



August 23, 2017

General Manager
DCS-Corporate Relationship Department
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001

COMPANY CODE: 506285
SCRIP ID: BAYERCROP

Dear Sir,

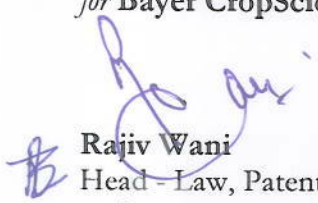
Sub.: Submission of the approved Annual Report for the financial year ended March 31, 2017

Pursuant to Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Annual Report of Bayer CropScience Limited ("the Company") for the financial year ended March 31, 2017 as approved and adopted at the 59th Annual General Meeting of the Company held on Wednesday, August 23, 2017.

Kindly take the same on record.

Thanking you,

Yours faithfully,
for Bayer CropScience Limited


Rajiv Wani
Head - Law, Patents & Compliance
& Company Secretary

Encl.: As above

Bayer CropScience Ltd.
CIN: L24210MH1958PLC011173

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

Tel : +91 22 2531 1234
Fax : +91 22 2545 5063
www.bayer.in
www.cropscience.bayer.com

Bayer CropScience Limited

59th

ANNUAL REPORT

April 2016 – March 2017



SK Hazira, a student from the 2015 – 2017 Batch of the Bayer-RVJ (Ramanaidu Vignana Jyothi) School of Agriculture, receiving hands-on-training at a vegetable farm in Tuniki village in Medak district, Telangana State

PRODUCT LAUNCHES: 2016 – 2017



Crop Protection



Luna[®] Experience

Luna[®] Experience is a new fungicide for Powdery Mildew Management in grapes. With Luna[®] Experience, grape growers can achieve excellent harvest quality, while minimizing post-harvest losses. Luna[®] Experience can also benefit grape exporters as it maintains the health and freshness of grapes for a longer time by protecting against latent diseases.



Movento[®] Energy

Movento[®] Energy is the first two-way, systemic insecticide launched in India for sucking pests. This revolutionary insecticide translocates to all parts of the plant and gives shoot to root protection providing internal energy to the plant enabling better vegetative growth that results in more marketable produce for farmers.

Seeds



Arize[®] AZ 8433 DT

A first of its kind mid-duration Rice Hybrid Seed which offers protection from both Bacterial Leaf Blight (BLB) and Brown Plant Hopper (BPH) with excellent yield potential.



Arize[®] AZ 6453

A mid early-duration Rice Hybrid Seed with Rice Blast tolerance. It has medium slender grains with excellent cooking quality and offers good yield.



Arize[®] AZ 6508

A short-duration Rice Hybrid Seed with long, slender grains and high test weight. Its long grains offer excellent cooking quality and taste.



Proagro PA 9072

A short duration Millet Hybrid Seed for the early segment with excellent tolerance for Downy Mildew and drought. It offers good yield and fodder quality.

Environmental Science



Temprid[™]

Temprid[™] is India's first dual active insecticide for Professional Pest Control of cockroaches commonly found in food handling and food processing areas of household and commercial premises. It has a faster knockdown rate. Its low dose rate and odorless formulation makes it a safer alternative for effective pest management.

SOCIAL COMMITMENT

Bayer's Corporate Social Responsibility (CSR) initiatives focuses on people embarking on new approaches to problem-solving in life sciences in the key areas of health, education and basic social needs, with the goal of sustainably improving living conditions. With our support programs we see ourselves as investors, trendsetters and partners for initiatives and projects that have a model character, a long-term effect and thus the potential to achieve systemic change.

To us, sustainability means future viability and as part of our corporate strategy, sustainability is integrated into our everyday procedures. We at Bayer are convinced that we can achieve lasting commercial success only if we increase our contribution to overcoming global challenges in the fields of food security and health, meet our responsibility to the environment, and on the basis of this also ultimately promote our economic growth. That's what our mission "Bayer: Science For A Better Life" is all about.

We consider the maintenance of constant contact and continuous dialogue with our stakeholders at a global and local level to be very important. Bayer is a part of society and of public life. Society's acceptance and appreciation of our corporate activities are therefore essential to Bayer's reputation and business success.

In India, Bayer CropScience Limited has rolled out its CSR policy in accordance with India's legislation. The policy focuses on four thematic areas:

- Fostering Education
- Fostering Rural Development
- Empowering Women
- Preventive Health & Sanitation

Some of our key CSR projects from 2016 – 2017 include:



Educational Initiatives in Telangana

Comprehensive educational interventions are being introduced with an objective of forming a healthy socio- economic culture where the deprived class of society can avail quality education. This project is being implemented in select villages of South India. Some of the activities include scholarships for the school-going children, financial support to the deserving students to pursue higher education, upgrade and maintain the educational set-up of targeted schools, improve the education delivery process in the local schools, create IT-enabled smart classes, skill development programs, school facility upgradation including libraries, science labs, sports, cultural facilities and coaching.



Agriculture Fellowship Program

Agriculture requires innovation and sustainable mechanisms to cater to an ever-increasing vast and diverse population. To encourage research and development activities in agriculture, Bayer is supporting Masters in Science and Ph.D students with Fellowships in leading AgroScience Universities in Gujarat, Karnataka, Punjab, Tamil Nadu, Telangana, Uttarakhand and West Bengal. Till date 49 Fellowships have been awarded.

Agricultural Productivity & Livelihood Support

Farm labor is an important aspect of agriculture in India. To support alternative sources of income for these laborers, other livelihood options such as sheep, goat rearing and low cost poultry farming are being encouraged among women laborers through Self Help Groups (SHGs). This approach combines access to low-cost financial services with process of self-management and development for women. This project titled Agricultural Productivity & Livelihood Support being implemented in the state of Bihar is also focusing on helping small and marginal farmers move away from sustenance farming to smarter, commercial agriculture through the use of technology.



Village Training Program

In order to build a strong relationship with rural communities, Bayer has taken up activities that are focused on improving livelihood and enhancing income generation opportunities for villagers that would help them lead a life of dignity. The main focus of Village Training Program (VTP) is providing intensive training to rural youth on best practices and newer technologies in areas such as goat rearing, low cost poultry, animal husbandry, tailoring, plumbing and crop production etc. Seen in the picture is a VTP field demonstration session in a model farm near Mangalgudda village in Karnataka.



WASH (Water, Agriculture, Sanitation & Hygiene)

This program 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 intensive training of the rural communities in order to change mindset and habits.

Discovering Hands

Preventive breast cancer diagnosis is either offered through mammography, which is expensive or by a tactile breast examination, performed by doctors. As a result of the impersonal and often stressful experience, many women choose not to undergo preventative diagnosis. As prevention is critical in the fight against breast cancer, Dr. Frank Hoffmann, a renowned medical expert from Germany has pioneered a unique program: "Discovering Hands" that trains and deploys visually impaired women with their highly developed sensory skills to detect the early signs of breast cancer.



Program for Primary Prevention of Sexual Violence (PPPSV)

Moving towards pioneering the concept of innovative Corporate Social Engagement, Bayer India is working in active collaboration with King Edward Memorial Hospital Research Centre, Pune, Institute of Sexology, Charité, University Clinic of Berlin, and an advisory council of experts from India to envision Program for Primary Prevention of Sexual Violence (PPPSV). Using proven expertise and knowhow from years of treatment experience, Bayer and its partnering institutions are developing strategies to implement primary preventive measures, which protect women and children from sexual violence and its after-effects.

Incidents of sexual violence are not only criminal acts, but a major social health issue. The objective of PPPSV is to introduce innovative strategies of primary prevention to create ways and means for the benefit of public health. Primary Prevention approach is a means to prevent the incident before it happens. This approach brings to fore strategies that utilize knowledge about typologies of potential offenders as well as potential victims that influence sexual offense situations before they occur.

Taking on the opportunities the PPPSV team developed a three-pronged approach that focuses on:

- Research on primary prevention strategies in India
- Primary prevention of child sexual abuse through treatment
- Primary prevention of sexual violence against women through deterrence



Chennai Floods Disaster Relief

Implemented in two well-planned phases, a holistic intervention approach was put in place by the NGO -Concern India, in close collaboration with Bayer. The relief measures were planned based on visits to flood affected areas and attending community & school staff meetings and understanding the requirements of the urban and semi-urban areas.

Hygiene emerged as a significant area of concern and therefore, the intervention programs unraveled a significant sanitation drive that covered 20 villages. Nearly 4,500 families affected by floods were covered in the sanitation drive. Awareness on self-hygiene and public sanitation was imparted to 4,200 school students. Awareness programs included proper usage of toilets, methods to keep drainages clean and ways to separate compostable and non-compostable wastage. The general response to the camps has been positive and 340 volunteers proactively participated in the sanitation drive programs.

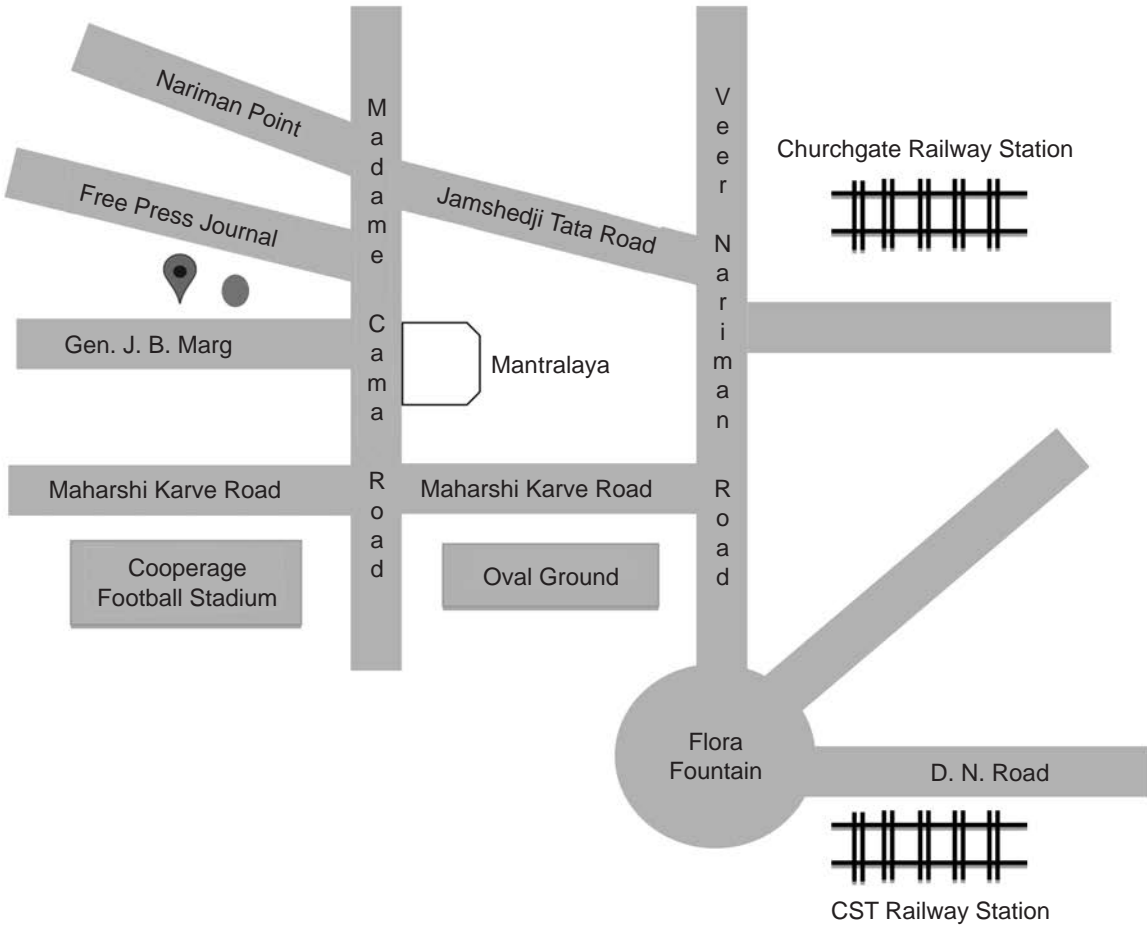


ROUTE MAP TO THE VENUE OF THE 59TH ANNUAL GENERAL MEETING OF BAYER CROPSCIENCE LIMITED

Day & Date : Wednesday, August 23, 2017

Time : 11:00 A.M.

AGM Venue : "Yashwantrao Chavan Pratishthan Auditorium", Y. B. Chavan Centre,
Near Mantralaya, Gen. J. Bhonsale Marg, Mumbai - 400 021



Legends:

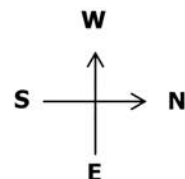


AGM Venue



Sachivalaya Gymkhana

Please note that this map is not to actual scale





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**Bayer CropScience Limited
Annual Report 2016 - 17**

Directors	Pankaj Patel	(DIN 00131852)	– Chairman
[As on June 06, 2017]	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)	
	Ulrich Stefer	(DIN 07447177)	– Executive Director & CFO
	Dr. Miriam Colling-Hendelkens	(DIN 07839649)	

Head - Law, Patents & Compliance & Company Secretary

Rajiv Wani

Bankers	Bank of America BNP Paribas Citibank N.A. Deutsche Bank HDFC Bank Limited State Bank of India
Auditors	Price Waterhouse
Solicitors	Crawford Bayley & Co.
CIN	L24210MH1958PLC011173
Registered Office	Bayer House, Central Avenue, Hiranandani Estate, Thane (West) - 400 607. Tel. No.: + 91 22 2531 1234 Fax No.: + 91 22 2545 5063 Email: ir_bcsl@bayer.com
Registrar & Share Transfer Agent	TSR Darashaw Limited (TSRD L) 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 Email: csg-unit@tsrdarashaw.com
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 59th Annual General Meeting of Bayer CropScience Limited will be held on Wednesday, August 23, 2017 at 11.00 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, 2017 and the Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare dividend on Equity Shares for the financial year ended March 31, 2017.
3. To appoint a Director in place of Mr. Peter Mueller (DIN: 03582162), who retires by rotation and being eligible offers himself for re-appointment.

4. **Appointment of Statutory Auditors:**

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

"RESOLVED THAT pursuant to the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, (ICAI Firm Registration No. 117366W/W-100018) be and are hereby appointed as the Statutory Auditors of the Company (in place of M/s. Price Waterhouse, Chartered Accountants, the retiring Auditors) for a term of five years commencing from the conclusion of 59th Annual General Meeting of the Company till the conclusion of 64th Annual General Meeting to be held in 2022 (subject to ratification of their appointment by the Members at every Annual General Meeting) on such remuneration plus taxes as applicable, out-of-pocket expenses etc. as may be mutually agreed upon by the Board of Directors and the Auditors.

RESOLVED FURTHER THAT the Vice Chairman & Managing Director and Chief Executive Officer or Executive Director and Chief Financial Officer or the Company Secretary of the Company be and are hereby authorized to do all such acts and take all such steps as may be considered necessary, proper or expedient to give effect to this Resolution."

SPECIAL BUSINESS:

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

5. **Appointment of Dr. (Ms.) Miriam Colling-Hendelkens (DIN: 07839649) as a Director of the Company:**

As an Ordinary Resolution:

"RESOLVED THAT Dr. (Ms.) Miriam Colling-Hendelkens (DIN: 07839649) who was appointed as an Additional Director of the Company with effect from June 06, 2017 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 153 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 the candidature of Dr. (Ms.) Miriam Colling-Hendelkens for the office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation.

RESOLVED FURTHER THAT the Vice Chairman & Managing Director and Chief Executive Officer or the Executive Director and Chief Financial Officer or the Company Secretary of the Company be and are hereby severally authorized to sign and file the prescribed forms, returns, documents, applications and deeds with all authorities including the Registrar of Companies, Maharashtra, along with the requisite fees in respect of the said appointment."

6. **Ratification of Remuneration to Cost Auditor:**

As an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 148(3) 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 remuneration payable to M/s. D. C. Dave & Co., Cost Accountants, having Firm Registration No. 000611, appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company relating to "Insecticides" for the financial year ending March 31, 2018, being ₹ 0.55 Millions (Rupees point five five millions only) plus taxes as applicable and out of pocket expenses incurred in performance of their duties be and is hereby ratified and confirmed.

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

7. **Approval of transaction with Bayer AG:**

As an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") (including any statutory modification(s) or amendment(s) or re-enactment(s) thereof, for the time being in force), approval of the members of the Company be and is hereby accorded to the Board of Directors (including its Committee thereof), to enter into material contract(s)/arrangement(s)/transaction(s) with Bayer AG, a Related Party as defined under Section 2(76) of the Companies Act, 2013 and Regulation 2(zb) of the SEBI Listing Regulations, for purchase of goods, sale of goods, professional and support services, recoveries and other obligations, if any, on such terms and conditions as

may be mutually agreed upon between the Company and Bayer AG and as given under the statement setting out the material facts annexed to this Notice, for Item No 7.

RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof) 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.”

8. Approval of transaction with Bayer Vapi Private Limited:

As an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) (including any statutory modification(s) or amendment(s) or re-enactment(s) thereof, for the time being in force), approval of the members of the Company be and is hereby accorded to the Board of Directors (including its Committee thereof), to enter into material contract(s)/arrangement(s)/transaction(s) with Bayer Vapi Private Limited (“BVPL”), a Related Party as defined under Section 2(76) of the Companies Act, 2013 and Regulation 2(zb) of the SEBI Listing Regulations, for purchase of goods, sale of goods, professional and support services, recoveries, rent income/expenses and other obligations, if any, on such terms and conditions as may be mutually agreed upon between the Company and BVPL and as given under the statement setting out the material facts annexed to this Notice, for Item No. 8.

RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof) 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. Pursuant to Section 105 of the Companies Act, 2013, a person can act as proxy on behalf of not more than fifty (50) members holding in the aggregate not more than ten percent of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than ten percent 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. 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 forty eight (48) hours before the commencement of the Annual General Meeting. Proxies submitted on behalf of companies, institutions, societies etc. must be supported by appropriate resolution / authority, as applicable, issued on behalf of the nominating organisation. The proxy holder shall prove his identity at the time of attending the Meeting. The proxies shall be available for inspection during the period beginning twenty-four (24) hours before the time fixed for the commencement of the Meeting and ending with the conclusion of the Meeting.
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 Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), in respect of Directors seeking approval for appointment/re-appointment at the Annual General Meeting, forms part of the annexure to this Notice.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, August 09, 2017 to Wednesday, August 23, 2017 (both days inclusive).
5. The dividend of ₹ 17.00 per Equity Share, as recommended by the Board of Directors, if declared at the ensuing 59th Annual General Meeting to be held on Wednesday, August 23, 2017 will be paid on or after Monday, August 28, 2017:
 - (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 as on Tuesday, August 08, 2017, after effecting the transfers lodged on that date which are valid and found to be in order;
 - (ii) in respect of shares held in dematerialised form, to the Beneficial Owners of the shares as at the close of business hours on Tuesday, August 08, 2017 as per details 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 (TSRDL),
 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 id: csg-unit@tsrdarashaw.com
7. Members holding shares in physical form are requested to notify / send the following to TSRDL on or before Tuesday, August 01, 2017 in order to facilitate better service:

- (i) any change in their address / mandate / bank details;
 - (ii) particulars of their core bank account number 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 including their Core Banking Account No. MICR and IFS Code, 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. The Ministry of Corporate Affairs has vide notification dated September 05, 2016 brought into force certain provisions of Sections 124 and 125 of the Companies Act, 2013 ("the Act") and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") with effect from September 07, 2016 including amendments thereof. Pursuant to the provisions of Section 124 of the Act the dividend which remains unclaimed / unpaid for a period of seven years from the date of the transfer to the unpaid dividend account of the Company is required to be transferred to the IEPF Account of the Central Government.
- Further, pursuant to the provisions of Section 124 of the Act and the IEPF Rules, all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to an IEPF Account within thirty days of such shares becoming due for transfer to IEPF.
- The members/claimants whose shares, unclaimed dividend, sale proceeds of fractional shares etc. have been transferred to IEPF may claim their shares or apply for refund by making an application to the IEPF Authority in Form IEPF-5.
- Members are requested to claim all the unpaid/unclaimed dividend to avoid transfer of dividend or shares as the case may be to the IEPF Account and are requested to contact TSRDL, the Registrar and Share Transfer Agent of the Company for claiming the dividend. The details of the unclaimed dividends are available on the Company's website at www.bayer.in and Ministry of Corporate Affairs at www.mca.gov.in.
- 11. Members are requested to note that the dividend declared in September, 2010 is due to be transferred to IEPF in November, 2017.**
12. The Securities and Exchange Board of India 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 Office of the Company on all working days during normal business hours up to and including 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 and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") (including any statutory modification(s) or amendment(s) or re-enactment(s) thereof, for the time being in force), the Company is pleased to provide its members the 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 electronic voting shall be made available at the AGM venue 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.
- 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 Saturday, August 19, 2017 (IST 9:00 a.m.) and ends on Tuesday, August 22, 2017 (IST 5:00 p.m.). During this period, members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Wednesday, August 16, 2017, 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 for remote e-voting. Please note that the password is an initial password.
(NOTE: Shareholders already registered with NSDL for e-voting will not receive the pdf file "Bayer remote e-voting.pdf".)
 - 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 noted in step (i) above. Click Login.
 - v. Password change menu appears. Change the password 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 106465. 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 with a copy marked to 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 attendance slip: 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 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 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 Wednesday, August 16, 2017.
 - 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 of the cut-off date i.e. Wednesday, August 16, 2017, may obtain the login ID and password by sending a request at 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 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.
 - ix. Mr. N. L. Bhatia, Practicing Company Secretary has been appointed as the Scrutinizer to scrutinize the remote e-voting process and voting conducted at the AGM venue in a fair and transparent manner.
 - x. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting electronically for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
 - xi. 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.

- xii. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company at 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

Head - Law, Patents & Compliance
& Company Secretary

Thane, June 06, 2017

Registered Office:

Bayer House, Central Avenue,

Hiranandani Estate,

Thane (West) - 400 607

CIN: L24210MH1958PLC011173

ANNEXURE TO NOTICE:**INFORMATION ON DIRECTOR SEEKING APPOINTMENT / RE-APPOINTMENT AS REQUIRED UNDER REGULATION 36(3) OF THE SEBI LISTING REGULATIONS:****Mr. Peter Mueller (DIN: 03582162)**

Mr. Peter Mueller (Age: 57 years) who retires by rotation being eligible has offered himself for re-appointment.

Brief Profile:

Mr. Mueller joined Bayer AG as a commercial trainee in 1979 and spent two years in Corporate Auditing thereafter. He then moved to Japan where he worked for seven years with three Bayer subsidiaries in the field of Finance & Accounting. After a further period of three years at the German Bayer headquarters in Central Controlling, Mr. Mueller became the Deputy General Manager of Bayer's newly founded holding company in Beijing, China. In the following five years, he established the administrative country platform and helped to negotiate and finance twelve joint venture companies. Mr. Mueller joined the Finance Division at Bayer AG as Head of Corporate Financial Controlling in 1999 before being appointed the Head of Corporate Finance in 2002 and Head of Finance in 2011.

Mr. Mueller is a Director on the Board of Bayer Nordic SE. He is member of the Supervisory Board of Bayer Pensionkasse, Pallas Versicherung AG, Bayer CropScience AG, Bayer Pharma AG and member of the Shareholders Committee of Bayer Real Estate.

He does not hold any shares in the company in which he is a Director.

Dr. (Ms.) Miriam Colling-Hendelkens (DIN: 07839649)

Dr. (Ms.) Miriam Colling-Hendelkens (Age: 45 years) had been appointed as an Additional Director of the Company with effect from June 06, 2017. She holds office till the ensuing Annual General Meeting and being eligible, offers herself for appointment.

Brief Profile:

Dr. (Ms.) Miriam Colling-Hendelkens started her professional career in the year 2002 and joined Bayer as a trainee in the Patent Department of Bayer Chemistry AG which later on had been carved-out as Lanxess GmbH. In 2005, she moved back to Bayer and joined the IP team of the Bayer affiliated company H.C. Starck GmbH where she was responsible for the conductive polymer IP portfolio.

In 2006, she took over a Senior Patent Counsel position within the IP team of Bayer MaterialScience AG supporting the business unit polyurethanes and polycarbonates and later on working as the strategic IP key account for the functional films organization. After restructuring of the Germany based IP Community and foundation of the Bayer IP GmbH in 2012 she took over the role as Head of Patents Disease Control within the CropScience group. Since May 2016 she is heading department - Patents CropScience with global responsibility for Bayer's CropScience IP organization. She is qualified as a German and European Patent Attorney.

She does not hold any shares in the company in which she is a Director.

THE FOLLOWING EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("THE ACT") SETS OUT ALL MATERIAL FACTS RELATING TO THE BUSINESS MENTIONED IN ITEM NO. 4 TO 8 IN THE ACCOMPANYING NOTICE DATED JUNE 06, 2017:**Item No. 4: This Explanatory Statement is provided as additional information though not mandatory as per Section 102 of the Act.**

Pursuant to the provisions of Section 139 of the Act read with the applicable rules framed thereunder, M/s. Price Waterhouse, the present Statutory Auditors of the Company complete their term as the Statutory Auditors of the Company at the ensuing 59th Annual General Meeting of the Company.

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, having ICAI Firm Registration No. 117366W/W-100018, has been appointed as the Statutory Auditors of the Company for a term of five years commencing from the conclusion of the 59th Annual General Meeting till the conclusion of the 64th Annual General Meeting, subject to ratification by the members at every Annual General Meeting till the period as mentioned above on a remuneration plus applicable taxes, out of pocket expenses, etc. incurred in connection with the Audit as may be decided by the Board of Directors. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 4 of the Notice.

The Board recommends the resolution at Item No. 4 for the approval of the members.

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

Item No. 5:

The Board of Directors based on the recommendation of the Nomination & Remuneration Committee of the Company had appointed Dr. (Ms.) Miriam Colling-Hendelkens (DIN: 07839649) as an Additional Director of the Company with effect from June 06, 2017. Pursuant to Section 161 of the Companies Act, 2013 ("the Act") read with Article 153 of the Articles of Association of the Company, Dr. Colling-Hendelkens 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 the name of Dr. Colling-Hendelkens as a candidate for the office of director.

Except Dr. Colling-Hendelkens, 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 recommends the appointment of Dr. Colling-Hendelkens 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 Board, on the recommendation of the Audit Committee, had approved the appointment of M/s. D.C. Dave & 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, 2018 for a remuneration of ₹ 0.55 (Rupees point five five Millions only) plus taxes as applicable and out of pocket expenses incurred by them for the purpose of audit for the Financial Year 2017-18. 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 all working days 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 an Ordinary Resolution as set out at Item No. 6 of the Notice.

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 ratification of the remuneration payable to M/s. D.C. Dave & Co., Cost Accountants, for the Cost Audit and passing of the Ordinary Resolution as set out at Item No. 6.

Item No.7:

Bayer AG is the ultimate holding company of Bayer CropScience Limited. Bayer AG is focusing entirely on its Life Sciences Business, with the three divisions Pharmaceuticals, Consumer Health and Crop Science. In this context, the existing Bayer structure of strategic management holding company Bayer AG with operational subgroups such as Bayer CropScience AG ("BCS AG") is currently replaced by an integrated organisation, in which Bayer AG will directly control the operating business of all the three divisions.

Bayer AG and BCS AG have signed a Business Lease Agreement (this "Agreement"). Business Lease allows Bayer AG to operate in the market under a single Bayer brand. The said Agreement authorized Bayer AG to conduct BCS AG's operational business and to receive all proceeds, in lieu of Bayer AG paying the lease fee. In view of this Agreement, all the transactions of BCS AG stand transferred to Bayer AG with effect from January 01, 2017.

The Shareholders have approved the related party transaction with BCS AG to the extent of ₹ 18,000/- Millions at the Annual General Meeting dated September 15, 2015. In view of the structural changes as mentioned above, all the transactions currently undertaken by BCS AG would now move to Bayer AG and hence the transaction with Bayer AG 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 Regulation 23 of the SEBI Listing Regulations. Thus, in terms of the said Regulations, these transactions would require the approval of the members by way of an Ordinary Resolution.

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

Particulars	Information
Name of the related party	Bayer AG
Name of the Director or Key Managerial Personnel who is related, if any	None
Nature of relationship	Ultimate Holding company
Material Terms of contract/arrangements/transaction	Purchase of goods, Sale of goods (exports), recoveries, professional and support services and other obligations, if any
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 Ordinary Resolution as set out in Item No. 7 of the Notice for approval of unrelated members of the Company in terms of Regulation 23 of the SEBI Listing Regulations.

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. 8:

Bayer Vapi Private Limited ("BVPL") is engaged in the manufacture of active ingredients and its intermediaries for use in a wide array of agriculture and environment protection products. BVPL has the state of art facility for manufacture of various active ingredients and is also the single largest Synthetic Pyrethroids production facility in the world.

BVPL has necessary good manufacturing practices to meet the requirements for quality, technology, safety and purity as per the group standards.

Currently, the Company is purchasing certain active ingredients from BVPL. Considering the expertise and technical knowledge possessed by BVPL, the Company would also be procuring formulations from BVPL, which is manufactured under its overall supervision and control.

In view of the above arrangement, the transaction with BVPL 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 Regulation 23 of the SEBI Listing Regulations. Thus, in terms of the said Regulations, these transactions would require the approval of the members by way of an Ordinary Resolution.

BVPL is a party related to the Company as per the definition of Section 2(76) of the Companies Act, 2013 and Regulation 2(zb) of the SEBI Listing Regulations.

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

Particulars	Information
Name of the related party	Bayer Vapi Private Limited (BVPL)
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 contract/arrangements/transaction	Purchase of goods, sale of goods, professional and support services, recoveries, rent income/expenses, services, loan and other obligations if any
Monetary value of the Contract	Not exceeding ₹ 6,000 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 Ordinary Resolution as set out in Item No. 8 of the Notice for approval of unrelated members of the Company in terms of Regulation 23 of the SEBI Listing Regulations.

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
Head - Law, Patents & Compliance
& Company Secretary

Thane, June 06, 2017

Registered Office:
Bayer House, Central Avenue,
Hiranandani Estate,
Thane (West) - 400 607
CIN: L24210MH1958PLC011173



DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 59th 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, 2017. These financial statements for the Financial Year ended March 31, 2017 are the first financial statements with comparatives prepared under Indian Accounting Standard (Ind AS).

Financial Performance:

(₹ in Millions)

Particulars	2016-17	2015-16
Revenue from Operations	29,484	28,894
Other Income	701	817
Total Income	30,185	29,711
Profit before Finance Costs, Depreciation and Taxation	4,837	5,163
(Less) : Finance Costs	(69)	(100)
(Less) : Depreciation and Amortisation Expense	(289)	(247)
Profit Before Tax	4,479	4,816
(Less) : Tax Expense	(1,569)	(1,665)
Profit for the year	2,910	3,151
(Less) : Other Comprehensive Income	(14)	(12)
Total Comprehensive Income for the year	2,896	3,139
Add : Retained Earnings at the beginning of the year	14,722	17,817
Amount available for Appropriation	17,618	20,956
Appropriations:		
Dividend	601	623
Dividend Distribution Tax on Dividend	122	127
Transfer to General Reserve	301	383
Premium paid on Buy back of Equity shares	-	5,048
Transfer to Capital Redemption Reserve	-	12
Transaction Cost for Buyback of Equity shares	-	41

Operations:

Your Company's Revenue from Operation for the financial year 2016-17 is ₹ 29,484 Millions vis-à-vis ₹ 28,894 Millions in 2015-16.

Profit before Taxation is ₹ 4,479 Millions for the financial year 2016-17.

Dividend:

The Board of Directors of the Company had approved the Dividend Distribution Policy in line with the parameters laid down by the Securities Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015. The Dividend Distribution Policy is uploaded on the Company's website at www.bayer.in.

In line with the said Policy, the Board of Directors have recommended a final dividend of ₹ 17.00 per Equity Share of ₹ 10 each amounting to ₹ 601 Millions for the financial year ended March 31, 2017, subject to the approval of the members.

The Register of Members will remain closed from Wednesday, August 09, 2017 to Wednesday, August 23, 2017 (both days inclusive).

Transfer to Reserves:

The Company proposes to transfer an amount of ₹ 301 Millions to the General Reserve.

Indian Accounting Standards (Ind AS):

The Ministry of Corporate Affairs (MCA) notified its phase-wise roadmap for the adoption of Indian Accounting Standards ("Ind AS"), converged with the International Financial Reporting Standards (IFRS) vide its notification dated February 16, 2015, announcing the Companies (Indian Accounting Standards) Rules, 2015, for the application of Ind AS.

Accordingly, your Company has adopted Ind AS with effect from the financial year 2016-17 (along with comparative for the financial year 2015-16), since it is covered under phase-I based on net worth criteria. Your Company believes in highest standards of corporate governance and recognizes that financial statements are an important source of information to the shareholders and other stakeholders.

The financial statements for the year ended March 31, 2017 are the first financial statements with comparatives prepared under Ind AS.

DIRECTORS' REPORT (contd.)

Reconciliations and explanations of the effect of the transition from previous GAAP to Ind AS on your Company's Total Equity, Total Comprehensive Income and Statement of Cash Flows are provided in Note 42 to the Financial Statements.

Exports:

Your Company is a recognised Export House. The export sale for the year ended March 31, 2017 was ₹ 4,257 Millions as compared to ₹ 5,462 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 also stands insured, 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 loss of life, 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 Company is hedged after taking advantage of the natural hedge on fortnightly basis.

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 have been followed along with proper explanation relating to material departures, if any;
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, 2017 and of the profit of the Company for the financial year ended March 31, 2017;
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 06, 2016 was observed as the Bayer Safety Day. Various activities were conducted at sites and offices to promote safety. Your Company observed World Environment Day at the Himatnagar Site during the year. A "Road Safety Campaign" was conducted in 2016 to increase awareness on road safety amongst Bayer employees in India.

Your Company, covering all the manufacturing sites, all India business operations and supporting services, was audited for ISO 9001:2008 Quality Management System by TUV India Pvt. Ltd. (TUV) and the Company continued certification for 2016-17. The ISO 14001:2004 Environmental Management Systems for Himatnagar Site was audited by TUV and the certification continued for 2016-17.

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

Corporate Sustainability and Social Responsibility:

Bayer is a Life Science company with more than 150 years history and core competencies in the areas of health care and agriculture. With its innovations, Bayer is contributing to finding solutions to some of the major challenges of our time.

To us, sustainability means safeguarding our future viability and, as part of corporate strategy, is integrated into everyday procedures. We underline our mission as a company that acts sustainably through our commitment to the U.N. Global Compact, and through our active global involvement in leading initiatives such as the World Business Council for Sustainable Development (WBCSD). Our innovations, products and services make a contribution to overcoming some of the biggest global challenges, including the Sustainable Development Goals (SDG) of zero hunger and good global health care in particular.

In India, within the scope of our social commitment, Bayer makes targeted strategic investments in the areas of science, education, health, social needs and community projects.

We meet our responsibility to protect the environment in many different ways. We are continuously working to reduce the environmental impact of our business activities and develop product solutions that benefit the environment. For us, an efficient approach to raw materials and energy makes both ecological and economic sense. Our measures help reduce environmental impact and at the same time cuts the costs associated with materials, energy, emissions and disposal.



DIRECTORS' REPORT (contd.)

Our objective is to safeguard and boost the Company's success, creating entrepreneurial value while also respecting social values. We are developing products that will be of great social benefit in the future and are safe in both manufacturing and applications.

Corporate Social Responsibility:

In India, Bayer CropScience Limited ("the Company") has rolled out a comprehensive well-planned approach for executing Corporate Social Responsibility (CSR) projects. Since the introduction of the Section 135 of the Companies Act 2013, Bayer CropScience Limited has envisaged a portfolio of projects that focusses on three essential pillars: Society Progress Pilots for pioneering ideas and topics of nationwide importance, Science Excellence – that focusses on life science talents and frontier research and Community development -- for neighbourhood projects on topics such as health and education. On all the three fronts, Bayer CropScience Limited has achieved significant milestones. In addition, the Company also took up disaster relief operations for rehabilitating areas in and around the city of Chennai and the State of Tamil Nadu which was ravaged by floods and incessant rains in the last quarter of 2015. Society Progress Pilots is now in the second phase of implementation. Science Excellence initiatives have been implemented successfully. Community development projects have been extended to cover newer approaches that focus on increasing participation through stakeholder engagement on key aspects such as science, health, sanitation, hygiene, vocational training and education.

Business Responsibility Reporting:

Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, inter alia, provides that the Annual Report of the top 500 listed entities based on market capitalization, shall include a Business Responsibility Report (BRR). A separate section on Business Responsibility forms part of this Annual Report.

Human Resources:

At Bayer, we believe that competent and engaged employees are key to the Company's success. Our LIFE (Leadership, Integrity, Flexibility, Efficiency) Values and organizational culture provide employees with a guideline for their daily work and for sustainable performance. In the past year, your Company launched several initiatives with a special focus on Competency Based Training programs.

Since the roll out of the Bayer Competency Model, the Bayer Competencies – Core and Leader, remain linked to all People Processes, Performance Management, Talent Development initiatives across the employee life cycle.

In line with the strategy, the Company has decided on emphasizing and amplifying four focus behaviors - Customer Focus, Experimentation, Collaboration and Trust in our organization, so that we can ensure that our culture supports our strategy and purpose.

Your Company continues to leverage its Employer Value proposition – its Employer Brand - 'Passion to Innovate | Power to Change', which shows what the Bayer Group expects of its employees and what it can offer them. It translates Bayer's mission statement "Science For A Better Life" into the world of work. It is a reflection of what makes Bayer and what is expected of every employee who joins Bayer. The Employer Brand demonstrates a strong value proposition for future talents and strengthens Bayer as an employer of choice.

To stay connected with external talent, your Company established its presence on Facebook by launching the Bayer India Career Page. The aim of the page is to present in an engaging manner, the proof points which make Bayer an Employer of Choice. Internships and the Bayer Scholarships keep our connect with the student community high.

In line with Bayer's talent management philosophy, a number of employees went through various Development Centres this year as well. These exercises not only built capabilities, but also provided opportunities for employees to move into different roles and positions. Our strong work on XCEDO, the CropScience Divisions' Training Academy continued to be recognized at all levels. An addition to the academy was the SKILL CAMP which is a global marketing and sales initiative. In continuation of last year's efforts towards providing opportunities for Learning and Development to the employees initiatives like NIEV and DISHA - Bayer Management Program and My Growth My Life - Employee Development Program were progressed.

The Company has been awarded AON Best Employers in India 2017 and was one of the 19 companies to be recognised out of total 113 companies across 12 key industries.

Employee relations during the year were harmonious and cordial.

Directors:

Pursuant to the relevant provisions of the Companies Act, 2013 ("the Act") and based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors has appointed Dr. Miriam Colling-Hendelkens as an Additional Director with effect from June 06, 2017.

In accordance with Section 161 of the Act, Dr. Colling-Hendelkens holds office upto the date of the forthcoming Annual General Meeting of the Company and being eligible offer her candidature for appointment as Director. Your approval for the appointment of Dr. Colling-Hendelkens as a Non-Executive Non-Independent Director has been sought in the Notice convening the Annual General Meeting of the Company.

Dr. Regine Juergens, Non-Executive Non-Independent Director ceased to be a Director of the Company with effect from June 06, 2017. The Board of Directors placed on record its warm appreciation for the valuable contribution made by Dr. Juergens during her tenure as Director of the Company.

At the forthcoming 59th Annual General Meeting (AGM) of the Company and in accordance with the provision of the Act, Mr. Peter Mueller retires by rotation and being eligible offers his candidature for re-appointment. The resolution for the said re-appointment along with the brief profile forms a part of the Notice of the AGM and the resolution for his re-appointment is recommended for your approval.

The Independent Directors hold office for a fixed term of five years and are not liable to retire by rotation.

DIRECTORS' REPORT (contd.)

In accordance with the provisions of Section 149(7) of the Act, Mr. Pankaj Patel, Mr. Sharad M. Kulkarni, Mr. A.K.R. Nedungadi and Mr. Vimal Bhandari, the Independent Directors of the Company as on March 31, 2017 have given declaration to the Board that they meet the criteria of independence as laid down under Section 149(6) of the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

Meetings of the Board:

During the financial year ended March 31, 2017, five Board Meetings were convened and held. The details of which are given in the Corporate Governance Report.

Audit Committee:

During the financial year ended March 31, 2017, four Audit Committee Meetings were convened and held. The composition of the Audit Committee is given in the Corporate Governance Report. All the recommendations made by the Audit Committee were accepted by the Board.

Board Evaluation:

Pursuant to the provisions of the Act and SEBI Listing Regulations, the Board and Committee evaluation was carried out during the year wherein all the members of the Board collectively evaluated the Board's as well as Committee's performance based on various parameters. The individual Directors were also evaluated by their peers based on the parameters provided by the SEBI Listing Regulations. The results of the evaluation were discussed at the Nomination & Remuneration Committee and were also placed at the Board Meeting for the Chairman's review. The Evaluation process primarily focused on the criteria with respect to the overall functioning of the Board as well as the Committees, the composition of the Board and Committees, governance aspects, etc. The criteria applied in the evaluation process is explained in the Corporate Governance Report.

Nomination and Remuneration Policy:

The Company has in place a Nomination and Remuneration Policy which is framed in accordance with Section 178 of the Act and SEBI Listing Regulations. The Policy provides for appointment and removal of Directors, Key Managerial Personnel and Senior Management employees and their remuneration. The detailed Policy is available on the website of the Company at www.bayer.in.

Whistle Blower Policy (Vigil Mechanism):

The Company has adopted a Whistle Blower Policy, as a part of vigil mechanism to provide appropriate avenues to the employees as well as any third parties to bring to the attention of the management any issue which is perceived to be in violation of or in conflict with the code of conduct, values, principles and beliefs of the Company. Good Corporate Governance entails that the interest of the employees, shareholders and the society in general is protected at all times. The established vigil mechanism helps employees to report concerns about any unethical conduct, financial malpractices or any unhealthy practice prevalent in the Company. The employees are encouraged to voice their concerns or issues by way of whistle blowing and all the employees have been given the access to the Audit Committee. The Company has also provided dedicated email address bayercompliance@expolink.co.uk for reporting such concerns. The Corporate Compliance Team looks into the whistle blower complaints and places the status of such complaints at the Audit Committee Meeting on a quarterly basis.

The details of this Policy is explained in the Corporate Governance Report and also posted on the website of the Company at www.bayer.in.

Code of Conduct:

The Company has in place a Code of Business Conduct ("Code") which is applicable to the members of the Board and all employees of the Company. The Code lays down the standard of conduct which is expected to be followed by the Directors and employees in their business dealings and in particular on matters relating to integrity in the work place, dealing with stakeholders and in business practices. All the Board Members and the Senior Management personnel have confirmed compliance with the Code.

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 and
- procedure for risk identification, escalation and minimization of risks.

The details on risk management are given in the Corporate Governance Report.

Corporate Social Responsibility Policy:

During the year under review, the terms of reference of the Corporate Social Responsibility ("CSR") Committee were widened to include the Business Responsibility Reporting parameters.

The brief outline of the CSR Policy of the Company and the initiatives undertaken by the Company on CSR activities during the year is set out in Annexure "A" of this Report. The CSR Policy is uploaded on the website of the Company and is available at www.bayer.in.



DIRECTORS' REPORT (contd.)

Internal Control Systems:

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

Internal Financial Controls:

The Companies Act, 2013 introduced regulations with focus on control and compliance requirements; in light of which the Company has laid down Internal Financial Controls across various processes prevalent in the organisation. These controls have been established at the entity as well as process level and are designed to ensure compliance to internal control requirements, regulatory compliance and enable appropriate recording of financial and operational information. The Company has reviewed sustained effectiveness of internal financial controls by adopting a systematic approach to assess design and its operating effectiveness.

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, 2017, the Company gave loan to one of its group company. As on March 31, 2017 no loan is outstanding. Particulars of the loans are given under Note No. 40(ii)(A)(a) in Financial Statement. The Company did not give any guarantee or provide security in connection with any loan or acquired any securities during the financial year ended March 31, 2017.

Related Party Transactions:

In accordance with the relevant provisions of the Companies Act, 2013 and rules framed thereunder as well as Regulation 23 of the SEBI Listing Regulations your Company has in place 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 arms 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 as prescribed in Form AOC-2 are given under Annexure "C".

Prevention of Sexual Harassment at Workplace:

Your Company has a policy on prevention of sexual harassment to ensure harassment free workspace for the employees. Sexual harassment cases are dealt as per the Company policy on prevention of sexual harassment. The 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 last 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 is committed to maintaining highest standards of Corporate Governance and adhering to the Corporate Governance requirements as set out by the Securities and Exchange Board of India (SEBI). As required by Regulation 24 of the SEBI Listing Regulation, 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. Also a Certificate of the CEO and CFO of the Company in terms of the SEBI Listing Regulations, inter alia, confirming the correctness of the financial statements and cash flow statements, adequacy of internal control measures forms a part of the Corporate Governance Report.

Management Discussion & Analysis Report:

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

DIRECTORS' REPORT (contd.)**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 have on the recommendation of the Audit Committee appointed M/s. D.C. Dave & Co. to audit the cost accounts of the Company pertaining to 'Insecticides' for the financial year ending March 31, 2018. As required under the Act, the remuneration payable to the Cost Auditor is required to be placed before the Members in the General Meeting for their ratification. Accordingly, a resolution for seeking members ratification for the remuneration payable to M/s. D.C. Dave & Co. is included at Item No. 6 of the Notice convening the Annual General Meeting.

Statutory Auditors:

As per the provisions of Section 139 of the Companies Act, 2013, the term of office of M/s. Price Waterhouse, as Statutory Auditors of the Company will expire from the close of the forthcoming Annual General Meeting of the Company.

The Board of Directors places on record its appreciation for the services rendered by M/s. Price Waterhouse as the Statutory Auditors of the Company.

Subject to the approval of the members, the Board of Directors of the Company has recommended the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, (ICAI Firm Registration No. 117366W/W-100018) as the Statutory Auditors of the Company pursuant to Section 139 of the Companies Act, 2013. The resolution for appointment of M/s. Deloitte Haskins & Sells LLP as Statutory Auditors is included at Item No.4 of the Notice convening the Annual General Meeting.

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 for the financial year ended March 31, 2018. The Secretarial Audit Report is enclosed as Annexure "F" hereto.

Acknowledgements:

The Board of Directors wishes to thank the employees of the Company for their exemplary dedication and valued contribution made by them. Your Directors would like to express their grateful appreciation for the co-operation, assistance and support extended by all the valuable stakeholders of the Company viz: 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

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

Ulrich Stefer
Executive Director &
Chief Financial Officer
(DIN: 07447177)

Thane, June 06, 2017

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:

For more than 150 years, as the inventor of Aspirin, Bayer has contributed to longer and healthier lives, with pioneering developments in science and technology. Bayer CropScience Limited ("BCSL") as a market leader is committed to innovation and societal development. It is this spirit of innovation that is at the core of our Corporate Social Responsibility endeavors as well.

Bayer has implemented Corporate Social Responsibility (CSR) Policy in accordance to the legislation. As per the stipulation, the Board level CSR Committee that comprises of Managing Director and two other Directors (one independent) met during the last quarter of the financial year to review the progress of the projects and approve new ideas. The Bayer Group level, CSR Steering Committee comprising representatives from all Bayer companies and some service functions formulated to further steer CSR activities met twice during the year to assess the headway of current projects and approve budgets for upcoming ones.

Bayer CSR Policy has delineated three approaches as a part of providing a comprehensive developmental goal. The first approach focuses on Society Progress Pilots with pioneering ideas on topics of nationwide importance, the second, Science Excellence – concentrates on life science talents and frontier research and the third, Community development – for projects in and around our facilities that underscore vital topics such as health, hygiene, conservation of resources and education.

BCSL CSR programs are aligned with global objectives of Bayer while pursuing a long-term, well-planned, multi-stakeholder participatory approach that would result in creating a measurable impact on the conditions of the targeted communities. These initiatives have been conceptualized after frequent discussions with various internal stakeholders and NGOs in order to ensure alignment with the business philosophy. These programmes, as of now, cover a part of the CSR budget for 2016 and 2017.

Below is a short summary for programmes under implementation:

i. Program for Primary Prevention of Sexual Violence:

Program for Primary Prevention of Sexual Violence (PPPSV): Using proven expertise and knowhow from years of treatment experience, Bayer and its partnering institutions are developing strategies through the Project for Primary Prevention of Sexual Violence project to implement primary preventive measures, which protect women and children from sexual violence and its after effects. This initiative is being implemented in partnership with King Edward Memorial Hospital, Pune, and Charité (University Clinic of Berlin). In 2016-17, a feasibility study for implementing public health and clinical treatment services in light of medico-legal conflicts, social acceptance and practical strategic challenges has been completed in addition to various awareness generation programs.

ii. Discovering Hands:

Discovering Hands aims to make a positive difference to the area of breast cancer as well as lend a helping hand for the visually challenged. Discovering Hands trains and deploys visually impaired women with their highly developed sensory skills to detect the early signs of breast cancer. The project has entered the second phase implementation wherein the training is being provided for the visually impaired women. This project is a partnership initiative with Indian Cancer Society, National Association for the Blind and Rajiv Gandhi Cancer & Research Centre.

iii. Bayer Fellowship Program in Agro Science:

Bayer has a strong stake in helping to improve science education and to ensure that all individuals are scientifically literate. We want to help awaken and promote an interest in science, technology and medicine through initiatives for school children and scholarship programs. The objective of this project is to encourage research in agriculture. Scholarships are awarded to M.Sc and Ph.D students with following objectives: Support young and talented minds to better the standards of agriculture, develop technology in India that will be adopted by farmers to increase their profitability. The project locations are at state-level Agriculture Universities.

iv. Tele- health Project:

The objective of this project is to help people have access to specialty care for complex health conditions. The Tele-health project - ECHO-KARUNA is being implemented with partnership of Karuna Trust. The Mission of the project is to develop Tele-health facility for Karuna Trust run Primary Health Centers (PHCs) for management of illnesses which need specialist care. This project envisages access to right care, in the right place, at the right time.

v. Health & Educational Programmes:

Comprehensive community health program is implemented to bridge the gaps in existing framework in the field of rural health and hygiene. The program aims at improving the overall health status in the target locations by providing a very high quality holistic healthcare approach including health screening, treatment of cases diagnosed during the screening and health education. The program is being implemented in Karnataka, Maharashtra, Rajasthan and Telangana.

vi. Making Science Makes Sense:

Bayer's Making Science Make Sense is a company-wide initiative that aims to advance science literacy through hands-on, inquiry-based science learning, employee volunteerism and public education. The program provides school students with an insight into everyday natural science phenomena with the help of all kinds of fascinating experiments. The programme has been 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 Corporate Social Responsibility Policy is available on the Company's website at www.bayer.in under the Corporate Governance section.

2. The composition of the CSR Committee:

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

3. Average Net Profit of the Company for last 3 financial years: ₹ 5,011.27 Millions

4. Prescribed CSR Expenditure (2% of this amount as in item 3 above): ₹ 100.23 Millions

5. Details of CSR spent during the year:

- Total amount spent during the financial year: ₹ 100.23 Millions
- Amount unspent: NIL
- 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.	Research & Prevention Center on Sexual Violence against Women & Children. The Program has 3 main goals: 1. Empiric research on causes and impact of sexual violence on Indian society and individual victims (generate evidence based results to find new solutions and actions) 2. Social Emergency response office for at-risk people (mobile solution, "help mob") 3. Preventive sexual medical treatment offer for potential child sexual abusers (voluntary based).	CSR activity, under item (iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.	Maharashtra	27.34	DE= 26.20 OH=1.14	47.08	Public Health Foundation of India, KEM Hospital & Research Center Pune. Scientific partner: Charité Berlin & World Health Summit

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.	Novel training center for Blind Women to become Medical Tactile Examiners (MTEs) in early Breast Cancer Detection. This way, a handicap becomes a gift for society. They support as personal assistants to medical doctors in early detection of breast cancer in the context of the existing healthcare system by using their extraordinary tactile capabilities.	CSR activity, under item (ii) Promoting education, including special education and employment enhancing vocational skills especially amongst children, women, elderly and the differently abled and livelihood enhancement projects.	New Delhi	19.04	DE=18.25 OH=0.79	26.92	DISHA Foundation
3.	Bayer Fellowship Program in Agro Science. The program aims at encouraging research and development activities in agriculture. M.Sc and Ph.D students in leading AgroScience Universities of India will be given financial assistance to pursue their education that will benefit them and the agricultural sector.	CSR activity, under item (ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	Tamil Nadu, Telangana, Karnataka, Uttarakand, Punjab, Assam, West Bengal and Gujarat	8.51	DE= 8.15 OH=0.36	13.02	Assam Agricultural University, Tamil Nadu Agricultural University, University of Agricultural Sciences, Bidhan Chandra Krishi Viswavidyalaya, Kalyani, West Bengal (BCKV), Anand Agricultural University, Acharya N.G. Ranga Agricultural University, Mahatma Phule Krishi Vidyapeeth, Punjab Agricultural University, Govind Ballabh Pant University of Agriculture and Technology

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.	Comprehensive community health program to bridge the gaps in existing framework in the field of rural health and hygiene. The program aims at improving the overall health status in the target locations by providing a very high quality holistic healthcare approach including health screening, treatment of cases diagnosed during the screening and health education.	CSR activity, under item (i) Eradicating extreme hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swach Bharat Kosh and making available safe drinking water.	In total 9 Villages in in the states of Maharashtra, Rajasthan, Telangana & Karnataka	4.69	DE= 4.5 OH= 0.19	9.81	School Health Annual Report Program (SHARP)
5.	WASH (Water, Agriculture, Sanitation and Hygiene) 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) Eradicating extreme hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swach Bharat Kosh and making available safe drinking water.	Select Villages of Kurnool district in Andhra Pradesh and Bathinda & Fazilka Districts of Punjab	18.44	DE= 17.67 OH= 0.77	18.45	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
6.	Bayer Science Teens: The international fellowship program of Bayer supports extraordinarily gifted students in order to help them realize individual study and research projects abroad. Bayer supports 5 school students who show special commitment to the subject of science. The Program support Scholarships for teenagers aged between 14 and 16, who are interested in science participate at the Bayer Science Camp in Denver, Colorado (USA).	CSR activity, under item (ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.	Pan India	1.96	DE= 1.88 OH= 0.08	3.04	Direct implementation
7.	To provide specialist care and treatment at Primary Health Centers (PHC) using Tele-Health technology of ECHO (Extension for Community Healthcare Outcomes Model). Karuna Trust in partnership with the state government of Karnataka will manage 14 PHC's in villages near Bengaluru city. The project aims to empower individuals, families and communities with essential knowledge that help them lead fuller, healthier lives. Also Karuna Trust with the help of ECHO will develop Tele-health facility to run Primary Health Centers (PHCs) for management of illnesses which need specialist care.	CSR activity, under item (i) Eradicating extreme hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swach Bharat Kosh and making available safe drinking water.	Karnataka	0.52	DE=0.50 OH=0.02	2.73	Karuna Trust

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
8.	The Program aims at improving agriculture productivity & livelihood support to small and marginal farmers through agriculture diversification. The main objectives of the program are to improve productivity of small and marginal farmers to help them sustain their livelihoods. To help marginal farmers move away from sustenance agriculture to smarter commercial agriculture through the use of agricultural technology. To bridge gap between government services, markets and farmers. To address the gaps in information flow and inadequate extension services.	CSR activity, under item (x) Rural Development projects.	Purvi Champaran (Motihari), in the state of Bihar	8.74	DE=8.38 OH=0.36	14.11	SM Sehgal Foundation
9.	Future Agriculture Leaders of India (FALI) Initiative has been conceptualized under the theme - Agriculture Education to the High School Students. The main objectives of the program are to impart minimum basic scientific, technical and practical knowledge on agriculture sciences and production to the students.	CSR activity, under item (ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.	Maharashtra	1.87	DE=1.8 OH=0.07	1.87	Gandhi Research Foundation

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
10.	Comprehensive educational interventions aim at catering the need of forming a healthy socio- economic culture where the underprivileged can avail quality education. Project will be implemented in select villages of South India. Some of the activities include scholarships for the school-going children, financial support to the deserving students to pursue higher education, upgrade and maintain the educational set-up of targeted school/s, improve the education delivery process in the local schools, create IT- enabled smart classes, skill development programs, school facility up-gradation including libraries, science labs, sports & cultural facilities and coaching. Bayer will also provide support by giving notebooks, uniforms, books and sports gears. Vocational trainings and creating self-employment opportunities to the youth beyond school-going age will also be a part of the program.	CSR activity, under item (ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.	In Telangana, Andhra Pradesh and Karnataka	3.13	DE= 3.00 OH = 0.13	14.16	Aakruthi Foundation

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
11.	The Program is focused on promoting self-employment among the rural communities so as to enable them to secure and grow their own livelihood on sustainable basis. To provide support to help scale up the existing facilities. To create awareness on best practices, providing training on improved technologies, help access markets and create market linkages.	CSR activity, under item (x) Rural Development projects.	Karnataka	0.74	DE= 0.71 OH = 0.03	0.74	Bayer Prayas Rural Development Association
12.	Preventive Health Program nearby Vapi industrial area would include a general health screening, organizing specialized health camps for early detection of serious ailments like diabetes, hypertension, other health issues typical to an industrial township with a relatively high exposure to toxic chemicals and gases. This program will make provision for safe drinking water, offer support to the communities for better sanitation facilities and also help improve the solid waste management practices. This is expected to positively impact the overall health of the community.	CSR activity, under item (i) Eradicating extreme hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swach Bharat Kosh and making available safe drinking water.	Vapi, Gujarat	5.22	DE= 5.00 OH = 0.22	5.22	Aakruthi Foundation



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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.

Not Applicable

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 the implementation and monitoring of the CSR Policy are in compliance with CSR objectives and Policy of the Company.

For and on behalf of the Board of Directors

Richard van der Merwe
Chairman - CSR Committee and
Vice Chairman & Managing Director and CEO
(DIN: 06768305)

Ulrich Stefer
Member - CSR Committee and
Executive Director & CFO
(DIN: 07447177)

Thane, June 06, 2017

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, 2017.

I. CONSERVATION OF ENERGY:**(a) Energy conservation measures taken at Himatnagar plant**

- Electricity consumption is reduced in Wettable Powder (WP) Products by optimization of Jet milling operation.
- Electricity consumption is reduced in Wettable Granules (WG) Products by optimization of slurry feed rate and concentration of slurry.
- Saving of electricity in Bead Mill operation through optimization of Suspension Concentrates (SC) Process.

(b) Capital Investments on Energy conservation equipments

- We have replaced lighting installation/Fixtures with LED lighting at Site. This has increased the efficient lighting & save the Energy consumption.
- Installation of High efficient pumps in the utility area of the site.

II. TECHNOLOGY ABSORPTION:

Efforts made towards technology absorption and the benefits derived 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

- Movento 150 OD, a two way systemic insecticide moving both upward as well as downward within the plant system to control every hidden pest. It offers a long duration efficacy against developmental stages of multiple sucking pest. This formulation is registered for use on Chilli for the control of Thrips and Aphids.
- Ernesto Prime 240 FS is a novel seed treatment fungicide containing Penflufen as an active ingredient belonging to the chemical class of pyrazoles with new mode of action for the control of Rhizoctonia infections. The product is registered for control of black scurf disease caused by Rhizoctonia solani in Potato crop.
- Sivanto Prime 200 SL, a novel and safe systemic insecticide, belongs to a new chemical class - butenolide. It is an innovative pest control product derived from nature. The product is approved for use on Okra for control of Jassid and White fly.
- Regent 0.6 GR provides highly effective insect control with its unique mode of action. The product is approved for use on Rice for control of Stem borer and Leaf folder.

Environmental Science

Your Company has got approval of key product Maxforce Quantum for household use. The product gives excellent efficacy for ant control.

On the R&D front, your Company was successful in obtaining approvals for extending the use of existing products for management of insect pests and diseases on many crops viz. Nativo 75 WG on Apple, Banana, Cotton, Rice, Cabbage and Maize, Sectin 60 WG on Tomato, Decis 100 EC on Tea, Fame 480 SC on Soybean and Gaucho 600 FS on Rice.

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

Further, in order to continue to provide innovation and effective solutions to the farmers, your Company will soon be submitting registration application for new insecticide product which will help Indian farmers for the control of insect pests in key crops like Rice and Soybean which cause lot of damage reducing crop yields.

Besides this, 10 new applications for label extensions of existing key products were submitted for approval on various crops like Blackgram, Chilli, Tea, Soybean, Groundnut, Potato, Mango and Rice.

With the focus on improving productivity, quality and return on investment of farmers, your Company is developing total package solution from seed to harvest 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 2017 has an interesting line-up with expected approval/ launch of 7 globally renowned products in Crop Protection – two new insecticides for the control of sucking pests in Okra and Chilli respectively and a new insecticide for the control of lepidopteran pests in Rice, a new fungicide for the control of late blight in Potato, a new non-selective herbicide for the control of weeds in Tea, two new seed treatment products for use in Potato crop and Soybean and Groundnut crops respectively. In Environmental Science, a new product for the control of household pest (ant control) will be launched.

3. Expenditure on R & D

(₹ in Millions)

(a)	Capital	133
(b)	Recurring	204
(c)	Total	337
	Total R&D Expenses are 1.14 % of the Revenue from Operation	

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

- (i) Information relating to exports is contained in the Directors' Report.
- (ii) Total foreign exchange utilised and earned:

(₹ in Millions)

Particulars	
Value of Imports on C.I.F. Basis	11,363
Expenditure In Foreign Currency	484
Earnings In Foreign Exchange	
Export of Goods calculated on FOB Basis	4,241
Recoveries from Group Companies	196

**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:

The Company has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during the financial year 2016-17.

2. Details of material contracts or arrangements 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 are as given below:

(I)	
Name of the Related Party and nature of relationship	Bayer BioScience Private Limited (“BBPL”). Related Party as per Section 2(76) of the Companies Act, 2013.
Nature 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. These transactions are in the ordinary course of business and are conducted on an arm's length basis.
Duration of contracts / arrangements / transactions	Ongoing contracts
Salient terms of the contracts or arrangements or transactions including the value, if any	Purchase of goods (seeds variety), sale of goods, professional and support services, recoveries, rent income/expenses, services, loans and other obligations, if any.
Date of approval by the Board, if any	Not applicable, since the transaction is in the ordinary course of business and at arm's length.
Amount paid as advances , if any	Nil

(II)	
Name of the Related Party and nature of relationship	Bayer CropScience AG (“BCS AG”) is an indirect holding Company of BCSL.
Nature of contracts/ arrangements / transactions	Purchase of goods, Sale of goods, 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.
Duration of contracts / arrangements / transactions	Ongoing contracts
Salient terms of the contracts or arrangements or transactions including the value, if any	Purchase of goods, Sale of goods, recoveries, professional and support charges incurred and other incidental services.
Date of approval by the Board, if any	Not applicable, since the transaction is in the ordinary course of business and at arm's length
Amount paid as advances , if any	Nil

For and on behalf of the Board of Directors

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

Ulrich Stefer
Executive Director &
Chief Financial Officer
(DIN: 07447177)

Thane, June 06, 2017



ANNEXURE "D"

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2017

[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
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 are stated below:-

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, rodenticides, fungicides, herbicides	20211	90

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 Leverkusen, Germany	NA	Holding	10.40	2(46)
2.	Bayer CropScience AG Monheim, Germany	NA	Holding	15.58	2(46)
3.	Bayer SAS Lyon, France	NA	Holding	19.26	2(46)
4.	Bayer Vapi Private Limited Plot No. 306/3, II Phase, GIDC, Vapi - 396 195	U99999GJ1990PTC049322	Holding	23.33	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 (April 01, 2016)				No. of Shares held at the end of the year (March 31, 2017)				% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters										
(1) Indian										
(a)	Individuals / Hindu Undivided Family	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	8,248,312	0	8,248,312	23.33	8,248,312	0	8,248,312	23.33	0.00

Category of Shareholders		No. of Shares held at the beginning of the year (April 01, 2016)				No. of Shares held at the end of the year (March 31, 2017)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (A) (1)		8,248,312	0	8,248,312	23.33	8,248,312	0	8,248,312	23.33	0.00
(2)	Foreign									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	15,996,372	0	15,996,372	45.25	15,996,372	0	15,996,372	45.25	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (A) (2)		15,996,372	0	15,996,372	45.25	15,996,372	0	15,996,372	45.25	0.00
Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)		24,244,684	0	24,244,684	68.58	24,244,684	0	24,244,684	68.58	0.00
B.	Public Shareholding									
(1)	Institutions									
(a)	Mutual Funds / UTI	2,987,813	290	2,988,103	8.45	3,488,394	290	3,488,684	9.87	1.42
(b)	Financial Institutions / Banks	9,444	3,498	12,942	0.04	8,809	3,498	12,307	0.03	0.00
(c)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	724,090	350	724,440	2.05	943,440	350	943,790	2.67	0.62
(f)	Foreign Institutional Investors	753,001	916	753,917	2.13	181,992	916	182,908	0.52	-1.62
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Any Other (specify)									
	Foreign Portfolio Investors (Corporate)	2,479,031	0	2,479,031	7.01	2,506,729	0	2,506,729	7.09	0.08
Sub-Total (B) (1)		6,953,379	5,054	6,958,433	19.68	7,129,364	5,054	7,134,418	20.18	0.50
(2)	Non-Institutions									
(a)	Bodies Corporate	1,310,475	4,128	1,314,603	3.72	1,152,126	4,128	1,156,254	3.27	-0.45
(b)	Individuals -									

Category of Shareholders		No. of Shares held at the beginning of the year (April 01, 2016)				No. of Shares held at the end of the year (March 31, 2017)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i	Individual shareholders holding nominal share capital upto ₹ 1 lakh	1,978,481	411,625	2,390,106	6.76	1,961,441	393,936	2,355,377	6.66	-0.10
ii	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	417,646	27,160	444,806	1.26	410,892	27,160	438,052	1.24	-0.02
(c)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Any Other	1,250	119	1,369	0.00	25,150	66	25,216	0.07	0.07
i	Trusts	1,250	66	1,316	0.00	25,150	66	25,216	0.07	0.07
ii	Foreign Companies	0	0	0	0.00	0	0	0	0.00	0.00
iii	Director	0	53	53	0.00	0	0	0	0.00	0.00
Sub-total (B) (2)		3,707,852	443,032	4,150,884	11.74	3,549,609	425,290	3,974,899	11.24	-0.50
Total Public Shareholding (B) = (B)(1)+(B)(2)		10,661,231	448,086	11,109,317	31.42	10,678,973	430,344	11,109,317	31.42	0.00
TOTAL (A)+(B)		34,905,915	448,086	35,354,001	100.00	34,923,657	430,344	35,354,001	100.00	0.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0.00	0	0	0	0.00	0.00
GRAND TOTAL (A)+(B)+(C)		34,905,915	448,086	35,354,001	100.00	34,923,657	430,344	35,354,001	100.00	0.00

(ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (April 01, 2016)			Shareholding at the end of the year (March 31, 2017)			% 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	5,509,593	15.58	0.00	5,509,593	15.58	0.00	0.00
2.	Bayer AG	3,676,380	10.40	0.00	3,676,380	10.40	0.00	0.00
3.	Bayer SAS	6,810,399	19.26	0.00	6,810,399	19.26	0.00	0.00
4.	Bayer Vapi Private Limited	8,248,312	23.33	0.00	8,248,312	23.33	0.00	0.00
TOTAL		24,244,684	68.58	0.00	24,244,684	68.58	0.00	0.00

(iii) Change in Promoters' Shareholding:

There were no changes in the promoters shareholding during the Financial Year 2016-17.

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

Sr. No.	Name	Shareholding at the beginning of the year (April 01, 2016)		Shareholding at the end of the year (March 31, 2017)		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	1,320,661	3.74	1,534,211	4.34	213,550	0.60
2.	Pinebridge Investments Gf Mauritius Limited (formerly known as Pinebridge Investments Asia Limited A/C Pinebridge Investments Gf Mauritius Ltd.)	752,428	2.13	811,728	2.30	59,300	0.17
3.	HDFC Standard Life Insurance Company Limited	188,190	0.53	524,291	1.48	336,101	0.95
4.	Indian Syntans Investments (P) Ltd.	481,238	1.36	481,238	1.36	0	0.00
5.	DSP Blackrock Mutual Fund	196,358	0.56	424,170	1.20	227,812	0.64
6.	Meenakshi Narayanan Investments (P) Ltd.	408,910	1.16	408,910	1.16	0	0.00
7.	Sundaram Mutual Fund	15,816	0.04	358,298	1.01	342,482	0.97
8.	Kotak Mutual Fund	26,569	0.08	275,954	0.78	249,385	0.71
9.	Bajaj Allianz Life Insurance Company Ltd.	322,485	0.91	252,678	0.71	-69,807	-0.20
10.	L & T Mutual Fund Trustee Ltd.	256,545	0.73	215,582	0.61	-40,963	-0.12

(iv) Shareholding of Directors and Key Managerial Personnel as on March 31, 2017:

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) Mr. Pankaj Patel, Chairman	-	-	-	-
(b) Mr. Sharad M. Kulkarni, Director	-	-	-	-
(c) Mr. A.K.R. Nedungadi, Director	-	-	-	-
(d) Mr. Vimal Bhandari, Director	-	-	-	-
(e) Mr. Peter Mueller, Director	-	-	-	-
(f) Dr. Regine Juergens, Director *	-	-	-	-
(g) Mr. Richard van der Merwe (KMP) Vice Chairman & Managing Director and Chief Executive Officer	-	-	-	-
(h) Mr. Ulrich Stefer (KMP) Executive Director & Chief Financial Officer	-	-	-	-
(i) Mr. Rajiv Wani (KMP) Head - Law, Patents & Compliance & Company Secretary	-	-	-	-

* Resigned w.e.f. June 06, 2017

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 Directors and/or Manager

(₹ in Millions)

Sr. No.	Particulars of Remuneration	Mr. Richard van der Merwe	Mr. Ulrich Stefer	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	48.21	30.44	78.65
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	13.71	16.04	29.75
	(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	-	-	--
	Total (A)	61.92	46.48	108.40
	Ceiling as per the Act	₹ 466 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
		Mr. Pankaj Patel	Mr. Sharad M. Kulkarni	Mr. A. K. R. Nedungadi	Mr. Vimal Bhandari	Dr. Vijay Mallya*	
(1)	Independent Directors						
	Fee for attending Board and committee meetings	0.24	0.59	0.70	0.70	0.06	2.29
	Commission §	1.25	1.25	1.25	1.25	-	5.00
	Others, please specify	-	-	-	-	-	-
	Total (1)	1.49	1.84	1.95	1.95	0.06	7.29
(2)	Other Non-Executive Directors						
	Fee for attending board / committee meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-
	Total (B)=(1+2)	1.49	1.84	1.95	1.95	0.06	7.29
	Ceiling as per the Act	₹ 47 Millions (being 1% of the Net Profits of the Company as calculated as per Section 198 of the Companies Act, 2013)					
	Total Managerial Remuneration (A+B)						115.69
	Overall Ceiling as per the Act	₹ 513 Millions (being 11% of the Net Profits of the Company as calculated as per Section 198 of the Companies Act, 2013)					

*Dr. Mallya resigned from Board w.e.f. June 30, 2016.

§ Commission will be paid after the Annual General Meeting.

C. Remuneration to Key Managerial Personnel other than Managing Director/ Manager / Whole Time Director

(₹ in Millions)

Sr. No.	Particulars of Remuneration	Mr. Rajiv Wani
		Head - Law, Patents & Compliance & Company Secretary
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	12.50
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.69
	(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	-
	Total	13.19

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties/punishment/compounding of offences for breach of any section of the Companies Act, 2013 against the Company or its Directors or other officers in default, if any, during the year.

For and on behalf of the Board of Directors

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

Ulrich Stefer
Executive Director &
Chief Financial Officer
(DIN: 07447177)

Thane, June 06, 2017



ANNEXURE "E"

(Statement of Disclosure of Remuneration under Section 197 of the Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

- 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 Chief Executive Officer	57:1	8.9*
Mr. Ulrich Stefer	Executive Director & Chief Financial Officer	40:1	4.0*
Mr. Rajiv Wani	Company Secretary	NA	10.0

*Increase in Base Salary

- b. **The percentage increase in the median remuneration of employees in the financial year :**
5.3%
- c. **The number of permanent employees on the rolls of the Company :**
1,126
- d. **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 9.6% and for the Non-Managerial grade was 9.3%.
- e. **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 PERIOD ENDED 31ST MARCH, 2017

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

To,
The Members,
Bayer CropScience Limited,
Bayer House, Central Avenue,
Hiranandani Estate,
Thane (West) - 400607

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Bayer CropScience Limited (hereinafter called the 'Company') for the audit period from 1st April, 2016 to 31st March, 2017. 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 covering the financial year ended on 31st March, 2017, 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 31st March, 2017 according to the provisions of:

- i. The Companies Act, 2013 (the 'Act') and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1955 (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 (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - d) 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. Other laws as applicable specifically to the Company:
 - (i) the Insecticides Act, 1968 and the Insecticides Rules, 1971; and
 - (ii) the Seeds Act, 1966 and the Seeds Rules, 1968

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India related to meetings and minutes;
- (ii) Listing Agreement entered into by the Company with the BSE Limited.

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

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

- a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- b) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
- f) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Overseas Direct Investments and External Commercial Borrowings.



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 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 the Company had no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For **BNP & Associates**
Company Secretaries
[Firm Regn. No. P2014MH037400]

Prakash K. Pandya
Partner
FCS No.: 3901
C P No.: 2311

Mumbai, May 04, 2017

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure A of Secretarial Audit Report

To,
The Members,
Bayer CropScience Limited

Our Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of provisions of all laws, rules, regulations, standards applicable to Bayer CropScience Limited (the 'Company') is the responsibility of the management of the Company. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.
2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Company, along with explanations where so required.
3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. The verification was done on test check basis to ensure that correct facts as reflected in secretarial and other records produced to us. We believe that the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and major events during the audit period.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **BNP & Associates**
Company Secretaries
[Firm Regn. No. P2014MH037400]

Prakash K. Pandya
Partner
FCS No.: 3901
C P No.: 2311

Mumbai, May 04, 2017

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Bayer is a world class innovation driven Life Science Company. All the science we do and the resulting innovative products are designed to provide a better life for people across the world. At Bayer we strive to achieve excellence through sustainable and responsible business practices. For us at Bayer, Corporate Governance basically means to uphold our core values with ethical business conduct as well as a commitment to maximize the value for all the stakeholders through innovation driven projects which forms the basis of 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 and feed.

Our mission statement "Bayer: Science For A Better Life" endeavors and focuses on developing and successfully commercializing innovative products and solutions based on scientific knowledge. We at Bayer are committed to operating sustainably and addressing our social and ethical responsibilities as a Corporate Citizen. Our values play a central role in our daily work and are intended to guide us in fulfilling our group mission. These values are represented by the word LIFE: Leadership, Integrity, Flexibility, Efficiency.

Bayer is a name of trust and promise. 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 experiment 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 ("the Policy") as revised 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 revised Policy also reflects additionally the topics of Data Privacy, Social Media and Money Laundering and the "Compliance Management System" 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 works 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, thereby, adapting the 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 are being 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, monitoring the processes 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 lays down the overall corporate objectives and provides necessary guidance and independence to the management to achieve the objectives within a set framework. The Board as well as its Committees play a crucial role in upholding and nurturing the principles of good governance. The Board operates within a well defined framework which enables it to discharge its responsibilities and duties of safeguarding the interests of the Company thereby enhancing stakeholder value.

Composition

We believe that a Board needs to have an appropriate mix of executive and independent directors to maintain its independence and separate its functions of governance and management. Our Board composition is in line with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). As on the date of the Report,

CORPORATE GOVERNANCE REPORT (contd.)

the Board consists of total eight Directors out of which two are Executive Directors, four are Non-Executive Independent Directors and two are 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 ("the Act") and SEBI Listing Regulations. The necessary disclosures regarding Committee positions have been made by all the Directors. The details of each member of the Board along with the number of Directorship(s)/Committee Membership(s) are provided herein.

Directorship in other companies / committee position as on March 31, 2017

Sr. No.	Name of Director	Category	No. of other Directorships	No. of other Committee Memberships	
				Chairman	Memberships
1.	Mr. Pankaj Patel, Chairman	Non-Executive Independent Director	4	1	1
2.	Mr. Richard van der Merwe, Vice Chairman*	Managing Director & CEO	-	-	-
3.	Mr. Sharad M. Kulkarni	Non-Executive Independent Director	4	2	2
4.	Mr. A. K. R. Nedungadi	Non-Executive Independent Director	2	-	2
5.	Mr. Vimal Bhandari	Non-Executive Independent Director	7	1	1
6.	Mr. Peter Mueller*	Non-Executive Non-Independent Director	-	-	-
7.	Dr. Regine Juergens*	Non-Executive Non-Independent Director	-	-	-
8.	Mr. Ulrich Stefer*	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 Act.
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.

Board Independence

Independent Directors play a crucial role in upholding the governance process within the Company and also enhance the decision making process through valuable contribution. Our definition of 'Independence' of Directors is derived from Regulation 16(1)(b) of the SEBI Listing Regulations and Section 149(6) of the Act. The Company has received the annual confirmation and disclosures from all the Non-Executive Independent Directors. All Non-Executive Independent Directors comply with the requirements laid down by the SEBI Listing Regulations that are applicable to an Independent Director.

All our 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 transaction with the Company, its Promoters and its Management, which in the judgment of the Board would affect the independence of the Directors. As on the date of the Report, none of the Directors hold any shares in the Company.

3. BOARD PROCEDURE

The Board/Committee meetings are pre-scheduled and a tentative annual calendar of Board and Committee meetings is circulated to all 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 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 to the Directors in advance. 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 quarterly before the Board.

The Company held 5 Board meetings during the financial year 2016-17 and the gap between two meetings did not exceed 120 days. The dates on which the Board meetings were held are May 13, 2016, July 05, 2016, August 08, 2016, October 19, 2016 and February 07, 2017.

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

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

- 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.
- 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.

Board Support

The Company Secretary is responsible for convening the Board and Committee meetings and collating the information for the agenda items circulated to the Board. The Company Secretary attends the meeting of the Board and the Committee and advises the Board on the various compliances that need to be followed by the Company based on the different applicable regulations.

With an aim to bring in more flexibility as well as ease of operation, the Company has in place an e-board meeting application which is also aimed at reducing the paper consumption. This application of e-board meeting enables the Board to access all the agenda papers through their I-pad's using their unique log-in IDs and passwords. The application meets high standards of security and integrity that is required for storage and transmission of the Board/Committee agenda.

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

The 58th AGM of the Company was held on Monday, September 12, 2016 at 11.00 a.m. The attendance of the Directors at the Board Meetings and AGM held during the financial year ended March 31, 2017 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.	Mr. Pankaj Patel#	4	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	4	No
7.	Dr. Regine Juergens	5	4	No
8.	Mr. Ulrich Stefer	5	5	Yes
9.	Dr. Vijay Mallya*	1	1	NA

Appointed as a Director w.e.f. 05.07.2016

* Resigned as a Director w.e.f. 30.06.2016

Separate Meeting of Independent Directors

During the year under review, the Non-Executive Independent Directors of the Company met on February 07, 2017 without the attendance of Executive and Non-Independent Directors and the members of Management. During the said meeting 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.

CORPORATE GOVERNANCE REPORT (contd.)

All the Non-Executive Independent Directors were present throughout the meeting. They expressed satisfaction at the governance process followed by the Company as well as the information provided to them on a timely basis.

Board Evaluation

The Company has adopted a Performance Evaluation Policy ("the Policy") which 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, in terms of the requirements of the Act and the SEBI Listing Regulations, a Board Evaluation cycle was completed by the Company internally which included the evaluation of the Board as a whole, Board Committees and Directors. The evaluation process focused on the various aspects of the functioning of the Board and Committees such as composition, experience and competencies, performance of the specific duties and obligations, governance issues, etc. Separate exercise was carried out to evaluate the performance of the individual Directors based on criteria such as attendance, contribution and independent judgement.

Familiarization Programme for Non-Executive Independent Directors

As per the provisions of the SEBI Listing Regulations, 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. At the time of appointing an Independent Director, a formal letter of appointment is given to him/her which, inter alia, explains his/her functions, roles, duties and responsibilities and the Board expectations. As an ongoing process, the Board of Directors is updated on a quarterly basis through presentations and discussions on the overall performance of the Company and its business, the initiatives taken to bring about an improvement in the performance of the Company in the Board meetings.

The Non-Executive 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. The familiarization programme for Independent Directors is uploaded on the Company's website under the Corporate Governance section.

4. COMMITTEES OF THE BOARD

The Committees of the Board play a very important role in the governance structure of the Company and helps the Board of Directors in discharging its duties and responsibilities. The Committees have been constituted to deal with specific areas/activities which concern the Company. The Board Committees are set up with clearly defined roles and goals which are crucial for the smooth functioning of the Company. The Board is responsible for the action of the Committees. The Chairman of the respective Committees inform the Board about the summary of the discussions held in the Committee Meetings. The minutes of meetings of all the Committees are placed before the Board for review.

The Board has constituted the following Committees which are mandatory.

Audit Committee:

The Company's Audit Committee comprises of four Non-Executive Directors, of which three are Non-Executive Independent Directors and one is a Non-Executive Non-Independent Director. Mr. Sharad M. Kulkarni is the Chairman of the Audit Committee and Mr. A. K. R. Nedungadi, Mr. Vimal Bhandari, Mr. Peter Mueller are its members. The members of the Committee have relevant experience in financial matters.

The Audit Committee met 4 times during the financial year ended March 31, 2017. The meetings were held on May 11, 2016, August 08, 2016, October 19, 2016 and February 07, 2017. Necessary quorum was present at all the meetings. The attendance of the Committee members at the meetings was as under:

Name of Member	Category	No. of meetings attended during 2016-17
Mr. Sharad. M. Kulkarni	Non-Executive Independent Director	4
Mr. A.K.R. Nedungadi	Non-Executive Independent Director	4
Mr. Vimal Bhandari	Non-Executive Independent Director	4
Mr. Peter Mueller	Non-Executive Non-Independent Director	3

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 Auditor as special invitees. The Company Secretary acts as the Secretary to the Committee. The minutes of each Audit Committee meeting 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 one side and the Board of Directors of the Company on the other side.

CORPORATE GOVERNANCE REPORT (contd.)**Role of the Audit Committee:**

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

1. Overseeing 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:
 - 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 Act
 - 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, if any
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 & 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 thereon;
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 system 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 58th Annual General Meeting of the Company held on Monday, September 12, 2016.

Stakeholders Relationship Committee:

In terms of Section 178(5) of the Act and Regulation 20 of the SEBI Listing Regulations, the Company has a duly constituted Stakeholders Relationship Committee. 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.

CORPORATE GOVERNANCE REPORT (contd.)

The Stakeholders Relationship Committee comprises 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 Mr. Ulrich Stefer as the members of the Committee.

The Committee held 4 meetings during the financial year ended March 31, 2017. The meetings were held on May 13, 2016, August 08, 2016, October 19, 2016 and February 07, 2017. 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 2016-17
1.	Mr. A.K.R. Nedungadi	4	4
2.	Mr. Richard van der Merwe	4	4
3.	Mr. Sharad M. Kulkarni	4	4
4.	Mr. Ulrich Stefer	4	4

Complaints received and resolved by the Company during the financial year ended March 31, 2017 is given below:

Source of complaints	April 01, 2016 to March 31, 2017	
	Received	Resolved
Referred by SEBI SCORES	6	6
Referred by NSDL	-	-
Referred by BSE Limited	-	-

Share Transfer Committee:

In compliance with the Regulation 40 of the SEBI Listing Regulations and in order to expedite the process of share transfer, power to approve share transfers has been delegated to officials of the Company.

Further, a sub-committee has been constituted for attending to matters relating to issue of duplicate share certificates, transmission of shares, split and consolidation, etc. The composition of the aforementioned Committee as on March 31, 2017 was as under:

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

Nomination and Remuneration Committee:

In compliance with Section 178 of the Act and Regulation 19 of the SEBI Listing Regulations, the Company has constituted a Nomination and Remuneration Committee. The Committee comprises of four Non-Executive Directors, of which three are Non-Executive Independent Directors. The Nomination and Remuneration Committee comprises of Mr. Vimal Bhandari, a Non-Executive Independent Director as the Chairman and Mr. A. K. R. Nedungadi, Non-Executive Independent Director, Mr. Sharad M. Kulkarni, Non-Executive Independent Director and Mr. Peter Mueller, Non-Executive Non-Independent Director as members of the Committee.

The terms of reference of the Nomination and Remuneration Committee are inter alia 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 performance of the 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 4 times during the financial year ended March 31, 2017. The meetings were held on May 11, 2016, July 05, 2016, August 08, 2016 and February 07, 2017. The attendance at the meeting was as under:

CORPORATE GOVERNANCE REPORT (contd.)

Sr. No.	Name of Member	Nomination and Remuneration Committee Meetings held in Member's tenure	No. of meetings attended during 2016-17
1.	Mr. Vimal Bhandari	4	4
2.	Mr. A.K.R. Nedungadi	4	4
3.	Mr. Sharad M. Kulkarni	4	3
4.	Mr. Peter Mueller	4	3

Corporate Social Responsibility Committee:

As required under Section 135 of the Act, the Company has constituted a Corporate Social Responsibility Committee. The composition of the Committee as on March 31, 2017 comprised of Mr. Richard van der Merwe as the Chairman and Mr. Vimal Bhandari, Non-Executive Independent Director and Mr. Ulrich Stefer as members of the Committee.

During the year under review the scope of the Corporate Social Responsibility Committee was broadened to include additional terms of reference.

The terms of reference of the CSR Committee are 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.
- formulate policies and procedures based on the requirement of SEBI for Business Responsibility Reporting.*
- ensure implementation of all the policies pertaining to Business Responsibility.*
- ensure effective communication of all the policies to all relevant stakeholders.*
- review and assess the Business Responsibility performance annually.*
- review the Business Responsibility initiatives and encourage participation.*
- review the Business Responsibility Report and recommend to the Board for approval.*

* Additional terms of reference included and adopted by the CSR Committee at its meeting held on February 07, 2017.

During the financial year ended March 31, 2017, the Committee met once on February 07, 2017. All the members were present at the meeting.

5. REMUNERATION OF DIRECTORS

Details of remuneration paid to Non-Executive Independent Directors and Executive Directors during the financial year ended March 31, 2017

a) Non-Executive Independent Directors

The details of the sitting fees and commission paid during the financial year ended March 31, 2017 are given in the table below:
(₹ in Millions)

Sr. No.	Name of Director	Sitting Fees	Commission	Total
1.	Mr. Pankaj Patel*	0.24	NA	0.24
2.	Mr. Sharad M. Kulkarni	0.59	1.25	1.84
3.	Mr. A.K.R. Nedungadi	0.70	1.25	1.95
4.	Mr. Vimal Bhandari	0.70	1.25	1.95
5.	Dr.Vijay Mallya#	0.06	1.25	1.31

*Mr. Pankaj Patel was appointed as Director with effect from 05.07.2016

#Dr. Vijay Mallya resigned as Director with effect from 30.06.2016

b) Executive Directors

Mr. Richard van der Merwe, the Vice Chairman & Managing Director and Chief Executive Officer and Mr. Ulrich Stefer, Executive Director & Chief Financial Officer were paid remuneration during the financial year ended March 31, 2017 as per their respective agreements with the Company, which had been approved by the Board as well as the members of the Company.

The details of the remuneration paid to the Executive Directors during the financial year ended March 31, 2017 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	48.21	13.71	61.92	February 01, 2014-January 31, 2019
2.	Mr. Ulrich Stefer	Executive Director & CFO	30.44	16.04	46.48	April 01, 2016-March 31, 2021

CORPORATE GOVERNANCE REPORT (contd.)

c) Service contract, notice period and severance fees

Mr. Richard van der Merwe was appointed as the Vice Chairman & Managing Director 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.

Mr. Ulrich Stefer was appointed as Wholetime Director of the Company with effect from April 01, 2016 by the Board of Directors. The employment contract with Mr. Stefer is for a period of 5 years, terminable by 6 months' notice on either side.

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

6. POLICIES

Whistle Blower Policy

Our Company is committed to high standards of Corporate Governance and stakeholder responsibility. Our commitment is towards reaching the goals with utmost respect for human values and to serve the interests of Bayer with integrity. In terms of the Corporate Compliance Program and the SEBI Listing Regulations, the Company has a 'Whistle Blower Policy' with an objective to provide appropriate avenues to the employees and Directors of the Company to bring to the attention of the Management any genuine concerns regarding unethical behavior, actual or suspected frauds including possible breaches of Company's policies and standards, values or any laws within the country or elsewhere. The said vigil mechanism also provides for adequate safeguards against victimization of persons who uses such mechanism. It basically enables the employees to raise their concerns which would be looked into and 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. The Company has formulated a 'Policy for Prevention of Sexual Harassment' ("Policy") at the workplace, in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made 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 Regulation 17(5) of the SEBI Listing Regulations, the Board of Directors had 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 and Mr. Ulrich Stefer, Executive Director & CFO to this effect is attached to this Report. The policies as well as codes are posted on the website of the Company at www.bayer.in.

Risk Management

Risk management is an integral part of the overall governance process and comprises of all the organisational rules and actions for early identification of risks in the course of doing business and management of such risks. It includes implementing systems to identify risks at an early stage, take measures to mitigate them and report them to the appropriate authority.

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

The Country Group Head - Risk Management, South Asia 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 and Code of Fair Disclosures - For Prevention of Insider Trading

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has in place a Code of Conduct and Code of Fair Disclosures - For Prevention of Insider Trading ("the Code"). It is an important governance code to prevent any insider trading activities by dealing in shares of the Company. The Code restricts the Directors, designated persons and any other 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 price sensitive information and to prevent any insider trading activity. The Code is available on the website of the Company at www.bayer.in.

Policy for Archival & Preservation of Documents

In compliance with the requirements of Regulation 9 and Regulation 30(8) of the SEBI Listing Regulations, the Company has adopted a Policy for Archival & Preservation of Documents. The documents that are required to be maintained under this Policy are preserved considering their importance, usefulness and information. The Company does recognize that all the documents whether in physical or electronic mode, form an important and integral part of the Company's records. The preservation of documents is important in order to ensure immediate access to the records, its retrieval and authentication.

CORPORATE GOVERNANCE REPORT (contd.)**Policy on Disclosure of Material Events/Information**

In accordance with the requirements of Regulation 30 of the SEBI Listing Regulations, the Company has adopted a Policy on Disclosure of Material Events/Information ("the Policy").

The Company is ever committed to function keeping in view the best interests of its various stakeholders with due integrity. The objective of this Policy is to determine materiality of events or information of the Company and to ensure that such information is adequately disseminated in pursuance with the SEBI Listing Regulations and to provide an overall governance framework for determination of materiality.

Dividend Distribution Policy

As per Regulation 43A of the SEBI Listing Regulations, the top 500 listed entities based on market capitalization are required to formulate a Dividend Distribution Policy. The Company has formulated the Dividend Distribution Policy based on the parameters laid down by SEBI Listing Regulations and the details of which are available on the Company's website at www.bayer.in.

7. COMPLIANCE OFFICER

Mr. Rajiv Wani, Head - Law, Patents & Compliance & Company Secretary, is the Compliance Officer of the Company.

8. GENERAL SHAREHOLDER INFORMATION**Annual General Meeting**

Date of AGM : Wednesday, August 23, 2017

Venue and time : Yashwantrao Chavan Pratishthan Auditorium,
Y. B. Chavan Centre, Near Mantralaya,
Gen. J. Bhonsale Marg,
Mumbai - 400 021 at 11.00 a.m.

Dates of Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, August 09, 2017 to Wednesday, August 23, 2017 (both days inclusive).

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 59th Annual General Meeting to be held on Wednesday, August 23, 2017 will be paid at par within 30 days of the said date:

- (i) to those members who hold shares in physical form and whose names appear on the Company's Register of Members as holders of Equity Shares as on Tuesday, August 08, 2017.
- (ii) in respect of shares held in dematerialised form, to the beneficial owners of the shares as at the close of business hours on Tuesday, August 08, 2017 as per details 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, 2017
Second Quarter and Half yearly results	On or before November 14, 2017
Third Quarter Results	On or before February 14, 2018
Fourth Quarter and Annual Results	On or before May 30, 2018

Corporate Identity Number (CIN): L24210MH1958PLC011173

Registered Office:

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

CORPORATE GOVERNANCE REPORT (contd.)

Listing of Equity Shares on Stock Exchange

Name and Address of Stock Exchange	BSE Limited (BSE) Phiroze 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.

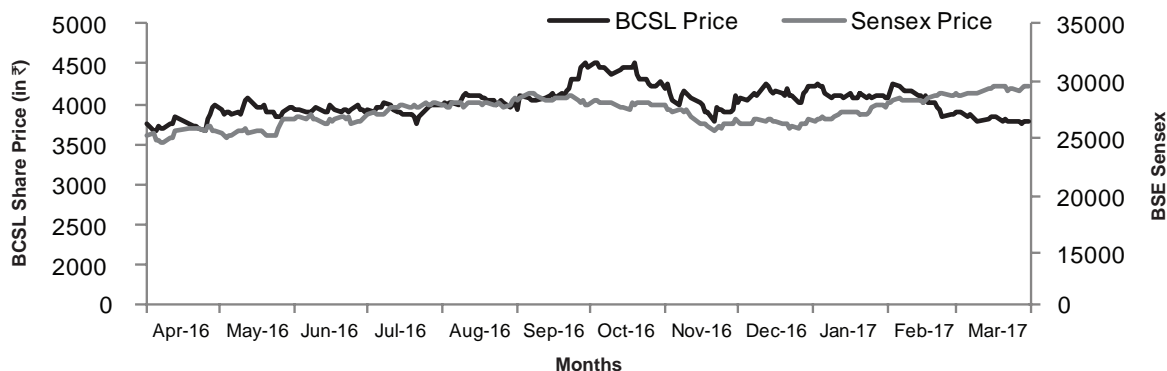
Stock Price Data

The monthly high and low price of the Company's shares on BSE from April 01, 2016 to March 31, 2017 was as under:

Month	Share Price (in ₹)	
	High Price	Low Price
April, 2016	4005.95	3620.00
May, 2016	4155.00	3790.50
June, 2016	4059.95	3820.00
July, 2016	4065.00	3748.00
August, 2016	4315.00	3958.30
September, 2016	4594.95	3897.00
October, 2016	4627.00	4173.00
November, 2016	4290.00	3680.15
December, 2016	4386.00	3980.00
January, 2017	4275.00	4050.00
February, 2017	4290.00	3830.00
March, 2017	3950.00	3744.10

Stock Performance

Bayer CropScience Limited ("BCSL") Share Price vis-à-vis BSE Sensex April 01, 2016 to March 31, 2017:



Registrar & Share Transfer Agent

TSR Darashaw Limited ("TSRDL") acts as the Registrar and Share Transfer Agent 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

Website: www.tsrdarashaw.com

Contact Person: Ms. Mary George

CORPORATE GOVERNANCE REPORT (contd.)

a) Branch Offices of TSRDL

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

b) Agent of TSRDL

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

Share Transfer System

The shares of the Company being in compulsory dematerialised form, are transferable through the depository system. Shares in physical form should be lodged for transfer with the office of the Company's Registrar & Share Transfer Agent, TSR Darashaw Limited, 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, 2017:

Range of Shares	Number of Shareholders	Number of Shares	Percentage to Total Shareholders
1-500	21,165	1,378,417	95.44
501-1,000	523	375,993	2.36
1,001-2,000	238	339,430	1.07
2,001-3,000	65	159,781	0.29
3,001-4,000	26	91,718	0.12
4,001-5,000	17	74,023	0.08
5,001-10,000	48	343,734	0.22
10,001 and above	94	32,590,905	0.42
Total	22,176	35,354,001	100.00

Shareholding Pattern as on March 31, 2017:

Category of Shareholder	Number of Share holders	Number of Shares	Number of shares held in dematerialised form	Shareholding as a percentage of total number of shares
(A) Promoter and Promoter Group				
(1) Indian Body Corporate	1	8,248,312	8,248,312	23.33
(2) Foreign Body Corporate	3	15,996,372	15,996,372	45.25
Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	4	24,244,684	24,244,684	68.58
(B) Public Shareholding				
(1) Institutions				
(a) Mutual Funds / UTI	75	3,488,684	3,488,394	9.87
(b) Financial Institutions / Banks	21	12,307	8,809	0.03

CORPORATE GOVERNANCE REPORT (contd.)

Category of Shareholder	Number of Share holders	Number of Shares	Number of shares held in dematerialised form	Shareholding as a percentage of total number of shares
(c) Insurance Companies	8	943,790	943,440	2.67
(d) Foreign Institutional Investors/ Foreign Portfolio Investors – Corp	90	2,689,637	2,688,721	7.61
Sub-total (B)(1)	194	7,134,418	7,129,364	20.18
(2) Non-Institutions				
(a) Bodies Corporate	342	1,116,034	1,111,906	3.16
(b) Individuals –				
i Individual shareholders holding nominal share capital upto ₹ 2 lakh	21,425	2,387,448	1,993,512	6.75
ii Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	6	405,981	378,821	1.15
(c) Any Other				
i LLP	12	3,699	3,699	0.02
ii Trusts	3	25,216	25,150	0.00
iii Clearing Members	190	36,521	36,521	0.10
Sub-total (B)(2)	21,978	3,974,899	3,549,609	11.24
Total Public Shareholding (B) = (B)(1)+(B)(2)	22,172	11,109,317	10,678,973	31.42
Total (A)+(B)	22,176	35,354,001	34,923,657	100.00

List of Top 10 shareholders as on March 31, 2017:

Sr. No.	Name of Shareholders	Number of shares	Percentage to Total Share Capital
1.	Bayer Vapi Private Limited	8,248,312	23.33
2.	Bayer SAS	6,810,399	19.26
3.	Bayer CropScience AG	5,509,593	15.58
4.	Bayer AG	3,676,380	10.40
5.	Birla Sun Life Trustee Company Private Limited	1,534,211	4.34
6.	Pinebridge Investments GF Mauritius Limited	811,728	2.30
7.	HDFC Standard Life Insurance Company Limited	524,291	1.48
8.	Indian Syntans Investments (P) Limited	481,238	1.36
9.	DSP Blackrock Mutual Fund	424,170	1.20
10.	Meenakshi Narayanan Investments (P) Ltd.	408,910	1.16

Pledge of Equity Shares

None of the Equity Shares held by the Promoters and / or Promoter Group as on March 31, 2017 have been pledged or otherwise encumbered.

Dematerialisation of Shares and Liquidity

As per the Notification received from Securities and Exchange Board of India, the shares of the Company are traded compulsorily in dematerialised form with effect from March 21, 2000. The Company has signed an Agreement with both the Depositories in the country, viz. National Securities Depositories Limited and Central Depository Services (India) Limited, whereby the shareholders have an option to get the shares dematerialised with any of the Depositories.

The process of 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 offer this facility. After opening the demat account, the Member has to handover the physical share

CORPORATE GOVERNANCE REPORT (contd.)

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, 2017 - 34,923,657 shares constituting 98.78% 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

1. The Company at the following address:

Bayer CropScience Limited

Law, Patents & Compliance Department
Bayer House, Central Avenue,
Hiranandani Estate,
Thane (West) - 400 607.
Tel. No.: 022 - 2531 1234
Fax No.: 022 - 2545 5063
e-mail: ir_bcsl@bayer.com
Website: www.bayer.in

2. TSRDL at their following address:

TSR Darashaw Limited

(Unit – Bayer CropScience Limited)
6-10, Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road, Near Famous Studio,
Mahalaxmi, Mumbai - 400 011.
Tel No.: 022 - 6656 8484
Fax No.: 022 - 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_bcsl@bayer.com

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

Year	Venue	Date	Time
2015-2016	Yashwantrao Chavan Pratishthan Auditorium, Y. B. Chavan Centre, Gen. J. Bhonsale Marg, Mumbai - 400 021	September 12, 2016	11.00 a.m.
2014-2015	Yashwantrao Chavan Pratishthan Auditorium, Y. B. Chavan Centre, Gen. J. Bhonsale Marg, Mumbai - 400 021	September 15, 2015	11.30 a.m.
2013-2014	Yashwantrao Chavan Pratishthan Auditorium, Y. B. Chavan Centre, Gen. J. Bhonsale Marg, Mumbai - 400 021	August 28, 2014	11.30 a.m.

Special resolution passed in the previous 3 Annual General Meetings

Adoption of new set of Articles of Association: Passed unanimously at the AGM held on September 12, 2016.

Related Party Disclosures

All Related Party Transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for the Related Party Transaction on yearly basis for the transactions which are of repetitive nature and /or entered in the ordinary course of business and are at arm's length. All Related Party Transactions are subjected to independent review by a reputed consultant to establish compliance with the requirements of Related Party Transactions under the Act and SEBI Listing Regulations.

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 Act and Regulation 23 of the SEBI Listing Regulations during the financial year ended on March 31, 2017, 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.

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.



CORPORATE GOVERNANCE REPORT (contd.)

Details of non-compliance

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

Means of communication

Financial Results: The quarterly, half-yearly and annual results of the Company are sent to BSE Limited 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 regularly posted on the Company's website: 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 and Code of Fair Disclosures – For Prevention of Insider Trading, investor presentations, 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.

For and on behalf of the Board of Directors

Richard van der Merwe

Vice Chairman & Managing Director and
Chief Executive Officer
(DIN: 06768305)

Ulrich Stefer

Executive Director &
Chief Financial Officer
(DIN: 07447177)

Thane, June 06, 2017

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.

CORPORATE GOVERNANCE REPORT (contd.)**CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE**

To
The Members,
Bayer CropScience Limited

I have examined the compliance of conditions of Corporate Governance by Bayer CropScience Limited ("the Company"), for the year ended on March 31, 2017, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchange.

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 Corporate Governance as stipulated in the provisions as specified in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchange.

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 24, 2017



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 Ulrich Stefer, Executive Director & Chief Financial Officer, to the best of our knowledge and belief, hereby certify that:

- A. We have reviewed the financial statements and the cash flow statement for the financial year ended March 31, 2017 and that to the best of our knowledge and belief we state that:
- 1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
 - 2) 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.
- B. We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee:
- a) significant changes in internal control over financial reporting during the financial year;
 - b) significant changes, if any in accounting policies during the financial year and that the same have been disclosed in the notes to the financial statements; and
 - c) instances of significant fraud of which we 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 over financial reporting.
- E. 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 the 'whistle blowers' from unfair termination and other unfair or prejudicial employment malpractices; and
- F. We further declare that all the Board members and senior managerial personnel of the Company have affirmed compliance with the Code of Conduct for the year under review.

For and on behalf of the Board of Directors

Richard van der Merwe

Vice Chairman & Managing Director and
Chief Executive Officer
(DIN: 06768305)

Ulrich Stefer

Executive Director &
Chief Financial Officer
(DIN: 07447177)

Thane, June 06, 2017

BUSINESS RESPONSIBILITY REPORT

Introduction

The Securities and Exchange Board of India (SEBI) in 2015 mandated the top 500 listed entities on National Stock Exchange (NSE) and BSE Limited (BSE) to prepare a 'Business Responsibility Report' (BRR) as part of the Annual Report. This is as per Regulation 34(2)(f) of SEBI Listing Regulations. The report outlines the organization's performance from the environmental, social and governance perspective. Monitoring the non-financial performance is as important as financial performance and reporting on the triple-bottom line of environmental, social, and economic parameters is becoming increasingly important to stakeholders worldwide. Bayer CropScience Limited being part of the top 500 listed entities has developed this Business Responsibility Report based on the suggested framework of SEBI.

At Bayer, environmental, social and economic performance has always been a priority. For us, sustainability means shaping the future successfully and as part of our corporate strategy, it is an integral part of our day-to-day work routine. We are convinced that we can only achieve lasting commercial success if through our innovations, we increase our contribution to overcoming global challenges in the fields of food security and health, meet our responsibility to the environment, and on the basis of this also ultimately promote our economic growth. That's what our mission "Bayer: Science for a Better Life" is all about.

Our corporate strategy complies with the principles of sustainability in fulfilling our mission. Our objective is to safeguard and boost the Company's success, creating entrepreneurial value while also respecting social values. We are developing products now that will be of great social benefit in the future and are safe in both manufacture and application. This is the only way to generate sustainably profitable growth and secure our future business success. Sustainability thus makes economic sense for the Company. It does not play an isolated role at Bayer but forms an integral part of our corporate strategy in the same way as the areas of research or human resources.

The focus of our sustainability strategy is on:

- responsible business practices that reduce our business risks and
- our own innovative strength that both opens up new business opportunities for us and enables us to generate economic, ecological and social benefit.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN)	L24210MH1958PLC011173
2.	Name of the Company	Bayer CropScience Limited
3.	Registered Office Address	Bayer House, Central Avenue, Hiranandani Estate, Thane (West) - 400 607. Tel. No.: + 91 22 2531 1234 Fax No.: + 91 22 2545 5063 Email: ir_bcs@bayer.com
4.	Website	www.bayer.in
5.	E-mail id	ir_bcs@bayer.com
6.	Financial Year reported	2016-17
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	NIC Code - 20211 - Manufacture of insecticides, rodenticides, fungicides, herbicides
8.	List three key products/services that the Company manufactures/provides (as in Balance Sheet)	Nativo WG Fame Antracol
9.	Total number of locations where business activity is undertaken by the Company	Number of International Locations (Provide details of major 5) - None Number of National Locations – 30 locations including Registered office, Regional offices and one production site.
10.	Markets served by the Company	Markets served all across India

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital (INR)	354 Millions
2.	Total Turnover (Income) (INR)	30,185 Millions
3.	Total profit after taxes (INR)	2,910 Millions
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	3.44% (₹ 100.23 Millions spent)

BUSINESS RESPONSIBILITY REPORT (contd.)

5. List of activities in which expenditure in 4 above has been incurred:

a. Research & prevention center on sexual violence against women & children

Development of strategies to implement primary preventive measures, which protect women and children from sexual violence and its after effects.

b. Novel training center for blind women to become Medical Tactile Examiners (MTEs) in early breast cancer detection

Training and deployment of visually impaired women to detect the early signs of breast cancer.

c. Bayer Fellowship Program in Agrosience

To encourage research and development activities in agriculture, Bayer is supporting Masters in Science and Ph.D students with Fellowships in leading Agro science Universities in Gujarat, Karnataka, Punjab, Tamil Nadu, Telangana, Uttarakhand and West Bengal.

d. Comprehensive community health program

Development of tele-health facility for Primary Health Centers (PHCs) for management of illnesses which need specialist care.

e. WASH (Water, Agriculture, Sanitation and Hygiene)

Improvement in sanitation and conservation of natural resources to enhance public health.

f. Bayer Science Teens

An international fellowship program of Bayer which supports gifted students in order to help them realize individual study and research projects in science.

g. Specialist care and treatment at Primary Health Centers (PHC)

Improving the overall health status in the target locations by providing high quality holistic healthcare approach including health screening, treatment of cases diagnosed during the screening and health education.

h. Future Agriculture Leaders of India (FALI)

Imparting minimum basic scientific, technical and practical knowledge on agriculture sciences/production to students.

i. Comprehensive educational interventions

Implementation in select villages of South India where the activities include scholarships for the school-going children, financial support to the deserving students to pursue higher education, upgradation and maintenance of the educational set-up of targeted school/s, improving the education delivery process in the local schools, creating IT enabled smart classes, skill development programs, and upgradation of school facilities.

j. Promoting agricultural productivity and livelihood support among the rural communities

The objective is to support small and marginal farmers in Bihar through agriculture diversification by introducing mechanized farming, which would reduce cost of cultivation and also provide an alternative livelihood source like goat rearing and kitchen garden.

k. Preventive Health Program (PHP)

Program carried out near Vapi industrial areas which includes a general health screening, organizing specialized health camps for early detection of serious ailments like diabetes, hypertension, other health issues typical to an industrial township with a relatively high exposure to toxic chemicals and gases.

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies?

No, there are no subsidiary companies.

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

Not Applicable.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

We collaborate with tollers for procuring the raw materials required in our manufacturing processes. They frequently participate in the BR initiatives and their involvement ranges from 30-60%. The toller agencies provide safety trainings to their employees on various topics like usage of Personal Protective Equipment (PPE), safe operations, safe handling of substances, first aid, firefighting and safe walkaways. They have also undertaken several CSR initiatives which includes various developmental projects in the village like construction of roads, installation of LED street lights, construction of toilets and laying of sewage pipelines.

BUSINESS RESPONSIBILITY REPORT (contd.)**SECTION D: BUSINESS RESPONSIBILITY (BR) INFORMATION****1. Details of Director/Directors responsible for BR****a) Details of the Director/Directors responsible for implementation of the BR policy/policies**

Name	DIN	Designation
Mr. Richard van der Merwe	06768305	Vice Chairman & Managing Director and CEO
Mr. Ulrich Stefer	07447177	Executive Director & CFO
Mr. Vimal Bhandari	00001318	Non-Executive Independent Director

b) Details of the BR Head

Sr. No.	Particulars	Details
1.	DIN (if applicable)	06768305
2.	Name	Mr. Richard van der Merwe
3.	Designation	Vice Chairman & Managing Director and CEO
4.	Telephone Number	+91 22 2531 1234
5.	E-mail id	ir_bcs1@bayer.com

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

Sr. No.	Particulars	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for....?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*
4.	Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/ appropriate Board Director?	Y**	Y**	Y**	Y**	Y**	Y**	Y**	Y**	Y**
5.	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online	Y+	Y+	Y+	Y+	Y+	Y+	Y+	Y+	Y+
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y++	Y++	Y++	Y++	Y++	Y++	Y++	Y++	Y++

(*) – The policies have been developed as per the Companies Act, 2013 and SEBI Listing Regulations and the global policies are in line with the global statutory requirements. They are also on the lines of the 'National Voluntary Guidelines on Social, Environment and Economic responsibilities of businesses' established by the Ministry of Corporate Affairs, Government of India in 2011.

(**) – Few statutory policies viz CSR and Whistle Blower Policy are approved by the Board and other internal policies are approved by Bayer AG globally and are implemented as per local laws and regulations.

(+) – All our policies are available for employees to view on the Company's intranet. For external stakeholders wishing to view the policies, a request can be emailed to the Compliance Officer.

(++) – We have various kinds of audits carried out like Internal Audit, Global Audit, Compliance Audit which are independent and cover specific policies.

2a. If answer to Sr. No. 2 against any principle, is 'No', please explain why: Not Applicable

BUSINESS RESPONSIBILITY REPORT (contd.)

3. Governance related to BR

- **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year**

We have extended the roles and responsibilities of the CSR Committee to oversee the activities of business responsibility. Along with existing responsibilities, the Committee will also look at:

- Policy formulation based on the requirements of SEBI
- Policy implementation
- Communication of policies to all relevant stakeholders
- Independent audit/evaluation of the policies
- Review of the Company's Business Responsibility performance at regular intervals
- Review of the Business Responsibility Report
- **Does the Company publish a BRR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

This is the Company's first Business Responsibility Report which will be published annually along with the Annual Report which can be viewed at www.bayer.in

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1 (P1): Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

Bayer has a global presence with core competencies in 'Health Care' and 'Agriculture'. It has a long standing history of 150 years in the field of life sciences and the Group's first Company was established in 1896 in India. Bayer has been a pioneer in addressing the challenges of changing times by introducing innovative products. Preservation of core values and ethical conduct are drivers of the Company's Corporate Governance. As a responsible corporate citizen we recognize our social and ethical responsibilities and work towards fulfilling them. Our Board of Directors, management and employees are responsible for looking after the welfare of all our stakeholders. The Board is responsible for adherence to the sound principles of Corporate Governance and plays a pivotal role in monitoring the activities of the management in serving the interests of our shareholders and other stakeholders. Our core values of Leadership, Integrity, Flexibility and Efficiency (LIFE) guide us in fulfilling our mission. We believe in building stakeholder trust by promoting transparent communication with them on the Company's position and significant changes in the business activities.

- 1) **Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?**

The Bayer Code of Business Conduct encompasses all its employees, agents and contractors. The Bayer Code of Business Conduct and Corporate Compliance Policy inculcates highest levels of ethical business practices within our organization. The Supplier Code of Conduct has been drafted to ensure we engage with responsible suppliers who follow ethical business practices. All our business partners have to comply with the agreement clauses set out in the Code of Conduct before the commencement of business relations. The Supplier Code of Conduct also mentions the sustainability initiatives undertaken at Bayer which promotes awareness and motivates our business partners to embark on the journey of sustainability.

Corporate Compliance Program

Bayer abides by the statutory and regulatory requirements of the countries in which it operates and performs its business activities responsibly. The Corporate Compliance Policy ("the Policy") states that Bayer is unreservedly committed to corporate compliance and will forgo any business transactions that would violate its compliance principles. It also states the areas in which violations of applicable law can have particularly serious adverse consequences for the group as a whole as well as for individual employees. The principles in the Policy are designed to guide employees in their business-related actions and prevent any potential misconduct. Compliance specialists and personnel responsible for daily operations work together from the initial phase to prevent any potential violations of rules and regulations under the "Integrated Compliance Management (ICM)" system. ICM for the Company focuses on risk areas such as Antitrust, Anti-Corruption, Conflict of Interest, Data Privacy, Foreign Trade Law, Insider Trading and Fairness & Respect at Work.

To ensure legally and ethically exemplary conduct among employees in day to day business operations, various training courses are conducted on internal codes of behavior and regulatory requirements of the country of operation. This enables responsible management of business and compliance with applicable laws. Employees are encouraged to consult their supervisors or compliance officers to ensure legal compliance in specific business scenarios.

- 2) **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

We have received 6 complaints during the year and all of them have been resolved as on 31st March, 2017. Our whistle blower policy establishes the necessary vigil mechanism as defined under Section 177(9) of the Companies Act, 2013 and Regulation 22 of the SEBI Listing Regulations for employees to report concerns about unethical conduct, financial malpractices or any unhealthy practice prevalent in the organization. The Compliance Hotline including the email address bayercompliance@expolink.co.uk has been dedicated for reporting such concerns and the Compliance team at Bayer monitors these complaints to ensure timely redressal. Apart from this, the Investor/ Shareholder grievances are redressed under a dedicated Stakeholders Relationship Committee under the chairmanship of Mr. A. K. R. Nedungadi, a Non-Executive Independent Director.

BUSINESS RESPONSIBILITY REPORT (contd.)**Principle 2 (P2): Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

At Bayer we are committed to providing the best solutions to our customers. This commitment begins from the design stage of our products where we assess the potential health and environmental risks along the value chain. Our life-cycle approach to address responsible product management includes research, development, registration, plant breeding, production, packaging, labeling, distribution, marketing and branding, sales, handling, application, storage, and transport including empty product containers and product waste disposal.

We are guided by the CropLife International Plant Biotechnology Policy of Conduct and the guidelines referred to therein as well as the International FAO (Food and Agricultural Organization of the UN) policy of conduct on the distribution and use of pesticides (revised version of 2013) which is the framework on pesticide management for all public and private entities engaged in, or associated with, production, regulation and management of pesticides.

1) List up to 3 products or services whose design has incorporated social or environmental concerns, risks, and/or opportunities.

Our products are categorized as :

- i. Wettable Powders (Melody Duo WP, Alitte WP)
- ii. Wettable Granules (Profiler WG, Confidor WG)
- iii. Suspension Concentrates (Responar SC, Gaucho FS, K-Othrine SC)

Across our product portfolio, we address social concerns of the end user through our innovative features and proactive measures. Some of the initiatives we have championed are:

2D- Anti-Counterfeiting:

Due to high occurrence of counterfeiting in pesticide industry, the farmers often suffer as a result of purchasing substandard products. In order to provide assurance to the farmers on the authenticity of Bayer pesticides, a 2D code has been printed on the wrapping of products of all sizes and the product information can be obtained by scanning the code through a smart phone. The scanned code is sent to the Bayer database and the code is authenticated followed by a confirmation message to the user.

In case the farmer is not equipped with a smart phone, the printed numeric code can be sent as a text message to the help-line number indicated and a similar authentication and confirmation response will be sent. Even in scenarios where there is no available mobile network, the supplier can be approached, who will capture a photograph of the leaflet and receive a confirmation which can be conveyed to the user.

In this manner, Bayer goes the extra mile to ensure that the end-users are always assured of the best products and as a result, the best outcome.

Measuring cup with products:

Using the accurate volume of product is key to effective crop treatment. However, due to lack of proper knowledge and awareness, the product is often misused during treatment. We provide a measuring cup with each packet of products, attached through a sleeve. This helps the farmers to use the right dosage of the pesticides at every instance. This helps in avoiding under dosage where the effect on the pests is low which results in insufficient protection to the crops and also extra dosage which leads to building of resistance in the pests making the product inefficient after 3 years.

Disposable Gloves:

At Bayer all our products are Blue, Yellow and Green Category products. While we do not have any Red category products, we insist on providing disposable hand gloves along with Fipronil Granule so as to promote safe handling of the product and preventing any harm to the end user.

Along with the above initiatives, several awareness and training programs are also conducted from time to time and are embedded in product promotion campaigns. Topics related to understanding the guidelines of product usage on the labels, responsible and safe use for crops, human being and environment are stressed upon in these campaigns. Empty container projects are also run through collaboration with industry associations on pilot basis at various locations to showcase the methodology and practice of safe disposal.

Apart from the above, as an ongoing activity, investigations on geospatial data are carried out to help map crop areas and identify soil and water information for product label requirements.

2) For each product, provide the following details in respect of resources (energy, water, raw material etc.) per unit of product (optional)

Products whose design has incorporated environmental/social concerns, risks and opportunities	Reduction in resource use (raw material, energy, water, any other) per unit of production achieved throughout the value chain with respect to the previous year	
	Energy (MWH)	Water (Million Cubic Meter)
WP Products (Melody Duo WP, Alitte WP)	0.233	NA
WG Products (Profiler WG, Confidor WG)	1.109	4.62 x 10 ⁻⁷
SC Products (Responar SC, Gaucho FS, K-Othrine SC, Premise SC, Monceren SC)	NA	0.3 x 10 ⁻⁷

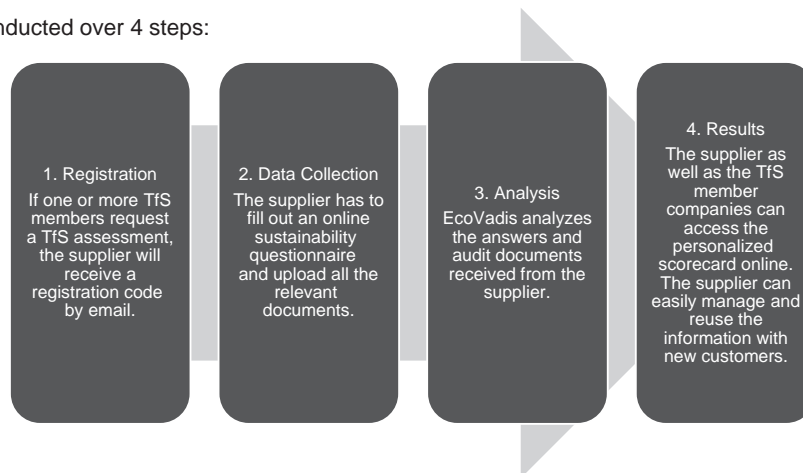
We are committed to using green products in our manufacturing processes. We have replaced some portion of water solvents in our manufacturing processes and use Corn Oil (20% replacement) and Sunflower Oil (25% replacement) as alternatives, thus reducing consumption of water.

BUSINESS RESPONSIBILITY REPORT (contd.)

3) Does the company have procedures in place for sustainable sourcing (including transportation)?

Bayer was a founding member of TfS (Together for Sustainability), founded in 2011. The purpose of this initiative is to develop and implement a global audit program to assess and improve sustainability practices within the supply chains of the chemical industry. Supplier assessments are carried out through external partners like EcoVadis who evaluate sustainability performance of our business partners.

The assessment is conducted over 4 steps:



Suppliers assessed through TfS benefit from a standardized way of assessing their sustainability performance. The outcome helps suppliers to understand strengths and weaknesses in their management approach to ethical, environmental and social issues. A total of 54 suppliers were assessed for sustainability performance over the last year through this program.

3) (i) What percentage of the inputs were sourced sustainably? Also, provide details thereof, in about 50 words or so.

All our suppliers have to sign the Supplier Code of Conduct, included in the purchase request itself, which lays down guidelines for sustainability among suppliers. Separate audits are also carried out on the suppliers through Quality, Health, Safety, Environment (QHSE) audits. By doing this, we ensure that 100% of the products we source are procured in a responsible manner. Bayer has the right to review the sustainability performance of a supplier, either by assessment or by audit executed by Bayer or a third party.

4) Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

We always strive for strategic partnerships with vendors and suppliers from the nearby communities to ensure quick delivery and less inventory. In doing so not only do we meet our business needs, but also provide a means of livelihood to the surrounding communities. We actively procure goods from 117 MSME (Micro, Small and Medium Enterprise) vendors. We also carry out regular training programs for our suppliers and vendors on matters related to personal safety.

5) Does the Company have mechanism to recycle products and waste? If yes, what is the percentage of recycling waste and products?

As a responsible organization, we are aware of our consumption of natural resources. Water forms a major raw material for all our manufacturing processes and hence we ensure effective recycling of water at every stage. We have mechanisms in place for washed water recycling of Suspension Concentrates (SC) and Wetttable Granule (WG) products wherein currently over 95% of the washed water is recycled.

The first washing water is collected in a drum and tested for microbial contamination. If it is approved by Quality Control then the water is reused, and if not approved then the water is sent to an Effluent Treatment Plan (ETP) approved by the pollution control board. For SC & WG products formulation Demineralized Water (DM Water) is being used as a media. After each campaign we use DM water for the purpose of dilution and after that it is used for washing in order to eradicate the environment which supports harmful bacteria. The machine wash is then sent to the ETP directly. In case of Water Dispersible Granule (WDG) plant, wash-water is used again for the formulation of slurry.

Principle 3 (P3): Businesses should promote the wellbeing of all employees

We acknowledge that our success is a result of the knowledge, skills and commitment exhibited by our employees. Their positive outlook on continuous development and ability to experiment enables us to maintain our position as a Company with world class innovation. Our Human Resources Department supports our senior management and resource managers on all employee related matters and plays a critical role in catering to evolving business needs. The HR business partners, HR services function and HR expert organization are the 3 main pillars that assist effective performance.

Our high-performance culture is also driven by a Performance Management Process (PMP) which connects our people to our strategies and values. The PMP consists of three phases, Performance Planning, Interim Review and Performance Evaluation. Bayer understands that in order to maintain consistently high performance among employees, it is necessary to acknowledge their contribution and this is ensured through various elements of employee recognition such as great career opportunities, attractive compensation and benefit programs and awards.

BUSINESS RESPONSIBILITY REPORT (contd.)

We have undertaken several initiatives such as Town Hall, Special Town Hall, Ask the CEO to facilitate communication between our employees and the management. Annual employee surveys are undertaken to recognize the issues concerning employees and their feedbacks are scrutinized.

Our workforce details:

- 1) **Please indicate the Total number of employees:** 1,126
- 2) **Please indicate the Total number of employees hired on temporary/contractual/casual basis:** 3,489
- 3) **Please indicate the Number of permanent women employees:** 136
- 4) **Please indicate the Number of permanent employees with disabilities:** Nil.
- 5) **Do you have an employee association that is recognized by management?** Yes, we have a Works Committee at Himatnagar that supports collective bargaining among our employees.
- 6) **What percentage of your permanent employees is members of this recognized employee association?** 9.98%
- 7) **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year:**

Bayer has developed 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. Our Prevention of Sexual Harassment Policy and Whistle Blower Policy among other employee policies are available to the employees through our intranet. The Compliance Hotline serves as a platform to address any grievances on this subject.

Sr. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of this financial year
1.	Child labour/forced labour/involuntary labour	NIL	NIL
2.	Sexual harassment	NIL	NIL
3.	Discriminatory employment	NIL	NIL

Training and Development:

As an integral part of our philosophy of people development, we aim to encourage lifelong learning among our employees. Our action plan is to broaden their knowledge, strengthen their skills and equip them to keep up with the latest changes throughout their career. Employees also undergo a mandatory training on the four core principles LIFE. The onboarding programme for new employees is conducted in two steps, induction program at the corporate office and function specific training.

- 8) **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

Category	Skill-upgradation Training	Safety Training
Permanent Employees	87.56%	100%
Permanent Women Employees	90.44%	100%
Casual/Temporary/Contractual Employees	NIL*	100%

We lay significant emphasis on safety practices in our operations. The trainings on safety provide an insight and understanding of general and critical topics such as general safety, health and hygiene practices at site, chemical handling, machinery hazards and risks at site, use of PPE, environmental protection, waste management, job safety analysis and safety work permits.

(*) While we do not provide skill-upgradation trainings to casual/temporary/contractual employees, we have in place a Manage Services Agreements with contractors where it is expected that the contractor will provide only skilled manpower at all times to complete such jobs.

Principle 4 (P4): Businesses should respect the interests of, and be responsive to the needs of all stakeholders, especially those who are disadvantaged, vulnerable, and marginalized.

Stakeholders are not just members of communities or non-governmental organisations. They are those individuals, groups of individuals or organisations that affect and/or could be affected by our activities, products or services. At Bayer, stakeholder engagement is critical to the functioning of our business as identifying and addressing their concerns helps us formulate strategies for our growth.

By identifying our internal and external stakeholders we are in a position to identify social and market trends and developments at an early stage, avoid risks, assess our contribution and set focus areas for our future activities.

- 1) **Has the Company mapped its internal and external stakeholders?**

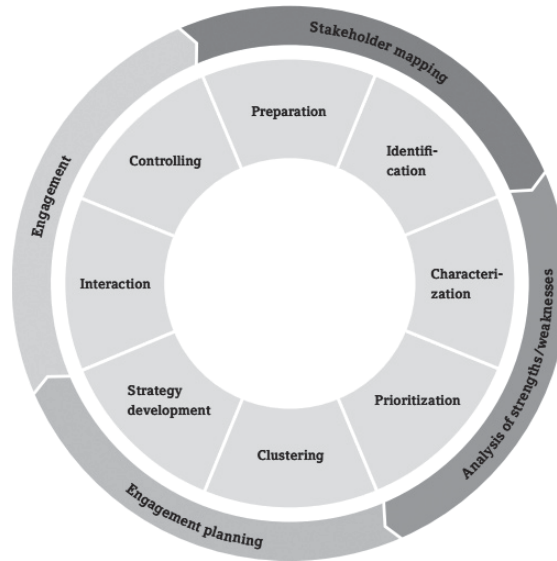
Our stakeholder engagement process involves:

- mapping our stakeholders to identify those that are significant to us
- analysis of strengths and weaknesses which allows us to prioritize the stakeholders

BUSINESS RESPONSIBILITY REPORT (contd.)

- engagement planning to help us develop targeted strategies for each group and
- the final engagement process

The process is as shown below:



We have mapped our stakeholders as follows:

Partners	Financial markets participants	Social interest groups	Regulators
<ul style="list-style-type: none"> • Customers • Suppliers • Employees • Associations • Universities/schools 	<ul style="list-style-type: none"> • Investors • Banks • Rating agencies 	<ul style="list-style-type: none"> • General public • NGOs • Local communities • Competitors 	<ul style="list-style-type: none"> • Lawmakers • Politicians • Authorities

2) Has the Company identified the disadvantaged, vulnerable and marginalized stakeholders?

We have also focused on identifying stakeholders coming from those sections of society which are underdeveloped, vulnerable and marginalized. We put in extra effort to engage with these stakeholders through awareness camps, training sessions and safety meetings to help them address their concerns as well as get feedback from them. We have identified them as:

- Women
- Children
- Handicapped/Specially abled people
- Farmers from marginalized background

3) Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

Principle 8 in this report outlines the various activities and initiatives in place taken to address the concerns of our vulnerable and marginalized stakeholders identified above. Apart from these we also carry out Safe-Use activities for our farmers and dealers which are aimed towards improving their skills and efficiency.

Through these activities we impart education on safe and effective use of our products. We also distribute safety kits to the farmers along with gloves for safe handling of the pesticides.

Principle 5 (P5): Businesses should respect and promote human rights

We are determined to foster, respect and report transparently on human rights within our organization and our value chain. Our activities are governed by policies, processes and monitoring systems to enforce human rights in our operations. We commit to provide equal opportunities to all our employees and all qualified applicants for employment, without regard to their race, caste, religion, color, ancestry, marital status, gender, age, nationality, disability and veteran status. We ensure that our employees are treated with dignity to maintain a work environment free of sexual harassment, whether physical, verbal or psychological.

BUSINESS RESPONSIBILITY REPORT (contd.)**1) Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

The Bayer Code of Conduct consists of guidelines to ensure that human rights are safeguarded and the Whistle Blower Policy provides a platform for reporting of violation of these rights within the organization. Apart from this, our Supplier Code of Conduct highlights our expectation with respect to human rights throughout our supply chain. Our LIFE values and Corporate Compliance Policy binds all employees around the globe to adhere to fair and lawful conduct towards staff, colleagues, business partners and customers.

In compliance with the Child Labor (Prohibition and Regulation) Act, 1986, Bayer strictly prohibits the use of child labor in any form in our business operations as well as our supply chain.

2) How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

There have been no stakeholder complaints received in the past financial year. In case of violation, employees can contact their compliance officers at any time, anonymously if required. Also, the employees as well as the stakeholders outside the organization can report complaints through the Group-wide hotline.

Principle 6 (P6): Businesses should respect, protect, and make efforts to restore the environment

At Bayer we have a firm commitment towards protecting the environment. We ensure that our processes and production units are not only energy-efficient and safe, but also evaluate various environmental aspects throughout the life-cycle of our products. Our commitment to environmental protection, health and safety goes well beyond the mere fulfillment of legal requirements. We also demonstrate this through our commitment to the chemical industry's Responsible Care initiative. The Bayer Global Sustainable Development Policy is instrumental in defining the framework for actions that may cause ecological impact.

1) Does the policy related to Principle 6 cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

While working to serve the customer, we are also working with our suppliers, vendors and contractors to help develop our products in a sustainable manner while also making our products more resistant to environmental uncertainties like drought and irregular rainfall. In doing so we are able to provide a sense of protection to the farmers who need not worry about the yield in the face of uncertainty.

We have provided training to 9 external contractor agencies in the reporting period. Over 500 members of these agencies across multiple locations have been trained on various topics related to Environment, Health and Safety (EHS) aspects and these also include environmental topics. The topics covered are:

- General Safety, Health & Hygiene practices at site
- Safety rules & regulations
- Do's & Don'ts
- Safety work permits
- Chemical handling & machinery hazards & risks at site
- Material Safety Data Sheets (MSDS)
- Job safety analysis
- Emergency communication
- Use of Personal Protective Equipment's (PPE)
- Good housekeeping
- Environmental protection
- Waste management

We conduct HSE audits at our suppliers' units, toll manufacturers' units and warehouses to ensure compliance with HSE norms and help them improve their performance.

2) Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? If yes, give hyperlink for the webpage etc.

We are aware of the rising concerns of climate change, and global environmental issues. These issues are not only of concern to the community but also to our long-term growth and sustainability. Some of the activities executed and planned in the reporting year are:

Activities executed:

- Installation of hydraulic press to compact the solid hazardous waste which reduces transportation trips thus reducing GHG emissions
- Installation of Sewage Treatment Plant (STP) and Effluent Treatment Plant (ETP) for treatment of domestic waste water
- FELS – Fire Explosion Leakage & Spillage Prevention Project & HACRA – Hazardous Area Classification and Risk Assessment
- Chemical exposure assessment at our facilities

BUSINESS RESPONSIBILITY REPORT (contd.)

- Replacement of bag filters by installation of cartridge filter and High Efficiency Particulate Air (HEPA) Filter to reduce dust emissions
- Use of high efficiency motors to reduce resource consumption and enhance safety during formulation of products

Activities planned:

- Heat recovery project at manufacturing location for reduction in energy consumption

3) Does the company identify and assess potential environmental risks?

Our manufacturing location – Himatnagar is certified with Environment Management Systems - ISO 14001. Through such systems we are able to identify environmental risks our organization faces. Once identified, we are in a better position to develop action plans to mitigate the same. Some of the risks identified are:

- Resource depletion
- Air pollution
- Solid waste
- Noise pollution
- Land contamination
- Hazardous waste generation
- Soil contamination
- Spillage

After identifying the specific activities that are responsible for these impacts, we develop action plans for their mitigation and look to minimize their effects.

4) Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof. Also, if yes, whether any environmental compliance report is filed?

We currently do not have any projects related to Clean Development Mechanism.

5) Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.? Y/N. If yes, please give hyperlink for web page etc.

Throughout our operations and business activities we try to incorporate new and better techniques to help us in our environmental performance. By optimizing our processes we can be more efficient and improve our production while also reducing our environmental impact.

Some of the initiatives we have undertaken are:

- Optimizing the jet milling operation as a result of which electricity consumption is reduced in the Wetable Powder product line.
- Reducing electricity consumption in Wetable Granules Products by optimization of slurry feed rate and concentration of slurry. Water reduction is achieved by optimization of WG Slurry concentration.
- Reduction in electricity consumption in plant & street lighting using LED lights.
- Installation of high efficiency motors for increased output with lower energy consumption.
- Use of pollution control devices.

6) Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

We are proactive in our efforts to minimize the waste from our facilities. We take the extra step of measuring the toxicity of the different chemicals in the waste-water generated and ensure they are below harmful levels.

Where we generate hazardous waste like biomedical waste, we ensure that all legal requirements are met with respect to its proper disposal. This includes correct storage, packing and incineration.

7) Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

We take care to ensure that the emissions and waste generated by us at our various locations are well below the limits given by Central Pollution Control Board (CPCB) and State Pollution Control Board (SPCB). We have not received any show cause notices from either CPCB or SPCB in the reporting year.

Awards & Recognitions

Our commitment to preserving and protecting the environment as well as the communities is reflected through the awards we have received over the years at various facilities. These include:

- 1 QHSE Excellence Award at Himatnagar – 2013 by Bayer Senior Representative
- 2 FICCI Award – 2014 - Sustainability Award for Excellence in Safety

BUSINESS RESPONSIBILITY REPORT (contd.)

- 3 FICCI Award – 2015 - Best Green Process for initiative of Oil Dispersion (OD) formulation
- 4 QHSE Excellence Award at Himatnagar – 2014 by Bayer Senior Representative
- 5 HSE Excellence Award at Himatnagar – 2015 by Bayer Senior Representatives
- 6 Silver CSR Achievement Badge – 2014 & 2016 by Eco Vadis
- 7 ISO 9001,14001 and OHSAS 18001 re-certification in 2016

These awards serve as constant motivators for us to keep excelling in the field of environmental and social stewardship. By being vigilant about our business activities and the impacts that arise as a result, we will be able to improve our processes and strive to be a more responsible organization.

Principle 7 (P7): Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

We have embarked on a journey to bring about a substantial difference to the topics and issues that matter most to our Company. Our active participation in important National level initiatives and associations are a testimony to our commitment towards responsible development. Through our memberships in these associations, we seek to maintain a healthy dialogue with our stakeholders. We consider these forums as a platform to express our views to policymakers, regulatory authorities and other relevant public and private stakeholders on matter relevant to our business.

1) Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

We are members of the following major associations through which we actively participate for overall development of the industry.

- a) The Federation of Indian Chambers of Commerce and Industry [FICCI] (Agrochemicals & Seeds/Traits)
- b) CII (Confederation of Indian Industries) - Agrochemicals and Seeds/Traits
- c) Crop Life India (Agrochemicals)
- d) ABLE - AG (Association of Biotechnology Led Enterprises) Agricultural Group (GM Traits)
- e) Federation of Seed Industry of India (Seeds and Traits)
- f) National Seed Association of India (Seeds and Traits)

2) Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

As a member of major industry associations/platforms, we participate, engage and contribute towards improving the existing regulatory system, policies, business environment and shaping regulatory process for future technologies, important for food security of the country.

Principle 8 (P8): Businesses should support inclusive growth and equitable development.

Our CSR Policy has delineated three approaches as a part of providing a comprehensive developmental goal. The first approach focuses on Society Progress Pilots with pioneering ideas on topics of nationwide importance. The second, Science Excellence – concentrates on life science talents and frontier research and the third, Community development - for projects in and around our facilities that underscore vital topics such as health, hygiene, conservation of resources and education.

The CSR programs are aligned with global objectives of Bayer while pursuing a long-term, well-planned, multi-stakeholder participatory approach that would result in creating a measurable impact on the conditions of the targeted communities. These initiatives have been conceptualized after frequent discussions with various internal stakeholders and NGOs in order to ensure alignment with the business philosophy. These programmes, as of now, cover a part of the CSR budget for 2016 and 2017.

1) Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

As a part of the initiatives under “Corporate Social Responsibility” (CSR), we have 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.

Some of the key programs undertaken are:

1) Program for Primary Prevention of Sexual Violence

Using proven expertise and knowhow from years of treatment experience, we are developing strategies through this project to implement primary preventive measures, which protect women and children from sexual violence and it's after effects. This initiative is being implemented in partnership with King Edward Memorial Hospital, Pune, and Charité (University Clinic of Berlin). In 2016-17, a feasibility study for implementing public health and clinical treatment services in light of medico-legal conflicts, social acceptance and practical strategic challenges has been completed in addition to various awareness generation programs.

BUSINESS RESPONSIBILITY REPORT (contd.)

2) Discovering Hands

This project aims to make a positive difference to the area of breast cancer as well as lend a helping hand for the visually challenged. Discovering Hands trains and deploys visually impaired women with their highly developed sensory skills to detect the early signs of breast cancer. The project has entered the second phase implementation wherein the training is being provided for the visually impaired women. This project is a partnership initiative with Indian Cancer Society, National Association for the Blind and Rajiv Gandhi Cancer & Research Centre.

3) Bayer Fellowship Program in Agro-Science

We have a strong stake in helping to improve science education and to ensure that all individuals are scientifically literate. We want to help awaken and promote an interest in science, technology and medicine through initiatives for school children and scholarship programs. The objective of this project is to encourage research in agriculture. Scholarships are awarded to M.Sc. and Ph.D. students with following objectives:

- Support young and talented minds to better the standards of agriculture
- Develop technology in India that will be adopted by farmers to increase their profitability

The projects are conducted at state-level Agriculture Universities.

4) Tele-Health Project

The objective of this project is to provide people with access to speciality care for complex health conditions. The project - ECHO-KARUNA is being implemented with the partnership of Karuna Trust. The mission of the project is to develop tele-health facility for Primary Health Centers (PHCs) run by the Karuna Trust, for management of illnesses which need specialist care. This project emphasises access to right care, in the right place, at the right time.

5) Health & Educational Programmes

This comprehensive community health program is implemented to bridge gaps in the field of rural health and hygiene. The program aims at improving the overall health in target locations by providing a high-quality holistic healthcare approach including health screening, treatment of cases diagnosed during the screening and health education. The program is being implemented in Karnataka, Maharashtra, Rajasthan and Telangana.

6) Making Science Make Sense

Making Science Make Sense is a company-wide initiative that aims to advance science literacy through hands-on, inquiry-based science learning, employee volunteerism and public education. The program provides school students with an insight into everyday natural science phenomena with the help of all kinds of fascinating experiments. The programme has been 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.

Additional information on our CSR projects can be found in the Director's Report in Annexure "A".

2) Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

As part of the process to identify eligible projects and programmes, our CSR Committee requires to be fully satisfied by calling and inviting feasibility reports from various NGO's such that the contribution to be made by us to such programmes and projects is actually utilized for the stated purpose. The agencies we have partnered with are Charité Berlin & World Health Summit, DISHA Foundation, state agricultural universities, School Health Annual Report Program (SHARP), EFFORTS (A Society for the Development of Agriculture and Youth), Karuna Trust, SM Sehgal Foundation, Gandhi Research Foundation, Aakruthi Foundation, Bayer Prayas Rural Development Association.

3) Have you done any impact assessment of your initiative?

All our activities are on-going and we ensure that we measure the impact of the projects through regular review meetings with the project partners, site-visits and periodic impact assessment against the baseline performance.

BUSINESS RESPONSIBILITY REPORT (contd.)**4) What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?**

Sr. No.	Enlist the initiatives undertaken by the Company for Supporting Inclusive Development	Amount contributed directly in the initiative by the Company (₹ in Millions)
1.	Research & Prevention Center on Sexual Violence against Women & Children	27.34
2.	Novel training center for Blind Women to become Medical Tactile Examiners	19.04
3.	Bayer Fellowship Program in Agro Science	8.51
4.	Comprehensive community health program to bridge the gaps in existing framework in the field of rural health and hygiene	4.69
5.	WASH (Water, Agriculture, Sanitation and Hygiene) mainly focuses on public health through improving sanitation and conservation of pure natural resources	18.44
6.	Bayer Science Teens	1.96
7.	Specialist care and treatment at Primary Health Centers using Tele-Health technology of ECHO (Extension for Community Healthcare Outcomes Model)	0.52
8.	Improving agriculture productivity & livelihood support to small and marginal farmers through agriculture diversification	8.74
9.	Future Agriculture Leaders of India (FALI) Initiative	1.87
10.	Comprehensive educational interventions	3.13
11.	Promoting self-employment among the rural communities	0.74
12.	Preventive Health Program	5.22

5) Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Since the projects have long gestation periods it requires considerable amount of study, analysis & implementation. This involves a sizeable amount of resource deployment involving substantial time and efforts on our part to ensure that the identified CSR projects and programmes are indeed meaningful and supporting the cause of Corporate Social Responsibility.

Principle 9 (P9): Businesses should engage with and provide value to their customers and consumers in a responsible manner.

At Bayer, we recognize that every business can become more responsible and improve its impact on society while also gaining tangible benefits. Responsible business goes beyond philanthropy or simply doing 'good'. It also adheres to sound corporate accountability and governance structures.

1) What percentage of customer complaints/consumer cases are pending as on the end of financial year?

As of March 31, 2017, a total of 54 cases are pending.

2) Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)

We are committed to providing the best service to our customers and it is our responsibility to ensure that we do so with complete transparency. We meet all standards for labelling in our products and we also include DFU (Directions for Use) to help the consumer with regards to using the product in the most efficient and safe manner.

The DFU contains information like:

- Symptoms of poisoning
- Precautions while handling
- First aid instructions in case of accident
- Instructions for storage
- Instructions for disposal

Bayer Advice

Bayer supports farmers through various channels such as a highly experienced team of field officers, a strong network of trade partners and the Bayer Solutions stores. Recognising the various issues farmers face with respect to changing weather, pest attacks and resistance to pesticides and changing market trends, we have in place a toll-free helpline which can be dialed from both landline and mobile phones. This number is available on the packaging of our products and calls made to this number are answered by local agro-experts from five call centers located in Andhra Pradesh, Gujarat, Madhya Pradesh, Maharashtra and Uttar Pradesh who provide technical assistance to the farmers and assist them in their needs.



BUSINESS RESPONSIBILITY REPORT (contd.)

- 3) **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

There have not been any cases pending against us either for unfair trade practices, irresponsible advertising, or anti-competitive behavior as on end of financial year. We understand that responsible business incorporates responsible advertising and marketing as well. Hence we ensure that none of our product labels are misleading in any manner. During our participation at chamber or association meetings, we do not raise any personal concerns, rather we focus on the issues that the industry on the whole is facing and look to promote healthy competition amongst our peers without resorting to any unfair trade practices or anti-competitive behavior.

- 4) **Did your company carry out any consumer survey/ consumer satisfaction trends?**

We have carried out surveys on brand assessment and satisfaction level of the brand. This is a continuous process and an annual brand equity study for brands in crops such as Rice, Cotton and Grapes using a scaled response is undertaken involving consumer satisfaction on Products / services. The scores for most of our brands are high.

For and on behalf of the Board of Directors

Richard van der Merwe

Vice Chairman & Managing Director and
Chief Executive Officer
(DIN: 06768305)

Ulrich Stefer

Executive Director &
Chief Financial Officer
(DIN: 07447177)

Thane, June 06, 2017

MANAGEMENT DISCUSSION & ANALYSIS REPORT

1. OVERVIEW OF AGRICULTURAL SECTOR

Agriculture plays a vital role in India's economy. This is evident in the fact that over 58 per cent of rural households still depend on agriculture as their primary means of livelihood. The Agriculture sector is one of the largest contributors to India's Gross Domestic Product (GDP). As per the 2nd advance estimates released by the Central Statistics Office (CSO), the share of agriculture and allied sectors (including agriculture, livestock, forestry and fishery) was 17.3 per cent of the Gross Value Added (GVA) during 2016-17.

India holds the second largest agricultural land in the world with 157.35 million hectares under cultivation. With 20 agri-climatic regions, all 15 major climates in the world exist in India. India is the largest producer of spices, pulses, milk, tea, cashew and jute; and the second largest producer of wheat, rice, fruits and vegetables, sugarcane, cotton and oilseeds. Further, India is second in global production of fruits and vegetables, and is the largest producer of mango and banana. It also has the highest productivity of grapes in the world.

Food Grain Production in 2016 – 2017

In 2016 – 2017, India's food grain production grew by 8.1 per cent to reach 271.98 million tonnes as per the 2nd advance estimates issued by the Ministry of Agriculture & Farmer Welfare. This is estimated to be 15 per cent higher than the average food grain output of the last five fiscals (2011 – 2012 to 2015 – 2016), largely as a result of normal monsoon in 2016 and various policy measures initiated by the government.

India registered normal monsoon in 2016, experiencing just 3 per cent below average. The Indian monsoon in 2015 and 2014 registered a 14 per cent and 12 per cent deficit, respectively. Aided by a normal monsoon in 2016 after two consecutive years of drought, the production of wheat, cereals, rice, pulses and oilseeds are projected to touch new records.

Total rice production this year is estimated to reach 108.86 million tonnes, 4.45 million tonnes higher than the production of 104.41 million tonnes in 2015 – 2016, and 3.44 million tonnes higher than the five years' average production of 105.42 million tonnes. Production of wheat this year is estimated at 96.64 million tonnes, 4.36 million tonnes higher than the total production of 92.29 million tonnes in 2015 – 2016, and also higher than the previous record production of 95.85 million tonnes in 2013 – 2014.

After a record decline in pulses production for the last two years, total production of pulses this year is estimated at 22.14 million tonnes, 5.79 million tonnes higher than the production of 16.35 million tonnes in 2015 – 2016 and 2.89 million tonnes higher than the previous record production of 19.25 million tonnes in 2013 – 2014. The higher domestic production this year is as a result of an increase in the area under cultivation and productivity of all major pulses.

Other than food grain, the estimates show that production of oil seeds is likely to rise 25 per cent year-on-year, from 25.2 million tonnes last year to 33.6 million tonnes in 2016 – 2017. This too is higher than the previous record production of 32.7 million tonnes in 2013 – 2014.

While the record harvest will help keep food inflation in check, it also implies agricultural growth rate may be better than the 4.1 per cent estimated by the CSO in January 2017, and consecutive years of dismal performance due to drought: 1.2 per cent in 2015 – 2016 and a 0.2 per cent contraction the year before.

Government Initiatives

Given the importance of the agriculture sector, the Government of India, in its Budget for 2016, announced several steps for the sustainable development of agriculture. These were further enhanced in the Union Budget for 2017.

One of them was the launch of a new crop insurance scheme: 'Pradhan Mantri Fasal Bima Yojana', where the premium payment is shared by the farmers and the Central and State governments. The farmers contribute a miniscule amount of the premium and the rest is shared equally by the central and the state governments. The allocation for this scheme has been increased to ₹ 13,240 Crores in 2017 from the budgeted ₹ 5,500 Crores in 2016. The coverage of this scheme will be increased from 30 per cent of the cropped area in 2016 – 2017 to 40 per cent in 2017 – 2018, to 50 per cent in 2018 – 2019. The allocation for 2017 – 2018 has been earmarked at ₹ 9,000 Crores.

Improving irrigation efficiency is critical for Indian agriculture. India has 2.4 per cent of the world's total geographical area and 18 per cent of the world's population, but only 4 per cent of the world's total fresh water resources. Therefore the government's decision to create a dedicated long term Micro Irrigation Fund to be set up by NABARD to achieve the goal of 'per drop, more crop' is a welcome initiative. The Fund which was created with a corpus of ₹ 5,000 Crores has received an additional funding of ₹ 20,000 Crores.

The allocation under MNREGA (Mahatma Gandhi National Rural Employment Guarantee Act) has been increased from ₹ 38,500 Crores in 2016 to ₹ 48,000 Crores in 2017. The participation of women in MNREGA has increased to 55 per cent. The Government plans to open atleast one Krishi Vigyan Kendra (KVK) in all districts of the country, which will provide advanced agriculture technical assistance to the farmers near their farms itself. The government has also proposed to set up new mini labs in Krishi Vigyan Kendras (KVKs) and ensure 100 per cent coverage of all 648 KVKs in the country.

The Agriculture Ministry has come up with a new model Agricultural Produce Market Committee (APMC) Act proposing single-point levy of market fee across a State and a united single trading licence for cost-effectiveness of transactions. It has also suggested abolition of fragmentation of market with the State/Union Territory by removing the concept of notified market area in so far as enforcement of regulation by the Agricultural Produce and Livestock Market Committee (APLMC) is concerned. The idea is to remove disincentives for farmers and traders to trade across the country as they will not have to shell out more money. States could then get integrated on the online platform e-NAM (e-National Agriculture Market) launched in April 2016 for online sale and purchase of commodities nationwide. The coverage of e-NAM will be expanded from the current 250 markets to 585 APMCs.

MANAGEMENT DISCUSSION & ANALYSIS REPORT (contd.)

2. INDUSTRY DEVELOPMENT

The initial monsoon projections for 2016 of 106 per cent by the Indian Meteorological Department resulted in 97 per cent of actual monsoons. Despite a buoyant start of monsoon in 2016, rain showers failed to cast a large-scale effect on India. Regions including Chhattisgarh, Jharkhand, Uttar Pradesh, parts of Bihar and interior Odisha received insufficient rainfall.

Due to the delayed onset of monsoon, its uneven distribution and delayed recovery in August/September 2016, the crop protection industry's expectations to bounce back with a high, double digit performance could not become a reality. The fungicides segment grew above industry average, while insecticides and herbicides were on par and seed growth increased in small single digits. Among the key crops, cotton had a flat year due to shift in area (~10%) to pulses and corn. Rice and wheat registered single digit growth, while vegetables registered excellent growth due to early gains. In the later part of the season during November 2016, the commodity prices of vegetables (Chilli, Potato and Tomato) dropped to unattractive levels, thereby decreasing commercial interest in these crops.

With increasing per capita income, Indians are consuming more of fresh and processed horticultural products indicating growing scope of horticulture by improving crop productivity and efficiency in the value chains. Adequate attention to post-harvest management and market development and processing is yet to pick up and is the weakest aspect of diversification towards high-value products resulting in frequent and sharp fluctuations in prices of fruits and vegetables in domestic market.

On the seeds front, the Government announced a bonus on pulses to incentivize cultivation. The bonus was to be made payable over and above the approved Minimum Support Price (MSP) which significantly increased the area coverage and productivity of pulses. Area sown for cotton, decreased sharply given the scarcity of water and lower commodity prices. The price control order in Cotton also affected the industry. Overall cotton market value declined by 28 per cent.

The Public Health business segment in India grew during 2016 – 2017 because of continued incidences of vector borne diseases like malaria and dengue. Bed nets have emerged as the most significant category due to increased global funding in order to cover the rural population susceptible to malaria. Local Bodies on the other hand have continued practicing 'Larvicides & Space Spraying' in order to protect people from Malaria, dengue and other vector borne diseases.

The Professional Pest Management (PPM) business continued its positive growth curve in both commercial and residential segments. A latent demand for 'natural/alternative products' is met by unbranded products in the unorganized sector. Termite control products keep growing with the increase in new construction. There has been some impact because of demonetization in general on the construction industry too. Bedbugs are posing a major threat to households and hospitality industry and are emerging as a key segment apart from roaches and rodents.

3. REVIEW OF FINANCIAL AND OPERATIONAL PERFORMANCE

The Company's Revenue from operation was ₹ 29,484 Millions in 2016 – 2017 as compared to ₹ 28,894 Millions in 2015 – 2016. Profit before taxation is ₹ 4,479 Millions for the financial year 2016-17.

The Company enjoys a unique position in the market because of its capability to offer new innovative products, technologies, processes, services and business models. Innovation has always been a cornerstone in Bayer's product offerings. In the year 2016 – 2017, the Company successfully launched two new products in Crop Protection, five new products in Seeds and one new product in Environmental Science.

The new offerings in Crop Protection include: Luna Experience, a fungicide for Powdery Mildew Management in grapes and Movento Energy, a two-way, systemic insecticide for sucking pests. The new launches from Seeds include three rice hybrids: Arize AZ 8433 DT, Arize AZ 6453 and Arize AZ 6508. The new millet hybrid launched in 2016 is Proagro PA 9072. The new brand launched from the Environmental Science business unit is Temprid, a dual active insecticide for Professional Pest Control of cockroaches commonly found in food handling and food processing areas of household and commercial premises.

The Company is committed to bringing in enhanced customer focus. Over the last few years, your Company is working on providing customer centric solutions to Indian farmers by working closely with them to understand their needs better. To keep track of the requirements of our farmers and provide timely advisory, we have set up a digital platform, where our sales force can access customer information, market insights and monitor various demand generation activities.

In 2016 – 2017, the Company further strengthened its flagship program 'Bayer Labhsutra' which aims to increase per acre earnings and qualitative yield for the progressive farmers it targets. Bayer has extended the scope and number of demonstrations across multiple crops and geographies, but more importantly also commercialized the concept in the form of 'Labhsutra Kits' in some key geographies. As of 2016, Bayer Labhsutra demonstrations were carried out in 1,900 plots.

The Food Chain Partnership expresses our belief that together with our partners in the food chain we can build relationships that benefit everyone. The Company provides farmers with innovative crop protection products, seeds, and services, as well as advice on the optimal use of products and application technologies. These Partnerships also provide traceability and transparency – making ongoing quality improvements possible. Exporters and importers have to consider not only the local quality standards of the producer country, but also those of the export market. In 2016 – 2017, the Company covered an area of 103,000 hectares with 111,700 farmers in vegetables, fruits and Basmati Rice. The Company also signed two new agreements taking the total number of partnerships to 37.

In 2016 – 2017, the Company further consolidated its knowledge and expertise on innovative farming technologies which has helped us gain an edge over competition and develop new solutions for Indian farmers. Labor scarcity and its increased cost has become a major driver for adoption of technology in agricultural operations. Mechanical Transplantation of rice, mechanical picking of cotton and promoting the concept of seed treatment with Seed Treatment machines are some of the key projects where we see a great future in coming years.

MANAGEMENT DISCUSSION & ANALYSIS REPORT (contd.)

The Environmental Science Division maintained its position as the market leader in the areas of Public Health and PPM. The sales of the business division grew by 15 per cent in the year 2016 versus 2015. In 2016, your Company continued to sponsor major symposia and seminars to promote general awareness, product knowledge and international trends in vector borne disease management. These activities helped the Company to increase its reach amongst 'Local Bodies', thus reflecting a growth in the vector control segment, despite a limited portfolio of products. In the PPM segment, your Company has increased its footprint by focusing on expansion of reach and engaging directly with large Pest Management Professionals (PMPs). These activities yielded good results in growing the Pest Control Operations (PCO) business for the Company. Your Company's "Bayer Network Program" which is a global certification programme for the PCOs, currently, has 61 Bayer Network PCOs across 30 cities in India. The Company has been able to increase its sales by 46 per cent among the 'Bayer Network' PCOs.

4. OPPORTUNITIES, RISKS, CONCERNS AND OUTLOOK

The central challenge for Indian agriculture is low productivity, evident in modest average yields. According to a Food and Agriculture Organisation (FAO) study, food energy requirements for South Asia will be about 2700 calories per capita per day by 2025. In India, the current food grain availability is 525 grams per capita per day, whereas the corresponding figures in China and USA are 980 grams and 2850 grams respectively. Due to an improvement in per capita income, if per capita consumption is 650 grams, the food grain requirement will be about 390 metric tons of food grain by 2025. In case of pulses, according to World Health Organisation(WHO) requirements, India will need 35 million tonnes of pulses by 2025. Although low productivity is a challenge, it also presents an opportunity for the industry.

Water is one of India's most scarce natural resources. India uses 2 to 4 times more water to produce a unit of major food crop than China and Brazil. Hence, it is imperative that the country focuses on improving the efficiency of water use in agriculture. Irrigation investments must shift to adopting technologies like sprinkler, drip irrigation and rainwater harvesting. In order to facilitate this shift, the new irrigation technologies need to be accorded "infrastructure lending" status and both the center and states need to increase public spending for adoption & deployment of micro irrigation. Addressing India's multiple challenges in agriculture will require significant upgradation of the country's national agriculture research and extension systems. India's National Agricultural Research System (NARS) (comprising the Indian Council of Agricultural Research (ICAR) other central research institutes, and national research centers set up by ICAR), together with state agricultural universities played a key role in the Green revolution. In more recent years, however, agriculture research has been plagued by severe lack of investment and neglect.

Innovation will play a key role in developing agriculture in India. Better quality molecules, safer chemistries and the range of innovative products well-suited for high-value agriculture will ensure growth. Swelling farm incomes, encouraged by good commodity prices, will further embolden farmers in spending on qualitative inputs for achieving higher yields, better quality and a more favorable return on investment. Increasing labor shortage and its ever increasing cost will drive mechanization in agriculture. Farmers will look for mechanized solutions in the area of various agricultural operations.

Similarly, private sector innovation and high yielding variety and hybrids in seeds can result in immense productivity gains. Currently, the seed replacement rates are very low in some crops, highlighting the need for greater private sector engagement in order to spur innovation and high yields.

Digital technologies will also play an important role in improving productivity, better farm management & agronomic practices and providing accurate and consistent agro advisory to farmers of the country. With increasing penetration of mobile phones and data services, digital technology will play a role of major integrator in Indian farming ecosystem.

India should also fully leverage new low cost technologies that have wider benefits for agriculture. Since the costs of drones have fallen sharply, they can be used to provide crucial information on crop health, irrigation problems, soil variation and even pest and fungal infestations that are not apparent at eye level to farmers. Small efforts can go a long way in mitigating farm losses and risks and maximizing income.

Innovation in the input industry, both seeds and crop protection also go a long way in addressing productivity problems that Indian Agriculture is facing currently. The increase in intensity and education on safe usage of crop protection can not only help farmers to reduce losses but will also increase the marketability of their produce.

The 12th Five Year Plan estimates the food grains storage capacity to expand to 35 Million tonnes. Also, a 4 per cent growth would help restructure the agriculture sector in India in the next few years. Your Company understands these trends very well and is poised to address these issues in a comprehensive manner. Our products offerings (both Seeds and Crop Protection), distribution reach and extension capabilities with a vast network of more than 3,000 field officers are well geared to address these challenges and provide comprehensive and differentiated solutions to different farmers. We are also investing heavily in the expansion of our production capacities to meet rising demand of our products.

On the Environmental Science front, an increased reach, focus on large and medium sized customers and a growing PPM segment are some of the main contributors that will help your Company consolidate its position in 2017. Bayer is expected to get two of its products Hazard Analysis and Critical Control Points (HACCP) certified which will help make further inroads in the PPM segment by promoting the safety profile of Bayer chemicals used for Pest Control. In the vector control segment, your Company continues to train and support local bodies, municipal bodies and state health departments. Your Company has also enhanced its presence in social media, through a Facebook page "Choose Safety Choose Bayer". A plethora of generics is the biggest concern for the Environmental Science business especially in the PPM segment.



MANAGEMENT DISCUSSION & ANALYSIS REPORT (contd.)

5. CORPORATE SUSTAINABILITY

For Bayer, sustainability means shaping the future successfully and, as part of our corporate strategy, is an integral part of our day-to-day work routines. Innovation is a key driver of future growth at Bayer. This spirit lends itself to everything we do at Bayer. It is this spirit of innovation that is the core of our Corporate Social Responsibility endeavors as well. As a part of our efforts to promote Science Excellence, we have organized many interesting programs for children and young people to kindle the spirit of science in the right perspective. Our Community Development programs being implemented in various parts of India focus on enhancing awareness about health, hygiene and skill development.

Ensuring ample food supplies is one of the biggest challenges of our times. Bayer is developing solutions to this problem underscoring the concept of sustainable agriculture. Bayer is committed to protecting the environment and is constantly working to reduce environmental impact and find innovative product solutions that improve resource and energy efficiency. That's what our mission "Bayer: Science For A Better Life" is all about. The details about the Corporate Social Responsibility projects for the financial year 2016-17 are provided in the Directors' Report.

6. INTERNAL CONTROL SYSTEMS

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

7. CAUTIONARY STATEMENT

The statements in the "Management Discussion & Analysis Report" describing the Company's objectives, expectations and forecasts may be forward looking within the meaning of applicable securities laws and regulations. The actual results may differ from those expressed or implied, depending upon the economic and climatic conditions, government policies and other incidental factors.

For and on behalf of the Board of Directors

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

Ulrich Stefer
Executive Director &
Chief Financial Officer
(DIN: 07447177)

Thane, June 06, 2017

INDEPENDENT AUDITORS' REPORT

To the Members of Bayer CropScience Limited

Report on the Indian Accounting Standards (Ind AS) 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, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. 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 Ind AS 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 Ind AS 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 and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit of the Ind AS financial statements 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 Ind AS 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 Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. 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 Ind AS 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 Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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, 2017, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

9. The financial information of the Company for the year ended March 31, 2016 and the transition date opening Balance Sheet as at April 1, 2015 included in these Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2016 and March 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated May 13, 2016 and May 27, 2015, respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us. Our opinion is not qualified in respect of this matter.



INDEPENDENT AUDITORS' REPORT (contd.)

To the Members of Bayer CropScience Limited

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act ("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 B a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. 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 (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
 - (g) With respect to the other matters to be included in the Auditors' 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, 2017 on its financial position in its Ind AS financial statements – Refer Notes 16 and 32;
 - ii. The Company has long-term contracts as at March 31, 2017 for which there were no material foreseeable losses. There are no long term derivative contracts as at March 31, 2017.
 - 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, 2017.
 - iv. The disclosure requirement as envisaged in Notification G.S.R. 308(E) dated March 30, 2017 is not applicable to the Company – Refer Note 12(a).

For Price Waterhouse

Firm Registration Number: 301112E
Chartered Accountants

Uday Shah

Partner
Membership Number: 046061

Place : Mumbai
Date : May 24, 2017

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of Bayer CropScience Limited on the Ind AS financial statements for the year ended March 31, 2017

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of Bayer CropScience Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Ind AS financial statements.



ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of Bayer CropScience Limited on the Ind AS financial statements for the year ended March 31, 2017

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Waterhouse

Firm Registration Number: 301112E
Chartered Accountants

Uday Shah

Partner
Membership Number: 046061

Place : Mumbai
Date : May 24, 2017

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Bayer CropScience Limited on the Ind AS financial statements for the year ended March 31, 2017

- i.
 - (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
 - (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
 - (c) The title deeds of immovable properties, as disclosed in Notes 2 and 3 on fixed assets to the Ind AS financial statements, are held in the name of the Company.
- ii. The physical verification of inventory [excluding goods in transit and stocks with third parties] have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. 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, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans granted by it. Further, the Company has not made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186.
- 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. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- 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 income tax and professional tax, though there have been slight delays in few cases, and is regular in depositing undisputed statutory dues, including employees' state insurance, provident fund, sales tax, value added tax, service tax, duty of customs, duty of excise, 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 duty of customs which have not been deposited on account of any dispute. Refer Appendix I for the particulars of dues of income tax, sales tax, value added tax, service tax and duty of excise as at March 31, 2017 which have not been deposited on account of a dispute.
- viii. 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 loans or borrowings to any bank. Further, there were no dues payable to financial institution or Government or debenture holders as at the Balance Sheet date.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. 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 by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.



ANNEXURE B TO INDEPENDENT AUDITORS' REPORT (contd.)

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Bayer CropScience Limited on the Ind AS financial statements for the year ended March 31, 2017

- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Ind AS financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended).
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse

Firm Registration Number: 301112E

Chartered Accountants

Uday Shah

Partner

Membership Number: 046061

Place : Mumbai

Date : May 24, 2017

Appendix I

Referred to in paragraph vii(b) of our Annexure B to the Independent Auditors' Report of even date to the members of Bayer CropScience Limited on the Ind AS financial statements for the year ended March 31, 2017

Sr. No.	Name of the Statute	Nature of Dues	Amount (₹ in Millions)	Period to which the amount relates	Forum where dispute is pending
1	Income Tax The Income Tax Act, 1961	Income Tax liability	23	Assessment Years 1992-1993, 2003-2004, 2004-2005, 2012-2013, 2014-2015	Appellate Authority - up to Commissioner's level
	Sub Total		23		
2	Sales Tax The Central Sales Tax Act, 1956 and Local Sales Tax Acts	Sales Tax and Value Added Tax liability	678	Years 1977-1978, 1979-1980 to 1981-1982, 1983-1984 to 1984-1985, 1995-1996, 1999-2000 to 2006-2007, 2008-2009 to 2015-2016	Appellate Authority - up to Commissioner's level
	Sub Total		680	2 Years 1989-1990 to 1990-1991, 2007-2008, 2009-2010	Sales Tax Appellate Tribunal
3	Excise Duty The Central Excise Act, 1944	Excise duty liability	5	Years 1986 to 1991, 1993 to 1997 and 2009	Appellate Authority - up to Commissioner's level
	Sub Total		21	2 Years 1993-1994, 2000-2001 and 2002-2003	Custom, Excise and Service Tax Appellate Tribunal
4	Service Tax The Finance Act, 1994	Service Tax liability	13	Years 2004 to 2007 and 2010 to 2013	High Court
	Sub Total		13		
Total			737		



Balance Sheet as at March 31, 2017

₹ in Millions

	Notes	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
ASSETS				
NON-CURRENT ASSETS				
Property, Plant and Equipment	2	3,052	2,878	2,927
Capital work-in-progress		10	67	2
Investment Properties	3	307	312	317
Intangible Assets	4	61	25	8
Intangible Assets under development	4	231	102	4
Financial Assets				
- Other Financial Assets	5	160	135	91
Deferred Tax Assets (Net)	6	-	26	92
Income Tax Asset (Net)	7	435	447	445
Other Non-Current Assets	8	256	157	164
Total Non-Current Assets		4,512	4,149	4,050
CURRENT ASSETS				
Inventories	9	7,681	6,646	5,864
Financial Assets				
- Investments	10	497	364	254
- Trade Receivables	11	5,565	4,050	4,816
- Cash and Cash Equivalents	12	8,380	7,624	11,297
- Bank Balances other than Cash and Cash Equivalents	13	10	8	7
- Other Financial Assets	5	988	866	585
Other Current Assets	8	621	661	622
Total Current Assets		23,742	20,219	23,445
TOTAL ASSETS		28,254	24,368	27,495
EQUITY AND LIABILITIES				
EQUITY				
Equity Share Capital	14	354	354	366
Other Equity	15	20,213	18,040	20,740
Total Equity		20,567	18,394	21,106
LIABILITIES				
Non-Current Liabilities				
Provisions	16	836	750	697
Deferred Tax Liabilities (Net)	6	20	-	-
Total Non-Current Liabilities		856	750	697
CURRENT LIABILITIES				
Financial Liabilities				
- Trade Payables	17	2,874	2,043	2,057
- Other Financial Liabilities	18	577	176	273
Other Current Liabilities	19	1,206	1,081	1,229
Provisions	16	2,122	1,909	2,038
Current Tax Liabilities (Net)	20	52	15	95
Total Current Liabilities		6,831	5,224	5,692
Total Liabilities		7,687	5,974	6,389
TOTAL EQUITY AND LIABILITIES		28,254	24,368	27,495

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
Head - Law, Patents & Compliance
& Company Secretary

For and on behalf of the Board

Chairman
Pankaj Patel
DIN 00131852

Vice Chairman &
Managing Director
and CEO
Richard van der Merwe
DIN 06768305

Directors
Sharad Kulkarni
DIN 00003640
A.K.R. Nedungadi
DIN 00103214

Vimal Bhandari
DIN 00001318
Executive Director
& CFO
Ulrich Stefer
DIN 07447177

Place : Mumbai
Date : May 24, 2017

Place : Mumbai
Date : May 24, 2017

Statement of Profit and Loss for the year ended March 31, 2017

₹ in Millions

	Notes	01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016
Revenue from Operations	21	29,484	28,894
Other Income	22	701	817
TOTAL INCOME		30,185	29,711
EXPENSES			
Cost of Materials Consumed	23	15,892	15,044
Purchases of Stock-in-Trade		1,614	1,099
Changes in Inventories of finished goods, stock-in-trade and work-in-progress	24	(1,045)	(316)
Excise Duty		1,456	1,204
Employee Benefit Expenses	25	2,451	2,207
Finance Costs	26	69	100
Depreciation and Amortisation Expense	27	289	247
Other Expenses	28	4,980	5,310
TOTAL EXPENSES		25,706	24,895
PROFIT BEFORE TAX		4,479	4,816
Tax Expense	29		
- Current Tax		1,516	1,593
- Deferred Tax		53	72
		1,569	1,665
PROFIT FOR THE YEAR		2,910	3,151
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss:			
- Remeasurement of post employment benefit obligation		(21)	(18)
- Tax on remeasurement of post employment benefit obligation	6	7	6
		(14)	(12)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,896	3,139
Earnings Per Share - Basic and Diluted	41	₹ 82.31	₹ 87.34
[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
Head - Law, Patents & Compliance
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For and on behalf of the Board

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Executive Director
& CFO **Vimal Bhandari**
DIN 00001318
Ulrich Stefer
DIN 07447177

Place : Mumbai
Date : May 24, 2017

Place : Mumbai
Date : May 24, 2017



Statement of Changes in Equity for the year ended March 31, 2017

₹ in Millions

	Notes	Reserves and Surplus			Total Other Equity
		Retained Earnings	General Reserve	Capital Redemption Reserve	
A EQUITY SHARE CAPITAL					
Balance as at the beginning of the year					
Changes during the year	14				
Balance as at the end of the year					
B OTHER EQUITY					
Balance as at 01.04.2015	15	17,817	2,894	29	20,740
Profit for the year		3,151	-	-	3,151
Other Comprehensive Income	15(iii)	(12)	-	-	(12)
Total Comprehensive Income for the year		3,139	-	-	3,139
Transfer to General Reserve		(383)	383	-	-
Transfer to Capital Redemption Reserve	14(c)	(12)	-	12	-
Transactions with owners in their capacity as owners					
Dividend Declared	15(iii)	(623)	-	-	(623)
Dividend Distribution Tax on Dividend	15(iii)	(127)	-	-	(127)
Premium paid on Buyback of Equity shares	14(c)	(5,048)	-	-	(5,048)
Transaction cost for Buyback of Equity shares		(41)	-	-	(41)
Balance as at 31.03.2016	15	14,722	3,277	41	18,040
Profit for the year		2,910	-	-	2,910
Other Comprehensive Income	15(iii)	(14)	-	-	(14)
Total Comprehensive Income for the year		2,896	-	-	2,896
Transfer to General Reserve		(301)	301	-	-
Transactions with owners in their capacity as owners					
Dividend Declared	15(iii)	(601)	-	-	(601)
Dividend Distribution Tax on Dividend	15(iii)	(122)	-	-	(122)
Balance as at 31.03.2017		16,594	3,578	41	20,213

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
Head - Law, Patents & Compliance
& Company Secretary

For and on behalf of the Board

Chairman **Pankaj Patel**
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Executive Director
& CFO **Vimal Bhandari**
DIN 00001318
Ulrich Stefer
DIN 07447177

Place : Mumbai
Date : May 24, 2017

Place : Mumbai
Date : May 24, 2017

Cash Flow Statement for the year ended March 31, 2017

₹ in Millions

	01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016
A. Cash Flow from Operating Activities:		
Profit Before Tax	4,479	4,816
Adjustments for:		
Depreciation and Amortisation Expense	289	247
Interest Expense	69	100
Interest Income	(395)	(457)
Dividend Income	(88)	(114)
Rent Income on Investment Properties	(39)	(39)
Profit on Tangible Assets sold/ discarded (Net)	(5)	(6)
Profit on sale of Investments	(6)	(2)
Bad Debts	15	7
Provision for Expected Credit Loss	91	(8)
Provision for Indirect Taxes and Other Commercial Matters (Net)	18	27
Inventory write off/ write down	131	36
Unrealised (gain)/ loss on Investments measured at FVPL	(1)	1
Unrealised foreign exchange (gain)/ loss	1	(16)
	<u>80</u>	<u>(224)</u>
Operating Profit before Working Capital changes	4,559	4,592
Adjustments for changes in Working Capital		
(Increase)/ Decrease in Trade Receivables	(1,610)	735
(Increase)/ Decrease in Financial Assets	(164)	(350)
(Increase)/ Decrease in Other Receivables	(58)	(35)
(Increase)/ Decrease in Inventories	(1,166)	(818)
Increase/ (Decrease) in Trade Payables	846	29
Increase/ (Decrease) in Financial Liabilities	306	(99)
Increase/ (Decrease) in Provisions and Other Payables	337	(335)
Cash generated from Operations	3,050	3,719
Taxes Paid	(1,477)	(1,654)
Net Cash from Operating Activities	1,573	2,065
B. Cash Flow from Investing Activities:		
Purchase of Tangible and Intangible Assets	(551)	(403)
Proceeds from Sale of Other Tangible/ Intangible Assets	58	34
Loan given to Related Party	(1,500)	(1,106)
Loan repaid by Related Party	1,500	1,106
Purchase of Investments	(987)	(714)
Proceeds from Sale of Investments	860	606
Interest Received	409	482
Rent Income on Investment Properties [Refer Note 3(c)]	39	39
Dividend Received on Current Investments	88	114
Net Cash (used)/ from Investing Activities	(84)	158
C. Cash Flow from Financing Activities:		
Buyback of Equity Shares including Premium and Transaction cost [Refer Note 14(c)]	-	(5,101)
Interest Paid	(12)	(48)
Dividend Paid	(599)	(621)
Dividend Distribution Tax Paid	(122)	(126)
Net Cash (used) in Financing Activities	(733)	(5,896)
Net Increase/ (Decrease) in Cash and Cash Equivalents	756	(3,673)
Cash and Cash Equivalents at the beginning of the year	7,624	11,297
Cash and Cash Equivalents at the end of the year	8,380	7,624

**Cash Flow Statement for the year ended March 31, 2017 (contd.)**

₹ in Millions

	<u>As at 31.03.2017</u>	<u>As at 31.03.2016</u>
Cash and Cash Equivalents comprise		
Balance with Banks	6,302	7,524
Short-term highly liquid investments	2,078	100
	8,380	7,624

Notes:

- 1) The above Cash Flow Statement has been prepared under the "Indirect Method" setout in Indian Accounting Standard - 7 on Statement of Cash Flows.
- 2) Short-term highly liquid investments 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
Head - Law, Patents & Compliance
& Company Secretary

For and on behalf of the Board

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Vimal Bhandari
DIN 00001318

Executive Director
& CFO **Ulrich Stefer**
DIN 07447177

Place : Mumbai
Date : May 24, 2017

Place : Mumbai
Date : May 24, 2017

Notes to the financial statements for the year ended March 31, 2017

(All amounts in ₹ Millions, unless otherwise stated)

COMPANY PROFILE

Bayer CropScience Limited ("the Company") is a Company incorporated under the Companies Act, 1956 and having its registered office at Bayer House, Central Avenue, Hiranandani Estate, Thane (West) - 400 607. The Company is engaged into 'Agri Care' business which primarily includes manufacture, sale and distribution of insecticides, fungicides, weedicides and various other agrochemical products, and sale and distribution of hybrid seeds. Out of the total paid-up share capital of the Company, 68.58% is held by its promoters. The ultimate parent company is Bayer AG, Germany. 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 Preparation****Compliance with Ind AS**

The financial statements of the Company are prepared based on the principle of the historical cost except for certain financial assets and liabilities and defined benefit plan that are measured at fair value, and are drawn up to comply in all material aspects with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

The financial statements up to the year ended March 31, 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP).

The financial statements for the year ended March 31, 2017 are the first financial statements with comparatives prepared under Ind AS. Reconciliations and explanations of the effect of the transition from previous GAAP to Ind AS on the Company's Total Equity, Total Comprehensive Income and Statement of Cash Flows are provided in Note 42.

The accounting policies are applied consistently to all the periods presented in the financial statements, including the preparation of the opening Ind AS Balance Sheet as at April 1, 2015, being the date of transition to Ind AS.

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 acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

All amounts disclosed in the financial statements and notes have been rounded off to the nearest millions as per the requirement of Schedule III, unless otherwise stated.

(b) Use of Estimates and Judgments

In preparing the financial statements, the Management has to make certain assumptions and estimates that may substantially impact the presentation of the Company's financial position and/ or results of operations.

Such assumptions and estimates mainly relate to the useful life of Property, Plant and Equipment, Investment Properties and Intangible Assets and the recognition of provisions, including those for litigation, employee benefits and sales deductions.

The estimates and judgments used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Although the Company regularly assesses these estimates, actual results may differ from these estimates. Changes in estimates are recorded in the periods in which they become known.

Transition to Ind AS:

Ind AS estimates as at April 1, 2015 are consistent with estimates as at the same date made in conformity with previous GAAP. The Company made estimates for impairment of financial assets based on expected credit loss model and investment in debt instruments carried at FVPL in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

Notes to the financial statements for the year ended March 31, 2017 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

(c) Principles of Business Combination

The acquisition method of accounting under Ind AS is used to account for business combinations by the Company from the date of transition to Ind AS i.e. April 1, 2015. Prior to the date of transition to Ind AS, business acquisition has been accounted based on previous GAAP.

Transition to Ind AS:

In accordance with Ind AS 101 - Provision related to first time adoption, the Company has elected to apply Ind AS 103 - Business Combinations prospectively to business combinations occurred after its transition date. As such, Indian GAAP balances relating to business combinations entered into before that date have been carried forward.

(d) Foreign Currency Transactions

The financial statements are presented in Indian Rupee, which is the Company's functional and presentation currency. A Company's functional currency is that of the primary economic environment in which the Company operates.

Foreign currency transactions are translated into the functional currency using the exchange rate at the date of the transaction. Foreign exchange gains/ losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognized in the Statement of Profit and Loss.

(e) Revenue Recognition

(i) Sales are recognized in Statement of Profit and Loss when the significant risks and rewards of ownership of the goods have been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue and costs incurred or to be incurred, can be measured reliably, and it is sufficiently probable that the economic benefits associated with the transaction will flow to the Company.

Sales are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes and discounts. Appropriate provisions are recorded for rebates and returns which are estimated on the basis of historical experience, specific contractual terms and future expectations of sales development. It is unlikely that the factors other than these could materially affect sales deductions of the Company.

The Company operates a loyalty program where customers accumulate points for purchases made which entitles them for free or discounted goods, other than Company's goods or specific services. The revenue received or receivable is allocated between the goods supplied and award credits granted. Revenue related to the award credits are deferred and recognised when the points are redeemed by the customers. The revenue related to the award credit is measured by reference to their fair value.

The Company evaluates sales and distribution arrangement with supplier whether it is acting as a principal or an agent of the supplier, considering its exposure to the significant risk and reward, and based on factors such as primary obligation for providing goods/ services to customer, credit risk, inventory risk and pricing latitude. Where the supplier retains significant risks and rewards associated with the product and the Company performs the function of selling and distribution for a margin within a range by acting as an agent, it recognises only the margin (i.e. sales less material cost) as its revenue from such transactions.

(ii) 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 and in the accounting period in which the services are rendered.

(f) Other Income

Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial asset to the asset's gross carrying amount on initial recognition. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument.

Income from export incentives is recognized on accrual basis to the extent the ultimate realization is reasonably certain.

Notes to the financial statements for the year ended March 31, 2017 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

(g) Income Tax

Income taxes comprise the taxes levied on taxable income along with changes in deferred tax assets and liabilities that are recognized in the Statement of Profit and Loss. The income taxes recognized are reflected at the amounts likely to be payable under the statutory regulations in force, or already enacted in relation to future periods, at the end of the reporting period.

In compliance with Ind AS 12 - Income Taxes, deferred taxes are recognized for temporary differences between the carrying amounts of assets and liabilities in the Balance Sheet prepared according to Ind AS and their tax bases.

Deferred tax assets relating to deductible temporary differences, tax credits or tax loss carryforwards are recognized where it is probable that sufficient taxable income will be available in the future to enable them to be used. Deferred tax liabilities are recognized on temporary differences taxable in the future. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss).

The probability that deferred tax assets resulting from temporary differences or loss carryforwards can be used in the future is the subject of forecasts by the Company regarding its future earnings situation and other parameters.

Deferred taxes are calculated at the rates which, on the basis of the statutory regulations in force, or substantively enacted in relation to future periods, as of the closing date, are expected to apply at the time of realization. Deferred tax assets and deferred tax liabilities are offset if they relate to income taxes levied by the same taxation authority and the Company has a legal right to settle on a net basis. Material effects of changes in tax rates or tax law on deferred tax assets and liabilities are generally accounted for in the period in which the changes are enacted. Such effects are recognized in the Statement of Profit and Loss except where they relate to deferred taxes that were recognized outside the Statement of Profit and Loss, in which case they are recognized in Other Comprehensive Income.

Deferred and current taxes are recognized in Statement of Profit and Loss unless they relate to items recognized outside Statement of Profit and Loss, in Other Comprehensive Income or directly in Equity, in which case they, too, are recognized in Other Comprehensive Income or directly in equity respectively.

(h) Leases

A lease is an agreement whereby the lessor conveys to the lessee the right to use an asset for an agreed period of time in return for a payment or series of payments. A Lease is classified at the inception date as a finance lease or an operating lease. Lease transactions that transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee are classified as finance leases. All other lease agreements are classified as operating leases. Whether an agreement constitutes a lease or contains a lease is determined upon inception of the lease.

As a lessee:

In case of Finance lease, the leased asset is capitalized at the lower of fair value of the leased asset and the present value of the minimum lease payments at the inception of lease. The leased asset is depreciated by the straight-line method over the shorter of its estimated useful life or the lease term.

In case of Operating lease, the lease payments are recognized as expenditure in the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor:

In respect of assets given on operating lease, the lease rental income is recognized in the Statement of Profit and Loss on a straight line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

Transition to Ind AS:

The Company has assessed whether a contract or an arrangement contains a lease on the basis of facts and circumstances existing at the date of transition to Ind AS.

Notes to the financial statements for the year ended March 31, 2017 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

(i) Cash and Cash Equivalents

For the purpose of presentation in the Statement of Cash Flow, Cash and Cash Equivalents comprise cash on hand, balances with banks including demand deposits, other short-term highly liquid investments that are subject to an insignificant risk of changes in value, are easily convertible into a known amount of cash and have a maturity of three months or less from the date of acquisition or investment.

(j) Inventories

Inventories encompass goods consumed in production (raw materials, packing materials and stores and spare parts), goods in the production process for sale (semi-finished goods) and goods held for sale in the ordinary course of business (finished goods and stock-in-trade). Inventories are recognized at their cost of acquisition or production and all other costs incurred in bringing the inventories to their present location and condition - calculated by the weighted average method - or at their net realizable value, whichever is lower. The net realizable value is the estimated selling price in the ordinary course of business less estimated cost of completion and selling expenses necessary to make the sale.

(k) Investment and Other Financial Assets

Financial assets are recognized and measured in accordance with Ind AS 109 - Financial Instruments. Accordingly, the Company recognizes financial asset only when it has a contractual right to receive cash or other financial assets from another entity.

Financial assets are initially recognised at fair value plus transaction costs directly attributable to its acquisition. The transaction costs incurred for the purchase of financial assets held at fair value through profit or loss are expensed in the Statement of Profit and Loss immediately.

Subsequent to initial recognition, financial assets are measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVPL).

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

Debt instruments

There are three measurement categories into which the Company classifies its debt instruments:

At amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Financial assets are accounted for at amortized cost using the effective interest method. This category comprises trade accounts receivable, loans, cash and cash equivalents, bank balances and other financial assets. A gain or loss on a debt instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in the Statement of Profit and Loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through Other Comprehensive Income (FVOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through Other Comprehensive Income (FVOCI). The movements in carrying amount are taken through Other Comprehensive Income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in the Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in Other Comprehensive Income is reclassified from equity to the Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through Profit or Loss (FVPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt instrument that is subsequently measured at FVPL and is not part of a hedging relationship is recognized in the Statement of Profit and Loss and presented within other gains/ (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Notes to the financial statements for the year ended March 31, 2017 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

(k) Investment and Other Financial Assets (contd.)**Equity instruments**

The Company subsequently measures all equity instruments at fair value through the Statement of Profit and Loss. Accordingly, a gain or loss on an equity instrument is recognized in the Statement of Profit and Loss.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost and FVOCI debt instruments. If there are substantial and objective indications of a decline in the value of financial assets, an impairment test is performed. The Company applies Expected Credit Loss (ECL) model for recognizing impairment loss on financial assets measured at amortized cost. The Company follows 'simplified approach' permitted by Ind AS 109 - Financial Instruments for recognition of impairment loss on trade receivables and lease receivables based on expected lifetime losses at each reporting date right from its initial recognition. If the reasons for previously recognized impairment losses no longer apply, the impairment losses are reversed provided that this does not cause the carrying amounts to exceed the amortized cost of acquisition.

Financial assets are derecognized when contractual rights to receive cash flows from the financial assets expire or the financial assets are transferred together with all material risks and benefits.

Transition to Ind AS:

The Company has elected to apply de-recognition provisions of Ind AS 109 – Financial Instruments prospectively for transactions occurring on or after the date of transition and accordingly financial assets which were derecognized under previous GAAP are not reinstated.

The Company has classified and measured its financial assets on the basis of the facts and circumstances existed at the date of transition to Ind AS.

(l) Derivatives

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks which are not designated as hedges. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are recognized immediately in the Statement of Profit and Loss.

(m) Property, Plant and Equipment

Freehold land is carried at historical cost. Property, plant and equipment is carried at the cost of acquisition or construction and depreciated over its estimated useful life. An impairment loss is recognized in addition if an asset's recoverable amount falls below its carrying amount.

If the construction phase of property, plant and equipment extends over a substantial period of time, the interest incurred on borrowed capital up to the date of completion is capitalized as part of the cost of acquisition or construction in accordance with Ind AS 23 – Borrowing Cost.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it meets the asset recognition criteria as per Ind AS 16 - Property, Plant and Equipment.

Significant asset components with different useful lives are accounted for and depreciated separately.

If there are indications that an individual item of property, plant and equipment may be impaired, the recoverable amount is compared to the carrying amount. If the recoverable amount is less than the carrying amount, an impairment loss is recognized for the difference. If the reasons for a previously recognized impairment loss no longer apply, the impairment loss is reversed provided that the reversal does not cause the carrying amount to exceed the cost of acquisition or construction less depreciation.

An item of property, plant and equipment and any significant part initially recognized, is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognized.

Notes to the financial statements for the year ended March 31, 2017 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

(m) Property, Plant and Equipment (contd.)

The Company, based on technical assessment made by management expert, depreciates property, plant and equipment under straight-line method over following estimated useful lives which are similar to the useful life prescribed in Schedule II to the Companies Act, 2013. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Assets Class	Useful lives in years
Buildings (including Roads)	10 to 60
Plant and Equipments	7 to 15
Furniture and Fixtures	10
Vehicles	8
Office Equipments (including Electrical Installation)	5 to 10
Computers	3 to 6

Depreciation on assets costing ₹ 5,000/- or less is provided at the rate of 100% in the year of acquisition.

Land under Finance Lease is amortized over the period of lease except for the lease with perpetual rights.

Transition to Ind AS:

The Company has elected to measure all its property, plant and equipment at their previous GAAP carrying value as deemed cost at date of transition.

(n) Investment Properties

Investment properties comprises land and buildings not being used for operational or administrative purposes. It is measured using the cost model.

The Company, based on technical assessment made by management expert, depreciates Investment properties under straight-line method over estimated useful lives which are similar to the useful life prescribed in Schedule II to the Companies Act, 2013.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Transition to Ind AS:

The Company has elected to measure all its investment properties at their previous GAAP carrying value as deemed cost at date of transition.

(o) Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance such as a technical knowhow, computer software or marketing rights. It is capitalized if the future economic benefits attributable to the asset will probably flow to the Company and the cost of acquisition or generation of the asset can be reliably measured. It is amortised from the point at which the asset is available for use.

Intangible assets are recognized at the cost of acquisition or generation less accumulated amortization/ impairment loss, if any. Those with determinable useful life are amortised accordingly on a straight line basis over a period of up to three years for computer software and ten years for marketing rights. Determination of the expected useful lives of such assets and the amortization patterns is based on estimates of the period for which they will generate cash flows. An impairment test is performed if there is an indication of possible impairment.

Any impairment losses are recognized in the Statement of Profit and Loss. If the reasons for a previously recognized impairment loss no longer apply, the impairment loss is reversed provided that the reversal does not cause the carrying amount to exceed the (amortized) cost of acquisition or generation.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Transition to Ind AS:

The Company has elected to measure all intangible assets at their previous GAAP carrying value as deemed cost at date of transition.

Notes to the financial statements for the year ended March 31, 2017 (contd.)*(All amounts in ₹ Millions, unless otherwise stated)***(p) Financial Liabilities**

Financial liabilities are initially recognized at fair value if the Company has a contractual obligation to transfer cash or other financial assets to another party. Borrowings and payables are recognized net of directly attributable transaction costs. In subsequent periods, such liabilities are measured at amortized cost using the effective interest method.

Financial liabilities are derecognized when the contractual obligation is discharged or cancelled, or has expired.

Transition to Ind AS:

The Company has elected to apply de-recognition provisions of Ind AS 109 - Financial Instruments prospectively for transactions occurring on or after the date of transition and accordingly financial liabilities which were derecognized under previous GAAP are not reinstated.

The company has classified and measured its financial liabilities on the basis of the facts and circumstances existed at the date of transition to Ind AS.

(q) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized for present legal or constructive obligations arising from past events that will probably give rise to a future outflow of resources, provided that a reliable estimate can be made of the amount of the obligations.

Provisions are measured in accordance with Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets. Where the cash outflow to settle an obligation is expected to occur after one year, the provision is recognized at the present value of the expected cash outflow. Claims for reimbursements from third parties are separately reflected in other receivables if their realization is virtually certain.

If the projected obligation declines as a result of a change in the estimate, the provision is reversed by the corresponding amount and the resulting income recognized in the operating expense item(s) in which the original charge was recognized.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made.

Contingent assets are not recognized in the financial statements.

(r) Provision for Employment Benefits

The Company provides post-employment benefits under defined contribution and/ or defined benefit plans, other employee benefits and termination benefits.

The Company has Defined Contribution plans namely Provident Fund and Superannuation Fund which are administered through Government 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. Under Superannuation Fund, applicable to certain employees, 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 recognised as Employee Benefit Expense in the Statement of Profit and Loss for the year in which they are due.

The Company has a Defined Benefit plan namely Gratuity covering its employees. The Gratuity scheme is funded through Group Gratuity-cum-Life Assurance Scheme which is administered by Life Insurance Corporation of India ('LIC'). The present value of provisions for defined benefit plans and the resulting expense are calculated in accordance with Ind AS 19 - Employee Benefits by the Projected Unit Credit Method. The future benefit obligations are valued by an independent actuary at the year-end and spread over the entire employment period on the basis of specific assumptions regarding beneficiary structure and the economic environment. This includes the determination of the discount rate, salary escalation, mortality rate etc. which affects the valuation. In determining the appropriate discount rate at each balance sheet date, the Management considers the interest rates which relates to the benchmark rate available for Government Securities and that have terms to maturity approximating the terms of the related defined benefit obligation.

The fair value of plan assets is deducted from the present value of the defined benefit obligation for other post-employment benefits to determine the net defined benefit liability.

The effects of re-measurements of the net defined benefit liability are reflected in the Statement of Comprehensive Income as Other Comprehensive Income. They consist of actuarial gains and losses and the return on plan assets, less the respective amounts included in net interest. Deferred taxes relating to the effects of re-measurements are also recognized in Other Comprehensive Income.

Notes to the financial statements for the year ended March 31, 2017 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

(r) Provision For Employment Benefits (contd.)

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the Statement of Profit and Loss as past service cost under 'Employee Benefit Expenses'.

For other employee benefits, the effect of re-measurements arising due to experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss as 'Employee Benefit Expenses' in the year in which they arise.

The net interest on net liability for defined benefits and other employee benefits is recognized in the Statement of Profit and Loss as 'Finance Cost' in the year in which they arise.

Termination benefits in the nature of voluntary retirement benefits are recognised in the Statement of Profit and Loss as and when incurred.

(s) Recent Accounting Pronouncements

Standards issued but not yet effective

The Ministry of Corporate Affairs has issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2017 (the 'Amendment Rules') on March 17, 2017 notifying amendments to Ind AS 7 - Statement of Cash Flows and Ind AS 102 - Share-based payment effective for annual periods beginning on or after April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance for measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The Company does not expect a significant impact on its financial statements on initial application of these 'Amendment Rules'.

2 PROPERTY, PLANT AND EQUIPMENT [Refer Note 33(a)]

Assets	Deemed Cost	Gross Carrying amount				Accumulated Depreciation				Net Carrying amount	
		As at 01.04.2015	As at 01.04.2016	Additions	Deletions	As at 31.03.2017	As at 01.04.2016	For the Year	On deletions		As at 31.03.2017
Freehold Land	180	180	-	-	180	-	-	-	-	-	180
		(180)	(-)	(-)	(180)	(-)	(-)	(-)	(-)	(-)	(180)
Land under Finance Lease	1	1	-	-	1	-*	-*	-	-*	-*	1
		(1)	(-)	(-)	(1)	(-)	(-)*	(-)	(-)*	(-)*	(1)
Buildings **	1,769	1,788	19	-	1,807	43	46	-	89	1,718	
		(1,769)	(19)	(-)	(1,788)	(-)	(43)	(-)	(43)	(1,745)	
Plant and Equipment **	279	320	135	-	455	47	52	-	99	356	
		(279)	(45)	(4)	(320)	(-)	(47)	(-)*	(47)	(273)	
Furniture and Fixtures	142	164	11	1	174	18	19	-*	37	137	
		(142)	(22)	(-)*	(164)	(-)	(18)	(-)*	(18)	(146)	
Vehicles	351	380	217	79	518	57	67	27	97	421	
		(351)	(51)	(22)	(380)	(-)	(60)	(3)	(57)	(323)	
Office Equipment (including Computers)	205	275	113	1	387	65	84	1	148	239	
		(205)	(75)	(5)	(275)	(-)	(65)	(-)*	(65)	(210)	
Total	2,927	3,108	495	81	3,522	230	268	28	470	3,052	
		(2,927)	(212)	(31)	(3,108)	(-)	(233)	(3)	(230)	(2,878)	

Notes to the financial statements for the year ended March 31, 2017 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

2 PROPERTY, PLANT AND EQUIPMENT [Refer Note 33(a)] (contd.)

a) Deemed cost of leasehold improvements as on April 1, 2015 is Nil i.e. fully depreciated over a period of time and hence the same has not been presented in the above table.

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

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

** Additions to Buildings and Plant and Equipment represents amount of expenditure incurred in the course of its construction.

3 INVESTMENT PROPERTIES

Assets	Deemed Cost	Gross Carrying amount				Accumulated Depreciation				Net Carrying amount
		As at 01.04.2015	As at 01.04.2016	Additions	Deletions	As at 31.03.2017	As at 01.04.2016	For the Year	On deletions	
Land	34	34	-	-	34	-	-	-	-	34
		(34)	(-)	(-)	(34)	(-)	(-)	(-)	(-)	(34)
Building	283	283	-	-	283	5	5	-	10	273
		(283)	(-)	(-)	(283)	(-)	(5)	(-)	(5)	(278)
Total	317	317	-	-	317	5	5	-	10	307
		(317)	(-)	(-)	(317)	(-)	(5)	(-)	(5)	(312)

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

b) The Company had given Land and portion of a Building on operating lease under cancellable lease arrangement. Investment properties are distinguished from owner-occupied property based on area covered under lease arrangements. Refer Note 33 for disclosure of contractual obligations to purchase, construct or develop investment properties and for its repairs, maintenance or enhancements respectively.

c) Amount recognised in Statement of Profit and Loss for investment properties:

Particulars	01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016
Rental Income [Refer Note 22]	39	39
Direct operating expenses from property that generated rental income (including Depreciation)	30	29
Direct operating expenses from property that did not generate rental income	-	-

d) Fair value

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Investment properties	560	553	519

Estimation of fair value:

The fair value of investment properties has been determined by external independent property valuers having recognised professional qualifications. The current prices in an active market for similar properties has been used to determine fair value of investment properties. The fair value measurement of investment properties has been categorised as Level 3 based on the inputs in the valuation.



Notes to the financial statements for the year ended March 31, 2017 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

4 INTANGIBLE ASSETS [Refer Note 33(a)]

Assets	Deemed Cost	Gross Carrying amount				Accumulated Amortisation				Net Carrying amount
		As at 01.04.2015	As at 01.04.2016	Additions	Deletions	As at 31.03.2017	As at 01.04.2016	For the Year	On deletions	
Computer Software	8	34	52	-	86	9	16	-	25	61
		(8)	(26)	(-)*	(34)	(-)	(9)	(-)*	(9)	(25)
Total	8	34	52	-	86	9	16	-	25	61
		(8)	(26)	(-)*	(34)	(-)	(9)	(-)*	(9)	(25)

Assets	Deemed Cost	Gross Carrying amount			
		As at 01.04.2015	As at 01.04.2016	Additions	Transfer/ Adjustment
Intangible Assets under development	4	102	181	52	231
		(4)	(124)	(26)	(102)

a) Deemed cost of Goodwill and Technical Knowhow as on April 1, 2015 is Nil i.e. fully amortized over a period of time and hence the same has not been presented in the above table.

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

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

5 OTHER FINANCIAL ASSETS

	Non-Current			Current		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
(Unsecured, Considered good unless otherwise stated)						
Security Deposits						
- Considered Good	160	135	90	30	31	25
- Considered Doubtful	7	6	6	-	-	-
	167	141	96	30	31	25
Less: Provision for Expected Credit Loss [Refer Note 36(a)(i)]	7	6	6	-	-	-
	160	135	90	30	31	25
Accrued Interest Receivable	-	-	-	18	32	57
Advance recoverable in cash or kind	-	-	-	761	726	399
Other Receivables [Includes due from a Private Company in which a Director is a Director 4 (March 31, 2016: 4; April 1, 2015: 4)]	- *	- *	1	179	77	104
	160	135	91	988	866	585

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

Notes to the financial statements for the year ended March 31, 2017 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

6 DEFERRED TAX ASSETS/ (LIABILITIES) (NET)

	Deferred Tax Asset						Deferred Tax Liability	Total (Net)
	Provision for Expected Credit Loss on Trade Receivables and Security Deposits	Liabilities allowed on payment basis	Provision for Defined Benefit Obligations	Disallowances u/s. 40(a)(i) and 40(a)(ia) of the Income Tax Act, 1961	Indexation on Freehold land	Others	Depreciation and Amortisation of Assets	
Balance as at April 1, 2015	41	85	63	53	6	-	(156)	92
(Charged)/ credited during the year:								
To Statement of Profit and Loss	(2)	4	2	5	3	-	(84)	(72)
To Other Comprehensive Income	-	-	6	-	-	-	-	6
Balance as at March 31, 2016	39	89	71	58	9	-	(240)	26
(Charged)/ credited during the year:								
To Statement of Profit and Loss	31	6	8	(10)	2	7	(97)	(53)
To Other Comprehensive Income	-	-	7	-	-	-	-	7
Balance as at March 31, 2017	70	95	86	48	11	7	(337)	(20)

7 INCOME TAX ASSET (NET)

	Non-Current		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Advance payment of Income Tax [Net of Provision for Taxation 14,192 (March 31, 2016: 12,588; April 1, 2015: 10,743)]	432	444	442
Fringe Benefit Tax [Net of Provision for Taxation 125 (March 31, 2016: 125; April 1, 2015: 125)]	3	3	3
	435	447	445

8 OTHER ASSETS

	Non-Current			Current		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
(Unsecured, Considered good unless otherwise stated)						
Capital Advances	3	2	4	-	-	-
Other Advances:						
- Advance to Vendors	-	-	-	68	36	33
- Balance with Government Authorities	231	127	130	497	584	541
- Prepaid Expenses	6	9	9	56	41	48
- Advance to Employees	16	19	21	-	-	-
	256	157	164	621	661	622

9 INVENTORIES**(Lower of Cost and Net Realisable Value)**

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Raw Materials [Includes in transit 859 (March 31, 2016: 1,467; April 1, 2015: 813)]	3,576	3,595	3,130
Packing Materials [Includes in transit Nil (March 31, 2016: 1; April 1, 2015: Nil)]	99	94	95
Semi-Finished Goods	159	182	204
Finished Goods [Includes in transit 92 (March 31, 2016: 193; April 1, 2015: 159)]	3,495	2,572	2,266
Stock-in-Trade [Includes in transit 103 (March 31, 2016: 104; April 1, 2015: 11)]	336	191	159
Stores and Spare Parts	16	12	10
	7,681	6,646	5,864

Notes to the financial statements for the year ended March 31, 2017 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

10 INVESTMENTS

	Current		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
At Fair value through profit or loss			
Unquoted*			
Investments in Mutual Funds			
6,104,834 (March 31, 2016: 9,623,926; April 1, 2015: Nil) units of ₹ 11/- each in DHFL Pramerica Arbitrage Fund	65	101	-
7,643,123 (March 31, 2016: Nil; April 1, 2015: Nil) units of ₹ 11/- each in Edelweiss Arbitrage Fund	81	-	-
4,137,039 (March 31, 2016: 9,545,842; April 1, 2015: Nil) units of ₹ 11/- each in HDFC Arbitrage Fund	44	101	-
Nil (March 31, 2016: 7,822,382; April 1, 2015: Nil) units of ₹ 13/- each in IDFC Arbitrage Fund	-	101	-
Nil (March 31, 2016: Nil; April 1, 2015: 4,751,309) units of ₹ 10/- each in Kotak Equity Arbitrage Fund	-	-	51
Nil (March 31, 2016: 5,876,809; April 1, 2015: Nil) units of ₹ 10/- each in L&T Arbitrage Opportunities Fund	-	61	-
6,859,887 (March 31, 2016: Nil; April 1, 2015: Nil) units of ₹ 15/- each in ICICI Prudential Equity Arbitrage Fund	100	-	-
9,272,997 (March 31, 2016: Nil; April 1, 2015: 14,604,581) units of ₹ 11/- each in Reliance Arbitrage Advantage Fund	100	-	152
69,796 (March 31, 2016: Nil; April 1, 2015: Nil) units of ₹ 1,529/- each in Reliance Liquid Fund Treasury Plan	107	-	-
Nil (March 31, 2016: Nil; April 1, 2015: 4,017,104) units of ₹ 13/- each in Invesco India Arbitrage Fund	-	-	51
	<u>497</u>	<u>364</u>	<u>254</u>
Aggregate value of Unquoted Investment	<u>497</u>	<u>364</u>	<u>254</u>

* As Mutual Funds investments are not listed on stock exchange, it is considered as unquoted investments.

11 TRADE RECEIVABLES [Refer Notes 38 and 40]

	Non-Current			Current		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Secured, considered good	-	-	-	60	51	56
Unsecured, considered good [includes due from a Private Company in which a Director is a Director 29 (March 31, 2016: 26; April 1, 2015: 21)] [Refer Note (a) below]	-	-	-	5,505	3,999	4,760
Unsecured, considered doubtful	197	107	115	-	-	-
Total	<u>197</u>	<u>107</u>	<u>115</u>	<u>5,565</u>	<u>4,050</u>	<u>4,816</u>
Less: Provision for Expected Credit Loss [Refer Note 36(a)(i)]	197	107	115	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,565</u>	<u>4,050</u>	<u>4,816</u>

- a) The Company is the distributor of Bayer BioScience Private Limited (BBPL) operating in the territory of India and Nepal for distribution of seeds. As the Company is a limited risk distributor in this commercial arrangement, BBPL recognizes the risk of overdue receivables to its account. As of March 31, 2017, the Company has certain overdue outstanding receivables towards distribution of seeds to third parties aggregating 354. The Company has recovered this amount from BBPL towards recoupment of loss arising out of the third party overdue for which recovery is less probable. As and when the Company recovers any amount against such overdue, or any part thereof, from the respective customers, the Company is required to pay to BBPL such amounts so recovered. Accordingly, the amount recovered from BBPL is recognised as "Other financial liabilities" in Note 18.

Notes to the financial statements for the year ended March 31, 2017 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

12 CASH AND CASH EQUIVALENTS [Refer Note (a) below]

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Balances with banks			
- In Current Accounts	327	189	198
- In Fixed Deposits (less than 3 months maturity)	5,975	7,335	10,899
Short-term highly liquid investments [Refer Note (b) below]	2,078	100	200
	8,380	7,624	11,297

a) The Company does not maintain any Cash balances and accordingly there are no holdings or dealings in Specified Bank Notes, during the period from November 8, 2016 to December 30, 2016, as envisaged in the Notification in Official Gazette dated March 30, 2017.

b) Investment in Mutual Funds

(Current and Unquoted*) - at Fair Value through Profit and Loss

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
300,743 (March 31, 2016: Nil; April 1, 2015: Nil) units of ₹ 1,001/- each in DSP Blackrock Liquidity Fund	301	-	-
299,914 (March 31, 2016: Nil; April 1, 2015: Nil) units of ₹ 1,001/- each in HSBC Cash Fund	300	-	-
302,030 (March 31, 2016: Nil; April 1, 2015: Nil) units of ₹ 1,001/- each in Invesco India Liquid Fund	302	-	-
Nil (March 31, 2016: 81,837; April 1, 2015: Nil) units of ₹ 1,000/- each in Kotak Liquid Scheme	-	100	-
296,754 (March 31, 2016: Nil; April 1, 2015: Nil) units of ₹ 1,013/- each in L&T Liquid Fund	301	-	-
1,000,702 (March 31, 2016: Nil; April 1, 2015: Nil) units of ₹ 100/- each in ICICI Prudential Liquid Plan	100	-	-
129,622 (March 31, 2016: Nil; April 1, 2015: Nil) units of ₹ 1,529/- each in Reliance Liquid Fund Treasury Plan	198	-	-
300,431 (March 31, 2016: Nil; April 1, 2015: Nil) units of ₹ 1,001/- each in Reliance Liquidity Fund	301	-	-
Nil (March 31, 2016: Nil; April 1, 2015: 200,231) units of ₹ 1,001/- each in Union Liquid Fund	-	-	200
196,604 (March 31, 2016: Nil; April 1, 2015: Nil) units of ₹ 1,019/- each in UTI Liquid Cash Plan	200	-	-
74,762 (March 31, 2016: Nil; April 1, 2015: Nil) units of ₹ 1,003/- each in UTI Money Market Fund	75	-	-
	2,078	100	200
Aggregate amount of Unquoted Investments	2,078	100	200

* As Mutual Funds investments are not listed on stock exchange, it is considered as unquoted investments.

Notes to the financial statements for the year ended March 31, 2017 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

13 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
In Fixed Deposits	-	-	*
In Margin Deposits under lien with bank towards bank guarantee	-	-	1
Earmarked balances with banks in Unpaid Dividend Accounts	10	8	6
	<u>10</u>	<u>8</u>	<u>7</u>

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

14 EQUITY SHARE CAPITAL

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Authorised:			
46,300,000 (March 31, 2016: 46,300,000; April 1, 2015: 46,300,000) Equity Shares of ₹ 10/- each	463	463	463
Issued, Subscribed and Paid-up:			
35,354,001 (March 31, 2016: 35,354,001; April 1, 2015: 36,619,001) Equity Shares of ₹ 10/- each, fully paid-up	354	354	366

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) Movement of Issued, Subscribed and Paid-up Equity Share Capital:

	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Balance as at the beginning of the year	35,354,001	354	36,619,001	366	36,619,001	366
Less: Shares bought back during the year [Refer Note (c) below]	-	-	1,265,000	12	-	-
Balance as at the end of the year	<u>35,354,001</u>	<u>354</u>	<u>35,354,001</u>	<u>354</u>	<u>36,619,001</u>	<u>366</u>

c) Pursuant to the approval of the Board of Directors on June 3, 2015 and Shareholders of the Company through postal ballot, results of which were declared on July 20, 2015, the Company bought back 1,265,000 equity shares (representing 3.45% of the equity capital) at a price of ₹ 4,000/- per equity share aggregating to 5,060 through the tender offer route, in terms of Public Announcement dated July 22, 2015. After extinguishment of 1,265,000 Equity Shares on October 26, 2015, the Issued, Subscribed and Paid-up Equity Capital of the Company reduced from 36,619,001 equity shares to 35,354,001 equity shares.

Accordingly: (i) the face value of issued, subscribed and paid-up equity share capital was reduced by 12; (ii) 12 had been transferred from Surplus in Statement of Profit and Loss to Capital Redemption Reserve as per the provision of Section 69(1) of the Companies Act, 2013; (iii) the premium aggregating to 5,048 had been adjusted from the Surplus in Statement of Profit and Loss during the year ended March 31, 2016.

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

	Number of Shares		
	01.04.2012 to 31.03.2017	01.04.2011 to 31.03.2016	01.04.2010 to 31.03.2015
Aggregate number of Equity Shares bought back	4,144,746	4,144,746	2,879,746

Notes to the financial statements for the year ended March 31, 2017 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

14 EQUITY SHARE CAPITAL (contd.)**e) Shares held by Ultimate Holding Company and its subsidiaries:**

	Number of Shares		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Ultimate Holding Company:			
Bayer AG, Germany	3,676,380	3,676,380	3,844,995
Subsidiaries of Ultimate Holding Company:			
Bayer Vapi Private Limited, India	8,248,312	8,248,312	8,198,564
Bayer S.A.S., France	6,810,399	6,810,399	7,122,757
Bayer CropScience AG, Germany	5,509,593	5,509,593	6,084,591

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

15 OTHER EQUITY

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Reserves and Surplus:			
Capital Redemption Reserve	41	41	29
General Reserve	3,578	3,277	2,894
Retained Earnings	16,594	14,722	17,817
	20,213	18,040	20,740
		As at 31.03.2017	As at 31.03.2016
i) Capital Redemption Reserve [Refer Note (a) below]			
Balance as at the beginning of the year		41	29
Add: Transfer from Surplus in Statement of Profit and Loss [Refer Note 14(c)]		-	12
Balance as at the end of the year		41	41
a) It represents transfer from Retained Earnings on Buyback of equity shares by the Company as per the provision of Section 69(1) of the Companies Act, 2013.			
ii) General Reserve [Refer Note (a) below]			
Balance as at the beginning of the year		3,277	2,894
Add: Transfer from Surplus in Statement of Profit and Loss during the year		301	383
Balance as at the end of the year		3,578	3,277
a) It represents transfer from Retained Earnings.			
iii) Retained Earnings			
Balance as at the beginning of the year		14,722	17,817
Profit for the year		2,910	3,151
Items of Other Comprehensive Income recognised directly in retained earnings			
Remeasurement of Post employment benefit obligation [Refer Note 16(e)(B)(2)(ii)]		(21)	(18)
Deferred tax on Remeasurement of Defined benefit plan [Refer Note 6]		7	6
Appropriations			
Dividend [Refer Note 37(b)(i)]		(601)	(623)
Dividend Distribution Tax on Dividend		(122)	(127)
Transfer to General Reserve		(301)	(383)
Transfer to Capital Redemption Reserve [Refer Note 14(c)]		-	(12)
Premium paid on Buyback of Equity shares [Refer Note 14(c)]		-	(5,048)
Transaction cost for Buyback of Equity shares		-	(41)
Balance as at the end of the year		16,594	14,722

Notes to the financial statements for the year ended March 31, 2017 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

16 PROVISIONS

	Non-Current			Current		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Provision for Employee Benefits:						
- Gratuity [Refer Note (e) below]	206	170	152	41	36	32
- Compensated Absences [Refer Note (b) below]	146	132	127	17	12	17
- Others [Refer Note (c) below]	133	106	115	447	399	463
Other Provisions [Refer Note (a) below]:						
- Direct Tax Matters [Refer Note (d)(i) below] [Net of Advance Tax of 163 (March 31, 2016: 155; April 1, 2015: 159)]	15	24	12	-	-	-
- Indirect Tax Matters [Refer Note (d)(i) below]	57	65	64	-	-	-
- Commercial and Other Matters [Refer Note (d)(i) below] [Net of Payment 5 (March 31, 2016: 5; April 1, 2015: 5)]	279	253	227	-	-	-
- Anticipated Sales Returns [Refer Note (d)(ii) below]	-	-	-	121	202	106
- Discounts/ Incentives payable to Customers [Refer Note (d)(iii) below]	-	-	-	1,496	1,260	1,420
	836	750	697	2,122	1,909	2,038

a) Movement in Other Provisions

	Direct Tax Matters	Indirect Tax Matters	Commercial and Other Matters	Anticipated Sales Returns	Discounts/ Rebates/ payable to Customers
Balance as at the beginning of the year	24	65	253	202	1,260
	(12)	(64)	(227)	(106)	(1,420)
Add: Additional provision (net)	-	4	26	121	4,569
	(12)	(1)	(26)	(202)	(4,140)
Less: Provision utilised	-	12	-	202	4,333
	(-)	(-)	(-)	(106)	(4,300)
Less: Provision adjusted	9	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Balance as at the end of the year	15	57	279	121	1,496
	(24)	(65)	(253)	(202)	(1,260)

Figures shown in brackets are in respect of previous year.

- b) 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.

Notes to the financial statements for the year ended March 31, 2017 (contd.)*(All amounts in ₹ Millions, unless otherwise stated)***16 PROVISIONS** (contd.)

- c) Provisions for other employee benefits mainly include those recorded for performance based bonus, variable payments and long-service awards.
- d) Other Provision represents:
- i) Provision for 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 matters 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 and hence expected utilisation is considered as more than 5 years.
- During the year, 26 (Previous Year 26) is recognised under the head "Finance Costs" [Refer Note 26] as an additional provision towards Commercial and Other Matters.
- ii) Provision for anticipated sales return. This is recognised on a net basis at the gross margin on the sales. Revenue is adjusted for the expected value of the returns and cost of sales are adjusted for the value of the corresponding goods to be returned. It is expected to be utilised within 12 months from the end of the year.
- iii) Provision for trade discount, cash discount and incentive schemes. It is expected to be utilised within 12 months from the end of the year.
- e) **Employee Benefit Obligation:**

Disclosure as required under Indian Accounting Standard (Ind AS) 19 - Employee Benefits

A. Defined contribution plan:

The Company's defined contribution plans are superannuation, employees' state insurance scheme and provident fund administered by Government since the Company has no further obligation beyond making the contributions.

The expenses recognized during the year towards defined contribution plans are as detailed below:

	01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016
Provident Fund	64	64
Superannuation	24	24
Total (included in Note 25 - 'Employee Benefit Expenses')	88	88

B. Defined benefit obligation:

The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972/ Company policy. Employees who are in continuous service for a period of 5 years or more are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employee's last drawn salary per month computed proportionately as per Gratuity Act or Company policy multiplied for the number of years of service. Quantum of gratuity benefits may vary depending on the eligible employee's date of joining and salary grade.

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 i.e. 100% of plan assets are invested in insurer managed fund. Quoted price of the same is not available in active market.

Provisions were established for defined benefit obligations pertaining to gratuity. The net obligation was accounted as follows:

1. Net defined benefit obligation as reflected in Balance Sheet:

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Present value of defined benefit obligation	602	533	484
Fair value of plan assets	355	327	300
Net defined benefit obligation	247	206	184

Notes to the financial statements for the year ended March 31, 2017 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

16 PROVISIONS (contd.)

2. The expenses for defined benefit plan for gratuity comprise the following components:

	01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016
i) Expenses recognized in the Statement of Profit and Loss		
Current service cost [Refer Note 25]	33	31
Net interest cost [Refer Note 26]	16	15
	<u>49</u>	<u>46</u>
ii) Expenses recognized in the Other Comprehensive Income (OCI) [Refer Note 15(iii)]		
Actuarial (gains)/ losses on obligation	23	19
Return on Plan Assets, excluding interest income	(2)	(1)
	<u>21</u>	<u>18</u>

3. The net defined obligation developed as follows:

i) Change in the present value of defined benefit obligation		
Opening present value of defined benefit obligation	533	484
Current service cost [Refer Note 25]	33	31
Interest cost [Refer Note 26]	42	39
Transfer of employees (Net)	9	(7)
Benefit paid from the fund	(38)	(33)
Actuarial (gains)/ losses due to:		
- change in financial assumptions	12	(10)
- experience adjustment	11	29
Closing present value of defined benefit obligation	<u>602</u>	<u>533</u>
ii) Change in the fair value of plan assets		
Opening fair value of plan assets	327	300
Interest income [Refer Note 26]	26	24
Contributions by the employer	38	35
Benefit paid from the fund	(38)	(33)
Expected return on plan assets (excluding interest income)	2	1
Closing fair value of plan assets	<u>355</u>	<u>327</u>
iii) Change in net defined benefit obligation		
Opening net defined benefit obligation	206	184
Current service cost [Refer Note 25]	33	31
Interest cost (Net) [Refer Note 26]	16	15
Transfer of employees (Net)	9	(7)
Contributions by the employer	(38)	(35)
Actuarial (gains)/ losses due to:		
- change in financial assumptions	12	(10)
- experience adjustment	11	29
Expected return on plan assets (excluding interest income)	(2)	(1)
Closing net defined obligation/ Deficit of funded plan	<u>247</u>	<u>206</u>

Notes to the financial statements for the year ended March 31, 2017 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

16 PROVISIONS (contd.)**4. Risk exposure:**

The risks from defined benefit plans arise partly from the defined benefit obligations and partly from the investment in plan assets. The risks lie in the possibility that higher direct gratuity payments will have to be made to the beneficiaries and/ or that additional contributions will have to be made to plan assets in order to meet current and future defined benefit obligations.

i) Demographic risk:

The gratuity plan provides a lump sum payment to vested employees at the time of retirement, death, incapacitation or termination of employment. Change in attrition rate or mortality assumption as compared to actual rate may result in change in benefit obligations, benefit expense and/ or payments than previously anticipated.

ii) Investment risk:

If the actual return on plan assets were below the return anticipated on the basis of the discount rate, the net defined benefit obligation would increase, assuming there were no changes in other parameters. This could happen as a result of a drop in return by 'LIC'.

iii) Interest-rate risk:

A decrease in prevailing market yield on Government securities may increase the defined benefit obligation. This effect would be at least partially offset by the ensuing increase in the market values of the debt instruments held.

5. Measurement parameters and their sensitivities:**i) The following parameters were used to measure the obligation:**

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Discount rate (per annum)	7.51%	7.81%	7.95%
Expected rate of return on plan assets (per annum)	7.51%	7.81%	7.95%
Attrition rate (per annum)	5 - 10%	5 - 10%	5 - 10%
Salary escalation rate (per annum)	10% for next 2 years and 8% thereafter	12% for next year, 10% for subsequent 2 years and 8% thereafter	12% for next 2 years, 10% for subsequent 2 years and 8% thereafter

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

ii) The following parameter sensitivities were computed by an independent actuary which results in increase/ (decrease) in defined benefit obligation:

	As at 31.03.2017	As at 31.03.2016
Delta effect of +0.5% change in discount rate	(20)	(18)
Delta effect of -0.5% change in discount rate	22	19
Delta effect of +0.5% change in salary escalation	21	19
Delta effect of -0.5% change in salary escalation	(20)	(18)
Delta effect of +0.5% change in attrition rate	(1)	(1)
Delta effect of -0.5% change in attrition rate	1	1

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the Projected Unit Credit Method at the end of the reporting period) has been applied while calculating the defined benefit obligation recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

Notes to the financial statements for the year ended March 31, 2017 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

16 PROVISIONS (contd.)

6. Defined benefit obligation and employer contribution:

	01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016
i) Expected employer's contribution for the next year	41	36
	As at 31.03.2017	As at 31.03.2016
ii) The weighted average duration of the defined benefit obligation (years)	8	8
iii) Projected Benefits payable in future years from the date of reporting:		
1st Following Year	58	42
2nd Following Year	36	39
3rd Following Year	64	50
4th Following Year	52	62
5th Following Year	65	50
Sum of 6th to 10th Following Year	444	413

17 TRADE PAYABLES

	Current		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Total outstanding dues of Micro Enterprise and Small Enterprise [Refer Note (a) below]	10	7	29
Total outstanding dues of Creditors other than Micro Enterprise and Small Enterprise [Refer Notes 38 and 40]	2,864	2,036	2,028
	2,874	2,043	2,057

- 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:

	As at 31.03.2017	As at 31.03.2016
(I) (i) Principal amount due and remaining unpaid to any supplier at the end of accounting year [includes Payables for Capital Purchases 2 (Previous Year 0.01)]	12	7
(ii) Interest amount due and remaining unpaid to any supplier at the end of accounting year *	-	-
(II) The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, along with the amount of the payment made to the suppliers during the year	48	30
(III) The amount of interest due and payable for the period of delay in making the payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, beyond the appointed date	-	-
(IV) The amount of interest accrued and remaining unpaid at the end of the year	-	-
(V) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the MSMED Act	-	-

* Current Year 0.01 (Previous Year 0.02)

Notes to the financial statements for the year ended March 31, 2017 (contd.)*(All amounts in ₹ Millions, unless otherwise stated)***18 OTHER FINANCIAL LIABILITIES**

	Current		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Unpaid Dividends [Refer Note (a) below]	10	8	6
Deposits from Customers	102	99	95
Payable for Capital Purchases [Refer Note 17(a)]	82	13	17
Foreign-exchange forward contracts	29	4	1
Other liabilities [Refer Note 11(a)]	354	52	154
	577	176	273

- a) There are no amounts as at year-end which are due for payment to Investor Education and Protection Fund under Section 125 of the Companies Act, 2013.

19 OTHER CURRENT LIABILITIES

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
	Advances from Customers	759	793
Deferred Revenue [Refer Note (a) below]	285	139	204
Payable towards Statutory Liabilities	125	115	112
Others	37	34	43
	1,206	1,081	1,229

- a) It relates to the award credits granted on loyalty program and would be recognised when the points are redeemed by the customers.

20 CURRENT TAX LIABILITIES (NET)

	As at 31.03.2017	As at 31.03.2016
Balance as at the beginning of the year	15	95
Add: Current tax payable for the year [including interest Nil (March 31, 2016: 3)]	1,514	1,606
Less: Reversal of provision	-	3
Less: Taxes paid [including payment for earlier years 15 (March 31, 2016: 92)]	1,477	1,683
Balance as at the end of the year [Net of Advance Tax of 1,462 (March 31, 2016: 1,591)]	52	15



Notes to the financial statements for the year ended March 31, 2017 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

	<u>01.04.2016 to 31.03.2017</u>	<u>01.04.2015 to 31.03.2016</u>
21 REVENUE FROM OPERATIONS		
Sale of Goods (including Excise Duty)	28,634	28,054
Other Operating Revenue:		
Recoveries from Group Companies and Third Parties	845	835
Scrap Sales	5	5
	<u>29,484</u>	<u>28,894</u>
22 OTHER INCOME		
Other Income		
Interest Income from Financial Assets at amortised cost	317	454
Interest on Income Tax refund	78	3
Dividend Income from investments measured at fair value through profit or loss	88	114
Export Incentives	125	148
Rent Income [Refer Note 3(c) and 33(b)]	76	80
Reversal of Provision for Expected Credit Loss [Refer Note 36(a)(i)]	-	3
Miscellaneous	5	7
	<u>689</u>	<u>809</u>
Other Gains		
Profit on Tangible Assets sold/ discarded (Net)	5	6
Profit on sale of investments measured at fair value through profit or loss	6	2
Fair value gain on investments measured at fair value through profit or loss	1	-
	<u>12</u>	<u>8</u>
	<u>701</u>	<u>817</u>
23 COST OF MATERIALS CONSUMED		
Raw Materials:		
Opening Stock	3,595	3,130
Add: Purchases	15,144	14,005
	<u>18,739</u>	<u>17,135</u>
Less: Closing Stock	3,576	3,595
Cost of Raw Materials consumed [Refer Note (a) below]	<u>15,163</u>	<u>13,540</u>
Packing Materials consumed [Refer Note (a) below]	729	1,504
	<u>15,892</u>	<u>15,044</u>

a) Includes 52 (Previous Year 24) on account of write off/ write down in carrying values of Raw Materials and Packing Materials.

Notes to the financial statements for the year ended March 31, 2017 (contd.)*(All amounts in ₹ Millions, unless otherwise stated)*

	01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016
24 CHANGES IN INVENTORIES OF SEMI-FINISHED GOODS, FINISHED GOODS AND STOCK-IN-TRADE		
Opening Stock:		
- Semi-Finished Goods	182	204
- Finished Goods	2,572	2,266
- Stock-in-Trade	191	159
	<u>2,945</u>	<u>2,629</u>
Closing Stock:		
- Semi-Finished Goods	159	182
- Finished Goods	3,495	2,572
- Stock-in-Trade	336	191
	<u>3,990</u>	<u>2,945</u>
Increase in Inventories [Refer Note (a) below]	<u>(1,045)</u>	<u>(316)</u>
a) Includes 78 (Previous Year 1) [net of amount recovered from insurance company 1 (Previous Year 11)] on account of write off/ write down in carrying values of Inventories.		
25 EMPLOYEE BENEFIT EXPENSES [Refer Note 30]		
Salaries and Wages	2,221	1,972
Contribution to Provident and Other Funds [Refer Note 16(e)(A)]	88	88
Gratuity [Refer Note 16(e)(B)(2)(i)]	33	31
Staff Welfare Expenses	109	116
	<u>2,451</u>	<u>2,207</u>
26 FINANCE COSTS		
Interest Expense [Refer Note 16(d)(i) and 16(e)(B)(2)(i)]	69	100
	<u>69</u>	<u>100</u>
27 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation and Amortisation Expense		
- on Property, Plant and Equipment [Refer Note 2]	268	233
- on Investment Properties [Refer Note 3]	5	5
- on Intangible Assets [Refer Note 4]	16	9
	<u>289</u>	<u>247</u>

Notes to the financial statements for the year ended March 31, 2017 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

	01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016
28 OTHER EXPENSES [Refer Note 30]		
Consumption of Stores and Spare Parts	22	18
Power and Fuel	64	61
Rent [Refer Note 33(b)]	160	179
Repairs and Maintenance:		
- Buildings	19	13
- Plant and Equipment	- *	1
- Others	84	87
	<u>103</u>	<u>101</u>
Insurance	27	26
Rates and Taxes	27	99
Job Work Charges	965	1,188
Freight Outward and Clearing Charges	608	577
Travelling and Conveyance	407	355
Communication	140	124
Advertisement, Publicity and Sales Promotion	1,510	1,687
Legal and Professional Fees	536	495
Donations	94	89
Royalty	6	6
Bad Debts	15	7
Less: Utilisation of Provision for Expected Credit Loss on Trade Receivables	15	5
	<u>-</u>	<u>2</u>
Provision for Expected Credit Loss on Trade Receivables [Refer Note 36(a)(i)]	105	-
Deposits/ Advances written off	- *	-
Provision for Expected Credit Loss on Deposits [Refer Note 36(a)(i)]	1	-
Foreign Exchange Fluctuations (Net)	55	42
Fair value loss on investments measured at fair value through profit or loss	-	1
Miscellaneous [Refer Note (a) below and Note 40(iii)]	150	260
	<u>4,980</u>	<u>5,310</u>

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

a) Payments to Auditor (included in Miscellaneous expenses):

i) As Auditor:		
- for statutory audit	4	3
- for limited review	2	2
- for tax audit	1	1
- for certification	- *	- *
ii) In other capacities:		
- Audit of Group Reporting Package	1	2
- Others	-	- *
iii) Reimbursement of out-of-pocket expenses	- *	- *
	<u>8</u>	<u>8</u>

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

Notes to the financial statements for the year ended March 31, 2017 (contd.)*(All amounts in ₹ Millions, unless otherwise stated)*

	01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016
29 TAX EXPENSES		
a) Current Tax		
Current tax on profits for the year	1,514	1,603
Adjustments for current tax of prior periods	2	(10)
Total current tax expense	<u>1,516</u>	<u>1,593</u>
b) Deferred tax expense/ (income) [Refer Note 6]		
Increase in deferred tax assets	(44)	(12)
Increase in deferred tax liabilities	97	84
Total deferred tax expense	<u>53</u>	<u>72</u>
Income tax expense	<u>1,569</u>	<u>1,665</u>
c) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate		
Profit Before Tax	4,479	4,816
Tax at the tax rate of 34.608% (2015-16: 34.608%)	1,550	1,667
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Donation and Corporate social responsibility expenditure	35	33
Dividend Income	(30)	(40)
Weighted deduction on research and development expenditure	(6)	(6)
Adjustments for current tax of prior periods	2	(10)
Other Items	18	21
Income tax expense	<u>1,569</u>	<u>1,665</u>
30 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 spent		
Donations	94	89
Employee Benefit Expenses	3	4
Other Expenses	3	2
	<u>100</u>	<u>95</u>
b) Gross amount required to be spent by the Company	<u>100</u>	<u>95</u>
31 RESEARCH AND DEVELOPMENT EXPENSES		
Research and Development Revenue Expenses (Net of recoveries)	<u>204</u>	<u>181</u>

Notes to the financial statements for the year ended March 31, 2017 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

32 CONTINGENT LIABILITIES

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Claims against the Company not acknowledged as debts towards:			
- Direct Tax Matters [Refer Note (a) below]	331	344	332
- Indirect Tax Matters [Refer Note (a) below]	755	738	773
- Litigation/ claims filed by customer/ vendor/ labour [Refer Note (b) below]	48	53	48
- Litigation/ demands raised by other Statutory Authorities [Refer Note (c) below]	117	117	25

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

- a) The disputed demands are for income tax, excise duty, customs duty, service tax, sales tax and value added tax.
- b) It mainly includes demand for crop failure and vehicle accidental claims.
- c) It represents demand raised by the Collector of Stamps, Thane for shortfall of stamp duty along with interest on the Deed of Conveyance for Bayer House located at Thane and demand towards before provident fund for the labour contractor.

33 COMMITMENTS

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
a) Capital Commitments			
Property, Plant and Equipment	9	25	12
Intangible Assets	22	4	15
	<u>31</u>	<u>29</u>	<u>27</u>

b) Non-cancellable operating leases

The Company has taken certain residential flats and offices under non-cancellable operating lease. Some of the arrangements include escalation clause to cover inflation. Lease rent amounting to 18 (Previous Year 16) has been recognised under the head Other Expenses - 'Rent' under Note 28 to the Statement of Profit and Loss.

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

Period	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Not later than one year	17	12	16
Later than one year and not later than five years	5	10	6
Later than five years	-	-	-

The Company has entered into cancellable leasing arrangement for office, residential, guest house and warehouse premises. The lease rental of 142 (Previous Year 163) which are equivalent to minimum lease payments has been recognised under the head Other Expenses - 'Rent' under Note 28 to the Statement of Profit and Loss.

Further, the Company has recovered sub-lease rental of 8 (Previous Year 12) which has been recognised under the head Other Income - 'Rent Income' under Note 22 to the Statement of Profit and Loss.

The Company has given portion of building, other than classified as investment properties and certain other assets, on operating lease under cancellable lease arrangement during the year. The lease rental aggregating to 29 (Previous Year 29) has been recognised under the head Other Income - 'Rent Income' under Note 22 to the Statement of Profit and Loss.

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
c) Other Commitments			
Contractual obligation for future repairs and maintenance on Investment Properties	2	4	2
Value of customs duty in respect of export obligation (against advance licenses) remaining to be met at year end	-*	176	343
Bank Guarantees issued in favour of various statutory authorities	832	815	354

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

34 EVENTS OCCURRING AFTER THE REPORTING PERIOD

Refer Note 37(b)(ii) Capital Management for the final dividend recommended by the directors which is subject to the approval of shareholders in the ensuing Annual General Meeting.

Notes to the financial statements for the year ended March 31, 2017 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

35 FAIR VALUE MEASUREMENT**Financial instruments by category:**

	As at 31.03.2017			As at 31.03.2016			As at 01.04.2015		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial Assets									
Investments	497	-	-	364	-	-	254	-	-
Trade Receivables	-	-	5,565	-	-	4,050	-	-	4,816
Cash and Cash Equivalents									
Short-term highly liquid investments	2,078	-	-	100	-	-	200	-	-
Balances with banks	-	-	6,302	-	-	7,524	-	-	11,097
Bank balances other than Cash and Cash Equivalents	-	-	10	-	-	8	-	-	7
Other Financial Assets	-	-	1,148	-	-	1,001	-	-	676
	2,575	-	13,025	464	-	12,583	454	-	16,596
Financial Liabilities									
Trade Payables	-	-	2,874	-	-	2,043	-	-	2,057
Derivative Financial Liabilities	29	-	-	4	-	-	1	-	-
Other Financial Liabilities	-	-	548	-	-	172	-	-	272
	29	-	3,422	4	-	2,215	1	-	2,329

Fair Value Hierarchy:

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:

- recognised and measured at fair value and
- measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed in Ind AS 113 - Fair Value Measurement. An explanation of each level follows underneath the table.

Financial Assets and Liabilities measured at fair value - recurring fair value measurements	Notes	Level 1	Level 2	Level 3	Total
Financial Assets as at March 31, 2017					
Financial investments at FVPL					
Investments	10	497	-	-	497
Short-term highly liquid investments	12(b)	2,078	-	-	2,078
		2,575	-	-	2,575
Financial Liabilities as at March 31, 2017					
Derivatives					
Derivative Financial Liabilities	18	-	29	-	29
		-	29	-	29
Financial Assets as at March 31, 2016					
Financial investments at FVPL					
Investments	10	364	-	-	364
Short-term highly liquid investments	12(b)	100	-	-	100
		464	-	-	464

Notes to the financial statements for the year ended March 31, 2017 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

35 FAIR VALUE MEASUREMENT (contd.)

Financial Assets and Liabilities measured at fair value - recurring fair value measurements	Notes	Level 1	Level 2	Level 3	Total
Financial Liabilities as at March 31, 2016					
Derivatives					
Derivative Financial Liabilities	18	-	4	-	4
		-	4	-	4
Financial Assets as at April 1, 2015					
Financial investments at FVPL					
Investments	10	254	-	-	254
Short-term highly liquid investments	12(b)	200	-	-	200
		454	-	-	454
Financial Liabilities as at April 1, 2015					
Derivatives					
Derivative Financial Liabilities	18	-	1	-	1
		-	1	-	1

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices and the mutual funds are measured using the closing Net Asset Value (NAV).

Level 2: The fair value of financial instruments that are not traded in an active market (Foreign exchange forward contracts) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The fair value forward foreign exchange contracts is determined using forward exchange rates at the Balance Sheet date.

Level 3: If one or more of the significant inputs is not based on observable market data (Security Deposits), the instrument is included in level 3. The fair value of the security deposits with definite maturity period is determined using discounted cash flow analysis using an adjusted lending rate.

There are no transfers between level 1, level 2 and level 3 during the year.

Assets which are valued at amortised cost for which fair value are disclosed	Notes	Carrying Amount	Fair Value (Level 3)
Financial Assets			
Security Deposits	5		
As at March 31, 2017		190	186
As at March 31, 2016		166	159
As at April 1, 2015		115	104

The carrying amounts of trade receivables, cash and cash equivalents, bank balances, accrued interest receivables, advance recoverable in cash or kind, other receivables, trade payables, unpaid dividends, deposit from customers, payable for capital purchases and other financial liabilities are considered to be the same as their fair values, due to their short term nature.

36 FINANCIAL RISK MANAGEMENT

The Company has financial opportunities at its disposal in the form of the market prices it can command, and is exposed to financial risks in the form of credit, liquidity and market risks. Market risk includes currency, interest rate and price risk. The following paragraphs provide details of these and other financial opportunities and risks and how they are managed.

The management of financial opportunities and risks takes place using established, documented processes. One component is financial planning, which serves as the basis for determining liquidity risk and the future foreign currency and interest-rate risks.

Notes to the financial statements for the year ended March 31, 2017 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

36 FINANCIAL RISK MANAGEMENT (contd.)**a) Credit Risk:**

Credit risks arise from the possibility that the value of receivables or other financial assets of the Company may be impaired because counterparties cannot meet their payment or other performance obligations.

To manage credit risks from third party trade receivables, the credit managers from Order to Cash department of the Company regularly analyze customer's receivables, overdue and payment behaviors. Some of these receivables are collateralized and the same is used according to conditions. These could include advance payments, security deposits, post-dated cheques etc. Credit limits for the third party trade receivables are evaluated and set in line with Company's internal guidelines. There is no significant concentration of default risk.

Credit risks from financial transactions are managed independently by Finance department. For banks and financial institutions, the Company has policies and operating guidelines in place to ensure that financial instrument transactions are only entered into with high quality banks and financial institutions. The Company had no other financial instrument that represents a significant concentration of credit risk. The surplus funds are invested in bank deposits and mutual fund investments.

i) Expected Credit Loss (ECL) for Trade Receivables and Deposits:

The Company provides for expected credit loss for trade receivables under simplified approach. The Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates.

Expected Credit Losses for deposits are measured considering 12-month's expected credit loss.

Trade Receivables

The Company provides ECL based on following provision matrix:

Credit Risk Category	Description of Category	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
		Gross Trade Receivables	ECL	Gross Trade Receivables	ECL	Gross Trade Receivables	ECL
		No Risk	There is no risk of defaults	1,167	-	683	-
Negligible Risk	The risk of defaults is negligible	2,590	1	1,807	1	2,360	1
Low Risk	The probability of defaults is low	1,085	3	743	2	906	2
Moderate Risk	The probability of defaults is moderate	742	15	831	11	699	7
Doubtful Assets	There is no reasonable expectation of recovery	178	178	93	93	105	105
		5,762	197	4,157	107	4,931	115

The Company does not have high credit risk customer where the probability of default is high.

Following is the movement in Provision for Expected Credit Loss on Trade Receivables:

	As at 31.03.2017	As at 31.03.2016
Balance as at the beginning of the year	107	115
Add: Additional provision/ (reversal)	105	(3)
Less: Provision utilised	(15)	(5)
Balance as at the end of the year	197	107

Notes to the financial statements for the year ended March 31, 2017 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

36 FINANCIAL RISK MANAGEMENT (contd.)

Deposits

Credit Risk Category	Description of Category	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
		Gross Deposits	ECL	Gross Deposits	ECL	Gross Deposits	ECL
No Risk	There is no risk of defaults	190	-	166	-	115	-
Doubtful Assets	There is no reasonable expectation of recovery	7	7	6	6	6	6
		<u>197</u>	<u>7</u>	<u>172</u>	<u>6</u>	<u>121</u>	<u>6</u>

Following is the movement in Provision for Expected Credit Loss on Deposits:

	As at 31.03.2017	As at 31.03.2016
Balance as at the beginning of the year	6	6
Add: Additional provision	1	-
Balance as at the end of the year	<u>7</u>	<u>6</u>

ii) Expected Credit Loss (ECL) for Financial Assets other than Trade Receivables and Deposits:

There is no credit risk on financial assets other than mentioned in (i) above from initial recognition. Accordingly, no provision for ECL has been recognised.

b) Liquidity Risk:

Liquidity risks result from the possible inability of the Company to meet current or future payment obligations due to lack of cash or cash equivalents. The liquidity risk is assessed and managed by the Finance department as a part of day to day and medium term liquidity planning.

The payment obligations from financial instruments are explained according to their maturity in Note I below.

The Company holds sufficient liquidity to ensure the fulfillment of all planned payment obligations at maturity. The Company's liquidity risk policy is to maintain sufficient liquidity reserve at all times based on cash flow projections to meet payment obligation when it falls due. The primary source of liquidity is cash generated from operations.

Liquid assets are held mainly in the form of bank deposits and mutual fund investments. The Company maintains flexibility in funding by maintaining availability under committed credit lines set up with the banks. These include, in particular, an undrawn credit facility as at March 31, 2017: 1,257 (March 31, 2016: 774; April 1, 2015: 735).

Note I: Maturity of Financial Liabilities

The table below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities essential for an understanding of timing of cash flows.

Contractual maturities of Financial Liabilities	As at 31.03.2017			As at 31.03.2016			As at 01.04.2015		
	Less than 3 months	3 to 12 months	Total	Less than 3 months	3 to 12 months	Total	Less than 3 months	3 to 12 months	Total
Trade Payables	2,783	91	2,874	1,949	94	2,043	1,951	106	2,057
Derivative Financial Liabilities	29	-	29	4	-	4	1	-	1
Other Financial Liabilities	548	-	548	172	-	172	272	-	272
	<u>3,360</u>	<u>91</u>	<u>3,451</u>	<u>2,125</u>	<u>94</u>	<u>2,219</u>	<u>2,224</u>	<u>106</u>	<u>2,330</u>

Balance due within 12 months equals their carrying balance as the impact of discounting is not significant.

Notes to the financial statements for the year ended March 31, 2017 (contd.)*(All amounts in ₹ Millions, unless otherwise stated)***36 FINANCIAL RISK MANAGEMENT** (contd.)**c) Market Risk:****i) Currency Risk:**

Foreign currency opportunities and risks for the Company results from changes in exchange rates and the related changes in the value of financial instruments (including receivables and payables) in the functional currency (INR). The Company is exposed to foreign exchange risk arising from foreign currency transactions primarily with respect to US Dollar.

To mitigate the currency fluctuation, receivables and payables in foreign currencies which arises from export and import of goods are hedged on net basis through forward exchange contracts.

Sensitivities were determined on the basis of a hypothetical adverse scenario in which the INR appreciated/ depreciated by 5% against USD compared with the year end exchange rates. In this scenario, the estimated hypothetical loss of cash flows from financial instruments would have increased/ diminished earnings as of March 31, 2017 by 63 (March 31, 2016: 32) on net payable exposure of 1,253 (USD 19 Million) as on March 31, 2017 [March 31, 2016: 642 (USD 10 Million)]. The Company's exposure to changes in foreign currency other than USD is not material.

ii) Interest Rate Risk:

Interest-rate opportunities and risks result for the Company through changes in capital market interest rates, which in turn could lead to changes in the fair value of fixed-rate financial instruments and changes in interest payments in case of floating-rate instruments.

Interest rate risk arising from borrowing is managed by negotiating fixed coupon interest rates from banks for the entire tenure. The Company has surplus cash position and does not have any borrowings as on Balance Sheet date.

iii) Price Risk:

The Company is mainly exposed to the price risk due to its investment in mutual funds. In order to manage its price risk arising from investment in mutual funds, the Company diversifies its portfolio based on past performance. The impact of price risk with respect to investment in mutual fund is insignificant.

37 CAPITAL MANAGEMENT**a) Risk management:**

The Company's objective while managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide optimum returns to the shareholders and to other stakeholders. Further its objective is to maintain an optimal capital structure to reduce the cost of capital.

b) Dividends:

	01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016
i) Equity Shares		
Dividend approved for the year ended March 31, 2016 of ₹ 17.00 (March 31, 2015 ₹ 17.00) per fully paid equity share	601	623
	As at 31.03.2017	As at 31.03.2016
ii) Dividends not recognised at the end of the reporting period		
Since year end, the Directors of the Company have recommended a payment of final dividend of ₹ 17.00 per fully paid equity share (March 31, 2016 ₹ 17.00) and dividend distribution tax thereon 122 (March 31, 2016: 122). The proposed dividend is subject to approval of shareholders in ensuing Annual General Meeting.	601	601

Notes to the financial statements for the year ended March 31, 2017 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

38 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The following table represents the recognised financial instruments that are offsetted in the Balance Sheet based on legally enforceable right and intention to settle or realise on a net basis.

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Trade Receivables			
Gross Amount	5,583	5,229	5,371
Amount set off in the Balance Sheet	18	1,179	555
Net amount presented in the Balance Sheet [Refer Note 11]	<u>5,565</u>	<u>4,050</u>	<u>4,816</u>
Trade Payables			
Gross Amount	2,892	3,222	2,612
Amount set off in the Balance Sheet	18	1,179	555
Net amount presented in the Balance Sheet [Refer Note 17]	<u>2,874</u>	<u>2,043</u>	<u>2,057</u>

39 SEGMENT REPORTING

The Vice Chairman & Managing Director and CEO, and Executive Director & CFO are identified as Chief Operating Decision Maker of the Company. They are responsible for allocating resources and assessing the performance of the operating segments. Accordingly, they have determined 'Agri Care' as its operating segment.

Thus the segment revenue, interest revenue, interest expense, depreciation and amortisation, segment assets and segment liabilities are all as reflected in the Financial Statement as at and for the year ended March 31, 2017.

Geographical information

	01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016
a) Revenue from external customers		
i) attributed to the Company's country of domicile, India	25,031	23,225
ii) attributed to all foreign countries		
- Germany	3,834	5,159
- Others	619	510
	<u>29,484</u>	<u>28,894</u>
b) Revenues from transactions with a customer exceeding 10% of revenue [Refer Note 40(ii)(A)]	<u>2,916</u>	<u>5,068</u>
	As at 31.03.2017	As at 31.03.2016
c) Non-current assets (excluding Deferred/ Current Tax and Financial Assets)		
i) located in the Company's country of domicile, India	3,917	3,541
ii) located in all foreign countries	-	-
	<u>3,917</u>	<u>3,541</u>

Notes to the financial statements for the year ended March 31, 2017 (contd.)*(All amounts in ₹ Millions, unless otherwise stated)***40 RELATED PARTY TRANSACTIONS**

	Name of the related party	Country of incorporation	% Equity interest		
			As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
i) Ultimate Holding Company:					
	Bayer AG	Germany	10%	10%	10%
ii) Entities under Common Group 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 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 Ltd., Kenya				
	Bayer Holding Ltd., Japan				
	Bayer Intellectual Property GmbH, Germany				
	Bayer Middle East FZE, UAE				
	Bayer Pakistan (Private) Limited, Pakistan				
	Bayer Pharmaceuticals Private Limited, India				
	Bayer S.A.S., France				
	Bayer Seeds Private Limited, India (formerly Nunhems India Private Limited, India)				
	Bayer Sp. z.o.o., Poland				
	Bayer Thai Company Limited, Thailand				
	Bayer Vapi Private Limited, India (the Enterprise in respect of which, the Company is an Associate effective April 28, 2014)				
	Bayer Zydus Pharma Private Limited, India				
	Covestro Deutschland AG, Germany				
	Covestro (India) Private Limited, India				
	Nunhems Vegetable Seeds Private Limited, India (merged with Bayer Seeds Private Limited, India w.e.f. April 1, 2015)				
	PT. Bayer Indonesia, Indonesia				
	United Breweries Limited, India				

* 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.



Notes to the financial statements for the year ended March 31, 2017 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

40 RELATED PARTY TRANSACTIONS (contd.)

A. The transactions with related parties:

	Party referred to in (i) above		Parties referred to in (ii) above	
	01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016	01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016
Sale of goods				
Bayer AG	774	-	-	-
Bayer CropScience AG	-	-	2,868	4,964
Bayer BioScience Private Limited	-	-	36	19
Others	-	-	675	525
Recoveries made				
Bayer AG	10	.*	-	-
Bayer CropScience AG	-	-	48	105
Bayer BioScience Private Limited	-	-	136	121
Others	-	-	679	608
Rent Income				
Bayer BioScience Private Limited	-	-	7	9
Others	-	-	69	71
Purchase of Goods				
Bayer AG	1,983	-	-	-
Bayer CropScience AG	-	-	8,569	9,046
Bayer BioScience Private Limited #	-	-	4,020	3,652
Others	-	-	504	473
Professional/ Support Charges incurred				
Bayer AG	7	5	-	-
Bayer CropScience AG	-	-	9	63
Bayer BioScience Private Limited	-	-	.*	.*
Others	-	-	367	303
Rent Expense				
Bayer BioScience Private Limited	-	-	14	14
Others	-	-	2	2
Royalty Expense				
Others	-	-	6	6
Dividend paid				
Bayer AG	62	65	-	-
Bayer CropScience AG	-	-	94	103
Others	-	-	256	260
Sale of Fixed Assets				
Others	-	-	-	9
Purchase of License of Duty Credit Scrips				
Others	-	-	73	71
Purchase of Fixed Assets (including Capital work-in-progress)				
Others	-	-	71	28
Recoupment of losses towards overdue Trade Receivables [Refer Note 11(a)]				
Bayer BioScience Private Limited	-	-	354	-

Notes to the financial statements for the year ended March 31, 2017 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

40 RELATED PARTY TRANSACTIONS (contd.)**A. The transactions with related parties:** (contd.)

	Party referred to in (i) above		Parties referred to in (ii) above	
	01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016	01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016
Employee related liability paid/ payable on transfer of employees				
Bayer BioScience Private Limited	-	-	4	5
Others	-	-	1	14
Employee related liability taken over on transfer of employees				
Bayer BioScience Private Limited	-	-	10	3
Others	-	-	4	4
Short-term loan given to [Refer Note (a) below]				
Bayer BioScience Private Limited				
Outstanding at beginning of the year			-	-
Loans advanced			1,500	-
Loans repayment			(1,500)	-
Interest charged			124	-
Interest received			(124)	-
Outstanding at end of the year			-	-
Bayer Vapi Private Limited				
Outstanding at beginning of the year			-	-
Loans advanced			-	1,106
Loans repayment			-	(1,106)
Interest charged			-	60
Interest received			-	(60)
Outstanding at end of the year			-	-

The amount is disclosed on gross basis, against which revenue is recognised at margin (sales less material cost) since the Company is acting as an agent.

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

- a) The Company had given loans to Bayer BioScience Private Limited for working capital and to Bayer Vapi Private Limited for capital investment and general business purpose which were repaid during respective years by both the parties. These loans were given in compliance with Section 186 of the Companies Act, 2013 and in accordance with the terms and conditions of agreements entered with both the parties.

B. Outstanding balances of related parties:

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Party referred to in (i) above			
Outstanding Receivables (net of Payables)	-	-	36
Outstanding Payables (net of Receivables)	1,164	1	-
Parties referred to in (ii) above			
Outstanding Receivables (net of Payables at party level)			
Bayer CropScience AG	-	-	153
Bayer BioScience Private Limited	-	11	-
Others	180	231	232
Outstanding Payables (net of Receivables at party level)			
Bayer CropScience AG	-	597	-
Bayer BioScience Private Limited	203	-	92
Others	173	66	69

Notes to the financial statements for the year ended March 31, 2017 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

40 RELATED PARTY TRANSACTIONS (contd.)

iii) Key management personnel:

Name	Designation
- Dr. Vijay Mallya	Chairman (Upto June 30, 2016)
- Mr. Pankaj Patel	Chairman (from July 5, 2016)
- Mr. Richard van der Merwe	Vice Chairman & Managing Director and CEO
- Dr. Thomas Hoffmann	Executive Director & CFO (Upto March 31, 2016)
- Mr. Ulrich Stefer	Executive Director & CFO (from April 1, 2016)
- Mr. Sharad Kulkarni	Non-executive Director
- Mr. A.K.R. Nedungadi	Non-executive Director
- Mr. Vimal Bhandari	Non-executive Director

	01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016
Remuneration to key management personnel		
Short term employee benefits	98	86
Other employment benefits	10	9
Total compensation	108	95
Directors' Sitting Fees (included in Miscellaneous expenses)	3	3
Commission to Non-Executive Directors (included in Miscellaneous expenses)	5	5

iv) Terms and conditions

All the transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. The Company has not recorded any impairment of receivables relating to amounts owed by related parties for the year ended March 31, 2017 and March 31, 2016.

41 EARNINGS PER SHARE

Earnings per share are determined according to Ind AS 33 - Earnings per Share by dividing Profit after tax attributable to shareholders of the Company by the weighted average number of equity shares outstanding during the financial year.

Particulars	01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016
Profit for the year	2,910	3,151
Weighted average number of equity shares outstanding at year end	35,354,001	36,076,364
Nominal Value Per Equity Share (in ₹)	10	10
Earnings Per Share (net of tax) [Basic and Diluted] (in ₹)	82.31	87.34

42 FIRST-TIME ADOPTION OF IND AS

Reconciliation between previous GAAP and Ind AS

Ind AS 101- First-time Adoption of Indian Accounting Standards requires the Company to reconcile equity, total comprehensive income and cash flows for previous years. The following reconciliations provide the explanations and quantification of the differences arising from the transition from previous GAAP to Ind AS in accordance with Ind AS 101:

Notes to the financial statements for the year ended March 31, 2017 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

42 FIRST-TIME ADOPTION OF IND AS (contd.)**Reconciliation of total equity**

	Note below	As at 31.03.2016	As at 01.04.2015
Total equity (shareholder's fund) as per previous GAAP		17,559	20,329
Adjustments:			
Proposed dividend including dividend distribution tax	a	723	753
Capitalisation of Product Registration cost for marketing rights	b	99	-
Adjustment of Expected Credit Loss on Trade Receivables	f	56	28
Effect arising from accounting of 'Linked Transaction' as Job Work arrangement	d	(5)	-
Others		6	-
Deferred Tax impact on the above adjustments	g	(44)	(4)
Total adjustments		<u>835</u>	<u>777</u>
Total equity as per Ind AS		<u>18,394</u>	<u>21,106</u>

Reconciliation of total comprehensive income

	Note below	01.04.2015 to 31.03.2016
Profit after tax as per previous GAAP		3,009
Adjustments:		
Actuarial Loss on Defined Benefit plans reclassified to Other Comprehensive Income	e	18
Capitalisation of Product Registration cost for marketing rights	b	99
Transaction Cost for Buyback of Equity shares	c	41
Adjustment of Expected Credit Loss on Trade Receivables	f	28
Effect arising from accounting of 'Linked Transaction' as Job Work arrangement	d	(5)
Others		6
Deferred tax impact on above adjustments	g	(45)
Total adjustments		<u>142</u>
Profit after tax as per Ind AS		<u>3,151</u>
Other comprehensive income, net of income tax	h	(12)
Total comprehensive income as per Ind AS		<u>3,139</u>

Impact of Ind AS adoption on Cash Flow Statement for the year ended March 31, 2016

	Note	Previous GAAP	Adjustments	Ind AS
Net cash flow from Operating Activities	(b) and (c) below & 3(c)	1,964	101	2,065
Net cash flow from Investing Activities	(b) below and 3(c)	218	(60)	158
Net cash flow from Financing Activities	(c) below	(5,855)	(41)	(5,896)
Net increase/ (decrease) in Cash & Cash Equivalent		<u>(3,673)</u>	-	<u>(3,673)</u>
Cash and Cash Equivalents as at April 1, 2015		11,297	-	11,297
Cash and Cash Equivalents as at March 31, 2016		7,624	-	7,624
Net increase/ (decrease) in Cash & Cash Equivalent		<u>(3,673)</u>	-	<u>(3,673)</u>

a) Proposed dividend including dividend distribution tax:

Under the previous GAAP, dividends proposed by the Board of Directors after the Balance Sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend including dividend distribution tax was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend including dividend distribution tax of 723 as at March 31, 2016 (753 as at April 1, 2015) included under provisions has been derecognized with corresponding adjustment to retained earnings. Consequently, the total equity increased by an equivalent amount.



Notes to the financial statements for the year ended March 31, 2017 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

42 FIRST-TIME ADOPTION OF IND AS (contd.)

b) Product Registration cost for marketing rights:

Product registration cost is paid to government and private agricultural universities to generate data required for obtaining license to sell a product in India. As per recognition criterion under Ind AS 38 - Intangible Assets for internally generated intangible assets, expenses of 99 capitalised under Intangible assets. Consequently, the profit before tax for the year ended March 31, 2016 and total equity as at March 31, 2016 is increased by an equivalent amount.

c) Transaction Cost for Buyback of Equity shares:

Under Ind AS, transaction cost related to buyback of own equity shares is recognised as deduction from equity. Under the previous GAAP, this cost was forming part of the profit or loss for the year. As a result of this change, the profit before tax for the year ended March 31, 2016 increased by 41. There is no impact on the total equity as at March 31, 2016.

d) Linked Transaction as job work arrangement:

Ind AS stipulates a 'substance over form' principle with additional guidance available on Linked Transaction. Where raw material is supplied for further processing and conversion into finished product, the transaction is not regarded as a sale and instead, tolling charges are recognised in the Statement of Profit and Loss for conversion done by supplier. The margin on the said transaction is recognised when goods are sold to final customer. As a result, the profit before tax for the year ended March 31, 2016 decreased by 5.

e) Actuarial Loss on Defined Benefit plans:

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit obligation, are recognised in Other Comprehensive Income instead of the Statement of Profit and Loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit before tax for the year ended March 31, 2016 increased by 18. There is no impact on the total equity as at March 31, 2016.

f) Expected Credit Loss on Trade Receivables:

As per Ind AS 109 - Financial Instruments, the Company has applied expected credit loss model for recognising the allowance for doubtful debts. As a result, the provision for Expected Credit Loss decreased by 56 as at March 31, 2016 (April 1, 2015: 28). As a result, the total equity as at March 31, 2016 increased by 56 (April 1, 2015: 28) and profit for the year ended March 31, 2016 increased by 28.

g) Deferred Tax:

Deferred tax has been recognised on the adjustments made on transition to Ind AS i.e. April 1, 2015 as per Ind AS 12 - Income Taxes. It also includes deferred tax asset recognized at the tax rate applicable for long term capital gains as prescribed under Income Tax Act, 1961 on Freehold land which is expected to be disposed off in future through normal sale with indexation benefit.

h) Other Comprehensive Income:

Under Ind AS, all items of income and expense recognised in the year should be included in the Statement of Profit and Loss for the year, unless a standard requires or permits otherwise. Items of income or expense that are not recognised in the Statement of Profit and Loss but are shown in statement of profit and loss as "Other Comprehensive Income" includes remeasurement of defined benefit plans. The concept of Other Comprehensive Income did not exist under previous GAAP.

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

Signature to Notes 1 to 43

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Uday Shah
Partner
Membership Number: 046061

Rajiv Wani
Head - Law, Patents & Compliance
& Company Secretary

For and on behalf of the Board
Chairman
Pankaj Patel
DIN 00131852

Vice Chairman &
Managing Director
and CEO
Richard van der Merwe
DIN 06768305

Directors
Sharad Kulkarni
DIN 00003640
A.K.R. Nedungadi
DIN 00103214

Executive Director
& CFO
Vimal Bhandari
DIN 00001318
Ulrich Stefer
DIN 07447177

Place : Mumbai
Date : May 24, 2017

Place : Mumbai
Date : May 24, 2017

Facts

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
₹ in Millions										
Revenue from Operations (Net)	12,383	14,826	17,241	21,373	22,723	27,253	32,452	37,233	28,894	29,484
Profit Before Tax	680	1,508	1,964	1,988	2,044	15,632	4,408	5,735	4,816	4,479
Net Cash from Operating Activities	1,404	346	824	1,223	1,067	1,383	2,815	2,004	2,065	1,573
Dividend (including interim dividend) for the year	95	111	158	158	166	197	201	769	601	601
Dividend %	24%	28%	40%	40%	42%	50%	55%	210%	170%	170%
Share Capital	395	395	395	395	395	395	366	366	354	354
Reserves and Surplus	3,299	4,115	5,203	6,335	7,532	18,918	17,057	19,963	18,040	20,213
Borrowings	692	427	1,140	1,085	-	-	-	-	-	-
Gross Block	4,274	4,519	5,077	5,531	4,738	5,414	6,958	4,346	3,628	4,166
Net Block	2,479	2,701	3,208	3,537	2,566	3,457	4,446	3,224	3,384	3,661
Net Current Assets	1,139	1,990	2,835	5,204	4,861	15,562	12,583	16,917	14,995	16,911
Employee Benefit Expenses	1,221	1,343	1,411	1,566	1,553	1,810	2,040	2,269	2,207	2,451
Number of Employees	1,159	1,325	1,351	1,102	1,147	1,181	1,217	1,043	1,057	1,126
₹										
Earnings Per Share (on the basis of profits after tax)	12.43	23.91	32.22	33.30	35.19	294.11	75.14	104.59	87.34	82.31
Book Value per Share	93.53	114.17	141.72	170.38	200.70	488.95	475.79	555.15	520.28	581.74
Share Price at Stock Exchange — High	474.50	343.00	693.00	1,173.00	999.00	1,341.80	1,829.20	3,819.90	4,234.00	4,627.00
— Low	199.05	180.20	224.90	635.15	673.05	749.00	1,065.05	1,384.55	3,115.00	3,620.00
Number of Shareholders	18,852	18,803	19,324	21,251	21,431	20,865	19,138	20,647	20,412	22,176

Notes:

1. Figures for the period 2007-08 are for fifteen months.
2. Figures from the period 2015-16 are in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS).
3. Figures have been regrouped wherever necessary.



Notes



Bayer CropScience Limited

Corporate Identification No. (CIN) - L24210MH1958PLC011173

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

Tel. No. +91 22 2531 1234 E-mail: ir_bcs@bayer.com Website: www.bayer.co.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: _____

2. Name: _____ Email id: _____

Address: _____

Signature: _____

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 59th Annual General Meeting of the Company to be held on Wednesday, August 23, 2017 at 11.00 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, 2017		
2.	Declaration of dividend on Equity Shares for the financial year ended March 31, 2017		
3.	Re-appointment of Mr. Peter Mueller (DIN: 03582162) as a Director		
4.	Appointment of Statutory Auditors and fixing their remuneration		
5.	Appointment of Dr. (Ms.) Miriam Colling-Hendelkens (DIN: 07839649) as a Director of the Company		
6.	Ratification of Remuneration to Cost Auditor		
7.	Approval of transaction with Bayer AG		
8.	Approval of transaction with Bayer Vapi Private Limited:		

Signed this _____ day of _____ 2017

Signature of shareholder _____

Affix
Revenue
Stamp

NOTES:

- 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.
- 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.



Bayer CropScience Limited

Corporate Identification No. (CIN) - L24210MH1958PLC011173

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

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

ATTENDANCE SLIP

(To be presented at the Annual General Meeting venue)

59TH ANNUAL GENERAL MEETING ON WEDNESDAY, AUGUST 23, 2017 AT 11.00 A.M.

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

I/ We hereby record my/ our presence at the 59TH ANNUAL GENERAL MEETING of the Company at "Yashwantrao Chavan Pratishthan Auditorium", Y. B. Chavan Centre, Near Mantralaya, Gen. J. Bhonsale Marg, Mumbai 400 021, on Wednesday, August 23, 2017 at 11.00 a.m.

Member's Folio/ Client ID/ DP IDNo. Member's/ Proxy's name in Block Letter Member's/ Proxy's Signature

NOTES:

1. Only Member/ Proxy holder can attend the Meeting.
2. Please complete the Folio/ Client ID/ DP ID No. and name of the Member/ Proxy, sign this Attendance Slip and hand it over at the entrance of the Meeting hall.
3. Member/ Proxy holder should bring his/ her copy of the Annual Report for reference at the Meeting.

PARTICULARS FOR VOTING THROUGH ELECTRONIC MEANS (REMOTE E-VOTING)

For Members opting to vote through electronic means, instead of voting at the Annual General Meeting, facility is available at the web link: <https://www.evoting.nsdl.com>. Particulars for electronic voting are as under:

EVEN (E-Voting Event Number)	User ID	Password

NOTE: Please refer the instructions printed under the Notes (Note No. 16) of the Notice of the 59th Annual General Meeting. The remote e-voting period **starts from 9.00 a.m. on Saturday, August 19, 2017 and will end at 5.00 p.m. on Tuesday, August 22, 2017**. The voting module shall be disabled by NSDL for voting thereafter.

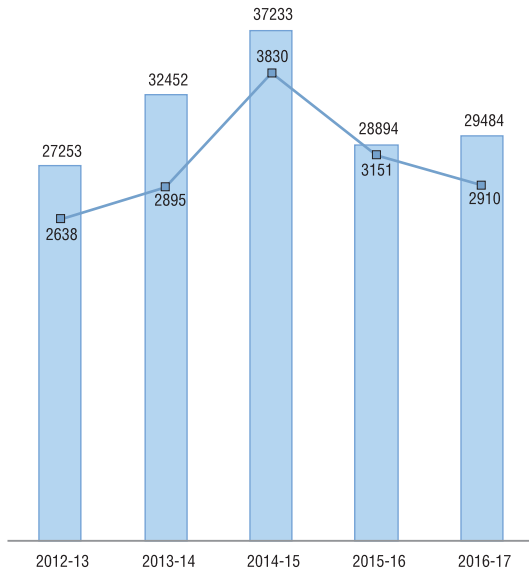
Performance Highlights



REVENUE FROM OPERATIONS & PROFITABILITY

(₹ in Millions)

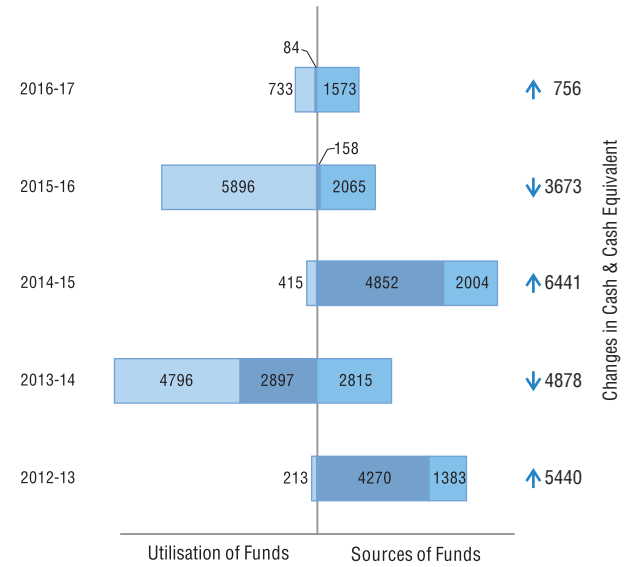
- Revenue from Operations
- Profit before Exceptional Items (net of tax)



CASH FLOW

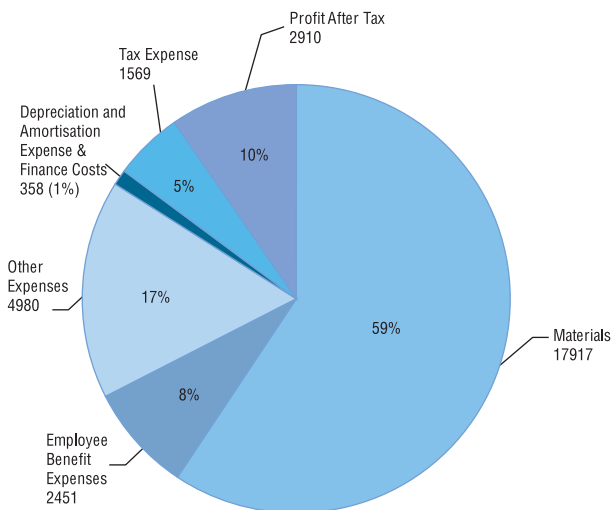
(₹ in Millions)

- Operating Activities
- Investing Activities
- Financing Activities



DISTRIBUTION OF INCOME 2016-17

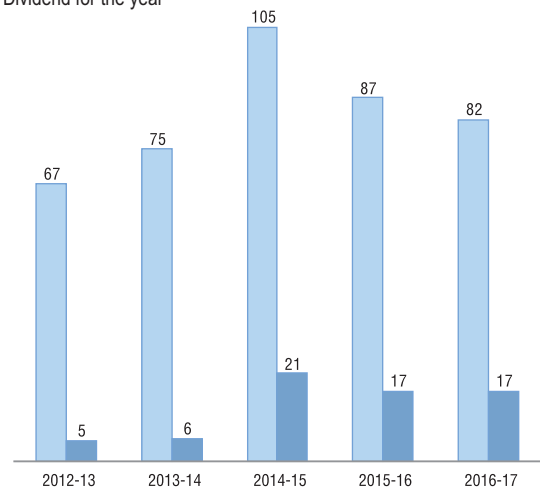
(₹ in Millions (%))



EARNINGS & DIVIDEND PER SHARE

(₹)

- Earnings before Exceptional Items (net of tax)
- Dividend for the year



Figures from the period 2015-16 are in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS).



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