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Bayer CropScience Limited  
52<sup>nd</sup> Annual Report  
April 2009 - March 2010





Bayer CropScience

# CORPORATE SUSTAINABILITY

## Child Care Programme : Protecting children's right to education

No children in the hybrid cotton fields - that's the principle of Bayer CropScience. A deeply rooted socio-economic problem, child labour is highly prevalent in cotton seed production in India. For the past five years, Bayer CropScience has worked effectively to implement a comprehensive multilevel Child Care Programme. It aims at getting children off the fields of contract farmers and into school. The programme has been rolled out in Andhra Pradesh, Karnataka and Tamil Nadu, where the Company has contract cotton seed production.

### Learning for Life project: Impacting lives

A key component of the Child Care Programme is the educational module under the broader 'Learning for Life' initiative. It provides out-of-school children in cotton seed production farms with an access to education. To that end, Bayer CropScience in co-operation with Naandi Foundation, a well known NGO, has established Creative Learning Centers. These Creative Learning Centers are bridge schools that prepare the children for integration into regular Government schools.

### Bayer - RVJ School of Agriculture: Farm assistantship for young people

In the beginning of 2008, Bayer CropScience, in cooperation with "Vignana Jyothi," a reputed non-government organization, established the Bayer-Ramanaidu Vignana Jyothi School of

Agriculture (Bayer-RVJ School of Agriculture) in Tuniki Mandal, Hyderabad. Bayer-RVJ School of Agriculture runs a free-of-charge, six-month full-time residential farm assistantship vocational training programme in agriculture for underprivileged youth. In 2009, 17 students graduated from this course.

### Introduction to Basic Technology: Imparting vocational skills to children

Bayer CropScience launched 'Introduction to Basic Technology' programme in a joint venture with two well-known non-government organisations, Vignyan Ashram and Prajayatna. It is based on the idea of learning by doing, and offers vocational training on one-school day-a-week for eighth and ninth standard underprivileged children attending Government schools.

### Gramin Suvidha Kendra: Empowering farmers

Bayer CropScience has signed an Memorandum of Understanding with Multi Commodity Exchange of India (MCX) to establish Gramin Suvidha Kendra to empower the Indian farmers.

Gramin Suvidha Kendra provides farmers with services such as expert advice on farming challenges, spot and future prices for their produce via the project website of MCX. It is envisioned that the Gramin Suvidha Kendra will act as a single-window service for all the pre-harvest and post-harvest requirements of the farming community.

Bayer CropScience supports the project in 15 villages in Karnataka.



learning for life  
A Bayer CropScience Initiative





**Dr. Vijay Mallya**  
Chairman  
Independent Director



**Stephan Gerlich**  
Vice Chairman & Managing Director  
Executive Director

## BOARD OF DIRECTORS



**Sharad M. Kulkarni**  
Chairman of Audit Committee  
Independent Director



**A. K. R. Nedungadi**  
Chairman of Shareholders'/  
Investors' Grievance Committee  
Independent Director



**Johannes Dietsch**  
Non-Executive Director



**Bernd Naaf**  
Non-Executive Director



**Vimal Bhandari**  
Chairman of Remuneration Committee  
Independent Director

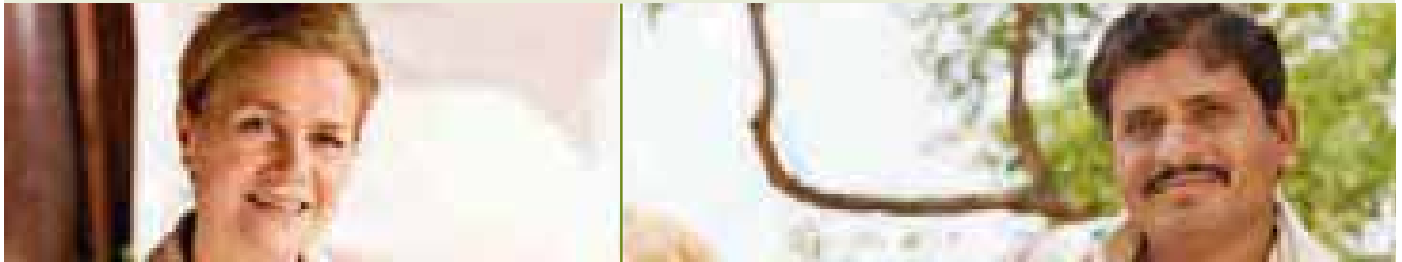


**Kaikobad B. Mistry**  
Whole-time Director  
Executive Director



Bayer CropScience

# Innovation in everything we do.



Bayer CropScience strives to be the global innovation leader, providing sustainable crop solutions from seed to harvest.

We help farmers worldwide meet the ever-increasing demand for affordable and high quality food, feed, fiber and energy crops.

At Bayer CropScience, we share a passion for discovering new approaches anywhere in our Company. Thus, we help shape the future of agriculture and create value for our customers and society.

This is how we live Science For A Better Life every day.



Seed<sup>2</sup>  
Harvest

Launches  
2009-2010



**Glamore®**  
A fast, reliable and convenient  
solution for Rice Hopper management



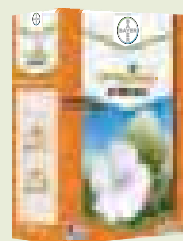
**NATIVO®**  
A broad spectrum fungicide  
for many diseases and crops



**adora™**  
Definitive end of the  
weed dynasty in rice crop



**Arize® PRIMA**  
More than the most



**surpass® SP 7007 BG II**  
Wider adaptability, unlimited yield



**Proagro® 9477**  
Non-lodging, highest yield



<b>Directors</b>	Dr. Vijay Mallya	— Chairman
	Mr. Stephan Gerlich	— Vice Chairman & Managing Director
	Mr. Sharad M. Kulkarni	
	Mr. Johannes M. Dietsch	
	Mr. A. K. R. Nedungadi	
	Mr. Bernd Naaf	
	Mr. Vimal Bhandari	
	Mr. Kaikobad B. Mistry	— Whole-time Director
<hr/>		
<b>Vice President - Legal &amp; Company Secretary</b>	Shirin V. Balsara	

<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
	Standard Chartered Bank
	State Bank of India
	Union Bank of India
<hr/>	
<b>Auditors</b>	Price Waterhouse
<hr/>	
<b>Solicitors</b>	Crawford Bayley & Co.
<hr/>	
<b>Registered Office</b>	Bayer House, Central Avenue, Hiranandani Gardens, Powai, Mumbai - 400 076. Tel. No. 91 22 2571 1234 Fax No. 91 22 2570 0147
<hr/>	
<b>Registrars &amp; Share Transfer Agents</b>	TSR Darashaw Limited (TSRDL) 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011. Tel. No. 91 22 6656 8484 Fax No. 91 22 6656 8494
<hr/>	
<b>Factories</b>	(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 TSRDL.**

**Members are requested to bring their copy 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, atleast 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 52<sup>nd</sup> Annual General Meeting of Bayer CropScience Limited will be held on Tuesday, 28<sup>th</sup> September, 2010 at 2.30 p.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 Profit and Loss Account for the year ended 31<sup>st</sup> March, 2010 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 year ended 31<sup>st</sup> March, 2010.
3. To appoint a Director in place of Mr. Bernd Naaf, 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 to fix their remuneration.

### SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:  
"RESOLVED THAT pursuant to provisions of Sections 198, 309(4) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the payment of a sum not exceeding 1% of net profits of the Company, calculated in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956, by way of a commission to the Company's Directors other than the Managing Director, Whole-time Director and the Directors who belong to the Promoter Group, in addition to the sitting fees paid to them for attending the Meetings of the Board of Directors and its Committees, in such manner as may be determined by the Board from time to time, for a period of 5 years commencing from 1<sup>st</sup> April, 2010."

### 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) The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business under Item No. 6 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 Tuesday, 14<sup>th</sup> September, 2010 to Tuesday, 28<sup>th</sup> September, 2010 (both days inclusive).
- (d) The dividend of Rs. 4 per Equity Share, as recommended by the Board of Directors, if declared at the ensuing 52<sup>nd</sup> Annual General Meeting to be held on Tuesday, 28<sup>th</sup> September, 2010 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 Tuesday, 28<sup>th</sup> September, 2010.
  - (ii) In respect of shares held in electronic form, to the Beneficial Owners of the shares as at the close of business hours on Tuesday, 14<sup>th</sup> September, 2010, as per details to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited.
- (e) The 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,  
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 TSRDL on or before Monday, 13<sup>th</sup> September, 2010 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

**Notice (contd.)**

- (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 unpaid or 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, 2004 is due to be transferred to IEPF in July, 2011.**
- (j) The members can avail 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.
- (k) Kindly forward all accounts related queries, so as to reach the Company atleast 10 days before the Annual General Meeting.
- (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.

By Order of the Board of Directors

Shirin V. Balsara  
Vice President - Legal & Company Secretary

28<sup>th</sup> May, 2010

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 No. 6 in the accompanying Notice dated 28<sup>th</sup> May, 2010:

### Explanatory Statement

#### Item No. 6

Under Section 309 of the Companies Act, 1956, Non-Executive Directors may receive remuneration by way of a fee for each Meeting of the Board or a Committee attended and by way of a monthly, quarterly or annual payment with the approval of Central Government or by way of commission if the Company by special resolution authorises such payment. The remuneration paid to such Director or where there is more than one such Director to all of them taken together, shall not exceed 1% of net profits of the Company, if the Company has Managing Director or Whole-time Director or Manager or 3% of net profits of the Company, in any other case.

The Company currently pays sitting fees of Rs. 20,000 (Rupees Twenty Thousand Only) for each Board/ Committee Meeting (other than Shareholders' Grievance Committee Meetings) attended by Non-Executive Independent Directors.

In view of the increasing responsibilities being placed on the Non-Executive Independent Directors, the time invested by them and the valuable advice given by them to the management of the Company, the Board of Directors considers it desirable that they may be paid commission in addition to the sitting fees.

The management has proposed to pay a commission of a sum not exceeding 1% of net profits of the Company, to the Company's Directors other than the Managing Director, Whole-time Director and the Directors who belong to the Promoter Group, which would need your approval by a Special Resolution. Such approval would be valid for a period of 5 years with effect from 1<sup>st</sup> April, 2010.

The Board recommends the resolution for approval by the members.

All the Directors, other than the Managing Director, Whole-time Director and Directors who belong to the Promoter Group, are interested to the extent of the remuneration proposed to be paid to them.

By Order of the Board of Directors

Shirin V. Balsara  
Vice President - Legal & Company Secretary

28<sup>th</sup> May, 2010

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



## Directors' Report

Dear Members,

Your Directors take pleasure in presenting the 52<sup>nd</sup> Annual Report on the business and operations of the Company together with the audited Statements of Accounts alongwith the Report of the Auditors for the financial year ended 31<sup>st</sup> March, 2010.

### FINANCIAL PERFORMANCE:

Particulars	Rs. Million	
	2009-10	2008-09
Net Sales and Operating Income	17,241.06	14,825.91
Other Income	252.53	215.63
<b>Total Income</b>	<b>17,493.59</b>	<b>15,041.54</b>
Profit before Interest, Depreciation, Exceptional Items and Taxation	2,430.15	1,916.51
Less : Interest	(114.50)	(107.99)
Less : Depreciation/ Amortisation/ Impairment	(264.42)	(239.92)
Profit before Exceptional Items and Taxation	2,051.23	1,568.60
Less : Exceptional Items	(86.78)	(60.33)
<b>Profit for the year Before Tax</b>	<b>1,964.45</b>	<b>1,508.27</b>
Less : Current Tax	(615.00)	(510.84)
Less : Deferred Taxes	(77.94)	(21.03)
Less : Fringe Benefit Tax	1.03	(31.81)
<b>Profit for the year After Tax</b>	<b>1,272.54</b>	<b>944.59</b>
Add : Profit & Loss balance brought forward from previous year	3,070.98	2,350.25
<b>Amount available for Appropriation</b>	<b>4,343.52</b>	<b>3,294.84</b>
Appropriations:		
Proposed Dividend	158.00	110.60
Taxation on Proposed Dividend	26.24	18.80
Transferred to General Reserve	127.25	94.46
Profit & Loss Balance Carried Forward	4,032.03	3,070.98

### Operations:

Your Company's profit after tax increased to Rs.1,272.54 million during the year ended 31<sup>st</sup> March, 2010 as compared to Rs. 944.59 million in previous year, an increase of 34.72%.

### Dividend:

The Board of Directors is pleased to recommend a dividend of Rs. 4 per Equity Share of Rs. 10 each for the financial year ended 31<sup>st</sup> March, 2010 subject to the approval of members (previous year Rs. 2.80 per Equity Share of Rs. 10 each). The proposed dividend will absorb a sum of Rs. 158 million. The Register of Members will remain closed from Tuesday, 14<sup>th</sup> September, 2010 to Tuesday, 28<sup>th</sup> September, 2010 (both days inclusive).

### Exports:

Your Company is a recognised Export House. The export turnover (FOB) during the year ended 31<sup>st</sup> March 2010 was Rs. 1,518.46 million compared to Rs. 1,695.43 million during the previous year.

### Public Deposits:

The Company discontinued its Public Deposit Scheme in the year 2003. A sum of Rs. 125,000 relating to 6 deposits remained unclaimed as on 31<sup>st</sup> March, 2010. No interest is payable on such unclaimed deposits after the maturity dates.

### Insurance:

Your 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 and product liability claims. Also, all the employees are covered against the risk of hospitalisation and personal accident.

### Foreign Exchange Management:

The Company's exposure to foreign exchange risk comprises the risk of foreign currency versus the local currency. The goal



## Directors' Report (contd.)

is to reduce the negative impact of the risks arising from fluctuations in exchange rates on 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' 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 31<sup>st</sup> March, 2010 and of the profit of the Company for the financial year ended 31<sup>st</sup> March, 2010;
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 and conducted various activities throughout the week to spread awareness amongst its employees.

Your Company, covering all the manufacturing units, all India business operations and supporting services, was audited on Quality Management System by TUV India Pvt. Ltd. (TUV) and the Company was recommended continuation of ISO 9001: 2000 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, recycling of resources and cost savings.

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

Despite all the measures undertaken by the Company an unfortunate incident occurred at the Ankleshwar site, Gujarat. On 11<sup>th</sup> March, 2010 at 03:00 hrs, a fire occurred in the storage tank of AC4 plant at the aforesaid site. AC4 is a plant where active ingredients are produced for the crop protection products. The fire was brought under control within 25 minutes. There was minimal impact on the rest of the site and this incident has posed no hazard to the neighbourhood at any time. Unfortunately, one employee died during the course of this incident.

The Company had been asked to halt manufacturing activities at the Ankleshwar site on 22<sup>nd</sup> March, 2010, subsequent to the fire that broke out at the storage tank. The Company was allowed to resume production with effect from 6<sup>th</sup> April, 2010 except for the active ingredient Ethoprophos – at the Ankleshwar site after having been granted 3 months production allowance by the relevant authorities in Gujarat, which has now been extended by a further period of 3 months.

Since your Company has sufficient stocks of key products manufactured at Ankleshwar, no major interruption of product supply to its customers is foreseen.

### Social Responsibility:

Your Company remains committed to Social Responsibility by continuing to be involved in community projects.

#### Thane

Your Company organised transport and books for the differently abled children of Holy Cross Convent School, Thane and also distributed school uniforms to the school at Balkum village.

Your Company organised a medical camp for the Kapurbawdi Police Station, Thane.

#### Ankleshwar

Being a Responsible Care Signatory, your Company continued to provide support for the e-Communication Centre at the Collector's office, Bharuch.

Your Company also undertook tree plantation at the Collector's office, Bharuch.

### Sadhana Village initiative: Endeavour to help the underprivileged

Sadhana Village is a voluntary organisation located in Kolwan valley, 30 kms from Pune, Maharashtra. This reputed NGO started its activities in 1994 and has been focusing on various endeavours in rural areas such as education of children, women, the differently abled, school drop outs etc. Your Company empowered the efforts of Sadhana Village by making a significant donation in 2009.