

BAYER  
CROPSCIENCE  
LIMITED

# 57<sup>TH</sup>

**ANNUAL  
REPORT** APRIL 2014 -  
MARCH 2015



Bayer CropScience





# BOARD OF DIRECTORS



**Dr. Vijay Mallya**  
Chairman



**Richard van der Merwe**  
Vice Chairman &  
Managing Director and CEO



**Sharad M Kulkarni**  
Non-Executive  
Independent Director



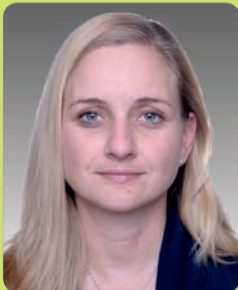
**AKR Nedungadi**  
Non-Executive  
Independent Director



**Vimal Bhandari**  
Non-Executive  
Independent Director



**Peter Mueller**  
Non-Executive  
Non-Independent Director



**Dr. Regine Juergens**  
Non-Executive  
Non-Independent Director



**Kaikobad B Mistry**  
Non-Executive  
Non-Independent Director



**Dr. Thomas Hoffmann**  
Executive Director &  
Chief Financial Officer

Bayer : Science For A Better Life

Bayer intends in the future to focus entirely on the Life Science businesses – HealthCare and CropScience. This will create a global leader in the Life Sciences with extensive experience in science and innovation, and the ability to use this expertise to improve human, animal and plant health.

Our products continue to help address some of today's biggest challenges, including global population growth, an aging society and the need to make efficient – and, wherever possible, sustainable – use of natural resources.

## PRODUCT LAUNCHES: 2014 - 15



### Raxil® Easy

The new technology seed treatment with excellent efficacy against loose smut disease on wheat



### Racumin® Sure

A pest management solution in the Rodent Management Segment



### Arize® Swift Gold

Bayer's Rice Hybrid in the early duration segment, with medium slender grain type, high test weight, offering high yield and resistant to Bacterial Leaf Blight



### Arize® 6201 Gold

A Mid early duration Bacterial Leaf Blight resistant Rice Hybrid, with consistent high yield, wider adaptability, long slender grain type and excellent cooking & eating quality



### ProAgro™ 5111

Bayer's high yielding Mustard Hybrid offering early maturity, high oil content and tolerance to white rust



# Bayer CropScience Key Crops

2014-15

Bayer CropScience aspires to maintain its leadership position in Crop Protection and further leverage its position in selected seed segments. For this, the Company is focusing on the following key crops, apart from others.



Cover photo : Indian farmers with Bayer staff-member Dinesh Balkrishna Bhoir (center), in a cauliflower field



Bayer CropScience



## Working on Behalf of a Better Life

With our core business, we have a major impact on societal development. At the same time, we depend on intact social framework conditions and an innovation-friendly business environment. For us, it is therefore important to contribute to society's future viability and create value in diverse ways. Within the scope of our social commitment, we thus make targeted strategic investments in the areas of science and education, health, social needs and community projects. This commitment is an integral element of Bayer's corporate policy.

At Bayer CropScience in India, Corporate Social Responsibility (CSR) spend was traditionally focused on rural development. In the future, we intend to make India a 'Role Model', with a focus on innovative CSR projects.

Corporate Social Responsibility for us in India has three distinct pillars and our CSR Committee is concentrating on these areas:

1. Society Progress Pilots for pioneering ideas and topics of nationwide importance
2. Science Excellence with focus on life science talents and frontier research
3. Community development for neighborhood projects on farming/rural topics, health and education

Some glimpses of our CSR projects in implementation mode:

### MSMS (Making Science Make Sense)

MSMS (Making Science Make Sense) program provides school students with an insight into everyday natural science phenomena with the help of all kinds of fascinating experiments. In 2014-15, this project covered over 12,000 students from 37 schools across Mumbai, Vapi, Himatnagar and Greater Noida



### WASH Project

WASH (Water, Agriculture, Sanitation and Health) program is aimed at improving public health through sanitation and conservation of pure natural resources. Seen in the pictures are village awareness programs on health and sanitation in progress





# RVJ Vocational Training

Bayer – RVJ School of Agriculture was established as part of Bayer CropScience overarching umbrella 'Learning for Life' strategy to foster (science) education globally



Bayer CropScience

**Bayer CropScience Limited  
Annual Report 2014-15**

<b>Directors</b>	Dr. Vijay Mallya	(DIN 00122890)	– Chairman
	Richard van der Merwe	(DIN 06768305)	– Vice Chairman & Managing Director and CEO
	Sharad M. Kulkarni	(DIN 00003640)	
	A. K. R Nedungadi	(DIN 00103214)	
	Vimal Bhandari	(DIN 00001318)	
	Peter Mueller	(DIN 03582162)	
	Dr. Thomas Hoffmann	(DIN 06485949)	– Executive Director & CFO
	Dr. Regine Juergens	(DIN 07076269)	

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

<b>Bankers</b>	Bank of America
	BNP Paribas
	Citibank N.A.
	Deutsche Bank
	HDFC Bank Limited
	State Bank of India
Union Bank of India	

**Auditors** Price Waterhouse

**Solicitors** Crawford Bayley & Co.

**CIN** L24210MH1958PLC011173

**Registered & Corporate Office** Bayer House, Central Avenue, Hiranandani Estate Thane (W) - 400 607.  
Tel. No.: 91 22 2531 1234  
Fax No.: 91 22 2545 5063

**Registrars & Share Transfer Agents** TSR Darashaw Limited (TSRD)  
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

**Factory** 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:**

- a) direct all shares related correspondence to TSRDL
- b) bring their copy of the Annual Report to the Annual General Meeting
- c) 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 57<sup>th</sup> Annual General Meeting of Bayer CropScience Limited will be held on Tuesday, September 15, 2015 at 11.30 a.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, 2015 and the Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare final dividend on Equity Shares for the financial year ended March 31, 2015.
3. To appoint a Director in place of Mr. Kaikobad B. Mistry (DIN: 02253294), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint auditors and fix their remuneration.

### SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following Resolutions, with or without modification(s):

#### 5. Appointment of Dr. Regine Juergens (DIN: 07076269) as a Director of the Company:

##### As an Ordinary Resolution:

"RESOLVED THAT Dr. Regine Juergens (DIN: 07076269) who was appointed as an Additional Director of the Company with effect from February 02, 2015 by the Board of Directors and holds office up to the date of this Annual General Meeting under Section 161 of the Companies Act, 2013 ("the Act") read with Article 117(2) of the Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member signifying its intention to propose Dr. Regine Juergens as a candidate for the office of director, be and is hereby appointed as Director of the Company, liable to retire by rotation."

#### 6. Commission to Non-Executive Independent Directors:

##### As an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), including any statutory modification(s) or re-enactment(s) thereof, the Rules framed under the Act and the Articles of Association of the Company and subject to all applicable approval(s) as may be required, consent of the Members be and is hereby accorded to the payment of commission, in addition to sitting fees and reimbursement of expenses incurred for attending the meetings of the Board of Directors of the Company and its Committee thereof, at a rate not exceeding 1% per annum or such other percentages as may be specified by the Act from time to time in this regard, of the net profits of the Company for the financial year commencing from April 01, 2015 and thereafter for all subsequent financial years (computed in the manner provided in Section 198 of the Act or as may be prescribed by the Act or Rules framed there under from time to time), but subject to such ceiling, if any, per annum, as the Board or its Committee may from time to time fix in that behalf and the same to be divided amongst them in such manner as the Board or its Committee may, from time to time, determine.

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

#### 7. Payment of Remuneration to Cost Auditor:

##### As an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the Cost Auditors appointed by the Board of Directors of the Company, M/s. N. I. Mehta & Co., Cost Accountants, to conduct the audit of the cost records of the Company relating to Insecticides for the financial year ending March 31, 2016 be paid ₹ 0.53 Millions plus service tax and out of pocket expenses incurred in performance of their duties as the remuneration.

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



**NOTICE** (contd.)**8. Variation in terms and conditions of appointment of Dr. Thomas Hoffmann (DIN: 06485949):****As an Ordinary Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and subject to the approval of the Central Government, if applicable, the Company hereby accords its approval to vary the terms and conditions of the appointment of Dr. Thomas Hoffmann, Executive Director & Chief Financial Officer with effect from April 01, 2015 as set out under Item No. 8 of the Explanatory Statement annexed to this Notice.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to take all such steps as may be necessary to give effect to this resolution.”

**9. Approval of transaction with Bayer CropScience Aktiengesellschaft, Germany:****As a Special Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Section 188 of the Companies Act, 2013 and the provisions of Clause 49 (VII) of the Listing Agreement with the Stock Exchange (including any statutory modifications or amendments or re-enactments thereof, for the time being in force), approval of the Company be and is hereby accorded to the Board of Directors (including its committee thereof), to enter into material contracts/arrangements/transactions with Bayer CropScience Aktiengesellschaft, Germany (“BCS AG”), a ‘Related Party’ as defined under section 2(76) of the Companies Act, 2013 and Clause 49 (VII) of the Listing Agreement, for purchase of goods, sale of goods (exports), professional and support services, recoveries, services and other obligations if any on such terms and conditions as may be mutually agreed upon between the Company and BCS AG and as set out under the statement of the material facts as annexed to this Notice, for Item No. 9.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including its committee) be and is hereby authorized to do all such acts, deeds, matters and things, and to finalize the terms and conditions as may be considered necessary, in order to give effect to this resolution.”

**10. Approval of transaction with Bayer BioScience Private Limited:****As a Special Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Section 188 of the Companies Act, 2013 and the provisions of Clause 49 (VII) of the Listing Agreement with the Stock Exchange (including any statutory modifications or amendments or re-enactments thereof, for the time being in force), approval of the Company be and is hereby accorded to the Board of Directors (including its committee thereof), to enter into material contracts/arrangements/transactions with Bayer BioScience Private Limited (“BBPL”), a ‘Related Party’ as defined under section 2(76) of the Companies Act, 2013 and Clause 49 (VII) of the Listing Agreement, for purchase of goods, sale of goods, professional and support services, recoveries, rent income/expenses, services and other obligations if any on such terms and conditions as may be mutually agreed upon between the Company and BBPL and as set out under the statement of the material facts as annexed to this Notice, for Item No. 10.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including its committee) be and is hereby authorized to do all such acts, deeds, matters and things, and to finalize the terms and conditions as may be considered necessary, in order to give effect to this resolution.”

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. 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. A person can act as proxy on behalf of Members not exceeding fifty (50) in number and holding in aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
2. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, is annexed hereto and forms part of this Notice.
3. The details under Clause 49 of the Listing Agreement with BSE Limited, in respect of Directors seeking approval for appointment / re-appointment at the Annual General Meeting, forms part of the Explanatory Statement annexed to this Notice.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, September 05, 2015 to Tuesday, September 15, 2015 (both days inclusive).



5. The final dividend of ₹ 17.00 per Equity Share, as recommended by the Board of Directors, if declared at the ensuing 57<sup>th</sup> Annual General Meeting to be held on Tuesday, September 15, 2015 will be paid on or after Friday, September 18, 2015:
  - (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 Friday, September 04, 2015.
  - (ii) in respect of shares held in dematerialised form, to the Beneficial Owners of the shares as at the close of business hours on Friday, September 04, 2015 as per details to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
6. Members are requested to direct all shares related correspondence to TSRDL at the following address:

TSR Darashaw Limited,  
Unit : Bayer CropScience Limited,  
6-10, Haji Moosa Patrawala Industrial Estate,  
20, Dr. E. Moses Road, Near Famous Studio,  
Mahalaxmi, Mumbai – 400 011  
Tel. No.: 91 22 6656 8484  
Fax No.: 91 22 6656 8494  
e-mail: csg-unit@tsrdarashaw.com
7. Members holding shares in physical form are requested to notify / send the following to TSRDL on or before Tuesday, September 01, 2015 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.
8. Members holding shares in the dematerialised form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS) mandates, nominations, power of attorney, change of address / name etc. to their Depository Participant only and not to the Company / TSRDL. Changes intimated to the Depository Participant will then be automatically reflected in the Company's records which will help the Company and TSRDL to provide efficient and better service to the members.
9. Members holding shares in physical form are requested to consider converting their holding to dematerialised form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or TSRDL for assistance in this regard.
10. 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.
11. **Members are requested to note that the dividend declared in September, 2008 is due to be transferred to IEPF in October, 2015.**
12. 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 TSRDL.
13. Members can avail the facility of nomination in respect of physical shares held by them by sending their nomination in the prescribed Form duly filled in to TSRDL, quoting their respective Folio Nos., Certificate Nos. and Distinctive Nos.
14. 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 up to the date of the Annual General Meeting.
15. **To receive shareholders' communications through electronic means, including annual reports and notices, 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 TSRDL, 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.

16. In compliance with the provisions of Section 108 of the Companies Act, 2013 ("the Act") and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to provide its members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting by electronic means and the business may be transacted through e-voting services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

The remote e-voting period commences on Friday, September 11, 2015 (IST 9:00 am) and ends on Monday, September 14, 2015 (IST 5:00 pm). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Tuesday, September 08, 2015, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

The instructions for remote e-voting are as under:

- A. In case a Member receives an email from NSDL (for members whose email IDs are registered with the Company/Depository Participants(s)) :
  - i. Open email and open PDF file viz; "BAYER remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
  - ii. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
  - iii. Click on Shareholder - Login
  - iv. Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
  - v. Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - vi. Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
  - vii. Select "EVEN" (E-voting Event Number) of Bayer CropScience Limited which is 102310. Now you are ready for remote e-voting as Cast Vote page opens.
  - viii. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
  - ix. Upon confirmation, the message "Vote cast successfully" will be displayed.
  - x. Once you have voted on the resolution, you will not be allowed to modify your vote.
  - xi. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [navnitlb@nlba.in](mailto:navnitlb@nlba.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- B. In case a Member receives physical copy of the Notice of AGM (for members whose email IDs are not registered with the Company/Depository Participants(s)) :
  - i. Initial password is provided in the enclosed ballot form: EVEN (Remote e-voting Event Number), User ID and password
  - ii. Please follow all steps from Sl. No. (ii) to Sl. No. (xi) above, to cast vote.
- C. Other Instructions:
  - i. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
  - ii. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.



- iii. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- iv. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of Tuesday, September 08, 2015.
- v. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the notice and holding shares as on the cut-off date i.e. Tuesday, September 08, 2015, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- vi. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.
- vii. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- viii. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- ix. Mr. N.L. Bhatia, Practicing Company Secretary has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process (including the Ballot Form received from the members who do not have access to the remote e-voting process) in a fair and transparent manner.
- x. Members who do not have access to remote e-voting facility may send duly completed Ballot Form in self-addressed prepaid envelope (enclosed with the Annual Report) so as to reach the Scrutinizer at the Registered Office of the Company not later than Thursday, September 10, 2015 (5:00 pm IST).
- xi. Members have the option to request for physical copy of the Ballot Form by sending an email to [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com) by mentioning their Folio/DP ID and Client ID No. However, the duly completed Ballot Form should reach the Scrutinizer at the Registered Office of the Company not later than Thursday, September 10, 2015 (5:00 pm IST).
- xii. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- xiii. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- xiv. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company [www.bayer.in](http://www.bayer.in) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

By Order of the Board of Directors

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

Thane,  
May 27, 2015

Registered Office:  
Bayer House, Central Avenue  
Hiranandani Estate  
Thane 400 607  
CIN : L24210MH1958PLC011173



**ANNEXURE TO NOTICE****INFORMATION ON DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AS REQUIRED UNDER CLAUSE 49 (VIII) (E) OF THE LISTING AGREEMENT:****Mr. Kaikobad B. Mistry (DIN: 02253294)**

Mr. Kaikobad B. Mistry who retires by rotation being eligible has offered himself for re-appointment.

**Brief Profile:**

Mr. Kaikobad B. Mistry is a Fellow Member of The Institute of Chartered Accountants in England & Wales (FCA) and an Associate Member of The Institute of Chartered Accountants in India (ACA). He trained with Ernst & Whinney, London and served in their Audit and Corporate Advisory Services departments. He joined Bayer (India) Limited in 1991 and was seconded to Bayer AG as a Delegate in 1999. Thereafter, he served as CFO for the Bayer companies in Turkey. Subsequently, he was appointed as the CFO / Whole-time Director of Bayer CropScience Limited. Since February, 2013 he has been transferred to Bangkok as the CFO for the Country Group - North ASEAN, comprising Myanmar, Thailand, Laos, Vietnam and Cambodia. Additionally, in early 2015 he was appointed as Managing Director of Bayer Thai Co. Ltd (Cambodia). He continues to serve on the Board of Bayer CropScience Limited as a Non-Executive Director.

Mr. Mistry is a Director on the Board of Bayer Holding (Thailand) Co. Ltd. He is not a member of any committee nor does hold any shareholding in the Company in which he is a Director.

**Dr. Regine Juergens (DIN: 07076269)**

Dr. Regine Juergens has been appointed as an Additional Director of the Company with effect from February 02, 2015. She holds office till the ensuing Annual General Meeting and being eligible, offers herself for appointment.

**Brief Profile:**

Dr. Regine Juergens joined Bayer CropScience AG in 2011. As Senior Legal Counsel she supports the business in all corporate and competition law related matters. One focus of her job is to support the Asian regions.

Before joining Bayer CropScience AG, Dr. Regine Juergens worked as legal counsel for Linklaters LLP, an internationally operating law firm, in Dusseldorf (Germany) and Sao Paulo (Brazil). During her work as external legal counsel and in-house lawyer, she gained in-depth knowledge of and practical experience in Antitrust/Competition Law and Corporate Law. Dr. Regine Juergens studied law at the University of Cologne (Germany) and Fribourg (Switzerland). She holds a PHD in international law.

Dr. Juergens does not hold any other directorship in any other company.

**THE FOLLOWING EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 SETS OUT ALL MATERIAL FACTS RELATING TO THE BUSINESS MENTIONED IN ITEM NO. 5 TO 10 IN THE ACCOMPANYING NOTICE DATED MAY 27, 2015:****Explanatory Statement****Item No.5**

The Board of Directors appointed Dr. Regine Juergens (DIN: 07076269) as an Additional Director of the Company with effect from February 02, 2015. Pursuant to Section 161 of the Companies Act, 2013 ("the Act") read with Article 117(2) of the Articles of Association of the Company, Dr. Juergens holds office of Director upto the date of this Annual General Meeting and is eligible for appointment as a Director. The Company has received a notice in writing under Section 160 of the Act from a member signifying the intention to propose Dr. Regine Juergens as a candidate for the office of Director.

Except Dr. Regine Juergens, none of the Directors or Key Managerial Personnel or their relatives are in any way concerned or interested in passing of this resolution. The Board of Directors recommend the appointment of Dr. Regine Juergens as a Director of the Company and passing of the Ordinary Resolution set out at Item No.5 of the Notice for approval by the Members.

**Item No. 6**

The Members had, at the Annual General Meeting of the Company held on September 28, 2010, passed a Special Resolution under Section 309(4) of the Companies Act, 1956, approving the payment of commission to Non-Executive Independent Directors of the Company, of a sum not exceeding one percent per annum of the net profits of the Company, calculated in accordance with the provisions of the Companies Act, 1956. The approval was valid upto and including March 31, 2015.

The current competitive business environment, stringent accounting standards and corporate governance norms require considerably enhanced levels of involvement of the Directors in the decision making process. The responsibility of the Directors has become more onerous and the Directors are required to give more time and attention to the business of the Company. It is therefore proposed to continue the

payment of commission to the Non Executive Independent Directors of the Company. Pursuant to Section 197 of the Companies Act, 2013, the Board of Directors will determine each year, the specific amount to be paid as commission to the Non Executive Independent Directors which shall not exceed one percent of the net profits of the Company for one financial year (as computed in the manner referred to in Section 198 of the Companies Act, 2013, if the Company has a Managing or Whole-Time Director or Manager.)

In view of the above, the Members fresh approval is being sought pursuant to Sections 197, 198 and other applicable provisions of the Companies Act, 2013, if any, for the payment of commission, not exceeding one percent of the net profits of the Company, to the Non-Executive Independent Directors of the Company commencing from April 01, 2015. The payment of commission would be in addition to the sitting fees payable for attending Meetings of the Board and Committees thereof.

All the Non-Executive Independent Directors of the Company are interested in the Resolution as set out at Item No. 6 of the accompanying Notice, since it relates to their respective remuneration.

None of the Directors except as mentioned above and Key Managerial Personnel or their relatives are in any way concerned or interested in the said resolution.

The Board of Directors recommend the Ordinary Resolution as set out at Item No. 6 of the Notice for approval by the Members.

#### **Item No. 7**

The Board, on the recommendation of the Audit Committee, has approved the appointment of M/s. N.I. Mehta & Co., Cost Accountants, as the Cost Auditors to conduct the audit of the cost records of the Company for "Insecticides" for the financial year ending March 31, 2016 for a remuneration of ₹ 0.53 Millions (Rupees point Five Three Millions only) plus applicable service tax and reimbursement of travelling and out of pocket expenses incurred by them for the purpose of audit for the financial year 2015-16. A Certificate issued by the above firm regarding their eligibility for appointment as Cost Auditors will be available for inspection at the Registered Office of the Company during business hours on any working day till the date of the Annual General Meeting and shall also be available at the meeting.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the members of the Company. Accordingly, consent of the members is sought for passing the Ordinary Resolution as set out at Item No. 7 of the Notice for ratification of the remuneration amounting to ₹ 0.53 Millions payable to the Cost Auditors for the financial year ending March 31, 2016.

None of the Directors or Key Managerial Personnel or their relatives are in any way concerned or interested in the passing of this resolution.

The Board recommends the approval of the remuneration payable to M/s. N.I. Mehta & Co., Cost Accountants, for the Cost Audit and passing of the Ordinary Resolution as set out at Item No. 7.

#### **Item No 8:**

Dr. Thomas Hoffmann (DIN:06485949) was appointed as the Whole-time Director of the Company for a period of five years from April 02, 2013, at the Annual General Meeting held on August 29, 2013. It is now proposed to vary the terms and conditions of appointment of Dr. Thomas Hoffmann, with effect from April 01, 2015, as set out hereunder:

Total Gross Salary Grade (₹) [Salary + Special Allowances]:

As approved on August 29, 2013 : ₹ 14,000,000 per annum to ₹ 20,000,000 per annum

Proposed with effect from April 01, 2015 : ₹ 19,000,000 per annum to ₹ 30,000,000 per annum

The aforesaid variation in terms of appointment of Dr. Thomas Hoffmann as the Executive Director & CFO of the Company has been approved at the Meeting of the Nomination and Remuneration Committee and the Board of Directors at their meeting held on May 27, 2015 and is within the limits as prescribed under Schedule V of the Companies Act, 2013 and Central Government Approval reference SRN B781068044 dated September 17, 2013. All other terms and conditions of the said appointment remain unchanged.

Except Dr. Hoffmann, no other Director or Key Managerial Personnel is concerned or interested in the passing of this resolution.

The Board recommends the variation in terms and conditions of appointment of Dr. Hoffmann for approval by the members.

#### **Item No 9:**

The Company is a subsidiary of Bayer Aktiengesellschaft ("Bayer AG"), Germany. Bayer CropScience Aktiengesellschaft ("BCS AG") is a party related to the Company as per Section 2(76) of the Companies Act, 2013. BCS AG is a company engaged in producing, purchasing, selling and distribution of crop protection and environmental science products generally in the form of fungicides, insecticides, herbicides and seed treatment products. It is either the owner of, or entitled to use the intellectual property rights to these products and has at its disposal a specific know-how concerning their production, formulation and use.



The Company is interested in the formulation, distribution and use of these products of BCS AG using the said intellectual property rights and know-how. BCS AG has granted the rights to the Company under its IP rights in India, the exclusive and non-transferable right for the formulation, distribution and use of finished products and raw materials. The Company acts as an independent contractor with respect to all matters as mentioned herein. The Company also supplies to BCS AG certain active ingredients and finished products manufactured in India.

The Company being a part of the Bayer Conglomerate, has access to the group's synergies and technical know how and the brand name which is very critical and essential to carry out its business operations more efficiently in an increasingly globalized and competitive scenario.

In terms of the provisions of Clause 49 of the Listing Agreement, based on past trend, the transactions as described hereunder are likely to exceed 10% of the annual turnover of the Company as per the last audited financial statements of the Company and may exceed the materiality threshold as prescribed under Clause 49 of the Listing Agreement. Thus, in terms of Clause 49 of the Listing Agreement, these transactions would require the approval of the Members by way of a special resolution.

The particulars of the contracts/arrangements/transactions are as under:

Particulars	Information
Name of the related party	Bayer CropScience Aktiengesellschaft ("BCS AG")
Name of the Director or Key Managerial Personnel who is related, if any	None
Nature of relationship	Indirect Holding company of the Company
Material Terms of contracts/ arrangements/transactions	Purchase of goods, Sale of goods (exports), recoveries, professional and support charges incurred and other incidental services. These transactions are in the ordinary course of business and are conducted on an arm's length basis.
Monetary Value of the Contract	Not exceeding ₹ 18,000 Millions in each financial year
Whether the transactions have been approved by the Audit Committee	Yes
Are the transactions in the ordinary course of business	Yes
Whether the transactions would meet the arm's length standard in the opinion of the Company's Transfer pricing consultants	Yes
Any other information relevant or important for the members to make a decision on the proposed transaction	None

The Board of Directors is of the opinion that the aforesaid transactions are in the interest of the Company and therefore recommends the Special Resolution as set out in Item No. 9 of the Notice for approval of unrelated members of the Company in terms of Sub-clause VII (E) of Clause 49 of the Listing Agreement.

None of the Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in this resolution.

#### Item No 10:

Bayer BioScience Private Limited ("BBPL") inter alia is engaged in the activity of development, production, manufacture, purchase and import of different varieties of seeds. The Company carries on the business of manufacturing and selling agrochemicals and other products and has established a wide distribution channel and marketing network. BBPL has appointed the Company for selling and distribution of different varieties of seeds developed, produced or imported by BBPL on non-exclusive basis in India and Nepal.

Since the Company has product expertise on agro chemicals it can penetrate into the market for the distribution of high quality seeds as developed by BBPL. BBPL is a party related to the Company as per the definition of Section 2(76) of the Companies Act, 2013 and Clause 49 of the Listing Agreement entered into with the Stock Exchange.

In terms of the provisions of Clause 49 of the Listing Agreement, based on past trend, the transactions as described hereunder are likely to exceed 10% of the annual turnover of the Company as per the last audited financial statements of the Company and may exceed the materiality threshold as prescribed under Clause 49 of the Listing Agreement. Thus, in terms of Clause 49 of the Listing Agreement, these transactions would require the approval of the Members by way of a special resolution.



The particulars of the contracts / arrangements / transactions are as under:

Particulars	Information
Name of the related party	Bayer BioScience Private Limited ("BBPL")
Name of the Director or Key Managerial Personnel who is related, if any	None
Nature of relationship	Related Party as per Section 2(76) of the Companies Act, 2013
Material Terms of contracts / arrangements/transactions	Purchase of goods (seeds variety), sale of goods, professional and support services, recoveries, rent income/expenses , services and other obligations, if any
Monetary value of the Contract	Not exceeding ₹ 5,500 Millions in each financial year
Whether the transactions have been approved by the Audit Committee	Yes
Are the transactions in the ordinary course of business	Yes
Whether the transactions would meet the arm's length standard in the opinion of the Company's Transfer pricing consultants.	Yes
Any other information relevant or important for the members to make a decision on the proposed transaction	None

The Board of Directors is of the opinion that the aforesaid transactions are in the interest of the Company and therefore recommends the Special Resolution as set out in Item No. 10 of the Notice for approval of unrelated members of the Company in terms of Sub-clause VII (E) of Clause 49 of the Listing Agreement.

None of the Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in this resolution.

By Order of the Board of Directors

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

Thane,  
May 27, 2015

Registered Office:  
Bayer House, Central Avenue  
Hiranandani Estate  
Thane 400 607  
CIN : L24210MH1958PLC011173

**DIRECTORS' REPORT**

Dear Members,

Your Directors take pleasure in presenting the 57<sup>th</sup> 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, 2015.

**Financial Performance:**

(₹ in Millions)

Particulars	2014-15	2013-14
Revenue from Operation (Net)	37,233	32,452
Other Income	879	909
<b>Total Revenue</b>	<b>38,112</b>	<b>33,361</b>
Profit before Finance Costs, Depreciation, Exceptional Items and Taxation	6,034	5,102
Less : Finance Costs	(46)	(48)
Less : Depreciation and Amortisation Expense (including Impairment)	(253)	(646)
<b>Profit before Exceptional Items and Taxation</b>	<b>5,735</b>	<b>4,408</b>
Add/(Less) : Exceptional Items	-	-
<b>Profit Before Tax</b>	<b>5,735</b>	<b>4,408</b>
Less : Tax Expense	(1,905)	(1,513)
<b>Profit After Tax</b>	<b>3,830</b>	<b>2,895</b>
Add : Surplus in Statement of Profit and Loss at the beginning of the year	14,134	16,314
<b>Amount available for Appropriation</b>	<b>17,964</b>	<b>19,209</b>
Appropriations:		
Interim Dividend	146	-
Dividend Distribution Tax on Interim Dividend	25	-
Proposed Dividend	623	201
Dividend Distribution Tax on Proposed Dividend	130	34
Transferred to General Reserve	383	290
Premium paid on Buy-back of shares	-	4,521
Transfer to Capital Redemption Reserve	-	29

**Operations:**

Your Company's Revenue from Operation (Net) has increased by 15%, from ₹ 32,452 Millions in 2013-14 to ₹ 37,233 Millions in 2014-15.

Profit before Exceptional Items and Taxation has increased by 30%, from ₹ 4,408 Millions in 2013-14 to ₹ 5,735 Millions in 2014-15.

**Dividend:**

The Board of Directors is pleased to recommend the payment of final dividend of ₹ 17.00 per Equity Share of ₹ 10 each for the financial year ended March 31, 2015, subject to the approval of the members (previous year ₹ 5.50 per Equity Share of ₹ 10 each). With the final dividend of ₹ 17.00 per Equity Share proposed by the Board of Directors and an interim dividend of ₹ 4.00 per Equity Share already paid, the total dividend for the financial year ended March 31, 2015 amounts to ₹ 21.00 per Equity Share. The Register of Members will remain closed from Saturday, September 05, 2015 to Tuesday, September 15, 2015 (both days inclusive).

**Exports:**

Your Company is a recognised Export House. The export sale (FOB) for the year ended March 31, 2015 was ₹ 6,287 Millions compared to ₹ 4,960 Millions during the previous year.

**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. In addition, 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 fortnightly basis. Foreign currency loans, including interest, if any, are completely hedged.

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



## **DIRECTORS' REPORT** (contd.)

### **Directors' Responsibility Statement:**

Pursuant to the provisions of Section 134(3)(c) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and belief, confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards had been followed;
2. appropriate accounting policies have been selected and applied consistently and such judgments 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 at March 31, 2015 and of the profit of the Company for the financial year ended March 31, 2015;
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the annual accounts have been prepared on a going concern basis;
5. internal financial controls to be followed by the Company have been laid down and that such internal financial controls are adequate and were operating effectively and
6. proper systems to ensure compliance with the provisions of all applicable laws have been devised and that such systems were adequate and operating effectively.

### **Responsible Care and Quality:**

Your Company observed National Safety Week and Fire Prevention Week during the year and conducted various activities throughout the week to spread awareness on safety amongst employees. September 16, 2014 was observed as the Bayer Safety Day. Your Company observed Environment Day at Himatnagar site during the year. A "Road Safety Campaign" was launched in 2012 and was continued in 2014 to increase awareness amongst Bayer employees in India. This year, the theme was "Responsible Driving". Himatnagar Site completed 15 years without lost time injury in 2014.

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. (TUV) and the Company was recertified for ISO 9001:2008. The Environmental Management System for Himatnagar site was audited by TUV and was recertified for ISO 14001:2004.

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

### **Corporate Sustainability and Social Responsibility:**

To Bayer CropScience Limited, sustainability basically means future viability and it forms an integral part of our business strategy. We believe that innovation is essential for achieving sustainable economic success. We at Bayer carefully develop products and services specifically designed to benefit people. In this endeavour, we are committed to achieving the economic, ecological and social responsibility objectives of Sustainable Development.

Sustainable agriculture, higher crop yields and improved crop quality are becoming increasingly important. In this context, ensuring ample food supplies is one of the biggest challenges of our time. Bayer CropScience Limited is developing solutions to this problem and has firmly established the topic of "high-quality food for all" as a central objective of its sustainability programme. For us, the only way to achieve this goal is through sustainable agriculture.

Two key prongs of our commitment to sustainability are improving resource and energy efficiency. At Bayer CropScience Limited, we are constantly working to reduce environmental impact and find innovative product solutions that benefit the environment.

Our mission states -- "Bayer: Science For A Better Life" For us, it is therefore important to contribute to society's future viability and create value in diverse ways. Within the scope of our social commitment, we thus make targeted strategic investments in the areas of science and education, health, social needs and community projects. This commitment is an integral element of our corporate policy.

For Bayer CropScience Limited, India's traditional CSR spend was focussed on rural development. For the future, we intend to make India, a Role Model, with a focus on innovative CSR projects and system-changing social seed-funding under Bayer's strategic CSR policy areas.

The CSR for India portfolio target structure has three distinct pillars:

1. Society Progress Pilots for pioneering ideas and topics of nationwide importance
2. Science Excellence with focus on life science talents and frontier research
3. Community development for neighbourhood projects on farming/rural topics, health and education

### **Corporate Social Responsibility:**

In accordance of the requirements of Section 135 of the Companies Act, 2013, your Company has constituted a Corporate Social Responsibility Committee. The Composition and terms of reference of the Corporate Social Responsibility Committee is provided in the Corporate Governance Report. The Brief outline of the CSR Policy of the Company and the initiatives undertaken by the Company on CSR Activities during the financial year 2014-15 are set out in Annexure "A" of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014.

**DIRECTORS' REPORT** (contd.)**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 24 different training & development initiatives to support the employees in an increasingly dynamic and complex business landscape. The year was marked with special focus on enhancing the feedback culture and on leadership development. Additionally, our employees were nominated to 39 identified external training programs.

Your Company launched its Employer Value proposition – its Employer Brand - 'Passion to Innovate Power to Change'. Bayer's Employer Brand promise is based upon the Bayer strong Corporate Brand – Bayer: Science for a Better Life. It is a reflection of what makes Bayer and what is expected of every employee who joins Bayer. The Employer Brand brings a strong value proposition for future talents and further strengthens Bayer as an Employer of choice.

It 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.

Roll out of the global Bayer Competency Model which forms the base for all HR subsystems. The Model conveys our focus on 8 core and 8 leadership competencies that link our People Processes, Performance Management, Talent Development initiatives across the employee lifecycle.

To establish on-boarding practices to integrate employees smoothly into the organization and to make them productive as quickly as possible, the Bayer Group in India launched an on-boarding process which includes the 'Hello Bayer' portal. New employees are curious to know more about the organization they are going to join. Hello Bayer is an internet based customized India on-boarding portal which offers new employees information so as to help them quickly acclimatize to the organization.

In line with Bayer's talent management philosophy of "Building the Leadership Pipeline" & "Valuing the Expertise of employees", a number of employees went through various Development Centres. These exercises not only built 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 at the Asia Pacific level. An addition to the academy was the SKILL CAMP which is a global marketing and sales initiative.

In continuation to last year's efforts towards providing opportunities for Learning and Development to the employees, additional batches of our employee development initiatives like NIEV - Bayer Management Program and My Growth My Life - Employee Development Program were launched.

Employee relations during the year were harmonious and cordial.

**Directors:**

Mr. Kaikobad B. Mistry retires by rotation and being eligible, offers himself for re-appointment. Dr. Regine Juergens was appointed as an Additional Director of the Company with effect from February 02, 2015. Brief profile of both Directors is given in the explanatory statement annexed to the Notice.

Mr. Tobias Marchand, Non-Executive Non-Independent Director resigned from the Board of the Directors of the Company with effect from closing hours of January 31, 2015.

Dr. Vijay Mallya, Mr. Sharad M. Kulkarni, Mr. A.K.R Nedungadi and Mr. Vimal Bhandari, the Independent Directors have given declaration to the Board that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

**Meetings of the Board:**

During the financial year ended March 31, 2015, five Board Meetings were convened and held. The details of which are given in the Corporate Governance Report.

**Audit Committee:**

All the recommendations made by the Audit Committee were accepted by the Board. The composition of the Audit Committee is given in the Corporate Governance Report.

**Board Evaluation:**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance and that of its committees and individual directors. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

**Nomination and Remuneration Policy:**

The Board has, on the recommendation of the Nomination and Remuneration Committee framed a Nomination and Remuneration Policy in accordance with Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement. The Policy provides for appointment and removal of Directors, Key Managerial Personnel and Senior Management employees and their remuneration. The Policy is stated in the Corporate Governance Report.



## **DIRECTORS' REPORT** (contd.)

### **Whistle Blower Policy (Vigil Mechanism):**

In terms of Section 177 of the Companies Act, 2013 and requirements of Clause 49 of Listing Agreement, the Company has a Whistle Blower Policy as its vigil mechanism. The details of this Policy is explained in the Corporate Governance Report and also posted on the website of the Company.

### **Risk Management Policy:**

The Company has adopted a Risk Management Policy which outlines the risk management framework of the Company. The policy contains the following aspects:

- overview of risk management
- roles and responsibilities of the Board of Directors, Audit Committee and other key personnel of the company with regards to risk management.
- structure for identification, escalation, and minimization of risks
- procedure for risk identification, escalation, and minimization of risks.

The risks identified can be of various types/categories (Risk categorisation). The categories that are being used are Operational/Business, Regulatory/Compliance, People, Information Technology, Environmental and Reputation. The details on risk management are given in the Corporate Governance Report.

### **Information pursuant to Section 197(12) of the Companies Act, 2013:**

The information as prescribed under Section 197(12) of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is set out as an Annexure "E" to the Directors' Report. However, as per the proviso to Rule 5, the Directors' Report and Financial Statements are being sent to the Members excluding the statement giving particulars of employees under Section 197(12). Any Member interested in obtaining a copy of such statement may write to the Company Secretary at the Registered Office of the Company.

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

The information required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 with respect to these matters forms part of this Report and is enclosed as Annexure "B" hereto.

### **Particular of Loans, guarantees or investments under Section 186 of the Companies Act, 2013:**

During the financial year ended March 31, 2015 the Company gave loan to its group companies. As on March 31, 2015 no loan is outstanding. The particulars of the loans is given under Note No. 37 in Financial Statement. The Company did not give any guarantee or provide security in connection with any loan or acquire any securities during the financial year ended March 31, 2015.

### **Related Party Transactions:**

In terms of the requirements as per the Companies Act, 2013 and the Listing Agreement, your Company has formulated a Related Party Transaction Policy. All the transactions entered with related parties are as per the Related Party Transaction Policy and are in the ordinary course of business and at arm's length. Information on transactions with the related parties pursuant to Section 134(3)(h) of the Companies Act, 2013 read with rule 8(2) of the Companies (Accounts) Rules, 2014 are given under Annexure "C".

### **Prevention of Sexual Harassment at Workplace:**

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed off during each calendar year.

- No of complaints received : Nil
- No of complaints disposed off : Nil

### **Extract of Annual Return:**

The details forming part of the extract of the Annual Return in Form MGT 9 is enclosed as Annexure "D" 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 Corporate Governance Report.



**DIRECTORS' REPORT** (contd.)**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.

**Cost Audit:**

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company in respect of 'Insecticides' is required to be audited. Your Directors had, on the recommendation of the Audit Committee, appointed M/s. N. I. Mehta & Co. to audit the cost accounts of the Company pertaining to 'Insecticides' for the financial year ending March 31, 2016.

**Statutory 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 the Companies Act, 2013. 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, 2016.

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 conducting the audit for the financial year ending March 31, 2016.

**Secretarial Audit:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. BNP & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is enclosed as Annexure "F" hereto.

**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, Bayer SAS and Bayer Vapi Private Limited.

For and on behalf of the Board of Directors

Dr. Vijay Mallya  
Chairman

Thane, May 27, 2015



## ANNEXURE “A”

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

**1. A brief outline of the Company’s CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

Bayer CropScience Limited (BCSL) as a market leader in its industry believes that its technological and commercial expertise entails a duty to contribute to Sustainable Development. In awareness of our responsibility as a corporate citizen, we define economy, ecology and social commitment as objectives of equal rank. Bayer has rolled-out Corporate Social Responsibility (CSR) Policy in accordance with the requirement of the legislation. The Policy focuses primarily on two thematic areas: Rural Development and Education.

As prescribed by the law, a Board level CSR Committee has been formed comprising Managing Director, and two other Directors. An Independent Director has also been inducted on the Committee as the Company is listed on the Stock Exchange. The Board level CSR Committee is responsible to formulate and monitor the implementation of the CSR Policy of the respective companies.

To further steer the CSR activities at Bayer Group level, a CSR Steering Committee has been formed comprising representatives from all Bayer companies and some service functions. The Steering Committee is chaired by Vice Chairman and Managing Director of BCSL in India. The Steering Committee is responsible to approve CSR project proposals for all the group companies in India and regularly review the progress as per a well-defined process.

As per the legal mandate, the CSR spend requirement for BCSL for the Fiscal year 2014-15 (April 2014 to March 2015) is ₹ 70.3 Millions.

BCSL CSR programmes are aligned with Bayer strategic areas of science excellence, public health, education and social innovation. Majority of them focus on education and public health. The intent is to make a measurable impact on the conditions of the targeted communities with multi-year programme implementation in partnership with NGOs. Particularly, the programmes are planned in the geographies where Bayer has long term relationships with the neighboring communities. The programmes have been identified through intense discussions with various internal stakeholders and NGOs in order to ensure alignment with the business philosophy, employee ownership, commitment and effectiveness. These programmes, as of now, cover a part of the CSR budget for 2014 and 2015.

Below is a short summary for programmes under implementation:

**i. Mannschaft:**

This is a Social Leadership Program initiated by Bayer India Human Resources Department. Rural development activities are taken up by volunteers in order to contribute to the society and inculcate team spirit within participating Bayer employees. Activities carried out during MannschafTs were school infrastructure repair, set up of Information and Communication Technology lab for school children, low-cost toilet construction and demonstration, Anti-Tobacco Campaign, health and hygiene awareness campaigns in schools. This programme is being implemented by Sarvodaya Integrated Rural Development Society (NGO).

**ii. Water, Agriculture, Sanitation and Hygiene (WASH):**

Social initiatives under this project have four focus areas – water, agriculture, sanitation and hygiene - are targeted at uplifting rural population. The goal is to increase their awareness in areas of conserving the natural resource namely water, its conservation and efficient utilisation with a primary focus on agriculture, sanitation and hygiene. The activities involve ‘Train the trainers’ for the Master Trainers in WASH programme. WASH committees are formed comprising prominent personalities in villages. This programme is being implemented by EFFORT NGO.

**iii. Sanitation and Hygiene in Schools (SAHY) :**

SAHY School Project supports efforts to realise our vision where all children go to schools that provide a safe, healthy and comfortable environment for children. Sanitation and hygiene in schools improves attendance, health and cognitive development, increases girls’ participation, establishes positive hygiene behaviours, offers the opportunity to introduce better practices in families and communities and addresses issues of inequity and exclusion. This programme is being implemented by EFFORT NGO.

**iv. Rehabilitation Programme for Jammu & Kashmir:**

Many schools in Jammu & Kashmir have been affected due to the flooding. Children stopped going to school and also have lost their schools bags and books due to the disaster. We are working with Save The Children Foundation (NGO) for setting up Child Friendly Spaces to ensure education and protection of children from trafficking, providing school and educational kits and also setting up Winter Education Camps to bridge the educational gap and protection needs of children in the region.

**v. Bayer-RVJ School of Agriculture- Vocational Training Centre for Agriculture:**

In November 2007, BCSL, India paid one-time investment to support the establishment of the school. This project provides agricultural vocational training programme to students. An additional funding has been made to upgrade the facilities and be in sync with the new technological developments in the agriculture sector.

**vi. Making Science Makes Sense:**

Making Science Makes Sense (MSMS) activities are designed for students of Class V and VI as it is in these years that science is introduced in schools as a full-fledged subject. The programme is being implemented by Grey Sim Ltd and includes live demonstrations, experiments, audio-visual tools and interactive sessions to enhance the learning experience and make sure that science is taught in a way that's enjoyable and fun. Making Science Makes Sense is organised in Mumbai, Himatnagar and Greater Noida covering 33 Schools and 11,653 children.

The Corporate Social Responsibility Policy is available on the Company's website [www.bayer.in](http://www.bayer.in) under Corporate Governance section.

**2. The composition of the CSR Committee:**

Sr. No.	Name	Designation
1	Mr. Richard van der Merwe Vice Chairman & Managing Director and CEO	Chairman
2	Dr. Thomas Hoffmann Executive Director & CFO	Member
3	Mr. Vimal Bhandari Non-Executive Independent Director	Member

**3. Average Net Profit of the Company for last 3 financial years: ₹ 3,518.6 Millions****4. Prescribed CSR Expenditure (2% of this amount as in item 3 above): ₹ 70.3 Millions****5. Details of CSR spent during the year:**

a. Total amount spent during the financial year: ₹ 34.1 Millions

b. Amount unspent: ₹ 36.2 Millions

c. Manner in which the amount spent during the financial year is detailed below:

Sr. no.	CSR project/ activity identified	Sector in which the Project is covered	Projects/ Programs 1.Local area/ others 2.Specify the state and district where project / program was undertaken	Amount outlay (budget) project/ programs wise (₹ in Millions)	Amount spent on the project/ programs Subheads: 1.Direct expenditure on project or programs (DE) 2.Overheads (OH) (₹ in Millions)	Cumulative expenditure spend upto to the Reporting period. (₹ in Millions)	Amount spent: Direct/through implementing agency
1	Sanitation & Hygiene (SAHY) project aims at 7 schools to provide a safe, healthy and comfortable environment where children grow learn and mature. Sanitation and hygiene in schools improves attendance, health and cognitive development, increases girls' participation, establishes positive hygiene behaviors, offers the opportunity to introduce better practices in families and communities and addresses issues of inequity and exclusion.	CSR activity, under item no.: (i) eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking Water of Schedule VII of Companies Act, 2013	In villages of Ananthavarapadu, Koyavaripalem, Peda Gottipadu, Peta Sanigalla, Mellavagu in Guntur District, Andhra Pradesh	2.85	DE= 2.72 OH =0.13	2.85	EFFORTS (A Society for the Development of Agriculture and Youth)





Sr. no.	CSR project/ activity identified	Sector in which the Project is covered	Projects/ Programs 1.Local area/ others 2.Specify the state and district where project / program was undertaken	Amount outlay (budget) project/ programs wise (₹ in Millions)	Amount spent on the project/ programs Subheads: 1.Direct expenditure on project or programs (DE) 2.Overheads (OH) (₹ in Millions)	Cumulative expenditure spend upto to the Reporting period. (₹ in Millions)	Amount spent: Direct/through implementing agency
2	The "Making Science Make Sense" program provides school students with an insight into everyday natural science phenomena with the help of all kinds of fascinating experiments.	CSR activity, under item no.: (ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;	Mumbai in Maharashtra Himatnagar in Gujarat, Noida in Uttar Pradesh	4.47	DE= 4.25 OH= 0.21	4.47	Grey Sim Ltd.
3	Jammu & Kashmir widespread flooding and landslides has been rendered many homeless and nearly inundated 2500 villages Bayer proposes a long-term integrated rural development in flood affected villages in the districts of Srinagar, Budgam, Pulwama, Anantnag, Poonch and Rajouri. Bayer will work closely with Save the Children foundation in setting up Child Friendly Spaces to ensure education and protection of children from trafficking, providing school and educational kits and also setting up Winter Education Camps to bridge the educational gap and protection needs of children in the region.	CSR activity, under item (i) Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking Water. Schedule VII of Companies Act, 2013 (ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;	Districts of Srinagar, Budgam, Pulwama, Anantnag, Poonch and Rajouri in Jammu & Kashmir	6.83	DE = 6.5 OH = 0.33	6.83	Save The Children (Bal Raksha Bharat)

Sr. no.	CSR project/ activity identified	Sector in which the Project is covered	Projects/ Programs 1.Local area/ others 2.Specify the state and district where project / program was undertaken	Amount outlay (budget) project/ programs wise (₹ in Millions)	Amount spent on the project/ programs Subheads: 1.Direct expenditure on project or programs (DE) 2.Overheads (OH) (₹ in Millions)	Cumulative expenditure spend upto to the Reporting period. (₹ in Millions)	Amount spent: Direct/through implementing agency
4	Vocational Training Centre for Agriculture is a long running program of Bayer in India operational since 2007. The Vocational Training Centre conducts two 6-month courses every year with the intake of 30 students per course. The additional grant proposal is aimed at upgrading the training facilities to be in sync with the advancements in agricultural technology. This will make it more relevant for the students and improve their employment prospects.	CSR activity, under item (i) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;	Tuniki, Medak in Telangana	3.15	DE= 3.00 OH= 0.15	3.15	Vocational Training Center for Agriculture
5	A three year program WASH (Water, Agriculture, Sanitation and Hygiene) is being implemented with the help of a non-profit organisation EFFORT (A Society of Development of Agriculture & Youth). The programme mainly focuses on public health through improving sanitation and conservation of pure natural resources. Preventive health care situation can be improved in the target villages if cleanliness is enhanced and natural resources are protected from pollutants. The methodology mainly involves intense trainings of the rural communities in order to change mind-set and habits.	CSR activity, under item (i) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;	Villages of Holagunda, Kowthamam and Aluru Mandals of Kurnool district in Andhra Pradesh	16.38	DE= 15.6 OH= 0.78	16.38	<b>EFFORTS</b> (A Society for the Development of Agriculture and Youth)



Sr. no.	CSR project/ activity identified	Sector in which the Project is covered	Projects/ Programs 1.Local area/ others 2.Specify the state and district where project / program was undertaken	Amount outlay (budget) project/ programs wise (₹ in Millions)	Amount spent on the project/ programs Subheads: 1.Direct expenditure on project or programs (DE) 2.Overheads (OH) (₹ in Millions)	Cumulative expenditure spend upto to the Reporting period. (₹ in Millions)	Amount spent: Direct/through implementing agency
6	Mannschafft is a Social Leadership Programme initiated by Bayer India Human Resources Department. Rural development activities taken up by Bayer volunteers in order to contribute to the society and inculcate team spirit within participating Bayer employees. Activities carried out during Mannschafft are school infrastructure repair; set up of Information and communication technology lab, Low cost toilet construction and demonstration, Anti-Tobacco campaign, health and Hygiene awareness campaigns in Schools.	CSR activity, under item (i) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;	In Kadivala village, Koppal District, Mangalgudda village, Bagalkot in Karnataka State	0.42	DE= 0.40 OH= 0.02	0.42	SIRDS (Sarvodaya Integrated Rural Development Society)

**6. In case the company has failed to spend the 2% of the Average Net Profit of the last 3 financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report.**

As a part of its initiatives under “Corporate Social Responsibility” (CSR), the Company has undertaken projects for fostering rural development by promoting health and hygiene, education, skills development, livelihoods and environment protection in select villages and fostering education with a focus on urban and semi-urban locations in and around our areas of operations. These projects are in accordance with Schedule VII of the Companies Act, 2013.

Out of the total budgeted CSR spend of ₹ 70.3 Millions for the financial year 2014-15, the Company has spent ₹ 34.1 Millions on the projects as mentioned above. Since the projects have long gestation period it requires considerable amount of study, analysis & implementation. It involves a sizeable amount of resource deployment involving substantial time and efforts on the part of the Company ensuring that the identified CSR projects and programmes are indeed meaningful and supporting the cause of Corporate Social Responsibility. As part of the process to identify eligible projects and programmes, the CSR Committee of the Company requires to be fully satisfied by calling and inviting feasibility reports from various NGO’s such that the contribution to be made by the Company to such programmes and projects is actually utilized for the stated purpose. Having regard to the fact that CSR contribution has been made obligatory with effect from financial year 2014-15, the Company is yet in the process of identifying suitable projects which would serve the cause of CSR in letter and spirit. Probably, the Company would be in a better position in the coming years to spend the required CSR amount in accordance with the Company’s CSR policy.

**7. A Responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the company.**

We hereby declare that implementation and monitoring of the CSR Policy are in compliance with CSR objectives and Policy of the Company.

Mr. Richard van der Merwe  
Chairman - CSR Committee and Vice Chairman  
& Managing Director and CEO

Dr. Thomas Hoffmann  
Member – CSR Committee and  
Executive Director & CFO



## ANNEXURE "B"

Information as per Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the financial year ended March 31, 2015.

## I. CONSERVATION OF ENERGY

## (a) Energy conservation measures taken at Himatnagar plant

Replaced 24 Nos. of Streetlight fixtures (150 W) with LED fixture of 72 W;

Replaced 600 Nos. (40 W) of CFL tube with LED tube light with 18 W;

Procured all new lighting fixtures with LED tube light.

## (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:

		Current Year (April 01, 2014 - March 31, 2015)	Previous Year (April 01, 2013 - March 31, 2014)
<b>A</b>	<b>Power and Fuel Consumption</b>		
	<b>1. Electricity:</b>		
	(a) Purchased: Ankleshwar Plant		
	Unit (KWH)	2,787,880	6,686,628
	Total Amount (₹ in Millions)	11.20	47.93
	Rate / Unit (₹)	4.02	7.17
	(b) Purchased: Himatnagar Plant		
	Unit (KWH)	3,412,905	2,816,310
	Total Amount (₹ in Millions)	25.69	20.44
	Rate / Unit (₹)	7.53	7.26
	(c) Own Generation: Ankleshwar Plant		
	Through gas turbine / generator		
	Units	1,023,870	4,869,284
	Units / Sm <sup>3</sup> of gas	3.64	3.89
	Cost / Unit	10.15	10.55
	(d) Own Generation: Ankleshwar Plant		
	Through diesel generator		
	Units (KWH)	4,792	85,568
	Units / litre of diesel	3.30	3.02
	Cost / Unit	23.88	22.83
	Own Generation: Himatnagar Plant		
	Through diesel generator		
	Units (KWH)	4,824	2,761
	Units / litre of diesel oil	9.05	13.04
	Cost / Unit - No separate unit cost calculated since generation is marginal More diesel consumption for Trial running for keeping generator in order		
	<b>2. Other fuels: Ankleshwar Plant</b>		
	Quantity (Sm <sup>3</sup> ) - Natural Gas	921,122	2,611,294
	Total cost (₹ in Millions)	39.88	107.06
	Rate / Unit (₹)	43.29	41.00
<b>B.</b>	<b>Consumption per unit of production</b>		

**For Himatnagar Plant:** The Company is producing a variety of products and packs in one single production facility (WG, WP, SC, EC) and due to that proper allocation of energy, working cannot be ascertained per unit of consumption.



## II. TECHNOLOGY ABSORPTION:

Efforts made in technology absorption are as under:

### 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

- Profiler 71 WG, a systemic fungicide for use in grape for the control of downy mildew. This formulation will help the farmers in resistance management of downy mildew disease in grape.
- Laudis 420 SC, a post-emergence herbicide for use in maize for control of broadleaf and grassy weeds.
- Belt Expert 480 SC, a combination insecticide for the control of fruit borers and sucking insect pests in chilli.

R&D success continued with 2 new label extensions obtained on existing product registrations, Whip Super 9 EC on Onion and Larvin 75 WP on Pigeon pea.

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 new applications to register products to be launched in future :

- a) New insecticide combination product for the control of insect pests in Chickpea and Cucumber.
- b) New insecticide product for the control of insect pests in Rice.
- c) New systemic fungicide for the control of Alternaria leaf spot disease in Cabbage and yellow rust and powdery mildew in Wheat.

Besides this, 4 new applications for label extensions of existing products on new crops / pests were submitted for approval on various crops like Groundnut, Gherkin, Cucumber and Okra.

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 also 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 year 2015 has an interesting line-up with the expected approval and launch of 3 globally renowned products – new fungicide for the control of downy mildew in Grapes, new post-emergence herbicide for the control of broad leaf and grassy weeds in Maize and new combination insecticide for the control fruit borers and sucking insect pests in Chilli, besides securing key label extensions in Crop Protection.

#### 3. Expenditure on R & D

(₹ in Millions)

(a)	Capital	Nil
(b)	Recurring	222
(c)	Total	222
(d)	Total R&D Expenses are 0.60% 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. 30 to 33 of the financial statements.

**ANNEXURE “C”  
FORM NO. AOC-2**

**[Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]**

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

Bayer CropScience Limited has not entered into any contract or arrangement or transactions with its related parties which is not at arm's length during the financial year 2014-15.

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

The Company has entered into contracts with the related parties which are material in nature, the details of the said material contracts and the information required as given below are provided under Item No. 9 and 10 in the Explanatory Statement annexed to the Notice of the AGM.

- (a) Name(s) of the related party and nature of relationship:** Bayer CropScience Aktiengesellschaft (“BCS AG”) and Bayer BioScience Private Limited (“BBPL”), related party as per Section 2(76) of the Companies Act, 2013.
- (b) Nature of contracts/arrangements/transactions:** Details provided under Item No. 9 and 10 in the Explanatory Statement annexed to the Notice of the AGM.
- (c) Duration of the contracts / arrangements/transactions:** Contract with BCS AG dated July 20, 2006 and Contract with BBPL dated April 16, 2009 are both ongoing.
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any:** Details provided under Item No. 9 and 10 in the Explanatory Statement annexed to the Notice of the AGM.
- (e) Date(s) of approval by the Board, if any:** Not Applicable, since the contract was entered into in the ordinary course of business and on arm's length basis.
- (f) Amount paid as advances, if any:** NIL.

For and on behalf of the Board of Directors

Dr. Vijay Mallya  
Chairman





**ANNEXURE “D”  
FORM NO. MGT-9  
EXTRACT OF ANNUAL RETURN**

**AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2015**

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

CIN	L24210MH1958PLC011173
Registration Date	September 09, 1958
Name of the Company	Bayer CropScience Limited
Category	Company limited by shares
Sub-Category of the Company	Indian Non-government Company
Address of the Registered office and contact details	Bayer House, Central Avenue, Hiranandani Estate, Thane (West) – 400 607 Tel. No.: 91 22 2531 1234 Fax No.: 91 22 2545 5063
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent	TSR Darashaw 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

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sr. No.	Name and Description of Main Products/ Services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Manufacture of insecticides, rodenticide, fungicides, herbicides	20211	43

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name and address of the company	CIN/GLN	Holding/ subsidiary / associate	% of shares held	Applicable section
1.	Bayer AG Leverkuesen, Germany	NA	Holding	10.50	2(46)
2.	Bayer CropScience AG Monheim, Germany	NA	Holding	16.62	2(46)
3.	Bayer SAS Lyon, France	NA	Holding	19.45	2(46)
4.	Bayer Vapi Private Limited Plot No 306/3, II Phase, GIDC, Vapi - 396195	U99999GJ1990PTC049322	Holding	22.39	2(46)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year (1 <sup>st</sup> April, 2014)				No. of Shares held at the end of the year (31 <sup>st</sup> March, 2015)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year (1 <sup>st</sup> April, 2014)				No. of Shares held at the end of the year (31 <sup>st</sup> March, 2015)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
d) Bodies Corp.	5,967,617	-	5,967,617	16.30	8,198,564	-	8,198,564	22.39	6.09
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(1)</b>	<b>5,967,617</b>	<b>-</b>	<b>5,967,617</b>	<b>16.30</b>	<b>8,198,564</b>	<b>-</b>	<b>8,198,564</b>	<b>22.39</b>	<b>6.09</b>
<b>(2) Foreign</b>									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	19,283,290	-	19,283,290	52.66	17,052,343	-	17,052,343	46.57	(6.09)
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2)</b>	<b>19,283,290</b>	<b>-</b>	<b>19,283,290</b>	<b>52.66</b>	<b>17,052,343</b>	<b>-</b>	<b>17,052,343</b>	<b>46.57</b>	<b>(6.09)</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>25,250,907</b>	<b>-</b>	<b>25,250,907</b>	<b>68.96</b>	<b>25,250,907</b>	<b>-</b>	<b>25,250,907</b>	<b>68.96</b>	<b>-</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	3,276,846	290	3,277,136	8.95	3,131,618	290	3,131,908	8.55	(0.40)
b) Banks / FI	11,964	4,598	16,562	0.05	8,338	4,398	12,736	0.03	(0.01)
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	947,253	350	947,603	2.59	762,931	350	763,281	2.08	(0.50)
g) FIs	2,915,346	916	2,916,262	7.96	2,665,143	916	2,666,059	7.28	(0.68)
h) Foreign Venture Capital funds	-	-	-	-	-	-	-	-	-
i) Others-Foreign Portfolio Investors	-	-	-	-	536,559	0	536,559	1.47	1.47
<b>Sub-total (B)(1):-</b>	<b>7,151,409</b>	<b>6,154</b>	<b>7,157,563</b>	<b>19.55</b>	<b>7,104,589</b>	<b>5,954</b>	<b>7,110,543</b>	<b>19.42</b>	<b>(0.13)</b>
<b>2. Non Institutions</b>									
<b>a) Bodies Corp.</b>	<b>1,257,197</b>	<b>4,128</b>	<b>1,261,325</b>	<b>3.44</b>	<b>1,285,999</b>	<b>4,128</b>	<b>1,290,127</b>	<b>3.52</b>	<b>0.09</b>
i) Indian									
ii) Overseas									
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	2,075,955	458,196	2,534,151	6.92	2,088,507	434,577	2,523,084	6.89	(0.03)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	383,373	27,160	410,533	1.12	415,226	27,160	442,386	1.21	0.09
<b>c) Others</b>									
i) Qualified Foreign Investor		25	-	25	-	-	-	-	-
ii) Trusts	4,378	66	4,444	0.01	1,835	66	1,901	0.01	(0.01)
iii) Foreign Companies	-	-	-	-	-	-	-	-	-
iv) Director	-	53	53	-	-	53	53	-	-
<b>Sub-total (B)(2)</b>	<b>3,720,928</b>	<b>489,603</b>	<b>4,210,531</b>	<b>11.50</b>	<b>3,791,567</b>	<b>465,984</b>	<b>4,257,551</b>	<b>11.63</b>	<b>0.13</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>36,123,244</b>	<b>495,757</b>	<b>36,619,001</b>	<b>100</b>	<b>36,147,063</b>	<b>471,938</b>	<b>36,619,001</b>	<b>100</b>	<b>-</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A+B+C)</b>	<b>36,123,244</b>	<b>495,757</b>	<b>36,619,001</b>	<b>100</b>	<b>36,147,063</b>	<b>471,938</b>	<b>36,619,001</b>	<b>100</b>	<b>-</b>



## (ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	No. of shares held of the beginning of the year (1 <sup>st</sup> April, 2014)			No. of shares held of the end of the year (31 <sup>st</sup> March, 2015)			% Change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	
1.	Bayer CropScience AG	6,431,375	17.56	-	6,084,591	16.62	-	(0.95)
2.	Bayer AG	5,729,158	15.65	-	3,844,995	10.50	-	(5.15)
3.	Bayer SAS	7,122,757	19.45	-	7,122,757	19.45	-	-
4.	Bayer MaterialScience Pvt. Ltd.	588,734	1.61	-	-	-	-	(1.61)
5.	Bayer Vapi Private Limited	5,378,883	14.69	-	8,198,564	22.39	-	7.70
		<b>25,250,907</b>	<b>68.96</b>	-	<b>25,250,907</b>	<b>68.96</b>	-	-

## (iii) Change in Promoters' Shareholding

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
<b>1</b>	<b>Bayer CropScience AG</b>				
	At the beginning of the year	6,431,375	17.56	-	-
	April 18, 2014 Decrease in Shareholding (Promoter Inter-se transfer)	(346,784)	(0.95)	6,084,591	16.62
	At the end of the year	-	-	6,084,591	16.62
<b>2</b>	<b>Bayer AG</b>				
	At the beginning of the year	5,729,158	15.65	-	-
	April 18, 2014 Decrease in Shareholding (Promoter Inter-se transfer)	(1,884,163)	(5.15)	3,844,995	10.50
	At the end of the year	-	-	3,844,995	10.50
<b>3</b>	<b>Bayer Vapi Pvt. Ltd.</b>				
	At the beginning of the year	5,378,883	14.69	-	-
	(i) April 25, 2014 Increase in Shareholding (Promoter Inter-se transfer)	1,884,163	5.15	7,263,046	19.83
	(ii) May 02, 2014 Increase in Shareholding (Promoter Inter-se transfer)	935,518	2.55	8,198,564	22.39
	At the end of the year	-	-	8,198,564	22.39
<b>4</b>	<b>Bayer MaterialScience Pvt. Ltd.</b>				
	At the beginning of the year	588,734	1.61	-	-
	April 18, 2014 Decrease in Shareholding (Promoter Inter-se transfer)	(588,734)	(1.61)	-	-
	At the end of the year	-	-	-	-
<b>5</b>	<b>Bayer SAS</b>				
	At the beginning of the year	7,122,757	19.45	-	-
	Increase / Decrease in Shareholding	No change during the year			
	At the end of the year	-	-	7,122,757	19.45



**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year		Shareholding at the end of the year		Net changes	% to capital
		No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the Company		
1	Birla Sun Life Trustee Company Private Limited	942,210	2.57	917,666	2.50	(24,544)	(0.07)
2	HDFC Trustee Company Ltd	613,501	1.68	861,181	2.35	247,680	0.68
3	Pinebridge Investments Asia Limited A/C Pinebridge Investments GF Mauritius Ltd.	434,724	1.19	683,765	1.87	249,041	0.68
4	Indian Syntans Investments (P) Ltd	492,848	1.34	499,848	1.36	7,000	0.02
5	Bajaj Allianz Life Insurance Company Ltd.	658,246	1.80	460,505	1.26	(197,741)	(0.54)
6	Meenakshi Narayanan Investments (P) Ltd	411,539	1.12	421,539	1.15	10,000	0.03
7	DSP Blackrock Mutual Fund	812,736	2.22	415,042	1.13	(397,694)	(1.09)
8	Oppenheimer International Small Company Fund	486,158	1.33	410,143	1.12	(76,105)	(0.21)
9	Wasatch Emerging Markets Small Cap Fund	533,520	1.46	355,034	0.97	(178,486)	(0.49)
10	Franklin Templeton Mutual Fund	155,628	0.42	307,628	0.84	152,000	0.42

**(v) Shareholding of Directors and Key Managerial Personnel:**

For Each of the Directors and KMP		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
(a)	Dr. Vijay Mallya, Chairman				
	At the beginning of the year	53	-	53	-
	Increase / Decrease in Shareholding	No change during the year			
	At the end of the year	53	-	53	-
(b)	Mr. Sharad M. Kulkarni, Director			-	
(c)	Mr. A.K.R. Nedungadi, Director			-	
(d)	Mr. Vimal Bhandari, Director			-	
(e)	Mr. Peter Mueller, Director			-	
(f)	Mr. Kaikobad B. Mistry, Director			-	
(g)	Dr. Regine Juergens, Director			-	
(h)	Mr. Richard van der Merwe (KMP) Vice Chairman & Managing Director and Chief Executive Officer			-	
(i)	Dr. Thomas Hoffmann (KMP) Executive Director & Chief Financial Officer			-	
(j)	Mr. Rajiv Wani (KMP) Vice President – Law, Patents & Compliance and Company Secretary			-	



V. INDEBTEDNESS

The Company has no indebtedness with respect to secured or Unsecured Loans or Deposits.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and/or Manager:

(₹ in Millions)

Sr. No.	Particulars of Remuneration	Mr. Richard van der Merwe	Dr. Thomas Hoffmann	Total Amount
		Vice Chairman & Managing Director and CEO	Executive Director & CFO	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	49.81	29.00	78.81
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	15.38	13.43	28.81
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961			
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit			
	- others, specify			
5	Others, please specify			
	<b>Total (A)</b>	<b>65.19</b>	<b>42.43</b>	<b>107.62</b>
	Ceiling as per the Act	₹ 579.2 Millions (being 10% of the Net Profits of the Company as calculated as per section 198 of the Companies Act, 2013)		

B. Remuneration to other Directors

(₹ in Millions)

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Dr. Vijay Mallya	Mr. Sharad M. Kulkarni	Mr. A.K.R. Nedungadi	Mr. Vimal Bhandari	
(1)	<b>Independent Directors</b>					
	• Fee for attending Board and committee meetings	0.20	0.54	0.60	0.60	1.94
	• Commission	1.25	1.25	1.25	1.25	5.00
	• Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	<b>1.45</b>	<b>1.79</b>	<b>1.85</b>	<b>1.85</b>	<b>6.94</b>
(2)	<b>Other Non-Executive Directors</b>					
	• Fee for attending board / committee meetings	-	-	-	-	-
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (B)=(1+2)</b>	<b>1.45</b>	<b>1.79</b>	<b>1.85</b>	<b>1.85</b>	<b>6.94</b>
	<b>Total Managerial Remuneration (A+B)</b>					<b>114.56</b>
	Overall Ceiling as per the Act	₹ 637.12 Millions (being 11% of the Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013.)				

## C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(₹ in Millions)

Sr. No.	Particulars of Remuneration	Mr. Rajiv Wani
		<b>Vice President – Law, Patents &amp; Compliance and Company Secretary</b>
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	8.28
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.35
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	
2	Stock Option	-
3	Sweat Equity	-
4	Commission	-
	- as % of profit	-
	- others, specify	-
5	Others, please specify	
	<b>Total (A)</b>	<b>8.63</b>

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>			Nil		
(i) Penalty			None		
(ii) Punishment					
(iii) Compounding					
<b>B. DIRECTORS</b>			Nil		
(i) Penalty			None		
(ii) Punishment					
(iii) Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>			Nil		
(i) Penalty			None		
(ii) Punishment					
(iii) Compounding					

For and on behalf of the Board of Directors

Dr. Vijay Mallya  
Chairman



**ANNEXURE “E”**

- a. **Ratio of the remuneration of each Executive Director to the Median remuneration of the Employees of the Company and Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary:**

Name of the Director/KMP	Designation	Ratio of remuneration of each Executive Director to median of remuneration of Employees	Percentage increase in remuneration
Mr. Richard van der Merwe	Vice Chairman & Managing Director and CEO	52:1	Employed for only part of the year during 2013-14. So % increase in remuneration in 2014-15 vis-à-vis 2013-14 will not be comparable
Dr. Thomas Hoffmann	Executive Director & CFO	34:1	13%
Mr. Rajiv Wani	Company Secretary	NA	13%

- b. **The percentage increase in the median remuneration of employees in the financial year :** 13% (excluding workmen)
- c. **The number of permanent employees on the rolls of the Company:** 1,043
- d. **The explanation on the relationship between average increase in remuneration and company performance:**  
Average increase in remuneration is linked to performance for all employees. Key parameters of Company performance such as sales growth, profitability growth etc. form part of the targets assigned to the senior management and then cascaded down under the Company's Performance Management System to all employees. Basis, evaluation of the assigned Company's performance targets, performance is evaluated for all employees. On the basis of such performance evaluation, the remuneration increase is finalised.
- e. **Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:**  
In line with the Company's Compensation philosophy and Variable Pay Plans, annual bonus payouts of its employees including Key Managerial Personnel are directly linked to individual performance as well as that of business/es and performance of Bayer in the Global Stock Markets.  
During the year, revenue from operation (net) grew by 15% and PBT (Profit Before Tax) grew by 30%  
Accordingly, compensation paid to Key Managerial personnel was duly reviewed and approved by the Nomination and Remuneration Committee of the Company.
- f. **Average Percentile increase already made in the salaries of employees other than the managerial personnel in last financial year and Comparison with percentile increase in the managerial remuneration and justification thereof:**  
The Average annual increase for Managerial grade was 22% and for the Non-Managerial grade was 16.5%.
- g. **The Key Parameters of variable component of remuneration availed by Directors:**  
Directors are covered under both Short Term and Long Term Incentive Programmes of the Company.  
While payout under the Short Term Incentive Programme depends on factors such as Individual Performance, performance of Bayer's Earnings Per Share and business performance, payouts under the Long Term Incentive Programme is dependent on movement of Bayer's Earnings Per Share.
- h. **The ratio of remuneration of highest paid Director to that of the employees who are not Directors, but receive remuneration in excess of highest paid Director during the year:**  
None
- i. **Affirmation that the remuneration is as per remuneration policy of the Company:**  
The Company affirms that remuneration is as per the remuneration policy of the Company.



**ANNEXURE “F”**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015**

**[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Personnel) Rules, 2014]**

To  
 The Members  
**Bayer CropScience Limited**  
 Bayer House, Central Avenue  
 Hiranandani Estate  
 Thane West  
 Pin Code 400607

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to corporate practices by **Bayer CropScience Limited** (hereinafter called 'the Company') for the audit period covering the financial year ended on 31<sup>st</sup> March, 2015. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit; we hereby report that in our opinion, the Company has, during the audit period generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (vi) Insecticides Act, 1968 and Insecticides Rules, 1971
- (vii) Seeds Act, 1966 and Seeds Rules, 1968

We have also examined compliance with the applicable clauses of the Listing Agreement entered into by the Company with the Bombay Stock Exchange.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines etc. mentioned above.

During the period under review, provisions of the following regulations were not applicable to the Company:

- (i) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (ii) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (iii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (iv) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (v) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) Secretarial Standards issued by The Institute of Company Secretaries of India (since not approved by the Central Government).

**We further report that -**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.



Adequate notice is given to all Directors to schedule the Board meetings. Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the meetings of the Board of Directors of the Company were carried through on the basis of majority. There were no dissenting views by any member of the Board of Directors during the period under review.

**We further report that–**

There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period, there was no specific event / action having a major bearing on the Company's affairs pursuant to the laws, rules, regulations, guidelines, standards, etc. as referred above.

**For BNP & Associates**  
Company Secretaries

Keyoor Bakshi

**Partner**

FCS 1844 / CP No. 2720

Place: Mumbai

Date: May 27, 2015

## CORPORATE GOVERNANCE REPORT

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Bayer is a world class innovation driven company with a long tradition in research and development. The group's scientific successes are intended to help improve people's lives. At the same time, our innovations form the basis for sustainable business activity. We are continuously striving towards improving people's quality of life by helping to provide an adequate supply of high quality food, feed and renewable plant based raw materials. Our Bayer Group mission "Bayer: Science For A Better Life" is the foundation of what we at Bayer CropScience Limited (Company) strive to achieve within the agricultural sector.

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. The Board of Directors is responsible for and committed to sound principles of Corporate Governance in the Company. The Board plays a crucial role in overseeing how the management serves the short and long term interest of shareholders and other stakeholders.

As a Company, we are committed to operating sustainably and addressing our social and ethical responsibilities as a corporate citizen. The Company's core values play a central role in our daily work and are intended to guide us in fulfilling our mission. These values are represented by the word LIFE: Leadership, Integrity, Flexibility, Efficiency.

Bayer is the name of a promise. A pledge to meet stakeholder expectations fulfilled, for more than 150 years now, despite challenges. At the core of our achievement lies our people approach. Our business success is largely attributable to the knowledge, skills and commitment of our employees. It is their ability to innovate and their willingness to embrace continuous development that drives our position as a world class innovation company. We actively support lifelong learning as a part of our philosophy of people development. Our aim is to empower all employees to broaden their knowledge and skills and keep up with the latest changes throughout their working lives.

To maximize transparency, we provide regular and timely information on the Company's position and significant changes in the business activities to shareholders, financial analyst, the media and general public. 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 and Corporate Compliance Policy which provides guidelines for ethical conduct by our Directors, officers and employees.

#### 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.

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.

With the new Compliance Charta, Bayer is taking its compliance initiatives into a new era. Compliance functions are concentrating on a proactive, risk based and collaborative approach striving at early prevention. In this context, the Compliance Organization has redefined its priorities and now introduces a COMPLIANCE MANAGEMENT SYSTEM based on Business Partnership, Dialogue and Transparency as well as on Continuous Improvement and Innovation. Under the umbrella of "Integrated Compliance Management (ICM)", compliance specialists and those responsible for day-to-day operations work together even more systematically from the very beginning to prevent possible violations of rules and regulations. The site management work closely with local compliance specialists and legal experts in all the countries and regions to analyze the current situation in each relevant area of risk. They will then adapt business processes within the stipulated time to ensure that employees and the business are reliably protected against breaches of compliance. This initiative will further contribute to the integrity of our Company around the globe in accordance with the LIFE values. ICM for the Company focuses on the risk areas such as Antitrust, Anti-Corruption, Conflict of Interest, Data privacy, Foreign Trade Limitation, Insider Trading and Fair & Respectful Work Conditions. Employees affected by the risk areas will be guided and trained to follow the processes to prevent any potential compliance risk.

Bayer expects legally and ethically impeccable conduct from all 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. Employees may contact their respective supervisors or Compliance Officers for support and advice on ensuring legally compliant conduct in specific business situations

### 2. BOARD OF DIRECTORS

The Board of Directors, along with its Committees, provides the leadership and guidance to the management and directs and supervises the performance of the Company, thereby enhancing stakeholder value. The Board comprises such number of Non-Executive, Executive and Independent Directors as required under applicable legislation.

As on date of the Report, the Board consists of a total of nine Directors out of which two are Executive Directors, four Non-Executive



## CORPORATE GOVERNANCE REPORT (contd.)

– Independent Directors, and three Non-Executive Non-Independent Directors. None of the Directors of your Company are related to each other. The number of Directorships, Committee Membership/Chairmanship of all Directors is within respective limits prescribed under the Companies Act, 2013 and Listing Agreement. The necessary disclosures regarding Committee positions have been made by all the Directors.

The Board of Directors appointed Dr. (Ms.) Regine Juergens as Non-Executive Non-Independent Director on the Board of the Company with effect from February 02, 2015. During the year, Mr. Tobias Marchand ceased to be a member of the Board with effect from closing hours of January 31, 2015.

The four Non-Executive Independent Directors are professionals with expertise and experience in general corporate management, finance, accounting, legal 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.

Our definition of 'Independence' of Directors is derived from Clause 49 of the Listing Agreement and Section 149 (6) of the Companies Act, 2013. Annual confirmation and disclosures are received from all the Non-Executive Independent Directors on the Board of the Company. All Non-Executive Independent Directors comply with the requirements of the Listing Agreement applicable to "Independent Director".

### Directorship in other companies / committee position as on March 31, 2015

Sr. No.	Name of Director	Category	No. of other Directorships	No. of other Committee Memberships	
				Chairman	Memberships
1	Dr. Vijay Mallya, Chairman	Non-Executive Independent Director	7	-	1
2	Mr. Richard van der Merwe,* Vice Chairman	Managing Director & CEO	-	-	-
3	Mr. Sharad M. Kulkarni	Non-Executive Independent Director	5	4	2
4	Mr. A.K. R. Nedungadi	Non-Executive Independent Director	2	-	2
5	Mr. Vimal Bhandari	Non-Executive Independent Director	7	1	2
6	Mr. Peter Mueller*	Non-Executive Non-Independent Director	-	-	-
7	Mr. Kaikobad B. Mistry*	Non-Executive Non-Independent Director	-	-	-
8	Dr. Regine Juergens*	Non-Executive Non-Independent Director	-	-	-
9	Dr. Thomas Hoffmann*	Executive Director & CFO	-	-	-

#### Notes:

1. Directorships mentioned above includes alternate directorships, but exclude directorships in private companies, foreign companies and companies incorporated under Section 8 of the Companies Act, 2013.
2. The details mentioned above are for companies other than Bayer CropScience Limited.
3. Committee details consist only of Audit and Stakeholders Relationship Committees.
4. \* Represents promoter group

### 3. BOARD PROCEDURE

The Board/Committee meetings are pre-scheduled and a tentative annual calendar of Board and Committee meetings is circulated to the Directors well in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meeting. However, in case of a special and urgent business need, the Board's approval is taken by passing resolutions by circulation, as permitted by law, which is noted and confirmed in the subsequent Board meeting. The notice of Board meeting is given well in advance to all the Directors. The meetings are governed by a detailed agenda. All issues included in the agenda are backed up by comprehensive



**CORPORATE GOVERNANCE REPORT** (contd.)

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.

The Company held 5 Board meetings during financial year 2014-15 and the gap between two meetings did not exceed 120 days. The dates on which the Board meetings were held are May 30, 2014, July 24, 2014, September 17, 2014, November 11, 2014 and February 02, 2015.

**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 and Annual business performance of the Company
- Minutes of meetings of Audit Committee and other Committees of the Board
- The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary
- Show cause, demand, prosecution notices and penalty notices, which are materially important
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems
- 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.

**Attendance Record of the Directors at Meetings of the Board and the Annual General Meeting (AGM)**

The AGM was held on August 28, 2014. The attendance of the Directors at the Board Meetings and AGM held during the financial year ended March 31, 2015 is as under:

Sr. No.	Name of Director	Board Meetings held in Director's tenure	Attendance	
			Board Meeting (including attendance by video conferencing)	Annual General Meeting
1	Dr. Vijay Mallya	5	4	Yes
2	Mr. Richard van der Merwe	5	5	Yes
3	Mr. Sharad M. Kulkarni	5	4	Yes
4	Mr. A.K.R. Nedungadi	5	5	Yes
5	Mr. Vimal Bhandari	5	5	Yes
6	Mr. Peter Mueller	5	2	No
7	Mr. Tobias Marchand*	4	1	No
8	Mr. Kaikobad B. Mistry	5	1	No
9	Dr. Regine Juergens#	-	-	NA
10	Dr. Thomas Hoffmann	5	5	Yes

\* Ceased to be Director w.e.f. 31.01.2015

# Appointed as a Director w.e.f. 02.02.2015

**Separate Meeting of Independent Directors**

A separate meeting of Non-Executive Independent Directors of the Company, without the attendance of Executive and Non-Independent Directors and the members of management was held on March 16, 2015, and inter alia, the following points were discussed:

- The performance of Non-Independent Directors and the Board as a whole.
- The performance of the Chairperson of the Company taking into account the views of Executive Directors and Non-Executive Directors.
- The quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

Mr. Vimal Bhandari, Mr. Sharad M. Kulkarni and Mr. A. K. R. Nedungadi attended the meeting of Independent Directors, Mr. Bhandari chaired the Meeting.

**CORPORATE GOVERNANCE REPORT (contd.)**
**Board of Director Evaluation and Criteria for evaluation**

The Nomination and Remuneration Committee of the Company approved a Performance Evaluation Policy (Policy) during the year, which was adopted by the Board of Directors. The said policy provides for evaluation of the Board, the Committee of the Board and the Individual Directors, including Chairman of the Board. The criteria for Board Evaluation includes the experience and qualification possessed by the Directors, their relevant expertise that will be of assistance to the management in operating the Company's business, integrity, accountability and judgment of the Directors, to bring in objectivity in the Board proceedings. The policy also sets independence standards for the Independent Directors to follow and adhere to. It also provides for the procedure for evaluation of the Independent Directors and the Board as a whole.

During the year, the first evaluation cycle was completed by the Company internally which included the evaluation of the Non-Independent Directors and the Chairperson based on their performance, attendance in the Board and Committee meeting and their level of participation in the Board proceedings.

**Familiarization Programme for Non-Executive Independent Directors**

As per the provisions of the Listing Agreement with the BSE Limited (BSE), the Company has put in place a familiarization programme for its Non-Executive Independent Directors. This programme aims to provide insights into the Company to enable the Independent Directors in understanding the Company's business in detail and which also facilitates their active participation in the Board matters. The Company familiarizes its Independent Directors with their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company etc., through various programmes. The Independent Directors, from time to time request management to provide detailed understanding of any specific project, activity or process of the Company. The management provides such information and explanation either at the meeting of the Board or otherwise. Upon appointment, the Independent Directors also receive a Letter of Appointment setting out in detail, the terms of appointment, duties and responsibilities. The Familiarization programme for Independent Directors is uploaded on the Company's website under the Corporate Governance section.

**4 COMMITTEES OF THE BOARD**
**Audit Committee:**

The Company's Audit Committee comprises of all four Non-Executive Directors, of which three are Non-Executive Independent Directors and one is a Non-Executive Non-Independent Director. The Audit Committee is headed by Mr. Sharad M. Kulkarni and Mr. A.K.R. Nedungadi, Mr. Vimal Bhandari, Mr. Peter Mueller are its members. Mr. Mueller was appointed as a member of the Committee with effect from September 17, 2014 and Mr. Tobias Marchand ceased to be the member of the Committee with effect from January 31, 2015. All the members of the Committee have relevant experience in financial matters.

The Audit Committee met 4 times during the financial year ended March 31, 2015. The meetings were held on May 30, 2014, July 18, 2014, November 11, 2014 and February 02, 2015. Necessary quorum was present at the meeting.

The attendance at the meetings was as under.

Sr. No	Name of Member	Category	No. of Meetings attended during 2014-15
1	Mr. Sharad. M. Kulkarni	Non-Executive Independent Director	3
2	Mr. A.K.R. Nedungadi	Non-Executive Independent Director	4
3	Mr. Vimal Bhandari	Non-Executive Independent Director	4
4	Mr. Peter Mueller	Non-Executive Non-Independent Director	-

The meetings of Audit Committee are also attended by the Vice Chairman & Managing Director and Chief Executive Officer, Chief Financial Officer, Statutory Auditors and Internal Auditors as special invitees. The Company Secretary acts as the Secretary to the Committee. The minutes of each Audit Committee are placed and confirmed in the next meeting of the Board. 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:**

The terms of reference of Audit Committee, inter alia are as follows:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

**CORPORATE GOVERNANCE REPORT** (contd.)

- a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
  - b) Changes, if any, in accounting policies and practices and reasons for the same
  - c) Major accounting entries involving estimates based on the exercise of judgement by management
  - d) Significant adjustments made in the financial statements arising out of audit findings
  - e) Compliance with listing and other legal requirements relating to financial statements
  - f) Disclosure of any related party transactions
  - g) Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
  6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
  7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
  8. Approval or any subsequent modification of transactions of the company with related parties;
  9. Scrutiny of inter-corporate loans and investments;
  10. Valuation of undertakings or assets of the company, wherever it is necessary;
  11. Evaluation of internal financial controls and risk management systems;
  12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
  13. 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;
  14. Discussion with internal auditors of any significant findings and follow up there on;
  15. 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;
  16. 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;
  17. 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;
  18. To review the functioning of the Whistle Blower mechanism;
  19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
  20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Chairman of the Audit Committee, Mr. Sharad M. Kulkarni, was present at the Annual General Meeting of the Company held on Thursday, August 28, 2014.

**Stakeholders Relationship Committee:**

In terms of Section 178(5) of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Shareholder's/Investor Grievance Committee was renamed as Stakeholders Relationship Committee with effect from May 30, 2014. Following are the terms of reference of the Stakeholders Relationship Committee:

- To consider and effectively redress the shareholders and investor complaints including complaints related to transfer of shares, non-receipt of Annual Reports, non-receipt of declared dividends.

The Stakeholders Relationship Committee is comprised of Mr. A.K.R. Nedungadi, a Non - Executive Independent Director as the Chairman and Mr. Sharad M. Kulkarni, Non - Executive Independent Director, Mr. Richard van der Merwe and Dr. Thomas Hoffmann as the members of the Committee.



## CORPORATE GOVERNANCE REPORT (contd.)

The Committee held 4 meetings during the financial year ended March 31, 2015. The meetings were held on May 30, 2014, July 24, 2014, November 11, 2014 and February 02, 2015. The attendance at the meetings was as under:

Sr. No.	Name of Member	Stakeholders Relationship Committee Meetings held in Member's tenure	No. of meetings attended during 2014-15
1	Mr. A.K.R. Nedungadi	4	4
2	Mr. Richard van der Merwe	4	4
3	Mr. Sharad. M. Kulkarni	4	3
4	Dr. Thomas Hoffmann	4	4

Complaints received and resolved by the Company during the year ended March 31, 2015 is given below:

Source of complaints	April 01, 2014 to March 31, 2015	
	Received	Resolved
Referred by SEBI	1	1
Referred by NSDL	2	2

### 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 sub-committee is as under:

Sr. No.	Name of Member	Designation
1	Mr. Richard van der Merwe Vice Chairman & Managing Director and CEO	Chairman
2	Dr. Thomas Hoffmann Executive Director & CFO	Member
3	Mr. Rajiv Wani Vice President - Law, Patents & Compliance & Company Secretary	Member

### Nomination and Remuneration Committee

In compliance with Section 178 of the Companies Act, 2013, the Board has renamed the existing Remuneration Committee as Nomination and Remuneration Committee with effect from May 21, 2014. The Committee comprises of all four Non-Executive Directors, of which three are Non-Executive Independent Directors. The Nomination and Remuneration Committee comprises of Mr. Vimal Bhandari as the Chairman and Mr. A.K.R. Nedungadi, Mr. Sharad M. Kulkarni and Mr. Peter Mueller as members of the Committee.

The terms of reference of the Nomination and Remuneration Committee are as follows:

- To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees.
- To formulate criteria for evaluation of Independent Directors and the Board.
- To devise a policy on Board diversity.
- To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- To consider, adopt and adhere to the Nomination and Remuneration Policy.

The Committee met four times during the financial year ended March 31, 2015. The meetings were held on May 30, 2014, July 24, 2014, February 02, 2015 and March 16, 2015. The attendance at the meeting was as under:

Sr. No.	Name of Member	Nomination and Remuneration Committee Meetings held in Member's tenure	No. of meetings attended during 2014-15
1	Mr. Vimal Bhandari	4	4
2	Mr. A.K.R. Nedungadi	4	4
3	Mr. Sharad M. Kulkarni	4	3
4	Mr. Tobias Marchand*	2	-
5	Mr. Peter Mueller**	1	-

\*Mr. Tobias Marchand ceased to be the Member of the Committee with effect from January 31, 2015.

\*\*Mr. Peter Mueller was appointed as Member of the Nomination and Remuneration Committee with effect from February 02, 2015.



**CORPORATE GOVERNANCE REPORT** (contd.)**Corporate Social Responsibility Committee:**

As required under Section 135 of the Companies Act, 2013, the Company has constituted a Corporate Social Responsibility Committee which comprises of Mr. Richard van der Merwe as the Chairman and Mr. Vimal Bhandari – Non Executive Independent Director, Dr. Thomas Hoffmann as members of the Committee.

The role of the Corporate Social Responsibility Committee is as follows:

- formulating and recommending to the Board, Corporate Social Responsibility policy and the activities to be undertaken by the Company
- recommending the amount of expenditure to be incurred on the activities undertaken
- reviewing the performance of the Company in the area of Corporate Social Responsibility
- monitoring Corporate Social Responsibility Policy of the Company.

During the financial year ended March 31, 2015, the Committee met once on March 16, 2015.

**5. REMUNERATION OF DIRECTORS****Details of Remuneration paid to Non-Executive Independent Directors and Executive Directors during the financial year ended March 31, 2015****a) Non-Executive Independent Directors**

During the year under review, the sitting fees payable to each Non-Executive Independent Director was increased from ₹ 0.02 Millions for each Board, Nomination and Remuneration Committee and Audit Committee meetings attended to ₹ 0.06 Millions for each Board Meeting and ₹ 0.05 Millions for each Nomination and Remuneration Committee and Audit Committee meetings. With effect from April 01, 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, 2015 are given in the table below:

(₹ in Millions)

Sr. No.	Name of Director	Sitting Fees	Commission	Total
1	Dr. Vijay Mallya	0.20	1.25	1.45
2	Mr. Sharad M. Kulkarni	0.54	1.25	1.79
3	Mr. A.K.R. Nedungadi	0.60	1.25	1.85
4	Mr. Vimal Bhandari	0.60	1.25	1.85

**b) Executive Directors**

Mr. Richard van der Merwe, the Vice Chairman & Managing Director and CEO and Dr. Thomas Hoffmann, Executive Director & CFO were paid remuneration during the financial year ended March 31, 2015 as per their respective agreements with the Company, which has been approved by the Board as well as the members.

The details of the remuneration paid to the Executive Directors during the year ended March 31, 2015 is as under:

(₹ in Millions)

Sr. No.	Name of Director	Position	Salary & Allowances	Perquisites	Total Salary	Contract Period
1	Mr. Richard van der Merwe	Vice Chairman & Managing Director and CEO	49.81	15.38	65.19	February 01, 2014 to January 31, 2019
2	Dr. Thomas Hoffmann	Executive Director & CFO	29.00	13.43	42.43	April 02, 2013 to April 01, 2018

**c) Service contract, notice period and severance fees**

Mr. Richard van der Merwe has been appointed as the Vice Chairman & Managing Director and CEO of the Company with effect from February 01, 2014 by the Board of Directors. The employment contract with Mr. van der Merwe is for a period of 5 years, terminable by 6 months' notice on either side.

Dr. Thomas Hoffmann has been appointed as a Whole-time Director of the Company with effect from April 02, 2013. His employment is contractual for a period of 5 years and is terminable by 6 months' notice on either side.

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



## CORPORATE GOVERNANCE REPORT (contd.)

### 6. POLICIES:

#### Whistle Blower Policy

In terms of the Corporate Compliance Program and the Listing Agreement, the Company has a 'Whistle Blower Policy' with an objective of encouraging the employees and the Directors of the Company 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 as well as Directors to report their concerns which would be looked into and if found appropriate, would be fully investigated and acted upon.

#### 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. Your Company has formulated a 'Policy for Prevention of Sexual Harassment' at workplace, in line with the provision of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules thereunder. The policy aims to provide protection to employees at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure.

#### Code of Conduct for Directors

In compliance with the requirements of Clause 49 of the Listing Agreement, the Company has adopted a Code of Conduct for Directors, including Non-Executive Directors and Senior Management of the Company. All Board members and Senior Management personnel have affirmed compliance with the applicable Code of Conduct. A certificate from Mr. Richard van der Merwe, Vice Chairman & Managing Director and CEO to this effect, is attached to this report.

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

#### Risk Management

Risk management comprises all of the organisational rules and actions for early identification of risks in the course of doing business and 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 monitor and control 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, manner of handling risks, adequacy of mitigating factors, recommending corrective action and reporting to the Audit Committee.

#### Code of Conduct & Code of Fair Disclosures – For Prevention on Insider Trading

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015, the Company has adopted the new Code of Conduct and Code of Fair Disclosures – For Prevention of Insider Trading (Code) with effect from May 15, 2015. The Code is an important governance code to prevent any insider trading activity by dealing in shares of the Company. The Code restricts the Directors, designated persons and any insider to deal in the securities of the Company on the basis of any unpublished price sensitive information, available to them by virtue of their position in the Company.

The Objective of the Code is to protect the interest of the shareholders and to prevent the misuse of any unpublished price sensitive information and to prevent any insider trading activity. The Code is available on the website of the Company under the Corporate Governance section.

### 7. COMPLIANCE OFFICER

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

### 8. GENERAL SHAREHOLDER INFORMATION

#### Annual General Meeting

<b>Date of AGM</b>	:	Tuesday, September 15, 2015
<b>Venue and time</b>	:	Yashwantrao Chavan Pratishthan Auditorium, Y. B. Chavan Centre, Near Mantralaya, Gen. J. Bhonsale Marg, Mumbai - 400 021 at 11.30 a.m.

#### Dates of Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, September 05, 2015 to Tuesday, September 15, 2015 (both days inclusive).

**CORPORATE GOVERNANCE REPORT** (contd.)**Proposed Date of Dividend Payment**

The final dividend of ₹ 17.00 per Equity Share, as recommended by the Board of Directors, if declared at the ensuing 57<sup>th</sup> Annual General Meeting to be held on Tuesday, September 15, 2015 will be paid on or after Friday, September 18, 2015:

- (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 Friday, September 04, 2015.
- (ii) in respect of shares held in dematerialised form, to the beneficial owners of the shares as at the close of business hours on Friday, September 04, 2015 as per details to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

**Financial Calendar**

The financial calendar of the Company is from April 01 to March 31.

**Board Meetings for Quarterly Results**

(Tentative and subject to change)

First Quarter Results	On or before August 14, 2015
Second Quarter and Half yearly results	On or before November 15, 2015
Third Quarter Results	On or before February 14, 2016
Fourth Quarter and Annual Results	On or before May 30, 2016

**Corporate Identification Number (CIN):** L24210MH1958PLC011173

**Registered Office\***

Bayer House, Central Avenue  
Hiranandani Estate  
Thane (West) – 400 607

\*During the year under review the Registered Office of the Company was changed from "Olympia, First Floor, Central Avenue, Hiranandani Gardens, Powai, Mumbai – 400 076" to "Bayer House, Central Avenue, Hiranandani Estate, Thane (West) – 400 607" with effect from January 01, 2015.

**Listing of Equity Shares on Stock Exchange**

Name and Address of Stock Exchange	BSE Limited Phiroz Jeejeebhoy Towers Dalal Street, Mumbai – 400 001.
Scrip Code	506285
Scrip ID	BAYERCROP
ISIN	INE462A01022 (NSDL & CDSL)

The Company has paid the annual listing fees.

**Stock Price Data**

The monthly high and low price of the Company's shares on BSE from April 1, 2014 to March 31, 2015 was as under:

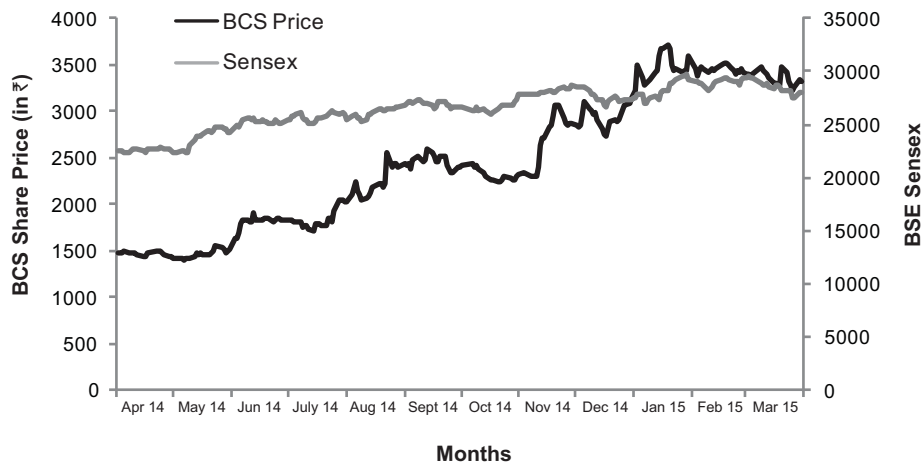
Month	Share Prices (in ₹)	
	High	Low
April 2014	1,535.00	1,410.00
May 2014	1,584.25	1,384.55
June 2014	1,939.00	1,505.55
July 2014	2,075.00	1,681.00
August 2014	2,657.60	2,005.00
September 2014	2,710.00	2,292.05
October 2014	2,479.00	2,220.05
November 2014	3,152.40	2,289.00
December 2014	3,228.00	2,713.75
January 2015	3,819.90	3,177.00
February 2015	3,615.00	3,350.00
March 2015	3,628.75	3,192.80



## CORPORATE GOVERNANCE REPORT (contd.)

### Stock Performance

BCSL Share Price vis-a-vis BSE April 01, 2014 to March 31, 2015:



### Registrars & Share Transfer Agents:

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

TSR DARASHAW LIMITED (Unit – Bayer CropScience Limited)  
 6-10, Haji Moosa Patrawala Industrial Estate,  
 20, Dr. E. Moses Road, Near Famous Studio, Mahalaxmi, Mumbai - 400 011.  
 Tel No.: 022-6656 8484  
 Fax No.: 022-6656 8494  
 e-mail: [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com)  
 Website: [www.tsrdarashaw.com](http://www.tsrdarashaw.com)  
 Contact Person: Ms. Mary George

Investors may also contact the following TSRDL branch offices / agent:

#### a) Branch Offices of TSRDL

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

#### b) Agent of TSRDL

Shah Consultancy Services Limited  
 3, Sumatinath Complex,  
 2<sup>nd</sup> Dhal, Pritam Nagar, Ellisbridge,  
 Ahmedabad-380 006  
 Telefax: 079-2657 6038  
 E-mail: [shahconsultancy8154@hotmail.com](mailto:shahconsultancy8154@hotmail.com)



**CORPORATE GOVERNANCE REPORT** (contd.)**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 office of the TSRDL 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.

**Distribution of shareholding as on March 31, 2015**

Range of Shares	Number of Shareholders	Number of Shares	Percentage to Total Shareholders
1 - 500	19,752	1,423,392	94.80
501 - 1,000	552	401,069	2.67
1,001 - 2,000	269	377,455	1.31
2,001 - 3,000	69	170,866	0.33
3,001 - 4,000	32	113,431	0.15
4,001 - 5,000	24	107,094	0.12
5,001 - 10,000	48	343,420	0.23
10,001 and above	81	33,682,254	0.39
<b>Total</b>	<b>20,647</b>	<b>36,619,001</b>	<b>100</b>

**Shareholding Pattern as on March 31, 2015**

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
<b>(A) Promoter and Promoter Group</b>				
(1) Indian Body Corporate	1	8,198,564	8,198,564	22.39
(2) Foreign Body Corporate	3	17,052,343	17,052,343	46.57
<b>Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)</b>	<b>4</b>	<b>25,250,907</b>	<b>25,250,907</b>	<b>68.96</b>
<b>(B) Public Shareholding</b>				
<b>(1) Institutions</b>				
(a) Mutual Funds / UTI	58	3,131,908	3,131,618	8.55
(b) Financial Institutions / Banks	22	12,736	8338	0.03
(c) Insurance Companies	9	763,281	762,931	2.08
(d) Foreign Institutional Investors	65	2,666,059	2,665,143	7.28
(d) Foreign Portfolio Investors - Corp	16	536,559	536,559	1.47
Sub-total (B)(1)	<b>170</b>	<b>7,110,543</b>	<b>7,104,589</b>	<b>19.41</b>
<b>(2) Non-Institutions</b>				
(a) Bodies Corporate	565	1,290,127	1,285,999	3.52
(b) Individuals –				
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	19,897	2,523,084	2,088,507	6.89
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	6	442,386	415,226	1.21
(c) Any Other				
i. Director	1	53	0	0.00
ii. Trusts	4	1,901	1,835	0.01
Sub - total (B)(2)	<b>20,473</b>	<b>4,257,551</b>	<b>3,791,567</b>	<b>11.63</b>
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>20,643</b>	<b>11,368,094</b>	<b>10,896,156</b>	<b>31.04</b>
<b>Total (A)+(B)</b>	<b>20,647</b>	<b>36,619,001</b>	<b>36,147,063</b>	<b>100.00</b>



## CORPORATE GOVERNANCE REPORT (contd.)

### List of Top 10 shareholders as on March 31, 2015

Sr. No.	Name of Shareholders	Number of shares	Percentage to Total Share Capital
1	Bayer Vapi Private Limited	8,198,564	22.39
2	Bayer SAS	7,122,757	19.45
3	Bayer CropScience AG	6,084,591	16.62
4	Bayer AG	3,844,995	10.50
5	Birla Sun Life Trustee Company Pvt. Ltd.	917,666	2.51
6	HDFC Trustee Company Limited	861,181	2.35
7	Pinebridge Investments Asia Limited A/c Pinebridge Investments GF Mauritius Limited	683,765	1.87
8	Indian Syntans Investments (P) Limited	499,848	1.36
9	Bajaj Allianz Life Insurance Company Limited	460,505	1.26
10	Meenakshi Narayanan Investments (P) Ltd.	421,539	1.15

### Pledge of Equity Shares

None of the Equity Shares held by the Promoters and / or Promoter Group as on March 31, 2015 have been pledged or otherwise encumbered.

### 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 TSRDL, both physically and electronically. On receipt of the physical documents and electronic request routed through the Depository, TSRDL shall dematerialise the shares and give a credit into the member's demat account maintained with the DP.

As of March 31, 2015 - 36,147,063 shares constituting 98.71% of the total shares issued by the Company are in dematerialised form.

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

Not Applicable

### Plant Location

66/1 to 75/2, G.I.D.C. Industrial Estate, Himatnagar 383 001, Gujarat

### Address for correspondence:

Investors can correspond with

- The Company at the following address :  
Bayer CropScience Limited  
Law, Patents & Compliance Department  
Bayer House, Central Avenue,  
Hiranandani Estate,  
Thane (West) - 400607.  
Tel. No.: 91 22 2531 1234  
Fax No.: 91 22 2545 5063  
e-mail: ir\_bcs@bayer.com  
Website: www.bayer.in

**CORPORATE GOVERNANCE REPORT** (contd.)

2. TSRDL at their following address:  
 TSR DARASHAW LIMITED (Unit – Bayer CropScience Limited)  
 6-10, Haji Moosa Patrawala Industrial Estate,  
 20, Dr. E. Moses Road, Near Famous Studio,  
 Mahalaxmi, Mumbai - 400 011.  
 Tel 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 TSRDL at the address mentioned above

The Company has a specific investor grievance e-mail ID as under:

ir\_bcs1@bayer.com

**8. OTHER DISCLOSURES****Details of Annual General Meetings held in the past 3 years:**

Year	Venue	Date	Time
2013-14	Yashwantrao Chavan Pratishthan Auditorium, Y. B. Chavan Centre, Gen. J. Bhonsale Marg, Mumbai 400 021	August 28, 2014	11.30 a.m.
2012-13	Yashwantrao Chavan Pratishthan Auditorium, Y. B. Chavan Centre, Gen. J. Bhonsale Marg, Mumbai 400 021	August 29, 2013	12.15 p.m.
2011-12	Rangaswar Hall, 4th Floor, Y. B. Chavan Center, Gen. J. Bhonsale Marg, Mumbai 400 021	August 24, 2012	2.00 p.m.

**Special resolution passed in the previous 3 Annual General Meetings**

Re-appointment of Dr. Thomas Hoffmann as a Director and also the Whole-time Director of the Company with effect from April 2, 2013. Passed unanimously at the AGM held on August 29, 2013.

**Postal Ballot**

During the year under review, a Special Resolution under Section 12 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 seeking approval for shifting of Registered Office of the Company from "Olympia, First Floor, Central Avenue, Hiranandani Gardens, Powai, Mumbai – 400 076" to "Bayer House, Central Avenue, Hiranandani Estate, Thane (West) – 400 607" with effect from January 1, 2015 was passed by a postal ballot. The Postal Ballot was conducted pursuant to Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 as set out in the Notice dated November 11, 2014. The Board had appointed Mr. N. L. Bhatia, Practising Company Secretary, as the scrutinizer to conduct the Postal Ballot process.

The said resolution was passed by the requisite majority.

**Voting Pattern:**

Voting	Number of Votes	% of Total Votes
Votes For	31,073,119	99.997
Votes Against	1,051	0.003
Total	31,074,170	100.00

**Related Party Disclosures**

The Company has not entered into any materially significant related party transactions with its Promoters, Directors, or Management, their subsidiaries or relatives, etc that may have potential conflict with the interests of the Company at large. All material transactions entered into with the related parties as defined under the Companies Act, 2013 and Clause 49 of the Listing Agreement during the financial year were in the ordinary course of business and at arm's length. Transactions with related parties as per the requirements of Accounting Standards 18 are disclosed in the Notes to Financial Statements.



## CORPORATE GOVERNANCE REPORT (contd.)

The Board has approved the policy for Related Party Transactions which has been uploaded on the website of the Company. All transactions with the related parties are as per the Board approved policy and are in the ordinary course of business and are at arm's length.

### 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.

### Means of communication

**Financial Results:** The quarterly, half-yearly and annual results of the Company are sent to BSE immediately after these are approved by the Board. The results are also published in widely circulated newspapers, viz. The Financial Express and the Loksatta.

**Website:** The results are also regularly posted on the Company's website: [www.bayer.in](http://www.bayer.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, Code of Conduct & Code of fair Disclosures – For prevention of insider trading etc. are also available on the Company's website.

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. Office of the Chairman

Your Company maintains the office of the Chairman at Ewart House, 1st Floor, 22, Homi Mody Road, Mumbai – 400 023.

For and on behalf of the Board of Directors

Dr. Vijay Mallya  
Chairman

Thane, May 27, 2015

## 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 / TSRDL – 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.

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**CORPORATE GOVERNANCE REPORT** (contd.)**COROPORATE 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, 2015, as stipulated in Clause 49 of the Listing Agreement of the Company with the BSE Limited.

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 27, 2015





## CORPORATE GOVERNANCE REPORT (contd.)

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

We, Richard van der Merwe, Vice Chairman & Managing Director and Chief Executive Officer and Dr. Thomas Hoffmann, Executive 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, 2015, 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.

**Mr. Richard van der Merwe**  
Vice Chairman & Managing Director and  
Chief Executive Officer  
(DIN: 06768305)

**Dr. Thomas Hoffmann**  
Executive Director &  
Chief Financial Officer  
(DIN: 06485949)

Thane, May 27, 2015

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### 1. OVERVIEW OF AGRICULTURAL SECTOR

Agriculture remains a dominant sector of the Indian economy both in terms of contribution to gross domestic product (GDP) as well as a source of employment to millions across the country. Over 50 per cent of the rural households depend on agriculture as their principal means of livelihood. Agriculture, along with fisheries and forestry, accounts for one-third of the nation's GDP and is its single largest contributor. Agriculture derives its importance from the fact that it has vital supply and demand links with the manufacturing sector. The total Share of Agriculture & Allied Sectors (Including agriculture, livestock, forestry and fishery sub sectors) in terms of percentage of GDP is 14%. As per the estimates released by Central Statistics Office, Agricultural exports constitute a fifth of the total exports of the country.

For the 12<sup>th</sup> Plan (2012-17), a growth target of 4% was set for Indian Agriculture. Deficit monsoon of 2014 and unseasonal rains of February-March this year took its toll on the overall food grain production in the country, pushing down the total output during 2014-15 by nearly 5%.

The latest government estimate puts the figure of total food grain production during the 2014-15 crop year at 251.12 million tonnes which is lower by 13.92 Millions tonnes than last year's record food grain production of 265.04 Millions tonnes.

In order to keep up the momentum gained during the 11th Plan and achieve the targeted growth rate of 4% during the 12th Five Year Plan, a focused approach was adopted to avoid the overlap between various schemes. All ongoing 51 schemes of the Department have been restructured into five missions viz. National Food Security Mission (NFSM), Mission for Integrated Development of Horticulture (MIDH), National Mission on Oil Seed and Oil Palm (NMOOP), National Mission for Sustainable Agriculture (NMSA), and National Mission on Agricultural Extension & Technology (NMAET); five Central Sector Schemes viz. National Crop Insurance Programme (NCIP), Intergrated Scheme on Agri-Census & Statistics (ISAC&S), Integrated Scheme of Agriculture Marketing (ISAM), Integrated Scheme of Agriculture Cooperation (ISAC) and Secretariat Economic Service; and one State Plan Scheme viz. Rashtriya Krishi Vikas Yojana.

Recognizing the importance of the Agriculture Sector, the Government during the budget 2014-15 took a number of steps for sustainable development of Agriculture. These steps include enhanced institutional credit to farmers; promotion of scientific warehousing infrastructure including cold storages and cold chains in the country for increasing shelf life of agricultural produce; improved access to irrigation through Pradhan Mantri Krishi Sichayee Yojana; provision of Price Stabilisation Fund to mitigate price volatility in agricultural produce; mission mode scheme for Soil Health Card; setting up of Agri-tech Infrastructure Fund for making farming competitive and profitable; provide institutional finance to joint farming groups of "Bhoomi Heen Kisan" through NABARD; development of indigenous cattle breeds and promoting inland fisheries and other non-farm activities to supplement the income of farmers.

### 2. INDUSTRY DEVELOPMENT

The global seed and crop protection market continued to show dynamic development in 2014. There was a further tangible increase in the demand for high-value seeds.

In 2014-15, the Indian Crop Protection market grew at an estimated low double digit rate, which was less than 2013-14 but still better than expected despite deficient monsoon. Area under Rice recovered in spite of late rains and provided opportunity for increased usage of herbicides. Cotton acreages increased to record 12.7 million ha. Excellent prices of Fruits & Vegetables led to increased usage of high value products. There was considerable reduction in acreages of Pulses & Soybean.

2014-15 was again a mixed year for the seeds business. Poor monsoon affected Hybrid Rice & Millet crops. However Cotton had an excellent year with record acreages. The outlook for these crops remains positive subject to normal monsoon.

India has ~190 Million hectares of gross cultivated area and the scope for bringing new area under cultivation is severely limited. Available arable land has been reducing and is expected to reduce further. India has low crop productivity as compared to other countries. At the same time, India's pesticide consumption is also low as compared to the world average. Hence, increased usage of pesticides could help the farmers improve crop productivity.

Government initiatives to provide credit facilities to farmers in the rural areas will provide boost to the agriculture industry. Access to finance would encourage them amongst others to use more pesticides and high value seeds in order to improve the crop yield.

Apart from this, factors such as growing farmer awareness, hybridization, increasing farmer income, increasing demand for food, increased focus on R&D and expansion of contract farming are expected to drive consumption of agrochemicals & seeds.

### 3. REVIEW OF FINANCIAL AND OPERATIONAL PERFORMANCE

Bayer CropScience Limited's Revenue from operation (Net) increased by 15%, from ₹ 32,452 Millions in 2013-14 to ₹ 37,233 Millions in 2014-15. Profit before exceptional items and tax increased by 30%, from ₹ 4,408 Millions in 2013-14 to ₹ 5,735 Millions in 2014-15.

Bayer CropScience Limited is an innovation driven company. The Company's success is based on the development of new products, technologies, processes and business models. Providing new and better solutions to farmers has always been a key priority. "Bayer Labhsutra" is one such approach where the effort has been to offer solutions to farmers where they can earn more than their conventional practices. In 2014-15, your Company conducted 2000 field trials to demonstrate these benefits to farmers in geographies across India. Farmers have seen convincing results from Bayer Labhsutra, in the form of an increase in quantity and quality of produce and increased net profits.



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT (contd.)

In the year 2014-15, Bayer CropScience Limited successfully grew its innovative Crop Protection business with flagship products like Confidor®, Regent®, Nativo® and Fame™. Your Company successfully launched Raxil Easy in 2014 which will further strengthen our position in Seed Growth.

In the Agri-Seeds, we had excellent sales of Surpass® First Class. Hybrid rice did relatively well and established our claim of superior performance even under moisture stress conditions. The Company also launched Arize® Swift Gold and Arize® 6201 Gold to strengthen our portfolio in Rice. In Mustard, 5222 was spread across geographies and Hybrid 5111 was introduced in the North East for early segment.

In 2014-15, your Company further consolidated on innovative projects which helped gain an edge over competition. Labour scarcity and its increased cost has become a major driver for adoption of technology in agricultural operations. Rice farmers in India also face this issue. Labour availability, reliability and increasing costs due to a short transplanting window has become a major show stopper. Farmers in intensive cultivation areas are looking for alternate solutions. With the Bayer GrowPro initiative, your Company offered customized “Bayer Healthy Seedlings” which were mechanically transplanted in the fields of Rice farmers. Mechanical Rice Transplanting combined with post transplantation advisory through the Bayer Labhsutra Program provided good value to farmers and created competitive advantages for your Company.

With an objective of creating “shared value”, our “Food Chain Partnerships” aim at providing farmers with innovative crop protection products, seeds and services, as well as advisory on optimal use of products and applications. Farmers benefit through better market access, more secure income, better technological solutions, higher yields, and cost-effective, sustainable use of agrochemicals. The Company has been continuously extending the scope of these associations with various food retailers, processors and exporters, which have now become an integral part of our business. In 2014-15, your Company further strengthened projects in key crop. Today your Company has 33 well prospering food chain partnerships, across 147 locations, covering more than 77,000 hectares and benefiting more than one lac farmers.

Your Company also completed the ambitious project of segmenting close to 3 million farmers of the country. In the process, we generated valuable insights which will go a long way in not only providing customized solutions to farmers but also creating a huge competitive advantage for your company. We are also piloting suitable technology platforms to automate our demand generation activities using the insights generated from farmer segmentation. It will ensure that we reach the targeted customers in most efficient manner in a market which is highly fragmented. Your Company is also leveraging different commercial excellence initiatives which we undertook over last few years, to serve our consumers and channel partners better.

Environmental Science’s aspiration is to provide our customers first-choice solutions to protect and care for the environment in which we all live, work and play. It aims to provide greater environmental hygiene and health benefits, as well as to improve living standards and comfort in the various markets.

Year 2014-15 has been a very good year for Environmental Science business. Professional Pest Control business grew at a very healthy rate. We increased our footprint by engaging directly with large Pest Management Professionals (PMPs). These activities yielded good results in growing the Pest Control Operations (PCO) business. Currently your Company has 57 Bayer Network PCOs across India. We also got very good response to new launches Agenda® & Racumin®. A new product Sure was launched in March 2014. Premise, a termite control product also had excellent performance.

#### 4. OPPORTUNITIES AND OUTLOOK

The Indian agriculture sector is expected to grow with better momentum in the next few years owing to increase in investment in agricultural infrastructure such as irrigation facilities, warehousing and cold storage. Factors such as reduced transaction costs, time, better port gate management and fiscal incentives will also contribute to this upward trend. Furthermore, the increased use of high value seeds, hybrids and genetically modified crops is also expected to better the yield of the Indian farmers. The 12<sup>th</sup> Five Year Plan’s estimates of expanding the storage capacity to 35 million tonnes and the target of achieving an overall growth of 4 per cent will also go a long way in modifying the overall face of the Indian agriculture sector in the next few years.

Per hectare consumption of pesticides in India is amongst the lowest in the world and currently stands at 0.6 kg/ha. On the other hand consumption in developed nations ranges from 5-7 kg/ha whereas at 13 kg/ha in China. In order to increase yield and ensure food security for its enormous population agrochemicals penetration in India is bound to go up.

Sustainable agriculture, higher crop yields and improved crop quality will become more important. There will also be an enhanced role of technology in agricultural operations. Increasing labour shortage and its ever escalating cost will drive not only usage of herbicides but also mechanization in agriculture. Farmers will look for mechanized solutions in the area of various agricultural operations.

Swelling farm incomes, encouraged by good commodity prices, will further encourage farmers in spending on qualitative inputs for achieving higher yields, better quality and a more favorable return on investment.

Expansion of modern retail will change the consumption pattern. There will be increased demand for newer, better products which will increase crop diversification. This will drive farmers to leverage the latest technologies and crop varieties to meet changing demand patterns. This will also drive employment opportunities in rural areas.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT** (contd.)

Your Company is aligning its corporate planning to these long-term trends in the agricultural markets. Our aim is to help shape the future of the agricultural industry, increase its productivity and thus generate profitable and sustainable growth for our business. We aim to enhance our Crop Protection portfolios by adding new and improved products, concentrating on core brands and offering integrated solutions in major crops. Support for this endeavor is provided by our important technology platform for both chemical and biological crop protection. We are investing heavily in the expansion of our production capacities to meet rising demand of our products.

**5. RISKS, CONCERNS AND THREATS**

Indian agriculture primarily is rain fed agriculture. More than 55% of area under cultivation is dependent on rains. Our Crop Protection and Seeds businesses are directly influenced by the amount of rainfall, its distribution and water reservoir levels. This has a direct impact on the choice of crops cultivated by the farmer and total cultivated area during the year. Under such circumstances, the industry's performance will largely depend on timely and adequacy of rainfall.

Stringent environment regulations across the world are increasing the cost of developing new products and simultaneously may delay the introduction of new products in the market.

It is important to educate the farmers about safe usage of pesticides, such as the selection of appropriate kind of pesticide, dosage rates, frequency and timing of application, as well as operator safety. However it is not easy to reach to the farmers owing to infrastructure issues, regional languages and dialects. The main point of contact between the farmers and the manufacturers are the retailers who will have to take a higher share in capacity building and training of farmers. Overall the role of agriculture extension becomes very critical in addressing this need gap. Your company recognizes the importance of this critical requirement of farmers. Our network of over 3,000 trained farm advisors and a well-qualified sales team coupled with our extensive distribution network will continue to deliver the right solution at the right time to farmers.

There is a significant share of non-genuine pesticides which can be counterfeit, spurious, adulterated or sub-standard. According to industry estimates the non-genuine pesticides could account for up to 40% of the pesticides sold in India in FY13. These products are inferior formulations which are unable to kill the pests or kill them efficiently. Some such products do perform but leave by-products which may significantly harm the soil and environment. The damage through such products is multifold. Some of the key reasons for use of non-genuine products are lack of awareness amongst the farmers, difficulty in differentiating between genuine and non-genuine products, supply chain inefficiencies, law enforcement challenges and influencing power of distributors/retailers.

**6. CORPORATE SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY 2014-15**

For Bayer CropScience Limited (Company), sustainability basically means future viability and it forms an integral part of our business strategy. We believe that innovation is essential in achieving sustainable economic success. We at Bayer carefully develop products and services specifically designed to benefit people. In this endeavour, we are committed to achieving the economic, ecological and social responsibility objectives of Sustainable Development.

Ensuring ample food supplies is one of the biggest challenges of our time. The Company is developing solutions to this problem and has firmly established the topic of "high-quality food for all" as a central objective of its sustainability programme. Our mission states "Bayer: Science For A Better Life". For the Company, it is therefore important to contribute to society's future viability and create value in diverse ways starting with business strategy which is aimed at creating value for all stakeholders including farmers. It is the inherent nature of our business.

Our commitment to sustainability is also aimed at improving resource and energy efficiency. At Bayer CropScience Limited, we are constantly working to reduce environmental impact and find innovative product solutions that benefit the environment.

**7. PUBLIC PRIVATE PARTNERSHIPS**

Operating on a continuum between private enterprises and traditional government institutions, PPPs (Public Private Partnerships) have become a major vehicle for delivery of innovative projects in agriculture. Bayer CropScience has also a fair share of these projects where we work along with government and generate value for farmers of India.

**CITI-CDRA (Confederation of Indian Textile Industries' Cotton Development and Research Association)**

The Rajasthan Cotton Collaborative Project is an example of empowering marginalized farming communities in a sustainable way. The project was initiated in 2008 in the tribal Banswara district of South Rajasthan and extended to adjoining districts of Bhilwara and Rajsamand in 2009. The project was the result of a Public Private Partnership (PPP) between Bayer CropScience Limited and CITI-CDRA (Confederation of Indian Textile Industries' Cotton Development and Research Association) and the Department of Agriculture, Rajasthan. The project was shifted to 4 central districts of Rajasthan from 2012 viz. Ajmer, Nagaur, Jodhpur & Pali. The joint efforts made by all the participating agencies along with the dedicated project team led to significant increase in productivity and farm income of the participating farmers which led to Rajasthan emerging as the state with highest Cotton productivity in the country with average 780 kg lint /ha in 2014.



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT (contd.)

### **Maharashtra PPP-IAD (Public Private Partnership For Integrated Agriculture Development)**

The project was initiated in 2011 under New Vision on Agriculture promoted by World Economic Forum (NVA- WEF). Bayer CropScience is actively participating as a technology / supporting partners with 5 projects (2014-15) in Tomato, Vegetables, Grapes, Pomegranate and Rice. So far we have supported 4000 farmers with good agricultural practices thereby improving their ROI.

### **Collaboration with CIMMYT for productivity enhancement in Cereal Systems in South Asia**

The collaboration initiated in 2009 with CIMMYT (International Maize and Wheat Improvement Centre) is to improve rice-wheat cropping system in Indo- gangatic plains through field adaptive research to increase the cereals productivity on a sustainable basis. The collaboration focuses on use of rice hybrid technology and efficient use of other key inputs besides encouraging conservation agriculture practices. This collaboration will certainly help decrease hunger and malnutrition and increase food and income security of resource-poor farm families in South Asia through the accelerated development and inclusive deployment of new varieties, sustainable management technologies, and policies.

Within the scope of our social commitment, we make targeted strategic investments in the areas of science and education, health, social needs and community projects. This commitment is an integral element of our corporate policy.

## **8. INTERNAL CONTROL SYSTEMS**

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

## **9. 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.



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## 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, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements 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.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's 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 auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2015', issued by the Central Government of India in terms of sub-section (11) of Section 143 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 3 and 4 of the Order.



## INDEPENDENT AUDITORS' REPORT

### To the Members of Bayer CropScience Limited

10. As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the Directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
  - i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2015 on its financial position in its financial statements – Refer Notes 5 and 25.
  - ii. The Company has long-term contracts as at March 31, 2015 for which there were no material foreseeable losses and there are no long term derivative contracts as at March 31, 2015.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2015.

**For Price Waterhouse**

Firm Registration Number: 301112E  
Chartered Accountants

**Uday Shah**

Partner

Membership Number: 046061

Place : Mumbai

Date : May 27, 2015

**ANNEXURE TO INDEPENDENT AUDITORS' REPORT**

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Bayer CropScience Limited on the financial statements as of and for the year ended March 31, 2015.

- 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.
- 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 any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a) and (iii)(b) of the said 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. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (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 sales tax, income tax, duty of excise, service tax, value added tax and professional tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, wealth tax, duty of customs, cess 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 and cess 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, duty of customs, duty of excise, value added tax as at March 31, 2015 which have not been deposited on account of a dispute.  
(c) The amount required to be transferred to Investor Education and Protection Fund has been transferred within the stipulated time in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.
- viii. 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.



**ANNEXURE TO INDEPENDENT AUDITORS' REPORT**

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Bayer CropScience Limited on the financial statements as of and for the year ended March 31, 2015.

- ix. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any bank. Further, there were no dues payable to financial institution or debenture holders as at the Balance Sheet date.
- x. 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 3(x) of the Order are not applicable to the Company.
- xi. The Company has not raised any term loans. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.
- xii. 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 material 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 27, 2015

**Appendix A**

Referred to in paragraph vii(b) of our annexure to the Independent Auditors' Report of even date to the members of Bayer CropScience Limited on the financial statements as of and for the year ended March 31, 2015

Sr. No.	Name of the Statute	Nature of Dues	Amount (₹ in Millions)	Period to which the amount relates	Forum where dispute is pending
1	<b>Income Tax</b>				
	The Income Tax Act, 1961	Income Tax liability	78	Assessment Year 1996-1997, 2000-2001, 2002-2003, 2003-2004, 2007-2008, 2008-2009, 2010-2011, 2011-2012	Appellate Authority - up to Commissioner's level
<b>Sub Total</b>			<b>78</b>		
2	<b>Customs Duty</b>				
	The Custom Duty Act, 1962	Demand raised due to valuation dispute	364	For the period February 1996 to September 1999	The Supreme Court of India
<b>Sub Total</b>			<b>364</b>		
3	<b>Sales Tax</b>				
	The Central Sales Tax Act, 1956 and Local Sales Tax Acts	Sales Tax and Value Added Tax liability	352	Years 1977-1978 to 1984-1985, 1994-1995, 1995-1996, 1999-2000 to 2005-2006, 2008-2009 to 2009-2010, 2011-2012	Appellate Authority - up to Commissioner's level
			2	Years 1989-1990 to 1991-1992, 2007-2008, 2009-2010	Sales Tax Appellate Tribunal
<b>Sub Total</b>			<b>354</b>		
4	<b>Excise Duty</b>				
	The Central Excise Act, 1944	Excise duty Liability	10	Years 1986 to 1991, 1993 to 1997 and 2009	Appellate Authority - up to Commissioner's level
			13	Years 1993-1994, 1998 to 2004, 2006-2007 to 2010-2011	Custom, Excise and Service Tax Appellate Tribunal
			14	Years 1994-1995, 2000-2001, 2001-2002 and 2002-2003	High Court
<b>Sub Total</b>			<b>37</b>		
5	<b>Service Tax</b>				
	The Finance Act, 1994	Service Tax liability	12	Years from 2004 to 2007	Appellate Authority - up to Commissioner's level
<b>Sub Total</b>			<b>12</b>		
<b>Total</b>			<b>845</b>		





## Balance Sheet as at March 31, 2015

	Note	As at 31.03.2015	₹ in Millions As at 31.03.2014
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	2	366	366
Reserves and Surplus	3	19,963	17,057
		<u>20,329</u>	<u>17,423</u>
<b>NON-CURRENT LIABILITIES</b>			
Other Long-term Liabilities	4	102	99
Long-term Provisions	5	525	401
		<u>627</u>	<u>500</u>
<b>CURRENT LIABILITIES</b>			
Short-term Borrowings	6	-	-
Trade Payables	7	2,681	2,872
Other Current Liabilities	4	3,122	2,559
Short-term Provisions	5	977	515
		<u>6,780</u>	<u>5,946</u>
<b>Total</b>		<u><u>27,736</u></u>	<u><u>23,869</u></u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed Assets			
- Tangible Assets	8A	3,210	2,260
- Intangible Assets	8B	8	18
- Capital work-in-progress		2	2,168
- Intangible Assets under development		4	-
		<u>3,224</u>	<u>4,446</u>
Non-Current Investments	10	34	34
Deferred Tax Assets (Net)	11	96	139
Long-term Loans and Advances	12	685	721
		<u>815</u>	<u>894</u>
<b>CURRENT ASSETS</b>			
Current Investments	10	254	3
Inventories	13	5,647	5,495
Trade Receivables	14	5,711	4,099
Cash and Bank Balances	15	11,304	4,862
Short-term Loans and Advances	12	670	4,039
Other Current Assets	16	111	31
		<u>23,697</u>	<u>18,529</u>
<b>Total</b>		<u><u>27,736</u></u>	<u><u>23,869</u></u>

Significant Accounting Policies

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**  
DIN 00103214

Vice Chairman &  
Managing Director **Richard van der Merwe**  
DIN 06768305

Directors **Sharad Kulkarni**  
DIN 00003640

**A.K.R. Nedungadi**  
DIN 00103214

**Vimal Bhandari**  
DIN 00001318

Executive Director &  
Chief Financial Officer **Dr. Thomas Hoffmann**  
DIN 06485949

Place : Mumbai  
Date : May 27, 2015

Place : Thane  
Date : May 27, 2015

**Statement of Profit and Loss for the year ended March 31, 2015**

	Note	01.04.2014 to 31.03.2015	₹ in Millions 01.04.2013 to 31.03.2014
Revenue from Operations (Gross)		39,029	33,992
Less: Excise Duty		1,796	1,540
<b>Revenue from Operations (Net)</b>	<b>17</b>	<b>37,233</b>	<b>32,452</b>
<b>Other Income</b>	<b>18</b>	<b>879</b>	<b>909</b>
<b>TOTAL REVENUE</b>		<b>38,112</b>	<b>33,361</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	19	8,616	6,919
Purchases of Stock-in-Trade	20	15,571	14,074
Changes in Inventories of semi-finished goods, finished goods and stock-in-trade	21	(51)	(85)
Employee Benefit Expenses	22	2,269	2,040
Finance Costs	23	46	48
Depreciation and Amortisation Expense (including Impairment)	9	253	646
Other Expenses	24	5,673	5,311
<b>TOTAL EXPENSES</b>		<b>32,377</b>	<b>28,953</b>
<b>PROFIT BEFORE TAX</b>		<b>5,735</b>	<b>4,408</b>
Tax Expense			
- Current Tax		1,862	1,670
- Deferred Tax		43	(157)
		<b>1,905</b>	<b>1,513</b>
<b>PROFIT FOR THE YEAR</b>		<b>3,830</b>	<b>2,895</b>
Earnings Per Share (net of tax) - Basic and Diluted	38	₹ 104.59	₹ 75.14
[Face Value per Equity Share - ₹ 10/-]			
Significant Accounting Policies	1		
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	<b>Dr. Vijay Mallya</b> DIN 00103214
Vice Chairman & Managing Director	<b>Richard van der Merwe</b> DIN 06768305
Directors	<b>Sharad Kulkarni</b> DIN 00003640 <b>A.K.R. Nedungadi</b> DIN 00103214 <b>Vimal Bhandari</b> DIN 00001318
Executive Director & Chief Financial Officer	<b>Dr. Thomas Hoffmann</b> DIN 06485949

Place : Mumbai  
Date : May 27, 2015

Place : Thane  
Date : May 27, 2015



## Cash Flow Statement for the year ended March 31, 2015

₹ in Millions

	01.04.2014 to 31.03.2015	01.04.2013 to 31.03.2014
<b>A. Cash Flow from Operating Activities:</b>		
<b>Profit Before Tax</b>	5,735	4,408
<b>Adjustments for:</b>		
Depreciation/ Amortisation/ Impairment	253	646
Interest Expense	46	48
Interest Income	(544)	(657)
Dividend Income	(138)	(110)
(Profit)/ Loss on Tangible Assets sold/ discarded (Net)	(3)	(9)
Bad Debts *	33	-
Provision for Doubtful Debts (Net)	3	19
Liabilities/ Provisions no longer required written back	(104)	(65)
Provision for Employee benefits	27	16
Provision for Indirect Taxes and Other Commercial Matters (Net)	86	21
Inventory write off/ write down	173	76
Unrealised foreign exchange (gain)/ loss	10	(7)
	<u>(158)</u>	<u>(22)</u>
<b>Operating Profit before Working Capital changes</b>	<b>5,577</b>	<b>4,386</b>
<b>Adjustments for changes in Working Capital</b>		
(Increase)/ Decrease in Trade Receivables	(1,615)	(930)
(Increase)/ Decrease in Other Receivables	(230)	(8)
(Increase)/ Decrease in Inventories	(368)	(571)
Increase/ (Decrease) in Trade Payables	(194)	1,049
Increase/ (Decrease) in Other Payables	739	493
	<u>(1,668)</u>	<u>33</u>
<b>Cash generated from Operations</b>	<b>3,909</b>	<b>4,419</b>
Taxes Paid	(1,905)	(1,604)
<b>Net Cash from Operating Activities</b>	<b>2,004</b>	<b>2,815</b>
<b>B. Cash Flow from Investing Activities:</b>		
Purchase of Tangible/ Intangible Assets	(516)	(1,619)
Proceeds from Sale of Other Tangible/ Intangible Assets	20	27
Proceeds from Sale of Ankleshwar Manufacturing Facilities [Refer Note 9(a)]	1,466	-
Loan given to Related Party	(1,096)	(3,500)
Loan repaid by Related Party	4,596	1,400
Purchase of Investments	(254)	-
Interest Received	498	685
Dividend Received on Current Investments	138	110
<b>Net Cash (used)/ from Investing Activities</b>	<b>4,852</b>	<b>(2,897)</b>
<b>C. Cash Flow from Financing Activities:</b>		
Short term borrowings *	-	-
Buyback of Equity Shares [Refer Note 2(d)]	-	(4,550)
Interest Paid	(9)	(15)
Dividend Paid	(347)	(197)
Dividend Distribution Tax Paid	(59)	(34)
<b>Net Cash (used) in Financing Activities</b>	<b>(415)</b>	<b>(4,796)</b>
<b>Net (Decrease)/ Increase in Cash and Cash Equivalents</b>	<b>6,441</b>	<b>(4,878)</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>4,856</b>	<b>9,734</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>11,297</b>	<b>4,856</b>

**Cash Flow Statement for the year ended March 31, 2015** (contd.)

₹ in Millions

	<b>As at 31.03.2015</b>	<b>As at 31.03.2014</b>
<b>Cash and Cash Equivalents comprise</b>		
Cash on hand *	-	-
Balance with Banks	<b>11,097</b>	4,554
Short-term highly liquid investment	<b>200</b>	302
	<b>11,297</b>	<b>4,856</b>

\* Amount for the Previous Year 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**For and on behalf of the Board**

Chairman

**Dr. Vijay Mallya**

DIN 00103214

Vice Chairman &  
Managing Director**Richard van der Merwe**

DIN 06768305

Directors

**Sharad Kulkarni**

DIN 00003640

**A.K.R. Nedungadi**

DIN 00103214

**Vimal Bhandari**

DIN 00001318

Executive Director &  
Chief Financial Officer**Dr. Thomas Hoffmann**

DIN 06485949

Place : Mumbai

Date : May 27, 2015

Place : Thane

Date : May 27, 2015



## Notes to the financial statements for the year ended March 31, 2015

(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 November 11, 2014, the Board of Directors have approved change in registered office from Olympia, First Floor, Central Avenue, Hiranandani Gardens, Powai, Mumbai - 400 076 to Bayer House, Central Avenue, Hiranandani Estate, Thane - 400 607 effective January 1, 2015. 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 68.96% is held by its promoters. The Company is listed on the Bombay Stock Exchange, Mumbai. The Company has its own manufacturing site at 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. Pursuant to Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, 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, 2013.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and the realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/ non-current classification of assets and liabilities.

#### (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 is provided on the straight-line method over the estimated useful lives of the assets as per the rates prescribed under Schedule II to the Companies Act, 2013.

Leasehold Land and Leasehold Improvement are amortised over the period of lease except for the lease with perpetual rights. 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/ development less accumulated amortisation/ impairment losses, if any.

Goodwill, Technical Knowhow and Computer Software are amortised on straight line basis 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, 2015** (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 and 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 that is not intended to be occupied substantially for use by, or in the operations of the Company, has been classified as investment property. Investment properties are carried at cost less accumulated depreciation, if any.

**(h) Inventories**

Inventories are stated at lower of cost and net realisable value. 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.

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

**(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, 2015 (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 in the nature of voluntary retirement benefits are recognised in the Statement of Profit and Loss 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, 2015** (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

**2. SHARE CAPITAL**

	As at 31.03.2015	As at 31.03.2014
<b>Authorised:</b>		
46,300,000 (Previous Year 46,300,000) Equity Shares of ₹ 10/- each	<u>463</u>	<u>463</u>
<b>Issued, Subscribed and Paid-up:</b>		
36,619,001 (Previous Year 36,619,001) Equity Shares of ₹ 10/- each, fully paid-up	<u>366</u>	<u>366</u>

## 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.

## b) Reconciliation of number of Issued, Subscribed and Paid-up Equity Shares:

	As at 31.03.2015		As at 31.03.2014	
	Number of shares	Amount	Number of shares	Amount
Balance as at the beginning of the year	36,619,001	366	39,498,747	395
Less: Shares bought back during the year [Refer Note (d) below]	-	-	2,879,746	29
Balance as at the end of the year	<u>36,619,001</u>	<u>366</u>	<u>36,619,001</u>	<u>366</u>

## c) Shares bought back during 5 years immediately preceding the Balance Sheet :

	Number of Shares	
	01.04.2010 to 31.03.2015	01.04.2009 to 31.03.2014
Aggregate number of Equity Shares bought back	<u>2,879,746</u>	<u>2,879,746</u>

d) During the Previous Year, the Company bought back 2,879,746 equity shares (representing 7.29% of the equity share capital) at a price of ₹ 1,580/- per equity share aggregating to 4,550. After extinguishment of 2,879,746 Equity Shares on November 29, 2013, the Issued, Subscribed and Paid-up equity share capital of the Company reduced from 39,498,747 equity shares to 36,619,001 equity shares. Accordingly, 29 had been transferred from the Surplus in Statement of Profit and Loss to Capital Redemption Reserve as per the provision of Section 69(1) the Companies Act, 2013 and the premium aggregating to 4,521 has been adjusted from the Surplus in Statement of Profit and Loss.

	Number of Shares	
	As at 31.03.2015	As at 31.03.2014
<b>e) Shares held by Ultimate Holding Company and its subsidiaries:</b>		
Ultimate Holding Company:		
Bayer AG, Germany *	3,844,995	5,729,158
Subsidiaries of Ultimate Holding Company:		
Bayer S.A.S., France *	7,122,757	7,122,757
Bayer CropScience AG, Germany *	6,084,591	6,431,375
Bayer Vapi Private Limited (Formerly Bilag Industries Private Limited), India *	8,198,564	5,378,883
Bayer MaterialScience Private Limited, India	<u>-</u>	<u>588,734</u>

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



## Notes to the financial statements for the year ended March 31, 2015 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

### 3. RESERVES AND SURPLUS

	As at 31.03.2015	As at 31.03.2014
<b>Capital Redemption Reserve</b>		
Balance as at the beginning of the year	29	-
Add: Transfer from Surplus in Statement of Profit and Loss [Refer Note 2(d)]	-	29
Balance as at the end of the year	29	29
<b>General Reserve</b>		
Balance as at the beginning of the year	2,894	2,604
Add: Transfer from Surplus in Statement of Profit and Loss during the year	383	290
Balance as at the end of the year	3,277	2,894
<b>Surplus in Statement of Profit and Loss</b>		
Balance as at the beginning of the year	14,134	16,314
Profit for the year	3,830	2,895
Less: Appropriations:		
- Interim Dividend [Refer Note (a) below]	146	-
- Dividend Distribution Tax on Interim Dividend	25	-
- Proposed Dividend [Refer Note (b) below]	623	201
- Dividend Distribution Tax on Proposed Dividend	130	34
- Transfer to General Reserve	383	290
- Premium paid on Buy-back of shares [Refer Note 2 (d)]	-	4,521
- Transfer to Capital Redemption Reserve [Refer Note 2 (d)]	-	29
Balance as at the end of the year	16,657	14,134
	<b>19,963</b>	<b>17,057</b>

- a) Pursuant to the approval of Board of Directors at its meeting held on September 17, 2014, the Company declared payment of Interim Dividend of ₹ 4.00 per equity shares amounting to 146 (Previous Year Nil).
- b) The Board of Directors, in their meeting held on May 27, 2015 proposed a dividend of ₹ 17.00 per share for the year ended March 31, 2015 (Previous Year ₹ 5.50 per share) amounting to 623 (Previous Year 201). The proposal is subject to approval of Shareholders at the Annual General Meeting.

### 4. OTHER LIABILITIES

	Long-term		Current	
	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014
Unpaid Dividends [Refer Note (a) below]	-	-	6	4
Others:				
- Advances from Customers	-	-	870	774
- Discounts/ Rebates payable to Customers	-	-	1,418	1,029
- Deposits from Customers	-	-	95	94
- Payable for Capital Purchases	-	-	17	121
- Accrual for Anticipated Sales Returns	-	-	106	-
- Payable to Employees	102	99	498	418
- Payable towards Statutory Liabilities	-	-	112	119
	<b>102</b>	<b>99</b>	<b>3,122</b>	<b>2,559</b>

- 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.

**Notes to the financial statements for the year ended March 31, 2015** (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

**5. PROVISIONS**

	Long-term		Short-term	
	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014
Provision for Employee Benefits:				
- Gratuity	152	122	32	40
- Compensated Absences	51	47	93	89
- Pension	6	5	1	3
- Long Service Benefit Award	8	8	3	5
Other Provisions:				
- Provision for Direct Tax Matters [Net of Advance Tax of 159 (Previous Year 164)] [Refer Note (a) below]	12	9	-	-
- Provision for Indirect Tax Matters [Refer Note (a) below]	64	64	-	-
- Provision for Commercial and Other Matters [Refer Note (a) below]	232	146	-	-
- Provision for Current Income Tax [Net of Advance Tax of 1,780 (Previous Year 1,538)]	-	-	95	143
- Proposed Dividend	-	-	623	201
- Dividend Distribution Tax on Proposed Dividend	-	-	130	34
	<b>525</b>	<b>401</b>	<b>977</b>	<b>515</b>

**a) Disclosure of Provisions for Contingencies**

	Direct Tax (net of advance tax)	Indirect Tax	Commercial and Other Matters
Balance as at the beginning of the year	9 (7)	64 (58)	146 (131)
Add: Additional provision	3 (2)	- (8)	86 (37)
Less: Provision utilised	- (-)	- (1)	- (17)
Less: Provision reversed	- (-)	- (1)	- (5)
Balance as at the end of the year	<b>12</b> <b>(9)</b>	<b>64</b> <b>(64)</b>	<b>232</b> <b>(146)</b>

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 33 (Previous Year 17) is recognised under the head "Purchases of Stock-in-Trade" [Refer Note 20], 25 (Previous Year 20) is recognised under the head "Finance Costs" [Refer Note 23] and 28 (Previous Year Nil) under the head "Other Expenses - Rates and Taxes" [Refer Note 24] as an additional provision towards Commercial and Other Matters.

**6. SHORT TERM BORROWINGS**

	As at 31.03.2015	As at 31.03.2014
Unsecured Loans		
Overdraft facility from Bank *	-	-
	<b>-</b>	<b>-</b>

\* Amount for the Previous Year is below the rounding off norm adopted by the Company.





Notes to the financial statements for the year ended March 31, 2015 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

7. TRADE PAYABLES

	As at 31.03.2015	As at 31.03.2014
Trade Payables [Refer Note (a) below]	<b>2,681</b>	2,872

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:

	01.04.2014 to 31.03.2015	01.04.2013 to 31.03.2014
(I) (i) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year-end	<b>29</b>	41
(i) 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	<b>60</b>	53
(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	-	-

\* 0.54 (Previous Year 0.27)

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

8A. TANGIBLE ASSETS

Assets	Gross Block (at Cost)				Depreciation/ Amortisation				Impairment Loss				Net Book Value	
	As at 01.04.2014	Additions	Deletions	As at 31.03.2015	As at 01.04.2014	For the Year	On deletions	As at 31.03.2015	As at 01.04.2014	For the Year	On deletions	As at 31.03.2015	As at 31.03.2015	
Freehold Land	-*	-	-	-*	-	-	-	-	-	-	-	-	-*	
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	
Leasehold Land	19	178	17	180	3	-*	3	-*	-	-	-	-	180	
	(19)	(-)	(-)	(19)	(3)	(-)	(-)	(3)	(-)	(-)	(-)	(-)	(16)	
Buildings	1,015	1,949	814	2,150	214	50	167	97	72	-	72	-	2,053	
	(904)	(114)	(3)	(1,015)	(179)	(38)	(3)	(214)	(-)	(72)	(-)	(72)	(729)	
Plant and Equipment	2,484	138	2,051	571	1,426	51	1,185	292	68	-	68	-	279	
	(2,163)	(348)	(27)	(2,484)	(1,229)	(221)	(24)	(1,426)	(-)	(68)	(-)	(68)	(990)	
Furniture and Fixtures	153	95	59	189	76	18	47	47	1	-	1	-	142	
	(93)	(61)	(1)	(153)	(63)	(14)	(1)	(76)	(-)	(1)	(-)	(1)	(76)	
Leasehold Improvements	3	-	-	3	3	-	-	3	-	-	-	-	-	
	(3)	(-)	(-)	(3)	(3)	(-)	(-)	(3)	(-)	(-)	(-)	(-)	(-)	
Vehicles	508	97	59	546	186	54	45	195	1	-	1	-	351	
	(423)	(140)	(55)	(508)	(114)	(114)	(42)	(186)	(-)	(1)	(-)	(1)	(321)	
Office Equipment (including Computers)	424	161	70	515	294	68	52	310	2	-	2	-	205	
	(359)	(88)	(23)	(424)	(216)	(99)	(21)	(294)	(-)	(2)	(-)	(2)	(128)	
<b>Total</b>	<b>4,606</b>	<b>2,618</b>	<b>3,070</b>	<b>4,154</b>	<b>2,202</b>	<b>241</b>	<b>1,499</b>	<b>944</b>	<b>144</b>	<b>-</b>	<b>144</b>	<b>-</b>	<b>3,210</b>	
	(3,964)	(751)	(109)	(4,606)	(1,807)	(486)	(91)	(2,202)	(-)	(144)	(-)	(144)	(2,260)	

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

- a) Figures shown in brackets are in respect of previous year.
- b) During current year, a portion of Building has been given on operating lease to Group Companies, the cost of which is not readily ascertainable.

**Notes to the financial statements for the year ended March 31, 2015** (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

**8B. INTANGIBLE ASSETS**

Assets	Gross Block (at Cost)				Amortisation				Net Book Value
	As at 01.04.2014	Additions	Deletions	As at 31.03.2015	As at 01.04.2014	For the Year	On Deletions	As at 31.03.2015	As at 31.03.2015
Goodwill	93 (93)	- (-)	- (-)	93 (93)	93 (93)	- (-)	- (-)	93 (93)	- (-)
Computer Software	76 (71)	2 (5)	- (-)	78 (76)	58 (42)	12 (16)	- (-)	70 (58)	8 (18)
Technical Knowhow	15 (15)	- (-)	- (-)	15 (15)	15 (15)	- (-)	- (-)	15 (15)	- (-)
<b>Total</b>	<b>184</b> (179)	<b>2</b> (5)	<b>-</b> (-)	<b>186</b> (184)	<b>166</b> (150)	<b>12</b> (16)	<b>-</b> (-)	<b>178</b> (166)	<b>8</b> (18)

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

**9. DEPRECIATION AND AMORTISATION EXPENSE (INCLUDING IMPAIRMENT)**

	01.04.2014 to 31.03.2015	01.04.2013 to 31.03.2014
<b>Depreciation and Amortisation expense</b>		
- on Tangible Assets	241	486
- on Intangible Assets	12	16
<b>Impairment Loss</b>		
- on Tangible Assets [Refer Note (a) below]	-	144
<b>Total</b>	<b>253</b>	<b>646</b>

- a) Pursuant to the approval of Board of Director's vide its resolution dated July 30, 2013, the Company had entered into a 'Business Transfer Agreement' with Deccan Fine Chemicals (India) Private Limited, to sell, convey, assign and transfer the Chemical Manufacturing Facility at Ankleshwar, as a going concern on a slump sale basis and an 'Asset Transfer Agreement' with Bayer MaterialScience Private Limited, to sell and transfer all the assets related to the Poly-isocyanate Unit located within the Ankleshwar facility. The Company had received all the necessary permissions and approvals from the relevant authorities for giving effect to both the agreements and accordingly both the transactions were concluded at the close of business hours of May 31, 2014. Upon conclusion of both the transactions, the Company has recognised net gain of 3 (net of impairment loss of 144 recognised during the year ended March 31, 2014) during the year ended March 31, 2015.
- b) The Depreciation and Amortization Expense for the previous year ended March 31, 2014 includes additional depreciation charge of 134 on account of revision in economic useful life of the fixed assets of the Company.



## Notes to the financial statements for the year ended March 31, 2015 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

### 10. INVESTMENTS

	Non-Current		Current	
	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014
<b>INVESTMENT PROPERTY</b>				
Freehold Land	34	34	-	-
<b>INVESTMENT IN MUTUAL FUNDS</b>				
(Current, Non-trade and Unquoted) - Lower of Cost and Fair Value				
14,604,581 (Previous Year Nil) units of ₹ 10/- each in Reliance Mutual Fund - Arbitrage Advantage Fund	-	-	152	-
4,751,309 (Previous Year Nil) units of ₹ 10/- each in Kotak Mutual Fund - Equity Arbitrage Fund	-	-	51	-
4,017,104 (Previous Year Nil) units of ₹ 10/- each in Religare Invesco Mutual Fund - Arbitrage Fund	-	-	51	-
<b>INVESTMENT IN EQUITY INSTRUMENTS</b>				
(Long-term, Non-trade and Unquoted) - Lower of Cost and Fair Value				
Nil (Previous Year 4,900) Equity Shares in Bharuch Enviro Infrastructure Limited of ₹ 10/- each, fully paid-up *	-	-	-	-
Nil (Previous Year 282,390) Equity Shares in Narmada Clean Tech Limited of ₹ 10/- each, fully paid-up	-	-	-	3
	<u>34</u>	<u>34</u>	<u>254</u>	<u>3</u>

(i) Aggregate cost of Unquoted Investments 254 (Previous Year 3).

(ii) Aggregate fair value of Unquoted Investments in Mutual Funds 254 (Previous Year Nil)

\* Amount for the Previous Year is below the rounding off norm adopted by the Company.

### 11. DEFERRED TAX

	As at 31.03.2015	As at 31.03.2014
<b>Deferred Tax Assets</b>		
Liabilities allowed on payment basis	148	133
Disallowances under Section 40(a)(i) and 40(a)(ia)	53	103
Provision for Doubtful Debts/ Advances/ Deposits	51	50
Others	-	5
	<u>252</u>	<u>291</u>
<b>Less: Deferred Tax Liabilities</b>		
Depreciation/ Impairment of Assets	156	152
	<u>156</u>	<u>152</u>
<b>Net Deferred Tax Assets/ (Liabilities)</b>	<u>96</u>	<u>139</u>

**Notes to the financial statements for the year ended March 31, 2015** (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

**12. LOANS AND ADVANCES**

(Unsecured - considered good unless stated otherwise)

	Long-term		Short-term	
	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014
Capital Advances	4	50	-	-
Security Deposits:				
- Considered Good	96	86	25	61
- Considered Doubtful	6	6	-	-
	102	92	25	61
Less: Provision for Doubtful Deposits	6	6	-	-
	96	86	25	61
Other Loans and Advances:				
- Loan to Related Party [Refer Note 28]	-	-	-	3,500
- Advance to Vendors	-	-	33	46
- Loans to/ receivables from Employees	1	2	22	36
- Prepaid Expenses	9	6	48	64
- Fringe Benefit Tax [Net of Provision for Taxation 125 (Previous Year 125)]	3	3	-	-
- Advance payment of Income Tax [Net of Provision for Taxation 10,743 (Previous Year 9,061)]	442	456	-	-
- Balance with Government Authorities	130	118	542	330
- Others	-	-	-	2
	685	721	670	4,039

**13. INVENTORIES**

(Lower of Cost and Net Realisable Value)

	As at 31.03.2015	As at 31.03.2014
Raw Materials [Includes in transit 754 (Previous Year 719)]	2,642	2,481
Packing Materials	95	103
Semi-Finished Goods [Refer Note (a) below]	188	225
Finished Goods [Includes in transit 2 (Previous Year 57)] [Refer Note (a) below]	1,646	1,752
Stock-in-trade [Includes in transit 119 (Previous Year 129)] [Refer Note (a) below]	1,066	872
Stores and Spare Parts	10	62
	5,647	5,495

**(a) Details of Inventories**

Class of Goods	Semi-Finished Goods	Finished Goods	Stock-in- trade
- Active Ingredients	14 (147)	369 (538)	199 (67)
- Formulations	174 (78)	1,277 (1,214)	807 (727)
- Seeds	- (-)	- (-)	50 (64)
- Others	- (-)	- (-)	10 (14)
	188 (225)	1,646 (1,752)	1,066 (872)

Figures shown in brackets are in respect of previous year.



## Notes to the financial statements for the year ended March 31, 2015 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

### 14. TRADE RECEIVABLES

	Non-Current		Current	
	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014
Secured, considered good				
- Debts outstanding for a period exceeding six months from the date they are due for payment *	-	-	-	1
- Others	-	-	56	60
	-	-	56	61
Unsecured, considered good				
- Debts outstanding for a period exceeding six months from the date they are due for payment	-	-	201	109
- Others [Includes due from a Private Company in which a Director is a Director 21 (Previous Year 5)]	-	-	5,454	3,929
	-	-	5,655	4,038
Unsecured, considered doubtful				
- Debts outstanding for a period exceeding six months from the date they are due for payment	107	104	-	-
- Others	36	36	-	-
Less: Provision for Doubtful Debts	143	140	-	-
	-	-	-	-
	-	-	5,711	4,099

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

### 15. CASH AND BANK BALANCES

#### Cash and Cash Equivalents

Balances with banks

	As at 31.03.2015	As at 31.03.2014
- In Current	198	290
- In Fixed Deposits (less than 3 months maturity)	10,899	4,264

Cash on Hand \*

-

Short-term highly liquid investments [Refer Note (a) below]

200 302

#### Other Bank Balances

In Fixed Deposits \*\*

-

In Margin Deposits \$

1 2

Earmarked balances with banks in:

- Unpaid Dividend Accounts

6 4

11,304 4,862

\* Amount for the Previous Year is below the rounding off norm adopted by the Company.

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

\$ Under lien with bank towards bank guarantee.

#### (a) Investment in Mutual Funds

(Current, Non-trade and Unquoted) - Lower of Cost and Fair Value

200,231 (Previous Year 301,958) units of ₹ 1,000/- each in Union KBC Liquid Fund

200 302

200 302

(i) Aggregate amount of Unquoted Investments 200 (Previous Year 302).

**Notes to the financial statements for the year ended March 31, 2015** (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

**16. OTHER CURRENT ASSETS**

(Unsecured - considered good unless stated otherwise)

	As at 31.03.2015	As at 31.03.2014
Accrued Interest Receivable	57	11
Other Receivables [Includes due from a Private Company in which a Director is a Director 4 (Previous Year 1)]	54	20
	<u>111</u>	<u>31</u>

**17. REVENUE FROM OPERATIONS**

	01.04.2014 to 31.03.2015	01.04.2013 to 31.03.2014
Sale of Goods [Refer Note (a) below]	37,949	33,002
Other Operating Revenue:		
- Recoveries from Group Companies and Third Parties	923	726
- Tolling Charges	25	210
- Export Incentives	123	37
- Scrap Sales	9	17
Revenue from Operations (Gross)	39,029	33,992
Less: Excise Duty [Refer Note (b) below]	1,796	1,540
Revenue from Operations (Net)	<u>37,233</u>	<u>32,452</u>

## (a) Details of Sale of Goods (Gross of Excise Duty)

Class of Goods	Finished Goods		Stock-in-trade	
	01.04.2014 to 31.03.2015	01.04.2013 to 31.03.2014	01.04.2014 to 31.03.2015	01.04.2013 to 31.03.2014
- Active Ingredients	5,658	3,439	4,549	4,349
- Formulations	10,699	9,666	11,796	10,860
- Seeds	-	-	4,974	4,533
- Others	-	-	273	155
	<u>16,357</u>	<u>13,105</u>	<u>21,592</u>	<u>19,897</u>

(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 24.

**18. OTHER INCOME**

	01.04.2014 to 31.03.2015	01.04.2013 to 31.03.2014
Interest Income	544	657
Dividend Income from Current Investments	138	110
Profit on Tangible Assets sold/ discarded (Net)	3	9
Rent Income [Refer Note 34]	72	57
Insurance Claims	2	4
Liabilities No Longer Required Written Back	104	65
Miscellaneous	16	7
	<u>879</u>	<u>909</u>





## Notes to the financial statements for the year ended March 31, 2015 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

### 19. COST OF MATERIALS CONSUMED

	01.04.2014 to 31.03.2015	01.04.2013 to 31.03.2014
Raw Materials:		
Opening Stock	2,481	2,082
Add: Purchases	8,452	6,951
	<u>10,933</u>	<u>9,033</u>
Less: Closing Stock	2,642	2,481
Cost of Raw Materials consumed	<u>8,291</u>	<u>6,552</u>
Packing Materials consumed	<u>325</u>	<u>367</u>
	<u><u>8,616</u></u>	<u><u>6,919</u></u>
[Refer Notes below]		
(a) Includes 5 (Previous Year 26) on account of write off/ write down in carrying values of Raw Materials and Packing Materials.		
(b) Materials Consumed		
Class of Goods		
- Active Ingredients	6,559	4,297
- Others	2,057	2,622
	<u>8,616</u>	<u>6,919</u>
(c) Value of Imported and Indigenous Materials Consumed		
	<b>Amount</b>	<b>%</b>
Imported	6,984	81
	(4,792)	(69)
Indigenous	1,632	19
	(2,127)	(31)
	<u>8,616</u>	<u>100</u>
	(6,919)	(100)

Figures shown in brackets are in respect of previous year.

### 20. PURCHASES OF STOCK-IN-TRADE

	01.04.2014 to 31.03.2015	01.04.2013 to 31.03.2014
Class of Goods		
- Active Ingredients	4,006	3,426
- Formulations	7,626	7,155
- Seeds	3,755	3,359
- Others	184	134
	<u>15,571</u>	<u>14,074</u>

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

Opening Stock:		
- Semi-Finished	225	482
- Finished	1,752	1,067
- Stock-in-trade	872	1,215
	<u>2,849</u>	<u>2,764</u>
Closing Stock:		
- Semi-Finished	188	225
- Finished	1,646	1,752
- Stock-in-trade	1,066	872
	<u>2,900</u>	<u>2,849</u>
Increase in Inventories [Refer Note (a) below]	<u>(51)</u>	<u>(85)</u>

(a) Includes 168 (Previous Year 50) [net of amount recovered from insurance company 8 (Previous Year Nil)] on account of write off/ write down in carrying values of Semi-Finished Goods, Finished Goods and Stock-in-Trade.

**Notes to the financial statements for the year ended March 31, 2015** (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

	01.04.2014 to 31.03.2015	01.04.2013 to 31.03.2014
<b>22. EMPLOYEE BENEFIT EXPENSES</b> [Refer note 29 and 39]		
Salaries and Wages	1,952	1,815
Contribution to Provident and Other Funds	80	71
Gratuity	135	39
Staff Welfare Expenses	102	115
	<u>2,269</u>	<u>2,040</u>
<b>23. FINANCE COSTS</b>		
Interest Expense - Others	46	48
	<u>46</u>	<u>48</u>
<b>24. OTHER EXPENSES</b>		
Consumption of Stores and Spare Parts [Refer Note (a) below]	29	80
Power and Fuel	116	332
Rent [Refer Note 34 (a)]	182	296
Repairs and Maintenance:		
- Buildings	34	13
- Plant and Equipment	15	56
- Others	43	39
	<u>92</u>	<u>108</u>
Insurance	26	30
Rates and Taxes	168	128
Excise Duty [Refer Note 17 (b)]	65	55
Job Work Charges	757	101
Freight Outward and Clearing Charges	593	591
Travelling and Conveyance	438	412
Communication	96	87
Printing and Stationery	11	10
Directors' Sitting Fees	2	1
Commission to Non-Executive Directors	5	5
Payments to Auditor [Refer Note (b) below]	6	7
Advertisement, Publicity and Sales Promotion	1,543	1,591
Legal and Professional Fees	470	473
Cash Discounts	633	576
Commission	101	85
Donations [Refer Note 39]	28	1
Royalty	18	17
Bad Debts *	33	-
Less: Withdrawn from Provision for Doubtful Debts *	31	-
	<u>2</u>	<u>-</u>
Provision for Doubtful Debts	34	19
Foreign Exchange Fluctuations (Net)	33	73
Miscellaneous [Refer Note 39]	225	233
	<u>5,673</u>	<u>5,311</u>

\* Amount for the previous period is below the rounding off norm adopted by the Company.



## Notes to the financial statements for the year ended March 31, 2015 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

### 24. OTHER EXPENSES (contd.)

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

	Amount	%
Imported	1	3
	(5)	(6)
Indigenous	28	97
	(75)	(94)
	29	100
	(80)	(100)

Figures shown in brackets are in respect of previous year.

(b) Payments to Auditor:

	01.04.2014 to 31.03.2015	01.04.2013 to 31.03.2014
(i) As Auditor:		
- for statutory audit	3	3
- for limited review	1	1
- for certification *	-	1
(ii) For other audit services in respect of:		
- Tax Audit	1	1
- Audit of Group Reporting Package	1	1
(iii) Reimbursement of out-of-pocket expenses **	-	-
	6	7

\* Amount for the Current Year is below the rounding off norm adopted by the Company.

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

### 25. CONTINGENT LIABILITIES

Claims against the Company not acknowledged as debts towards:

	As at 31.03.2015	As at 31.03.2014
a) Direct Tax Matters	332	585
b) Indirect Tax Matters (Excise duty, Customs duty, Service tax and Sales tax)	773	732
c) Litigation/ claims filed by customer/ vendor/ labour	48	51
d) Litigation/ demands raised by other Statutory Authorities	25	53

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

### 26. CAPITAL AND OTHER COMMITMENTS

a) Estimated amount of contracts (net of advances) remaining to be executed on capital account	27	237
b) Value of customs duty in respect of export obligation (against advance licenses) remaining to be met at year end	343	414
c) Bank Guarantees issued in favour of various statutory authorities	354	122
d) Counter Guarantee issued by the Company in favour of Gujarat Industrial Development Corporation	-	3

**Notes to the financial statements for the year ended March 31, 2015** (contd.)*(All amounts in ₹ Millions, unless otherwise stated)***27. RESEARCH AND DEVELOPMENT EXPENSES**

	<b>01.04.2014 to 31.03.2015</b>	01.04.2013 to 31.03.2014
Research and Development Revenue Expenses	<b>222</b>	202

(a) Above expenses are net of recoveries.

(b) Above expenses include Product Trial Expenses of 87 (Previous Year 61)

**28. 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 (Proprietary) Limited, South Africa
- Bayer (South East Asia) Pte Ltd, Singapore
- Bayer A/S, Denmark
- Bayer Animal Health GmbH, Germany
- Bayer BioScience Private Limited, India
- Bayer Business Services GmbH, Germany
- Bayer Business Services Philippines Inc, Philippines
- Bayer Business and Technology Services LLC, U.S.A.
- Bayer Co. (Malaysia) Sdn Bhd, Malaysia
- Bayer CropScience AG, Germany
- Bayer CropScience K.K., Japan
- Bayer CropScience LP, U.S.A.
- Bayer CropScience Limited, Bangladesh
- Bayer de Mexico S.A. de C.V., Mexico
- Bayer Direct Services GmbH, Germany
- Bayer East Africa Limited, Kenya
- Bayer HealthCare Pharmaceuticals Inc. Pine Brook, U.S.A.
- Bayer Intellectual Property GmbH, Germany
- Bayer MaterialScience Limited, Hong Kong
- Bayer MaterialScience Private Limited, India
- Bayer Middle East FZE, UAE
- Bayer Pakistan (Private) Limited, Pakistan
- Bayer Pharmaceuticals Private Limited, India
- Bayer S.A., Argentina
- Bayer S.A.S., France
- Bayer Thai Company Limited, Thailand
- Bayer Vietnam Limited, Vietnam
- Bayer Vapi Private Limited, India (Formerly Bilag Industries Private Limited, India)  
(the Enterprise in respect of which, the Company is an Associate effective April 28, 2014)
- 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. Richard van der Merwe : Vice Chairman and Managing Director (from February 1, 2014)
- Dr. Thomas Hoffmann : Executive Director & Chief Financial Officer (from April 2, 2013)
- Mr. Stephan Gerlich : Vice Chairman and Managing Director (upto January 31, 2014)



## Notes to the financial statements for the year ended March 31, 2015 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

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

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

Nature of Transaction	01.04.2014 to 31.03.2015	01.04.2013 to 31.03.2014
Recoveries made	47	-*
Dividend paid	36	32
Professional/ Support Charges incurred	7	18
	<b>As at 31.03.2015</b>	<b>As at 31.03.2014</b>
Outstanding Receivables (net of Payables)	<b>36</b>	<b>-*</b>

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

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

Nature of Transaction	01.04.2014 to 31.03.2015	01.04.2013 to 31.03.2014
<b>Sale of Goods</b>		
Bayer CropScience AG	5,991	4,609
Others	406	413
	<b>6,397</b>	<b>5,022</b>
<b>Recoveries from Group Companies</b>		
Bayer MaterialScience Private Limited	162	154
Bayer Vapi Private Limited	156	79
Bayer BioScience Private Limited	122	108
Bayer CropScience AG	112	119
Bayer Pharmaceuticals Private Limited	89	90
Bayer Business Services GmbH	79	56
Others	76	51
	<b>796</b>	<b>657</b>
<b>Tolling Charges recovered</b>		
Bayer MaterialScience Private Limited	25	210
	<b>25</b>	<b>210</b>
<b>Rent Income</b>		
Bayer MaterialScience Private Limited	24	24
Bayer Pharmaceuticals Private Limited	16	12
Bayer BioScience Private Limited	10	7
Others	-*	-*
	<b>50</b>	<b>43</b>
<b>Interest Income</b>		
Bayer MaterialScience Private Limited	330	134
Bayer Vapi Private Limited	31	-
	<b>361</b>	<b>134</b>
<b>Purchase of Goods</b>		
Bayer CropScience AG	7,092	6,530
Bayer BioScience Private Limited	3,776	3,359
Others	841	878
	<b>11,709</b>	<b>10,767</b>
<b>Professional/ Support Charges incurred</b>		
Bayer Business Services GmbH	210	192
Bayer CropScience AG	101	88
Others	38	30
	<b>349</b>	<b>310</b>

**Notes to the financial statements for the year ended March 31, 2015** (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

**28. 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.)

<b>Nature of Transaction</b>	<b>01.04.2014 to 31.03.2015</b>	<b>01.04.2013 to 31.03.2014</b>
<b>Rent Expense</b>		
Bayer BioScience Private Limited	15	15
Bayer Vapi Private Limited	-*	-*
	<u>15</u>	<u>15</u>
<b>Royalty Expense</b>		
Bayer Intellectual Property GmbH	18	17
	<u>18</u>	<u>17</u>
<b>Dividend paid</b>		
Bayer S.A.S.	68	39
Bayer CropScience AG	58	36
Bayer Vapi Private Limited	78	30
Bayer MaterialScience Private Limited	-	3
	<u>204</u>	<u>108</u>
<b>Sale of Fixed Assets</b>		
Bayer MaterialScience Private Limited	227	-
Others	-	-*
	<u>227</u>	<u>-*</u>
<b>Purchase of Fixed Assets (including Capital work-in-progress)</b>		
Bayer CropScience LP	7	10
Bayer MaterialScience Private Limited	1	7
Bayer Business Services GmbH	1	3
Others	-	-*
	<u>9</u>	<u>20</u>
<b>Employee related liability paid/ payable on transfer of employees</b>		
Bayer MaterialScience Private Limited	13	2
Bayer BioScience Private Limited	9	1
Bayer Vapi Private Limited	-*	4
	<u>22</u>	<u>7</u>
<b>Employee related liability taken over on transfer of employees</b>		
Bayer BioScience Private Limited	1	-
Bayer MaterialScience Private Limited	-	4
Bayer Vapi Private Limited	-	1
Others	-	1
	<u>1</u>	<u>6</u>
<b>Short-term Loan given to</b> [Refer Note 37]		
Bayer MaterialScience Private Limited	-	3,500
Bayer Vapi Private Limited	1,096	-
	<u>1,096</u>	<u>3,500</u>
<b>Short-term Loan repaid during the year</b> [Refer Note 37]		
Bayer MaterialScience Private Limited	3,500	-
Bayer Vapi Private Limited	1,096	-
	<u>4,596</u>	<u>-</u>





## Notes to the financial statements for the year ended March 31, 2015 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

### 28. 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.)

	As at 31.03.2015	As at 31.03.2014
<b>Outstanding Short-term Loan given to [Refer Note 37]</b>		
Bayer MaterialScience Private Limited	-	3,500
	-	3,500
<b>Outstanding Receivables (net of Payables)</b>		
Bayer CropScience AG	153	-
Bayer Pakistan (Private) Limited	69	21
Bayer MaterialScience Private Limited	51	86
Bayer Pharmaceuticals Private Limited	28	9
Bayer CropScience Limited, Bangladesh	25	33
Others	34	24
	<b>360</b>	<b>173</b>
<b>Outstanding Payables (net of Receivables)</b>		
Bayer BioScience Private Limited	92	83
Bayer Vapi Private Limited	27	101
Bayer Business Services GmbH	19	16
Bayer Intellectual Properties GmbH	18	17
Bayer CropScience AG	-	279
Others	5	4
	<b>161</b>	<b>500</b>

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

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

Related Party	Designation	01.04.2014 to 31.03.2015	01.04.2013 to 31.03.2014
Mr. Richard Van der Merwe	Vice Chairman and Managing Director	65	11
Mr. Stephan Gerlich	Vice Chairman and Managing Director	-	57
Dr. Thomas Hoffmann	Executive Director & Chief Financial Officer	42	38
		<b>107</b>	<b>106</b>

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

### 29. 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	01.04.2014 to 31.03.2015	01.04.2013 to 31.03.2014
Provident Fund	57	52
Superannuation	23	19

\* included in Note 22 – 'Employee Benefit Expenses'

**Notes to the financial statements for the year ended March 31, 2015** (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

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

	<b>Gratuity (Funded plan)</b>		<b>Pension (Non-funded plan)</b>	
	<b>01.04.2014 to 31.03.2015</b>	01.04.2013 to 31.03.2014	<b>01.04.2014 to 31.03.2015</b>	01.04.2013 to 31.03.2014
<b>(i) Changes in Present Value of Defined Benefit Obligation:</b>				
Opening present value of defined benefit obligation	<b>438</b>	414	<b>8</b>	8
Current service cost *	<b>26</b>	24	-	-
Interest cost	<b>41</b>	34	<b>1</b>	1
Actuarial loss/ (gain) *	<b>92</b>	4	-	(1)
Transfer of Employees (Net) **	<b>(15)</b>	(3)	-	-
Benefits paid	<b>(98)</b>	(35)	<b>(2)</b>	-
<b>Closing present value of defined benefit obligation</b>	<b>484</b>	438	<b>7</b>	8
** Represents liability takeover/ (discharged) in respect of employees transferred from/ (to) Group Companies.				
<b>(ii) Change in Fair Value of Plan Assets:</b>				
Opening fair value of plan assets	<b>276</b>	270	-	-
Expected return on plan assets	<b>24</b>	23	-	-
Actuarial gain/ (loss) *	-	-	-	-
Contributions by employer	<b>86</b>	18	-	-
Benefits paid	<b>(86)</b>	(35)	-	-
<b>Closing fair value of Plan Assets</b>	<b>300</b>	276	-	-
<b>(iii) Actual return on Plan Assets</b>	<b>24</b>	23	-	-
<b>(iv) Amount recognised in the Balance Sheet:</b>				
Present value of defined benefit obligation as at year end	<b>484</b>	438	<b>7</b>	8
Less: Fair value of plan assets as at year end	<b>(300)</b>	(276)	-	-
<b>Net (asset)/ liability recognised</b>	<b>184</b>	162	<b>7</b>	8
<b>Recognised under:</b>				
Long Term Provision [Refer Note 5]	<b>152</b>	122	<b>6</b>	5
Short Term Provision [Refer Note 5]	<b>32</b>	40	<b>1</b>	3
	<b>184</b>	162	<b>7</b>	8
<b>(v) Expenses recognised in the Statement of Profit and Loss:</b>				
Current service cost *	<b>26</b>	24	-	-
Interest cost	<b>41</b>	34	<b>1</b>	1
Expected return on plan assets	<b>(24)</b>	(23)	-	-
Net actuarial loss/(gain) recognised in the current year *	<b>92</b>	4	-	(1)
<b>Total expense (Included in Note 22 – ‘Employee Benefit Expenses’)</b>	<b>135</b>	39	<b>1</b>	-
<b>(vi) Expected employer’s contribution for the next year</b>	<b>32</b>	27	-	-



Notes to the financial statements for the year ended March 31, 2015 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

29. EMPLOYEE BENEFITS (contd.)

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

	Gratuity (Funded plan)		Pension (Non-funded plan)	
	01.04.2014 to 31.03.2015	01.04.2013 to 31.03.2014	01.04.2014 to 31.03.2015	01.04.2013 to 31.03.2014
<b>(vii) Principal actuarial assumptions used:</b>				
Discount rate (per annum)	7.95%	9.35%	7.95%	9.35%
Expected rate of return on plan assets (per annum)	8.70%	8.70%	Not Applicable	Not Applicable
Attrition Rate (per annum)	5 - 10 %	5 - 10 %	5 - 10 %	5 - 10 %
Salary Escalation rate (per annum)	12% for Next 2 years, 10% for subsequent 2 years and 8% thereafter	12% for next 1 year, 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.

(ix) Other Information:	01.04.2014 to 31.03.2015	01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013	01.04.2011 to 31.03.2012	01.04.2010 to 31.03.2011
<b>Gratuity (Funded Plan)</b>					
Present value of defined benefit obligation at the end of the year	(484)	(438)	(414)	(341)	(305)
Fair value of plan assets at the end of the year	300	276	270	227	238
Surplus/ (deficit)	(184)	(162)	(144)	(114)	(67)
Experience adjustments on plan liabilities - gain/ (loss)	(45)	(32)	(23)	(20)	(18)
Experience adjustments on plan assets - gain/ (loss) *	-	-	2	1	4
<b>Pension (Non-funded Plan)</b>					
Present value of defined benefit obligation at the end of the year	(7)	(8)	(8)	(7)	(8)
Surplus/ (deficit)	(7)	(8)	(8)	(7)	(8)
Experience adjustments on plan liabilities - gain/ (loss) *	1	1	-	2	1

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

(x) The liability for compensated absences and long service award as at March 31, 2015 aggregates 144 (Previous Year 136) and 11 (Previous Year 13), respectively.

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

For the Year	No. of Shareholders	No. of Equity Shares	01.04.2014 to 31.03.2015	01.04.2013 to 31.03.2014
2014-15 (Interim Dividend)	4	17,053,783	68	-
2013-14 (Final Dividend)	4	17,053,783	94	-
2012-13 (Final Dividend)	4	21,450,304	-	107

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

**Notes to the financial statements for the year ended March 31, 2015** (contd.)*(All amounts in ₹ Millions, unless otherwise stated)*

	<b>01.04.2014 to 31.03.2015</b>	01.04.2013 to 31.03.2014
<b>31. VALUE OF IMPORTS ON C.I.F. BASIS</b>		
Raw Materials	5,226	4,768
Packing Materials	29	24
Stock-in-trade	2,934	2,594
Stores and Spare Parts	1	7
Capital Goods (including Work-in-Progress)	<b>32</b>	81
<b>32. EXPENDITURE IN FOREIGN CURRENCY</b>		
Legal and Professional Fees	317	305
Other Expenses	71	85
Salary	47	63
Communication	14	1
Royalty	<b>18</b>	17
<b>33. EARNINGS IN FOREIGN EXCHANGE</b>		
Export of Goods calculated on F.O.B. basis	6,287	4,960
Recoveries from Group Companies	<b>247</b>	195
<b>34. OPERATING LEASE</b>		

**a) Assets taken on lease:**

The Company has taken certain residential flats and offices under non-cancellable operating lease and lease rent amounting to 46 (Previous Year 28) has been recognised under the head Other Expenses - 'Rent' under Note 24 to the Statement of Profit and Loss.

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

<b>Period</b>	<b>As at 31.03.2015</b>	As at 31.03.2014
Not later than one year	16	37
Later than one year and not later than five years	4	12
Later than five years	-	-

The Company has entered into cancellable leasing arrangement for office, residential and warehouse premises. The lease rental of 136 (Previous Year 268) has been recognised under the head Other Expenses - 'Rent' under Note 24 to the Statement of Profit and Loss.

Further, the Company has recovered sub-lease rental of 16 (Previous Year 56) which has been recognised under the head Other Income – 'Rent Income' under Note 18 to the Statement of Profit and Loss.

**b) Assets given on lease:**

Additionally, the Company had given Land (disclosed as Investment Property) and portion of Building on operating lease under cancellable lease arrangement during the year. The lease rentals aggregating to 56 (Previous Year 1) has been recognised under the head Other Income - 'Rent Income' under Note 18 to the Statement of Profit and Loss.

**Notes to the financial statements for the year ended March 31, 2015 (contd.)**

(All amounts in ₹ Millions, unless otherwise stated)

**35. 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, 2015.

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

**Secondary Segmental Reporting**

	<b>01.04.2014 to 31.03.2015</b>	01.04.2013 to 31.03.2014
1. Revenue from Operations (Net)		
(a) Segment – Local	<b>30,669</b>	27,260
(b) Segment – Exports	<b>6,564</b>	5,192
	<b>37,233</b>	32,452
2. Segmental Assets (excluding Deferred/ Current Tax Assets)		
(a) In India	<b>26,518</b>	23,145
(b) Outside India	<b>677</b>	126
	<b>27,195</b>	23,271
3. Capital Expenditure during the year in India	<b>412</b>	1,699

- 36.** 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:

For the year ended	Currency	Buy/ (Sell)	Number of Contracts	Amount in Foreign Currency Millions	₹ equivalent in Millions
March 31, 2015	US Dollar	Buy	1	4	224
March 31, 2014	US Dollar	Sell	2	2	104

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

Particulars	Currency	Amount in Foreign Currency Millions	₹ equivalent in Millions
- Payable	US Dollar	-	-
		(9)	(560)
- Receivable	US Dollar	4	267
		(-)	(-)
- Payable	EURO *	-	7
		(-)	(12)
- Payable	ZAR **	-	1
		(-)	(-)

Figures shown in brackets are in respect of previous year.

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

\*\* Amount in the Current Year is below the rounding off norm adopted by the Company.

**Notes to the financial statements for the year ended March 31, 2015** (contd.)*(All amounts in ₹ Millions, unless otherwise stated)*

37. The Company had given loans to Bayer MaterialScience Private Limited for working capital and Bayer Vapi Private Limited for capital investment purpose which are repaid during the year. The loans given are in compliance with the respective sections [Section 372A of the Companies Act, 1956 and Section 186 (4) of the Companies Act, 2013] and in accordance with the terms and conditions of agreements entered with both the parties.

**38. EARNINGS PER SHARE**

Particulars	<b>01.04.2014 to 31.03.2015</b>	01.04.2013 to 31.03.2014
Profit After Taxation	<b>3,830</b>	2,895
Weighted average number of equity shares outstanding at year end	<b>36,619,001</b>	38,528,312
Nominal Value Per Equity Share (in ₹)	<b>10</b>	10
Earnings Per Share (net of tax) [Basic and Diluted] (in ₹)	<b>104.59</b>	75.14

**39. Expenses towards activities relating to Corporate Social Responsibility in compliance with Section 135 of the Companies Act, 2013 (included in Operating Activities under Cash Flow Statement)****a) Amount paid**

Particulars	<b>01.04.2014 to 31.03.2015</b>	01.04.2013 to 31.03.2014
Employee Benefit Expenses	<b>2</b>	-
Donations	<b>28</b>	-
Miscellaneous Expenses	<b>4</b>	-
	<b>34</b>	-
b) Gross amount required to be spent by the Company	<b>70</b>	-

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

Signature to Notes 1 to 40

**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**

DIN 00103214

Vice Chairman &  
Managing Director**Richard van der Merwe**

DIN 06768305

Directors

**Sharad Kulkarni**

DIN 00003640

**A.K.R. Nedungadi**

DIN 00103214

**Vimal Bhandari**

DIN 00001318

Executive Director &  
Chief Financial Officer**Dr. Thomas Hoffmann**

DIN 06485949

Place : Mumbai

Date : May 27, 2015

Place : Thane

Date : May 27, 2015





## Facts

	2005	2006	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
<b>₹ in Millions</b>										
Revenue from Operations (Net)	7,079	7,746	12,383	14,826	17,241	21,373	22,723	27,253	32,452	<b>37,233</b>
Profit Before Tax	747	891	680	1,508	1,964	1,988	2,044	15,632	4,408	<b>5,735</b>
Net Cash from Operating Activities	(98)	366	1,404	346	824	1,223	1,067	1,383	2,815	<b>2,004</b>
Dividend (including interim dividend)	87	95	95	111	158	158	166	197	201	<b>769</b>
Dividend %	22%	24%	24%	28%	40%	40%	42%	50%	55%	<b>210%</b>
Dividend Payout Ratio %	23%	17%	19%	12%	12%	12%	12%	2%	7%	<b>20%</b>
Share Capital	395	395	395	395	395	395	395	395	366	<b>366</b>
Reserves and Surplus	2,462	2,919	3,299	4,115	5,203	6,335	7,532	18,918	17,057	<b>19,963</b>
Borrowings	1,161	1,081	692	427	1,140	1,085	-	-	-	-
Gross Block	3,345	3,435	4,274	4,519	5,077	5,531	4,738	5,414	6,958	<b>4,346</b>
Net Block	1,633	1,554	2,479	2,701	3,208	3,537	2,566	3,457	4,446	<b>3,224</b>
Net Current Assets	2,329	2,776	1,139	1,990	2,835	5,204	4,861	15,562	12,583	<b>16,917</b>
Employee Benefit expenses	574	671	1,221	1,343	1,411	1,566	1,553	1,810	2,040	<b>2,269</b>
Number of Employees	984	1,020	1,159	1,325	1,351	1,102	1,147	1,181	1,217	<b>1,043</b>
<b>₹</b>										
Earnings Per Share (on the basis of profits after tax)	9.40	14.39	12.43	23.91	32.22	33.30	35.19	294.11	75.14	<b>104.59</b>
Book Value per Share	72.32	83.91	93.53	114.17	141.72	170.38	200.70	488.95	475.79	<b>555.15</b>
Share Price at Stock										
Exchange - High	323.65	303.40	474.50	343.00	693.00	1,173.00	999.00	1,341.80	1,829.20	<b>3,819.90</b>
- Low	160.00	101.00	199.05	180.20	224.90	635.15	673.05	749.00	1,065.05	<b>1,384.55</b>
Number of Shareholders	20,539	21,180	18,852	18,803	19,324	21,251	21,431	20,865	19,138	<b>20,647</b>

## Notes:

1. Figures for the period 2007-08 are for fifteen months.
2. Dividend Payout Ratio % = Dividend \*100/ Profit After Tax
3. Figures have been regrouped wherever necessary.



Bayer CropScience Limited

Corporate Identification No. (CIN) - L24210MH1958PLC011173

Registered Office & Corporate Office: Bayer House, Central Avenue, Hiranandani Estate, Thane (West) – 400 607

Tel. No. 91 22 2531 1234 E-mail:ir\_bcsli@bayer.com Website: www.bayer.in

ATTENDANCE SLIP

(To be presented at the Annual General Meeting venue)

57th ANNUAL GENERAL MEETING ON TUESDAY, SEPTEMBER 15, 2015 AT 11.30 A.M.

at "Yashwantrao Chavan Pratishthan Auditorium", Y. B. Chavan Centre, Near Mantralaya, Gen. J. Bhonsale Marg, Mumbai 400 021

Folio No. \_\_\_\_\_ DP ID No. \_\_\_\_\_ Client ID No. \_\_\_\_\_

Name of the Member / Proxy holder: \_\_\_\_\_ Signature: \_\_\_\_\_

- 1. Only Member / Proxy holder can attend the Meeting.
2. Member / Proxy holder should bring his / her copy of the Annual Report for reference at the Meeting.



Bayer CropScience Limited

Corporate Identification No. (CIN) - L24210MH1958PLC011173

Registered Office & Corporate Office: Bayer House, Central Avenue, Hiranandani Estate, Thane (West) – 400 607

Tel. No. 91 22 2531 1234 E-mail:ir\_bcsli@bayer.com Website: www.bayer.in

PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member(s): \_\_\_\_\_

Registered Address: \_\_\_\_\_

E-mail id: \_\_\_\_\_

Folio No. / Client ID No. \_\_\_\_\_ DP ID No. \_\_\_\_\_

I / We, being the member(s) of \_\_\_\_\_ shares of Bayer CropScience Limited, hereby appoint

1. Name: \_\_\_\_\_ Email id: \_\_\_\_\_
Address: \_\_\_\_\_

Signature: \_\_\_\_\_

or failing him / her

2. Name: \_\_\_\_\_ Email id: \_\_\_\_\_
Address: \_\_\_\_\_

Signature: \_\_\_\_\_

or failing him / her

3. Name: \_\_\_\_\_ Email id: \_\_\_\_\_
Address: \_\_\_\_\_

Signature: \_\_\_\_\_

As my/ our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 57<sup>th</sup> Annual General Meeting of the Company to be held on Tuesday, September 15, 2015 at 11.30 a.m. at “Yashwantrao Chavan Pratishthan Auditorium”, Y. B. Chavan Centre, Near Mantralaya, Gen. J. Bhonsale Marg, Mumbai 400 021 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr.No.	Resolution	For	Against
1.	Adoption of Statement of Profit and Loss, Balance Sheet, Report of Board of Directors and Auditors for financial year ended March 31, 2015.		
2.	Declaration of final dividend on Equity Shares for the financial year ended March 31, 2015.		
3.	Re-appointment of Mr. Kaikobad B. Mistry as a Director.		
4.	Re-appointment of Auditors and fixing their remuneration.		
5.	Appointment of Dr. Regine Juergens as a Director.		
6.	Payment of commission to Non-Executive Independent Directors.		
7.	Ratification of Cost Auditors' remuneration.		
8.	Variation in terms and conditions of appointment of Dr. Thomas Hoffmann.		
9.	Approval of transaction with Bayer CropScience Aktiengesellschaft, Germany.		
10.	Approval of transaction with Bayer BioScience Private Limited.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015

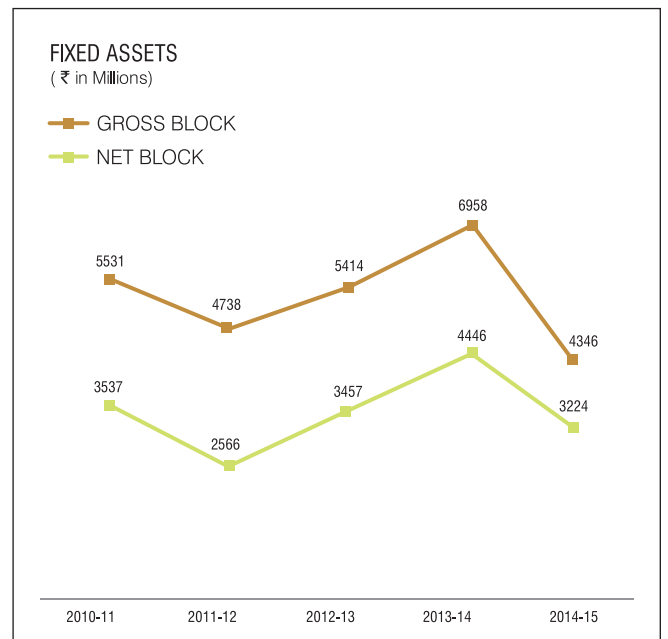
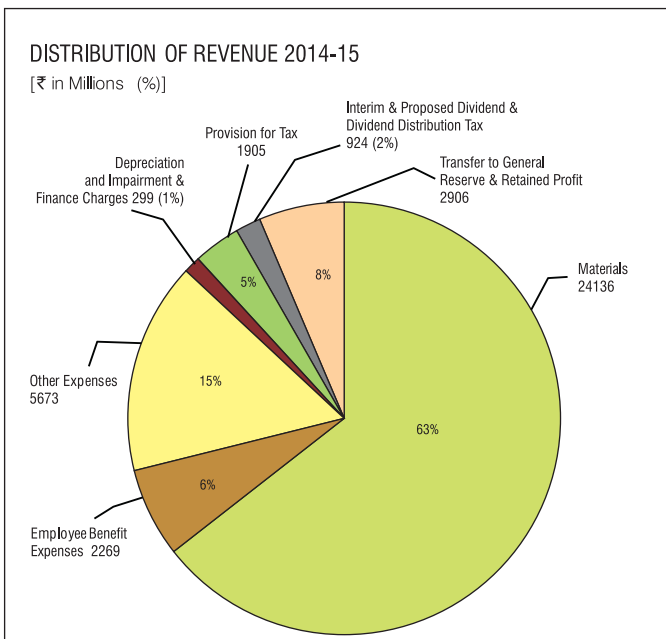
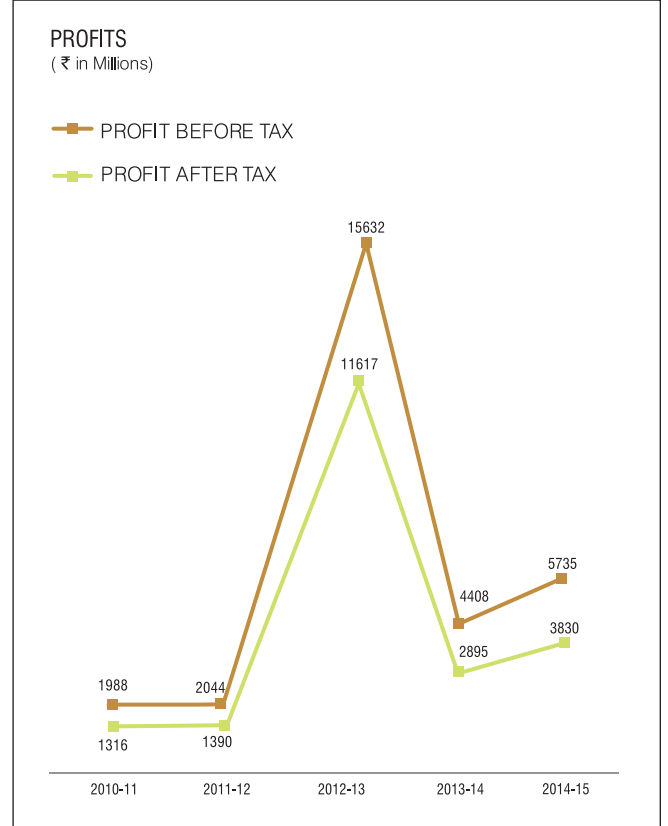
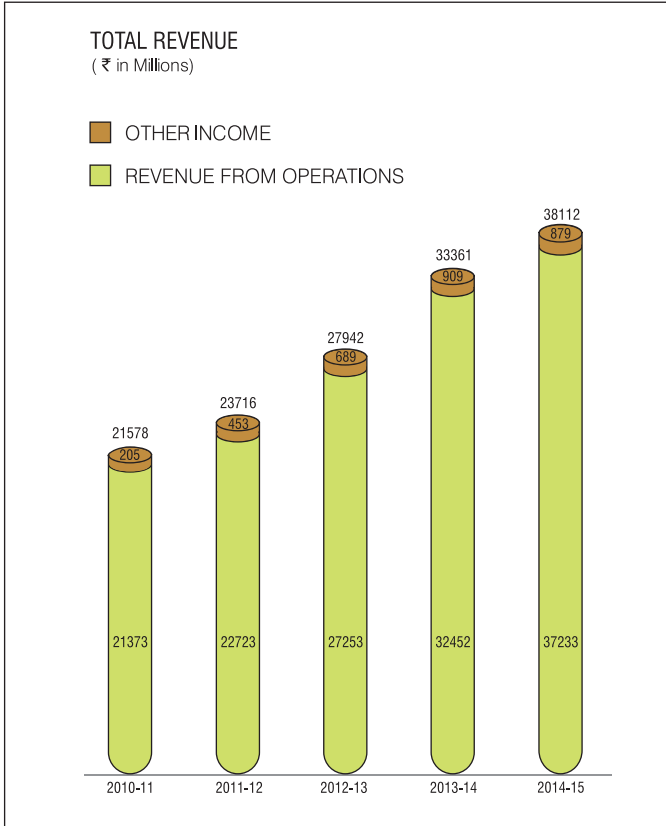
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Revenue  
Stamp

Signature of shareholder \_\_\_\_\_ Signature of Proxy holder(s) \_\_\_\_\_

**NOTES:**

1. Please put tick(✓) in the appropriate column against the respective resolutions. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he / she thinks appropriate.
2. This Form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company at Bayer House, Central Avenue, Hiranandani Estate, Thane (West) – 400 607, not less than 48 hours before the commencement of the Meeting.

# Performance Highlights







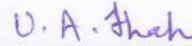
# Bayer CropScience



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[www.bayer.in](http://www.bayer.in)

**FORM A**

SR. NO.	PARTICULARS	
1.	Name of the Company	Bayer CropScience Limited
2.	Annual Financial Statements for the year ended	March 31, 2015
3.	Type of Audit observation	NIL
4.	Frequency of observation	NIL
5.	Signed by -	
	Vice Chairman & Managing Director and Chief Executive Officer	Mr. Richard van der Merwe (DIN 06768305) 
	Executive Director & Chief Financial Officer	Dr. Thomas Hoffmann (DIN 06485949) 
	<b>Auditor</b> Price Waterhouse Firm Registration No. 301112E Chartered Accountants	Mr. Uday Shah Partner Membership No. F46061  
	Audit Committee Chairman	Mr. Sharad M. Kulkarni (DIN 00003640) 