

**Bayer CropScience Limited**

**62<sup>nd</sup> Annual Report**

**2019-20**





**On the Annual Report cover:**

*Rice harvesting by women smallholder farmers in Bari village in Chhatarpur district of Madhya Pradesh in India.*



The 62<sup>nd</sup> Annual General Meeting  
of Bayer CropScience Limited  
will be held on

**Date:** August 7, 2020

**Time:** 11:00 am IST onwards



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# Our mission: Science for a better life



**pg#03**

// Better Life Farming

**pg#04**

// Agri-entrepreneurship



**pg#05**

// Capacity building

## Index

### Corporate Overview

Unlocking smallholders' farming potential .....	02
Message from our Chairman .....	06
Message from our MD & CEO .....	07
Board of Directors .....	08
Corporate Information .....	11

### Statutory Reports

Notice .....	12
Directors' Report .....	23
Corporate Governance Report .....	53
Business Responsibility Report .....	76
Management Discussion & Analysis Report .....	92

### Financial Statements

Independent Auditors' Report .....	100
Balance Sheet .....	110
Statement of Profit and Loss .....	111
Statement of Changes in Equity .....	112
Cash Flow .....	113
Notes to the Financial Statements .....	115
Facts .....	159



## Unlocking smallholders' farming potential

In India, 80% of farmers are smallholders who farm on less than two hectares of land. Smallholder farmers play a crucial role in ensuring food security for India, but they face multiple challenges such as lack of finance, adverse climate impact, irrigation management, pests & crop diseases, rural migration and fluctuating commodity prices. Because of these challenges, they are unable to realize their full farming potential.

Bayer CropScience Limited has introduced various global and local initiatives to support long-term capacity building for smallholder farmers in India to help them increase crop yields & farm incomes and use their farms as a source of sustainable income rather than just to survive.

In addition, Bayer CropScience Limited is collaborating with state governments, internationally recognized NGOs & local organizations to scale up its existing and new value chain partnerships to maximize the incremental impact created for smallholder farmers and rural farming communities.

We firmly believe that when smallholder farmers will succeed in generating higher incomes, it will support rural job creation and increase the contribution of agriculture to India's economic growth. This in turn will make farming an attractive profession for future generations and bring more investment to the industry.

### Our Goals

- // Empower 2.5 million Indian smallholders by 2025 through access to modern agri-inputs and better public health
- // Activate 5,000 agri-entrepreneurs in horticulture, corn and rice



*Santhi Devi is a progressive rice farmer who grows Bayer's Arize rice hybrids in Bhondra, Jharkhand. She has been steadily improving her income and is able to meet healthcare and education expenses for her children without relying on loans.*



## ////// Leveraging partnerships with the 'Better Life Farming' alliance

In April 2018, Bayer AG, the global development finance institution IFC, the irrigation technology firm Netafim and insurance company Swiss Re Corporate Solutions set up the 'Better Life Farming' (BLF) alliance, to provide holistic and innovative solutions for smallholder farmers in developing economies. In July 2018, the alliance was set up in India with additional local partners: Yara Fertilisers, DeHaat, AgriBazaar and Big Basket.

The BLF alliance currently operates in the states of Uttar Pradesh and Jharkhand. These states were chosen as pilots after conducting a baseline study to identify regions where local crop yields were significantly lower compared to India's average national yield.

With the interventions of Better Life Farming, smallholder farmers have been able to double their crop yields and triple their farm incomes.

Under the alliance, Bayer is providing seeds and crop protection inputs along with advisory on integrated crop management practices. IFC is imparting financial literacy and helping family farms run their operations as a commercial business and increase their income. Netafim is creating awareness about precision irrigation and other advanced farming practices that can reduce vulnerability to weather changes. Yara Fertilisers is educating farmers about balanced crop nutrition and maintaining soil health. DeHaat, AgriBazaar and Big Basket are working as offtakers to ensure that smallholder farmers get the right price and market access for their produce.



### Highlights

- // Better Life Farming projects currently operational in Uttar Pradesh & Jharkhand
- // Focus crops currently include rice and horticulture (vegetables) with plans to expand into corn
- // Plans to expand in future to Bihar, Chhattisgarh, Odisha, West Bengal, Maharashtra and Madhya Pradesh

*Himanshu Singh grows green chillies in his one-acre farm at Sikhar village in Uttar Pradesh. He is also an agri-entrepreneur running his own Better Life Farming center, through which he plans to generate employment for youth in his village.*



## Agri-entrepreneurship through Better Life Farming centers

In 2019, the Better Life Farming alliance introduced an agri-entrepreneurship model for smallholder farmers in the form of 'Better Life Farming centers'. This initiative supports agricultural micro-entrepreneurs from the farming community to provide smallholder farmers with access to agri-inputs, crop advisory, irrigation best practices, new technologies and support produce aggregation for sale to offtakers. This will also empower rural youth to be a part of the agri value chain and create local employment opportunities.

The BLF alliance has ambitious plans to make these agricultural micro-entrepreneurs operate like business owners, thereby increasing their sales, revenues, and profitability. Each BLF center covers a group of 500 farmers from five to six nearby villages. The BLF alliance is also helping smallholder farmers procure the necessary Seeds, Pesticides and Fertilizers licenses, GST registrations and acquire digital expertise to set up their agri-entrepreneurship business.

We have also adopted a gender-smart approach to work with women agri-entrepreneurs to serve the needs of women smallholders better. Our endeavor is to provide an opportunity to women smallholders and empower them economically and socially as producers and entrepreneurs.

In India, where agriculture is the main source of livelihood for many rural communities, the BLF alliance has created price transparency and increased the bargaining power of smallholders. Besides, increasing crop yields and farm incomes, the biggest transformation is a shift towards sustainable agriculture with smallholder farmers moving from subsistence farming to commercial farming.



### Highlights

- // 78 Better Life Farming centers currently operational in India
- // 5,000 Better Life Farming centers planned by 2025 to serve 2.5 million farmers across India
- // Special focus on roping in women agri-entrepreneurs to serve women smallholders
- // Collaboration with value chain partners and local and international NGOs to scale up presence of BLF centers

*Kalyani Singh is a second-generation farmer and the owner of a Better Life Farming center in Jharkhand. She supports women smallholders in her village with access to agri-inputs and advisory.*

## Capacity building for use of modern agricultural technologies

Rice farmers in the eastern belt of India largely practice subsistence farming and suffer from drastically low yields. Affordability and lack of knowledge hinder them from cultivating hybrid seeds. Hybrid rice seeds have the potential to yield 20 to 35% more than the best inbred variety. It also provides better responsiveness in challenging ecologies (water, stress, etc.) and can provide better return on investment to farmers.

In Kharif 2019, Bayer CropScience Limited conducted a three-week-long capacity building initiative in the states of Jharkhand, Chhattisgarh and Odisha, which are an integral part of India's rice growing belt. The initiative introduced rice smallholder farmers to advanced agricultural technologies in the areas of seeds, crop protection, crop nutrition, soil management, drip irrigation, post-harvest management and financial literacy.

Since seed is the first step in any crop cycle and is a critical enabler for farmers to improve their crop productivity, Bayer CropScience Limited distributed free packs of hybrid rice seeds to rice smallholders to enable them to experience the yield advantage from cultivating hybrid seeds. Beneficiary farmers were quite encouraged seeing the higher germination rate of Bayer's hybrid rice seeds compared to the traditional seeds they were growing.

Besides seed distribution, rice smallholders will be provided with routine agronomic advisory and support to cultivate hybrid rice in subsequent seasons. They will also receive demonstrations on how hybrid rice cultivation can help conserve water and provide inbuilt disease tolerance. 10,000 fields will be selected and maintained for carrying out product differentiation activities and showcasing the benefits of cultivating hybrid rice.



### Highlights

- // Bayer collaborated with 16 local NGO's to carry out the capacity building exercise
- // ~300 metric tons of hybrid rice seeds were distributed to more than 1,00,000 smallholders
- // 1,700+ villages covered across Jharkhand, Chhattisgarh & Odisha

*Hybrid rice seeds were distributed to resource poor smallholder farmers across three states during Kharif 2019 to build capacities for adoption of modern agricultural technologies.*



## Message from our Chairman



Pankaj Patel



***On September 16, 2019, the India integration of Monsanto India Limited with Bayer CropScience Limited was completed, marking a strategic milestone in Bayer's 125-year-old history in India.***

### Dear Shareholders,

I am pleased to present you with our 62<sup>nd</sup> Annual Report, which looks back on a particularly eventful financial year for Bayer CropScience Limited in 2019-20.

On September 16, 2019, the India integration of Monsanto India Limited with Bayer CropScience Limited was completed, following a lengthy and intensive regulatory process. This marked a strategic milestone in Bayer's 125-year-old history in India. As of March 31, 2020, the integration is well on track and the Company has started seeing good first contributions arising from the consolidation of employee talent, product portfolios and business operations.

With the integration, we will be able to provide Indian farmers a strong portfolio of innovation-led agricultural solutions. Our long-term goal is to unlock the growth potential of Indian agriculture as a global producer and exporter of food, feed & fibre.

In the financial year 2019-20, Bayer CropScience Limited registered Revenue from Operations of ₹ 36,094 million and Profit Before Exceptional Items & Tax stood at ₹ 7,133 million. The Company successfully launched one new product in the Crop Protection segment, four in Hybrid Seeds and one in Environmental Science. Through projects such as 'Food Chain Partnerships' and 'Better Life Farming', the Company is working on providing tailored solutions that meet the specific local needs of Indian farmers.

With greater focus on agriculture and its contribution to rural livelihoods, agriculture will see increased investment from the private sector and support from the Government through agri-reforms and supporting policies. Farmers will invest in quality agri-inputs for achieving higher and better-quality yields and a more favorable return on investment. With increasing labor shortage, there will be a push for mechanized and digital solutions in agricultural operations. All these factors will enable good growth opportunities for Bayer CropScience Limited.

As we look ahead, on behalf of the Board of Directors, I take this opportunity to express my sincere appreciation to our Shareholders, Banks & Financial Institutions, Employees, Distributors and Farmers for your support and trust. I seek your continued support to grow and progress our Company to greater heights.

Best wishes,

**Pankaj Patel**



# Message from our MD & CEO

## Dear Shareholders,

Agriculture is the backbone of rural India, with millions of smallholder farmers relying on agriculture for their livelihood. Many of these smallholders have limited access to modern agricultural inputs, advisory and technologies. Yet, they cater to 80% of India's food requirement and help our nation to be self-reliant in food production.

Towards late March in the financial year 2019-20, the Covid-19 global pandemic disrupted operations across all industry sectors. With the Government declaring agricultural operations 'essential', farmers continued to toil hard to ensure adequate food production.

For us, at Bayer CropScience Limited, this was not just an allowance to operate and support farmers with essential seeds and crop protection products... it was much more. It was an obligation we owed to farmers – to serve them and support in every way possible. This meant thinking beyond mere sale of products and going the extra mile to support farmers with market linkages, capacity building for transfer of new technologies, help with harvesting, facilitating cash liquidity and setting up new business models that enabled digitalization of agriculture.

Currently, Indian agriculture is in a phase of unprecedented transformation. With the recent agri-reforms introduced by the Government, we have a golden opportunity to collaborate across the agri value chain and help Indian farmers increase crop productivity, farm profitability and progress from subsistence farming to commercial farming.

When smallholders will earn higher farm incomes, it will support rural job creation and increase the contribution of agriculture to India's economic growth. This in turn will make farming an attractive profession for future generations and bring more investment to the industry. It will also bring alive the Government's vision of doubling farmers' incomes and help place India in the league of the top five agricultural nations worldwide.

Bayer CropScience Limited is committed to fulfil Bayer's promise of 'Science for a better life' by improving the lives of farmers and consumers with access to safe, nutritious and affordable food and ensure 'Health for all, Hunger for none'. We look forward to collaborating with farmers, the government, industry and the broader society to help us achieve this mission and create value for all our stakeholders.

Best wishes,

**D Narain**



D Narain



***We are committed to our promise of 'Science for a better life' by improving the lives of farmers and consumers with access to safe, nutritious and affordable food and ensure 'Health for all, Hunger for none'.***



## Board of Directors



**Pankaj Patel**

**(DIN: 00131852)**

*Chairman & Non-Executive  
Independent Director*

Pankaj Patel is the Chairman of the Company since September 2016. He has both research and techno-commercial expertise. He is also the Chairman of IIM, Udaipur and Member of the Board of Governors of the IIM Ahmedabad, IIFT and other education institutes and universities. He is the Vice President and Trustee of the Gujarat Cancer Society and Chairman of the Gujarat Cancer and Research Institute, a Regional Cancer Centre.

Mr. Patel has been nominated as a Member of the Mission Steering Group (MSG), the highest policy making and steering body constituted under National Health Mission (NHM) and of the Drug Technical Advisory Board by Ministry of Health & Family Welfare, Govt. of India, New Delhi. He has also been nominated on the reconstituted Court of the Indian Institute of Science for the period 2018-21. Mr. Patel is a Past President of the Federation of Indian Chamber of Commerce & Industry (FICCI).

In recognition of his contributions to the healthcare industry in India, Mr. Patel was conferred several awards which includes the Acharya PC Ray Memorial Gold Medal Award and the Eminent Pharmacist Award, the India Innovator Award at the India Business Leaders Awards instituted by CNBC. For his entrepreneurial vision, Mr. Patel was awarded the Ernst & Young Entrepreneur of the Year Award in the Life Sciences category.

Duraiswami Narain is the Senior Bayer Representative, South Asia, since December 1, 2018 and oversees Bayer's business operations across India, Bangladesh, Sri Lanka and Pakistan. He successfully steered the India integration of Monsanto India Limited with Bayer CropScience Limited that was completed on September 16, 2019.

His career spans 30+ years in the agriculture industry. He worked with ITC's Agribusiness unit in its early years of inception in India. In 1998, he joined Monsanto as the Chief Financial Officer for the India Region and went on to hold various global roles across US & Europe. From 2015 to 2018, he worked as Vice President & Treasurer at Monsanto's global headquarters in St. Louis, USA.

He is a Chartered Accountant and an MBA from the Kellogg School of Management, USA.



**Duraiswami Narain**

**(DIN: 03310642)**

*Vice Chairman &  
Managing Director and CEO*