

BAYER
CROPSCIENCE
LIMITED

55TH

ANNUAL
REPORT APRIL 2012 -
MARCH 2013



Bayer CropScience



BOARD OF DIRECTORS



Dr. Vijay Mallya
Chairman



Stephan Gerlich
Vice Chairman &
Managing Director



Sharad M Kulkarni
Non-Executive
Independent Director



AKR Nedungadi
Non-Executive
Independent Director



Vimal Bhandari
Non-Executive
Independent Director



Peter Mueller
Non-Executive Director



Tobias Marchand
Non-Executive Director



Kaikobad B Mistry
Non-Executive Director



Dr. Thomas Hoffmann
Whole-time Director

SCIENCE FOR A BETTER LIFE

Bayer is a global enterprise with core competencies in the fields of health care, agriculture and high-tech materials. Since 1863, Bayer inventions have helped improve people's quality of life. As an inventor company, we set trends in research-intensive areas. Our products and services are designed to benefit people. At the same time, we aim to create value through innovation, growth and high earning power. We are committed to the principles of sustainable development and to our social and ethical responsibilities as a corporate citizen.

Inventions for agriculture



1892

“Farbenfabriken vorm. Friedr. Bayer & Co.” introduces the world’s first synthetic chemical insecticide – Antinonin to control caterpillars – marking the birth of modern crop protection.



1914

Uspulun is launched – the first product to effectively protect cereal seed against fungal infestation. It quickly achieves success, and its use is made mandatory in some parts of Germany.



1971

The selective herbicide Sencor kills weeds without damaging crops such as potatoes, tomatoes, sugarcane or soybeans.



1976

Saving wheat and barley harvests from disease in Latin America, Australia and New Zealand: Bayleton is introduced to fight harmful fungi. The active ingredient originates from the company’s pharmaceutical research.



1988

Folicur debuts on the crop protection market. Today the leaf fungicide is used successfully in more than 100 countries and in 90 different crops.



1991

Milestones in pest control: Gaucho revolutionizes insecticidal seed treatment, and Confidor today helps to control sucking and biting insects in more than 150 crops.



2004

Bayer’s achievements in azole chemistry culminate in the launch of fungicides such as Proline, Prosaro and Fandango. These are based on a new substance class, the triazolothiones, synthesized by Bayer scientists.



2007

The vegetable seed business of Bayer CropScience introduces the Intense tomato to the market. It does not drip when cut. It received the Innovation Award at the international trade fair Fruit Logistica in 2008.



2008

Bayer researchers develop Movento, an insecticide with a completely new mechanism of action. Its active ingredient is spread evenly throughout the plant in two different ways.



2012

Fighting malaria: LifeNet is the first long-lasting mosquito net made from polypropylene fiber deeply impregnated with the active ingredient deltamethrin. The World Health Organization has confirmed that the nets remain effective even after 30 washing cycles.

Bayer CropScience's innovative products and services help solve some of the key challenges in agriculture. At Bayer CropScience, we foster an environment of collaboration across different disciplines at the intersection of chemistry and biology, as well as across cultures and markets. Every day, we bring together expertise in seeds, breeding, crop protection biologics and chemistry as well as environmental science solutions - thus generating value for all our partners.

FROM SEED TO SHELF

LAUNCHES 2012 - 2013



ProAgro 5121
Bayer's Mustard Hybrid Seed
with higher yield potential and
better oil content



Arize 6129 Gold
Bayer's short duration
Rice Hybrid Seed
to combat Bacterial Leaf Blight



ProAgro 7701 Gold
Bayer's Millet Hybrid Seed
offering heat and lodging tolerance
with high grain yield



ProAgro - 9444 Gold
Bayer's Millet Hybrid Seed
offering higher lodging and
disease tolerance



SurPass - First Class
Bayer's high yielding Cotton hybrid
with wider adaptability and
better yield stability



Bayer CropScience Limited Annual Report 2012-13

Directors	Dr. Vijay Mallya	– Chairman
	Stephan Gerlich	– Vice Chairman & Managing Director
	Sharad M. Kulkarni	
	A. K. R Nedungadi	
	Vimal Bhandari	
	Peter Mueller	
	Tobias Marchand	
	Kaikobad B. Mistry	
	Dr. Thomas Hoffmann	– Whole-time Director

Vice President - Law, Patents & Compliance & Company Secretary Rajiv Wani

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
	State Bank of India
Union Bank of India	

Auditors Price Waterhouse

Solicitors Crawford Bayley & Co.

Registered Office Olympia, First Floor,
Central Avenue,
Hiranandani Gardens, Powai,
Mumbai - 400 076

Corporate Office Kolshet Road,
Thane - 400 607, Maharashtra
Tel. No.: 91 22 253 1234
Fax No.: 91 22 254 5235

Registrars & Share Transfer Agents TSR Darashaw Private Limited (TSRDPL)
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 TSRDPL.
- 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 55th Annual General Meeting of Bayer CropScience Limited will be held on Thursday, August 29, 2013 at 12.15 p.m. 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 Statement of Profit and Loss for the financial year ended March 31, 2013 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 financial year ended March 31, 2013.
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.
5. To appoint auditors and fix their remuneration.

SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass the following Resolution, with or without modification(s), as a Special Resolution:

"RESOLVED THAT Dr. Thomas Hoffmann, who was appointed as an Additional Director of the Company with effect from April 2, 2013 by the Board of Directors and holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 (the Act) read with Article 117(2) of the Articles of Association of the Company, but being eligible, offers himself for re-appointment and in respect of whom the Company has received a notice in writing under Section 257 of the Act from a shareholder signifying his intention to propose Dr. Thomas Hoffmann as a candidate for the office of Director, be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Act, subject to the approval of the Central Government and such other approvals as may be necessary, Dr. Thomas Hoffmann be and is hereby appointed as the Whole-time Director of the Company for a period of five years with effect from April 2, 2013 as under:

(a) Salary	₹ 471,599 (Rupees Four Lakhs Seventy One Thousand Five Hundred Ninety Nine only) per month. Euro 9,276 (Euro Nine Thousand Two Hundred Seventy Six only) per month in Indian Rupees at the prevailing exchange rate.
(b) Special Allowance Total Gross Salary Grade (a + b)	₹ 94,320 (Rupees Ninety Four Thousand Three Hundred Twenty only) per month. ₹ 14,000,000 per annum to ₹ 20,000,000 per annum.
(c) Annual Increments	An amount as may be decided by the Remuneration Committee / Board of Directors from time to time.
(d) Performance Award / Bonus / Incentive / Ex-gratia	An amount as may be decided by the Remuneration Committee / Board of Directors from time to time.
(e) Long Term Incentive	An amount decided as per the Global Policy of Bayer AG, Germany for Senior Management.
(f) Global Aspire Award	An amount decided as per the Global Policy of Bayer AG, Germany for Senior Management.
(g) Perquisites	As per the provisions of Section 198 and 309 of the Companies Act, 1956 and Schedule XIII to the said Act for the time being in force or any statutory modification or re-enactment thereof.
	The perquisites (including allowances) payable are as follows:
(i) Housing	The Company shall provide free furnished accommodation, including periodic maintenance.
(ii) Home Travel Allowance	An amount as may be decided by the Remuneration Committee / Board of Directors from time to time in accordance with the Bayer's International Mobility Directive.
(iii) Children's Visit	Reimbursement as per Bayer's International Mobility Directive.
(iv) Club fees	Entrance and annual fees of one club.
(v) Allowances / Reimbursement of expenses incurred on joining duty and returning to the Director's home country after completion of tenure of his service	Actual expenses incurred on travel and on packing, forwarding, loading / unloading as well as freight, insurance, customs duty, clearing expenses, local transportation and installation expenses, relocation allowance, electrical appliances allowance in connection with the moving of personal effects for self and family. After completion of tenure, such expenses may be reimbursed if the Whole-time Director is finally leaving the employment of the Company.

NOTICE (contd.)

(vi) Retirement Benefits	Retirement benefits under the Employee Benefit Programme / Scheme as per the Rules of the Company and Social Security benefit will be applicable as per Bayer's International Mobility Directive.
(vii) Free use of Motor Car	Free use of motor car with chauffeur for his use; alternatively the Company shall bear all running, maintenance and repair expenses plus the remuneration of a chauffeur for his own car.
(viii) Earned / Privilege Leave	As per the Rules of the Company.
(ix) Encashment of Leave	Encashment of Leave at the end of the tenure as per the Rules of the Company.
(x) Other allowances / reimbursement of expenses	An amount decided as per Company Policy.

RESOLVED FURTHER THAT the remuneration, aforesaid, including expressly the benefits and amenities aforesaid, shall be paid and provided as minimum remuneration to Dr. Thomas Hoffmann, subject to the approval of the Central Government, if necessary, or any other authority notwithstanding the absence or inadequacy of profits in any accounting year of the Company during the tenure of his office as the Whole-time Director.

RESOLVED FURTHER THAT in the event of any relaxation made by the Government in the guidelines or ceiling on Managerial Remuneration during the tenure of his office as the Whole-time Director, the remuneration (including "Minimum Remuneration") payable to him shall be increased as the Remuneration Committee / Board of Directors may deem fit in accordance with the guidelines or ceiling.

RESOLVED FURTHER THAT the Board, may subject to the requisite approvals to the Central Government, if required, increase, augment, vary and modify the remuneration payable and the benefits and amenities provided to Dr. Thomas Hoffmann including the monetary value thereof, upto the limits prescribed in that behalf under or pursuant to the Companies Act, 1956 or any statutory amendment, modification or re-enactment thereof from time to time in force and / or the guidelines for managerial remuneration issued by the Central Government from time to time, from the date of the statutory amendment, modification, re-enactment and / or the guidelines coming into force.

RESOLVED FURTHER THAT so long as Dr. Thomas Hoffmann functions as the Whole-time Director of the Company, he shall not become interested or otherwise concerned directly or through his wife and / or minor children in any selling agency of the Company in future without the prior approval of the Central Government.

RESOLVED FURTHER THAT so long as Dr. Thomas Hoffmann functions as the Whole-time Director of the Company, he shall not be paid any sitting fees for attending the meetings of the Board or Committees thereof.

RESOLVED FURTHER THAT Dr. Thomas Hoffmann shall not be liable to retire by rotation during his tenure as Whole-time Director of the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all such steps as may be necessary to give effect to this resolution and to accept and carry out the modification(s), if any, that may be suggested by the Central Government."

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 companies, societies etc. must be supported by appropriate resolution / authority, as applicable, issued on behalf of the nominating organisation.
- (b) The 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, form part of the Corporate Governance Report.
- (c) The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, August 14, 2013 to Thursday, August 29, 2013 (both days inclusive).
- (d) The dividend of ₹ 5.00 per Equity Share, as recommended by the Board of Directors, if declared at the ensuing 55th Annual General Meeting to be held on Thursday, August 29, 2013 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, August 29, 2013.
 - (ii) in respect of shares held in dematerialised form, to the Beneficial Owners of the shares as at the close of business hours on Tuesday, August 13, 2013 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 TSRDPL at the following address:
TSR Darashaw Private 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 TSRDPL on or before Tuesday, August 13, 2013 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.
- (g) Members holding shares in the 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 / TSRDPL. Changes intimated to the Depository Participant will then be automatically reflected in the Company's records which will help the Company and TSRDPL to provide efficient and better service to the members.
- (h) 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) **Members are requested to note that the dividend declared in June, 2007 is due to be transferred to IEPF in July 2014.**
- (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 dematerialised form are, therefore, requested to submit their PAN details to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to TSRDPL.
- (k) Members can avail of 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 TSRDPL, 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 / Corporate 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 April 21, 2011 and April 29, 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 the Members to their 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. and number of shares held:**
- (i) to TSRDPL, for shares held in physical form; and
 - (ii) in respect of shares held in dematerialised form, 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

Rajiv Wani
Vice President – Law, Patents & Compliance &
Company Secretary

Mumbai, May 20, 2013

Registered Office:
Olympia, First Floor,
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. 6 in the accompanying Notice dated May 20, 2013:

Explanatory Statement**Item No. 6**

Dr. Thomas Hoffmann was appointed as an Additional Director and also as the Whole-time Director with effect from April 2, 2013 by the Board of Directors for a period of five years. He holds office upto the date of the ensuing Annual General Meeting. A notice in writing under Section 257 of the Companies Act, 1956 has been received from a shareholder of the Company signifying his intention to propose Dr. Hoffmann as a candidate for the office of Director.

A brief profile of Dr. Thomas Hoffmann along with the required particulars is given in paragraph 4.3 of the Corporate Governance Report for the information of the Members.

The terms and conditions of the payment of remuneration to Dr. Thomas Hoffmann as the Whole-time Director of the Company are within the limits as prescribed under Schedule XIII of the Companies Act, 1956.

The agreement entered into with Dr. Thomas Hoffmann is available for inspection at the Registered / Corporate 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. An Abstract as required under Section 302 of the Companies Act, 1956 has already been circulated to all the Members of the Company.

The Board recommends the appointment of Dr. Thomas Hoffmann as a Director of the Company.

Except Dr. Thomas Hoffmann, none of the Directors are in any way concerned or interested in the passing of this resolution.

By Order of the Board of Directors

Rajiv Wani
Vice President – Law, Patents & Compliance &
Company Secretary

Mumbai, May 20, 2013

Registered Office:
Olympia, First Floor,
Central Avenue,
Hiranandani Gardens, Powai,
Mumbai - 400 076.



DIRECTORS' REPORT

Dear Members,

Your Directors take pleasure in presenting the 55th Annual Report on the business and operations of the Company together with the audited Financial Statements along with the Report of the Auditors for the financial year ended March 31, 2013.

Financial Performance:

₹ in Millions

Particulars	2012 - 13	2011 - 12
Revenue from Operation (Net)	27,253	22,723
Other Income	689	453
Total Revenue	27,942	23,176
Profit before Finance Costs, Depreciation, Exceptional Items and Taxation	4,288	2,980
Less : Finance Costs	(37)	(17)
Less : Depreciation and Amortisation	(366)	(340)
Profit before Exceptional Items and Taxation	3,885	2,623
Add/(Less) : Exceptional Items	11,747	(579)
Profit Before Tax	15,632	2,044
Less : Taxes	(4,015)	(654)
Profit After Tax	11,617	1,390
Add : Surplus in Statement of Profit and Loss at the beginning of the year	6,090	5,032
Amount available for Appropriation	17,707	6,422
Appropriations:		
Proposed Dividend	197	166
Taxation on Proposed Dividend	34	27
Transferred to General Reserve	1,162	139
Profit & Loss Balance Carried Forward	16,314	6,090

Operations:

Your Company's Revenue from Operation (Net) has increased by 19.94%, from ₹ 22,723 Millions in 2011-12 to ₹ 27,253 Millions in 2012-13. Profit before Exceptional Items and Taxation has increased by 48.11%, from ₹ 2,623 Millions in 2011-12 to ₹ 3,885 Millions in 2012-13.

Material Developments during the year:

Pursuant to the approval of Board vide its resolution dated July 19, 2010 and December 22, 2010, for the sale / transfer / disposal of Land and Buildings situated at Kolshet Road, Thane (the said Property), the Company and Agile Real Estate Private Limited ("Agile") have accepted ₹ 12,500 Millions as full and final aggregate consideration for the sale and transfer of the said Property to Agile. The Company and Agile have, on November 29, 2012, executed two Agreements and other incidental documents and undertaken all the requisite acts for concluding the transaction. On execution as aforesaid, the Company has received balance consideration of ₹ 7,300 Millions (net of advance of ₹ 5,200 Millions) as full and final consideration. The Company has no further obligations relating to the transfer of the said Property. The execution of deed of conveyance in favour of Agile shall be undertaken subsequently.

The Company has sold the Building situated at Powai, Mumbai pursuant to an agreement dated March 15, 2013 for ₹ 823 Millions. Consequent to the sale of Powai Building, the Board of Directors have approved the change of Registered Office from Bayer House, Central Avenue, Hiranandani Gardens, Powai, Mumbai - 400 076 to Olympia, First Floor, Central Avenue, Hiranandani Gardens, Powai, Mumbai - 400 076.

Dividend:

The Board of Directors is pleased to recommend the payment of dividend of ₹ 5.00 per Equity Share of ₹ 10 each for the financial year ended March 31, 2013, subject to the approval of the members (previous year ₹ 4.20 per Equity Share of ₹ 10 each). The proposed dividend will absorb a sum of ₹ 197 Millions. The Register of Members will remain closed from Wednesday, August 14, 2013 to Thursday, August 29, 2013 (both days inclusive).

Exports:

Your Company is a recognised Export House. The export sale (FOB) for the year ended March 31, 2013 was ₹ 4,582 Millions compared to ₹ 3,096 Millions during the previous year.

Public Deposits:

A sum of ₹ 15,000 relating to 1 deposit has been transferred to Investor Education and Protection Fund. No interest was payable on such unclaimed deposit. During the year under review, your Company has not accepted any public deposits. As on March 31, 2013, the Company has Nil 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, amongst other things.

DIRECTORS' REPORT (contd.)

In addition to the above, adequate coverage has been taken to cover public liability, environmental 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 on every month end. Foreign currency loans, including interest, are completely hedged.

The exports receivables are offset against the imports payables pertaining to the major party on monthly basis and the balance receivables / payables are hedged to mitigate the currency risk.

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 March 31, 2013 and of the profit of the Company for the financial year ended March 31, 2013;
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 observed National Safety Week and Fire Prevention Week in the year and conducted various activities throughout the week to spread awareness on safety amongst employees. September 18, 2012 was observed as the Bayer Safety Day. Your Company observed Environment Day at Ankleshwar and Himatnagar sites during the year. A Special Road Safety campaign was launched in 2012 to increase awareness amongst employees.

Your Company, covering all the manufacturing sites, all India business operations and supporting services, was audited on Quality Management System by TUV India Pvt. Ltd. and the Company was recommended continuation of ISO 9001:2008 certificate. The Environmental Management System for Himatnagar and Ankleshwar sites 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 and recycling of resources and cost savings.

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

Corporate Sustainability and Social Responsibility:

Growing population and demographic changes present enormous challenges for society and companies. These include, in particular, sufficient food, and environmental and climate protection and access to appropriate health care for everyone. We consider ourselves a part of society and see our commitment as living up to the role of a good corporate citizen. Sustainable Development, therefore, forms an integral part of our business strategy.

Together with our value concept LIFE - which stands for Leadership, Integrity, Flexibility and Efficiency - our mission forms the basis of our sustainable actions. As an innovation company with the mission "Science For A Better Life," the Bayer Group continues to focus on its core competencies in the development of new solutions in the fast-growing, innovation-driven areas of health care, nutrition and high-tech materials.

Social commitment is an established part of Bayer's sustainability strategy and corporate policy. We view the promotion of worthy causes in the areas of education, health care, environment, sports and culture as a long-term investment in society's future viability and as a contribution to a positive business environment.

Progress on Model Village Project

Acknowledging that agriculture is the first source to create a significant value addition in rural areas, agricultural development is being planned to further foster many measures that include, in particular, a strong focus on knowledge transfer on how sustainable crop production can increase productivity. This is the principle objective of the Model Village Project.

The Model Village Project being implemented in two villages – Mangalgudda and Kadivala in North Karnataka, aims to foster rural development through 'empowerment'. Based on the insights gained during the implementation of Child Care Programme, the project is being tried out on a pilot basis. The overall approach for execution of the project is being implemented through Bayer Prayas Rural Development Association.

A comprehensive approach is being adopted to further the objectives of the Model Village Project. A number of initiatives are being implemented in the Model Village such as introduction of drip irrigation, facilitating soil testing, organising Animal Health Camp, implementing Vidya Prayas scholarships for school-going children, productivity enhancement training for farmers, establishing an Information and Communication Technology (ICT) lab for Model Village children which has led to positive outcome with adoption of such progressive technologies.

DIRECTORS' REPORT (contd.)

Similarly, Bayer has organised three diagnostic health camps for determining the health burdens in the Model Village and to facilitate possible interventions for the local population.

IT-enabled schooling in Model Villages

Bayer's achievements as an innovation company with a long tradition are based on progress in science and research. We focus not only on our own research activities, but also on promoting and strengthening education and research in general. Through various initiatives, Bayer systematically supports the training of young people, the development of scientific talent and innovative approaches to research.

As a part of our ongoing activities to nurture education in the Model Villages, we are establishing an ICT lab for rural children in Mangalgudda Village. Towards this end, we have tied up with Pearson Education Services to provide us with Kannada content in major subjects - Science, Mathematics and Social Sciences. This ICT lab will benefit approximately 150 children studying in the school from Class V to VIII.

Project evaluation by external stakeholder

The Model Village Project is continuously academically evaluated by a team of professors and students of the Pforzheim University, Germany. About five students have got the opportunity to do an internship at Bayer in India, to do their own experiences and to gain a lot of interesting and incredible impressions of the current situation of the affected people in the villages.

Employee-volunteering in Model Village

Mannschaft – A Leadership Development Programme has been envisaged as an employee-volunteering programme across the sub-groups of Bayer in India. Mannschaft represents the German word for 'team'. In each Mannschaft, about 10 – 15 employees from across sub-groups and functions travel together on a week-end and get the opportunity to work in the village on various development activities related to the Model Village Project. So far, four Mannschaft have been organised by the Sustainable Development team in Kadivala and Chandippa villages.

Exemplary contribution

Two key prongs of Bayer's commitment to sustainability are improving resource and energy efficiency and finding solutions for the challenges posed by the consequences of climate change. Bayer's climate commitment also has economic benefits. Not only does improved energy efficiency lead to significant savings in energy costs, the Company is also developing and marketing products that help our customers to protect the climate and adapt to climate change.

Bayer's Ankleshwar site has demonstrated this aptly. The site won the prestigious National Energy Conservation Award 2012 in the chemical sector for demonstrating excellence in energy conservation during 2011. The award was received by the Company from the President of India, Shri Pranab Mukherjee.

The National Energy Conservation awards, instituted by the Bureau of Energy efficiency under the Indian Government's Ministry of Power to promote and support energy conservation initiatives in the country, are presented to organisations that have made systematic and serious attempts to conserve energy and use it efficiently.

In the year 2011, the Ankleshwar site undertook various initiatives to enhance energy conservation that included the implementation of a 'Daily Energy Balance Sheet' to optimise energy saving, an in-house training for employees to create awareness about the topic, analysis of energy-intensive processes and a brainstorming activity to find solutions for further reduction of energy consumption.

Our long-term commitment to sustainability

We want to tap new market opportunities to safeguard the future long-term viability of the Company. All our activities are geared to achieving ecological, economic and social benefits for our customers and for society. This is made possible by innovative products, efficient and responsible use of resources and the environment and a global commitment to good working conditions and human rights.

Human Resources:

Employee engagement is an important factor in your Company's success. Central to this engagement are culture and LIFE values. They provide the employees with guidance for daily work and encourage them for sustainable performance.

Your Company reaffirmed its commitment to personal growth and learning with the launch of 23 different training & development initiatives to support the employees in an increasingly dynamic and complex business landscape. The year was marked with special focus on general management, self-leadership and leading people initiatives. Additionally, our employees were nominated to 20 identified external training programs.

Your Company further continued its strong Employer Branding initiatives by continuing the "Bayer Scholarship Program" with front ranking universities in India, with the aim to further strengthen the interface between the educational institutes and the industry.

In line with Bayer's talent management philosophy of "Building the Leadership Pipe line" & "Valuing the Expertise of employees", a number of employees went through various Development Centres. These exercises not only build capabilities, but also presented opportunities for employees to move into different roles and positions. Our strong work on XCEDO, the Bayer CropScience Training Academy was recognised and conferred with two external awards – Best Corporate University Award at the TISS LEAPVAULT CLO Awards and The Best Learning Organisations Award from L&OD Roundtable.

DIRECTORS' REPORT (contd.)

In continuation to last year's efforts towards providing opportunities for Learning and Development to the employees, an initiative which strengthens the performance and feedback culture was launched.

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 Financial Statements 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 such statement may write to the Company Secretary at the Registered / Corporate 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 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 Corporate Governance Report is given as an Annexure to this Report. The Company is in full compliance with the requirements and disclosures that have to be made in this regard. The Certificate from a Company Secretary in whole-time practice confirming compliance of the Corporate Governance requirements by the Company is attached to the report on Corporate Governance.

Management Discussion and Analysis Report:

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

Directors:

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

Dr. Thomas Hoffmann was appointed as an Additional Director and Whole-time Director of the Company with effect from April 2, 2013.

Brief profile of the above Directors are given under the Corporate Governance Report.

Cost Audit:

In accordance with the directive received from the Central Government, an audit of the cost accounts relating to Insecticides manufactured by the Company is required to be conducted every year, 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' for the year ending March 31, 2014. In terms of the Cost Audit Report Rules, 2011, the cost audit report is required to be filed within 180 days from the end of the financial year or as per the date notified by Ministry of Corporate Affairs (MCA) in XBRL. Your Company filed the Cost Audit Report in XBRL for the financial year ended March 31, 2012 within the date notified by MCA.

Auditors:

M/s Price Waterhouse, Chartered Accountants, (Firm Registration Number 301112E) retire as Statutory Auditors at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from the retiring Auditors that their appointment as Statutory Auditors, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. The Audit Committee and the Board recommends the re-appointment of M/s. Price Waterhouse, Chartered Accountants, (Firm Registration Number 301112E) as Statutory Auditors for the financial year ending March 31, 2014.

Members are requested to consider and re-appoint M/s. Price Waterhouse, Chartered Accountants, (Firm Registration Number 301112E) as the Statutory Auditors of the Company for the financial year ending March 31, 2014.

Acknowledgements:

The Board of Directors wishes to express its sincere appreciation for the dedicated services rendered by employees at all levels and the constructive co-operation extended by them. 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 consistent support and guidance from Bayer AG, Bayer CropScience AG and Bayer SAS.

For and on behalf of the Board of Directors

Dr. Vijay Mallya
Chairman

Mumbai, May 20, 2013



ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217(1)(e) of Companies Act, 1956 read along with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the financial year ended March 31, 2013.

I. CONSERVATION OF ENERGY

(a) Energy conservation measures taken at Himatnagar plant

1. Installed Variable Frequency Drive controlled Air compressor for instrumentation air.
2. Installed Variable Frequency Drives for main blower of Granulator - 1 & 2.
3. Installed transparent roofing sheet in warehouse, loading bay and main plant building.

(b) Additional Investment and proposals for energy conservation

Nil.

(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

	Current Year (April 1, 2012 - March 31, 2013)	Previous Year (April 1, 2011 - March 31, 2012)
A. Power and Fuel Consumption		
1. Electricity:		
(a) Purchased: Ankleshwar Plant		
Unit (KWH)	5,973,076	2,686,572
Total Amount (₹ in Millions)	43.95	23.47
Rate / Unit (₹)	7.36	8.74
(b) Purchased: Himatnagar Plant		
Unit (KWH)	2,625,030	2,364,650
Total Amount (₹ in Millions)	18.15	14.99
Rate / Unit (₹)	6.92	6.34
(c) Own Generation: Ankleshwar Plant Through gas turbine / generator		
Units	6,544,124	8,613,572
Units / Sm ³ of gas	3.95	3.52
Cost / Unit	8.37	6.67
(d) Own Generation: Ankleshwar Plant Through diesel generator		
Units (KWH)	129,290	-
Units / litre of diesel	2.63	-
Cost / Unit	18.84	-
Own Generation: Himatnagar Plant Through diesel generator		
Units (KWH)	4,858	2,436
Units / litre of diesel oil	3.86	7.29
Cost / Unit - No separate unit cost calculated since generation is marginal		
2. Other fuels: Ankleshwar Plant		
Quantity (Sm ³) - Natural Gas	2,934,359	3,158,370
Total cost (₹ in Millions)	96.99	74.20
Rate / Unit (₹)	33.06	23.49
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:

ANNEXURE TO THE DIRECTORS' REPORT (contd.)**FORM B****Research and Development (R & D)****1. Specific Areas**

As the leader in Innovation and Excellence, your Company continues to provide novel, innovative and effective crop protection products and solutions greatly benefitting the Indian farming community to keep pace with the dynamic scenario and enhancing productivity. As a part of ongoing research and development activities, your Company is evaluating in India the feasibility of a number of early phase compounds which are under global development with the prospect of introduction of some of the promising compounds in future in India. Further, new molecules and mixtures are also being evaluated for use in variety of agricultural and horticultural crops covering a wide spectrum of pest and disease segments to assess the suitability of product for marketing business.

Your Company successfully secured key product registrations viz.:

Crop Protection

- Solomon 300 OD is a contact and systemic insecticide for use in brinjal for the control of aphids, jassids, shoot and fruit borer. This being a broad spectrum product, has very good business potential in other crops which will very soon be under approval process.
- Jump 80 WG has been approved for indigeneous manufacture. This registration will enable your Company to manufacture the product locally and re-introduce this product in the market in Kharif 2013 season.

Environmental Science

- Ready to use bait formulation, QuickBayt, is a very exciting product for housefly control and has very good business opportunity all over the country.

R&D success continued with 10 new label extensions obtained on existing product registrations on various crops like Bengal gram, Brinjal, Apple, Tea, Soybean, Tomato and Cotton.

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.

Further, in order to continue to provide innovation and effective solutions to the farmers, after a lot of sustained research and resources spent in generating scientific data, your Company has submitted applications to register new products to be launched in future :

- a) A plant growth regulator, in Cotton which will facilitate mechanical harvesting, a trend which will gain importance due to acute labour shortage in the country.
- b) New Insecticide for the control of sucking insect pests in Okra. This broad spectrum product also has good business potential in other crops like Cotton, Chillies and other vegetables.

Besides this, 16 new applications for label extensions of existing products on new crops / pests were submitted for approval on various crops like Wheat, Tomato, Onion, Cotton, Coffee, Gherkin, Cardamom, Maize, Cabbage and Soybean.

With the focus on improving productivity, quality and return on investment of farmers, your Company is developing and promoting seed to harvest packages in key agriculture and horticulture crops like 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 scenario of India's membership to the Organisation for Economic Co-operation & Development (OECD) resulting in Regulatory Data Harmonisation 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. The recent introduction of registration guideline on 3 way mixture products opens up another potential business avenue.

The year 2013 has an interesting line-up with the expected approval and launch of 3 globally renowned products – new insecticide for the control of white grubs in Sugarcane, seed treatment product for use in Wheat against loose smut, besides securing key label extensions in Crop Protection and new insecticide product for use as pre and post construction treatments in buildings in Environmental Science business.

3. Expenditure on R & D

(₹ in Millions)

(a) Capital	Nil
(b) Recurring	158
(c) Total	158
(d) Total R&D Expenses are 0.58 % of the Revenue from Operation (Net).	

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 exports, foreign exchange earnings and expenditure have been given under Note Nos. 29 to 32 of the Financial Statements.

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 member 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.

As a Group, we stand committed to the values of Leadership, Integrity, Flexibility and Efficiency (LIFE). These values have transcended the barriers of time and continue to inspire the way we operate our business, engage with our stakeholders and shape our future.

Bayer is the name of a promise. A pledge to meet stakeholder expectations fulfilled, for more than a century now, despite challenges. At the core of our achievement lies our people approach. We have always believed that our growth was intrinsically linked with the growth of our people. We encourage diversity and a performance driven organisational culture in which people give their best and feel proud to be part of a successful and a caring organisation.

As an innovation company, we set trends in research-intensive areas. Our products and services are designed to benefit people and improve their quality of life. At the same time we aim to create value through innovation, growth and high earning power. We are committed to the principles of sustainable development and to our social and ethical responsibilities as a corporate citizen.

We believe in the importance of building stockholder trust. We adhere to the highest levels of ethical business practices, as embodied by the Bayer Code of Conduct, which provides guidelines for ethical conduct by our directors, officers and employees.

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 throughout the world. Bayer manages its business responsibly and is compliant with the statutory and regulatory requirements of the countries in which it operates.

Bayer expects legally and ethically impeccable conduct from all of its employees in day to day business operations, as the way they carry out their duties affects the Company's reputation. By ensuring regular dialogue between employees and their supervisors and providing training courses involving the Compliance Officer, the Company endeavours to acquaint its employees with internal codes of behaviour and with the numerous statutory and regulatory requirements of the countries where they work that are of relevance to them. This lays the foundation for managing the business responsibly and in compliance with respective applicable laws.

The Corporate Compliance Policy states that Bayer is unreservedly committed to corporate compliance and will forgo any business transactions that would violate compliance principles. The policy also details the organisational framework for corporate compliance and specifies areas in which violations of applicable law can have particularly serious adverse consequences, both for the Group as a whole as also for individual employees. The principles set forth in the corporate compliance policy are designed to guide employees in their business-related actions and protect them from potential misconduct.

Its core requirements are:

- adherence to antitrust regulations,
- integrity in business transactions and a ban on exerting any kind of improper influence,
- the observance of product stewardship and the commitment to the principle of sustainability,
- the commitment to ensure fair and respectful working conditions across the Group.

Employees may contact their respective supervisors or Compliance Officers for support and advice on ensuring legally compliant conduct in specific business situations.

1.2 Whistle Blower Policy

In terms of the Corporate Compliance Program, the 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 its core values. The Company is committed to provide a safe & conducive work environment to its employees and expects them to combine "Expertise with responsibility". Bayer's 'Policy for Prevention of Sexual Harassment' has been formulated 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, thereby providing a safe and healthy work environment.

1.4 Code of Conduct

In compliance with the requirements of Clause 49 of the Listing Agreement, the Company has adopted a 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.

CORPORATE GOVERNANCE REPORT (contd.)**1.5 Risk Management**

Risk management comprises of the organisational rules and actions for early identification of the risks in the course of doing 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.

The 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 their business operations.

The Vice President - Internal Audit is responsible for coordinating 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 factors, recommending corrective action and reporting to the Audit Committee.

2.0 BOARD OF DIRECTORS

The Board of the 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 and an Independent Director. Dr. Thomas Hoffmann has been appointed as the Whole-time Director of the Company with effect from April 2, 2013.

Presently the Board consists of a total of 9 Directors, out of which 2 are Executive Directors and from the remaining 7 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 4 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 in the Company, 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 March 31, 2013

Sr. No.	Name of Director	Category [@]	Age (years)	Directorship Tenure
1	Dr. Vijay Mallya, Chairman	NED-(I)	57	9 years and 3 months
2	Mr. Stephan Gerlich*, Vice Chairman	MD	54	9 years and 9 months
3	Mr. Sharad M. Kulkarni	NED-(I)	74	18 years and 7 months
4	Mr. A. K. R. Nedungadi	NED-(I)	55	9 years and 3 months
5	Mr. Vimal Bhandari	NED-(I)	54	4 years and 9 months
6	Mr. Peter Mueller *	NED	53	1 year & 8 months
7	Mr. Tobias Marchand*	NED	50	1 year & 8 months
8	Mr. Kaikobad B. Mistry*#	NED	53	4 years and 9 months

@

MD - Managing Director

NED - Non-Executive Director

NED-(I) - Non-Executive Independent Director

* Represents the Promoter Group

Mr. Kaikobad B. Mistry ceased to be the Whole-time Director and continued as Non-Executive Director of the Company with effect from February 1, 2013. Dr. Thomas Hoffmann has been appointed as the Whole-time Director with effect from April 2, 2013.

CORPORATE GOVERNANCE REPORT (contd.)
Directorship in other companies / committee position as on March 31, 2013

Sr. No.	Name of Director	No. of other Directorships		No. of other Committee Memberships	
		Chairman	Memberships	Chairman	Memberships
1	Dr. Vijay Mallya, Chairman	1	7	-	-
2	Mr. Stephan Gerlich, Vice Chairman & Managing Director	-	2	-	-
3	Mr. Sharad M. Kulkarni	-	8	4	3
4	Mr. A.K. R. Nedungadi	-	3	-	4
5	Mr. Vimal Bhandari	-	7	3	1
6	Mr. Peter Mueller	-	-	-	-
7	Mr. Tobias Marchand	-	-	-	-
8	Mr. Kaikobad B. Mistry	-	-	-	-

Notes:

1. Directorships mentioned above include alternate directorships, but exclude directorships in private companies, foreign companies and Section 25 companies.
2. The details mentioned above are for companies other than Bayer CropScience Limited.
3. Committee details consist only of Audit and Shareholders' / Investors' Grievance Committees.

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 appraises the Board about the performance of the Company.

2.1.2 Whole-time Director

Dr. Thomas Hoffmann, who took over from Mr. Kaikobad B. Mistry, has been appointed as Whole-time Director with effect from April 2, 2013 and is responsible for various functions which include Accounts, Taxation, Treasury, Financial Services, Law, Patents & Compliance, Information Technology and Internal Audit.

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 Directors. 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.

CORPORATE GOVERNANCE REPORT (contd.)**3.1 Information given to the Board**

The Board has complete access to all information within the Company which includes amongst others the following:

- Annual operating plans, budgets and updates
- Capital budgets and updates
- Quarterly results for 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
- Sale of material nature of investments, subsidiaries, assets, which is not in the normal course of business
- Amount of Borrowings / Investments along with the terms on which the amounts are borrowed / invested
- 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 members' 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

4 Board Meetings were held during the year April 1, 2012 to March 31, 2013, 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	May 29, 2012	April – June	118	4 months
2	July 25, 2012	July – September	56	
3	October 31, 2012	October - December	97	
4	January 31, 2013	January – March	91	

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

The Annual General Meeting was held on August 24, 2012. The attendance of the Directors at the Board and Annual General Meetings held during the financial year ended March 31, 2013 is as under:

Sr. No.	Name of Director	Board Meetings held in Director's tenure	Attendance	
			Board Meeting	AGM held on August 24, 2012
1	Dr. Vijay Mallya	4	4	Yes
2	Mr. Stephan Gerlich	4	4	Yes
3	Mr. Sharad M. Kulkarni	4	4	Yes
4	Mr. A.K.R. Nedungadi	4	4	Yes
5	Mr. Vimal Bhandari	4	2	Yes
6	Mr. Peter Mueller	4	1	No
7	Mr. Tobias Marchand	4	-	Yes
8	Mr. Kaikobad B. Mistry	4	4	Yes

4.0 DIRECTORS SEEKING APPOINTMENT / 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 appointment / re-appointment are as under:

4.1 Dr. Vijay Mallya

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



CORPORATE GOVERNANCE REPORT (contd.)

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 Ltd (UBL), the makers of Kingfisher beer, is the largest brewing company in India with a national market share of more than 50 per cent. 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; it is also a forum that has launched several Bollywood actresses and supermodels.

Dr. Mallya is the Chairman of public companies both in India as well as in the USA. He has been the Chairman of Aventis Pharma India (previously Hoechst) as well as the Chairman of Bayer Crop Science in India for over 20 years, in addition to being the Chairman of several other corporations.

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

Dr. Mallya is the first Indian ever to own a Formula One Team. He is the Team Principal and owner of Force India Formula 1, which is also India's first-ever Formula One 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 F1 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 Bangalore, an IPL team which has been in the finals and semi-finals of the tournament in the last two years. The company also owns the country's two 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. 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 March 31, 2013, Dr. Vijay Mallya is on the Board of the following companies in India:

- Four Seasons Wines Limited, Bangalore
- Kamsco Industries Private Limited, Kolkata
- Kingfisher Airlines Limited, Bangalore
- Mallya Private Limited, Kolkata
- Mangalore Chemicals and Fertilisers Limited, Bangalore
- Motorsports Association of India, Mumbai
- Pharma Trading Company Private Limited, Kolkata
- Royal Challengers Sports Private Limited, Bangalore
- Sanofi India Limited, Mumbai
- SWEW Benefit Company, Kolkata
- The Gem Investment & Trading Company Private Limited, Kolkata
- United Breweries (Holdings) Limited, Bangalore
- United Breweries Limited, Bangalore
- United East Bengal Football Team Private Limited, Kolkata
- United Racing and Bloodstock Breeders Limited, Bangalore
- United Spirits Limited, Bangalore
- VJM Investments Private Limited, Bangalore

CORPORATE GOVERNANCE REPORT (contd.)**4.2 Mr. A.K.R.Nedungadi**

A trained Chartered and Cost Accountant, Mr. Nedungadi joined the United Breweries Group in 1990 as the Corporate Treasurer. Within two 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 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 three verticals – Brewing, Distilling and Aviation, each area presenting clear leadership within India and global significance.

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 which bears testimony to the successful accomplishment of business restructuring, consolidation and enhanced shareholder value. As the principle leadership resource of the UB Group, Mr. A. K. R. Nedungadi was instrumental in concluding the acquisition of Shaw Wallace & Co., Whyte & Mackay, Bouvet Ladubay, etc.

Mr. 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 organisations like Who's Who of Professionals only reinforce the above testimonials. Further, he is on the Board of several companies, both in India and overseas.

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. He lives in Bangalore with his wife and two children.

As on March 31, 2013, Mr. Nedungadi is on the Board of Directors of the following companies in India:

- Beta Edutech Limited
- Idea Streamz Consultants Private Limited
- Kingfisher Airlines Limited
- Millenea Vision Advertising Private Limited
- Sanofi India Limited
- SWEW Benefit Company (Managing Committee Member)
- United Breweries Limited

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

Sr. No.	Name of Company	Committee	Chairman/ Member
1	Kingfisher Airlines Limited	Audit	Member
2	Kingfisher Airlines Limited	Shareholders' / Investors' Grievances	Member
3	Kingfisher Airlines Limited	Remuneration & Compensation	Member
4	Sanofi India Limited	Audit	Member
5	Sanofi India Limited	Shareholders' / Investors' Grievances	Member
6	United Breweries Limited	Share Transfer	Chairman
7	United Breweries Limited	Amalgamation	Member
8	United Breweries Limited	Borrowing	Member

4.3 Dr. Thomas Hoffmann

Dr. Thomas Hoffmann has studied Business Administration with specialisation in Finance and Controlling & Audit and has Degrees of Diplom Kaufmann and Dr. rer. pol. He started his career at Stinnes AG in Mülheim, Germany as a strategic controller in 1997 and worked as a Research Assistant at the University of Cologne (Germany). In 2001, he joined Bayer AG (Germany) as Manager in Corporate Controlling and Corporate Accounting. He then moved to Bayer (Ltd.), Japan as Head of Enterprise Accounting and Reporting in 2005. His last assignment which he started in 2008 was at Bayer AG (Germany), Corporate Finance as Head of Structured Finance.

Dr. Thomas Hoffmann has been appointed as the Whole-time Director of the Company with effect from April 2, 2013.

CORPORATE GOVERNANCE REPORT (contd.)
5.0 REMUNERATION OF DIRECTORS
5.1 Details of Remuneration paid to Non-Executive Independent Directors and Executive Directors during the year ended March 31, 2013
a) Non-Executive Independent Directors

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 April 1, 2010, the Non-Executive Independent Directors are also entitled to commission of an amount as may be determined by the Board from time to time. The details of the commission paid during the financial year ended March 31, 2013 are given in the table below:

(₹ in Millions)

Sr. No.	Name of Director	Sitting Fees	Commission	Total
1	Dr. Vijay Mallya	0.08	0.50	0.58
2	Mr. Sharad M. Kulkarni	0.18	0.50	0.68
3	Mr. A.K.R. Nedungadi	0.18	0.50	0.68
4	Mr. Vimal Bhandari	0.08	0.50	0.58

b) Executive Directors

Mr. Stephan Gerlich, Vice Chairman & Managing Director and Mr. Kaikobad B. Mistry, the erstwhile Whole-time Director were paid remuneration during the year ended March 31, 2013 as per their respective agreements with the Company, which has been approved by the Board as well as the members.

(₹ in Millions)

Sr. No.	Name of Director	Position	Salary & Allowances	Perquisites	Total Salary	Contract Period
1	Mr. Stephan Gerlich	Managing Director	48.16	15.14	63.30	July 1, 2009 to June 30, 2014
2	Mr. Kaikobad B. Mistry	Whole-time Director	19.21	8.64	27.85	July 1, 2008 to June 30, 2013*

* The agreement entered into between the Company and Mr. Kaikobad B. Mistry has been terminated with effect from February 1, 2013 following his relocation to another country.

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 July 1, 2009. His employment is contractual for a period of 5 years and terminable by 6 months' notice on either side.

Mr. Kaikobad B. Mistry had been appointed as a Whole-time Director of the Company with effect from July 1, 2008. The agreement entered into between the Company and Mr. Kaikobad B. Mistry has been terminated with effect from February 1, 2013 following his relocation to another country.

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. Tobias Marchand	Member	Non-Executive

The Committee held 4 meetings during the financial year ended March 31, 2013. The meetings were held on May 29, 2012, July 25, 2012, October 31, 2012 and January 31, 2013. 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	4	4
2	Mr. A.K.R. Nedungadi	4	4
3	Mr. Vimal Bhandari	4	2
4	Mr. Tobias Marchand	4	-

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.

CORPORATE GOVERNANCE REPORT (contd.)

The Audit Committee acts as a link between the Statutory and the Internal Auditors on the 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 statement is 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.
- 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 in the Director's Responsibility Statement to be included in 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 judgment 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.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- 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.
- 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 Friday, August 24, 2012.

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 as on March 31, 2013 is as under:

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

Mr. Kaikobad B. Mistry ceased to be the Whole-time Director and continued as Non-Executive Director of the Company with effect from February 1, 2013. Dr. Thomas Hoffmann has been appointed as the Whole-time Director with effect from April 2, 2013.



CORPORATE GOVERNANCE REPORT (contd.)

The Committee held 4 meetings during the financial year ended March 31, 2013. The meetings were held on May 29, 2012, July 25, 2012, October 31, 2012 and January 31, 2013. 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. Stephan Gerlich	4	4
3	Mr. Sharad M .Kulkarni	4	4
4	Mr. Kaikobad B. Mistry	4	4

During the year ended March 31, 2013, the Company received 3 grievances, all of which have been resolved to the satisfaction of the members. The details of the same were also placed before the Board.

A comparative statement of the various complaints received and resolved by the Company during the year ended March 31, 2013 is given below:

Nature of Complaints	April 1, 2012 to March 31, 2013	
	Received	Resolved
Letters from SEBI	3	3

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 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 aforementioned 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	Non-Executive Director
3	Mr. Rajiv Wani	Member	Vice President – Law, Patents & Compliance & Company Secretary

Mr. Kaikobad B. Mistry ceased to be the Whole-time Director and continued as Non-Executive Director of the Company with effect from February 1, 2013. Dr. Thomas Hoffmann has been appointed as the Whole-time Director with effect from April 2, 2013.

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. Sharad M. Kulkarni	Member	Non – Executive Independent
3	Mr. A.K.R. Nedungadi	Member	Non – Executive Independent
4	Mr. Tobias Marchand	Member	Non – Executive

The Committee held 1 meeting during the financial year ended March 31, 2013. The meeting was held on May 29, 2012. The attendance at the meeting was as under:

Sr. No.	Name of Member	Remuneration Committee Meeting held in Member's tenure	No. of meetings attended
1	Mr. Vimal Bhandari	1	–
2	Mr. Sharad M. Kulkarni	1	1
3	Mr. A.K.R. Nedungadi	1	1
4	Mr. Tobias Marchand	1	–

7.0 COMPLIANCE OFFICER

Mr. Rajiv Wani, Vice President – Law, Patents & Compliance & Company Secretary, is the Compliance Officer of the Company.

CORPORATE GOVERNANCE REPORT (contd.)**8.0 GENERAL SHAREHOLDER INFORMATION****8.1 Annual General Meeting**

Date of AGM : Thursday, August 29, 2013

Venue and time : Yashwantrao Chavan Pratishthan Auditorium,
Y. B. Chavan Centre, Near Mantralaya, Gen. J. Bhonsale Marg,
Mumbai - 400 021 at 12.15 p.m.

8.2 Dates of Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, August 14, 2013 to Thursday, August 29, 2013 (both days inclusive).

8.3 Proposed Date of Dividend Payment

The dividend of ₹ 5.00 per Equity Share, as recommended by the Board of Directors, if declared at the ensuing 55th Annual General Meeting to be held on Thursday, August 29, 2013 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, August 29, 2013
- (ii) in respect of shares held in dematerialised form, to the beneficial owners of the shares as at the close of business hours on Tuesday, August 13, 2013 as per details to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

8.4 Financial Calendar

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

8.5 Board Meetings for Quarterly Results

(Tentative and subject to change)

Quarter ending June 30, 2013	On or before August 14, 2013
Half year ending September 30, 2013	On or before November 15, 2013
Third quarter ending December 31, 2013	On or before February 15, 2014
Year ending March 31, 2014	On or before May 30, 2014
Annual General Meeting for the financial year ending March 31, 2014	On or before September 30, 2014

8.6 Registered Office*

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

*With effect from May 20, 2013, the Registered Office of the Company has changed to:

Olympia, First Floor,
Central Avenue,
Hiranandani Gardens,
Powai, Mumbai - 400 076

8.7 Listing of Equity Shares on Stock Exchange

Name and Address of Stock Exchange : Bombay Stock Exchange Limited (BSE)
Phiroz 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.



CORPORATE GOVERNANCE REPORT (contd.)

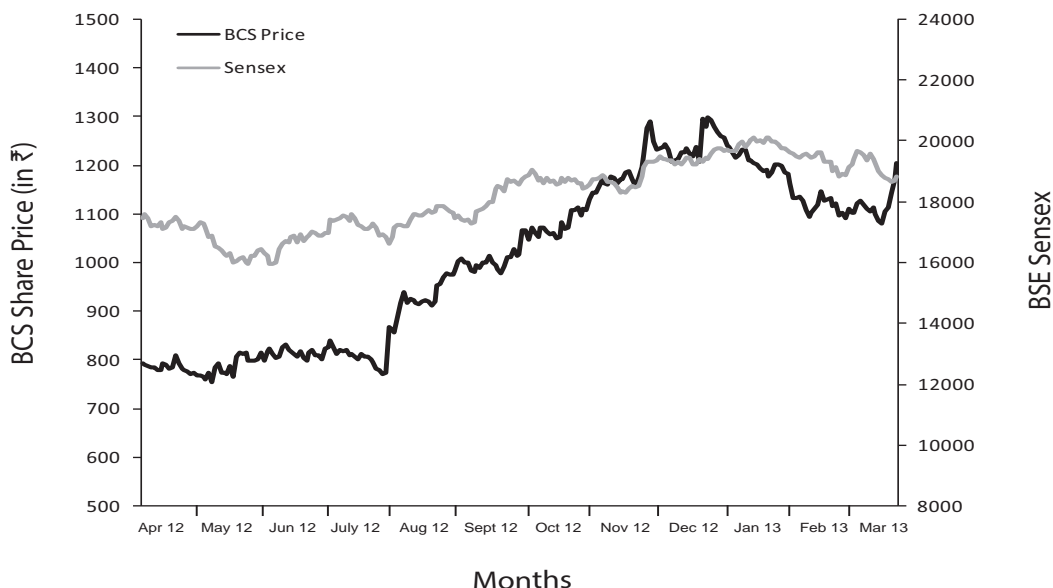
8.8 Stock Price Data

The monthly high and low price of the Company's shares on BSE from April 1, 2012 to March 31, 2013 was as under:

Month	Share Prices (in ₹)	
	High	Low
April	820.00	756.50
May	834.00	749.00
June	852.00	790.00
July	905.00	765.05
August	1,022.95	882.20
September	1,099.70	966.05
October	1,140.00	1,028.00
November	1,300.00	1,101.05
December	1,341.80	1,191.00
January	1,305.00	1,172.00
February	1,234.00	1,077.85
March	1,225.00	1,069.95

8.9 Stock Performance

BCS Share Price vis-a-vis BSE April 1, 2012 to March 31, 2013



8.10 Registrars & Share Transfer Agents:

TSR Darashaw Private Limited (TSRDPL) 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 TSRDPL at its Registered Office situated at:

TSR DARASHAW PRIVATE 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.: 022-6656 8484

Fax No.: 022-6656 8494

e-mail: csg-unit@tsrdarashaw.com

Website: www.tsrdarashaw.com

Contact Person: Ms. Madhuri Narang

CORPORATE GOVERNANCE REPORT (contd.)

Investors may also contact the following TSRDPL branch offices:

a) Branch Offices of TSRDPL

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

b) Agents of TSRDL

Shah Consultancy Services Limited
3 Sumatinath Complex,
2nd Dhal, Pritam Nagar, Ellisbridge
Ahmedabad 380 006
Telefax: 079-2657 6038
E-mail: shahconsultancy8154@hotmail.com

8.11 Share Transfer System

The shares of the Company being in compulsory dematerialised form, are transferable through the depository system. Shares in physical form should be lodged for transfer with the office of the TSRDPL at 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 on weekly basis.

8.12 Distribution of shareholding as on March 31, 2013

Range of Shares	Number of Shareholders	Number of Shares	Percentage to Total Shareholders
1 - 500	19613	1,643,435	94.00
501 - 1000	674	501,018	3.23
1001 - 2000	305	431,653	1.46
2001 - 3000	80	196,984	0.38
3001 - 4000	34	120,617	0.16
4001 - 5000	23	104,994	0.11
5001 - 10000	62	426,547	0.30
10001 and above	74	36,073,499	0.36
Total	20,865	39,498,747	100.00

CORPORATE GOVERNANCE REPORT (contd.)
Shareholding Pattern as on March 31, 2013

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	2	6,637,798	6,637,798	16.81
(2) Foreign Body Corporate	3	21,448,864	21,448,864	54.30
Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	5	28,086,662	28,086,662	71.11
(B) Public Shareholding				
(1) Institutions				
(a) Mutual Funds / UTI	36	2,882,020	2,881,730	7.30
(b) Financial Institutions / Banks	25	14,319	9,355	0.03
(c) Insurance Companies	9	1,709,448	1,709,098	4.33
(d) Foreign Institutional Investors	36	1,846,473	1,845,557	4.67
Sub-total (B)(1)	106	6,452,260	6,445,740	16.33
(2) Non-Institutions				
(a) Bodies Corporate	521	1,445,561	1,436,100	3.66
(b) Individuals –	20,212	3,065,781	2,578,176	7.76
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh				
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	15	442,115	414,955	1.12
(c) Any Other				
i. Director	1	53	0	0.00
ii. Trusts	5	6,315	6,249	0.02
Sub - total (B)(2)	20,754	4,959,825	4,435,480	12.56
Total Public Shareholding (B) = (B)(1)+(B)(2)	20,860	11,412,085	10,881,220	28.89
Total (A)+(B)	20,865	39,498,747	38,967,882	100.00

8.13 List of Top 10 shareholders as on March 31, 2013

Sr. No.	Name of Shareholders	Number of shares	Percentage to Total Share Capital
1	Bayer SAS	7,922,666	20.06
2	Bayer CropScience AG	7,153,638	18.11
3	Bayer AG	6,372,560	16.13
4	Bilag Industries Private Limited	5,982,948	15.14
5	Bajaj Allianz Life Insurance Company Limited	1,097,119	2.78
6	Bayer MaterialScience Private Limited	654,850	1.66
7	Pinebridge Investments Asia Limited A/c Pinebridge Investments GF Mauritius Limited	611,528	1.55
8	Indian Syntans Investments (P) Limited	450,298	1.14
9	Meenakshi Narayanan Investments (P) Limited	411,539	1.04
10	Birla Sun Life Trustee Company Private Limited A/c Birla Sun Life Tax Relief 96	405,763	1.03
	Total	31,062,909	78.64

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 March 31, 2013 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 March 21, 2000. Your Company has signed an Agreement with both the Depositories in the country, viz. NSDL and CDSL, whereby the shareholders 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 desiring to dematerialise the shares has to open a demat account with a Depository Participant (DP) of his choice. Many nationalised banks and private sector undertakings are offering this facility. After opening the demat account, the Member has to handover the physical share certificates along with the Demat Request Form to his DP, who in turn will forward the documents to TSRDPL, both physically and electronically. On receipt of the physical documents and electronic request routed through the Depository, TSRDPL shall dematerialise the shares and give a credit into the member's demat account maintained with the DP.

As of March 31, 2013, 38,967,882 shares (98.66%) 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. 6009 - 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 can correspond with

1. The Company at the following address :
Bayer CropScience Limited
Law, Patents & Compliance Department
Kolshet Road,
Thane 400607, Maharashtra
Tel. No.: 91 22 2531 1690
Fax No.: 91 22 2545 5235
e-mail: investor.relations@bayer.com
Website: www.bayer.co.in
2. TSR Darashaw Private Limited at their following address :
TSR DARASHAW PRIVATE 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
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 TSRDPL at the address mentioned above

The Company has a specific investor grievance e-mail ID as under:
investor.relations@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
2012	Rangaswar Hall, 4 th Floor, Y.B. Chavan Center, Gen. J. Bhonsale Marg, Mumbai 400 021	August 24, 2012	2.00 p.m.
2011	Yashwantrao Chavan Pratishthan Auditorium, Y. B. Chavan Centre, Gen. J. Bhonsale Marg, Mumbai 400 021	August 25, 2011	12.00 noon
2010	Yashwantrao Chavan Pratishthan Auditorium, Y. B. Chavan Centre, Gen. J. Bhonsale Marg, Mumbai 400 021	September 28, 2010	2.30 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 September 28, 2010).

9.3 Postal Ballot

During the year under review, no resolutions were passed by Postal Ballot.

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 Financial Statements.

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".

9.6 Details of non-compliance

There was no non-compliance by Bayer CropScience Limited 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.

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 of Directors

Dr. Vijay Mallya
Chairman

Mumbai, May 20, 2013

CORPORATE GOVERNANCE REPORT (contd.)**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 / TSRDPL – 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 March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the Company with the Bombay Stock Exchange Limited, made applicable to all listed companies with effect from April 1, 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 the 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.,
Practicing Company Secretary

Nilesh A. Pradhan
Proprietor
C. P. No.: 3659
FCS No.: 5445

Mumbai, May 20, 2013



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 Dr. Thomas Hoffmann, 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 March 31, 2013, Statement of Profit and Loss and Cash Flow for the financial year ended on that date along with all its notes to financial statements and Directors' Report for the 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)

Dr. Thomas Hoffmann

Whole-time Director
(Chief Financial Officer)

Mumbai, May 20, 2013

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1.0 OVERVIEW OF AGRICULTURAL SECTOR

Agriculture is an important sector of the Indian economy, accounting for 14% of the nation's Gross Domestic Product (GDP). More than 50% of India's population is dependent on agriculture. This sector also serves as a source of raw material for a large number of industries. Therefore, accelerating the growth of agricultural production is important, not only to achieve the overall GDP target of 8% during the 12th Plan and meet the rising demand for food, but also to increase incomes of those dependent on agriculture and ensure inclusiveness. As per the latest estimates, agriculture and allied sectors are estimated to grow at 1.8% during 2012-13 as against 3.6% during the last year.

2012-13 was a challenging year for Indian Agriculture. Uneven southwest monsoon in most parts of India resulted in reduced production during the Kharif (main) cropping season. In its 3rd advance estimate for crop year 2012-13 (June-May), India's Ministry of Agriculture reported an overall foodgrain production of 255 Million Tonnes, four Million Tonnes less than last year's peak output of 259 Million Tonnes.

Important crops, like Rice, saw substantial growth in production. As per the 3rd advance estimates, Rice production in 2012-13 stood at 104 Million Tonnes, the second highest figures on record, despite the delayed monsoon last year and Wheat production stood at 93.6 Million Tonnes. On the other side, Cotton and Millet acreages reduced due to unfavorable commodity prices and climatic conditions, thus shifting farmer preference towards lucrative cash crops such as Cluster bean.

Various initiatives launched by the Government of India, such as the National Food Security Mission, supported by other programs and schemes and a conducive price policy regime, helped achieve a target of 20 Million Tonnes of additional food grains production during the 11th Five Year Plan.

To further improve agricultural growth, the Economic Survey 2013 underlines the need for stable and consistent policies where markets play an appropriate role, private investment in infrastructure is stepped up, food price, food stock management and food distribution improves and a predictable trade policy is adopted for agriculture.

Foreign Direct Investment (FDI) in retail allowed by the government is expected to pave the way for investment in new technology and marketing of agricultural produce in India. Fast agricultural growth is vital for ensuring jobs, incomes and food security in India. The priority for the government will be to fight high inflation by reducing the fiscal impetus to demand as well as by focusing on incentivising food production, through measures other than price supports.

The above initiatives, coupled with private sector participation are expected to boost the growth of Indian Agriculture in 2013.

2.0 INDUSTRY DEVELOPMENT

The global Seeds and Crop Protection market continued to show dynamic development in 2012. Demand for high-value seeds rose considerably and the global Crop Protection market also posted significant growth.

In India, the Crop Protection and Hybrid Agri Seeds market have grown steadily over the last 5 years, at a growth rate of 14% and 15% respectively. However, in 2012-13, growth in the Crop Protection segment slowed down to an estimated single digit rate of about 5% and the Hybrid Agri Seeds market recorded a de-growth by about 1%. This was mainly due to delayed and uneven distribution of southwest monsoon and crop shifts (mainly Cotton). But long term trends in Indian Agriculture continue to be positive for the Agrochemical and Seed Industry.

Growing food demand with limited farmland availability, attractive commodity prices, growth in horticulture and floriculture industries and increasing farmer awareness about developments in cropping patterns and use of agrochemicals, will promote the use of agri-inputs to increase productivity.

Limited mechanisation of farm operations, preference for non-agricultural work by younger generation, coupled with the impact of MGNREGS (Mahatma Gandhi National Rural Employment Guarantee Scheme) on availability of farm labour, has led to a shortage in farm labour. To compensate the scarcity and high cost of labour, farmers will require innovative agri-inputs (in particular herbicides) to ensure remunerative and sustainable farming.

Rising demand from consumer and retail companies for good quality farm products and growth of the organised retail sector is increasing quality consciousness among Indian farmers, which in turn is resulting in growing demand for fungicides.

Increasingly, Agrochemical and Seed companies are stepping up their efforts on farm extension services to enhance awareness about the benefits of Crop Protection products and hybridisation in major field crops among the farming community. This is supported by increased attention to farming needs by the government and an ever-increasing, progressive farmer population that is focusing on increasing productivity by adopting innovative farming solutions.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (contd.)

3.0 REVIEW OF FINANCIAL AND OPERATIONAL PERFORMANCE

Your Company's Revenue from Operation (Net) increased by 19.94%, from ₹ 22,723 Millions in 2011-12 to ₹ 27,253 Millions in 2012-13. Profit before Exceptional Items and Tax increased by 48.11%, from ₹ 2,623 Millions in 2011-12 to ₹ 3,855 Millions in 2012-13.

Bayer CropScience, one of the leading innovation-driven companies in its industry, offers products and customer-oriented solutions to farmers for the production of high-quality food, feed and fibre. Our goal is to raise agricultural productivity through innovation. Our strategy for future growth is built on four key elements: enhancing the Crop Protection portfolio, increasing customer centricity along the entire value chain, leading the way in innovation, and expanding our Seeds business.

We aim to enhance our Crop Protection portfolio by innovating and focusing on integrated Crop Protection solutions. We have phased out all WHO Class I Insecticides from our portfolio since 2011. In line with our commitment to sustainable agriculture, Crop Protection products in this category are being replaced with new, user-friendly and more environmentally compatible formulations. Key focus areas of your Company's global research and development are: yield improvement, stress tolerance and improving plant health.

Through our innovative products and services, your Company has established itself as a comprehensive provider of 'Seed to Shelf' solutions. In the year 2012-13, Bayer CropScience successfully grew its innovation portfolio with flagship Crop Protection products like Navio, Confidor, Regent and Fame, as well as launched new Hybrid Seeds in Rice (Arize 6444 Gold), Mustard (ProAgro 5121) and Millet (ProAgro 7701 Gold, ProAgro - 9450).

Wheat and Rice are the two most important staple food crops not just in India but also globally. With a steadily increasing population, agricultural output will have to proportionately increase to feed the growing population. Neither farmers, nor governments nor manufacturers of agricultural inputs can achieve this on their own. That's why your Company is investing in setting up research collaborations all over the world to drive research into Wheat and Rice.

Our comprehensive approach comprises of collaborations with agri-input suppliers along the entire value chain, from the seed to the consumer. They include regional and local projects to help millions of farmers improve the production of staple foods. Among these projects are 240 Food Chain Partnerships in 30 countries for major fruit and vegetable crops. We are working with our partners at the interfaces between biology and chemistry – and between science and farming – to develop tomorrow's solutions.

In 2012, Food Chain Partnership projects in India were carried out with 32 leading players in Food Processing, Exports and Food Retail. The project has benefitted more than 68,000 farmers in the year. We aim to further strengthen our customer focus along the entire value-added chain. This involves boosting our commitment to farmers and improving processes in distribution and field advisory.

In 2012, a global Food Chain Partnership project has been signed between your Company and Jain Irrigation to produce high-quality white onion and mango.

Your Company has also been implementing many exceptional business excellence initiatives. These initiatives are giving us deeper knowledge of markets that are contributing actively to increasing the business and adding to our competitive edge.

The Environmental Science business maintained its position as the market leader in the areas of public health and Professional Pest Control (PPC). Your Company continued to sponsor major symposia and seminars to promote general awareness, product knowledge and international trends in vector-borne disease management. These activities helped your Company increase its reach amongst 'Local Bodies', thus reflecting a growth in our vector control products, despite a limited product portfolio. Further, your Company also made inroads into new categories, like Poultry – helping its core brand in the category, "Bilarv" grow well. One of the biggest achievements of your Company was the approval from TAC – Ministry of Health to use Diflubenzuron (Bilarv) in "National Vector Borne Disease Control Program" as larvicides for both polluted and non-polluted water.

Under the Environmental Science business, your Company also started a rural project under "Rural Hygiene" in one of the coastal districts of Andhra Pradesh to protect and improve the quality of farmer's ecosystem.

4.0 OPPORTUNITIES AND OUTLOOK

The world's population is expected to reach 9 Billions by 2050. As population increases, natural resources will become scarcer, mainly due to insufficient arable land reserves, increasing urbanisation and progressive climate change. The importance of sustainable agriculture and of higher crop yields and quality in producing sufficient food on a limited amount of land will increase in years to come. Therefore, the outlook for companies providing Crop Protection, Seeds and other agri-inputs continues to be positive.

Innovation-driven companies will achieve better consolidation in terms of value capture, say experts. Better quality molecules, hybrid seeds and the range of other products well-suited for high-value agriculture will ensure growth. Swelling farm incomes, encouraged by

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (contd.)

good commodity prices, will further embolden farmers in spending on qualitative inputs for achieving higher yields, better quality and a more favorable return on investment.

Increasing employment opportunities in rural areas, encouraged by progressive government policies, coupled with high economic growth, are expected to influence labour availability for the agricultural sector. Usage of selective and non-selective herbicides will get a major impetus due to this phenomenon. Quality-conscious consumers will impact the market. This will boost the fungicides segment and create opportunities for Crop Protection products in Horticultural crop cultivation.

With the global acquisition of AgraQuest, Bayer CropScience has added bio-based products "Biologics" as an integrated part to its Pest Control solutions. Your Company and farmers in particular will benefit in mid and long term from these integrated offers of Crop Protection and Biologics.

While the government has taken proactive steps to give remunerative prices to farmers, the full benefit will flow to them with the strengthening of procurement and improved distribution systems.

Your Company is well positioned as an innovation leader in the industry. By implementing a comprehensive business strategy, your Company is poised strongly in the market with an extensive pipeline of products that are being developed keeping in sight the evolving market trends. Your Company's focus on innovation will ensure that it benefits from the existing growth trends.

With more than 3,000 trained farm advisors and sales team as well as a large distribution network, your Company has a deep reach in the Indian market. This helps in getting necessary insights into farmer needs and deliver customised solutions to farmers.

Your Company launched "Indigro", an internal strategic initiative, to align its planning with long-term trends in agriculture and design a comprehensive go-to-market execution plan to consolidate its leadership position in Crop Protection market with a focus on maximising return on sales and marketing investments and successful launch of new products.

5.0 RISKS, CONCERNS AND THREATS

With nearly 55% of the area under agriculture being rainfed, our main businesses – Crop Protection and Seeds are influenced by the amount of rainfall, its spatial distribution which has a direct impact on choice of crops by the farmer and total cultivated area during the year.

Growth of generics will continue to put pressure on companies. This will create a downward pressure on prices and is expected to remain so in the short and medium term. Hence, Bayer CropScience will drive for value added pricing with its innovative portfolio and brands, as well as integrated crop solutions combined with services and advisory.

Availability of labour, credit/finance for small and marginal farmers, commodity prices, adoption of new farming techniques and timely implementation of irrigation and other major initiatives like post-harvest solutions as per 12th Five Year Plan has direct influence on demand for Seeds and Crop Protection products.

The regulatory frame work for the registration of new products in particular in scrutiny of tox files, costs and timelines as well as label extension to a broader crop spectrum remains challenging. Bayer CropScience seeks proactive collaboration with regulatory authorities to solve business constraints and ensure availability of modern Crop Protection products for the Indian farmer. While on one hand, increasing controls and requirements from regulatory authorities could delay registration of new products and new label claims, on the other hand, it is very important for continuing the growth of the industry and ensuring sustainable agriculture.

Product Stewardship in particular, the safe distribution and application of Crop Protection products continues to be a difficult task for the Crop Protection Industry. Bayer CropScience is focusing on educating and advising channel partners and farmers on the safe handling and usage of Crop Protection products. Your Company is also an active member of the leading industry association CropLife India, affiliated to Crop Life International, for driving initiatives to advise on the regulatory environment in India and enhance Product Stewardship endeavors.

6.0 INITIATIVES TAKEN DURING 2012-13

In 2012-13, your Company initiated a number of new, long term projects. Together with our customers and value chain partners, we are working on increasing food production while protecting the environment and mitigating the impact of climate change, thus practicing sustainable agriculture.

Across India, Bayer CropScience projects have helped farmers raise productivity and enhance their livelihood. One such project is Direct Seeded Rice (DSR). Direct seeding avoids three resource intensive requirements, namely, puddling operation, transplanting and standing water, thereby saving water.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (contd.)

In India, Bayer CropScience initiated a project in partnership with Cereal Systems Initiative for South Asia (CSISA) to promote complete package of DSR to save depleted water resources resulting from the present practice of transplanted rice. The project was undertaken on 500 acres in the state of Haryana wherein complete Seed to Harvest DSR package was demonstrated to the farmers.

Similarly, Bayer CropScience has envisaged a unique project – the Rajasthan Cotton Collaborative Project, which is a successful example of Public - Private Partnership. The principal objective of the project is to improve Cotton Productivity of tribal farmers in two districts – Bhilwara district and Rajsamand district – in Rajasthan. The project partners are: Tribal cotton growers, Confederation of Indian Textile Industry-Cotton Development & Research Association (CITI-CDRA), the Central Government – Directorate of Cotton Development, the State Government – Department of Agriculture, Regional Agriculture Research Station and the State Agricultural University.

The project approach was to guide tribal cotton farmers on modern technology and right use of appropriate inputs through Front Line Demonstrations and training. A tangible outcome from the project is that the tribal cotton farmers were able to double their yield.

7.0 INTERNAL CONTROL SYSTEMS

The 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 plan. Audit observations and follow-up actions are discussed with the management of the Company as well as the Audit Committee.

8.0 MATERIAL DEVELOPMENT ON HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The industrial relations situation was cordial and harmonious and continues to be so at present. Extensive training was given to workers on cross functional roles. Topics included LIFE (Leadership, Integrity, Flexibility, Efficiency) values, energy conservation, personal effectiveness, corporate compliance, first aid, safe driving, QHSE, emergency handling & firefighting, health & employee safety and risk assessment. The Company appreciates 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 and 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.

INDEPENDENT AUDITORS' REPORT

To the Members of Bayer CropScience Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Bayer CropScience Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of 'the Companies Act, 1956' of India (the "Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
 - (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act (hereinafter referred to as the "Order"), 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.
8. As required by Section 227(3) of the Act, 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 purpose 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;



INDEPENDENT AUDITORS' REPORT

To the Members of Bayer CropScience Limited

8. (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss 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, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For Price Waterhouse

Firm Registration Number: 301112E

Chartered Accountants

Uday Shah

Partner

Membership Number: 046061

Place : Mumbai

Date : May 20, 2013

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of Bayer CropScience Limited on the financial statements for the year ended March 31, 2013.

- 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 three 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 have been noticed on such verification.
 - (c) In our opinion, the Company has disposed off a substantial part of fixed assets during the year. On the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, in our opinion, the disposal of the said part of fixed assets has not affected the going concern status of the Company.
- ii. (a) The inventory [excluding stocks with third parties] has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. 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. The Company has not granted/ taken any loans, secured or unsecured, to/ from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii)[(b), (c), (d), (f) and (g)] of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, having regard to the explanation that, except for certain items of inventory which are of special nature for which suitable alternative sources do not exist, 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, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Act, have been so entered.
 - (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 there under.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the 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 generally regular in depositing undisputed statutory dues in respect of employees' state insurance, sales tax and service tax, though there has been a slight delay in few cases, and is regular in depositing undisputed statutory dues, including provident fund, investor education and protection fund, income tax, wealth tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.
 - (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, 2013 which have not been deposited on account of any dispute. Refer Appendix A for the particulars of dues of income tax, sales tax, service tax, customs duty and excise duty as at March 31, 2013 which have not been deposited on account of a dispute.



ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of Bayer CropScience Limited on the financial statements for the year ended March 31, 2013.

- x. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the Balance Sheet date, the provisions of Clause 4(xi) of the Order are not applicable to the Company.
- 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. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
- xiii. As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- 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. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable to the Company.
- xvi. The Company has not raised any term loans. Accordingly, the provisions of Clause 4(xvi) of the Order are not applicable to the Company.
- xvii. The Company has not raised any loans on short term basis. Accordingly, the provisions of Clause 4(xvii) of the Order are not applicable to the Company.
- 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. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
- xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- 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 any such case by the Management.

For Price Waterhouse

Firm Registration Number: 301112E
Chartered Accountants

Uday Shah

Partner
Membership Number: 046061

Place : Mumbai
Date : May 20, 2013

Appendix A

Referred to in paragraph 7 of our annexure to the Independent Auditors' Report of even date to the members of Bayer CropScience Limited on the financial statements for the year ended March 31, 2013.

Sr. No.	Name of the Statute	Nature of Dues	Amount (₹ in Millions)	Period to which the amount relates	Forum where dispute is pending
1	Income Tax				
	The Income Tax Act, 1961	Income Tax liability including interest and penalty, where applicable	578	Assessment Years 2000-2001, 2005-2006, 2008-2009 to 2011-2012	Appellate Authority - up to Commissioner's level
			7	Assessment Years 1996-1997 and 2003-2004	Income Tax Appellate Tribunal
	Sub Total		585		
2	Sales Tax				
	The Central Sales Tax Act, 1956 and Local Sales Tax Acts	Sales Tax liability (including penalty and interest, where applicable)	371	Years 1977-1978 to 1984-1985, 1994-1995, 1995-1996, 1999-2000 to 2005-2006, 2008-2009 and 2009-2010	Appellate Authority - up to Commissioner's level
			3	Years 1989-1990 to 1991-1992, 2000-2001, 2007-2008, 2009-2010	Sales Tax Appellate Tribunal
	Sub Total		374		
3	Customs Duty				
	The Custom Duty Act, 1962	Demand raised with interest and penalty due to valuation dispute	343	For the period February 1996 to September 1999	The Supreme Court of India
	Sub Total		343		
4	Excise Duty				
	The Central Excise Act, 1944	Excise duty including interest and penalty, where applicable	4	Years 1986 to 1991, 1993 to 1997	Appellate Authority - up to Commissioner's level
			7	Years 1993-1994, 1998 to 2004	Customs, Excise and Service Tax Appellate Tribunal
			14	Years 1994-1995, 2000-2001, 2001-2002 and 2002-2003	High Court
	Sub Total		25		
5	Service Tax				
	The Finance Act, 1994	Service Tax liability including interest and penalty, where applicable	12	Years from 2004 to 2007 and 2009 to 2011	Appellate Authority - up to Commissioner's level
	Sub Total		12		
	Total		1,339		

Balance Sheet as at March 31, 2013

	Note	As at 31.03.2013	₹ in Millions As at 31.03.2012
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	2	395	395
Reserves and Surplus	3	18,918	7,532
		19,313	7,927
NON-CURRENT LIABILITIES			
Deferred Tax Liabilities (Net)	10	18	-
Other Long-term Liabilities	4	75	65
Long-term Provisions	5	384	295
		477	360
CURRENT LIABILITIES			
Trade Payables	6	1,972	2,605
Other Current Liabilities	4	1,949	7,227
Short-term Provisions	5	439	288
		4,360	10,120
Total		24,150	18,407
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
- Tangible Assets	7	2,157	2,449
- Intangible Assets	8	29	29
- Capital work-in-progress		1,271	80
- Intangible Assets under development		-	8
Non-Current Investments	9	37	36
Deferred Tax Assets (Net)	10	-	104
Long-term Loans and Advances	11	743	720
		4,237	3,426
CURRENT ASSETS			
Inventories	12	5,000	4,995
Trade Receivables	13	3,224	2,562
Cash and Bank Balances	14	9,741	4,299
Short-term Loans and Advances	11	1,851	2,061
Other Current Assets	15	97	1,064
		19,913	14,981
Total		24,150	18,407

The accompanying Notes are an integral part of these financial statements.

In terms of our report of even date.

For Price Waterhouse

Firm Registration Number: 301112E

Chartered Accountants

Uday Shah

Partner

Membership Number: 046061

Rajiv Wani

Vice President - Law, Patents & Compliance &
Company Secretary

For and on behalf of the Board

Chairman

Dr. Vijay Mallya

Vice Chairman &
Managing Director

Stephan Gerlich

Directors

Sharad M. Kulkarni

A.K.R. Nedungadi

Vimal Bhandari

Peter Mueller

Dr. Thomas Hoffmann

Place : Mumbai

Date : May 20, 2013

Place : Mumbai

Date : May 20, 2013

Statement of Profit and Loss for the year ended March 31, 2013

		₹ in Millions	
	Note	01.04.2012 to 31.03.2013	01.04.2011 to 31.03.2012
Revenue from Operations (Gross)		28,390	23,623
Less: Excise Duty		1,137	900
Revenue from Operations (Net)	16	27,253	22,723
Other Income	17	689	453
TOTAL REVENUE		27,942	23,176
EXPENSES			
Cost of Materials Consumed	18	5,754	5,013
Purchases of Stock-in-Trade	19	11,597	10,283
Changes in Inventories of semi-finished goods, finished goods and stock-in-trade	20	95	(739)
Employee Benefit Expenses	21	1,810	1,553
Finance Costs	22	37	17
Depreciation and Amortisation Expense	8(b)	366	340
Other Expenses	23	4,398	4,086
TOTAL EXPENSES		24,057	20,553
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		3,885	2,623
Add/ (Less): Exceptional Items			
- Profit on Sale of Land and Buildings	36	11,906	-
- Demolition and Remediation Expenditure (Net)	37	(159)	(579)
		11,747	(579)
PROFIT BEFORE TAX		15,632	2,044
Tax Expense			
- Current Tax [including charge for earlier years 7 (Previous Year 5)] [Refer Note 5 (a)]		3,893	698
- Deferred Tax		122	(44)
		4,015	654
PROFIT FOR THE YEAR		11,617	1,390
Earnings Per Share before exceptional items (net of tax) - Basic and Diluted	38	₹ 66.79	₹ 45.09
Earnings Per Share after exceptional items (net of tax) - Basic and Diluted	38	₹ 294.11	₹ 35.19
[Face Value per Equity Share - ₹ 10/-]			

The accompanying Notes are an integral part of these financial statements.

In terms of our report of even date.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants
Uday Shah
Partner
Membership Number: 046061

Rajiv Wani
Vice President - Law, Patents & Compliance &
Company Secretary

For and on behalf of the Board

Chairman **Dr. Vijay Mallya**

Vice Chairman &
Managing Director **Stephan Gerlich**

Directors **Sharad M. Kulkarni**
A.K.R. Nedungadi
Vimal Bhandari
Peter Mueller
Dr. Thomas Hoffmann

Place : Mumbai
Date : May 20, 2013

Place : Mumbai
Date : May 20, 2013

Notes to the financial statements for the year ended March 31, 2013

(All amounts in ₹ Millions, unless otherwise stated)

COMPANY PROFILE

Bayer CropScience Limited ("The Company") is a Company incorporated under the Companies Act, 1956. At a meeting held on May 20, 2013, the Board of Directors have approved change of registered office from Bayer House, Central Avenue, Hiranandani Gardens, Powai, Mumbai - 400 076 to Olympia, First Floor, Central Avenue, Hiranandani Gardens, Powai, Mumbai - 400 076. The Company is engaged into 'Agri Care' business which primarily includes manufacture, sale and distribution of insecticides, fungicides, weedicides and various other agrochemical products. Out of the total paid-up share capital of the Company 71.11% is held by its promoters. The Company is listed on the Bombay Stock Exchange, Mumbai. The Company has its own manufacturing sites at Ankleshwar and Himatnagar in the State of Gujarat.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956 (the Act).

(b) Use of Estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles in India requires, the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/ materialise.

(c) Tangible Assets

Tangible Assets are stated at cost of acquisition less accumulated depreciation/ impairment losses, if any. Cost comprises of cost of acquisition, cost of improvements and any attributable cost of bringing the asset to its working condition for intended use.

Subsequent expenditures related to an item of tangible asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Items of Tangible Assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements. Any expected loss is recognised immediately in the Statement of Profit and Loss.

Losses arising from the retirement of, and gains or losses arising from disposal of tangible assets which are carried at cost are recognised immediately in the Statement of Profit and Loss.

Depreciation on tangible assets is provided on Straight Line method based on the following useful lives of the assets, which are lower than or equal to the implied useful lives arrived on the basis of the rates prescribed in Schedule XIV to the Act.

<u>Assets</u>	<u>Useful Lives in years</u>
Buildings	20 to 29
Plant and Equipment	9 to 12
Furniture and Fixtures	10
Vehicles	8
Office Equipment	10
Computers	5

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.

(d) Intangible Assets

Intangible Assets are stated at cost of acquisition less accumulated amortisation/ impairment losses, if any.

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

Gains or losses arising from the retirement or disposal of an intangible assets are determined as the difference between the net disposal proceeds and the carrying amount of the assets and recognised as income or expense in the Statement of Profit and Loss.

Intangible Assets under development represent costs incurred towards the computer software for which development/ customisation is in progress.

(e) Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

Notes to the financial statements for the year ended March 31, 2013 (contd.)*(All amounts in ₹ Millions, unless otherwise stated)***(f) Impairment of Assets**

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/ cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

(g) Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

Investment in Land or Buildings that are not intended to be occupied substantially for use by, or in the operations of the Company, have been classified as investment property. Investment properties are carried at cost less accumulated depreciation, if any.

(h) Inventories

Inventories are stated at cost or net realisable value, whichever is lower. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make sale.

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.

(i) 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 Statement of Profit and Loss.

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 Statement of Profit and Loss. 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.

(j) Revenue Recognition

Sale of goods 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 and these are inclusive of excise duty but net of trade discounts, rebates and sales tax.

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

Service Charges represent recoveries from Group Companies and Third Parties towards common facilities/ resources, information technology and other support provided to such parties which is recognised as per terms of agreement.

(k) 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 expensed in the Statement of Profit and Loss 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.



Notes to the financial statements for the year ended March 31, 2013 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

(k) Employee Benefits (Contd.)

The liability for the defined benefit plan of Gratuity and Pension is provided based on an actuarial valuation carried out by an independent actuary 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 Statement of Profit and Loss as income or expense.
- e. Other Employee Benefits:

The employees of the Company are entitled to compensated absences and long service awards as per the policy of the Company.

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits for measurement purpose. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits for measurement purpose. The Company's liability is actuarially determined by an independent actuary using the Projected Unit Credit Method at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

The liability in respect of long service award is provided, based on an actuarial valuation carried out by an independent actuary as at the year-end using Projected Unit Credit Method.

(l) Operating Lease

As a lessee:

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease.

As a lessor:

The Company has leased certain tangible assets and such leases where the Company has substantially retained all the risks and rewards of ownership are classified as operating leases. Lease income on such operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term which is representative of the time pattern in which benefit derived from the use of the leased asset is diminished. Initial direct costs are recognised as an expense in the Statement of Profit and Loss in the period in which they are incurred.

(m) Taxation

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

(n) Provision, Contingent Liabilities and Contingent Assets

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

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.

(o) Cash and Cash Equivalents

In the Cash Flow Statement, cash and cash equivalents includes cash on hand, balance with banks, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

Notes to the financial statements for the year ended March 31, 2013 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

2. SHARE CAPITAL

	As at 31.03.2013	As at 31.03.2012
Authorised:		
46,300,000 (Previous Year 46,300,000) Equity Shares of ₹ 10/- each	463	463
Issued, Subscribed and Paid-up:		
39,498,747 (Previous Year 39,498,747) Equity Shares of ₹ 10/- each, fully paid-up	395	395

a) Rights, preferences and restrictions attached to Equity Shares:

The Company has one class of Equity Shares having a par value of ₹ 10/- per share. Each Shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting. In the event of liquidation, the Equity Shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

	Number of Shares	
	As at 31.03.2013	As at 31.03.2012
b) Shares held by Ultimate Holding Company and its subsidiaries:		
Ultimate Holding Company:		
Bayer AG, Germany *	6,372,560	8,272,560
Subsidiaries of Ultimate Holding Company:		
Bayer S.A.S., France *	7,922,666	7,922,666
Bayer CropScience AG, Germany *	7,153,638	11,236,586
Bilag Industries Private Limited, India *	5,982,948	-
Bayer MaterialScience Private Limited, India	654,850	654,850

* There are no shareholders holding more than 5% of the aggregate Equity Shares of the Company except those marked above.

3. RESERVES AND SURPLUS

	As at 31.03.2013	As at 31.03.2012
General Reserve		
Balance as at the beginning of the year	1,442	1,303
Add: Transfer from Statement of Profit and Loss	1,162	139
Balance as at the end of the year	2,604	1,442
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	6,090	5,032
Add : Profit for the year	11,617	1,390
Less : Proposed Dividend	197	166
Less : Tax on Proposed Dividend	34	27
Less : Transfer to General Reserve	1,162	139
Balance as at the end of the year	16,314	6,090
	18,918	7,532

The Board of Directors, in their meeting held on May 20, 2013 proposed a dividend of ₹ 5.00 per share for the year ended March 31, 2013 (Previous Year ₹ 4.20 per share) amounting to 197 (Previous Year 166) and corporate dividend tax of 34 (Previous Year 27). The proposal is subject to approval of Shareholders at the Annual General Meeting.

Notes to the financial statements for the year ended March 31, 2013 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)
4. OTHER LIABILITIES

	Long-term		Current	
	As at 31.03.2013	As at 31.03.2012	As at 31.03.2013	As at 31.03.2012
Unpaid Dividends [Refer Note (a) below]	-	-	4	4
Unpaid Matured Deposits [Refer Notes (a) and (b) below]	-	-	-	-
Others:				
- Earnest Money Deposit and Advance received [Refer Note 36]	-	-	-	5,200
- Advances from Customers	-	-	664	809
- Discounts/ Rebates payable to Customers	-	-	737	674
- Deposits from Customers	-	-	91	85
- Payable for Capital Purchases	-	-	41	61
- Employee Benefits Payable	75	65	341	290
- Payable towards Statutory Liabilities	-	-	71	104
	75	65	1,949	7,227

a) There are no amounts as at year-end which are due for payment to Investor Education and Protection Fund under Section 205C of the Companies Act, 1956.

b) Previous Year amount is below the rounding off norm adopted by the Company.

5. PROVISIONS

	Long-term		Short-term	
	As at 31.03.2013	As at 31.03.2012	As at 31.03.2013	As at 31.03.2012
Provision for Employee Benefits:				
- Gratuity	117	91	27	23
- Compensated Absences	51	43	87	71
- Pension *	8	7	-	-
- Long Service Benefit Award	12	11	1	1
Other Provisions:				
- Direct Tax Matters [Net of Advance Tax of 164 (Previous Year 132)] [Refer Note (a) below]	7	29	-	-
- Indirect Tax Matters [Refer Note (a) below]	58	52	-	-
- Commercial and Other Matters [Refer Note (a) below]	131	62	-	-
- Provision for Income Tax [Net of Advance Tax of 3,848 (Previous Year Nil)]	-	-	93	-
- Proposed Dividend	-	-	197	166
- Tax on Proposed Dividend	-	-	34	27
	384	295	439	288

* Current Year amount is below the rounding off norm adopted by the Company.

Notes to the financial statements for the year ended March 31, 2013 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

5. PROVISIONS (contd.)**a) Disclosure of Provisions**

	Direct Tax (net of advance tax)	Indirect Tax	Commercial and Other Matters
Balance as at the beginning of the year	29 (32)	52 (52)	62 (3)
Add : Additional provision	10 (3)	7 (-)	69 (62)
Less : Provision utilised	- (-)	- (-)	- (2)
Less : Provision reversed	- (2)	- (-)	- (1)
Less : Payments/ Refund Adjustments	32 (4)	1 (-)	- (-)
Balance as at the end of the year	7 (29)	58 (52)	131 (62)

Figures shown in brackets are in respect of previous year.

Provisions represent estimates made for probable liabilities/ claims arising out of pending disputes, litigations/ commercial transactions with statutory authorities/ 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. During the year, an amount of 66 (Previous Year 42) is recognised under the head "Purchases of Stock-in-Trade" [Refer Note 19] and 3 (Previous Year 20) under the head "Exceptional Items" - Demolition and Remediation Expenditure [Refer Note 37] as an additional provision towards Commercial and Other Matters.

6. TRADE PAYABLES

	As at 31.03.2013	As at 31.03.2012
Trade Payables [Refer Note (a) below]	1,972	2,605

a) The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

	2012-13	2011-12
(I) (i) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year-end	7	9
(ii) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year-end	-	-
(II) (i) Interest paid, under Section 16 of the MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year *	-	-
(ii) Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	72	65
(III) Interest paid, other than under Section 16 of the MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
(IV) Interest due and payable towards suppliers registered under the MSMED Act, for payments already made	-	-
(V) Further interest remaining due and payable for earlier years	-	-

* 0.41 (Previous Year 0.33)

The above information has been determined to the extent such parties have been identified on the basis of information available with the Company.



Notes to the financial statements for the year ended March 31, 2013 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

7. TANGIBLE ASSETS

Assets	Gross Block (at Cost)				Depreciation / Amortisation						Impairment Loss				Net Book Value		
	As at 01.04.2012	Additions	Deletions	Adjustment [Refer Note b]	As at 31.03.2013	As at 01.04.2012	For the year	On deletions	On Adjustment [Refer Note b]	As at 31.03.2013	As at 01.04.2012	For the year	On Deletions	On Adjustment [Refer Note b]	On Reversal	As at 31.03.2013	As at 31.03.2013
Freehold Land	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(915)	(-)	(-)	(915)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Leasehold Land	19	-	-	-	19	2	1	-	-	3	-	-	-	-	-	-	16
	(19)	(-)	(-)	(-)	(19)	(2)	(-)	(-)	(-)	(2)	(-)	(-)	(-)	(-)	(-)	(-)	(17)
Buildings	1,091	61	248	-	904	269	44	134	-	179	-	-	-	-	-	-	725
	(1,338)	(42)	(1)	(288)	(1,091)	(363)	(47)	(1)	(140)	(269)	(26)	(-)	(-)	(26)	(-)	(-)	(822)
Plant and Equipment	2,364	162	363	-	2,163	1,286	268	325	-	1,229	4	-	2	-	2	-	934
	(2,114)	(278)	(28)	(-)	(2,364)	(1,028)	(284)	(26)	(-)	(1,286)	(4)	(-)	(-)	(-)	(-)	(4)	(1,074)
Furniture and Fixtures	131	7	45	-	93	82	17	36	-	63	8	-	3	-	5	-	30
	(144)	(9)	(22)	(-)	(131)	(79)	(11)	(8)	(-)	(82)	(8)	(-)	(-)	(-)	(-)	(8)	(41)
Leasehold Improvements	3	-	-	-	3	3	-	-	-	3	-	-	-	-	-	-	-
	(3)	(-)	(-)	(-)	(3)	(3)	(-)	(-)	(-)	(3)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Vehicles	440	79	96	-	423	122	51	59	-	114	-	-	-	-	-	-	309
	(333)	(157)	(50)	(-)	(440)	(106)	(46)	(30)	(-)	(122)	(-)	(-)	(-)	(-)	(-)	(-)	(318)
Office Equipment (including Computers)	442	32	115	-	359	258	58	100	-	216	7	-	4	-	3	-	143
	(446)	(78)	(82)	(-)	(442)	(246)	(49)	(37)	(-)	(258)	(7)	(-)	(-)	(-)	(-)	(7)	(177)
Total	4,490	341	867	-	3,964	2,022	439	654	-	1,807	19	-	9	-	10	-	2,157
	(5,312)	(564)	(183)	(1,203)	(4,490)	(1,827)	(437)	(102)	(140)	(2,022)	(45)	(-)	(-)	(26)	(-)	(19)	(2,449)

a) Figures shown in brackets are in respect of previous year.

b) The written down value of assets aggregating Nil (Previous Year 1,037) are classified as Assets held for sale under the head "Other Current Assets" [Refer Note 15].

8. INTANGIBLE ASSETS

Assets	Gross Block (at Cost)				Depreciation/ Amortisation				Net Book Value	
	As at 01.04.2012	Additions	Deletions	As at 31.03.2013	As at 01.04.2012	For the year	Deletions	As at 31.03.2013	As at 31.03.2013	
Goodwill	93	-	-	93	93	-	-	93	-	
	(93)	(-)	(-)	(93)	(93)	(-)	(-)	(93)	(-)	
Computer Software	52	19	-	71	23	19	-	42	29	
	(49)	(21)	(18)	(52)	(13)	(13)	(3)	(23)	(29)	
Technical Knowhow	15	-	-	15	15	-	-	15	-	
	(16)	(-)	(1)	(15)	(16)	(-)	(1)	(15)	(-)	
Total	160	19	-	179	131	19	-	150	29	
	(158)	(21)	(19)	(160)	(122)	(13)	(4)	(131)	(29)	

a) Figures shown in brackets are in respect of previous year.

b) Depreciation and Amortisation expense:

	01.04.2012 to 31.03.2013	01.04.2011 to 31.03.2012
- on Tangible Assets	439	437
- on Intangible Assets	19	13
- on Assets Held for sale	4	-
Less: classified under exceptional items [Refer Note 37]	(96)	(110)
	366	340

Notes to the financial statements for the year ended March 31, 2013 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

9. INVESTMENTS

	Non-Current		Cash and Cash Equivalents	
	As at 31.03.2013	As at 31.03.2012	As at 31.03.2013	As at 31.03.2012
INVESTMENT PROPERTY				
Freehold Land	34	34	-	-
INVESTMENT IN EQUITY INSTRUMENTS				
(Long-term, Non-trade and Unquoted) - at Cost				
4,900 (Previous Year 4,900) Equity Shares in Bharuch Enviro Infrastructure Limited of ₹ 10/- each, fully paid-up [Refer Note (a) below]	-	-	-	-
209,880 (Previous Year 209,880) Equity Shares in Narmada Clean Tech Limited of ₹ 10/- each, fully paid-up	2	2	-	-
SHARE APPLICATION MONEY PENDING ALLOTMENT				
(Towards 72,510 Equity Shares in Narmada Clean Tech Limited of ₹ 10/- each)	1	-	-	-
INVESTMENT IN MUTUAL FUNDS				
(Current, Non-trade and Unquoted) - at Cost or Net Asset Value, whichever is lower				
Nil (Previous Year 99,993) units of ₹ 1,000/- each in DSP BlackRock Liquidity Fund - Institutional Plan	-	-	-	100
Nil (Previous Year 8,161,930) units of ₹ 10/- each in HDFC Liquid Fund - Premium Plan	-	-	-	100
20,035,497 (Previous Year Nil) units of ₹ 10/- each in IDFC Mutual Fund - Ultra Short Term Fund	-	-	201	-
Nil (Previous Year 9,994,230) units of ₹ 10/- each in JP Morgan India Liquid Fund - Super Institutional Plan	-	-	-	100
100,169 (Previous Year Nil) units of ₹ 1,000/- each in Religare Mutual Fund - Ultra Short Term Fund	-	-	100	-
Nil (Previous Year 99,720) units of ₹ 1,000/- each in SBI Premier Liquid Fund - Super Institutional Plan	-	-	-	100
93,448 (Previous Year Nil) units of ₹ 1,000/- each in UTI Liquid Fund - Floating Rate Fund Short Term Plan	-	-	101	-
	37	36	402	400

(a) Amount is below the rounding off norm adopted by the Company.

(b) Aggregate Book Value of Unquoted Investments 405 (Previous Year 402).

10. DEFERRED TAX

	As at 31.03.2013	As at 31.03.2012
Deferred Tax Assets		
Provision for Doubtful Debts/ Advances/ Deposits	44	38
VRS Expenses	6	14
Disallowances under Section 40(a)(i) and 40(a)(ia)	52	64
Liabilities allowed on payment basis	101	78
Others	28	30
	231	224
Less: Deferred Tax Liabilities		
Depreciation/ Impairment of Assets	249	120
	249	120
Net Deferred Tax (Liabilities)/ Assets	(18)	104

Notes to the financial statements for the year ended March 31, 2013 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)
11. LOANS AND ADVANCES
(Unsecured - considered good unless stated otherwise)

	Long-term		Short-term	
	As at 31.03.2013	As at 31.03.2012	As at 31.03.2013	As at 31.03.2012
Capital Advances	4	3	-	-
Security Deposits				
- Considered Good	105	118	30	8
- Considered Doubtful	6	7	-	-
	111	125	30	8
Less: Provision for Doubtful Deposits	6	7	-	-
	105	118	30	8
Other Loans and Advances:				
- Loan to Third Party	-	-	1,400	1,400
- Advance to Vendors	-	-	30	239
- Loans to/ receivables from Employees	2	2	26	27
- Prepaid Expenses	9	15	53	61
- Fringe Benefit Tax [Net of Provision for Taxation 125 (Previous Year 125)]	3	3	-	-
- Advance payment of Income Tax [Net of Provision for Taxation 5,114 (Previous Year 5,114)]	483	487	-	-
- Balance with Government Authorities	137	92	311	299
- Others	-	-	1	27
	743	720	1,851	2,061

12. INVENTORIES
(Lower of Cost or Net Realisable Value)

	As at 31.03.2013	As at 31.03.2012
Raw Materials [Includes in transit 475 (Previous Year 457)]	2,082	1,972
Packing Materials [Includes in transit Nil (Previous Year 2)]	94	110
Semi-Finished Goods [Includes in transit Nil (Previous Year 13)] [Refer Note (a) below]	482	246
Finished Goods [Includes in transit 18 (Previous Year 42)] [Refer Note (a) below]	1,067	1,243
Stock-in-trade [Includes in transit 92 (Previous Year 174)] [Refer Note (a) below]	1,215	1,370
Stores and Spare Parts	60	54
	5,000	4,995

(a) Details of Inventories

Class of Goods	Semi-Finished Goods	Finished Goods	Stock-in- trade
- Active Ingredients	183 (88)	126 (313)	242 (69)
- Formulations	299 (158)	941 (930)	761 (1,161)
- Seeds	- (-)	- (-)	180 (104)
- Others	- (-)	- (-)	32 (36)
	482 (246)	1,067 (1,243)	1,215 (1,370)

Figures shown in brackets are in respect of previous year.

Notes to the financial statements for the year ended March 31, 2013 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

13. TRADE RECEIVABLES

	Non-Current		Current	
	As at 31.03.2013	As at 31.03.2012	As at 31.03.2013	As at 31.03.2012
Secured, considered good				
- Debts outstanding for a period exceeding six months from the date they are due for payment	-	-	1	1
- Others	-	-	54	49
	-	-	55	50
Unsecured, considered good				
- Debts outstanding for a period exceeding six months from the date they are due for payment	-	-	17	6
- Others [Includes due from a Private Company in which a Director is a Director 100 (Previous Year 52)]	-	-	3,152	2,506
	-	-	3,169	2,512
Unsecured, considered doubtful				
- Debts outstanding for a period exceeding six months from the date they are due for payment	95	76	-	-
- Others	26	35	-	-
Less: Provision for Doubtful Debts	121	111	-	-
	-	-	-	-
	-	-	3,224	2,562
			As at 31.03.2013	As at 31.03.2012

14. CASH AND BANK BALANCES**Cash and Cash Equivalents**

Balances with banks

- In Current Accounts/ Cash Credit Accounts

141

108

- In Fixed Deposits (less than 3 months maturity)

9,191

3,786

Cash on Hand *

-

-

Short-term highly liquid investments [Refer Note 9]

402

400

Other Bank Balances

In Fixed Deposits *

-

-

In Margin Deposits **

3

1

Earmarked balances with banks in:

- Unpaid Dividend Accounts

4

4

- Unpaid Matured Public Deposit Accounts *

-

-

9,741

4,299

* Amount is below the rounding off norm adopted by the Company (except for Unpaid Matured Public Deposit Accounts in Current Year).

** Under lien with bank towards bank guarantee.

15. OTHER CURRENT ASSETS

(Unsecured - considered good unless stated otherwise)

Land and Buildings held for sale [Refer Note 36]

-

1,037

Accrued Interest Receivable

39

21

Other Receivables [Includes due from a Private Company in which a Director is a Director 6 (Previous Year 4)]

58

6

97

1,064

Notes to the financial statements for the year ended March 31, 2013 (contd.)
(All amounts in ₹ Millions, unless otherwise stated)
16. REVENUE FROM OPERATIONS

	01.04.2012 to 31.03.2013	01.04.2011 to 31.03.2012
Sale of Goods [Refer Note (a) below]	27,397	22,944
Other Operating Revenue:		
- Service Charges recovered from Group Companies and Third Parties	592	556
- Tolling Charges	320	82
- Export Incentives	40	26
- Scrap Sales	41	15
Revenue from Operations (Gross)	28,390	23,623
Less: Excise Duty [Refer Note (b) below]	1,137	900
Revenue from Operations (Net)	27,253	22,723

(a) Details of Sale of Goods

Class of Goods	Finished Goods		Stock-in-Trade	
	2012-13	2011-12	2012-13	2011-12
- Active Ingredients	3,481	2,070	3,465	2,564
- Formulations	7,318	6,449	8,965	7,758
- Seeds	-	-	4,065	3,622
- Others	-	-	103	481
	10,799	8,519	16,598	14,425

(b) 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 for free goods, breakages/ damages, captive consumption and expired goods, which has been disclosed as excise duty expense in Note 23.

17. OTHER INCOME

	01.04.2012 to 31.03.2013	01.04.2011 to 31.03.2012
Interest Income	378	132
Dividend Income from Current Investments	105	70
Rent Income [Refer Note 33]	58	78
Insurance Claims	11	31
Provisions No Longer Required Written Back	124	109
Proceeds from Global Divestment of Carbaryl	-	24
Provision for Impairment Written Back	10	-
Miscellaneous	3	9
	689	453

18. COST OF MATERIALS CONSUMED

Raw Materials:		
Opening Stock	1,972	2,090
Add: Purchases	5,599	4,606
	7,571	6,696
Less: Closing Stock	2,082	1,972
Cost of Raw Materials consumed	5,489	4,724
Packing Materials consumed	265	289
[Refer Notes below]	5,754	5,013

(a) Includes 13 (Previous Year 25) on account of write off/ write down in carrying values of Raw Materials and Packing Materials.

Notes to the financial statements for the year ended March 31, 2013 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

18. COST OF MATERIALS CONSUMED (contd.)

	01.04.2012 to 31.03.2013	01.04.2011 to 31.03.2012
(b) Materials Consumed		
Class of Goods		
- Active Ingredients	2,926	2,856
- Others	2,828	2,157
	<u>5,754</u>	<u>5,013</u>
(c) Value of Imported and Indigenous Materials Consumed		
	Amount	%
Imported	3,831	67
	(2,968)	(59)
Indigenous	1,923	33
	(2,045)	(41)
	<u>5,754</u>	<u>100</u>
	(5,013)	(100)

Figures shown in brackets are in respect of previous year.

19. PURCHASES OF STOCK-IN-TRADE

	01.04.2012 to 31.03.2013	01.04.2011 to 31.03.2012
Class of Goods		
- Active Ingredients	3,098	2,056
- Formulations	5,347	4,904
- Seeds	3,049	2,842
- Others	103	481
	<u>11,597</u>	<u>10,283</u>

20. CHANGES IN INVENTORIES OF SEMI-FINISHED GOODS, FINISHED GOODS AND STOCK-IN-TRADE

Opening Stock:		
- Semi-Finished	246	312
- Finished	1,243	739
- Stock-in-trade	1,370	1,069
	<u>2,859</u>	<u>2,120</u>
Closing Stock:		
- Semi-Finished	482	246
- Finished	1,067	1,243
- Stock-in-trade	1,215	1,370
	<u>2,764</u>	<u>2,859</u>
Decrease/ (Increase) in Inventories [Refer Note (a) below]	<u>95</u>	<u>(739)</u>

(a) Includes 45 (Previous Year 40) on account of write off/ write down in carrying values of semi-finished, finished goods and stock-in-trade.

Notes to the financial statements for the year ended March 31, 2013 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

	<u>01.04.2012 to 31.03.2013</u>	<u>01.04.2011 to 31.03.2012</u>
21. EMPLOYEE BENEFIT EXPENSES		
Salaries and Wages	1,582	1,354
Contribution to Provident and Other Funds	62	51
Gratuity	67	65
Staff Welfare Expenses	99	83
	<u>1,810</u>	<u>1,553</u>
22. FINANCE COSTS		
Interest Expense - Borrowings	-	5
Interest Expense - Others	37	12
	<u>37</u>	<u>17</u>
23. OTHER EXPENSES		
Consumption of Stores and Spare Parts [Refer Note (a) below]	63	62
Power and Fuel	315	264
Rent [Refer Note 33 (a)]	200	145
Repairs and Maintenance:		
Buildings	13	18
Plant and Equipment	41	54
Others	52	54
	<u>106</u>	<u>126</u>
Insurance	28	35
Rates and Taxes	108	93
Excise Duty [Refer Note 16 (b)]	8	49
Job Work Charges	89	103
Freight Outward and Clearing Charges	615	545
Travelling and Conveyance	350	339
Communication	91	117
Printing and Stationery	10	12
Directors' Sitting Fees	1	1
Commission to Non-Executive Directors	4	2
Payments to Auditor [Refer Note (b) below]	6	10
Advertisement, Publicity and Sales Promotion	1,190	1,132
Legal and Professional Fees	425	318
Cash Discounts	430	390
Commission	72	42
Donations	2	1
Royalty	16	15
Bad Debts	-	2
Less: Withdrawn from Provision for Doubtful Debts	-	2
	<u>-</u>	<u>-</u>
Provision for Doubtful Debts	10	32
Deposits/ Advances written off	1	-
Loss on Tangible Assets sold/ discarded (Net)	16	9
Foreign Exchange Fluctuations (Net)	38	41
Miscellaneous	204	203
	<u>4,398</u>	<u>4,086</u>

Notes to the financial statements for the year ended March 31, 2013 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

23. OTHER EXPENSES (contd.)

(a) Value of all Imported and Indigenous Stores and Spare Parts consumed

	Amount	%
Imported	5	8
	(7)	(11)
Indigenous	58	92
	(55)	(89)
	63	100
	(62)	(100)

Figures shown in brackets are in respect of previous year.

	01.04.2012 to 31.03.2013	01.04.2011 to 31.03.2012
(b) Payments to Auditor:		
(i) As Auditor:		
- for statutory audit	3	4
- for limited review	1	2
- for certification *	-	-
(ii) For other audit services in respect of:		
- Tax Audit	1	1
- Audit of Group Reporting Package	1	3
(iii) Reimbursement of out-of-pocket expenses *	-	-
	6	10

* Amount is below the rounding off norm adopted by the Company.

24. CONTINGENT LIABILITIES

Claims against the Company not acknowledged as debts towards:

	As at 31.03.2013	As at 31.03.2012
a) Direct Tax Matters	784	461
b) Indirect Tax Matters (Excise duty, Customs duty, Service tax and Sales tax)	757	763
c) Litigation/ claims filed by customer/ vendor/ labour	41	33
d) Litigation/ demands raised by other Statutory Authorities	53	53

Future cash flows in respect of above, if any, is determinable only on receipt of judgement/ decisions pending with relevant authorities.

25. CAPITAL AND OTHER COMMITMENTS

a) Estimated amount of contracts (net of advances) remaining to be executed on capital account	864	104
b) Value of customs duty in respect of export obligation (against advance licenses) remaining to be met at year end	166	161
c) Bank Guarantees issued in favour of various statutory authorities	31	4
d) Counter Guarantee issued by the Company in favour of Gujarat Industrial Development Corporation	3	3

26. RESEARCH AND DEVELOPMENT EXPENSES

	2012-13	2011-12
Research and Development Revenue Expenses	158	147

(a) Above expenses are net of recoveries.

(b) Above expenses include Product Trial Expenses of 54 (Previous Year 64)



Notes to the financial statements for the year ended March 31, 2013 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

27. 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 (South East Asia) Pte Ltd, Singapore
- Bayer A/S, Denmark
- Bayer Animal Health GmbH, Germany
- Bayer Australia Limited, Australia
- Bayer BioScience Private Limited, India
- Bayer Business Services GmbH, Germany
- Bayer Business Services Private Limited, India
- Bayer CropScience (China) Company Limited, China
- Bayer CropScience (Private) Limited, Pakistan (Upto June 30, 2012)
- Bayer CropScience AG, Germany
- Bayer CropScience K.K., Japan
- Bayer CropScience LP, U.S.A.
- Bayer CropScience Limited, Bangladesh
- Bayer Direct Services GmbH, Germany
- Bayer HealthCare Pharmaceuticals Inc. Pine Brook, U.S.A.
- Bayer Intellectual Property GmbH, Germany
- Bayer Malibu Polymers Private Limited, India
- Bayer MaterialScience AG, Germany
- Bayer MaterialScience Limited, Hong Kong
- Bayer MaterialScience Private Limited, India
- Bayer Middle East FZE, United Arab Emirates
- Bayer Pakistan (Private) Limited, Pakistan
- Bayer Pharmaceuticals Private Limited, India
- Bayer S.A.S., France
- Bayer Taiwan Company Limited, Taiwan
- Bayer Technology Services GmbH, Germany
- Bayer Thai Company Limited, Thailand
- Bayer Turk Kimya Sanayi Limited Sirketi, Turkey
- Bayer Vietnam Limited, Vietnam
- Bayer Yakuhin Limited, Japan
- Bilag Industries Private Limited, India
- Currenta GmbH & Co. OHG, Germany
- Nunhems India Private Limited, India
- PT. Bayer Indonesia, Indonesia

* The list of parties above have been limited to entities with whom transactions have taken place during the year or balances are outstanding as at the year end.

(iii) **Key Management Personnel** :

- Mr. Stephan Gerlich : Vice Chairman and Managing Director
- Mr. Kaikobad B. Mistry : Whole-time Director (Upto January 31, 2013)

(iv) **The transactions with and outstanding balances of related party referred to in (i) above are furnished below:**

Nature of Transaction	2012-13	2011-12
Service Charges recovered*	-	-
Dividend paid	35	33
Professional/ Support Charges incurred	5	5
Outstanding Receivables net of Payables*	-	-

* Current Year amount is below the rounding off norm adopted by the Company.

Notes to the financial statements for the year ended March 31, 2013 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

27. RELATED PARTY TRANSACTIONS (as identified by the Management) (contd.)

(v) The transactions with and outstanding balances of related parties referred to in (ii) above are furnished below:

Nature of Transaction	2012-13	2011-12
Sale of Goods		
Bayer CropScience AG	4,421	2,912
Others	415	314
	<u>4,836</u>	<u>3,226</u>
Service Charges recovered		
Bayer MaterialScience Private Limited	134	122
Bayer BioScience Private Limited	101	88
Bayer Pharmaceuticals Private Limited	72	71
Bayer CropScience AG	73	56
Bayer Business Services Private Limited	50	116
Others	96	36
	<u>526</u>	<u>489</u>
Tolling Charges recovered		
Bayer MaterialScience Private Limited	320	82
	<u>320</u>	<u>82</u>
Reimbursement of Expenses from		
Bayer CropScience AG	-	53
	<u>-</u>	<u>53</u>
Rent Income		
Bayer MaterialScience Private Limited	18	17
Bayer Business Services Private Limited	14	24
Bayer Pharmaceuticals Private Limited	9	11
Bayer BioScience Private Limited	5	4
Others	1	-
	<u>47</u>	<u>56</u>
Proceeds from Global Divestment of Carbaryl		
Bayer CropScience AG	-	24
	<u>-</u>	<u>24</u>
Purchase of Goods		
Bayer CropScience AG	5,103	4,144
Bayer BioScience Private Limited	3,049	2,842
Others	684	723
	<u>8,836</u>	<u>7,709</u>
Professional/ Support Charges incurred		
Bayer Business Services GmbH	174	98
Bayer CropScience AG	91	70
Bayer (South East Asia) Pte Ltd.	1	63
Others	18	58
	<u>284</u>	<u>289</u>
Rent Expense		
Bayer BioScience Private Limited	15	15
	<u>15</u>	<u>15</u>
Royalty Expense		
Bayer Intellectual Property GmbH	16	-
Bayer CropScience AG	-	15
	<u>16</u>	<u>15</u>
Interest Expense		
Bilag Industries Private Limited	-	5
Bayer BioScience Private Limited*	-	-
	<u>-</u>	<u>5</u>



Notes to the financial statements for the year ended March 31, 2013 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

27. RELATED PARTY TRANSACTIONS (as identified by the Management) (contd.)

(v) The transactions with and outstanding balances of related parties referred to in (ii) above are furnished below: (contd.)

Nature of Transaction	2012-13	2011-12
Dividend paid		
Bayer CropScience AG	47	45
Bayer S.A.S.	33	32
Bayer MaterialScience Private Limited	3	3
	<u>83</u>	<u>80</u>
Sale of Fixed Assets		
Bayer Turk Kimya Sanayi Limited Sirketi	26	-
Bayer CropScience K.K.	4	-
Bilag Industries Private Limited	4	-
Bayer Business Services Private Limited	-	74
Others	1	-
	<u>35</u>	<u>74</u>
Purchase of Fixed Assets (including Capital work-in-progress)		
Bayer Business Services Private Limited	13	-
Bayer MaterialScience Private Limited	5	-
Bayer Business Services GmbH	4	3
Others*	-	1
	<u>22</u>	<u>4</u>
Employee related liability paid/ payable on transfer of employees		
Bayer Business Services Private Limited	3	1
Bilag Industries Private Limited	2	-
Bayer MaterialScience Private Limited	1	1
Bayer BioScience Private Limited	1	1
Bayer Pharmaceuticals Private Limited	-	1
	<u>7</u>	<u>4</u>
Employee related liability taken over on transfer of employees		
Bilag Industries Private Limited	3	-
Bayer Business Services Private Limited	3	3
Bayer BioScience Private Limited*	-	3
Bayer MaterialScience Private Limited*	-	1
Others*	-	-
	<u>6</u>	<u>7</u>
Short-term borrowings from		
Bayer BioScience Private Limited	310	-
	<u>310</u>	<u>-</u>
Outstanding Receivables (net of Payables)		
Bayer MaterialScience Private Limited	91	34
Bayer CropScience AG	79	-
Bayer CropScience Limited, Bangladesh	44	73
Others	49	21
	<u>263</u>	<u>128</u>
Outstanding Payables (net of Receivables)		
Bayer CropScience AG	-	567
Bilag Industries Private Limited	159	248
Bayer BioScience Private Limited	141	96
Others	21	26
	<u>321</u>	<u>937</u>

* Current Year amount is below the rounding off norm adopted by the Company.

Notes to the financial statements for the year ended March 31, 2013 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

27. RELATED PARTY TRANSACTIONS (as identified by the Management) (contd.)

(vi) Remuneration to related parties referred to in (iii) above are furnished below: **

Related Party	Designation	2012-13	2011-12
Mr. Stephan Gerlich	Vice Chairman and Managing Director	63	50
Mr. Kaikobad B. Mistry	Whole-Time Director	28	28
		91	78

** Includes certain portion of professional/ support charges received from Group Companies.

28. 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 compensated absences and long service award as per the Company's policy.

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

Particulars	2012-13	2011-12
Provident Fund	45	40
Superannuation	17	11

* included in Note 21 – 'Employee Benefit Expenses'

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

	Gratuity (Funded plan)		Pension (Non-funded plan)	
	2012-13	2011-12	2012-13	2011-12
(i) Changes in Present Value of Defined Benefit Obligation:				
Opening present value of defined benefit obligation	341	305	7	8
Current service cost	20	17	-	-
Interest cost	29	25	1	1
Actuarial loss/ (gain)	40	43	-	(2)
Transfer of Employees (Net)*	1	4	-	-
Benefits paid	(17)	(53)	-	-
Closing present value of defined benefit obligation	414	341	8	7

* Represents liability takeover/ (discharged) in respect of employees transferred from/ (to) Group Companies.

(ii) Change in Fair Value of Plan Assets:

Opening fair value of plan assets	227	238	-	-
Expected return on plan assets	20	19	-	-
Actuarial gain/ (loss)	2	1	-	-
Contributions by employer	38	22	-	-
Benefits paid	(17)	(53)	-	-
Closing fair value of Plan Assets	270	227	-	-
(iii) Actual return on plan assets	22	20	-	-

Notes to the financial statements for the year ended March 31, 2013 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)
28. EMPLOYEE BENEFITS (contd.)
c) Disclosures for defined benefit plans based on actuarial reports: (contd.)

	Gratuity (Funded plan)		Pension (Non-funded plan)	
	2012-13	2011-12	2012-13	2011-12
(iv) Amount recognised in the Balance Sheet:				
Present value of defined benefit obligation as at year end	414	341	8	7
Less: Fair value of plan assets as at year end	(270)	(227)	-	-
Amount not recognised as an asset	-	-	-	-
Net (asset)/ liability recognised	144	114	8	7
Recognised under:				
Long Term Provision [Refer Note 5]	117	91	8	7
Short Term Provision [Refer Note 5]	27	23	-	-
	144	114	8	7
(v) Expenses recognised in the Statement of Profit and Loss:				
Current service cost	20	17	-	-
Interest cost	29	25	1	1
Expected return on plan assets	(20)	(19)	-	-
Net actuarial loss/ (gain) recognised in the current year	38	42	-	(2)
Total expense (Included in Note 21 – ‘Employee Benefit Expenses’)	67	65	1	(1)
(vi) Expected employer’s contribution for the next year	27	23	-	-
(vii) Principal actuarial assumptions used:				
Discount rate (per annum)	8.25%	8.50%	8.25%	8.50%
Expected rate of return on plan assets (per annum)	8.70%	8.60%	Not Applicable	Not Applicable
Attrition Rate (per annum)	5 - 10 %	5 - 10 %	5 - 10 %	5 - 10 %
Salary Escalation rate (per annum)	12 % for first 2 years, 10% for subsequent 3 years and 8% thereafter	12 % for first 3 years, 10% for subsequent 3 years and 8% thereafter	Not Applicable	Not Applicable

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 employment market.

(viii) Asset Information:

The Plan Asset for the funded gratuity plan is 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.

Notes to the financial statements for the year ended March 31, 2013 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

28. EMPLOYEE BENEFITS (contd.)**c) Disclosures for defined benefit plans based on actuarial reports: (contd.)**

	2012-13	2011-12	2010-11	2009-10	2008-09
(ix) Other Information					
Gratuity (Funded Plan)					
Present value of defined benefit obligation at the end of the year	(414)	(341)	(305)	(234)	(233)
Fair value of plan assets at the end of the year	270	227	238	159	154
Surplus/ (deficit)	(144)	(114)	(67)	(75)	(79)
Experience adjustments on plan liabilities - gain/ (loss)	(23)	(20)	(18)	(10)	(24)
Experience adjustments on plan assets - gain/ (loss)	2	1	4	1	1
Pension (Non-funded Plan)					
Present value of defined benefit obligation at the end of the year	(8)	(7)	(8)	(8)	(8)
Surplus/ (deficit)	(8)	(7)	(8)	(8)	(8)
Experience adjustments on plan liabilities - gain/ (loss) *	-	2	1	-	1

* Amount is below the rounding off norm adopted by the Company.

29. NET AMOUNT REMITTED IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND TO NON-RESIDENT SHAREHOLDERS

For the Year	No. of Shareholders	No. of Equity Shares	2012-13	2011-12
2011-12	4	27,433,252	115	-
2010-11	4	27,433,252	-	110

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

	2012-13	2011-12
30. VALUE OF IMPORTS ON C.I.F. BASIS		
Raw Materials	3,796	2,642
Packing Materials	17	17
Stock-in-trade	2,419	1,955
Stores and Spare Parts	15	10
Capital Goods	9	107
31. EXPENDITURE IN FOREIGN CURRENCY		
Royalty	16	15
Legal and Professional Fees	240	166
Communication	54	73
Other Expenses	47	46
32. EARNINGS IN FOREIGN EXCHANGE		
Service Charges recovered from Group Companies	112	68
Proceeds from Global Divestment of Carbaryl	-	24
Reimbursement of Expenses	-	53
Sale of Fixed Assets	30	-
Export of Goods calculated on F.O.B. basis	4,582	3,096
33. 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 28 (Previous Year 33) has been recognised under the head Other Expenses - 'Rent' under Note 23 to the Statement of Profit and Loss.



Notes to the financial statements for the year ended March 31, 2013 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

33. OPERATING LEASE (contd.)

a) Assets taken on lease: (contd.)

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

Period	As at 31.03.2013	As at 31.03.2012
Not later than one year	19	17
Later than one year and not later than five years	14	8
Later than five years	-	-

The Company has entered into cancellable leasing arrangement for office, residential and warehouse premises. The lease rental of 172 (Previous Year 112) has been recognised under the head Other Expenses - 'Rent' under Note 23 to the Statement of Profit and Loss.

Further, the Company has recovered sub-lease rental of 22 (Previous Year 10) which has been recognised under the head Other Income - 'Rent Income' under Note 17 to the Statement of Profit and Loss.

b) Assets given on lease:

The Company had given portion of the building, office area and parking area under non-cancellable operating lease and lease rent amounting to Nil (Previous Year 15) has been recognised under the head Other Income - 'Rent Income' under Note 17 to the Statement of Profit and Loss. This Lease expired on December 31, 2011.

Additionally, the Company had given portion of Building on operating lease under cancellable lease arrangement during the year. The lease rentals aggregating to 36 (Previous Year 53) has been recognised under the head Other Income - 'Rent Income' under Note 17 to the Statement of Profit and Loss.

34. SEGMENT REPORTING

The Company has identified business segment as its primary segment. In accordance with Accounting Standard 17 - "Segment Reporting", the Company has determined its business segment as "Agri Care". Since, entire Company's business is from Agri Care there are no other primary reportable segments. Thus the segment revenue, segment results, total carrying value of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortisation during the year are all as reflected in the Financial Statement as at and for the year ended March 31, 2013.

The Company has identified the Secondary Segment as geographical segment based on the location of customers.

Secondary Segmental Reporting

	2012-13	2011-12
1. Segmental Revenue		
(a) Segment - Local	24,166	20,747
(b) Segment - Exports	4,913	3,329
	<u>29,079</u>	<u>24,076</u>
2. Segmental Assets (excluding Deferred Tax Assets)		
(a) In India	23,975	18,124
(b) Outside India	175	179
	<u>24,150</u>	<u>18,303</u>
3. Capital Expenditure during the year in India	<u>1,722</u>	<u>591</u>

35. 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:

Currency	Number of Contracts	Buy amount in Foreign Currency Millions	₹ equivalent in Millions
US Dollar	-	-	-
	(2)	(8)	(385)

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

Particulars	Foreign Currency	Amount in Millions	₹ equivalent in Millions
Payable	US Dollar	-	-
		(4)	(222)
Payable	EURO *	-	-
		(-)	(-)
Receivable	US Dollar	1	71
		(-)	(-)
Receivable	EURO *	-	-
		(-)	(29)

Figures shown in brackets are in respect of previous year.

* Amount is below the rounding off norm adopted by the Company.

Notes to the financial statements for the year ended March 31, 2013 (contd.)*(All amounts in ₹ Millions, unless otherwise stated)*

36. Pursuant to the approval of Board vide its resolution dated July 19, 2010 and December 22, 2010, for the sale/ transfer/ disposal of Land and Buildings situated at Kolshet Road, Thane (the said Property), the Company and Agile Real Estate Private Limited ("Agile") have accepted 12,500 as full and final aggregate consideration for the sale and transfer of the said Property to Agile. The Company and Agile have, on November 29, 2012 executed two agreements and other incidental documents and undertaken all the requisite acts for concluding the transaction. The Company has received balance consideration of 7,300 (net of advance of 5,200) as full and final consideration. The Company has no further obligations relating to the transfer of the said Property.

Consequent to the acceptance of sale consideration of the Property, the Company has ascertained and paid an additional Compensation (capitalised to the cost of Thane land) of 178 in the current year to Lanxess India Private Limited (LIPL) pursuant to an Exit agreement dated February 28, 2008.

Additionally, the Company has sold building situated at Powai, Mumbai pursuant to an agreement dated March 15, 2013.

The Exceptional item represents profit of 11,083 arising from sale of Thane Land and Buildings and 823 arising from sale of Powai Building.

37. The Bayer Companies worldwide place great importance on protecting the environment and conserving natural resources. Pursuant to the cessation of manufacturing activities at Thane, the Company has incurred an expenditure of 159 (net) during the year (Previous Year 579) including depreciation of 96 (Previous Year 110) towards Demolition and Remediation activities. The expenditure for the current year is net of one time recovery of 143 (Previous Year Nil) reimbursed by LIPL pursuant to the exit agreement dated February 28, 2008.

38. EARNINGS PER SHARE

Particulars	2012-13	2011-12
Profit before exceptional items (net of tax)	2,638	1,781
Profit after exceptional items (net of tax)	11,617	1,390
Weighted average number of equity shares outstanding at year end	39,498,747	39,498,747
Nominal Value Per Equity Share (in ₹)	10	10
Earnings Per Share before exceptional items (net of tax) [Basic and Diluted] (in ₹)	66.79	45.09
Earnings Per Share after exceptional items (net of tax) [Basic and Diluted] (in ₹)	294.11	35.19

39. Previous year figures have been regrouped/ reclassified to conform to current year's presentation.

Signature to Notes 1 to 39

For Price Waterhouse

Firm Registration Number: 301112E

Chartered Accountants

Uday Shah

Partner

Membership Number: 046061

For and on behalf of the Board

Chairman

Dr. Vijay MallyaVice Chairman &
Managing Director**Stephan Gerlich**

Directors

Rajiv WaniVice President - Law, Patents & Compliance &
Company Secretary**Sharad M. Kulkarni****A.K.R. Nedungadi****Vimal Bhandari****Peter Mueller****Dr. Thomas Hoffmann**

Place : Mumbai

Date : May 20, 2013

Place : Mumbai

Date : May 20, 2013

Cash Flow Statement for the year ended March 31, 2013

₹ in Millions

	01.04.2012 to 31.03.2013	01.04.2011 to 31.03.2012
A. Cash Flow from Operating Activities:		
Profit Before Tax	15,632	2,044
Adjustments for:		
Depreciation/ Amortisation	462	450
Interest Expense	37	17
Interest Income	(378)	(132)
Dividend Income	(105)	(70)
(Profit)/ Loss on Tangible Assets sold/ discarded (Net)	16	9
Profit on Sale of Land and Buildings [Refer Note 36]	(11,906)	-
Bad Debts/ Advances Written off	1	2
Provision for Doubtful Debts (Net)	10	30
Provisions no longer required written back	(124)	(109)
Provision for Employee benefits	49	59
Provision for Indirect Taxes & Other Commercial Matters (Net)	75	61
Inventory write off/ write down	58	65
Provision for Impairment Written Back	(10)	-
Unrealised foreign exchange (gain)/ loss	(11)	18
	<u>(11,826)</u>	<u>400</u>
Operating Profit before Working Capital changes	3,806	2,444
Adjustments for changes in Working Capital		
(Increase)/ Decrease in Trade Receivables	(680)	242
(Increase)/ Decrease in Other Receivables	116	(225)
(Increase)/ Decrease in Inventories	(63)	(686)
Increase/ (Decrease) in Trade Payables	(580)	(315)
Increase/ (Decrease) in Other Payables	10	347
	<u>(1,197)</u>	<u>(637)</u>
Cash generated from Operations	2,609	1,807
Taxes Paid	(1,226)	(740)
	<u>1,383</u>	<u>1,067</u>
B. Cash Flow from Investing Activities:		
Purchase of Tangible/ Intangible Assets [Refer Note 36]	(1,742)	(583)
Proceeds from Sale of Other Tangible/ Intangible Assets	80	87
Receipt of Advance towards sale of Thane Land and Building	-	2,600
Net Proceeds from Sale of Land and Buildings [Refer Note 36]	8,118	-
Taxes paid on sale of Land and Buildings	(2,650)	-
Loan given to Third Party	-	(1,400)
Share Application Money towards Investment	(1)	-
Interest Received	360	111
Dividend Received on Current Investments	105	70
	<u>4,270</u>	<u>885</u>
C. Cash Flow from Financing Activities:		
Repayment of short and long term borrowings	-	(1,085)
Interest Paid	(20)	(17)
Dividend Paid	(166)	(157)
Dividend Tax Paid	(27)	(26)
	<u>(213)</u>	<u>(1,285)</u>
Net Cash used in Financing Activities	(213)	(1,285)
Net Increase in Cash and Cash Equivalents	5,440	667
Cash and Cash Equivalents at the beginning of the year	4,294	3,627
Cash and Cash Equivalents at the end of the year	9,734	4,294

Cash Flow Statement for the year ended March 31, 2013 (contd.)

₹ in Millions

	<u>As at 31.03.2013</u>	<u>As at 31.03.2012</u>
Cash and Cash Equivalents comprise		
Cash on hand *	-	-
Balance with Banks	9,332	3,894
Short-term highly liquid investment	402	400
	<u>9,734</u>	<u>4,294</u>

* Amount is below the rounding off norm adopted by the Company.

Notes:

- 1) The above Cash Flow Statement has been prepared under the "Indirect Method" setout in Accounting Standard - 3 on Cash Flow Statements.
- 2) Short-term highly liquid investment comprise of Investments in Mutual Funds which are highly liquid and have an insignificant risk of change in value.
- 3) Previous Year's figures have been reclassified/ regrouped to conform to current year's presentation.

In terms of our report of even date.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants
Uday Shah
Partner
Membership Number: 046061

Rajiv Wani
Vice President - Law, Patents & Compliance &
Company Secretary

Place : Mumbai
Date : May 20, 2013

For and on behalf of the Board

Chairman **Dr. Vijay Mallya**

Vice Chairman &
Managing Director **Stephan Gerlich**

Directors
Sharad M. Kulkarni
A.K.R. Nedungadi
Vimal Bhandari
Peter Mueller
Dr. Thomas Hoffmann

Place : Mumbai
Date : May 20, 2013

Facts

	2003+	2004	2005	2006	2007-08 \$	2008-09	2009-10	2010-11**	2011-12**	2012-13**
Million ₹										
Revenue from operations (Net) @	8,864	6,696	7,079	7,746	12,383	14,826	17,241	21,373	22,723	27,253
Export Revenue	(845)	(688)	(943)	(1,441)	(1,727)	(2,196)	(2,158)	(3,009)	(3,329)	(4,913)
Profit before Tax	472	524	747	891	680	1,508	1,964	1,988	2,044	15,632
Dividend (%)	87 (22)	87 (22)	87 (22)	95 (24)	95 (24)	111 (28)	158 (40)	158 (40)	166 (42)	197 (50)
Share Capital	395	395	395	395	395	395	395	395	395	395
Reserves and Surplus	2,025	2,189	2,462	2,919	3,299	4,115	5,203	6,335	7,532	18,918
Borrowings	2,264	776	1,161	1,081	692	427	1,140	1,085	-	-
Gross Block	2,972	2,982	3,345	3,435	4,274	4,519	5,077	5,531	4,738	5,414
Net Block	1,585	1,438	1,633	1,554	2,479	2,701	3,208	3,537	2,566	3,457
Net Current Assets	2,964	1,737	2,329	2,776	1,139	1,990	2,835	5,204	4,861	15,553
Employee benefit expenses	653	658	574	671	1,221	1,343	1,411	1,566	1,553	1,810
Number of Employees	1,059	1,024	984	1,020	1,159	1,325	1,351	1,102	1,147	1,181
₹										
Earnings Per Share (on the basis of profits after tax)	11.74	6.67	9.40	14.39	12.43	23.91	32.22	33.30	35.19	294.11
Book Value per Share	61.26	65.43	72.32	83.91	93.53	114.17	141.72	170.38	200.70	488.95
Share Price at Stock										
Exchange — High	2,200.00	317.00	323.65	303.40	474.50	343.00	693.00	1,173.00	999.00	1,341.80
— Low	2,198.30 *	135.35	160.00	101.00	199.05	180.20	224.90	635.15	673.05	749.00
Number of Shareholders	20,972	20,552	20,539	21,180	18,852	18,803	19,324	21,251	21,431	20,865

@ Revenue from operations are net of excise duty. Sales for the year 2003 is 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.

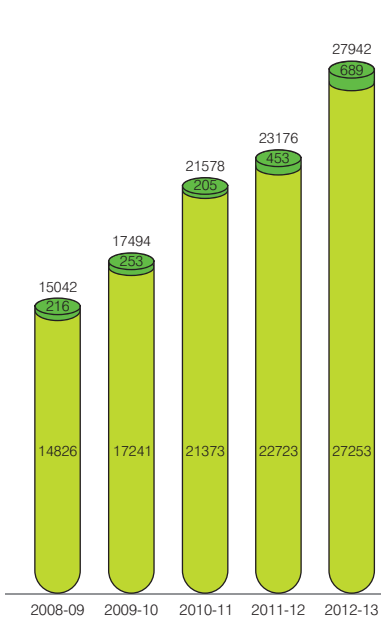
** Figures based on Revised Schedule VI.

Figures have been regrouped wherever necessary.

TOTAL REVENUE

(₹ in Millions)

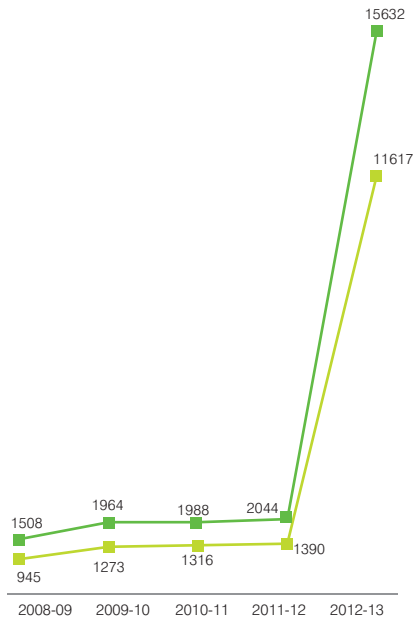
- OTHER INCOME
- REVENUE FROM OPERATIONS



PROFITS

(₹ in Millions)

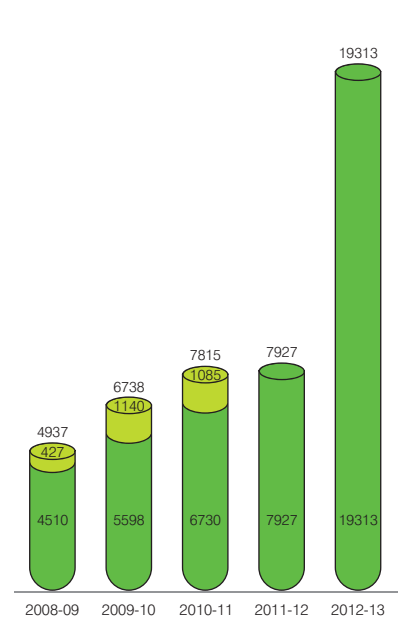
- PROFIT BEFORE TAX
- PROFIT AFTER TAX



DEBT : EQUITY

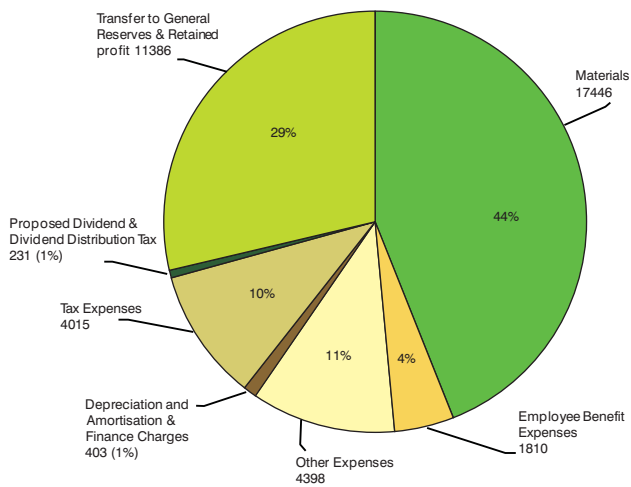
(₹ in Millions)

- DEBT
- EQUITY



DISTRIBUTION OF REVENUE 2012-13

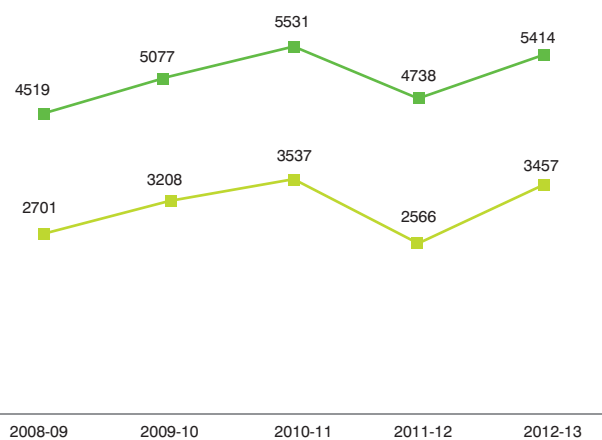
[₹ in Millions (%)



FIXED ASSETS

(₹ in Millions)

- GROSS BLOCK
- NET BLOCK

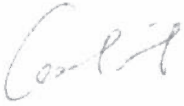





Bayer CropScience

www.bayer.co.in

FORM A

Sr. No.	Particulars	
1.	Name of the Company	Bayer CropScience Limited
2.	Annual financial statements for the year ended	March 31, 2013
3.	Type of Audit observation	Unqualified
4.	Frequency of observation	Not Applicable
5.	Signed by -	
	Vice Chairman & Managing Director (Chief Executive Officer)	Stephan Gerlich 
	Whole-time Director (Chief Financial Officer)	Dr. Thomas Hoffmann 
	<u>Auditor</u> Price Waterhouse Firm Registration No. 301112E Chartered Accountants	For Price Waterhouse Firm Registration No. 301112E Chartered Accountants U. A. Shah Uday Shah Partner Membership No. 046061
	Audit Committee Chairman	Sharad M. Kulkarni 