	862,094	70,498,534	862,460
- Liquid Plan (Institutional)	16,377,645	200,267	12,285,254	150,225
Prudential ICICI Mutual Fund				
- Liquid Plan - Institutional	1,941,973	230,128	1,941,973	230,128
- Liquid Super Institutional Plan	7,211,357	721,298	6,711,351	671,286
- Liquid - Institutional Plus Plan	3,893,672	461,459	3,470,749	411,336
Reliance Mutual Fund				
- Liquid Fund - Treasury Plan - IP	38,656,028	551,172	37,361,894	531,388
- Liquid Fund Plan	53,137,711	531,331	58,136,074	581,339
- Liquid Fund - Cash Plan	2,696,916	30,048	-	-
Religare Mutual Fund				
- Liquid Fund - IP	49,999	50,010	-	-
SBI Mutual Fund				
- Magnum Insta Cash Fund	7,172,447	120,141	1,194,009	20,000
Tata Mutual Fund				
- Liquid High Investment Fund	364,598	406,286	342,145	381,266
- Liquid Super High Investment Fund	526,103	586,397	526,138	586,436
UTI Mutual Fund				
- Liquid Cash Plan Institutional	226,129	230,526	226,129	230,526
- Money Market Fund	229,688	230,511	279,565	280,557
Total		9,585,896		9,346,172

20. Employee Benefits

The disclosures required as per Accounting Standard 15 - "Employee Benefits" (revised 2005) are as under:

a) Brief description of the Plans:

The Company has various schemes for employee benefits such as provident fund, superannuation, gratuity, pension and long service award. In case of funded schemes, the funds are administered through trustees/ appropriate authorities. The Company's defined contribution plans are superannuation and provident fund since the Company has no further obligation beyond making the contributions. The Company's defined benefit plans include gratuity and pension. The employees of the Company are entitled to leave encashment, compensated absences and long service award as per the Company's policy.

b) Charge to the Profit and Loss Account based on contributions *:

Particulars	₹ in '000s	
	2010-11	2009-10
Superannuation	44,006	42,311
Provident fund	38,467	44,488

* included in Schedule 18 - 'Employee Cost'

Schedules Annexed to the Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011

SCHEDULE 21 - NOTES TO ACCOUNTS (contd.)

c) Disclosures for defined benefit plans based on actuarial reports:

₹ in '000s

	Gratuity (Funded plan)		Pension (Non-funded plan)	
	2010-11	2009-10	2010-11	2009-10
(i) Change in Defined Benefit Obligation:				
Opening defined benefit obligation	233,924	232,719	8,281	8,096
Current service cost	14,491	13,932	200	166
Interest cost	19,299	17,926	700	641
Actuarial loss/ (gain)	54,975	911	(1,307)	(622)
Transfer of Employees (Net) *	(8,394)	(867)	–	–
Benefits paid	(9,036)	(30,697)	–	–
Closing defined benefit obligation	305,259	233,924	7,874	8,281
*Represents liability discharged in respect of employees transferred to Group Companies				
(ii) Change in Fair Value of Assets:				
Opening fair value of plan assets	158,882	154,342	–	–
Expected return on plan assets	12,711	12,864	–	–
Actuarial gain/ (loss)	4,355	566	–	–
Contributions by employer	71,131	21,807	–	–
Benefits paid	(9,036)	(30,697)	–	–
Closing fair value of Plan Assets	238,043	158,882	–	–
(iii) Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets:				
Present value of funded obligation	305,259	233,924	7,874	8,281
Fair value of plan assets	238,043	158,882	–	–
Funded status	238,043	158,882	–	–
Present value of unfunded obligation as at year end	67,216	75,042	7,874	8,281
Unfunded Net Asset/ (Liability) recognised in Balance Sheet *	(67,216)	(75,042)	(7,874)	(8,281)
*included in Schedule 12 – 'Provisions'				
(iv) Amount recognised in the Balance Sheet:				
Present value of obligations as at year end	305,259	233,924	7,874	8,281
Fair value of plan assets as at year end	238,043	158,882	–	–
Amount not recognised as an asset	–	–	–	–
Net (asset)/ liability recognised	67,216	75,042	7,874	8,281
(v) Expenses recognised in the Profit and Loss Account:				
Current service cost	14,491	13,932	200	166
Interest cost	19,299	17,926	700	641
Expected return on plan assets	(12,711)	(12,864)	–	–
Net actuarial loss/ (gain) recognised in the current year	50,620	345	(1,307)	(622)
Total expense (Included in Schedule 18 – 'Employee Cost')	71,699	19,339	(407)	185
(vi) Expected employer's contribution for the next year	21,118	22,793	–	–
(vii) Principal actuarial assumptions used:				
Discount rate (p.a.)	8.25%	8.25%	8.25%	8.25%
Expected rate of return on plan assets (p.a.)	8.00%	8.00%	–	–

The estimates of future salary increases, considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factor such as supply and demand factors in the employee market.

(viii) Asset Information:

The Plan Asset for the funded gratuity plan are administered by Life Insurance Corporation of India ('LIC') as per the Investment Pattern stipulated for Pension and Group Schemes Fund by Insurance Regulatory and Development Authority regulations.

₹ in '000s

	Gratuity (Funded plan)				Pension (Non-funded plan)			
	2010-11	2009-10	2008-09	2007-08**	2010-11	2009-10	2008-09	2007-08**
(ix) Other Information								
Defined benefit obligation	(305,259)	(233,924)	(232,719)	(201,680)	(7,874)	(8,281)	(8,096)	(7,854)
Plan assets	238,043	158,882	154,342	134,338	–	–	–	–
Surplus/ (deficit)	(67,216)	(75,042)	(78,377)	(67,342)	(7,874)	(8,281)	(8,096)	(7,854)
Experience adjustments on plan liabilities - gain/ (loss)	(17,504)	(9,747)	(24,086)	(32,082)	1,307	371	556	691
Experience adjustments on plan assets - gain/ (loss)	4,355	566	870	1,890	–	–	–	–

** For the period January 1, 2007 to March 31, 2008



Schedules Annexed to the Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011

SCHEDULE 21 - NOTES TO ACCOUNTS (contd.)

21. The amount of excise duty disclosed as deduction from turnover is the total excise duty for the year except the excise duty related to the difference between the closing stock and opening stock and excise duty paid but not recovered, which has been disclosed as excise duty expense in the Schedule 19.
22. The Company uses forward contracts to hedge its risks of net exposure associated with foreign currency fluctuations. The Company does not enter into any forward contract which is intended for trading or speculative purposes.

The details of forward contracts outstanding at the year end are as follows:

Amount in '000s

Currency	Number of Contracts	Buy amount	₹ equivalent
US Dollar	1 (1)	2,405 (7,793)	107,383 (351,765)

The details of unhedged net exposure as at the year end are as follows:

Amount in '000s

Particulars	Foreign Currency		₹ equivalent
Payable	US Dollar	12,400 (3,244)	553,677 (146,439)
Payable	EURO	236 (-)	14,894 (-)
Receivable	EURO	- (6)	- (325)
Payable	JPY	- (715)	- (346)

Note: Figures shown in brackets are in respect of previous year.

23. The Bayer Companies worldwide place great importance on protecting the environment and conserving natural resources. Pursuant to the cessation of manufacturing activities at Thane, till date the Company has incurred ₹ 37,785 ('000s) during the year 2010-11 [Previous Year ₹ 54,904 ('000s)] towards Demolition and Remediation activities. These ongoing activities will allow the Thane Site to be left in a safe state with human health and environmental risks mitigated to generally accepted levels in industrialised countries.
24. The Company has entered into a non-binding and exclusive arrangement with Agile Real Estate Private Limited (AREPL) vide Memorandum of Understanding ("MOU") dated March 31, 2011 for the proposed sale of Land and Buildings situated at Village Balkum, Thane at a consideration to be finalised at a future date. The net book value of the Land and Buildings as on March 31, 2011 is ₹ 915,389 ('000s) and ₹ 128,716 ('000s), respectively.

The Company has received an earnest amount of ₹ 2,600,000 ('000s) for this exclusive arrangement, which is disclosed under the head "Current Liabilities". The conveyance, transfer, sale and possession of the aforesaid Thane Land and Buildings will be completed at a future date subject to relevant approvals, permissions from the government and other statutory bodies, as may be deemed necessary and on receipt of sale consideration on or before September 30, 2012.

25. Earnings Per Share

Particulars

Profit after Taxation (₹ in '000s)
Weighted average number of equity shares outstanding at year end
Nominal value Per Equity Share (₹)
Earnings Per Share [Basic and Diluted] (₹)

	2010-11	2009-10
Profit after Taxation (₹ in '000s)	1,315,441	1,272,535
Weighted average number of equity shares outstanding at year end	39,498,747	39,498,747
Nominal value Per Equity Share (₹)	10	10
Earnings Per Share [Basic and Diluted] (₹)	33.30	32.22

26. Previous year figures have been re-grouped/ re-classified wherever necessary.

Signature to Schedules 1 to 21

For Price Waterhouse

Firm Registration Number: 007568S

Chartered Accountants

Uday Shah

Partner

Membership Number: F - 46061

Shirin V. Balsara
Vice President - Legal &
Company Secretary

For and on behalf of the Board

Chairman **Dr. Vijay Mallya**

Vice Chairman & Managing Director **Stephan Gerlich**

Directors **Sharad M. Kulkarni**
Johannes Dietsch
A.K.R. Nedungadi
Bernd Naaf
Vimal Bhandari
Kaikobad B. Mistry

Place : Mumbai

Date : May 19, 2011

Place : Leverkusen, Germany

Date : May 19, 2011

Additional Information pursuant to Part IV of Schedule VI to the Companies Act, 1956, of India.

Balance Sheet Abstract and Company's General Business Profile:

I. Registration Details	
Registration No.	: 11173
State Code	: 11
Balance Sheet Date	: 31.03.2011
II. Capital Raised during the Year	(Amount in ₹ '000s)
Public Issue	: Nil
Rights Issue	: Nil
Bonus Issue	: Nil
Private Placement	: Nil
III. Position of Mobilisation and Deployment of Funds	(Amount in ₹ '000s)
Total Liabilities (including Shareholder's Funds)	: 15,600,621
Total Assets	: 15,600,621
SOURCES OF FUNDS:	
Paid-up Capital	: 394,987
Reserves and Surplus	: 6,334,753
Secured Loans	: Nil
Unsecured Loans	: 1,085,000
APPLICATION OF FUNDS:	
Net Fixed Assets	: 3,594,537
Net Current Assets *	: 3,352,304
Investments	: 867,899
Miscellaneous Expenditure	: Nil
*Including Deferred Tax Assets ₹ 59,900 ('000s)	
IV. Performance of the Company	(Amount in ₹ '000s)
Total Income **	: 21,577,675
Total Expenditure ***	: 19,588,016
+/- Profit/ Loss Before Tax	: + 1,989,659
+/- Profit/ Loss After Tax	: + 1,315,441
Earning Per Share in ₹	: 33.30
Dividend %	: 40%
** Including Other Income	
*** Including Other Expenses and Exceptional Items	
V. Generic Names of Principal Product(s)/ Service(s) of Company (as per monetary terms)	
Item Code No. (ITC Code)	: 3808.91.99
Product Description	: IMIDACLOPRID
Item Code No. (ITC Code)	: 3808.91.99
Product Description	: FLUBENDAMIDE
Item Code No. (ITC Code)	: 3808.91.99
Product Description	: FIPRONIL

For and on behalf of the Board

Chairman **Dr. Vijay Mallya**Vice Chairman &
Managing Director **Stephen Gerlich**Directors **Sharad M. Kulkarni
Johannes Dietsch
A.K.R. Nedungadi
Bernd Naaf
Vimal Bhandari
Kaikobad B. Mistry****Shirin V. Balsara**
Vice President - Legal &
Company Secretary

Place : Leverkusen, Germany

Date : May 19, 2011



Cash Flow Statement for the year ended March 31, 2011

₹ in '000s

	01.04.2010 to 31.03.2011	01.04.2009 to 31.03.2010
A. Cash Flow from Operating activities:		
Profit before Taxation	1,989,659	1,964,447
Adjustments for:		
Depreciation/ Amortisation	326,892	264,419
Interest Expense	79,110	114,499
Interest Income	(6,152)	(3,015)
Dividend Income	(17,874)	(8,436)
(Gain)/ Loss on Assets sold/ discarded (Net)	(15,629)	11,458
Bad Debts/ Advances Written off	39,723	11,263
Reversal of Doubtful Debts/ Advances (Net)	(14,421)	(3,226)
Provisions no longer required written back	(57,044)	(143,496)
Provision for/ (reversal of) Employee benefits	194	(3,552)
Provision for Indirect Taxes & Other Commercial Matters	14,410	20,792
Inventory write off/ write down	71,234	47,629
Unrealised foreign exchange loss/ (gain)	6,075	(234)
	<u>426,518</u>	<u>308,101</u>
Operating Profit before Working Capital changes	2,416,177	2,272,548
Adjustments for changes in Working Capital		
(Increase)/ Decrease in Sundry Debtors	(871,865)	6,024
(Increase)/ Decrease in Other Receivables	(41,400)	(30,732)
(Increase) /Decrease in Inventories	(965,237)	(290,822)
Increase/ (Decrease) in Trade and Other Payables	1,262,068	(401,393)
	<u>(616,434)</u>	<u>(716,923)</u>
Cash generated from Operations	1,799,743	1,555,625
Taxes Paid	(557,149)	(732,036)
Net Cash from Operating activities	1,242,594	823,589
B. Cash Flow from Investing activities:		
Purchase of Fixed Assets	(739,850)	(816,062)
Receipt of Earnest Money Deposit (Refer Note 24 of Schedule 21)	2,600,000	-
Proceeds from Sale of Fixed Assets	42,505	14,671
Interest Received	6,152	3,015
Dividend Received	17,874	8,436
Net Cash from/ (used) in Investing activities	1,926,681	(789,940)
C. Cash Flow from Financing activities:		
Proceeds from/ (Repayment of) short and long term borrowings	(54,749)	712,803
Interest Paid	(80,565)	(121,077)
Dividend Paid	(157,536)	(110,426)
Dividend Tax Paid	(26,241)	(18,796)
Net Cash from/ (used) in Financing activities	(319,091)	462,504
Net Increase in Cash and Cash Equivalents	2,850,184	496,153
Cash and Cash Equivalents at the beginning of the year	779,541	283,388
Cash and Cash Equivalents at the end of the year	3,629,725	779,541

Cash Flow Statement for the year ended March 31, 2011 (contd.)

₹ in '000s

	As at 31.03.2011	As at 31.03.2010
Cash and Cash Equivalents comprise		
Cash on hand	131	347
Cheque on hand	2,600,000	-
Balance with Scheduled Banks - in Unclaimed dividend account *	3,133	2,674
Balance with Scheduled Banks - in other accounts	160,710	150,493
Short Term Investments	865,751	626,027
	<u>3,629,725</u>	<u>779,541</u>

*Restricted for payment of unclaimed dividend

Notes:

- 1) The above Cash Flow Statement has been prepared under the "Indirect Method" setout in Accounting Standard - 3 on Cash Flow Statements notified under Section 211(3C) of the Companies Act, 1956.
- 2) Short Term Investments comprise of Investments in Mutual Funds which are highly liquid and have an insignificant risk of change in value.

This is the Cash Flow Statement referred to in our report of even date.

For Price Waterhouse

Firm Registration Number: 007568S

Chartered Accountants

Uday Shah

Partner

Membership Number: F - 46061

Shirin V. Balsara
Vice President - Legal &
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For and on behalf of the Board

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Bernd Naaf
Vimal Bhandari
Kaikobad B. Mistry

Place : Mumbai

Date : May 19, 2011

Place : Leverkusen, Germany

Date : May 19, 2011



Facts

	2001	2002	2003+	2004	2005	2006	2007-08 \$	2008-09	2009-10	2010-11
Million ₹										
Sales & Other Operating Income @	6,556.18	5,917.32	8,864.39	6,696.03	7,079.36	7,746.50	12,383.20	14,825.91	17,241.06	21,392.71
Export Revenue	(458.42)	(545.87)	(845.46)	(688.17)	(942.58)	(1,440.56)	(1,726.67)	(2,196.25)	(2,157.76)	(3,008.97)
Pre-tax Profit	162.33	277.75	472.04	524.04	746.84	890.53	679.56	1,508.27	1,964.45	1,989.66
Dividend	32.44	35.68	86.90	86.90	86.90	94.80	94.80	110.60	158.00	158.00
(%)	(20.00)	(22.00)	(22.00)	(22.00)	(22.00)	(24.00)	(24.00)	(28.00)	(40.00)	(40.00)
Share Capital	162.20	162.20	394.99	394.99	394.99	394.99	394.99	394.99	394.99	394.99
Reserves and Surplus	604.34	718.84	2,024.75	2,189.27	2,461.65	2,919.32	3,299.44	4,114.64	5,202.94	6,334.75
Borrowings	1,566.53	1,475.72	2,263.82	776.09	1,160.56	1,081.42	692.10	426.95	1,139.75	1,085.00
Gross Block	2,443.02	2,562.62	2,972.27	2,981.71	3,345.48	3,434.98	4,273.88	4,519.39	5,076.97	5,588.77
Net Block	1,342.91	1,379.54	1,585.02	1,438.08	1,633.25	1,554.31	2,478.93	2,700.80	3,208.46	3,594.54
Net Current Assets	1,075.75	1,051.24	2,963.97	1,736.86	2,328.86	2,775.67	1,139.19	1,989.55	2,834.93	3,292.40
Expenditure on Employees	579.98	591.17	653.24	658.08	574.31	671.23	1,220.88	1,343.37	1,411.23	1,597.76
Number of Employees	1,441	1,316	1,059	1,024	984	1,020	1,159	1,325	1,351	1,102
₹										
Earnings Per Share (on the basis of profits after tax)	56.52	95.41	11.74	6.67	9.40	14.39	12.43	23.91	32.22	33.30
Book Value per Share	472.59	543.18	61.26	65.43	72.32	83.91	93.53	114.17	141.72	170.38
Share Price at Stock Exchange										
— High	1,160.00	1,998.00	2,200.00	317.00	323.65	303.40	474.50	343.00	693.00	1,173.00
— Low	341.35	880.10	2,198.30*	135.35	160.00	101.00	199.05	180.20	224.90	635.15
Number of Shareholders	11,494	10,502	20,972	20,552	20,539	21,180	18,852	18,803	19,324	21,251

@ Sales are net of excise duty. Sales upto year 2003 are gross of trade discount.

+ Includes figures of erstwhile Bayer CropScience India Limited on account of amalgamation, with effect from April 01, 2003 and excludes transfer of non-CropScience business to wholly owned subsidiary Bayer Polychem (India) Limited with effect from November 01, 2003 and sale of consumer care division to S.C. Johnson Private Limited with effect from June 01, 2003.

* The shares of the Company were sub-divided from a face value of ₹ 100/- per share to ₹ 10/- per share, pursuant to the Scheme of Amalgamation between the Company and erstwhile Bayer CropScience India Limited.

\$ Figures of the period 2007-08 are for fifteen months.

Figures have been regrouped wherever necessary.



Bayer CropScience

Bayer CropScience Limited

Registered Office : Bayer House, Central Avenue, Hiranandani Gardens, Powai, Mumbai - 400 076.

ATTENDANCE SLIP

[Empty box for member details]

I hereby certify that I am a registered member / proxy for the registered member of the Company. I hereby record my presence at the FIFTY THIRD ANNUAL GENERAL MEETING of the Company on Thursday, 25th August, 2011 at 12.00 noon at Yashwantrao Chavan Pratishthan Auditorium, Y.B. Chavan Centre, Near Mantralaya, Gen. J. Bhonsale Marg, Mumbai - 400 021.

SIGNATURE OF THE ATTENDING MEMBER/PROXY :

- NOTES :**
1. Member/Proxyholder wishing to attend the meeting must bring this Attendance Slip, duly signed, to the meeting and hand it over at the entrance.
 2. Member/Proxyholder desiring to attend the meeting should bring his/her copy of the Annual Report for reference at the meeting.



Bayer CropScience

Bayer CropScience Limited

Registered Office : Bayer House, Central Avenue, Hiranandani Gardens, Powai, Mumbai - 400 076.

PROXY FORM

I/We, _____
of _____ in the district of _____ being
a member/members of the above named company, hereby appoint _____
of _____ in the district of _____ or failing him/her
_____ of _____
in the district of _____ as my/our Proxy to attend and vote for me/us
and on my/our behalf at the FIFTY THIRD Annual General Meeting of the Company, to be held on
Thursday, 25th August, 2011 at 12.00 noon and at any adjournment thereof.

Signed this _____ day of _____ 2011.

Registered Folio No. /

DP ID & BEN ID :

No. of Shares held :

Signature _____

Affix
Revenue
Stamp

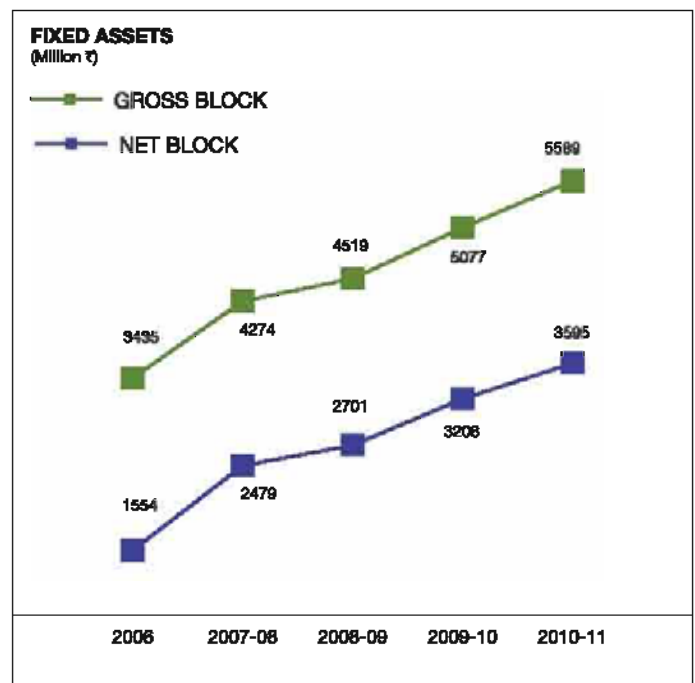
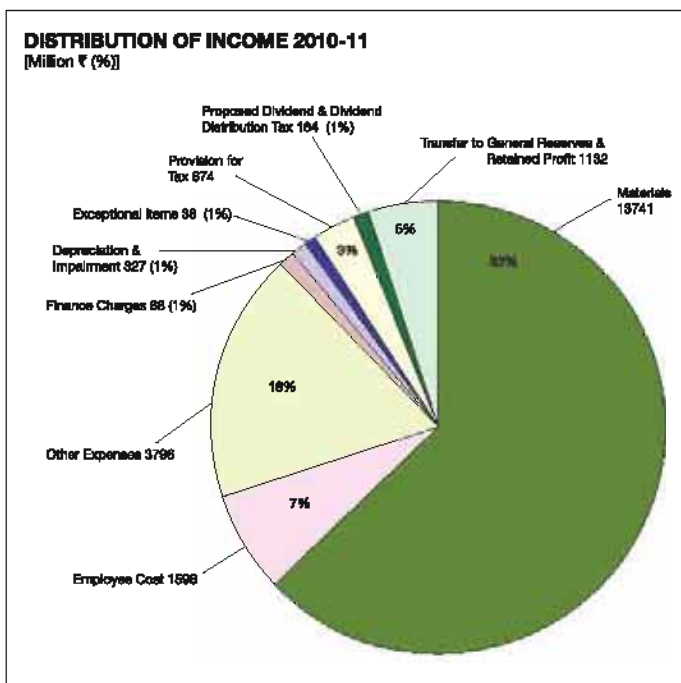
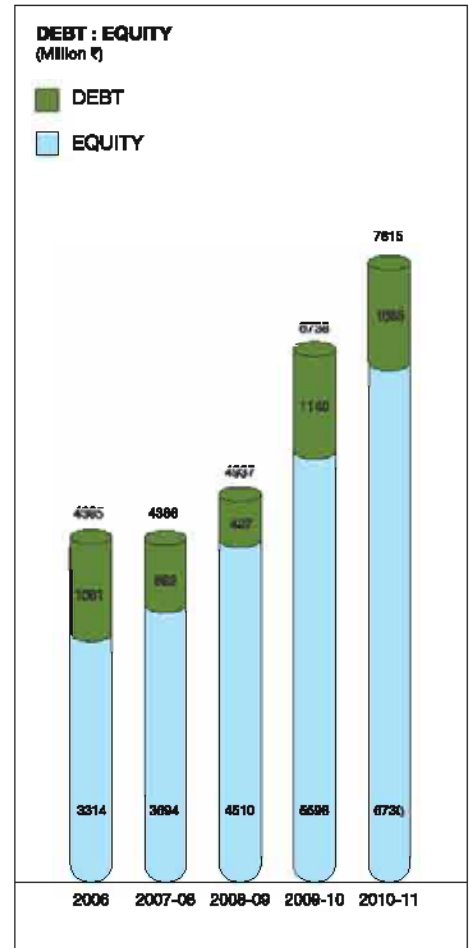
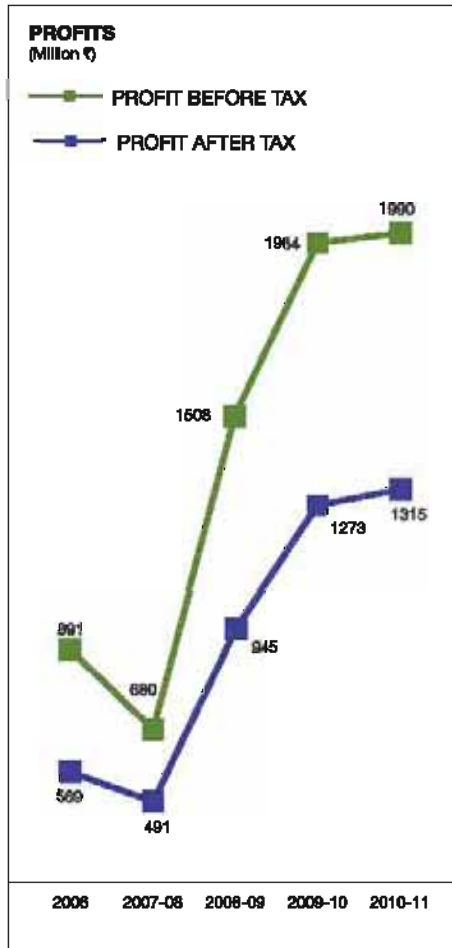
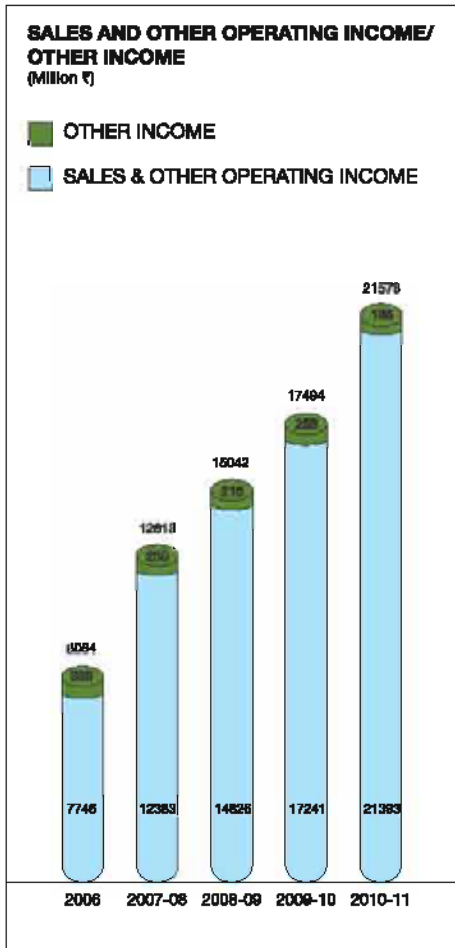
This form is to be used _____ * in favour of _____ the resolution. Unless otherwise instructed, the
_____ * against

Proxy will act as he/she thinks fit.

Applicable for members holding shares in electronic form.

*Strike out whichever is not desired.

NOTE : The proxy form, duly stamped, completed and signed must be returned so as to reach the Registered Office of the Company, at Bayer House, Central Avenue, Hiranandani Gardens, Powai, Mumbai - 400 076, not less than **48 HOURS** before the time for holding the aforesaid meeting.





Bayer CropScience

www.bayer.co.in



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