



Bayer

Your Partner for Growth

Exploring Life



Fulfilling Dreams



Bayer CropScience Limited

48th Annual Report

January - December 2005



Bayer CropScience

Your Partner for Growth

Today, agriculture is more than just producing food for a steadily growing world population. It also preserves landscapes and contributes to rural development. If our harvests are to produce food of high quality and sufficient quantity without harming environmental resources such as soil, water and air, they need to be protected from pests, weeds and diseases.

All around the world, harvests are under threat from pests and disease. In many regions, these dangers are compounded by enduringly poor conditions such as drought, excessive heat and soil salinization, resulting in huge losses.

Bayer CropScience is working to minimize these problems and find lasting solutions - productive plants and varieties that are better suited to their environment and more resilient to climate extremes. Bayer CropScience develops tailor-made, environmentally sensitive solutions for protecting plants and conducts research into boosting properties of crops that are beneficial to health, with the goal of achieving long-term improvements in human nutrition.

Bayer CropScience is a provider of crop solutions, products and services, and has leading positions in the key segments of the agrochemical market.

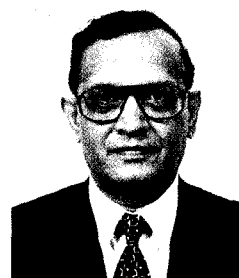
Board of Directors



Dr. Vijay Mallya
Chairman
Independent Director



Mr. Stephan Gerlich
Vice Chairman &
Managing Director
Promoter Director
Member - Shareholders'
Grievance Committee



Mr. Sharad Kulkarni
Independent Director
Chairman - Audit Committee
Chairman - Shareholders'
Grievance Committee



Mr. Yezdi Malegam
Independent Director
Member - Audit Committee

Jens Hartmann
Country Head BCS &
Head Indian Sub-Continent

Management Team

Anil Jain
Marketing & Co-operations

Dr. Asif Tanweer
Development

Kishor Nahar
Registration & Regulatory Affairs

K R Sekhar
Procurement, Logistics &
Distribution

Aloke Pradhan
Corporate Communications

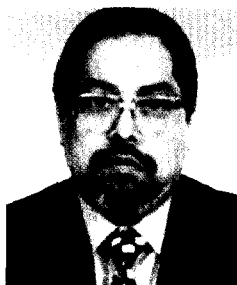
Fidahusein Merchant
Controlling

Shiv Kumar Sudan
Industrial Relations &
Corporate Services

Atul Samalia
Information Technology

Devesh Shah
Treasury

Pravin Trama
Zonal Accounts



Mr. A K Ravi Nedungadi
Independent Director
Member - Audit Committee



Mr. Johannes Dietsch
Non-Executive Promoter Director



Mr. Raj Kaul
Non-Executive Promoter Director



Ms. Christiane Kunze
Wholetime Director
Promoter Director
Member - Shareholders'
Grievance Committee

Shirin V. Balsara
Company Secretary &
Compliance Officer

Report  Junction.com

Dinesh Bapat
Environmental Science

Girish Kshirsagar
Supply Chain &
Industrial Operations

M Rama Rao
Sales All India

Satish Patil
Strategic Planning & Business
Development

Ganesh Kamath
Internal Audit

K S Harish
Human Resources

Biren Dave
Corporate Accounts

C Manorama
Financial Services

Sant Kumar Verma
Taxation



Bayer CropScience

Bayer CropScience 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
Mr. Stephan Gerlich — Managing Director
Ms. Christiane Kunze — Whole-time Director

General Counsel & 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

Auditors

Price Waterhouse

Solicitors

Crawford Bayley & Co.

Registered Office

Bayer House, Central Avenue,
Hiranandani Gardens, Powai,
Mumbai-400 076.
Tel. No. 2571 1234
Fax No. 2570 0147.

Registrars and Share Transfer Agents

TSR Darashaw Limited (formerly
Tata Share Registry Limited)
Army & Navy Building,
148, M. G. Road, Fort,
Mumbai-400 001.
Tel. No. 6656 8484.
Fax No. 6656 8494.

Factories

- (1) Kolshet Road,
Thane-400 607, Maharashtra.
- (2) Plot Nos. 6009 - 10 & 6301 - 10A,
GIDC Industrial Estate,
Ankleshwar 393 002, Gujarat.
- (3) Plot Nos. 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 Eighth Annual General Meeting of Bayer CropScience Limited will be held on Monday, 12th June, 2006 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, 2005 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, 2005.
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. Ravi Nedungadi, 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 an Ordinary Resolution:

"RESOLVED THAT Mr. Sharad M. Kulkarni who was appointed as an Additional Director of the Company from 1st April, 2006 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 Mr. Sharad M. Kulkarni 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, with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions of the Companies Act, 1956 and Schedule XIII thereto consent be and is hereby granted for the variation in the terms and conditions of the appointment of Mr. Stephan Gerlich, Managing Director with effect from 1st January, 2006 to include the following component:

Long-Term Incentive : An amount decided as per the Global Policy of Bayer AG, Germany for Senior Management.

RESOLVED FURTHER THAT Ms. Christiane Kunze, Whole-time Director or Shirin V. Balsara, Head – Legal & Company Secretary or Mr. Pradnesh Kamat, Manager – Secretarial, 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 a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, if applicable, approval of the Company be and is hereby accorded to the appointment of Ms. Christiane Kunze as the Whole-time Director of the Company for a period of five years commencing from 1st April, 2006 upon and, subject to the terms, conditions and stipulations hereinafter mentioned and be paid and provided with the following remuneration, perquisites and amenities:

- | | |
|--|---|
| (a) Salary | : (i) Rs. 1,50,076/- (Rupees One Lakh Fifty Thousand and Seventy Six only) per month.
(ii) An amount equivalent to Euro 9,778/- (Euro Nine Thousand Seven Hundred Seventy Eight only) per month in Indian Rupees at the prevailing exchange rate.
(iii) Special Allowance – Rs. 30,015/- (Rupees Thirty Thousand Fifteen Only) per month. |
| (b) Annual Increment | : An amount as may be decided by the Board of Directors from time to time. |
| (c) Performance Award/Bonus/Incentive/Ex-gratia | : An amount as may be decided by the Board of Directors from time to time. |

Notice to Shareholders (Contd.)

- (d) **Long-Term Incentive** : An amount decided as per the Global Policy of Bayer AG, Germany for Senior Management.
- (e) **Perquisites** : As per the provisions of Sections 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 in accordance with Bayer's International Assignment Policy.
- (iii) **Club fees** : Entrance and annual fees of one club.
- (iv) **Children's education expenses** : Actual educational expenses shall be paid.
- (v) **Allowances/Reimbursement of expenses incurred on joining duty in India/returning to the Whole-time Director's home country after completion of tenure of her 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, relocation allowance, electrical appliances allowance 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 Whole-time 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 her 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.
- (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 Ms. Christiane Kunze 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 her office as the Whole-time 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 Whole-time Director shall be increased as the Board may deem fit in accordance with the guidelines or ceiling.

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 Ms. Christiane Kunze 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 Ms. Christiane Kunze functions as Whole-time Director of the Company, she shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committee thereof.

RESOLVED FURTHER THAT Ms. Christiane Kunze shall not be liable to retire by rotation during her tenure as Whole-time Director of the Company.

RESOLVED FURTHER THAT Mr. Stephan Gerlich, Managing Director or Shirin V. Balsara, Head – Legal & Company Secretary or Mr. Pradnesh Kamat, Manager – Secretarial, 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."



Notice to Shareholders (Contd.)

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 Item Nos. 6 to 8 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 appointment/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 Saturday, 27th May, 2006 to Monday, 12th June, 2006 (both days inclusive).
- (d) The dividend of Rs. 2.20 (22%) per Equity Share, as recommended by the Board of Directors, if declared at the ensuing 48th Annual General Meeting to be held on 12th June, 2006, will be paid at par within 30 days of 12th June, 2006:
 - 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 Monday, 12th June, 2006.
 - In respect of Shares held in electronic form, to the beneficial owners of the Shares as at the close of business hours on Saturday, 27th May, 2006, as per details to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited.
- (e) The shareholders are requested to address all correspondence to TSR Darashaw Limited, the Registrars & Share Transfer Agents of the Company at the following address:

TSR Darashaw Limited
(Formerly Tata Share Registry Limited)
Unit : Bayer CropScience Limited,
Army & Navy Building,
148, M. G. Road,
Mumbai - 400 001.
Tel. No. 6656 8484
Fax No. 6656 8494
E-mail : csg-unit@tsrdarashaw.com
- (f) Members holding shares in physical form are requested to notify/send the following to the Company's Registrars and Share Transfer Agents on or before 26th May, 2006 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 1999 is now due to be transferred to the Investor Education and Protection Fund. The members are requested to encash the unclaimed dividend.
- (i) 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 the Company's Registrars and Share Transfer Agents, quoting their respective Folio Nos., Certificate Nos. and Distinctive Nos.

Notice to Shareholders (Contd.)

- (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, 18th April, 2006.

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 sets out all material facts relating to the business mentioned at Item Nos. 6 to 8 in the accompanying notice dated 18th April, 2006.

EXPLANATORY STATEMENT

Item No. 6

Mr. Sharad M. Kulkarni was appointed as an Additional Director of the Company with effect from 1st April, 2006 by the Board of Directors and he holds office upto the date of this 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 Mr. Kulkarni as a candidate for the office of Director.

Mr. Kulkarni was an Alternate Director to Mr. J. M. Dietsch and has ceased to be his alternate with effect from 31st March, 2006.

A brief profile of Mr. Kulkarni along with the required particulars is given in paragraph 4.3 of the Report on Corporate Governance for the information of the members.

The Board recommends the appointment of Mr. Kulkarni as a Director of the Company. Except Mr. Kulkarni, none of the Directors are concerned or interested in the passing of this resolution.

Item No. 7

Mr. Stephan Gerlich was appointed as the Managing Director of the Company with effect from 14th September, 2004. It is now, proposed to change the terms of his appointment with effect from 1st January, 2006 by including the payment of long-term incentive by way of an amount decided as per the Global Policy of Bayer AG, Germany for Senior Management.

The agreement entered into with Mr. Gerlich is available 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. The terms of appointment mentioned in the Notice shall be treated as an Abstract required under Section 302 of the Companies Act, 1956.

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

Item No. 8

Ms. Christiane Kunze was appointed as a Director in casual vacancy, caused due to resignation of Mr. Johannes Frick, and the Whole-time Director of the Company with effect from 1st April, 2006.

A brief profile of Ms. Kunze along with the required particulars is given in paragraph 4.4 of the Report on Corporate Governance for the information of members.

The terms and conditions of payment of remuneration to Ms. Christiane Kunze 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 Ms. Kunze is available 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. 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 Ms. Christiane Kunze as the Whole-time Director of the Company for a period of five years from 1st April, 2006. Except Ms. Christiane Kunze, no Director is concerned or interested in the passing of this resolution.

By Order of the Board of Directors

SHIRIN V. BALSARA
Head – Legal & Company Secretary

Mumbai, 18th April, 2006.

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