



Bayer CropScience

Science For A Better Life



Bayer CropScience Limited

47th Annual Report
January - December 2004

The Vision & Mission Statements of Bayer CropScience

Our Vision

At Bayer CropScience, our vision is to be a leading partner
for the production of quality food, feed and fiber
to meet the global challenges of tomorrow.

Our Mission

We want to be the worldwide leader in providing innovative products
and combined solutions for agriculture and environmental health.

We strive to build long-term, consistent, predictable and
mutually beneficial partnerships with our customers and stakeholders.

We conduct our business responsibly aiming to fulfill
our commitment to sustainable development and to achieve long-term
growth with superior financial returns.



Science For

The Mission Statement of



"The mission statement guides our strategy and seeks to arouse everyone's enthusiasm to contribute to Bayer's success. The aim is to impart one thing above all else: the fascination that is Bayer."

Werner Wenning
**Chairman of the Board of Management
of Bayer AG**

"To sharpen our focus on innovation, we have carried out a strategic realignment, placing our businesses into three segments that operate virtually independently and are aligned to their respective markets. They are supported by competent service units."

Health Care

Health
Care



Crop
Science

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Nutrition

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For A Better Life

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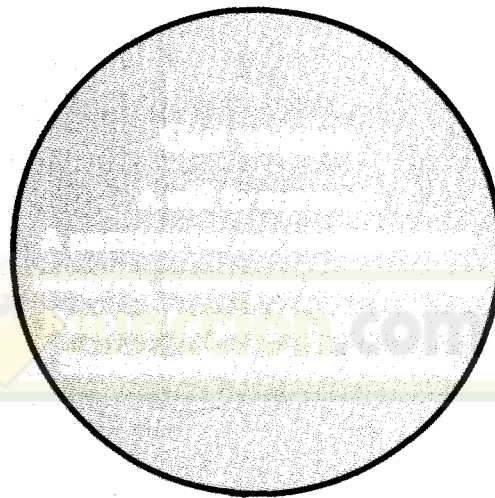
Health Care

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High-Tech Materials



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Bayer CropScience

Bayer CropScience Limited [formerly Bayer (India) Limited]

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Directors

Dr. Vijay Mallya — Chairman
Mr. Yezdi H. Malegam
Mr. Johannes M. Dietsch
Mr. A. K. Ravi Nedungadi
Mr. Raj Kaul
Mr. Sharad M. Kulkarni — Alternate to Mr. Johannes M. Dietsch
Mr. Stephan Gerlich — Managing Director
Mr. Johannes Frick — Wholetime Director

Head – Legal & Company Secretary

Shirin V. Balsara

Bankers

Bank of America
BNP Paribas
Central Bank of India
Citibank N.A.
Deutsche Bank
HDFC Bank Limited
Societe Generale
State Bank of India
Union Bank of India

Registered Office

Bayer House, Central Avenue,
Hiranandani Gardens, Powai,
Mumbai - 400 076.
Tel. No. 2570 0300
Fax No. 2570 0147

Registrars and Share Transfer Agents

Tata Share Registry Limited
Army & Navy Building,
148, M. G. Road,
Fort, Mumbai - 400 001.
Tel. No. 5656 8484.
Fax No. 5656 8494.

Auditors

Price Waterhouse

Solicitors

Crawford Bayley & Co.

Factories

- (1) Kolshet Road,
Thane 400 607, Maharashtra.
- (2) Plot No. 6009 – 10 &
6301 – 10A,
GIDC Industrial Estate,
Ankleshwar 393 002, Gujarat.
- (3) 66/1 to 75/2, GIDC Estate,
Himatnagar 383 001,
Gujarat.

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Members are requested to direct all correspondence relating to share matters to the Company's Registrars and Share Transfer Agents.

Members are requested to bring their copies of the Annual Report to the Annual General Meeting.

Members are requested to send their queries, if any, relating to the accounts of the Company, well in advance, so that the necessary information can be made available at the Meeting.



Bayer CropScience

Notice to Shareholders

NOTICE is hereby given that the Forty Seventh Annual General Meeting of Bayer CropScience Limited will be held on Wednesday, 22nd June, 2005 at 11.30 a.m. at "Yashwantrao Chavan Pratishthan Auditorium", Y. B. Chavan Centre, Near Mantralaya, Gen. J. Bhosale Marg, Mumbai - 400 021 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the audited Balance Sheet as at 31st December, 2004 and the Profit and Loss Account for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To declare dividend on equity shares for the year ended 31st December, 2004.
3. To appoint a Director in place of Mr. Y. H. Malegam, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. J. M. Dietsch, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT in supersession of the Special Resolution passed at the Extraordinary General Meeting of the Company held on 18th March, 2004 and pursuant to sub-section (1) of Section 163 and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as "the Act"), approval of the Company be and is hereby accorded for relocating the Register of Members, Index of Members, Register of Debentureholders, Index of Debentureholders, other related books and copies of all annual returns prepared under Section 159 and other applicable provisions of the Act together with the copies of the certificates and documents required to be annexed thereto under Section 161 and other applicable provisions of the Act or any one or more of them, with effect from 1st July, 2005 from the premises of Tata Consultancy Services at Park West-II, Raheja Estate, Kulupwadi Road, Borivali (East), Mumbai - 400 066 to the Office of the Company's Registrars & Share Transfer Agents, Tata Share Registry Limited situated at Army & Navy Building, 148, M. G. Road, Mumbai - 400 001 and/or at their record station situated at Pooja Apartments, Ground Floor, Near Vitrum Glass, L.B.S. Road, Vikhroli (West), Mumbai - 400 079 and/or at the Registered Office of the Company.

RESOLVED FURTHER THAT the Registers, Indexes, Returns, Books, Certificates and Documents of the Company required to be maintained and kept open for inspection under the provisions of the Companies Act, 1956 be kept open for such inspection at the place where they are kept, by the persons entitled thereto to the extent and in the manner and on payment of fees, if any, specified in the aforesaid Act between 10.00 a.m. and 12.00 noon on any working day of the Company, except when the Registers and Books are closed under the provisions of the Companies Act, 1956 or the Articles of Association of the Company, provided, however, that the Register required to be maintained under Section 307 of the said Act shall be open for inspection of the Members and holders of the Debentures of the Company, if any, as aforesaid between the hours abovementioned during the period prescribed by sub-section 5(a) of the Section 307.

RESOLVED FURTHER THAT any one of Mr. Stephan Gerlich, Managing Director or Mr. Johannes Frick, Wholetime Director or Shirin V. Balsara, Head - Legal & Company Secretary be and are hereby severally authorised to sign and file such forms and documents as may be required and to do all such acts, deeds and things as may be necessary to give effect to this resolution".

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 316, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of Central Government, if applicable, approval of the Company be and is hereby accorded to the appointment of Mr. Stephan Gerlich as the Managing Director of the Company for a period of five years commencing from 14th September, 2004 upon and, subject to the

Notice to Shareholders (Contd.)

terms, conditions and stipulations hereinafter mentioned and be paid and provided with the following remuneration, perquisites and amenities:

- | | |
|--|---|
| (a) Salary | : (i) Rs. 379,010/- (Rupees Three Lacs Seventy Nine Thousand and Ten only) per month.
(ii) An amount equivalent to Euro 11,432 (Euro Eleven Thousand Four Hundred and Thirty-Two only) per month in Indian Rupees at the prevailing exchange rate. |
| (b) Annual Increment | : An amount as may be decided by the Board of Directors from time to time. |
| (c) Annual Performance Award/
Bonus | : An amount as may be decided by the Board of Directors from time to time. |
| (d) Perquisites | : As per the provisions of Section 198 and 309 of the Companies Act, 1956 and Schedule XIII to the said Act for the time being in force or any statutory modification or re-enactment thereof.
The perquisites (including allowances) payable are as follows: |
| (i) Housing | : The Company shall provide free furnished accommodation. |
| (ii) Home Travel Allowance | : An amount as may be decided by the Board of Directors from time to time. |
| (iii) Club fees | : Fees of one club. |
| (iv) Children's education
expenses | : Actual educational expenses shall be paid. |
| (v) Reimbursement of
expenses incurred on joining
duty in India/returning to the
Managing Director's home
country after completion of
tenure of his service | : Actual expenses incurred on travel and on packing, forwarding, loading/unloading as well as freight, insurance, customs duty, clearing expenses, local transportation and installation expenses in connection with the moving of personal effects for self and family for joining duty in India may be allowed in case these have not been claimed from the previous employer. After completion of the tenure, such expenses may be reimbursed if the Managing Director is finally leaving the employment of the Company. |
| (vi) Retirement Benefits | : Retirement benefits under the Employee Benefit Programme/Scheme as per the rules of the Company. |
| (vii) Free use of Motor Car | : Free use of a motor car with chauffeur; alternatively the Company shall bear all running, maintenance and repair expenses plus the remuneration of a chauffeur for his own car. |
| (viii) Earned/Privilege Leave | : As per rules of the Company. |
| (ix) Encashment of Leave | : Encashment of leave at the end of the tenure as per the rules of the Company. The same will not be included in the computation of the ceiling on perquisites. |
| (x) Entertainment Expenses | : Reimbursement of entertainment expenses actually and properly incurred in the course of legitimate business of the Company. |

RESOLVED FURTHER THAT the remuneration, aforesaid, including expressly the benefits and amenities aforesaid, shall be paid and provided as minimum remuneration to Mr. Stephan Gerlich notwithstanding the absence or inadequacy of profits in any accounting year of the Company during the tenure of his office as the Managing Director of the Company.

RESOLVED FURTHER THAT in the event of any relaxation made by the Government in the guidelines or ceiling on Managerial Remuneration during the period of this agreement, the remuneration (including "Minimum Remuneration") payable to the Managing Director shall be increased as the Board may deem fit in accordance with the guidelines or ceiling.



Notice to Shareholders (Contd.)

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

RESOLVED FURTHER THAT so long as Mr. Stephan Gerlich functions as Managing Director of the Company, he shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committee thereof.

RESOLVED FURTHER THAT Mr. Stephan Gerlich shall not be liable to retire by rotation during his tenure as Managing Director of the Company.

RESOLVED FURTHER THAT Mr. Johannes Frick, Wholtime Director or Shirin V. Balsara, Head – Legal & Company Secretary, be and are hereby severally authorised to sign and file such forms and documents as may be required and to do all such acts, deeds and things as may be necessary to give effect to the aforesaid Resolution."

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

"RESOLVED THAT pursuant to the provisions of Clause 49 of the Listing Agreement with the Stock Exchange, Mumbai, the approval of the members of the Company be and is hereby accorded for payment of Rs. 20,000 (Rupees Twenty Thousand only) or such other amount as may be approved by the Board of Directors, subject to the ceiling as may be prescribed under the Companies Act, 1956, or any statutory modifications or enactment thereof and/or any rules or under regulations framed thereunder and/or by the Central Government, as sitting fees for each meeting of the Board of Directors, attended by the Non-Executive Directors of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Clause 49 of the Listing Agreement with the Stock Exchange, Mumbai, the approval of the members of the Company be and is hereby accorded for payment of Rs. 10,000 (Rupees Ten Thousand only) or such other amount as may be approved by the Board of Directors, subject to the ceiling as may be prescribed under the Companies Act, 1956, or any statutory modifications or enactment thereof and/or any rules or under regulations framed thereunder and/or by the Central Government, as sitting fees for each meeting of the Committee of the Board of Directors, attended by the Non-Executive Directors of the Company.

RESOLVED FURTHER THAT the Non-Executive Directors/Independent Directors may be paid such amount as may be decided by the Board of Directors, other than sitting fees for attending Board and Committee meetings, which do not result in any material pecuniary relationship with the Company as prescribed under the Listing Agreement."

NOTES:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. The instrument appointing a proxy in order to be effective shall be duly filled, stamped, signed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- (b) The relevant explanatory statement pursuant to Section 173 of the Companies Act, 1956 (the Act), in respect of the business under Items 6 to 8 is annexed hereto and forms part of this Notice. The details under Clause 49 of the Listing Agreement with the Stock Exchange, Mumbai, in respect of Directors seeking re-appointment at the Annual General Meeting forms part of the Corporate Governance Report.
- (c) The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 7th June, 2005 to Wednesday 22nd June, 2005 (both days inclusive).
- (d) The dividend on shares as recommended by the Board of Directors of the Company, if declared at the meeting, will be payable to those shareholders in respect of shares held in physical form whose names stand on the Register of Members of the Company after giving effect to the valid transfers in respect of the shares lodged with the Company on or before the close of business hours on 6th June, 2005. The dividend in respect of equity shares held in electronic form will be payable to the beneficial owners of the equity shares as at the end of business hours on 6th June, 2005 as per the details furnished by the depositories for this purpose. Dividend warrants will be sent within 30 days from the date of declaration of dividend.

Notice to Shareholders (Contd.)

- (e) In view of Tata Share Registry Limited being appointed as the Registrars & Share Transfer Agents of the Company, shareholders are requested to address all correspondence to them at the following address:

Tata Share Registry Limited
Unit : Bayer CropScience Limited
Army & Navy Building, 148, M. G. Road,
MUMBAI - 400 001.
Tel. No. 91 22 5656 8484, Fax No. 91 22 5656 8494
E-mail : csg-unit@tatashare.com

- (f) Members holding shares in physical form are requested to notify/send the following to the Company's Registrar and Share Transfer Agents on or before 6th June, 2005 to facilitate better service:
- (i) any change in their address/mandate/bank details;
 - (ii) particulars of their bank account in case the same have not been sent earlier; and
 - (iii) share certificate(s) held in multiple accounts in identical names or joint accounts in the same order of names for consolidation of such shareholdings into one account.
- (g) Members holding shares in the dematerialised mode are requested to intimate all changes pertaining to their bank details, ECS, mandates, nominations, power of attorney, change of address/name, etc. to their depository participant only and not to the Company's Registrars and Share Transfer Agents. Changes intimated to the depository participant will then be automatically reflected in the Company's records which will help the Company and its Registrars and Share Transfer Agents to provide efficient and better service to the Members.
- (h) The Members are requested to encash the Dividend Warrants immediately on its receipt, as pursuant to the provisions of Section 205A(5) of the Companies Act, 1956 (the Act) dividends remaining unclaimed for seven years from the date they first became due for payment are now required to be transferred to the "Investor Education and Protection Fund" established by the Central Government under Section 205C of the Act. Members shall not be able to claim any unpaid dividend from the said Fund or the Company thereafter. The dividend paid in the year 1998 is now due to be transferred to the Investor Protection and Education Fund by 10th August, 2005. The members are requested to encash the dividend of that year, if not already done.
- (i) Members can avail of the facility of nomination in respect of shares held by them. Members desiring to avail of this facility may send their nomination in the prescribed Form No. 2B duly filled in to the Company's Registrars and Share Transfer Agents, quoting their respective Folio Nos., Certificate Nos. and Distinctive Nos.
- (j) Kindly forward all accounts related queries well in advance, so as to reach the Company atleast 10 days before the Annual General Meeting.
- (k) All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days between 10.00 a.m. and 12.00 noon upto the date of the Annual General Meeting.

By Order of the Board of Directors

SHIRIN V. BALSARA
Head – Legal & Company Secretary

Mumbai, 28th April, 2005.

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



Bayer CropScience

Annexure to Notice

The following Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 set out all material facts relating to the business mentioned at Item Numbers 6 to 8 in the accompanying notice dated 28th April, 2005.

ITEM NO. 6

As approved by the shareholders at the Extraordinary General Meeting held on 18th March, 2004, the Register of Members, Annual Returns, other related books, certificates etc. are presently kept at the premises of Tata Consultancy Services at Park West-II, Raheja Estate, Kulupwadi Road, Borivali (East), Mumbai - 400 066.

The Company has appointed Tata Share Registry Limited as its new Registrar and Share Transfer Agents. The approval of the members is hereby sought by a Special Resolution for maintaining the Registers and Indexes of Members and Debentureholders, Returns of Allotment and Annual Returns and other documents at Tata Share Registry Limited situated at Army & Navy Building, 148, M. G. Road, Mumbai - 400 001 and/or at their record station situated at Pooja Apartments, Ground Floor, Near Vitrum Glass, L.B.S. Road, Vikhroli (West), Mumbai - 400 079 and/or at the Registered Office of the Company with effect from 1st July, 2005.

No Director is concerned or interested in the passing of this resolution.

ITEM NO. 7

Mr. Stephan Gerlich was appointed as the Managing Director of the Company at the Board Meeting held on 13th September, 2004.

Mr. Gerlich has been with the Bayer Group since 1981 and has been Bayer's delegate and Manager in France and Mexico.

Pursuant to the restructuring of the Board in the beginning of September 2004, Mr. Gerlich has been appointed as the Managing Director of the Company with effect from 14th September, 2004. Further Mr. Gerlich holds the post of Managing Director and Chairman of Bayer MaterialScience Private Limited (formerly known as Bayer Industries Private Limited) and also has the responsibility as Country Speaker for the Bayer Group of Companies in India.

The Company has benefitted immensely from the expertise and market knowledge which Mr. Gerlich has acquired through serving Bayer AG, Germany as Foreign Correspondent in Organic Chemicals Division and the various managerial positions held by him in France, Mexico and U.S.A.

The terms and conditions of payment of remuneration to Mr. Gerlich as the Managing Director of the Company are within the limits as prescribed under Schedule XIII to the Companies Act, 1956.

Abstract under Section 302 of the Companies Act, 1956 has already been circulated to the Members.

The Board recommends the appointment of Mr. Gerlich as the Managing Director of the Company for a period of five years from 14th September, 2004.

Except Mr. Gerlich, no Director is concerned or interested in the passing of this resolution.

ITEM NO. 8

The Securities and Exchange Board of India (SEBI) has revised the Clause 49 of the Listing Agreement relating to Corporate Governance which has to be complied with by 31st December, 2005. One of the requirements therein states that all the fees/compensation payable to Non-Executive Directors, including the independent Directors, shall be fixed by the Board of Directors and shall require previous approval of the shareholders in the General Meeting.

At present pursuant to the Clause 119(3) of the Articles of Association, the Company is paying to the Non-Executive Directors, sitting fees of Rs. 20,000/- for attending each Board Meeting and Rs. 10,000/- for each Audit Committee Meeting. Presently no sitting fees are been paid to the members of the Shareholders'/Investors'/Grievance Committee.

Approval of the members is sought for the payment of the above mentioned sum or such other sum at Board Meetings or at Committee Meetings as may be approved by the Board of Directors, which is within the limits stipulated under the Companies Act, 1956 or rules framed there under.