

BAYER  
CROPSCIENCE  
LIMITED

55<sup>TH</sup>

ANNUAL  
REPORT APRIL 2012 -  
MARCH 2013



Bayer CropScience



# BOARD OF DIRECTORS



**Dr. Vijay Mallya**  
Chairman



**Stephan Gerlich**  
Vice Chairman &  
Managing Director



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



**AKR Nedungadi**  
Non-Executive  
Independent Director



**Vimal Bhandari**  
Non-Executive  
Independent Director



**Peter Mueller**  
Non-Executive Director



**Tobias Marchand**  
Non-Executive Director



**Kaikobad B Mistry**  
Non-Executive Director



**Dr. Thomas Hoffmann**  
Whole-time Director

## SCIENCE FOR A BETTER LIFE

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

# Inventions for agriculture



1892

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



1914

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



1971

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



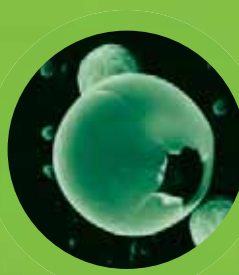
1976

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



1988

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



1991

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



2004

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



2007

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



2008

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



2012

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

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

## FROM SEED TO SHELF

### LAUNCHES 2012 - 2013



#### ProAgro 5121

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



#### Arize 6129 Gold

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



#### ProAgro 7701 Gold

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



#### ProAgro - 9444 Gold

Bayer's Millet Hybrid Seed  
offering higher lodging and  
disease tolerance



#### SurPass - First Class

Bayer's high yielding Cotton hybrid  
with wider adaptability and  
better yield stability

**Bayer CropScience Limited  
Annual Report 2012-13**

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

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

<b>Bankers</b>	Bank of America
	BNP Paribas
	Central Bank of India
	Citibank N.A.
	Credit Agricole Corporate and Investment Bank
	Deutsche Bank
	HDFC Bank Limited
	Societe Generale
	State Bank of India
Union Bank of India	

**Auditors** Price Waterhouse

**Solicitors** Crawford Bayley & Co.

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

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

**Registrars & Share Transfer Agents** TSR Darashaw Private Limited (TSRDPL)  
6-10, Haji Moosa Patrawala  
Industrial Estate,  
20, Dr. E. Moses Road, Near Famous Studio,  
Mahalaxmi, Mumbai - 400 011.  
Tel. No.: 91 22 6656 8484  
Fax No.: 91 22 6656 8494

**Factories** (1) Plot Nos. 6008 - 10 & 6301 - 10A,  
G.I.D.C. Industrial Estate,  
Ankleshwar - 393 002, Gujarat.  
(2) Plot Nos. 66/1 to 75/2  
G.I.D.C. Industrial Estate,  
Himatnagar - 383 001, Gujarat.

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**Members are requested to:**

- direct all shares related correspondence to TSRDPL.
- bring their copy of the Annual Report to the Annual General Meeting
- send their queries, if any, relating to the accounts of the Company, at least 10 days before the Annual General Meeting, so that the necessary information can be made available at the Meeting.



## NOTICE

NOTICE is hereby given that the 55<sup>th</sup> Annual General Meeting of Bayer CropScience Limited will be held on Thursday, August 29, 2013 at 12.15 p.m. at "Yashwantrao Chavan Pratishthan Auditorium", Y. B. Chavan Centre, Near Mantralaya, Gen. J. Bhonsale Marg, Mumbai - 400 021 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the audited Statement of Profit and Loss for the financial year ended March 31, 2013 and the Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare dividend on Equity Shares for the financial year ended March 31, 2013.
3. To appoint a Director in place of Dr. Vijay Mallya, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. A.K.R. Nedungadi, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint auditors and fix their remuneration.

### SPECIAL BUSINESS:

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

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

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

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

**NOTICE** (contd.)

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

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

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

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

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

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

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

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

**NOTES:**

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. The instrument appointing a proxy in order to be effective shall be duly filled, stamped, signed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting. Proxies submitted on behalf of companies, societies etc. must be supported by appropriate resolution / authority, as applicable, issued on behalf of the nominating organisation.
- (b) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, is annexed hereto and forms part of this Notice. The details under Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited, Mumbai, in respect of Directors seeking approval for re-appointment at the Annual General Meeting, form part of the Corporate Governance Report.
- (c) The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, August 14, 2013 to Thursday, August 29, 2013 (both days inclusive).
- (d) The dividend of ₹ 5.00 per Equity Share, as recommended by the Board of Directors, if declared at the ensuing 55<sup>th</sup> Annual General Meeting to be held on Thursday, August 29, 2013 will be paid at par within 30 days of the said date:
  - (i) to those members who hold shares in physical form and whose names appear on the Company's Register of Members as holders of Equity Shares on Thursday, August 29, 2013.
  - (ii) in respect of shares held in dematerialised form, to the Beneficial Owners of the shares as at the close of business hours on Tuesday, August 13, 2013 as per details to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).



- (e) Members are requested to direct all shares related correspondence to TSRDPL at the following address:  
TSR Darashaw Private Limited,  
Unit : Bayer CropScience Limited,  
6-10, Haji Moosa Patrawala Industrial Estate,  
20, Dr. E. Moses Road, Near Famous Studio,  
Mahalaxmi, Mumbai – 400 011  
Tel. No.: 91 22 6656 8484  
Fax No.: 91 22 6656 8494  
e-mail: csg-unit@tsrdarashaw.com
- (f) Members holding shares in physical form are requested to notify / send the following to TSRDPL on or before Tuesday, August 13, 2013 in order to facilitate better service:
- (i) any change in their address / mandate / bank details;
  - (ii) particulars of their bank account in case the same have not been sent earlier; and
  - (iii) share certificate(s) held in multiple accounts in identical names or joint accounts in the same order of names for consolidation of such shareholdings into one account.
- (g) Members holding shares in the dematerialised form are requested to intimate all changes pertaining to their bank details, NECS mandates, nominations, power of attorney, change of address / name etc. to their Depository Participant only and not to the Company / TSRDPL. Changes intimated to the Depository Participant will then be automatically reflected in the Company's records which will help the Company and TSRDPL to provide efficient and better service to the members.
- (h) Members are requested to encash the Dividend Warrants immediately on its receipt, as pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, dividends remaining unclaimed for 7 years from the date they were transferred to the unpaid dividend account are required to be transferred to the "Investor Education and Protection Fund" (IEPF) established by the Central Government under Section 205C of the Companies Act, 1956. Members shall not be able to claim any unpaid or unclaimed dividend from IEPF or the Company thereafter.
- (i) **Members are requested to note that the dividend declared in June, 2007 is due to be transferred to IEPF in July 2014.**
- (j) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in dematerialised form are, therefore, requested to submit their PAN details to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to TSRDPL.
- (k) Members can avail of the facility of nomination in respect of shares held by them by sending their nomination in the prescribed Form No. 2B duly filled in to TSRDPL, quoting their respective Folio Nos., Certificate Nos. and Distinctive Nos.
- (l) All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered / Corporate Office of the Company on all working days between 10.00 a.m. and 12.00 noon upto the date of the Annual General Meeting.
- (m) **The Ministry of Corporate Affairs (MCA), Government of India, vide its circular nos.17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively, has allowed companies to send official documents to the Members electronically as a part of its 'Green Initiative in Corporate Governance'. In line with the aforesaid circulars, the Company proposes to send documents like the Notice governing the general meetings, financial statements, Directors' Report, Auditors' Report etc. to the email address provided by the Members to their depositories. Accordingly, Members are requested to register their e-mail address(es) and changes therein from time to time, by directly sending the relevant e-mail address alongwith details of name, address, Folio No. and number of shares held:**
- (i) to TSRDPL, for shares held in physical form; and
  - (ii) in respect of shares held in dematerialised form, also provide DP ID / Client ID with the above details and register the same with their respective Depository Participants.

By Order of the Board of Directors

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

Mumbai, May 20, 2013

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



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**ANNEXURE TO NOTICE**

The following Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 sets out all material facts relating to the business mentioned in Item No. 6 in the accompanying Notice dated May 20, 2013:

**Explanatory Statement****Item No. 6**

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

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

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

The agreement entered into with Dr. Thomas Hoffmann is available for inspection at the Registered / Corporate office of the Company on all working days between 10.00 a.m. and 12.00 noon upto the date of the Annual General Meeting. An Abstract as required under Section 302 of the Companies Act, 1956 has already been circulated to all the Members of the Company.

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

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

By Order of the Board of Directors

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

Mumbai, May 20, 2013

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

## DIRECTORS' REPORT

Dear Members,

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

### Financial Performance:

₹ in Millions

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

### Operations:

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

### Material Developments during the year:

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

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

### Dividend:

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

### Exports:

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

### Public Deposits:

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

### Insurance:

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