



Bayer CropScience

**BAYER
CROPSCIENCE
LIMITED**

54TH

**ANNUAL
REPORT** APRIL 2011 -
MARCH 2012





BOARD OF DIRECTORS



Dr. Vijay Mallya
Chairman



Stephan Gerlich
Vice Chairman &
Managing Director



Sharad M Kulkarni
Non-Executive
Independent Director



AKR Nedungadi
Non-Executive
Independent Director



Vimal Bhandari
Non-Executive
Independent Director



Peter Mueller
Non-Executive Director



Tobias Marchand
Non-Executive Director



Kaikobad B Mistry
Whole-time Director

SCIENCE FOR A BETTER LIFE

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



Bayer CropScience



At Bayer CropScience, we have extraordinary expertise, the passion and integrity of a farmer, the willingness to listen closely to our customers' needs across the globe and the vision to foresee issues and seize opportunities across the entire value chain.

By uniting our energy, our talents, our integrity and our creativity to solve issues – big or small – for our customers, we will be in a position to gain the leader's seat at the table... **Propelling Farming's Future.**



Bayer CropScience's innovative products help raise the quality of life. The Company is continuously engaged in finding new ways to strengthen and improve its distribution and marketing activities along the entire value chain – from seed to shelf.

Bayer CropScience offers high-quality seed, effective crop protection and expertise in environmental protection, efficiency and safety – thus generating value for all partners.

FROM SEED TO SHELF

LAUNCHES
2011-2012



Accord Plus

A post-emergent herbicide that is an excellent Resistant Phalaris Management tool in wheat

Lesenta

Lesenta

The soil pest specialist from Bayer (Coming soon)



Arize 6444 Gold (DSR Segment)

Bayer's hybrid for Direct Seeded Rice segment



Surpass SP 7007 BG II

Bayer's high yielder Cotton hybrid with wider adaptability in North India



Proagro 9450

Bayer's higher yielding, lodging and Downy Mildew (DM) disease tolerant Millet hybrid



NOTICE

NOTICE is hereby given that the 54th Annual General Meeting of Bayer CropScience Limited will be held on Friday, August 24, 2012 at 2.00 p.m. at Rangaswar Hall, 4th Floor, Y.B. Chavan Centre, Near Mantralaya, Gen. J. Bhonsale Marg, Mumbai - 400 021 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the audited Profit and Loss Account for the financial year ended March 31, 2012 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, 2012.
3. To appoint a Director in place of Mr. Sharad M. Kulkarni, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Vimal Bhandari, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint auditors and fix their remuneration.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass the following Resolution with or without modification(s) as an Ordinary Resolution:
“**RESOLVED THAT** Mr. Peter Mueller who was appointed as a Director of the Company by the Board from August 1, 2011 to fill in the casual vacancy caused due to the resignation of Mr. Johannes Dietsch, holds office upto the date of this Annual General Meeting under Section 262(1) of the Companies Act, 1956 read with Article 117(1) of the Articles of Association of the Company, but being eligible, offers himself for re-appointment and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose Mr. Peter Mueller as a candidate for the office of Director, be and is hereby appointed as a Director of the Company and whose term of office shall be liable to determination by retirement of the Directors by rotation.”
7. To consider and, if thought fit, to pass the following Resolution with or without modification(s) as an Ordinary Resolution:
“**RESOLVED THAT** Mr. Tobias Marchand who was appointed as a Director by the Board from August 1, 2011 to fill in the casual vacancy caused due to the resignation of Mr. Bernd Naaf, holds office upto the date of this Annual General Meeting under Section 262(1) of the Companies Act, 1956 read with Article 117(1) of the Articles of Association of the Company, but being eligible, offers himself for re-appointment and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose Mr. Tobias Marchand as a candidate for the office of Director, be and is hereby appointed as a Director of the Company and whose term of office shall be liable to determination by retirement of the Directors by rotation.”

NOTES:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. The instrument appointing a proxy in order to be effective shall be duly filled, stamped, signed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting. Proxies submitted on behalf of the Companies, Societies etc. must be supported by appropriate Resolution / Authority, as applicable, issued on behalf of the nominating organisation.
- (b) Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, is annexed hereto and forms part of this Notice. The details under Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited, Mumbai, in respect of Directors seeking approval for re-appointment at the Annual General Meeting forms part of the Corporate Governance Report.
- (c) The Register of Members and Share Transfer Books of the Company will remain closed from Friday, August 10, 2012 to Friday, August 24, 2012 (both days inclusive).
- (d) The dividend of ₹ 4.20 per Equity Share, as recommended by the Board of Directors, if declared at the ensuing 54th Annual General Meeting to be held on Friday, August 24, 2012 will be paid at par within 30 days of the said date:
 - (i) to those members who hold shares in physical form and whose names appear on the Company's Register of Members as holders of Equity Shares on Friday, August 24, 2012.
 - (ii) in respect of shares held in dematerialised form, to the Beneficial Owners of the shares as at the close of business hours on Thursday, August 9, 2012, as per details to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
- (e) Members are requested to direct all shares related correspondence to TSRDL at the following address:

TSR Darashaw Limited,
Unit : Bayer CropScience Limited,
6-10, Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road, Near Famous Studio,
Mahalaxmi, Mumbai – 400 011.
Tel. No.: 91 22 6656 8484
Fax No.: 91 22 6656 8494
e-mail: csg-unit@tsrdarashaw.com

NOTICE (contd.)

- (f) Members holding shares in physical form are requested to notify / send the following to TSRDL on or before Thursday, August 9, 2012 in order to facilitate better service:
- (i) any change in their address / mandate / bank details;
 - (ii) particulars of their bank account in case the same have not been sent earlier; and
 - (iii) share certificate(s) held in multiple accounts in identical names or joint accounts in the same order of names for consolidation of such shareholdings into one account.
- (g) Members holding shares in the dematerialised form are requested to intimate all changes pertaining to their bank details, NECS mandates, nominations, power of attorney, change of address / name etc. to their Depository Participant only and not to the Company / TSRDL. Changes intimated to the Depository Participant will then be automatically reflected in the Company's records which will help the Company and TSRDL to provide efficient and better service to the members.
- (h) The Members are requested to encash the Dividend Warrants immediately on its receipt, as pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividends remaining unclaimed for 7 years from the date they were transferred to the unpaid dividend account are required to be transferred to the "Investor Education and Protection Fund" (IEPF) established by the Central Government under Section 205C of the Companies Act, 1956. Members shall not be able to claim any unpaid or unclaimed dividend from IEPF or the Company thereafter.
- (i) **The Members are requested to note that the dividend declared in June 2006 is due to be transferred to IEPF in July 2013.**
- (j) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in dematerialised form are, therefore, requested to submit their PAN details to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to TSRDL.
- (k) Members can avail of the facility of nomination in respect of shares held by them by sending their nomination in the prescribed Form No. 2B duly filled in to TSRDL, quoting their respective Folio Nos., Certificate Nos. and Distinctive Nos.
- (l) All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days between 10.00 a.m. and 12.00 noon upto the date of the Annual General Meeting.
- (m) **The Ministry of Corporate Affairs (MCA), Government of India, vide its circular Nos.17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively, has allowed companies to send official documents to the Members electronically as a part of its 'Green Initiative in Corporate Governance'. In line with the aforesaid circulars, the Company proposes to send documents like the Notice governing the general meetings, financial statements, Directors' Report, Auditors' Report etc. to the e-mail address provided by you to your depositories. Accordingly, members are requested to register their e-mail address and changes therein from time to time, by directly sending the relevant e-mail address alongwith the 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.

By Order of the Board of Directors
For Bayer CropScience Limited

Shirin V. Balsara
Vice President – Law, Patents & Compliance &
Company Secretary

Mumbai, May 29, 2012

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



ANNEXURE TO NOTICE

The following Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 sets out all material facts relating to the business mentioned in Item Nos. 6 and 7 in the accompanying Notice dated May 29, 2012:

Explanatory Statement

Item No. 6

Mr. Peter Mueller was appointed as a Director to fill in the casual vacancy with effect from August 1, 2011 caused due to the resignation of Mr. Johannes Dietsch. He continues to hold office as a Director appointed in the casual vacancy upto the date of this Annual General Meeting and, being eligible, offers himself for re-appointment. A notice in writing under Section 257 of the Companies Act, 1956 has been received from a member of the Company signifying his intention to propose Mr. Peter Mueller as a candidate for the office of Director.

A brief profile of Mr. Peter Mueller alongwith the required particulars are given in paragraph 4.3 of the Report on Corporate Governance for the information of the Members.

The Board recommends the appointment of Mr. Peter Mueller as a Director of the Company.

Except Mr. Mueller, none of the Directors are in any way concerned or interested in the passing of this resolution.

Item No. 7

Mr. Tobias Marchand was appointed as a Director to fill in the casual vacancy with effect from August 1, 2011 caused due to the resignation of Mr. Bernd Naaf. He continues to hold office as a Director appointed in the casual vacancy up to the date of this Annual General Meeting and, being eligible, offers himself for re-appointment. A notice in writing under Section 257 of the Companies Act, 1956 has been received from a member of the Company signifying his intention to propose Mr. Tobias Marchand as a candidate for the office of Director.

A brief profile of Mr. Tobias Marchand alongwith the required particulars is given in paragraph 4.4 of the Report on Corporate Governance for the information of the Members.

The Board recommends the appointment of Mr. Tobias Marchand as a Director of the Company.

Except Mr. Marchand, none of the Directors are in any way concerned or interested in the passing of this resolution.

By Order of the Board of Directors
For Bayer CropScience Limited

Shirin V. Balsara
Vice President – Law, Patents & Compliance &
Company Secretary

Mumbai, May 29, 2012

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

DIRECTORS' REPORT

Dear Members,

Your Directors take pleasure in presenting the 54th 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, 2012.

Financial Performance:

₹ in Millions

Particulars	2011 - 12	2010 - 11
Revenue from Operation (Net)	22,723	21,373
Other Income	453	205
Total Revenue	23,176	21,578
Profit before Finance costs, Depreciation, Exceptional Items and Taxation	2,980	2,436
Less : Finance Costs	(17)	(83)
Less : Depreciation and Amortisation	(340)	(327)
Profit before Exceptional Items and Taxation	2,623	2,026
Less : Exceptional Items	(579)	(38)
Profit Before Tax	2,044	1,988
Less : Taxes	(654)	(672)
Profit After Tax	1,390	1,316
Add : Surplus in Statement of Profit and Loss at the beginning of the year	5,032	4,032
Amount available for Appropriation	6,422	5,348
Appropriations:		
Proposed Dividend	166	158
Taxation on Proposed Dividend	27	26
Transferred to General Reserve	139	132
Profit & Loss Balance Carried Forward	6,090	5,032

Operations:

Your Company's profit after tax increased to ₹ 1,390 Millions during the financial year ended March 31, 2012 as compared to ₹ 1,316 Millions in previous year, an increase of 5.62 %.

Dividend:

The Board of Directors is pleased to recommend the payment of dividend of ₹ 4.20 per Equity Share of ₹ 10 each for the financial year ended March 31, 2012, subject to the approval of the Members (previous year ₹ 4 per Equity Share of ₹ 10 each). The proposed dividend will absorb a sum of ₹ 166 Millions. The Register of Members will remain closed from Friday, August 10, 2012, to Friday, August 24, 2012 (both days inclusive).

Exports:

Your Company is a recognised Export House. The export sale (FOB) for the year ended March 31, 2012 was ₹ 3,096 Millions compared to ₹ 2,363 Millions during the previous year.

Public Deposits:

A sum of ₹ 15,000 relating to 1 deposit, which was claimed, but not encashed, remained balance as on March 31, 2012. No interest is payable on such unclaimed deposit after the maturity date. During the year under review, your Company has not accepted any public deposits.

Insurance:

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

In addition to the above, adequate coverage has been taken to cover public liability, environmental liability and product liability risks. All the employees are also covered against the risk of hospitalisation and personal accident.

Foreign Exchange Management:

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



DIRECTORS' REPORT (contd.)

Directors' Responsibility Statement:

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

1. in the preparation of the annual accounts, the applicable accounting standards have been followed;
2. appropriate accounting policies have been selected and applied consistently, and such judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2012 and of the profit of the Company for the financial year ended March 31, 2012;
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. the annual accounts have been prepared on a going concern basis.

Responsible Care and Quality:

Your Company observed National Safety Week and Fire Prevention Week in the year and conducted various activities throughout the week to spread awareness on safety amongst employees. September 13, 2011 was observed as the Bayer Safety Day.

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

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

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

Corporate Sustainability and Social Responsibility:

In our mission statement "Bayer: Science For A Better Life" we summarise what we stand for as a Company: "Innovative solutions to socially relevant problems". Our new values concept 'LIFE – which stands for Leadership, Integrity, Flexibility and Efficiency' combine innovative performance with the personal actions of each employee, thus providing orientation for our everyday business.

Sustainability – which essentially means future viability – forms an integral part of our business strategy. We are convinced that we can only be commercially successful in the long run, if we balance economic growth with ecological and social responsibility.

Bayer Model Village Project

As a key player in the agricultural industry, Bayer CropScience in India is playing an important role in driving innovation to improve agricultural productivity in the country.

Agriculture is the key to economic growth and prosperity. In order to provide livelihood for a majority of Indian farmers living in rural areas, Bayer CropScience has been taking a lead in developing a broad variety of measures that include, in particular, a strong focus on knowledge transfer on how sustainable crop production can increase productivity.

Child Care Programme (CCP) has been envisaged as a social intervention model to eliminate child labour in the seed supply chain and for protecting their right to education. CCP has been acknowledged as an exemplary model by NGOs and companies alike, for getting children off the farms of contract seed growers and into schools.

As a next step towards empowerment, Bayer is now using the insights gained during the implementation of CCP to launch the Model Village Project.

The "Model Village Project" is an inspired extension of CCP's objective – to usher in comprehensive rural development, by means of a variety of purposeful projects that focus on improving quality of life in Indian villages.

In the framework of the project, interim storage space for harvested crops, weather insurance schemes and micro loans for farm investments will also be included as core components. These programmes will help farmers to directly access markets by eliminating the ineffective and traditional ways of trade, e.g. through middlemen. Education and training opportunities for children are an essential part of this initiative.

The Model Village Project in India is to be implemented in two villages – Mangaludda and Kadivala, both in Karnataka as pilots. Based on the success of the two pilot projects, Bayer intends to scale up this project in all seed production villages across the country.

Bayer's approach

Bayer and its partners will help farmers to improve their agricultural productivity and profitability by providing advice and making available quality inputs. Bayer and its partners intend to carry out various projects to contribute to the improvement of educational standards and the livelihood situation of the villagers.

The overall approach for execution of the project will be through developing partnerships with like-minded organisations and bringing their expertise to the table. To act as a focal point and incubator, Bayer has incorporated a separate legal entity, "Bayer Prayas Rural Development Association".

Bayer Prayas will facilitate community involvement, strong partnerships and possibility of turning the Model Villages into a hub of development activities, with the organisation working as a point of convergence and project sustainability.