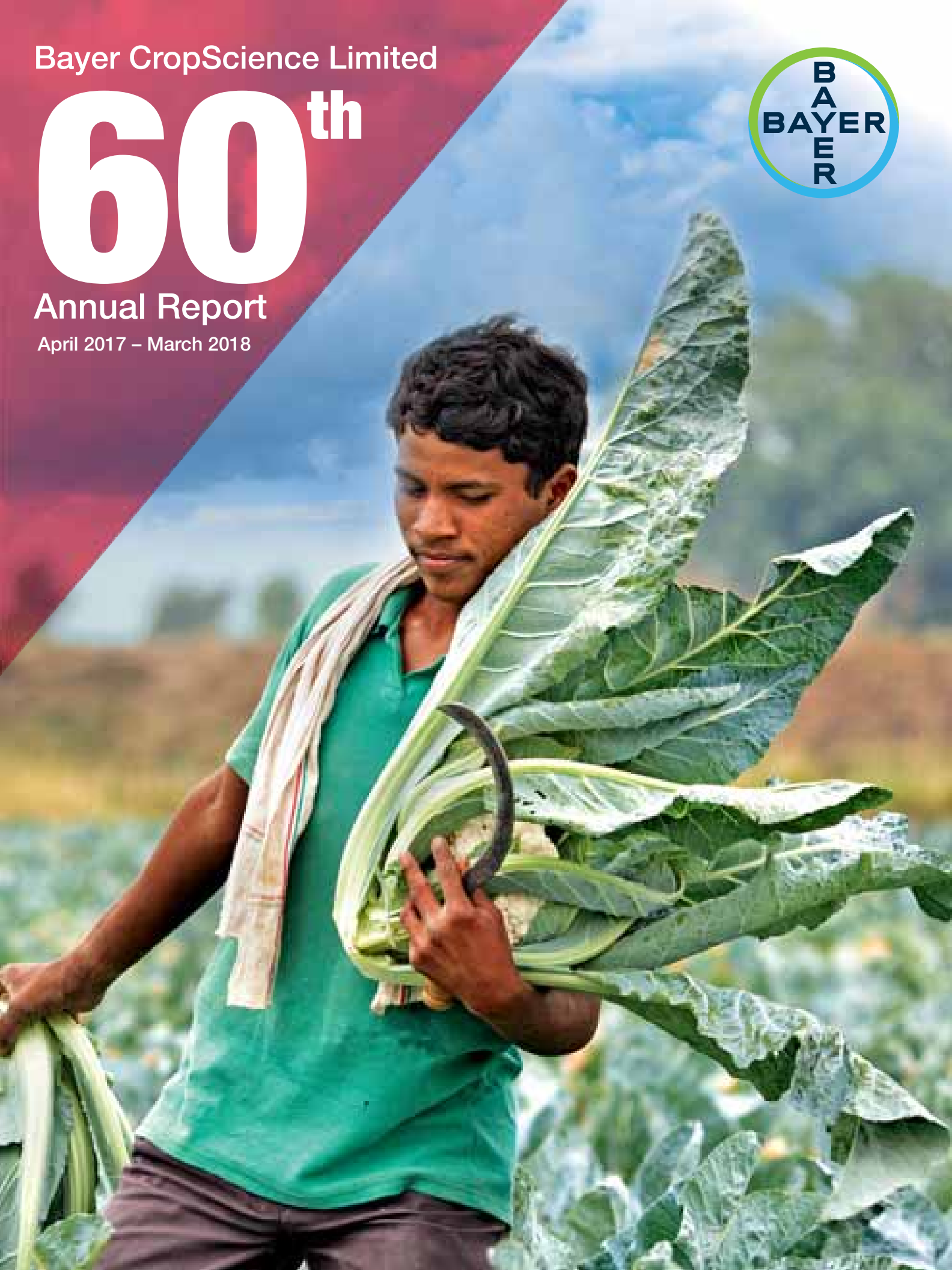


Bayer CropScience Limited

60th

Annual Report

April 2017 – March 2018



60th Annual Report



PRODUCT LAUNCHES: 2017-18

CROP PROTECTION



SIVANTO[®]prime

This innovation fulfills all the demands of modern insect control. Inspired by a naturally occurring medicinal plant, it is non-hazardous to the most important beneficials, while acting tough on hard-to-control sucking pests.

Movento[®] OD

This innovation is especially formulated to cater to the needs of Fruit & Plantation growers. It is the only insecticide which offers two-way systemicity, moving both upward and downward within the plant system to provide complete shoot to root protection of the crop leaving pests nowhere to hide.



Regent[®]Ultra

A modern insecticide which is very effective for controlling stem borer and leaf folder in rice. It not only controls insects effectively but also shows plant growth enhancement effects like enhanced root growth, more number of productive tillers etc. which results in higher yields.

Emesto[®] prime

A seed treatment product to protect potato seeds against fungal pathogens in the soil, allowing the seed to germinate undisturbed. It offers quick emergence and better quality yield in terms of perfect skin finish and uniform size and shape of potatoes.



Simbola

A third-generation systemic insecticide that is used for the control of Brown Plant Hopper (BPH) in rice. Its smart dual action helps in fast action for control of pests and also gives protection for long duration, keeping paddy fields clean.

SEEDS



Arize AZ 6633

A mid-duration hybrid rice seed with short slender grains. It has high yield potential and excellent taste and also fetches a better price of produce for farmers.

ENVIRONMENTAL SCIENCE

Maxforce[®] Quantum

The first innovative ant gel launched in India for ant colony management. It works in a target specific manner, requires low dosage, works faster and is a long-term solution for ants commonly found in food handling, processing or storage areas of household and commercial premises.



SOCIAL COMMITMENT

With our core business, we have a major impact on societal development. At the same time, we depend on intact social framework conditions and an innovation-friendly business environment. For us, it is therefore important to contribute towards society's future viability and create value in diverse ways. Within the scope of our social commitment, we thus make targeted strategic investments in the areas of science and education, health, social needs and community projects. This commitment is an integral element of Bayer's corporate policy.

Bayer's Corporate Societal Engagement (CSE) initiatives focus on people embarking on new approaches to problem-solving in life sciences in the key areas of health,

education and basic social needs, with the goal of sustainably improving living conditions. We are actively moving away from the terms 'obligation' and 'responsibility' to a more inclusive term: 'Societal Engagement' - while referring to Corporate Social Responsibility (CSR) activities.

The reworked Societal Engagement model (CSE) is aligned to three of seventeen UN Sustainable Development Goals (SDGs) in the areas of health, nutrition and innovation. Bayer endeavors to be a catalyst for change by creating a 'platform for pioneers' and providing financial support, power and knowledge to people who innovate.

In India, Bayer's CSE policy focuses on four thematic areas:

Empowering Women

Fostering Education

Fostering Rural Development

Preventive Health & Sanitation

Some of our key CSE projects from 2017-18 include:



Ms. Vijaya Rahatkar, Chairperson, Maharashtra State Commission for Women formally launched 'NO' App mobile application in Pune on February 12, 2018.

Program for Primary Prevention of Sexual Violence (PPPSV) – 'NO' App launch

Sexual violence leads to a variety of psychological and psychosomatic disorders and must therefore be regarded as a public health issue affecting the entire society. In this context, the, 'NO' App is developed with the objective to prevent sexual violence in the community through deterrence. The development of 'NO' App is a vital aspect of Program for Primary Prevention of Sexual Violence (PPPSV), a collaborative initiative of King Edward Memorial Hospital Research Centre, Pune, Institute of Sexology and Sexual Medicine, Charité, University Clinic of Berlin, Bayer India and an advisory council of experts from India.

The program aims to prevent sexual violence against women and children in India. 'NO' App works with a simple functionality of a geolocation based reporting system. It reaches out to other users in the immediate vicinity with location details, who can then navigate to the spot to become supportive bystanders. This feature of 'NO' App is available for all women in India. For Pune residents, any distress call will also be reported to the police in real time with the location of the incident.

Additionally, there is also a call-center that will work 24/7 to support distress calls swiftly and efficiently. This is a free application backed by "Maharashtra Police".

The 'NO' App is available in Play Store.

**Type "No KEMHRC" or follow the link:
www.notosexualviolence.org.**

Samagra Krishi

Livelihood Support Program focuses on helping small and marginal farmers move away from sustenance farming to smarter, commercial agriculture through the use of technology. The program is working towards enhancing information flow, providing key linkages between Government-sponsored services, markets and farmers. The project has been successfully implemented in 3 blocks covering more than 10,000 direct and indirect beneficiaries in East Champaran district in Bihar. The main objectives of the program are improving productivity of small and marginal farmers to sustain their livelihoods and to improve their levels of food security.



Agriculture Fellowship

Agriculture requires innovation and sustainable mechanism to cater to ever increasing vast and diverse population. To encourage research in agriculture and to develop technology in our country that will be adapted by farmers to increase their profitability, scholarships are being given with an objective to support young and talented minds. Bayer is supporting Masters in Science and PhD students with Fellowships in leading AgroScience Universities in Gujarat, Karnataka, Punjab, Tamil Nadu, Telangana, Uttarakhand and West Bengal. Till date 197 Fellowships have been awarded.

Discovering Hands

Pioneering spirit is the central aspect of Bayer's Corporate Societal Engagement initiatives keeping in tune with its mission statement - Science for a Better Life. As an inspired extension, Bayer Group in India has endeavored an innovative CSE project - Discovering Hands - that aims to make a positive difference to the area of breast cancer as well as to lend a helping hand for the visually impaired. These women are trained to deliver physical breast examinations at



doctors' clinics for which they undergo a nine-month training period on how to use a standardized diagnostic method for examining the female breast. After undergoing this training, they are certified as 'Medical Tactile Examiners (MTEs)' and are also trained in communication skills and administrative tasks typically carried out by a doctor's assistant.

In India, the program has entered the second phase of implementation. We are working closely with our NGO partner – National Association for the Blind. Training of the first batch of MTEs comprising 8 students has been completed. The MTEs are now doing internship at one of the reputed cancer specialty hospital Medanta – The Medicity in Gurgaon, India.

Village Training Program

Village Training Program (VTP) is being implemented with an aim of providing a comprehensive training to the youth on scientific best practices in both agricultural and non-agricultural vocations. In order to build a strong relationship with the rural community, Bayer has taken up activities that are focused on improving livelihood and enhancing income generation opportunities for villagers that would help them lead a life of dignity.

The main focus of Village Training Program (VTP) is providing intensive training to rural youth on best practices and newer technologies in areas such as goat rearing, low cost poultry, animal husbandry, tailoring, plumbing and crop production. Since its inception 96 students have completed the six month village training program. The curriculum for training is developed in consultation with regional university and academia. Seen in the picture is a VTP field demonstration session on apiculture (beekeeping) in a model farm near Mangalgudda village in Karnataka.



RVJ School

The Bayer-Ramanaidu Vignana Jyothi School of Agriculture aims to provide vocational training to underprivileged rural youth to prepare them for entry level jobs in agriculture. The school is a long running program of Bayer in India and is operational since 2007. The school conducts two 6-month courses every year with an intake of 30 students per course. This makes it more relevant for the students and improves their employment prospects. Infrastructure like farm technology lab, plant protection and extension, soil and water management, seed technology and soil science lab has been upgraded for the students. Since inception 554 students have graduated from the school and many are proudly working in various agro companies.



ECHO project

In India, the problem of inadequate access to healthcare is a major challenge and needs attention. To bridge this gap and to make world-class healthcare solutions accessible to patients, Bayer is supporting programs that provide access to medicines and is also taking up programs to fight neglected diseases. Through our Corporate Societal Engagement programs such as Comprehensive Community Health Programs, we are bringing quality health care closer to the suffering population across the country. One such program - ECHO (Extension for Community Healthcare Outcomes) is reaching out to people right where they live and helps improve their lives. The Indian healthcare environment provides a one-of-a-kind opportunity for the adoption of the ECHO (Extension for Community Healthcare Outcomes) model. The need for



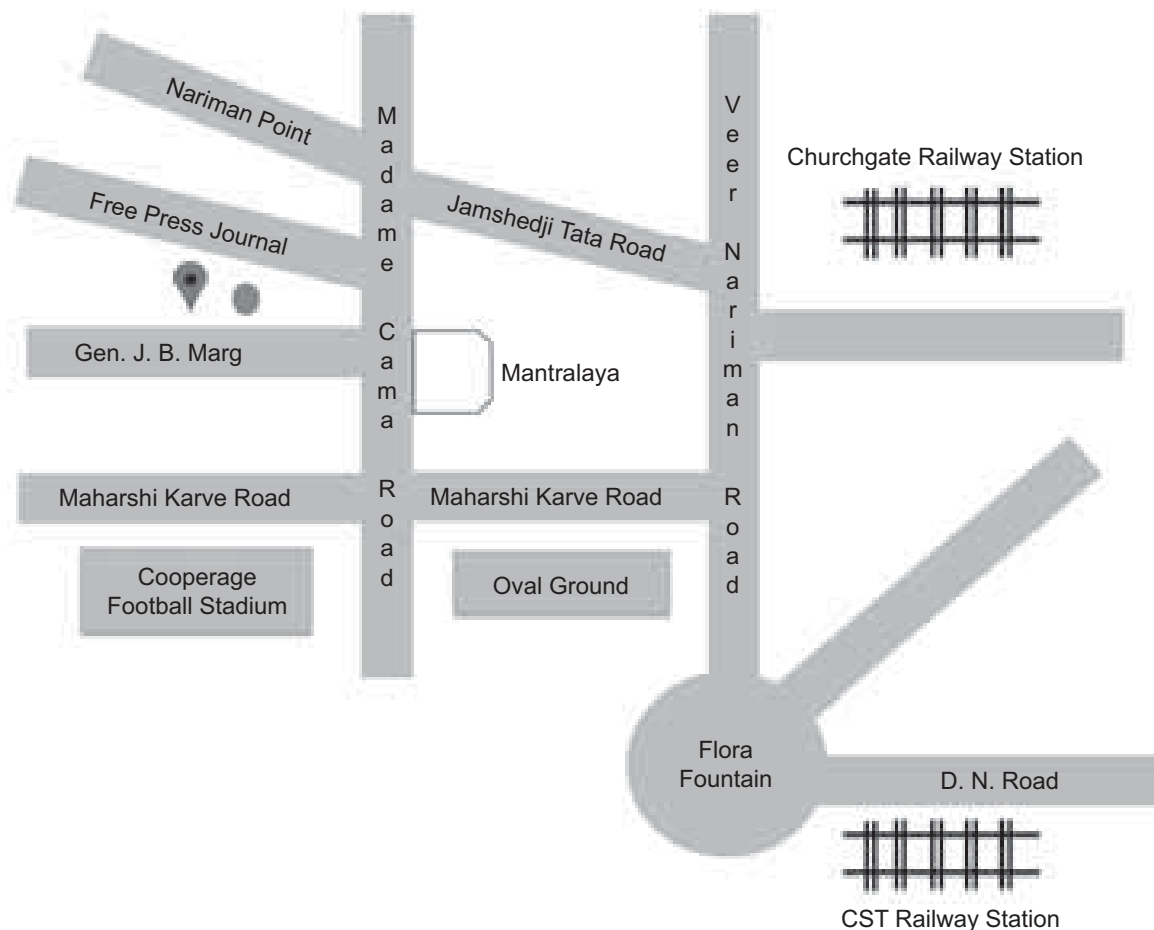
specialty care in India, especially in rural settings, is substantial and growing. System wide integration of Project ECHO offers a solution that can benefit the entire population.

ROUTE MAP TO THE VENUE OF THE 60TH ANNUAL GENERAL MEETING OF BAYER CROPSCIENCE LIMITED

Day & Date : Tuesday, August 21, 2018

Time : 11:00 A.M.

AGM Venue : "Yashwantrao Chavan Pratishthan Auditorium", Y. B. Chavan Centre,
Near Mantralaya, Gen. J. Bhonsale Marg, Mumbai - 400 021

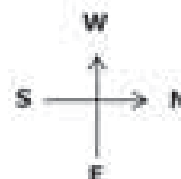


Legends:

 AGM Venue

 Sachivalaya Gymkhana

Please note that this map is not to actual scale





Bayer CropScience Limited
Annual Report 2017 - 18

Directors	Pankaj Patel	(DIN 00131852)	– Chairman
	Richard van der Merwe	(DIN 06768305)	– Vice Chairman & Managing Director and CEO
	Sharad M. Kulkarni	(DIN 00003640)	
	Vimal Bhandari	(DIN 00001318)	
	Peter Mueller	(DIN 03582162)	
	Ulrich Stefer	(DIN 07447177)	– Executive Director & CFO
	Dr. Miriam Colling-Hendelkens	(DIN 07839649)	

**Head - Law, Patents & Compliance &
Company Secretary**

Rajiv Wani

Bankers	Bank of America
	BNP Paribas
	Citibank N.A.
	Deutsche Bank
	HDFC Bank Limited
	State Bank of India
Auditors	M/s. Deloitte Haskins & Sells LLP
Solicitors	Crawford Bayley & Co.
CIN	L24210MH1958PLC011173
Registered Office	Bayer House, Central Avenue, Hiranandani Estate, Thane (West) - 400 607. Tel. No.: + 91 22 2531 1234 Fax No.: + 91 22 2545 5063 Email: ir_bcs@bayer.com
Registrar & Share Transfer Agent	TSR Darashaw Limited (TSRDL) 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 Email: csg-unit@tsrdarashaw.com
Factory	Plot Nos. 66/1 to 75/2 G.I.D.C. Industrial Estate, Himatnagar - 383 001, Gujarat.

Contents	Page No.
Board of Directors	01
Notice	02
Directors' Report	07
Corporate Governance Report	33
Business Responsibility Report	49
Management Discussion & Analysis Report	61
Independent Auditors' Report	65
Balance Sheet	72
Statement of Profit and Loss	73
Statement of Changes in Equity	74
Cash Flow	75
Notes to the Financial Statements	77
Facts	111
Proxy Form	

Members are requested to:

- direct all shares related correspondence to TSRDL
- 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
- dematerialise their shareholding in the Company at the earliest to enable any transfer of shares, as pursuant to a SEBI amendment dated June 8, 2018, transfer of listed securities shall not be processed unless the securities are held in dematerialised form.



NOTICE

NOTICE is hereby given that the 60th Annual General Meeting of Bayer CropScience Limited will be held on Tuesday, August 21, 2018 at 11.00 a.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, 2018 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, 2018.
3. To appoint a Director in place of Dr. (Ms.) Miriam Colling-Hendelkens (DIN: 07839649), who retires by rotation and being eligible offers herself for re-appointment.

SPECIAL BUSINESS:

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

4. Ratification of Remuneration to Cost Auditor:

As an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 148(3) and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration payable to M/s. D. C. Dave & Co., Cost Accountants, having Firm Registration No. 000611, appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company relating to "Insecticides" for the financial year ending March 31, 2019, being ₹ 0.55 Millions (Rupees point five five Millions only) plus taxes as applicable and out of pocket expenses incurred in performance of their duties be and is hereby ratified and confirmed.

RESOLVED FURTHER THAT the Board of Directors of the Company and the Company Secretary be and are hereby severally authorised to do all such acts, deeds, matters and things as may be necessary to give effect to this resolution."

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Pursuant to Section 105 of the Companies Act, 2013 ("the Act"), a person can act as proxy on behalf of not more than fifty (50) members holding in the aggregate not more than ten percent of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than ten percent of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder. 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 forty eight (48) hours before the commencement of the Annual General Meeting. Proxies submitted on behalf of companies, institutions, societies etc. must be supported by appropriate resolution / authority, as applicable, issued on behalf of the nominating organisation. The proxy holder shall prove his identity at the time of attending the Meeting. The proxies shall be available for inspection during the period beginning twenty-four (24) hours before the time fixed for the commencement of the Meeting and ending with the conclusion of the Meeting.
2. The Explanatory Statement pursuant to Section 102(1) of the Act, is annexed hereto and forms part of this Notice.
3. The details under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modification(s) or amendment(s) or re-enactments thereof, for the time being in force ("SEBI Listing Regulations"), in respect of Directors seeking approval for appointment/re-appointment at the Annual General Meeting, forms part of the annexure to this Notice.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, August 08, 2018 to Tuesday, August 21, 2018 (both days inclusive).
5. The dividend of ₹ 18.00 per Equity Share, as recommended by the Board of Directors, if declared at the ensuing 60th Annual General Meeting to be held on Tuesday, August 21, 2018 will be paid on or after Monday, August 27, 2018:
 - (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 as on Tuesday, August 07, 2018, after effecting the transfers lodged on that date which are valid and found to be in order;
 - (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 07, 2018 as per details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
6. Members are requested to direct all shares related correspondence to TSRDL at the following address:

TSR Darashaw Limited (TSRDL),
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 id: csg-unit@tsrdarashaw.com

7. Members holding shares in physical form are requested to notify / send the following to TSRDL prior to Book Closure date, that is, Tuesday, August 07, 2018 in order to facilitate better service:
 - (i) any change in their address / mandate / bank account details;
 - (ii) particulars of their core bank account number 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.
8. Members holding shares in the dematerialised form are requested to intimate all changes pertaining to their bank account details including their Core Banking Account No. MICR and IFS Code, 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 be received through Depository by the Company/ RTA on updation by the Depository Participant. This will help the Company and TSRDL to provide efficient and better service to the members.
9. **Members holding shares in physical form are requested to consider converting their holding to dematerialised form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or TSRDL for assistance in this regard.**
10. The Ministry of Corporate Affairs has vide notification dated September 5, 2016 brought into force certain provisions of Sections 124 and 125 of the Act and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") with effect from September 07, 2016 including amendments thereof. Pursuant to the provisions of Section 124 of the Act, the dividend which remains unclaimed / unpaid for a period of seven years from the date of the transfer to the unpaid dividend account of the Company is required to be transferred to the Investor Education and Protection Fund ("IEPF") Account of the Central Government. Further, pursuant to the provisions of Section 124 of the Act and the IEPF Rules, all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to an IEPF Account within thirty days of such shares becoming due for transfer to IEPF. The members/claimants whose shares, unclaimed dividend, sale proceeds of fractional shares etc. have been transferred to IEPF may claim their shares or apply for refund by making an application to the IEPF Authority in Form IEPF-5. Members are requested to claim all the unpaid/unclaimed dividend to avoid transfer of dividend or shares as the case may be to the IEPF Account and are requested to contact TSRDL, the Registrar and Share Transfer Agent of the Company for claiming the dividend. The details of the unclaimed dividends are available on the Company's website at www.bayer.in and Ministry of Corporate Affairs at www.mca.gov.in.
11. **Members are requested to note that the dividend declared in August, 2011 is due to be transferred to IEPF in October, 2018.**
12. The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number (PAN) and Bank Account details by every participant in securities market. Members holding shares in dematerialised form are, therefore, requested to get their PAN details and Bank details registered with their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to submit their PAN details and Bank details to TSRDL. The request should be submitted along with the self-certified copy of PAN and original cancelled cheque bearing the name of the shareholders.
13. As directed by SEBI, in case of failure to register the PAN and bank account details as aforesaid, any transaction in the securities of the Company shall be subject to enhanced due diligence by the Company/ RTA, as may be prescribed. Also, it may be noted that issue of payment instruments without bank details may be disallowed.
14. Members can avail the facility of nomination in respect of physical shares held by them by sending their nomination in the prescribed form duly filled in to TSRDL, quoting their respective Folio Nos., Certificate Nos. and Distinctive Nos.
15. 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 during normal business hours up to and including the date of the Annual General Meeting.
16. **To receive shareholders' communications through electronic means, including annual reports and notices, 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 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.
17. In compliance with the provisions of Section 108 of the Act and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI Listing Regulations, (including any statutory modification(s) or amendment(s) or re-enactment(s) thereof, for the time being in force), the Company is pleased to provide its members the facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting by electronic means and the business may be transacted through e-voting services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL). The facility for electronic voting shall be made available at the AGM venue and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the Meeting.

The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

The remote e-voting period commences on Friday, August 17, 2018 (IST 9:00 a.m.) and ends on Monday, August 20, 2018 (IST 5:00 p.m.). During this period, members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Tuesday, August 14, 2018 may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

The instructions for remote e-voting are as under:

How to vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2 : Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 108712 then user ID is 108712001***

5. Your password details are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) Click on "Forgot User Details/Password"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) "Physical User Reset Password" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of the Company, that is, 108712, for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

- a) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to navnitlb@nlba.in with a copy marked to evoting@nsdl.co.in.
 - b) It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password" or "Physical User Reset Password" option available on www.evoting.nsdl.com to reset the password.
 - c) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in
18. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
 19. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM.
 20. Mr. N. L. Bhatia, Practicing Company Secretary has been appointed as the Scrutinizer to scrutinize the remote e-voting process and voting conducted at the AGM venue in a fair and transparent manner.
 21. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting electronically for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
 22. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
 23. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company at www.bayer.in and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to BSE Limited, Mumbai.

By Order of the Board of Directors

Rajiv Wani

Head - Law, Patents & Compliance
& Company Secretary

Mumbai, May 23, 2018

Registered Office:

Bayer House, Central Avenue,
Hiranandani Estate,
Thane (West) - 400 607
CIN: L24210MH1958PLC011173



ANNEXURE TO NOTICE:

INFORMATION ON DIRECTOR SEEKING RE-APPOINTMENT AS REQUIRED UNDER REGULATION 36(3) OF THE SEBI LISTING REGULATIONS:

Dr. (Ms.) Miriam Colling-Hendelkens (DIN: 07839649)

Dr. (Ms.) Miriam Colling-Hendelkens (Age: 46 years) who retires by rotation being eligible has offered her candidature for re-appointment.

Brief Profile:

Dr. (Ms.) Miriam Colling-Hendelkens started her professional career in the year 2002 and joined Bayer as a trainee in the Patent Department of Bayer Chemistry AG which later on had been carved-out as Lanxess GmbH. In 2005, she moved back to Bayer and joined the IP team of the Bayer affiliated company H.C. Starck GmbH where she was responsible for the conductive polymer IP portfolio.

In 2006, she took over a Senior Patent Counsel position within the IP team of Bayer MaterialScience AG supporting the business unit polyurethanes and polycarbonates and later on working as the strategic IP key account for the functional films organization. After restructuring of the Germany based IP Community and foundation of the Bayer IP GmbH in 2012 she took over the role as Head of Patents, Disease Control within the CropScience group. Since May 2016 she is heading the department - Patents CropScience with global responsibility for Bayer's CropScience IP organization. She is qualified as a German and European Patent Attorney.

She does not hold any shares in the Company in which she is a Director.

THE FOLLOWING EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("THE ACT") SETS OUT ALL MATERIAL FACTS RELATING TO THE BUSINESS MENTIONED IN ITEM NO. 4 IN THE ACCOMPANYING NOTICE DATED MAY 23, 2018:

Item No. 4:

The Board, on the recommendation of the Audit Committee, has approved the appointment of M/s. D.C. Dave & Co., Cost Accountants, as the Cost Auditors to conduct the audit of the cost records of the Company for "Insecticides" for the financial year ending March 31, 2019 for a remuneration of ₹ 0.55 Millions (Rupees point five five Millions) plus taxes as applicable and out of pocket expenses incurred by them for the purpose of audit for the financial year 2018-19. A Certificate issued by the above firm regarding their eligibility for appointment as Cost Auditors will be available for inspection at the Registered Office of the Company during business hours on all working days till the date of the Annual General Meeting and shall also be available at the Meeting.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the members of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 4 of the Notice.

None of the Directors or Key Managerial Personnel or their relatives are in any way concerned or interested in the passing of this resolution.

The Board recommends the ratification of the remuneration payable to M/s. D.C. Dave & Co., Cost Accountants, for the Cost Audit and passing of the Ordinary Resolution as set out at Item No. 4.

By Order of the Board of Directors

Rajiv Wani

Head - Law, Patents & Compliance
& Company Secretary

Mumbai, May 23, 2018

Registered Office:

Bayer House, Central Avenue,

Hiranandani Estate,

Thane (West) - 400 607

CIN: L24210MH1958PLC011173

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 60th 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, 2018.

Financial Performance:

(₹ in Millions)

Particulars	2017-18	2016-17
Revenue from Operations	27,490	29,484
Other Income	388	701
Total Income	27,878	30,185
Profit before Finance Costs, Depreciation and Taxation	4,482	4,837
(Less) : Finance Costs	(113)	(69)
(Less) : Depreciation and Amortisation Expense	(331)	(289)
Profit Before Tax	4,038	4,479
(Less) : Tax Expense	(1,037)	(1,569)
Profit for the year	3,001	2,910
(Less) : Other Comprehensive Income	(13)	(14)
Total Comprehensive Income for the year	2,988	2,896
Add : Retained Earnings at the beginning of the year	16,594	14,722
Amount available for Appropriation	19,582	17,618
Appropriations:		
Dividend Declared	601	601
Dividend Distribution Tax on Dividend	122	122
Transfer to General Reserve	290	301
Premium paid on Buyback of Equity shares	4,989	-
Transfer to Capital Redemption Reserve	11	-
Transaction Cost for Buyback of Equity shares	49	-

Operations:

Your Company's Revenue from Operation for the financial year 2017-18 is ₹ 27,490 Millions vis-à-vis ₹ 29,484 Millions in 2016-17.

Profit before Taxation is ₹ 4,038 Millions for the financial year 2017-18.

Dividend:

In line with the Dividend Distribution Policy, the Board of Directors have recommended a final dividend of ₹ 18.00 per Equity Share of ₹ 10 each amounting to ₹ 618 Millions for the financial year ended March 31, 2018, subject to the approval of the members.

The Register of Members will remain closed from Wednesday, August 08, 2018 to Tuesday, August 21, 2018 (both days inclusive).

Transfer to Reserves:

The Company proposes to transfer an amount of ₹ 290 Millions to the General Reserve.

Exports:

The export sale for the financial year ended March 31, 2018 was ₹ 2,496 Millions as compared to ₹ 4,257 Millions during the previous year.

Insurance:

The Company's assets continue to be adequately insured against various risks like fire, riot, earthquake, terrorism and the risk of loss of profits arising due to this insurable risks also stands insured, amongst other things. In addition, adequate coverage has been taken to cover public liability, environmental liability and product liability claims. Stocks are insured whilst in transit and/ or stored in the warehouses. Also, all the employees are covered against the risk of loss of life, hospitalisation and personal accident.

Foreign Exchange Management:

The Company's exposure to foreign exchange risk comprises the risk of fluctuations of a foreign currency versus the local currency. The goal is to reduce the negative impact on the earnings arising from fluctuations in exchange rates in the earnings. In this drive, majority of the forex transactions with group companies are now invoiced in rupee terms effective from January, 2018, thereby insulating the Company books from forex volatility. To mitigate the currency fluctuations for the balance non group US dollar denominated transactions, the net exposure of the Company is hedged after taking advantage of the natural hedge on fortnightly basis.

DIRECTORS' REPORT (contd.)

Directors' Responsibility Statement:

Pursuant to the provisions of Section 134(3)(c) of the Companies Act, 2013, ("the Act"), the Board of Directors, to the best of their knowledge and belief, confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. appropriate accounting policies have been selected and applied consistently and such judgments 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 at March 31, 2018 and of the profit of the Company for the financial year ended March 31, 2018;
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the annual accounts have been prepared on a going concern basis;
5. internal financial controls to be followed by the Company have been laid down and that such internal financial controls are adequate and were operating effectively and
6. proper systems to ensure compliance with the provisions of all applicable laws have been devised and that such systems were adequate and operating effectively.

Responsible Care and Quality:

Your Company observed National Safety Week and Fire Prevention Week during the year and conducted various activities throughout the week to spread awareness on safety amongst employees. September 20, 2017, was observed as the Bayer Safety Day. Various activities were conducted at sites and offices to promote safety. Your Company observed World Environment Day at the Himatnagar Site during the year. A "Road Safety Campaign" was conducted in 2017 to increase awareness on road safety amongst Bayer employees in India.

Your Company, covering the manufacturing site at Himatnagar was audited for ISO 9001:2015 Quality Management System and ISO 14001:2015 Environmental Management Systems by TUV India Pvt. Ltd. (TUV) and the Company continued certification for 2017-18.

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

Corporate Sustainability and Social Responsibility:

As a Life Science company, Bayer with its more than 150 years history and core competencies in the areas of health care and agriculture is contributing to finding solutions to some of the major challenges of our time.

For Bayer, sustainability means shaping the future successfully and, as part of our corporate strategy, is an integral part of our day-to-day work routines. Bayer's social commitment is based on innovation and pioneering spirit. We at Bayer are committed to improving the healthcare and better social living conditions. For this purpose, we cooperate with partners in international programs and support local initiatives.

Our mission as a Company is to act sustainably through our commitment to the U.N. Global Compact, and through our active global involvement in leading initiatives such as the World Business Council for Sustainable Development (WBCSD).

Environment is another key focus area. We are continuously working to reduce the environmental impact of our business activities and develop product solutions that benefit the environment. We use many means to make our production processes more resource-friendly and lower the emissions they generate. We are also committed to minimizing wastewater pollution. Systematic waste management and recycling activities reduce the amount of materials to be disposed of.

In India, Bayer is active in a variety of ways in the core fields of education and science, health and social needs. With its initiatives, Bayer is supporting local communities with innovative educational and social projects. We are focusing on long term projects according to the principle 'helping people to help themselves'.

Corporate Societal Engagement:

In India, the Company has rolled out a holistic, well-planned implementation approach for executing its Corporate Societal Engagement (CSE) projects. Since the introduction of the Section 135 of the Companies Act, 2013, the Company has conceptualised a portfolio of projects that focuses on four essential pillars: Fostering education, Fostering rural development, Empowering women and Preventive health & sanitation.

Under the Fostering Education pillar, educational and science projects are being undertaken. As education is a vital factor in achieving sustainable prosperity, Bayer places tremendous emphasis on supporting education and research within its social environment. The second pillar - Fostering Rural Development, focuses on many Community Development programs being implemented in various parts of India that aim to enhance awareness about health, hygiene and skill development. Empowering Women is the third pillar under which, using proven expertise and knowhow from years of experience, Bayer and its partnering institutions are developing strategies through the Program for Primary Prevention of Sexual Violence (PPPSV) to implement primary prevention measures, which protect women and children from sexual violence and its after effects. Another project, Discovering Hands aims to make a positive difference to the area of breast cancer as well as lend a helping hand for the visually challenged blind women. The fourth pillar - Preventive Health

DIRECTORS' REPORT (contd.)

& Sanitation aims to provide targeted assistance in the areas of health and hygiene.

On all the four fronts, the Company has achieved significant milestones.

Business Responsibility Reporting:

Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulation, 2015, inter alia, provides that the annual report of the top 500 listed entities based on market capitalization, shall include a Business Responsibility Report (BRR). A separate section on Business Responsibility forms part of this Annual Report.

Human Resources:

Bayer's business success is based to a large extent on the knowledge, skills, commitment and satisfaction of our employees. As an employer we offer our employees attractive conditions and wide-ranging individual development opportunities. Alongside professional training, we focus on conveying our corporate values (LIFE - Leadership, Integrity, Flexibility, Efficiency) and establishing a dialogue-oriented corporate culture based on trust, respect for diversity and equality of opportunity. Our responsible approach to structuring working conditions includes fair treatment at work, a transparent and equitable compensation system, the ability to combine working with family commitments, flexible worktime arrangements and a working environment that fosters health.

These are the cornerstones of our global human resources strategy, which is designed to safeguard and expand our business activities. They strengthen our competitiveness, and also reflect our social responsibility to provide secure employment and stable incomes, and to foster social cohesion.

In this way, we want to recruit and retain the best employees for Bayer.

We measure employees' satisfaction with Bayer as an employer with the help of institutionalized feedback discussions and the Group-wide Employee Survey, which is usually conducted about every two years. This enables us to monitor the effectiveness of our activities and make any necessary improvements. In the 2017 Employee Survey – Results, we had an Employee Engagement Index of 81%.

Attracting, Developing and Retaining the best managers and employees:

Employer branding targets both current and prospective employees.

Your Company continues to leverage its Employer Value proposition – its Employer Brand - 'Passion to Innovate | Power to Change', which shows what the Bayer Group expects of its employees and what it can offer them. It translates Bayer's mission statement "Science for a better life" into the world of work. It is a reflection of what makes Bayer and what is expected of every employee who joins Bayer. The Employer Brand demonstrates a strong value proposition for future talents and strengthens Bayer as an employer of choice.

Your Company's career Facebook page, its LinkedIn page continues to present Bayer in an engaging manner through proof points which make Bayer an Employer of Choice. You would be happy to note that your Company has been ranked by Working Mother & AVTAR in the '100 Best Companies for Women in India'.

Internships and the Bayer Scholarships keep our connect with the student community high.

Feedback on employee performance:

Specific and differentiated feedback forms the basis for positive personal development. Bayer encourages a culture of candid feedback to help employees achieve their individual goals. This is supported by a Group-wide performance management system. In feedback discussions, employees have the opportunity to receive feedback from their supervisors on fulfilment of their professional and behavioural objectives. This assessment also determines a significant portion of their variable compensation.

Wide-ranging career opportunities:

Thanks to our wide-ranging business activities, we offer employees throughout the Group good opportunities for development. Regular Development Dialogues between employees and supervisors provide an opportunity to discuss the employees' further career development perspectives.

Around 1,302 Development Dialogues were held and documented in 2017. Vacancies throughout the Bayer Group, from non-managerial right up to management level, are advertised via a globally accessible platform. International assignments are also an important element in employee development. 29 employees from India had participated in the international assignments (short term and long term) in 2017.

In line with Bayer's talent management philosophy, a number of employees went through various Development Centres this year as well. These exercises not only built capabilities, but also provided opportunities for employees to move into different roles and positions. Our strong work on XCEDO, the CropScience Divisions' Training Academy continued to be recognized at all levels. We continued with SKILL CAMP which is a global marketing and sales initiative. In continuation of last year's efforts towards providing opportunities for Learning and Development to the employees, initiatives like NIEV - Certificate in Management Studies in collaboration with WE School and My Growth My Life – An accelerated Development Program were progressed.

Since the roll out of the Bayer Competency Model, the Bayer Competencies – Core and Leader, remain linked to all People Processes, Performance Management, Talent Development initiatives across the employee life cycle.

In line with the strategy, the Company has decided on emphasizing and amplifying four focus behaviours - Customer Focus, Experimentation, Collaboration and Trust in our organization, so that we can ensure that our culture supports our strategy and purpose.

DIRECTORS' REPORT (contd.)

Corporate culture: dialogue, diversity, innovation:

Fairness and respect are central elements of our corporate culture. That includes observing Group-wide standards of conduct and protecting employees from discrimination, harassment and retaliation. These standards are set forth in our Corporate Policy "Fairness and Respect at Work." With the help of training, videos and our internal websites, Bayer employees around the world are provided with guidance on how to comply with this corporate policy. Child and forced labour are strictly prohibited at Bayer in accordance with the core labor criteria of the International Labour Organization (ILO). This prohibition is set out in our binding Human Rights Policy and applies Group-wide.

Communication at all levels:

Employees can use the internal crowdsourcing platform WeSolve to pose questions relating to internal matters at Bayer. These are then answered together with other employees with whom the person asking the question does not normally have any contact. We involve our employees in business processes through active dialogue, informing staff promptly and extensively about upcoming changes.

Creating attractive working conditions:

- **Competitive compensation and variable pay**

Our compensation system combines a salary reflecting performance and responsibility with elements based on the Company's success, plus additional benefits. Adjustments based on continuous benchmarking make our compensation locally competitive. This includes, among other things, the uniform evaluation of all managerial positions throughout the Group.

Bayer voluntarily pays employees on permanent employment contracts in excess of the statutory minimum wage.

Binding and transparent compensation structures - At Bayer, individual salaries are based on each employee's personal and professional abilities and the level of responsibility assigned to them. At the managerial level, this is based on uniform evaluation of all positions throughout the Group using the internationally recognized Hay method.

Our compensation concept also includes variable one-time payments.

- **Work-life balance**

We offer our employees flexible working hours and support in child care beyond the statutory requirements.

- **Initiatives to promote health and ensure safe working conditions**

In 2017, Bayer adopted a new global framework concept to promote employee health and quality of life (BeWell@Bayer). It expands the core aspect of health into a comprehensive approach, targets further improvements in the daily work environment and is intended particularly to help balance employees' professional and private lives. We aim to provide employees with access to affordable and targeted health offerings such as regular medical check-ups, sports programs, and on-site medical care.

The Company offers employees the support of free Employee Assistance Program which is a fully confidential support system for requirements in the areas of psychological, marital, financial and legal advice in personal matters.

Awards & Recognition:

The Company has been recognized as one of the '100 Best Companies for Women in India 2017'. The study conducted by AVTAR Group & Working Mother aims to recognize and bring into foray the sustained initiatives undertaken by companies to increase women's workforce participation.

During the year, the Company was awarded the 'Mercer NDTV Employer Excellence Awards 2017' in Excellence in Career Development category and was also declared as 'Aon Best Employer in India 2018' award for the second consecutive year.

At Bayer, we have always been committed to creating a culture where everyone can continuously innovate, perform and develop. The above awards are a testament of our commitment to career development of our employees through state of art talent management practices and tools.

Directors:

Mr. A.K.R. Nedungadi, Non-Executive Independent Director ceased to be a Director of the Company with effect from April 30, 2018. The Board of Directors placed on record its warm appreciation for the valuable contribution made by Mr. Nedungadi during his tenure as Director of the Company.

At the forthcoming 60th Annual General Meeting (AGM) of the Company and in accordance with the provision of the Act, Dr. (Ms.) Miriam Colling- Hendlens retires by rotation and being eligible offers her candidature for re-appointment. The resolution for the said re-appointment along with the brief profile forms a part of the Notice of the AGM and the resolution for her re-appointment is recommended for your approval.

The Independent Directors hold office for a fixed term of five years and are not liable to retire by rotation.

In accordance with the provisions of Section 149(7) of the Act, Mr. Pankaj Patel, Mr. Sharad M. Kulkarni, Mr. A.K.R. Nedungadi and Mr. Vimal Bhandari, the Independent Directors of the Company as on March 31, 2018 have given declaration to the Board that they meet the criteria of independence as laid down under Section 149(6) of the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

DIRECTORS' REPORT (contd.)**Meetings of the Board:**

During the financial year ended March 31, 2018, five Board Meetings were convened and held. The details of which are given in the Corporate Governance Report.

Audit Committee:

During the financial year ended March 31, 2018, four Audit Committee Meetings were convened and held. The composition of the Audit Committee is given in the Corporate Governance Report. All the recommendations made by the Audit Committee were accepted by the Board.

Board Evaluation:

Pursuant to the provisions of the Act and SEBI Listing Regulations, the Board and Committee Evaluation was carried out during the year wherein all the members of the Board collectively evaluated the Board's as well as Committee's performance based on various parameters. The individual directors were also evaluated by their peers based on the parameters provided by the SEBI Listing Regulations. The results of the evaluation were discussed at the Nomination & Remuneration Committee and were also placed at the Board Meeting for the Chairman's review. The Evaluation process primarily focused on the criteria with respect to the overall functioning of the Board as well as the Committees, the composition of the Board and Committees, governance aspects etc. The criteria applied in the evaluation process is explained in the Corporate Governance Report.

Nomination and Remuneration Policy:

The Company has in place a Nomination and Remuneration Policy which is framed in accordance with Section 178 of the Act and SEBI Listing Regulations. The Policy provides for appointment and removal of Directors, Key Managerial Personnel and Senior Management employees and their remuneration. The detailed policy is available on the website of the Company at www.bayer.in.

Whistle Blower Policy (Vigil Mechanism):

The Company has adopted a Whistle Blower Policy, as a part of vigil mechanism to provide appropriate avenues to the employees as well as any third parties to bring to the attention of the management any issue which is perceived to be in violation of or in conflict with the code of conduct, values, principles and beliefs of the Company. Good Corporate Governance entails that the interest of the employees, shareholders and the society in general is protected at all times. The established vigil mechanism helps employees to report concerns about any unethical conduct, financial malpractices or any unhealthy practice prevalent in the Company. The employees are encouraged to voice their concerns or issues by way of whistle blowing and all the employees have been given the access to the Audit Committee. The Company has also provided dedicated email address bayercompliance@expolink.co.uk for reporting such concerns. The Corporate Compliance Team looks into the whistle blower complaints and places the status of such complaints at the Audit Committee Meeting on a quarterly basis.

The details of this Policy is explained in the Corporate Governance Report and also posted on the website of the Company at www.bayer.in.

Code of Conduct:

The Company has in place a Code of Business Conduct ("Code") which is applicable to the members of the Board and all employees of the Company. The Code lays down the standard of conduct which is expected to be followed by the Directors and employees in their business dealings and in particular on matters relating to integrity in the work place, dealing with stakeholders and in business practices. All the Board Members and the Senior Management personnel have confirmed compliance with the Code.

Risk Management Policy:

The Company has adopted a Risk Management Policy which outlines the risk management framework of the Company. The policy contains the following aspects:

- overview of risk management;
- roles and responsibilities of the Board of Directors, Audit Committee and other key personnel of the Company with regards to risk management;
- structure for identification, escalation and minimization of risks and
- procedure for risk identification, escalation and minimization of risks.

The details on risk management are given in the Corporate Governance Report.

Corporate Social Responsibility Policy:

The brief outline of the CSR Policy of the Company and the initiatives undertaken by the Company on CSR activities during the year is set out in Annexure "A" of this report. The CSR policy is uploaded on the website of the Company and is available at www.bayer.in.

Internal Control Systems:

The Company has appropriate internal control systems for business processes with regard to its operations, financial reporting and compliance with applicable laws and regulations. The Audit Committee of the Board of Directors approves the internal audit plan and internal audits are conducted at regular intervals across various locations in line with the approved internal audit plan. Audit observations and follow-up actions are discussed with the management of the Company as well as the Audit Committee.



DIRECTORS' REPORT (contd.)

Internal Financial Controls:

The Companies Act, 2013, introduced regulations with focus on control and compliance requirements; in light of which the Company has laid down Internal Financial Controls across various processes prevalent in the organisation. These controls have been established at the entity as well as process level and are designed to ensure compliance to internal control requirements, regulatory compliance and enable appropriate recording of financial and operational information. The Company has reviewed effectiveness of internal financial controls by adopting a systematic approach to assess design and its operating effectiveness.

Information pursuant to Section 197(12) of the Companies Act, 2013:

The information as prescribed under Section 197(12) of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is set out as an Annexure "E" to the Directors' Report. However, as per the proviso to Rule 5 the Directors' Report and Financial Statements are being sent to the Members excluding the statement giving particulars of employees under Section 197(12). Any Member interested in obtaining a copy of such statement may write to the Company Secretary at the Registered Office of the Company.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:

The information required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 with respect to these matters forms part of this Report and is enclosed as Annexure "B" hereto.

Particular of Loans, guarantees or investments under Section 186 of the Companies Act, 2013:

During the financial year ended March 31, 2018, the Company did not give any loan, guarantee or provide security in connection with any loan to any group company or acquired any securities on or behalf of any group company.

Related Party Transactions:

In accordance with the relevant provisions of the Companies Act, 2013 and rules framed thereunder as well as Regulation 23 of the SEBI Listing Regulations, your Company has in place a Related Party Transaction Policy. All the transactions entered with related parties are as per the Related Party Transaction Policy and are in the Ordinary Course of Business and at arm's length.

Information on transactions with the related parties pursuant to Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 as prescribed in Form AOC-2 are given under Annexure "C".

Prevention of Sexual Harassment at Workplace:

Your Company has a policy on prevention of sexual harassment to ensure harassment free workspace for the employees. Sexual harassment cases are dealt as per the Company policy on prevention of sexual harassment. The Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed off during last calendar year.

- No. of complaints received : Nil
- No. of complaints disposed off: Nil

Extract of Annual Return:

The details forming part of the extract of the Annual Return in Form MGT 9 is enclosed as Annexure "D" hereto.

Corporate Governance:

Your Company is committed to maintaining highest standards of Corporate Governance and adhering to the Corporate Governance requirements as set out by the Securities and Exchange Board of India (SEBI). As required by Regulation 24 of the SEBI Listing Regulations, a detailed Corporate Governance Report is given as an Annexure to this Report. The Company is in full compliance with the requirements and disclosures that have to be made in this regard. The Certificate from a Company Secretary in whole-time practice confirming compliance of the Corporate Governance requirements by the Company is attached to the Corporate Governance Report. Also a Certificate of the CEO and CFO of the Company in terms of the SEBI Listing Regulations, inter alia, confirming the correctness of the financial statements and cash flow statements, adequacy of internal control measures forms a part of the Corporate Governance Report.

Management Discussion & Analysis Report:

A detailed review of operations, performance and future outlook of the Company is given separately under the head Management Discussion & Analysis Report.

Buyback of shares:

During the year under review, the Company completed Buyback of 1,020,408 equity shares (representing 2.89% of total equity capital) of ₹ 10/- each at a price of ₹ 4,900/- per equity share aggregating to ₹ 499,99,99,200. The Buyback of shares from the shareholders of the Company was on a proportionate basis through the tender offer route as prescribed under the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998, as amended.

Cost Audit:

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company in respect of 'Insecticides' is required to be audited. Your Directors have on the recommendation of the Audit Committee appointed M/s. D.C. Dave & Co. to audit the cost accounts of the Company pertaining to 'Insecticides' for the financial year ending March 31, 2019. As required under the Act, the remuneration payable to the Cost Auditor is required to be placed before the Members in the General Meeting for their ratification. Accordingly, a resolution for seeking members ratification for the remuneration payable to M/s. D.C. Dave & Co. is included at Item No. 4 of the Notice convening the Annual General Meeting.

Statutory Auditors:

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, (ICAI Firm Registration No. 117366W/W-100018) are the Statutory Auditors of the Company pursuant to Section 139 of the Companies Act, 2013 as per their appointment made at the 59th Annual General Meeting of the Company held on August 23, 2017 for a period of five years.

Secretarial Audit:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. BNP & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the financial year ending March 31, 2019. The Secretarial Audit Report for the financial year ended March 31, 2018 is enclosed as Annexure "F" hereto.

Acknowledgements:

The Board of Directors wishes to thank the employees of the Company for their exemplary dedication and valued contribution made by them. Your Directors would like to express their grateful appreciation for the co-operation, assistance and support extended by all the valuable stakeholders of the Company viz: customers, government authorities, financial institutions, banks, shareholders, suppliers and other business associates. We also acknowledge the consistent support and guidance from Bayer AG, Bayer CropScience AG, Bayer SAS and Bayer Vapi Private Limited.

For and on behalf of the Board of Directors

Pankaj Patel
Chairman
(DIN: 00131852)

Mumbai, May 23, 2018

ANNEXURE “A”

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the Company’s CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

Bayer is a Life Science company with a more than 150-year history and core competencies in the areas of health care and agriculture. With our innovations, we are contributing to finding solutions to some of the major challenges of our time. As a Company focusing on the areas of health care and agriculture, we perform many activities that touch on socially sensitive issues.

Bayer CropScience Limited (“BCSL”) as a market leader is committed to innovation and societal development. It is this spirit of innovation that is at the core of our Corporate Social Responsibility endeavors as well.

In accordance to the legislation, BCSL has implemented Corporate Social Responsibility (CSR) Policy. As per the stipulation, the Board level CSR Committee that comprises of Managing Director and two other Directors (one independent) met during the last quarter of the financial year to review the progress of the projects and approve new ideas. The Bayer Group level, CSR Steering Committee comprising representatives from all Bayer companies and some service functions formulated to further steer CSR activities met twice during the year to assess the headway of current projects and approve budgets for upcoming ones.

Bayer CSR Policy focuses on four essential pillars: Fostering education, Fostering rural development, Empowering women and Preventive health & sanitation. These programmes, as of now, cover a part of the CSR budget.

Below is a short summary of programmes under implementation:

i. Program for Primary Prevention of Sexual Violence:

Program for Primary Prevention of Sexual Violence (PPPSV): The Program for Primary Prevention of Sexual Violence (PPPSV) is a collaborative initiative of King Edward Memorial Hospital Research Centre (KEMHRC), Pune Institute of Sexology and Sexual Medicine, Charite University clinic of Berlin and an advisory council of experts from India. The unique goal of the PPPSV is to develop and implement strategies for primary prevention of sexual violence in India by focusing on potential offenders as well as potential victims. In 2016-17, a feasibility study for implementing public health and clinical treatment services in light of medico-legal conflicts, social acceptance and practical strategic challenges has been completed in addition to various awareness generation programs. A free and confidential treatment centre was launched at KEMHRC. Treatment is being offered for people seeking therapeutic help with their sexual preference for children and/or early adolescents. This treatment option is restricted strictly to non-offenders.

ii. Discovering Hands:

Breast cancer is the most common cancer in women both in the developed and less developed world. As prevention is critical in the fight against breast cancer, Dr. Frank Hoffmann, a renowned medical expert from Germany pioneered a unique program - Discovering Hands - that trains and deploys visually impaired women with highly developed sensory skills to detect the early signs of breast cancer. These women are trained to deliver physical breast examinations at doctors’ clinics for which they undergo a nine-month training period on how to use a standardized diagnostic method for examining the female breast. The project has entered the implementation phase with the initiation of training of the visually impaired women. This project is a partnership initiative with Indian Cancer Society, National Association for the Blind and Rajiv Gandhi Cancer & Research Centre.

iii. Bayer Fellowship Program in Agro Science:

Agriculture requires innovation and sustainable mechanisms to cater to the ever increasing, vast and diverse population. The objective of this project is to encourage research and development activities in agriculture. Scholarships are awarded to M.Sc. and Ph.D. students with following objectives: Support young and talented minds to better the standards of agriculture, develop technology in India that will be adopted by farmers to increase their profitability. The project locations are at state-level Agriculture Universities in Gujarat, Karnataka, Punjab, Assam, Tamil Nadu, Telangana, Uttarakhand and West Bengal.

The Corporate Social Responsibility Policy is available on the Company’s website at www.bayer.in under the Corporate Governance section.

2. The composition of the CSR Committee:

Sr. No.	Name	Designation
1.	Richard van der Merwe Vice Chairman & Managing Director and CEO	Chairman
2.	Vimal Bhandari Non-Executive Independent Director	Member
3.	Ulrich Stefer Executive Director & CFO	Member

3. **Average Net Profit of the Company for last 3 financial years:** ₹ 5,046.73 Millions

4. **Prescribed CSR Expenditure (2% of this amount as in item 3 above):** ₹ 100.93 Millions

5. **Details of CSR spent during the year:**

a. Total amount spent during the financial year: ₹ 80.49 Millions

b. Amount unspent: ₹ 20.44 Millions

c. Manner in which the amount spent during the financial year is detailed below:

Sr. No.	CSR project/ activity identified	Sector in which the Project is covered	Projects/ Programs 1. Local area/others 2. Specify the state and district where project /program was undertaken	Amount outlay (budget) project/ programs wise (₹ in Millions)	Amount spent on the project/ programs Subheads: 1. Direct expenditure on project or programs (DE) 2. Overheads (OH) (₹ in Millions)	Cumulative expenditure spend upto to the Reporting period (₹ in Millions)	Amount spent: Direct/through implementing agency
1.	Research & Prevention Center on Sexual Violence against Women & Children. The Program has 3 main goals: 1. Empiric research on causes and impact of sexual violence on Indian society and individual victims (generate evidence based results to find new solutions and actions) 2. Social Emergency response office for at-risk people (mobile solution, "help mob") 3. Preventive sexual medical treatment is being offered for potential child sexual abusers (voluntary based).	CSR activity, under item (iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.	Maharashtra	15.44	DE= 15.00 OH=0.44	62.52	KEM Hospital & Research Center Pune. Bayer Prayas Association Scientific partner: Charité Berlin & World Health Summit
2.	Training center for visually impaired women to become Medical Tactile Examiners (MTEs) in early Breast Cancer Detection. This creates a win-win situation. They support as personal assistants to medical doctors in early detection of breast cancer in the context of the existing healthcare system by using their extraordinary tactile capabilities.	CSR activity, under item (ii) Promoting education, including special education and employment enhancing vocational skills especially amongst children, women, elderly and the differently abled and livelihood enhancement projects.	New Delhi	19.31	DE=18.75 OH=0.56	46.23	DISHA Foundation

Sr. No.	CSR project/ activity identified	Sector in which the Project is covered	Projects/ Programs 1. Local area/others 2. Specify the state and district where project /program was undertaken	Amount outlay (budget) project/ programs wise (₹ in Millions)	Amount spent on the project/ programs Subheads: 1. Direct expenditure on project or programs (DE) 2. Overheads (OH) (₹ in Millions)	Cumulative expenditure spend upto to the Reporting period (₹ in Millions)	Amount spent: Direct/through implementing agency
3.	Bayer Fellowship Program in Agro Science. To encourage research and development activities in agriculture, Bayer is supporting Masters in Science and Ph.D. students with Fellowships in leading AgroScience Universities in Gujarat, Karnataka, Punjab, Assam, Tamil Nadu, Telangana, Uttarakhand and West Bengal.	CSR activity, under item (ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.	Tamil Nadu, Telangana, Karnataka, Uttarakhand, Punjab, Assam, West Bengal and Gujarat	14.25	DE= 13.80 OH=0.45	27.27	Assam Agricultural University, Tamil Nadu Agricultural University, University of Agricultural Sciences, Bidhan Chandra Krishi Viswavidyalaya, Kalyani, West Bengal (BCKV) Anand Agricultural University, Acharya N.G. Ranga Agricultural University, Mahatma Phule Krishi Vidyapeeth, Punjab Agricultural University, Govind Ballabh Pant University of Agriculture and Technology
4.	Preventive Health Program nearby Vapi industrial area would include a general health screening, organizing specialized health camps for early detection of serious ailments like diabetes, hypertension, other health issues typical to an industrial township with a relatively high exposure to toxic chemicals and gases. This program will make provision for safe drinking water, offer support to the communities for better sanitation facilities and also help improve the solid waste management practices. This is expected to positively impact the overall health of the community.	CSR activity, under item (i) Eradicating extreme hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swach Bharat Kosh and making available safe drinking water.	Vapi, Gujarat	11.26	DE= 10.9 OH= 0.36	11.26	Aakruthi Foundation

Sr. No.	CSR project/ activity identified	Sector in which the Project is covered	Projects/ Programs 1. Local area/others 2. Specify the state and district where project /program was undertaken	Amount outlay (budget) project/ programs wise (₹ in Millions)	Amount spent on the project/ programs Subheads: 1. Direct expenditure on project or programs (DE) 2. Overheads (OH) (₹ in Millions)	Cumulative expenditure spend upto to the Reporting period (₹ in Millions)	Amount spent: Direct/through implementing agency
5.	WASH (Water, Agriculture, Sanitation and Hygiene) mainly focuses on public health through improving sanitation and conservation of pure natural resources. Preventive health care situation can be improved in the target villages if cleanliness is enhanced and natural resources are protected from pollutants. The methodology mainly involves intense trainings of the rural communities in order to change mind- set and habits.	CSR activity, under item (i) Eradicating extreme hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swach Bharat Kosh and making available safe drinking water.	Select Villages of Kurnool district in Andhra Pradesh and Bathinda & Fazilka Districts of Punjab	11.57	DE= 11.20 OH= 0.37	30.03	EFFORTS (A Society for the Development of Agriculture and Youth)
6.	Bayer Science Teens is being hosted annually by Bayer Science & Education Foundation. Students from various countries attend this program. The objective of this program is to kindle the spirit of science education. The international fellowship program of Bayer supports 5 teenagers aged between 14 and 16 to participate at the Bayer Science Camp in Denver, Colorado (USA).	CSR activity, under item (ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.	Pan India	1.65	DE= 1.6 OH= 0.05	4.69	Direct implementation

Sr. No.	CSR project/ activity identified	Sector in which the Project is covered	Projects/ Programs 1. Local area/others 2. Specify the state and district where project /program was undertaken	Amount outlay (budget) project/ programs wise (₹ in Millions)	Amount spent on the project/ programs Subheads: 1. Direct expenditure on project or programs (DE) 2. Overheads (OH) (₹ in Millions)	Cumulative expenditure spend upto to the Reporting period (₹ in Millions)	Amount spent: Direct/through implementing agency
7.	The Bayer Scholarships is aimed at recognizing and appreciating academic excellence. The objective is also to create 'mind-space' in the student community, especially those in life sciences areas. At present more than 50% of our workforce is millennials, it is imperative that we reach out to them when they are in their formative years. The program is for both graduates as well as post graduates in academic streams of agriculture, medical, pharmacy and management.	CSR activity, under item (ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.	Pan India	3.10	DE= 3.0 OH= 0.10	3.10	Aakruthi Foundation
8.	Nutrition program for children undergoing cancer treatment. The children coming to the Day Care Centre are from poor socio-economic backgrounds and many are from out of town. They stay in low cost accommodation near the hospital. Their parents can hardly afford the treatments, leave alone feed them properly. The CanSupport provides crucial daily nutritional support to children at the Day Care Centre.	CSR activity, under item (i) Eradicating extreme hunger, poverty and malnutrition, promoting preventive health care and sanitation.	New Delhi	0.72	DE= 0.70 OH= 0.02	0.72	Aakruthi Foundation

Sr. No.	CSR project/ activity identified	Sector in which the Project is covered	Projects/ Programs 1. Local area/others 2. Specify the state and district where project /program was undertaken	Amount outlay (budget) project/ programs wise (₹ in Millions)	Amount spent on the project/ programs Subheads: 1. Direct expenditure on project or programs (DE) 2. Overheads (OH) (₹ in Millions)	Cumulative expenditure spend upto to the Reporting period (₹ in Millions)	Amount spent: Direct/through implementing agency
9.	Future Agriculture Leaders of India (FALI) Initiative has been conceptualized under the theme – Promote agriculture education for high school students. The main objectives of the program are to impart basic scientific, practical knowledge on agriculture sciences and production to the students.	CSR activity, under item (ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.	Maharashtra	2.26	DE=2.19 OH=0.07	4.13	Gandhi Research Foundation
10.	"Rally for Rivers" awareness campaign	CSR activity, under item (iv) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air, and water.	Pan India	0.72	DE= 0.7 OH = 0.02	0.72	Isha Outreach
11.	The program allows differently abled girls to fully integrate into mainstream society by preparing them for employment, independent living, financial independence and social acceptance.	CSR activity, under item (ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.	Pune, Maharashtra	0.15	DE= 0.15 OH = 0.00	0.15	HelpLife Foundation

Sr. No.	CSR project/ activity identified	Sector in which the Project is covered	Projects/ Programs 1. Local area/others 2. Specify the state and district where project /program was undertaken	Amount outlay (budget) project/ programs wise (₹ in Millions)	Amount spent on the project/ programs Subheads: 1. Direct expenditure on project or programs (DE) 2. Overheads (OH) (₹ in Millions)	Cumulative expenditure spend upto to the Reporting period (₹ in Millions)	Amount spent: Direct/through implementing agency
12.	To sponsor education for 50 students for one year. The sponsorship helps in providing them with free books, healthy home atmosphere, guiding these children towards understanding the need for healthy living and secure a place for them among the mainstream society.	CSR activity, under item (ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects	Mumbai, Maharashtra	0.05	DE= 0.05 OH = 0.00	0.05	Welfare Society for Destitute Children

6. In case the Company has failed to spend the 2% of the Average Net Profit of the last 3 financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report.

As a part of its initiatives under "Corporate Social Responsibility", the Company has undertaken projects in accordance with the Schedule VII of the Companies Act, 2013.

Out of the Total budgeted CSR spend of ₹ 100.93 Millions for the Financial Year 2017-18, the Company could actually spend ₹ 80.49 Millions during the current financial year. During the year, the Company has moved from Corporate Social Responsibility to Corporate Social Engagement model (CSE) whereby the focus would be on social innovation with clearly defined strategic purpose as well as develop innovative solutions for the challenges faced by the society. This requires considerable amount of planning so that the CSR activities are identified and scaled up in a structured manner to ensure maximum impact. Consequently, the Company is confident of meeting the objectives as mentioned in Section 135 of the Companies Act, 2013 in the forthcoming years.

7. A Responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

We hereby declare that that implementation and monitoring of the CSR Policy are in compliance with CSR objectives and Policy of the Company.

For and behalf of CSR Committee

Richard van der Merwe
Chairman - CSR Committee and
Vice Chairman & Managing Director and CEO
(DIN: 06768305)

Ulrich Stefer
Member – CSR Committee and
Executive Director & CFO
(DIN: 07447177)

Mumbai, May 23, 2018

ANNEXURE “B”

Information as per Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the financial year ended March 31, 2018.

I. CONSERVATION OF ENERGY:**(a) Energy conservation measures taken at Himatnagar plant**

- Further reduced specific electrical consumption of Wettable Powder products from 728 KWH/Ton to 496 KWH/Ton (232 KWH/Ton) by optimization of process and utility requirement.
- Further reduced specific electrical consumption of Suspended Concentrate products (SC Product) from 743 KWH/Ton to 500 KWH/Ton (243 KWH/Ton) by optimization of process and utility requirement.
- Reduce Lighting consumption by converting conventional lighting to LED lighting and at some places installed motion sensor to avoid lighting wastages.
- Automization of Utility operations like N2 Generators, Compressors, Chillers to reduce response time which will lead to save the idle running of utility equipment. Adopted latest technology to avoid air wastages while draining the condensation.

(b) Capital Investments on Energy conservation equipments

- Installed 35 KVA solar power generating system for administrative building in December, 2017. Capital investment of ₹ 2 Millions.
- Installation of High efficient agitators for 5301R08 and 5101R10 vessels.
Potential energy saving per Year (₹ 0.5 Millions). Capital investment ₹ 1.0 Millions.
- Replaced auto drain valve with zero loss auto drain valve. Capital investment ₹ 0.4 Millions.

II. TECHNOLOGY ABSORPTION:

Efforts made towards technology absorption and the benefits derived are as under:

Research and Development (R & D)**1. Specific Areas**

As the leader in Innovation and Excellence, your Company continues to provide novel, innovative and effective crop protection products and solutions greatly benefitting the Indian farming community to keep pace with the dynamic scenario and enhancing productivity. As a part of ongoing research and development activities, your Company is evaluating in India the feasibility of a number of early phase compounds which are under global development with the prospect of introduction of some of the promising compounds in future in India. Further, new molecules and mixtures are also being evaluated for use in variety of agricultural and horticultural crops covering a wide spectrum of pest and disease segments to assess the suitability of product for marketing business.

Your Company successfully secured key product registrations viz.:

Crop Protection

- Alion Plus 560 SC is a novel non-selective herbicide formulation containing Indaziflam (a new molecule) and Glyphosate. Indaziflam prevents emergence of new weeds for a longer period, while Glyphosate controls existing weeds. This combination product is specially designed and developed for control of grassy and broad leaf weeds and long lasting weed control in Tea crop. The product also has potential for use in other plantation crops like Citrus, Banana, Oil Palm, etc.
- Velum 400 SC is a new Nematicide from Bayer which offers fast, effective and long-term control of key nematode pests present in soil in a wide range of crops. It is the first Nematicide with a new mode of action with high level of safety margin. The product is approved for use on tomato for the control of root knot nematodes. The data generation activities are ongoing for seeking approval for use on other crops.
- Regent Gold 200 SC provides highly effective insect control with its unique mode of action. The product is approved for use on Chickpea and cucumber for control of Lepidopteran pest.

Environmental Science

Your Company has secured approval of key product Aqua K-Othrine 2% EW for the management of mosquito vectors which transmit/spread vector borne diseases like Dengue, Malaria, etc. This innovative and environmental friendly product is recommended for space spray for adult mosquito control.

On the R&D front, your Company was successful in obtaining approvals for extending the use of existing products like Nativo 75 WG for management of disease on Gherkin and Gaucho 600 FS as seed treatment on Maize, while a number of label extensions on various crops are nearing completion for securing approvals.

Your Company has also complied with the requirement of National Maximum Residue Limits fixation in crops (food commodities), a prerequisite for registration and introduction of new agrochemical products or for introduction of existing products on new crops.

Further, in order to continue to provide innovative and effective solutions to the farmers, your Company has submitted registration application for new insecticide product which will help Indian farmers for the control of insect pests in key crops like Rice and Soybean which cause lot of damage reducing crop yields.

Besides this, 14 new applications for label extensions of existing key products were submitted for approval on various crops like Onion, Chilli, Cotton, Black gram, Okra, Wheat, Grape, Rice, Brinjal and Groundnut.

With the focus on improving productivity, quality and return on investment of farmers, your Company is developing total package solution from seed to harvest in key agriculture and horticulture crops like rice, cotton, fresh fruits and vegetables. Your Company continuously provides guidance and inputs to farming community on safe and judicious use of pesticides through various Stewardship and Sustainable Agriculture Projects. Your Company also provides a helpline dedicated to the farming community for seeking clarifications on appropriate use of its products.

2. Future Plans:

In the scenario of India's membership to the Organization for Economic Co-operation & Development (OECD) resulting in Regulatory Data Harmonization and the move towards Regulatory Data Protection and effective implementation of Patent regime by the Government, in future, your Company will be introducing some excellent high technology products in Crop Protection as well as Environmental Science.

The year 2018 has an interesting line-up with expected approval/ launch of 9 globally renowned products in Crop Protection – one new insecticide for the control of sucking pests in Cotton and one new insecticide for the control of lepidopteran/ chewing pests in Cucurbit and Bengal gram, a new fungicide for the control of diseases in Wheat and Cabbage, a new non-selective herbicide for the control of weeds in Tea and a new seed treatment product for use in Soybean and Groundnut crops. In Environmental Science, 1 new product for the vector control will be launched while 2 new products will be launched for management of roaches.

3. Expenditure on R & D

(₹ in Millions)

(a)	Capital	119
(b)	Recurring	205
(c)	Total	324
	Total R&D Expenses are 1.18 % of the Revenue from Operation	

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

- (i) Information relating to exports is contained in the Directors' Report.
- (ii) Total foreign exchange utilised and earned:

Particulars

(₹ in Millions)

Value of Imports on C.I.F. Basis	8,951
Expenditure In Foreign Currency	434
Earnings In Foreign Exchange	
Export of Goods calculated on FOB Basis	2,478
Recoveries from Group Companies	224

ANNEXURE "C"

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis:

The Company has not entered into any contract or arrangement or transactions with its related parties which is not at arm's length during the financial year 2017-18.

2. Details of material contracts or arrangements or transactions at arm's length basis:

The Company has entered into contracts with the related parties which are material in nature, the details of the said material contracts and the information required are as given below:

(I)	
Name of the Related Party and nature of relationship	Bayer BioScience Private Limited ("BBPL"). Related Party as per Section 2(76) of the Companies Act, 2013.
Nature of contracts/ arrangements/ transactions	Purchase of goods (seeds variety), sale of goods, professional and support services, recoveries, rent income/expenses, services and other obligations, if any. These transactions are in the ordinary course of business and are conducted on an arm's length basis.
Duration of contracts/ arrangements/ transactions	Ongoing contracts
Salient terms of the contracts or arrangements or transactions including the value, if any	Purchase of goods (seeds variety), sale of goods, professional and support services, recoveries, rent income/expenses, services, loans and other obligations, if any.
Date of approval by the Board, if any	Not applicable, since the transaction is in the ordinary course of business and at arm's length.
Amount paid as advances, if any	Nil
(II)	
Name of the Related Party and nature of relationship	Bayer AG is the ultimate holding company of BCSL.
Nature of contracts/ arrangements/ transactions	Purchase of goods, Sale of goods, recoveries, professional and support charges incurred and other incidental services. These transactions are in the ordinary course of business and are conducted on an arm's length basis.
Duration of contracts/ arrangements/ transactions	Ongoing contracts
Salient terms of the contracts or arrangements or transactions including the value, if any	Purchase of goods, Sale of goods, recoveries, professional and support charges incurred and other incidental services.
Date of approval by the Board, if any	Not applicable, since the transaction is in the ordinary course of business and at arm's length
Amount paid as advances, if any	Nil

For and on behalf of the Board of Directors

Pankaj Patel
Chairman
(DIN: 00131852)

Mumbai, May 23, 2018

ANNEXURE "D"

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	L24210MH1958PLC011173
Registration Date	September 09, 1958
Name of the Company	Bayer CropScience Limited
Category	Company limited by shares
Sub-Category of the Company	Indian Non-government Company
Address of the Registered office and contact details	Bayer House, Central Avenue, Hiranandani Estate, Thane (West) – 400 607 Tel. No.: + 91 22 2531 1234
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent	TSR Darashaw 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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company are stated below:-

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Manufacture of insecticides, rodenticides, fungicides, herbicides	20211	87

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and address of the company	CIN/GLN	Holding/ subsidiary / associate	% of shares held	Applicable section
1.	Bayer AG Leverkusen, Germany	NA	Holding	10.41	2(46)
2.	Bayer CropScience AG Monheim, Germany	NA	Holding	15.59	2(46)
3.	Bayer SAS Lyon, France	NA	Holding	19.28	2(46)
4.	Bayer Vapi Private Limited Plot No. 306/3, II Phase, GIDC, Vapi - 396 195	U99999GJ1990PTC049322	Holding	23.42	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

(i) Category-wise Share Holding:

Category of Shareholders		No. of Shares held at the beginning of the year (April 01, 2017)				No. of Shares held at the end of the year (March 31, 2018)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters										
(1)	Indian									
(a)	Individuals / Hindu Undivided Family	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	8,248,312	0	8,248,312	23.33	8,039,736	0	8,039,736	23.42	0.09

Category of Shareholders		No. of Shares held at the beginning of the year (April 01, 2017)				No. of Shares held at the end of the year (March 31, 2018)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (A) (1)		8,248,312	0	8,248,312	23.33	8,039,736	0	8,039,736	23.42	0.09
(2)	Foreign									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	15,996,372	0	15,996,372	45.25	15,544,712	0	15,544,712	45.28	0.03
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (A) (2)		15,996,372	0	15,996,372	45.25	15,544,712	0	15,544,712	45.28	0.03
Total Shareholding of Promoter and Promoter Group (A) = (A) (1) + (A) (2)		24,244,684	0	24,244,684	68.58	23,584,448	0	23,584,448	68.69	0.12
B. Public Shareholding										
(1)	Institutions									
(a)	Mutual Funds / UTI	3,488,394	290	3,488,684	9.87	3,467,624	140	3,467,764	10.10	0.23
(b)	Financial Institutions / Banks	8,809	3,498	12,307	0.03	16,766	3,346	20,112	0.06	0.02
(c)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	943,440	350	943,790	2.67	1,412,492	100	1,412,592	4.11	1.44
(f)	Foreign Institutional Investors	181,992	916	182,908	0.52	0	750	750	0.00	-0.52
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Any Other (specify)									
	Foreign Portfolio Investors (Corporate)	2,506,729	0	2,506,729	7.09	1,520,065	0	1,520,065	4.43	-2.66
Sub-Total (B) (1)		7,129,364	5,054	7,134,418	20.18	6,416,947	4,336	6,421,283	18.70	-1.48
(2)	Non-Institutions									
(a)	Bodies Corporate	1,107,350	4,128	1,111,478	3.14	1,081,950	2,527	1,084,477	3.16	0.01
(b)	Individuals -									
i	Individual shareholders holding nominal share capital upto ₹ 1 lakh	1,808,287	390,266	2,198,553	6.22	2,144,975	286,997	2,431,972	7.08	0.86
ii	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	117,643	27,160	144,803	0.41	98,771	27,160	125,931	0.37	-0.04

Category of Shareholders		No. of Shares held at the beginning of the year (April 01, 2017)				No. of Shares held at the end of the year (March 31, 2018)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(c)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Any Other	516,429	3,636	520,065	1.47	684,077	1,405	685,482	2.00	0.53
i	HUF	54,255	0	54,255	0.15	56,372	0	56,372	0.16	0.01
ii	Non-Resident Indian (NRI)	392,248	3,517	395,765	1.12	409,987	1,405	411,392	1.20	0.08
iii	LLP	3,699	0	3,699	0.01	7,055	0	7,055	0.02	0.01
iv	Trusts	25,150	66	25,216	0.07	52,168	0	52,168	0.15	0.08
v	Clearing Members	36,521	0	36,521	0.10	20,931	0	20,931	0.06	-0.04
vi	Foreign Companies	0	0	0	0.00	0	0	0	0.00	0.00
vii	Foreign Nationals	0	53	53	0.00	1,440	0	1,440	0.00	0.00
viii	Alternate Investment Funds	0	0	0	0.00	50,283	0	50,283	0.15	0.15
ix	NBFCs registered with RBI	4,556	0	4,556	0.01	619	0	619	0.00	-0.01
x	IEPF A/c	0	0	0	0.00	85,222	0	85,222	0.25	0.25
Sub-total (B) (2)		3,549,709	425,190	3,974,899	11.24	4,009,773	318,089	4,327,862	12.61	1.36
Total Public Shareholding (B) = (B)(1)+(B)(2)		10,679,073	430,244	11,109,317	31.42	10,426,720	322,425	10,749,145	31.31	-0.12
TOTAL (A)+(B)		34,923,757	430,244	35,354,001	100.00	34,011,168	322,425	34,333,593	100.00	0.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0.00	0	0	0	0.00	0.00
GRAND TOTAL (A)+(B)+(C)		34,923,757	430,244	35,354,001	100.00	34,011,168	322,425	34,333,593	100.00	

(ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (April 01, 2017)			Shareholding at the end of the year (March 31, 2018)			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1.	Bayer CropScience AG	5,509,593	15.58	0.00	5,354,030	15.59	0.00	0.01
2.	Bayer AG	3,676,380	10.40	0.00	3,572,577	10.41	0.00	0.01
3.	Bayer SAS	6,810,399	19.26	0.00	6,618,105	19.28	0.00	0.01
4.	Bayer Vapi Private Limited	8,248,312	23.33	0.00	8,039,736	23.42	0.00	0.09
	Total	24,244,684	68.58	0.00	23,584,448	68.69	0.00	0.12

(iii) Change in Promoters' Shareholding:

Sr. No.	Particulars	Shareholding at the beginning of the year (April 01, 2017)		Cumulative Shareholding during the year (March 31, 2018)*	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Bayer CropScience AG				
	At the beginning of the year	5,509,593	15.58	--	--
	September 22, 2017 Decrease in Shareholding (Buyback of Shares)	(155,563)	(0.45)	5,354,030	15.59
	At the end of the year	--	--	5,354,030	15.59
2.	Bayer AG				
	At the beginning of the year	3,676,380	10.40	--	--
	September 22, 2017 Decrease in Shareholding (Buyback of Shares)	(103,803)	(0.30)	3,572,577	10.41
	At the end of the year	--	--	3,572,577	10.41
3.	Bayer SAS				
	At the beginning of the year	6,810,399	19.26	--	--
	September 22, 2017 Decrease in Shareholding (Buyback of Shares)	(192,294)	(0.56)	6,618,105	19.28
	At the end of the year	--	--	6,618,105	19.28
4.	Bayer Vapi Private Limited				
	At the beginning of the year	8,248,312	23.33	--	--
	September 22, 2017 Decrease in Shareholding (Buyback of Shares)	(208,576)	(0.61)	8,039,736	23.42
	At the end of the year	--	--	8,039,736	23.42

*The Company bought back 1,020,408 equity shares representing 2.89% of the total number of shares in the paid-up share capital of the Company from its shareholders during the financial year ended on March 31, 2018.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name	Shareholding at the beginning of the year (April 01, 2017)		Shareholding at the end of the year (March 31, 2018)		Net Changes	% to Capital
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company		
1.	Aditya Birla Sun Life Trustee Private Limited (formerly Birla Sun Life Trustee Company Private Limited)	1,534,211	4.34	1,952,344	5.69	418,133	1.22
2.	HDFC Standard Life Insurance Company Limited	524,291	1.48	627,964	1.83	103,673	0.30
3.	Pinebridge Investments Gf Mauritius Limited	811,728	2.30	575,327	1.68	-236,401	-0.69
4.	Life Insurance Corporation Of India	0	0.00	501,170	1.46	501,170	1.46
5.	Franklin Templeton Mutual Fund	181,813	0.51	471,626	1.37	289,813	0.84
6.	Indian Syntans Investments (P) Ltd.	481,238	1.36	469,185	1.37	-12,053	-0.04
7.	Meenakshi Narayanan Investments (P) Ltd.	408,910	1.16	398,673	1.16	-10,237	-0.03
8.	Sundaram Mutual Fund	358,298	1.01	295,473	0.86	-62,825	-0.18
9.	Kotak Mutual Fund	275,954	0.78	258,148	0.75	-17,806	-0.05
10.	The New India Assurance Company Limited	157,569	0.45	178,482	0.52	20,913	0.06

(v) **Shareholding of Directors and Key Managerial Personnel as on March 31, 2018:**

For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
(a) Mr. Pankaj Patel, Chairman			-	
(b) Mr. Sharad M. Kulkarni, Director			-	
(c) Mr. A.K.R. Nedungadi, Director*			-	
(d) Mr. Vimal Bhandari, Director			-	
(e) Mr. Peter Mueller, Director			-	
(f) Dr. (Ms.) Miriam Colling-Hendelkens, Director			-	
(g) Mr. Richard van der Merwe (KMP) Vice Chairman & Managing Director and Chief Executive Officer			-	
(h) Mr. Ulrich Stefer (KMP) Executive Director & Chief Financial Officer			-	
(i) Mr. Rajiv Wani (KMP) Head - Law, Patents & Compliance & Company Secretary			-	

* Mr. A. K. R. Nedungadi resigned with effect from April 30, 2018

V. INDEBTEDNESS

The Company has no indebtedness with respect to Secured or Unsecured Loans or Deposits.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in Millions)

Sr. No.	Particulars of Remuneration	Mr. Richard van der Merwe	Mr. Ulrich Stefer	Total Amount
		Vice Chairman & Managing Director and CEO	Executive Director & CFO	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	65.88	32.21	98.09
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	19.32	12.64	31.96
	(c) Profits in lieu of salary under section 17(3) of Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5.	Others, please specify	-	-	--
	Total (A)	85.20	44.85	130.05
	Ceiling as per the Act	₹ 419 Millions (being 10% of the Net Profits of the Company as calculated as per Section 198 of the Companies Act, 2013)		

B. Remuneration to other directors

(₹ in Millions)

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. Pankaj Patel	Mr. Sharad M. Kulkarni	Mr. A. K. R. Nedungadi*	Mr. Vimal Bhandari	
(1)	Independent Directors					
	Fee for attending Board and committee meetings	0.30	0.70	0.64	0.70	2.34
	Commission [§]	1.25	1.25	1.25	1.25	5.0
	Others, please specify	-	-	-	-	-
	Total (1)	1.55	1.95	1.89	1.95	7.34
(2)	Other Non-Executive Directors					
	Fee for attending Board / committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (2)	-	-	-	-	-
Total (B)=(1+2)		1.55	1.95	1.89	1.95	7.34
Ceiling as per the Act		₹ 42 Millions (being 1% of the Net Profits of the Company as calculated as per Section 198 of the Companies Act, 2013)				
Total Managerial Remuneration (A+B)		₹ 137.39 Millions				
Overall Ceiling as per the Act		₹ 461 Millions (being 11% of the Net Profits of the Company as calculated as per Section 198 of the Companies Act, 2013)				

* Mr. A. K. R. Nedungadi resigned with effect from April 30, 2018

§ Commission will be paid after the Annual General Meeting.

C. Remuneration to Key Managerial Personnel other than Managing Director/ Manager / Whole Time Director

(₹ in Millions)

Sr. No.	Particulars of Remuneration	Mr. Rajiv Wani
		Head - Law, Patents & Compliance & Company Secretary
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	12.52
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.37
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	-
	- as % of profit	-
	- others, specify	-
5.	Others, please specify	-
	Total	12.89

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties/punishment/compounding of offences for breach of any section of the Companies Act, 2013 against the Company or its Directors or other officers in default, if any, during the year.

For and on behalf of the Board of Directors

Mumbai, May 23, 2018

Pankaj Patel
Chairman
(DIN: 00131852)

ANNEXURE “E”

Statement of Disclosure of Remuneration under Section 197 of the Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- a. **Ratio of the Remuneration of each Executive Director to the Median Remuneration of the Employees of the Company and Percentage increase in Remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary:**

Name of the Director/KMP	Designation	Ratio of remuneration of each Executive Director to median of remuneration of Employees	Percentage increase in remuneration
Mr. Richard van der Merwe	Vice Chairman & Managing Director and Chief Executive Officer	62:1	15%*
Mr. Ulrich Stefer	Executive Director & Chief Financial Officer	33:1	7%*
Mr. Rajiv Wani	Company Secretary	N.A.	6%*

*Increase in Base Salary

- b. **The percentage increase in the median remuneration of employees in the financial year :**
12 %
- c. **The number of permanent employees on the rolls of the Company :**
1,148
- d. **Average Percentile increase already made in the salaries of employees other than the managerial personnel in last financial year and Comparison with percentile increase in the managerial remuneration and justification thereof:**
The Average annual increase for Managerial grade was 9% and for the Non-Managerial grade was 14%.
- e. **Affirmation that the remuneration is as per remuneration policy of the company:**
The Company affirms that remuneration is as per the remuneration policy of the Company.

ANNEXURE "F"

SECRETARIAL AUDIT REPORT

FOR THE PERIOD ENDED 31ST MARCH, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Bayer CropScience Limited,
Bayer House, Central Avenue,
Hiranandani Estate,
Thane (West) - 400607

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by Bayer CropScience Limited (hereinafter called the 'Company') for the audit period from April 1, 2017 to March 31, 2018 (hereinafter called the 'audit period'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the provisions of:

- i. The Companies Act, 2013 (the 'Act') and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment; and
- v. The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992:
 - a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; and
 - e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

We have also examined, on a test check basis, the relevant documents and records maintained by the Company, as required under the following laws as applicable specifically to the Company:

- (i) the Insecticides Act, 1968 and the Insecticides Rules, 1971; and
- (ii) the Seeds Act, 1966 and the Seeds Rules, 1968.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards related to the Board Meeting and General Meeting issued by the Institute of Company Secretaries of India related to meetings and minutes;
- (ii) Listing Agreement entered into by the Company with the BSE Limited.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

During the financial year under review, provisions of the following regulations were not applicable to the Company:

- a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- b) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- e) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Overseas Direct Investments and External Commercial Borrowings.



We further report that -

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the meetings of the Board of Directors of the Company were carried on the basis of majority. There were no dissenting views by any members of the Board of Directors during the audit period.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has obtained approval of the Members vide Postal Ballot dated July 21, 2017, for the buyback of 10,20,408 Equity Shares (representing 2.89% of the Equity Share Capital) at a price of ₹ 4,900 per share aggregating to ₹ 4,999,999,200 and the same was completed through tender offer route.

For **BNP & Associates**
Company Secretaries
[Firm Regn. No. P2014MH037400]

Prakash K. Pandya
Partner
FCS No.: 3901
C P No.: 2311

Place: Mumbai

Date: May 23, 2018

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure A

To,
The Members,
Bayer CropScience Limited

Our Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of provisions of all laws, rules, regulations, standards applicable to Bayer CropScience Limited (the 'Company') is the responsibility of the management of the Company. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.
2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Company, along with explanations where so required.
3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. The verification was done on test check basis to ensure that correct facts as reflected in secretarial and other records produced to us. We believe that the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and major events during the audit period.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **BNP & Associates**
Company Secretaries
[Firm Regn. No. P2014MH037400]

Prakash K. Pandya
Partner
FCS No.: 3901
C P No.: 2311

Mumbai, May 23, 2018

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Bayer has always placed great importance on responsible corporate governance. Our actions are governed by our values which play a central role in our daily work and are intended to guide us in fulfilling our group mission. These values are represented by the word LIFE: Leadership, Integrity, Flexibility, Efficiency.

Our mission statement "Bayer: Science for a better life" endeavors and focuses on developing and successfully commercializing innovative products and solutions based on scientific knowledge. We at Bayer are committed to operating sustainably and addressing our social and ethical responsibilities as a Corporate Citizen.

Our goal is to create value for our customers, shareholders and employees. At Bayer we strive to achieve excellence through sustainable and responsible business practices. For us at Bayer, Corporate Governance basically means to uphold our core values with ethical business conduct as well as a commitment to maximize the value for all the stakeholders through innovation driven projects which forms the basis of sustainable business activity. We are continuously striving towards improving people's quality of life by helping to provide an adequate supply of high quality food and feed.

To maximize transparency, we provide regular and timely information on the Company's position and significant changes in the business activities to shareholders, financial analyst, the media and general public. We believe in the importance of building shareholder trust. We adhere to the highest levels of ethical business practices, as embodied by the Bayer Code of Conduct and Corporate Compliance Policy which provides guidelines for ethical conduct by our directors, officers and employees.

Corporate Compliance Program:

Our corporate activity is governed by national and local laws and statutes that place a range of obligations on the Bayer Group and its employees throughout the world. Bayer manages its business responsibly and is compliant with the statutory and regulatory requirements of the countries in which it operates.

The Corporate Compliance Policy ("the Policy") as revised states that Bayer is unreservedly committed to corporate compliance and will forgo any business transactions that would violate compliance principles. The Policy also details the organisational framework for corporate compliance and specifies areas in which violations of applicable law can have particularly serious adverse consequences, both for the Group as a whole as also for individual employees. The principles set forth in the revised Policy also reflects additionally the topics of Data Privacy, Social Media and Money Laundering and the "Compliance Management System" are designed to guide employees in their business-related actions and protect them from potential misconduct.

With the Compliance Charta, Bayer is taking its compliance initiatives into a new era. Compliance functions are concentrating on a proactive, risk based and collaborative approach striving at early prevention. In this context, the Compliance Organization has redefined its priorities and now introduces a COMPLIANCE MANAGEMENT SYSTEM based on Business Partnership, Dialogue and Transparency as well as on Continuous Improvement and Innovation. Under the umbrella of "Integrated Compliance Management (ICM)", compliance specialists and those responsible for day-to-day operations work together even more systematically from the very beginning to prevent possible violations of rules and regulations. The site management works closely with local compliance specialists and legal experts in all the countries and regions to analyze the current situation in each relevant area of risk, thereby, adapting the business processes within the stipulated time to ensure that employees and the business are reliably protected against breaches of compliance. This initiative will further contribute to the integrity of our Company around the globe in accordance with the LIFE values. ICM for the Company focuses on the risk areas such as Antitrust, Anti-Corruption, Conflict of Interest, Data Privacy, Foreign Trade Limitation, Insider Trading and Fair & Respectful Work Conditions. Employees affected by the risk areas are being guided and trained to follow the processes to prevent any potential compliance risk. The ICM program has a lifecycle management which is an ongoing assessment which revisits the business scenarios, compliance risks and processes which need to be adhered to.

Bayer expects legally and ethically impeccable conduct from all its employees in day to day business operations, as the way they carry out their duties affects the Company's reputation. By ensuring regular dialogue between employees and their supervisors, monitoring the processes and providing training courses involving the Compliance Officer, the Company endeavours to acquaint its employees with internal codes of behaviour and with the numerous statutory and regulatory requirements of the countries where they work that are of relevance to them. This lays the foundation for managing the business responsibly and in compliance with respective applicable laws. Employees may contact their respective supervisors or Compliance Officers for support and advice on ensuring legally compliant conduct in specific business situations.

2. BOARD OF DIRECTORS

We believe that an effective and well-informed Board is necessary to ensure high standards of Corporate Governance. The Board of Directors, along with its Committees play a fundamental role in upholding and nurturing the principles of good governance. The Board lays down the overall corporate objectives and provides necessary guidance and independence to the management to achieve the objectives within a set framework. The Board operates within a well-defined framework which enables it to discharge its responsibilities and duties of safeguarding the interests of the Company thereby enhancing stakeholder value.

Composition:

We believe that a Board needs to have an appropriate mix of executive and independent directors to maintain its independence and separate its functions of governance and management. Our Board composition is in line with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI Listing Regulations"). As on the date of the Report, the Board consists of total seven Directors out of which two are Executive Directors, three are Non-Executive Independent

CORPORATE GOVERNANCE REPORT (contd.)

Directors and two are Non-Executive Non-Independent Directors. None of the Directors of your Company are related to each other. The number of Directorships, Committee Membership/Chairmanship of all Directors is within respective limits prescribed under the Companies Act, 2013 ("the Act") and SEBI Listing Regulations. The necessary disclosures regarding Committee positions have been made by all the Directors. The details of each member of the Board along with the number of Directorship(s)/Committee Membership(s) are provided herein.

Directorship in other companies / committee position as on March 31, 2018

Sr. No.	Name of Director	Category	No. of other Directorships	No. of other Committee Memberships	
				Chairman	Memberships
1.	Mr. Pankaj Patel, Chairman	Non-Executive Independent Director	4	1	1
2.	Mr. Richard van der Merwe, Vice Chairman	Managing Director & CEO	-	-	-
3.	Mr. Sharad M. Kulkarni	Non-Executive Independent Director	4	3	2
4.	Mr. A. K. R. Nedungadi*	Non-Executive Independent Director	1	-	1
5.	Mr. Vimal Bhandari	Non-Executive Independent Director	6	1	2
6.	Mr. Peter Mueller	Non-Executive Non-Independent Director	-	-	-
7.	Mr. Ulrich Stefer	Executive Director & CFO	-	-	-
8.	Dr. (Ms.) Miriam Colling-Hendelkens	Non-Executive Non-Independent Director	-	-	-

Notes:

- Directorships mentioned above includes alternate directorships, but exclude directorships in private companies, foreign companies and companies incorporated under Section 8 of the Act.
- The details mentioned above are for companies other than Bayer CropScience Limited.
- Committee details consist only of Audit and Stakeholders Relationship Committees.
- * Resigned with effect from April 30, 2018.

Board Independence:

We believe that Independent Directors play a vital role in bringing objectivity and transparency in the overall functioning of the Company as well as enhance the decision making process through valuable contribution. Our definition of 'Independence' of Directors is derived from Regulation 16(1)(b) of the SEBI Listing Regulations and Section 149(6) of the Act. The Company has received the annual confirmation and disclosures from all the Non-Executive Independent Directors. All Non-Executive Independent Directors comply with the requirements laid down by the SEBI Listing Regulations that are applicable to an Independent Director.

All our Non-Executive Independent Directors are professionals with expertise and experience in general corporate management, finance, accounting, legal and other allied fields. Apart from drawing sitting fees and commission, none of these Directors have any other material pecuniary relationship or transaction with the Company, its Promoters and its Management, which in the judgment of the Board would affect the independence of the Directors. As on the date of the Report, none of the Directors hold any shares in the Company.

3. BOARD PROCEDURE

The Board/Committee meetings are pre-scheduled and a tentative annual calendar of Board and Committee meetings is circulated to all the Directors well in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meeting. However, in case of a special and urgent business need, the Board's approval is taken by passing resolutions by circulation, as permitted by law, which is noted and confirmed in the subsequent Board meeting. The notice of Board meeting is given well in advance to all the Directors. The meetings are governed by a detailed agenda. All issues included in the agenda are backed up by comprehensive background information to enable the Board to take informed decisions. The agenda papers, containing detailed notes on various agenda items and other information, which would enable the Board to discharge its responsibility effectively, are circulated to the Directors in advance. The Managing Director briefs the Board on the overall performance of the Company. The Chairman of the Audit Committee briefs the Board on important matters discussed at the meetings of the Audit Committee. The statements of Shareholders' / Investors' grievances received and resolved are also placed quarterly before the Board.

The Company held 5 Board meetings during the financial year 2017-18 and the gap between two meetings did not exceed 120 days. The dates on which the Board meetings were held are May 24, 2017, June 06, 2017, August 09, 2017, November 07, 2017 and February 02, 2018.

CORPORATE GOVERNANCE REPORT (contd.)**Information given to the Board:**

The Board has complete access to all information within the Company which includes amongst others the following:

- Quarterly and Annual business performance of the Company.
- Minutes of meetings of Audit Committee and other Committees of the Board.
- The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Sale of material nature of investments, subsidiaries, assets, which is not in the normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by the Management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and members' service such as non-payment of dividend, delay in share transfer etc.

Board Support:

The Company Secretary is responsible for convening the Board and Committee meetings and collating the information for the agenda items circulated to the Board. The Company Secretary attends the meeting of the Board and the Committee and advises the Board on the various compliances that needs to be followed by the Company based on the different applicable regulations.

With an aim to bring in more flexibility as well as ease of operation, the Company has in place an e-board meeting application which is also aimed at reducing the paper consumption. This application of e-board meeting enables the Board to access all the agenda papers through their I-pad's using their unique log-in IDs and passwords. The application meets high standards of security and integrity that is required for storage and transmission of the Board/Committee Agenda.

Attendance Record of the Directors at Meetings of the Board and the Annual General Meeting (AGM):

The 59th AGM of the Company was held on Wednesday, August 23, 2017 at 11.00 a.m. The attendance of the Directors at the Board Meetings and AGM held during the financial year ended March 31, 2018 is as under:

Sr. No.	Name of Director	Board Meetings held in Director's tenure	Attendance	
			Board Meeting (including attendance by video conferencing)	Annual General Meeting
1.	Mr. Pankaj Patel	5	5	Yes
2.	Mr. Richard van der Merwe	5	5	Yes
3.	Mr. Sharad M. Kulkarni	5	5	Yes
4.	Mr. A.K.R. Nedungadi	5	4	Yes
5.	Mr. Vimal Bhandari	5	5	Yes
6.	Mr. Peter Mueller	5	3	Yes
7.	Mr. Ulrich Stefer	5	5	Yes
8.	Dr. (Ms.) Miriam Colling-Hendelkens	4	3	Yes

Separate Meeting of Independent Directors:

During the year under review, the Non-Executive Independent Directors of the Company met on February 02, 2018 without the attendance of Executive and Non-Independent Directors and the members of management. During the said meeting the following points were discussed:

- The performance of Non-Independent Directors and the Board as a whole.
- The performance of the Chairperson of the Company taking into account the views of Executive Directors and Non-Executive Directors.
- The quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Non-Executive Independent Directors were present throughout the meeting. They expressed satisfaction at the governance process followed by the Company as well as the information provided to them on a timely basis.

CORPORATE GOVERNANCE REPORT (contd.)

Board Evaluation:

The Company has adopted a Performance Evaluation Policy ("the Policy") which provides for evaluation of the Board, the Committee of the Board and the Individual Directors, including Chairman of the Board. The criteria for Board Evaluation includes the experience and qualification possessed by the Directors, their relevant expertise that will be of assistance to the management in operating the Company's business, integrity, accountability and judgment of the Directors, to bring in objectivity in the Board proceedings. The Policy also sets independence standards for the Independent Directors to follow and adhere to. It also provides for the procedure for evaluation of the Independent Directors and the Board as a whole.

During the year, in terms of the requirements of the Act and the SEBI Listing Regulations, a Board Evaluation cycle was completed by the Company internally which included the evaluation of the Board as a whole, Board Committees and Directors. The evaluation process focused on the various aspects of the functioning of the Board and Committees such as composition, experience and competencies, performance of the specific duties and obligations, governance issues etc. Separate exercise was carried out to evaluate the performance of the individual directors based on criteria such as attendance, contribution and independent judgement.

Familiarization Programme for Non-Executive Independent Director:

As per the provisions of the SEBI Listing Regulations, the Company has put in place a familiarization programme for its Non-Executive Independent Directors. This programme aims to provide insights into the Company to enable the Independent Directors in understanding the Company's business in detail and which also facilitates their active participation in the Board matters. At the time of appointing an Independent Director, a formal letter of appointment is given to him/her which, inter alia, explains his/her functions, roles, duties and responsibilities and the Board expectations.

On February 01, 2018, the Board members of the Company visited Kesanand, a small village near Pune wherein the Board members had an opportunity to interact with the local farmers as well as Bayer Mythrivan Retailers & Distributors. The Board members interacted with the retailers and distributors and took their feedback as well as inquired about their concerns. The retailers and distributors got an opportunity to pose their queries to the Board members. The Board members also visited the field wherein various crops like tomato, onion and sugarcane were showcased and they got an opportunity to interact with the farmers and understand their concerns.

The field visit and the interaction with the farmers gave a good perspective to the Independent Directors about the core activities of the Company as well as the efforts taken by the Company towards customer satisfaction i.e. "Farmers".

As an ongoing process, the Non-Executive Independent Directors from time to time request management to provide detailed understanding of any specific project, activity or process of the Company. The management provides such information and explanation either at the meeting of the Board or otherwise. The Familiarization programme for Independent Directors is uploaded on the Company's website under the Corporate Governance section.

4. COMMITTEES OF THE BOARD

The Committees of the Board play a very important role in the governance structure of the Company and helps the Board of Directors in discharging its duties and responsibilities. The Committees have been constituted to deal with specific areas/activities which concern the Company. The Board Committees are set up with clearly defined roles and goals which are crucial for the smooth functioning of the Company. The Board is responsible for the action of the Committees. The Chairman of the respective Committees inform the Board about the summary of the discussions held in the Committee Meetings. The minutes of meetings of all the Committees are placed before the Board for review.

The Board has constituted the following Committees which are mandatory.

Audit Committee:

The Company's Audit Committee as on March 31, 2018 comprised of four Non-Executive Directors, of which three are Non-Executive Independent Directors and one is a Non-Executive Non-Independent Director. Mr. Sharad M. Kulkarni is the Chairman of the Audit Committee and Mr. A. K. R. Nedungadi, Mr. Vimal Bhandari, Mr. Peter Mueller are its members. The members of the Audit Committee have relevant experience in financial matters.

The Audit Committee met 4 times during the financial year ended March 31, 2018. The meetings were held on May 24, 2017, August 09, 2017, November 07, 2017 and February 02, 2018. Necessary quorum was present at all the meetings. The attendance of the Committee members at the meetings was as under.

Name of Member	Category	No. of Meetings attended during 2017-18
Mr. Sharad M. Kulkarni	Non-Executive Independent Director	4
Mr. A.K.R. Nedungadi*	Non-Executive Independent Director	4
Mr. Vimal Bhandari	Non-Executive Independent Director	4
Mr. Peter Mueller	Non-Executive Non-Independent Director	2

*Mr. A.K.R. Nedungadi resigned from the Board w.e.f. April 30, 2018.

The meetings of Audit Committee are also attended by the Vice Chairman & Managing Director and Chief Executive Officer, Chief Financial Officer, Statutory Auditors and Internal Auditor as special invitees. The Company Secretary acts as the Secretary to the Committee. The minutes of each Audit Committee meeting are placed and confirmed in the next meeting of the Board. The Audit Committee acts as a link between the Statutory and the Internal Auditors on one side and the Board of Directors of the Company on the other side.

CORPORATE GOVERNANCE REPORT (contd.)**Role of the Audit Committee:**

The terms of reference of Audit Committee, inter alia are as follows:

1. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section (3) of section 134 of the Companies Act, 2013
 - b) Changes, if any, in accounting policies and practices and reasons for the same
 - c) Major accounting entries involving estimates based on the exercise of judgement by management
 - d) Significant adjustments made in the financial statements arising out of audit findings
 - e) Compliance with listing and other legal requirements relating to financial statements
 - f) Disclosure of any related party transactions
 - g) Qualifications in the draft audit report, if any
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Chairman of the Audit Committee, Mr. Sharad M. Kulkarni, was present at the 59th Annual General Meeting of the Company held on Wednesday, August 23, 2017.

Stakeholders Relationship Committee:

In terms of Section 178(5) of the Act and Regulation 20 of the SEBI Listing Regulations, the Company has a duly constituted Stakeholders Relationship Committee. Following are the terms of reference of the Stakeholders Relationship Committee:

- To consider and effectively redress the shareholders and investor complaints including complaints related to transfer of shares, non-receipt of Annual Reports, non-receipt of declared dividends.

The Stakeholders Relationship Committee as on March 31, 2018 comprised of Mr. A. K. R. Nedungadi, a Non-Executive Independent Director as the Chairman and Mr. Sharad M. Kulkarni, Non-Executive Independent Director, Mr. Richard van der Merwe and Mr. Ulrich Stefer as the members of the Committee.

CORPORATE GOVERNANCE REPORT (contd.)

The Committee held 4 meetings during the financial year ended March 31, 2018. The meetings were held on May 24, 2017, August 09, 2017, November 07, 2017 and February 02, 2018. The attendance at the meetings was as under:

Sr. No.	Name of Member	Stakeholders Relationship Committee Meetings held in Member's tenure	No. of meetings attended during 2017-18
1.	Mr. A.K.R. Nedungadi*	4	4
2.	Mr. Richard van der Merwe	4	4
3.	Mr. Sharad M. Kulkarni	4	4
4.	Mr. Ulrich Stefer	4	4

*Mr. A.K.R. Nedungadi resigned from the Board w.e.f. April 30, 2018.

Complaints received and resolved by the Company during the financial year ended March 31, 2018 are given below:

Source of complaints	April 01, 2017 to March 31, 2018	
	Received	Resolved
Referred by SEBI SCORES	4	4
Referred by NSDL/Stock Exchange	-	-
Referred by Ministry of Corporate Affairs	2	2

Share Transfer Committee:

In compliance with the Regulation 40 of the SEBI Listing Regulations and in order to expedite the process of share transfer, power to approve share transfers has been delegated to officials of the Company.

Further, a sub-committee has been constituted for attending to matters relating to issue of duplicate share certificates, transmission of shares, split and consolidation, etc. The composition of the aforementioned Committee as on March 31, 2018 was as under:

Sr. No.	Name of Member	Designation
1.	Mr. Richard van der Merwe Vice Chairman & Managing Director and CEO	Chairman
2.	Mr. Ulrich Stefer Executive Director & CFO	Member
3.	Mr. Rajiv Wani Head - Law, Patents & Compliance & Company Secretary	Member

Nomination and Remuneration Committee:

In compliance with Section 178 of the Act and Regulation 19 of the SEBI Listing Regulations, the Company has constituted a Nomination and Remuneration Committee. The Committee comprised of four Non-Executive Directors as on March 31, 2018, of which three are Non-Executive Independent Directors. The Nomination and Remuneration Committee comprises of Mr. Vimal Bhandari, a Non-Executive Independent Director as the Chairman and Mr. A. K. R. Nedungadi, Non-Executive Independent Director, Mr. Sharad M. Kulkarni, Non-Executive Independent Director and Mr. Peter Mueller, Non-Executive Non-Independent Director as members of the Committee.

The terms of reference of the Nomination and Remuneration Committee are inter alia as follows:

- To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board, a policy, relating to the remuneration of the Directors, key managerial personnel and other employees.
- To formulate criteria for evaluation of performance of the Independent Directors and the Board.
- To devise a policy on Board diversity.
- To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- To consider, adopt and adhere to the Nomination and Remuneration Policy.

The Committee met 4 times during the financial year ended March 31, 2018. The meetings were held on May 24, 2017, June 06, 2017, August 09, 2017 and February 02, 2018. The attendance at the meeting was as under:

CORPORATE GOVERNANCE REPORT (contd.)

Sr. No.	Name of Member	Nomination and Remuneration Committee Meetings held in Member's tenure	No. of meetings attended during 2017-18
1.	Mr. Vimal Bhandari	4	4
2.	Mr. A.K.R. Nedungadi*	4	4
3.	Mr. Sharad M. Kulkarni	4	4
4.	Mr. Peter Mueller	4	3

* Mr. A.K.R. Nedungadi resigned from the Board w.e.f. April 30, 2018.

Corporate Social Responsibility Committee:

As required under Section 135 of the Act, the Company has constituted a Corporate Social Responsibility (CSR) Committee. The composition of the Committee as on March 31, 2018 comprised of Mr. Richard van der Merwe as the Chairman and Mr. Vimal Bhandari, Non-Executive Independent Director and Mr. Ulrich Stefer as members of the Committee.

The terms of reference of the CSR Committee are as follows:

- formulating and recommending to the Board, Corporate Social Responsibility Policy and the activities to be undertaken by the Company;
- recommending the amount of expenditure to be incurred on the activities undertaken;
- reviewing the performance of the Company in the area of Corporate Social Responsibility;
- monitoring Corporate Social Responsibility Policy of the Company;
- formulate policies and procedures based on the requirement of SEBI for Business Responsibility Reporting;
- ensure implementation of all the policies pertaining to Business Responsibility;
- ensure effective communication of all the policies to all relevant stakeholders;
- review and assess the Business Responsibility performance annually;
- review the Business Responsibility initiatives and encourage participation;
- review the Business Responsibility Report and recommend to the Board for approval.

During the financial year ended March 31, 2018, the Committee met once on February 02, 2018. All the members were present at the meeting.

5. REMUNERATION OF DIRECTORS

Details of Remuneration paid to Non-Executive Independent Directors and Executive Directors during the financial year ended March 31, 2018

a) Non-Executive Independent Directors:

The details of the sitting fees and commission paid during the financial year ended March 31, 2018 are given in the table below:

(₹ in Millions)

Sr. No.	Name of Director	Sitting Fees	Commission	Total
1.	Mr. Pankaj Patel*	0.30	0.94	1.24
2.	Mr. Sharad M. Kulkarni	0.70	1.25	1.95
3.	Mr. A.K.R. Nedungadi	0.64	1.25	1.89
4.	Mr. Vimal Bhandari	0.70	1.25	1.95
5.	Dr. Vijay Mallya#	--	0.31	0.31

*Mr. Pankaj Patel was appointed as director with effect from July 05, 2016

#Dr. Vijay Mallya resigned as director with effect from June 30, 2016.

Note: Commission paid for the period 2016-17 in the month of September, 2017.

b) Executive Directors:

Mr. Richard van der Merwe, the Vice Chairman & Managing Director and Chief Executive Officer and Mr. Ulrich Stefer, Executive Director & Chief Financial Officer were paid remuneration during the financial year ended March 31, 2018 as per their respective agreements with the Company, which had been approved by the Board as well as the members of the Company.

CORPORATE GOVERNANCE REPORT (contd.)

The details of the remuneration paid to the Executive Directors during the financial year ended March 31, 2018 is as under:

(₹ In Millions)

Sr. No.	Name of Director	Position	Salary & Allowances	Perquisites	Total Salary	Contract Period
1.	Mr. Richard van der Merwe	Vice Chairman & Managing Director and CEO	65.88	19.32	85.20	February 01, 2014-January 31, 2019
2.	Mr. Ulrich Stefer	Executive Director & CFO	32.21	12.64	44.85	April 01, 2016-March 31, 2021

c) Service contract, notice period and severance fees

Mr. Richard van der Merwe was appointed as the Vice Chairman & Managing Director of the Company with effect from February 01, 2014 by the Board of Directors. The employment contract with Mr. van der Merwe is for a period of 5 years, terminable by 6 months' notice on either side.

Mr. Ulrich Stefer was appointed as Wholetime Director of the Company with effect from April 01, 2016 by the Board of Directors. The employment contract with Mr. Stefer is for a period of 5 years, terminable by 6 months' notice on either side.

The Company does not have a scheme for stock options, either for its Directors or its employees. There is no severance fees paid to the Vice Chairman & Managing Director or Wholetime Director.

6. POLICIES

Whistle Blower Policy:

Our Company is committed to high standards of Corporate Governance and stakeholder responsibility. Our commitment is towards reaching the goals with utmost respect for human values and to serve the interests of Bayer with integrity. In terms of the Corporate Compliance Program and the SEBI Listing Regulations, the Company has a 'Whistle Blower Policy' with an objective to provide appropriate avenues to the employees and Directors of the Company to bring to the attention of the Management any genuine concerns regarding unethical behavior, actual or suspected frauds including possible breaches of Company's policies and standards, values or any laws within the country or elsewhere. The said vigil mechanism also provides for adequate safeguards against victimization of persons who use such mechanism. It basically enables the employees to raise their concerns which would be looked into and would be fully investigated and acted upon.

Policy for Prevention of Sexual Harassment:

Bayer's quest for competitive excellence consists of its commitment to lawful and ethical conduct and adherence to Bayer values. Integrity, honesty and respect for people remain some of its core values. The Company is committed to provide a safe & conducive work environment to its employees. The Company has formulated a 'Policy for Prevention of Sexual Harassment' ("Policy") at the workplace, in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made there under. The Policy aims to provide protection to employees at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure.

Code of Conduct for Directors:

In compliance with the requirements of Regulation 17(5) of the SEBI Listing Regulations, the Board of Directors had adopted a Code of Conduct for Directors, including Non-Executive Directors and Senior Management of the Company. All Board members and Senior Management personnel have affirmed compliance with the applicable Code of Conduct. A certificate from Mr. Richard van der Merwe, Vice Chairman & Managing Director and CEO and Mr. Ulrich Stefer, Executive Director & CFO to this effect is attached to this Report. The policies as well as codes are posted on the website of the Company at www.bayer.in.

Risk Management:

Risk management is an integral part of the overall governance process and comprises all of the organisational rules and actions for early identification of risks in the course of doing business and management of such risks. It includes implementing systems to identify risks at an early stage, take measures to mitigate them and report them to the appropriate authority.

The Company has laid down procedures to inform the Audit Committee of the Board of Directors about risk assessment and minimisation procedures. These procedures are periodically reviewed to ensure that executive management monitors and controls risks pertinent to their business operations.

The Country Group Head - Risk Management, South Asia is responsible for coordinating with the various head of departments with respect to the process of identifying key risks associated with the business, manner of handling risks, adequacy of mitigating factors, recommending corrective action and reporting to the Audit Committee.

Code of Conduct & Code of Fair Disclosures - For Prevention of Insider Trading:

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has in place a Code of Conduct and Code of Fair Disclosures - For Prevention of Insider Trading ("Code"). It is an important governance Code to prevent any insider trading activities by dealing in shares of the Company. The Code restricts the Directors, designated persons

CORPORATE GOVERNANCE REPORT (contd.)

and any other insider to deal in the securities of the Company on the basis of any unpublished price sensitive information, available to them by virtue of their position in the Company. During the year, the Company has put in place a mechanism for monitoring of the trading done by the Designated Employees as well as generation of system based disclosures in line with the Code.

The Objective of the Code is to protect the interest of the shareholders and to prevent the misuse of any price sensitive information and to prevent any insider trading activity. The Code is available on the website of the Company at www.bayer.in.

Dividend Distribution Policy:

As per Regulation 43A of the SEBI Listing Regulations, the top 500 listed entities based on market capitalization are required to formulate a Dividend Distribution Policy. The Company has formulated the Dividend Distribution Policy based on the parameters laid down by SEBI Listing Regulations and the details of which are available on the Company's website at www.bayer.in.

7. COMPLIANCE OFFICER

Mr. Rajiv Wani, Head - Law, Patents & Compliance & Company Secretary, is the Compliance Officer of the Company.

8. GENERAL SHAREHOLDER INFORMATION**Annual General Meeting**

Date of AGM : Tuesday, August 21, 2018
Venue and time : Yashwantrao Chavan Pratishthan Auditorium,
 Y. B. Chavan Centre, Near Mantralaya,
 Gen. J. Bhonsale Marg,
 Mumbai - 400 021
 at 11.00 a.m.

Dates of Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, August 08, 2018 to Tuesday, August 21, 2018 (both days inclusive).

Proposed Date of Dividend Payment

The final dividend of ₹ 18.00 per Equity Share, as recommended by the Board of Directors, if declared at the ensuing 60th Annual General Meeting to be held on Tuesday, August 21, 2018 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 as on Tuesday, August 07, 2018.
- (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 07, 2018 as per details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Financial Calendar

The financial calendar of the Company is from April 01 to March 31.

Board Meetings for Quarterly Results

(Tentative and subject to change)

First Quarter Results	On or before August 14, 2018
Second Quarter and Half yearly results	On or before November 14, 2018
Third Quarter Results	On or before February 14, 2019
Fourth Quarter and Annual Results	On or before May 30, 2019

Corporate Identity Number (CIN): L24210MH1958PLC011173

Registered Office:

Bayer House, Central Avenue,
 Hiranandani Estate,
 Thane (West) - 400 607,
 Maharashtra

CORPORATE GOVERNANCE REPORT (contd.)

Listing of Equity Shares on Stock Exchange

Name and Address of Stock Exchange	BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.
Scrip Code	506285
Scrip ID	BAYERCROP
ISIN	INE462A01022 (NSDL & CDSL)

The Company has paid the annual listing fees.

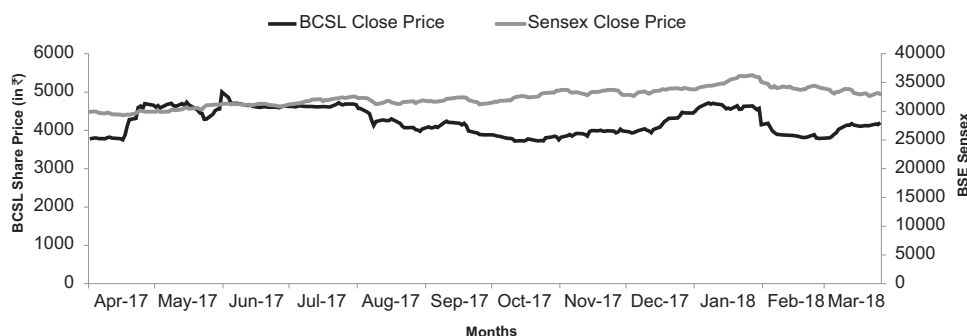
Stock Price Data

The monthly high and low price of the Company's shares on BSE Limited from April 01, 2017 to March 31, 2018 was as under:

Month	Share Price (In ₹)	
	High Price	Low Price
April, 2017	4737.50	3739.05
May, 2017	4960.00	4100.00
June, 2017	5050.00	4507.00
July, 2017	4744.75	4601.00
August, 2017	4722.95	3920.10
September, 2017	4300.00	3850.00
October, 2017	3985.00	3685.00
November, 2017	4074.95	3745.00
December, 2017	4480.00	3910.00
January, 2018	4879.90	4420.00
February, 2018	4593.00	3760.05
March, 2018	4250.00	3751.20

Stock Performance

Bayer CropScience Limited ("BCSL") Share Price vis-à-vis BSE Sensex April 01, 2017 to March 31, 2018:



Registrar & Share Transfer Agent

TSR Darashaw Limited ("TSRDL") acts as the Registrar and Share Transfer Agent of the Company. Share transfers, dividend payment, requests for duplicates, revalidation, transmission and other investor related requests are attended by TSRDL at its Registered Office situated at:

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.: 022-6656 8484
Fax No.: 022-6656 8494
e-mail: csg-unit@tsrdarashaw.com
Website: www.tsrdarashaw.com
Contact Person: Ms. Mary George

CORPORATE GOVERNANCE REPORT (contd.)**a) Branch Offices of TSRDL****1. TSR DARASHAW LIMITED**

503, Barton Centre (5th Floor)
84, Mahatma Gandhi Road,
Bangalore – 560 001
Tel No.: 080 – 2532 0321
Fax No.: 080 – 2558 0019
e-mail: tsrdlbg@tsrdarashaw.com

3. TSR DARASHAW LIMITED

Tata Centre, 1st Floor,
43, J. L. Nehru Road,
Kolkata – 700 071
Tel No.: 033 – 2288 3087
Fax No.: 033 – 2288 3062
e-mail: tsrdlcal@tsrdarashaw.com

2. TSR DARASHAW LIMITED

"E" Road, Northern Town, Bistupur,
Jamshedpur – 831 001
Tel No.: 0657-242 6616
Fax No.: 0657 - 242 6937
e-mail: tsrdljsr@tsrdarashaw.com

4. TSR DARASHAW LIMITED

2/42, Sant Vihar,
1st floor, Ansari Road, Daryaganj,
New Delhi – 110 002
Tel No.: 011 – 2327 1805
Fax No.: 011 – 2327 1802
e-mail: tsrdldel@tsrdarashaw.com

b) Agent of TSRDL

Shah Consultancy Services Limited
3, Sumatinath Complex,
2nd Dhal, Pritam Nagar, Ellisbridge,
Ahmedabad – 380 006
Telefax: 079-2657 6038
e-mail: shahconsultancy8154@gmail.com

Share Transfer System

The shares of the Company being in compulsory dematerialised form, are transferable through the depository system. Shares in physical form should be lodged for transfer with the office of the Company's Registrar & Share Transfer Agent, TSR Darashaw Limited, Mumbai or at their branch offices or at the Registered Office of the Company. The transfers are processed if technically found to be in order and complete in all respects. The transfers processed are approved by the Company on weekly basis.

Distribution of shareholding as on March 31, 2018:

Range of Shares	Number of Shareholders	Number of Shares	Percentage to Total Shareholders
1 - 500	44,788	1,707,098	97.91
501 - 1,000	517	372,675	1.13
1,001 - 2,000	221	308,603	0.49
2,001 - 3,000	55	137,479	0.12
3,001 - 4,000	33	116,696	0.07
4,001 - 5,000	18	81,851	0.04
5,001 - 10,000	41	293,812	0.09
10,001 - 20,000	19	283,469	0.04
20,001 - 99,999,999,999	52	31,031,910	0.11
Total	45,744	34,333,593	100.00

Shareholding Pattern as on March 31, 2018:

Category of Shareholder	Number of Shares	Number of shares held in dematerialised form	Shareholding as a percentage of total number of shares
(A) Promoter and Promoter Group			
(1) Indian Body Corporate	8,039,736	8,039,736	23.42
(2) Foreign Body Corporate	15,544,712	15,544,712	45.28
Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	23,584,448	23,584,448	68.69

CORPORATE GOVERNANCE REPORT (contd.)

Category of Shareholder	Number of Shares	Number of shares held in dematerialised form	Shareholding as a percentage of total number of shares
(B) Public Shareholding			
(1) Institutions			
(a) Mutual Funds / UTI	3,467,764	3,467,624	10.10
(b) Financial Institutions / Banks	20,112	16,766	0.06
(c) Insurance Companies	1,412,592	1,412,492	4.11
(d) Foreign Institutional Investors/ Foreign Portfolio Investors – Corp	1,520,815	1,520,065	4.43
Sub-total (B)(1)	6,421,283	6,416,947	18.70
(2) Non-Institutions			
(a) Bodies Corporate	1,084,477	1,081,950	3.16
(b) Individuals –			
i Individual shareholders holding nominal share capital upto ₹2 lakh	2,469,743	2,182,746	7.19
ii Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	88,160	61,000	0.26
(c) Any Other			
i HUF	56,372	56,372	0.16
ii Non-Resident Indian (NRI)	411,392	409,987	1.20
iii LLP	7,055	7,055	0.02
iv Trust	52,168	52,168	0.15
v Clearing Members	20,931	20,931	0.06
vi Alternate Investment Funds	50,283	50,283	0.15
vii NBFC's registered with RBI	619	619	0.00
viii Foreign Nationals	1,440	1,440	0.00
ix IEPF A/c	85,222	85,222	0.25
Sub-total (B)(2)	4,327,862	4,009,773	12.61
Total Public Shareholding (B) = (B)(1)+(B)(2)	10,749,145	10,426,720	31.31
Total (A)+(B)	34,333,593	34,011,168	100.00

List of Top 10 shareholders as on March 31, 2018:

Sr. No.	Name of Shareholders	Number of shares	Percentage to Total Share Capital
1.	Bayer Vapi Private Limited	8,039,736	23.42
2.	Bayer SAS	6,618,105	19.28
3.	Bayer CropScience AG	5,354,030	15.59
4.	Bayer AG	3,572,577	10.41
5.	Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Advantage Fund	1,952,344	5.69
6.	HDFC Standard Life Insurance Company Limited	627,964	1.83
7.	Pinebridge Investments GF Mauritius Limited	575,327	1.68
8.	Life Insurance Corporation of India	501,170	1.46
9.	Franklin Templeton Mutual Fund A/C	471,626	1.37
10.	Indian Syntans Investments (P) Limited	469,185	1.37

CORPORATE GOVERNANCE REPORT (contd.)**Pledge of Equity Shares**

None of the Equity Shares held by the Promoters and / or Promoter Group as on March 31, 2018 have been pledged or otherwise encumbered.

Dematerialisation of Shares and Liquidity

As per the Notification received from Securities and Exchange Board of India, the shares of the Company are traded compulsorily in dematerialised form with effect from March 21, 2000. The Company has signed an Agreement with both the Depositories in the country, viz. National Securities Depositories Limited and Central Depository Services (India) Limited, whereby the shareholders have an option to get the shares dematerialised with any of the Depositories.

The process of conversion of the shares from physical form to electronic form is known as Dematerialisation. The Member desiring to dematerialise the shares has to open a demat account with a Depository Participant (DP) of his choice. Many nationalised banks and private sector undertakings offer this facility. After opening the demat account, the Member has to handover the physical share certificates along with the Demat Request Form to his DP, who in turn will forward the documents to TSRDL, both physically and electronically. On receipt of the physical documents and electronic request routed through the Depository, TSRDL shall dematerialise the shares and give a credit into the member's demat account maintained with the DP.

As of March 31, 2018 – 34,011,168 shares constituting 99.06% of the total shares issued by the Company are in dematerialised form.

Outstanding GDRs / ADRs / Warrants or any Convertible Instruments, conversion date and likely impact on equity

Not Applicable

Plant Location

66/1 to 75/2, G.I.D.C. Industrial Estate, Himatnagar - 383 001, Gujarat.

Address for correspondence

Investors can correspond with

- | | |
|---|--|
| <p>1. The Company at the following address:
 Bayer CropScience Limited
 Law, Patents & Compliance Department
 Bayer House, Central Avenue,
 Hiranandani Estate,
 Thane (West) - 400 607.
 Tel. No.: 022 - 2531 1234
 Fax No.: 022 - 2545 5063
 e-mail: ir_bcs@bayer.com
 Website: www.bayer.in</p> | <p>2. TSRDL at their 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.: 022 - 6656 8484
 Fax No.: 022 - 6656 8494
 e-mail: csg-unit@tsrdarashaw.com
 Website: www.tsrdarashaw.com</p> |
|---|--|

All information / requests for share transfers, dematerialisation, transmissions, change of address, non-receipt of dividend warrants, duplicate/missing share certificates and other matters connected therewith be addressed to TSRDL at the address mentioned above.

The Company has a specific investor grievance e-mail ID as under:

ir_bcs@bayer.com

9. OTHER DISCLOSURES**Details of Annual General Meetings held in the past 3 years:**

Year	Venue	Date	Time
2016-2017	Yashwantrao Chavan Pratishthan Auditorium, Y. B. Chavan Centre, Gen. J. Bhonsale Marg, Mumbai - 400 021	August 23, 2017	11.00 a.m.
2015-2016	Yashwantrao Chavan Pratishthan Auditorium, Y. B. Chavan Centre, Gen. J. Bhonsale Marg, Mumbai - 400 021	September 12, 2016	11.00 a.m.
2014-2015	Yashwantrao Chavan Pratishthan Auditorium, Y. B. Chavan Centre, Gen. J. Bhonsale Marg, Mumbai - 400 021	September 15, 2015	11.30 a.m.

Special resolution passed in the previous 3 Annual General Meetings

Adoption of new set of Articles of Association: Passed unanimously at the AGM held on September 12, 2016.

Postal Ballot:

During the year under review, a Special Resolution under Section 68 of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014 and in compliance with Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998, including any amendments thereof, to buyback not exceeding 10,20,408 fully paid-up equity shares of ₹ 10 each equity shares at a price of ₹ 4,900 per equity share was passed by a postal ballot. The Postal Ballot was conducted pursuant to Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 as set out in the



CORPORATE GOVERNANCE REPORT (contd.)

Notice dated June 06, 2017. The Board had appointed Mr. B. Narasimhan, Practicing Company Secretary, as the scrutinizer to conduct the Postal Ballot process.

The said resolution was passed by the requisite majority.

Voting Result

Voting	Number of Votes	% of Total Votes
Votes For	30,220,059	99.99
Votes Against	3,966	0.01
Total	30,224,025	100.00

Related Party Disclosures

All Related Party Transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for the Related Party Transaction on a yearly basis for the transactions which are of repetitive nature and /or entered in the Ordinary Course of Business and are at arm's length. All Related Party Transactions are subjected to independent review by a reputed consultant to establish compliance with the requirements of Related Party Transactions under the Act and SEBI Listing Regulations.

The Company has not entered into any materially significant related party transactions with its Promoters, Directors, or Management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large. All material transactions entered into with the related parties as defined under the Act and Regulation 23 of the SEBI Listing Regulations during the financial year were in the ordinary course of business and at arm's length. Transactions with related parties as per the requirements of Accounting Standards 18 are disclosed in the Notes to Financial Statements.

The Board has approved the policy for Related Party Transactions which has been uploaded on the website of the Company. All transactions with the related parties are as per the Board approved policy and are in the ordinary course of business and are at arm's length.

Details of non-compliance

There was no non-compliance by the Company on any matters related to capital markets during the last three years.

Means of communication

Financial Results: The quarterly, half-yearly and annual results of the Company are sent to BSE Limited immediately after these are approved by the Board. The results are also published in widely circulated newspapers, viz. The Financial Express and the Loksatta.

Website: The results are also regularly posted on the Company's website: www.bayer.in. The Annual Report is also available on the website in a user-friendly and downloadable manner along with all the official news releases and Board approved policies.

Since the half-yearly financial results are published in leading newspapers as well as displayed on the website, the same are not sent to the members of the Company.

For and on behalf of the Board of Directors

Pankaj Patel

Chairman
(DIN: 00131852)

Mumbai, May 23, 2018

RECOMMENDATIONS TO THE INVESTORS / SHAREHOLDERS

- Open a demat account and dematerialise your shares since it helps in immediate transfer of shares without payment of stamp duty.
- Provide NECS mandate to the Company in case of shares in physical form and ensure that correct and updated particulars of bank account are available with DP in case of shares held in demat form.
- Fill and submit nomination forms (to the Company / TSRDL – for Physical shares; to DP – for dematerialised shares).
- Obtain valid documents relating to purchase/sale of shares.
- Transfer shares prior to book closure / record date to be eligible for corporate benefits.
- Deal only through SEBI registered intermediaries.
- Give clear and unambiguous instructions to your broker / sub-broker / DP.
- Keep copies of all your investment documentation.
- Send share certificates, warrants, cheques, demand drafts, etc. through registered post or courier.

CORPORATE GOVERNANCE REPORT (contd.)**COROPORATE GOVERNANCE COMPLIANCE CERTIFICATE**

To
The Members
Bayer CropScience Limited,

I have examined the compliance of conditions of Corporate Governance by Bayer CropScience Limited ("the Company"), for the year ended on March 31, 2018, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchange.

The compliance of the conditions of Corporate Governance is a responsibility of the Management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanation given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the provisions as specified in chapter IV Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to Listing Agreement of the said Company with stock exchange.

I further state that compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Nilesh A. Pradhan & Co.,
Practicing Company Secretary

Nilesh A. Pradhan
Proprietor
C. P. No.: 3659
FCS No.: 5445

Mumbai, May 23, 2018



CORPORATE GOVERNANCE REPORT (contd.)

CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF THE COMPANY

We, Richard van der Merwe, Vice Chairman & Managing Director and Chief Executive Officer and Ulrich Stefer, Executive Director & Chief Financial Officer, to the best of our knowledge and belief, hereby certify that:

- A. We have reviewed the financial statements and the cash flow statement for the financial year ended March 31, 2018 and that to the best of our knowledge and belief we state that:
- 1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
 - 2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee:
- a) significant changes in internal control over financial reporting during the financial year;
 - b) significant changes, if any in accounting policies during the financial year and that the same have been disclosed in the notes to the financial statements; and
 - c) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.
- E. We affirm that we have not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct) and we have provided protection to the 'whistle blowers' from unfair termination and other unfair or prejudicial employment malpractices; and
- F. We further declare that all the Board members and senior managerial personnel of the Company have affirmed compliance with the Code of Conduct for the year under review.

For and on behalf of the Board of Directors

Richard van der Merwe

Vice Chairman & Managing Director and
Chief Executive Officer
(DIN: 06768305)

Ulrich Stefer

Executive Director &
Chief Financial Officer
(DIN: 07447177)

Mumbai, May 23, 2018

BUSINESS RESPONSIBILITY REPORT**SECTION A: GENERAL INFORMATION ABOUT THE COMPANY**

1.	Corporate Identity Number (CIN)	L24210MH1958PLC011173
2.	Name of the Company	Bayer CropScience Limited
3.	Registered Office Address	Bayer House, Central Avenue, Hiranandani Estate, Thane (West) - 400 607. Tel. No.: + 91 22 2531 1234 Fax No.: + 91 22 2545 5063 Email: ir_bcs@bayer.com
4.	Website	www.bayer.in
5.	E-mail id	ir_bcs@bayer.com
6.	Financial Year reported	2017-18
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	NIC Code - 20211 - Manufacture of insecticides, rodenticides, fungicides, herbicides
8.	List three key products/services that the Company manufactures/provides (as in Balance Sheet)	Nativo WG Fame Antracol
9.	Total number of locations where business activity is undertaken by the Company	Number of International Locations (Provide details of major 5) - None Number of National locations - 30 (thirty) locations including Registered office, Regional offices and one production site
10.	Markets served by the Company	Markets served all across India

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital (INR)	343 Millions
2.	Total Turnover (Income) (INR)	27,878 Millions
3.	Total Profit after taxes (INR)	3,001 Millions
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit after taxes (%)	2.67% (₹ 80.49 Millions spent)

5. List of activities in which expenditure in 4 above has been incurred:

- Discovering Hands India
- Program for Primary Prevention of Sexual Violence
- Bayer Fellowship Program in Agro Science
- Preventive Health and Community Development Programs in and around Vapi
- Project WASH: Water, Agriculture, Sanitation & Hygiene program in Punjab and Andhra Pradesh
- Bayer Scholarship Program to recognize and reward academic excellence in Agriculture, Pharmacy, Medical and Management sectors
- Program for promoting Future Agriculture Leaders of India (FALI), this initiative is focused on 8th & 9th grade students in rural schools
- Bayer Science Teens Program 2018
- Nutrition Program for children suffering from Cancer
- Save Water – Save the Rivers Campaign
- Support for underprivileged differently abled girl child through integrated rehabilitation program
- Donation for sponsoring 10 students for academic year in Welfare Society for Destitute Children

SECTION C: OTHER DETAILS**1. Does the Company have any Subsidiary Company/ Companies?**

No, there are no subsidiary companies.

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

Not Applicable.

BUSINESS RESPONSIBILITY REPORT (contd.)

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, more than 60%]

We ally with tollers for raw material procurement which are required in our manufacturing processes. They frequently participate in the BR initiatives and their involvement ranges from 30-60%. Various safety trainings are provided to the employees by the toller agencies such as usage of Personal Protective Equipment (PPE), safe operations, safe handling of substances, first aid, firefighting and safe walkways. Various village developmental projects like construction of roads, installation of LED lights, construction of toilets and laying of sewage lines have also been taken up.

SECTION D: BUSINESS RESPONSIBILITY (BR) INFORMATION

1. Details of Director/ Directors responsible for BR

- a) Details of the Director/ Directors responsible for implementation of the BR policy/ policies

Name	DIN	Designation
Mr. Richard van der Merwe	06768305	Vice Chairman & Managing Director and CEO
Mr. Ulrich Stefer	07447177	Executive Director & CFO
Mr. Vimal Bhandari	00001318	Non-Executive Independent Director

- b) Details of the BR Head

Sr. No.	Particulars	Details
1.	DIN (if applicable)	06768305
2.	Name	Mr. Richard van der Merwe
3.	Designation	Vice Chairman & Managing Director and CEO
4.	Telephone Number	+91 22 2531 1234
5.	E-mail id	ir_bcs1@bayer.com

2. Principle-wise (as per NVGs) BR Policy/ policies (Reply in Y/N)

Sr. No.	Particulars	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for....?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / International standards? If yes, specify? (50 words)	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*
4.	Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/ Appropriate Board Director?	Y**	Y**	Y**	Y**	Y**	Y**	Y**	Y**	Y**
5.	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online	Y+	Y+	Y+	Y+	Y+	Y+	Y+	Y+	Y+
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the company carried out independent Audit/evaluation of the working of this policy by an internal or external agency?	Y**	Y**	Y**	Y**	Y**	Y**	Y**	Y**	Y**

BUSINESS RESPONSIBILITY REPORT (contd.)

(*) – The policies have been developed as per the Companies Act, 2013 (“the Act”) and SEBI Listing Regulations and the global policies are in line with the global statutory requirements. They are also on the lines of the ‘National Voluntary Guidelines on Social, Environment and Economic responsibilities of businesses’ established by the Ministry of Corporate Affairs, Government of India in 2011.

(**) – Few statutory policies viz, CSR and Whistle Blower Policy are approved by the Board and other internal policies are approved by Bayer AG globally and are implemented as per local laws and regulations.

(+) – All our policies are available for employees to view on the Company’s intranet. For external stakeholders wishing to view the policies, a request can be emailed to the Compliance Officer.

(++) – We have various kinds of audits carried out like Internal Audit, Global Audit, Compliance Audit which are independent and cover specific policies.

2a. If answer to Sr. No. 2 against any principle, is ‘No’, please explain why:

Not Applicable

3. Governance related to BR

Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year

The Company’s CSR Committee looks into the activities of business responsibility and assesses its BR performance annually.

Does the Company publish a BRR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

This is the Company’s second Business Responsibility Report which will be published annually along with the Annual Report. It can be viewed at www.bayer.in

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1 (P1): Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

The world of agriculture is full of surprises: extreme weather conditions, pest infestations and plant disease loom as a constant threat. Bayer with core competencies in ‘Health care’ and ‘Agriculture’ addresses these challenges with innovative products. The Group’s first company was established in 1896 in India and has a legacy of 150 years in the field of life sciences. The Company’s corporate governance is based on the core values of Leadership, Integrity, Flexibility and Efficiency (LIFE) and ethical conduct. We, as a responsible organization work towards addressing our social and ethical onus. A good Corporate Governance entails protecting the interests of the employees, shareholders and the society in general. Our Board is responsible for the same and plays a very important role in monitoring the activities of the management in serving the interests of our shareholders and stakeholders. Our stakeholders are aware of the Company’s position and significant changes in the business activities which encourages them to trust the Company and hence nurtures transparent communication.

1) Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

The Bayer Code of Business Conduct and Corporate Compliance Policy ensures that our organization instils highest level of ethical business practices. The Code of Business Conduct includes all its employees, agents and contractors. Our Company believes in responsible procurement and the Supplier Code of Conduct encompasses ethical business practices that our suppliers adhere to. Prior to commencement of business relations, all our business partners have to comply with the agreement clauses set out in the Code of Conduct. Additionally, the Supplier Code of Conduct discloses the sustainability initiatives taken up by Bayer to build awareness about sustainability to our business partners.

Corporate Compliance Program

Bayer is completely compliant with the statutory requirements of the countries it operates in and ensures integrity in all business activities. The guidelines laid out by our Corporate Compliance Policy (referred as “Policy”) affirms our commitment to not conduct activities which would be non-compliant within the Policy framework. Employees of Bayer are expected to comply with the Policy while conducting business and avoid unethical practices. In order to reinforce our values and adherence to legal structures, Bayer conducts regular training courses on internal codes of conduct and behavior. Our in-house Integrated Compliance Management, “ICM” is compliance program is a methodology providing solutions to cover business specific critical areas involving antitrust, anti-corruption, conflict of interest, data privacy, foreign trade law, insider trading and fairness & respect at work. The lifecycle of the compliance program is also in process which strengthens the compliance framework.

2) How many stakeholders’ complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

Our Whistleblower policy establishes the necessary safeguards as defined under Section 177(9) of the Act and Regulation 22 of the SEBI Listing regulations for employees to raise concerns and awareness about unethical practices and conduct within the organization. Bayer is committed to maintaining an environment of trust wherein employees are encouraged to reach their supervisors and compliance officers in order to raise concerns and ensure compliance. Further, we have dedicated a hotline including the email id bayercompliance@expolink.co.uk to ensure efficient and timely redressal. Our Governance Board also includes a dedicated Stakeholders Relationship Committee under the stewardship of Mr. Vimal Bhandari, a Non-executive Independent Director to address investor concerns.

During the year, we have received 6 (six) investor complaints and all have been resolved at the end of the year.

BUSINESS RESPONSIBILITY REPORT (contd.)

Principle 2 (P2): Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

Our mission at Bayer is to solve our clients' most pressing problems by privileging them with innovative solutions. At the heart of this lies our commitment to minimizing potential health and environment issues across the value chain. We adopt a full life-cycle approach to address responsible product management for all private and public entities engaged in, or associated with production, regulation and management of pesticide.

1) List up to 3 products or services whose design has incorporated social or environmental concerns, risks, and/or opportunities.

Our products are categorized as;

- Wettable Powders (viz., Melody Duo WP, Aliette WP)
- Water Dispersible Granules (viz., Folicure WG, Profiler WG, Confidor WG)
- Suspension Concentrates (viz., Movento Energy, Gaucho FS, K-Othrine SC)
- Oil Dispersion (viz., Movento OD, Solomon OD)

We approach social concerns of our customers through innovative features and measures across our product profile. Some of our unique initiatives are as follows:

2D- Anti-Counterfeiting:

We adopted 2D code printing in 2016-17 and we are continuing with the same by embracing more products. The farmers often suffer by purchasing substandard products due to higher number of instances of fraud in the pesticide industry. 2D Anti-Counterfeiting is a unique initiative taken up by Bayer to provide assurance to the farmers on the authenticity of Bayer pesticides. A 2D code is printed on the wrapping of products of all sizes and all the information of the product can be obtained on a smartphone by just scanning the code. The scanned code is sent to the Bayer database and the code is authenticated followed by a confirmation message to the user. Farmers who are not equipped with smart phones are sent a similar authentication and confirmation response by sending a text message to the help-line number indicated. In cases where no mobile network is available, the user can approach the supplier with a photograph of the leaflet and a confirmation will be sent.

Mono dose pack and Measuring cup with products:

Effective crop treatment is dependent on precise volume of product. Since majority of users lack knowledge and awareness about judicious use of the product it is often misused. Bayer packs a range of Mono dose which ensures the farmer does not have to measure the dosage. The users are provided with 2g, 5g and 10g packs which offers easy utilization of the product. We also provide them with a measuring cup with each packet of products, attached through a sleeve. This ensures the farmer utilizes the right amount of pesticide every time. These products avoid under dosage which leads to under protection of crops from the pests and extra dosage which leads to pesticide resistant crops making the product inefficient after 3 years.

Training:

At Bayer, customer safety is our utmost priority. We advocate usage of disposable hand gloves with Fipronil Granule to promote safety and health of the end user.

We believe safety awareness is as important as safe and healthy products. Various training programs are conducted in product promotion campaigns covering topics related to understanding the guidelines of product usage on the labels, responsible and safe use for crops, human being and environment. Various empty container pilot trials are conducted to showcase the methodology and practice of safe disposal in collaboration with industry associations. Weather stations have been setup in Jammu & Kashmir for early detection of scab disease in association with the State Agriculture University. Additionally, geospatial data investigations are carried out to help map crop areas and identify soil and water information for product label requirements.

In the recent past, Pink Boll Worm in particular has gained national prominence because of the significant crop losses in key cotton growing states. Farmers are not aware about proper moth monitoring techniques & Integrated Pest Management (IPM) practices for management of Pink Boll Worm. Against this backdrop, the Bayer Cotton Team has put in massive efforts on Pink Boll Worm Management and has identified hotspots where various on ground initiatives are being implemented. The initiative included intensive trainings on Pink Bollworm Management for internal Bayer field colleagues, key channel partners and colleagues from seed companies, capacity building of cotton growers, local language guidance, and social media alerts (WhatsApp), partnerships & collaborations, IPM demonstrations & field days and product stewardship.

BUSINESS RESPONSIBILITY REPORT (contd.)

- 2) For each product, provide the following details in respect of resources (energy, water, raw material etc.) per unit of product (Optional)

Products whose design has incorporated environmental/social concerns, risks and opportunities	Reduction in resource use (raw material, energy, water, any other) per unit of production achieved throughout the value chain with respect to the previous year	
	Energy (MWH)	Water (Million Cubic Meter)
WP Products (Melody duo WP, Alette WP)	0.11	NA
WG Products (Profiler WG, Confidor WG)	NA	1.0 x 10 ⁻⁷
SC Products (Movento Energy, Gaucho FS, K - Othrine SC, Premise SC, Monceren SC)	0.12	0.2 x 10 ⁻⁷

We are committed to using green products in our manufacturing processes. Use of Corn oil (20% replacement) and Sunflower oil (25% replacement) as alternatives, helps us reduce our water consumption.

- 3) Does the company have procedures in place for sustainable sourcing (including transportation)?

Bayer is honored to be a founding member of TfS (Together for Sustainability) founded in 2011, and led the way for other industries and our peers to develop and implement global audit program to assess and improve sustainable practices within supply chains of the chemical industry. This involves increased scrutiny of all aspects of the supply chain, stringent assessments on our business partners. Supplier assessments and audits are carried out through external partners like EcoVadis and other TfS approved audit firms who evaluate sustainability performance of our business partners. Suppliers assessed through TfS benefit from a standardized way of assessing their sustainability performance. The outcome helps suppliers to understand strengths and weaknesses in their management approach to ethical, environment and social issues.

The assessment is conducted over 4 steps:

Step 1: Registration: If one or more TfS members request a TfS assessment, the supplier will receive a registration code by email.

Step 2: Data Collection: The supplier has to fill out an online sustainability questionnaire and upload all the relevant documents.

Step 3: Analysis: EcoVadis analyzes the answers and audit documents received from the supplier.

Step 4: Results: The supplier as well as the TfS member companies can access the personalized scorecard online. The supplier can easily manage and reuse the information with new customers.

The TfS audit has the following steps:



- 4) (i) What percentage of the inputs were sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Supplier Code of Conduct is the guiding principle for procurement and all our suppliers have to sign the same which ensures sustainability in supply chain. Bayer has the right to review the sustainability performance of a supplier, either by assessment or by audit executed by Bayer or a third party.

Audits for Quality, Health, Safety and Environment (QHSE) are carried out to ensure 100% responsible procurement.

- 5) Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

There are several advantages in partnerships with vendors and suppliers from the nearby communities like quick delivery and less inventory. At Bayer, we aim for strategic partnerships with local vendors and suppliers which ensures meeting our business needs and also provide a means of livelihood to the surrounding communities. We actively procured goods from 53 MSME (Micro, Small and Medium Enterprise) Vendors in the financial year 2017-18. Regular training programs for our suppliers and vendors are carried out on matters related to personal safety.

- 6) Does the Company have mechanism to recycle products and waste? If yes, what is the percentage of recycling waste and products?

As a responsible organization, we are aware of the current global scenario of depletion of natural resources and hence we monitor our consumption. Water forms a major raw material for all our manufacturing processes and we ensure effective recycling of water at every stage. With mechanisms in place for washed water recycling of Suspension Concentrates and Wetttable Granule products, 95% of washed water is recycled.

BUSINESS RESPONSIBILITY REPORT (contd.)

The first washing water is collected in IBCs (Intermediate Bulk Container) and tested for microbial contamination. If it is approved by Quality Control then the water is reused and if not approved the water is sent to Gujrat Pollution Control Board approved incinerator for Incineration. Demineralised (DM) Water is used as media for SC & WG products after each campaign we use DM water to clean the system and recycle the same once approved from Quality Control. In case of WDG plant, wash water is used again for formulation of slurry.

Unpacking concept for Raw Material before taking at Shop-floor

We have adopted the concept of unpacking with an objective to prevent the contamination of secondary packing materials which is received with the raw materials. The secondary packing materials is removed at issue stage and the raw material is transferred to the shop-floor with primary packaging alone. This initiative resulted in reduction of the 24MT quantity of contaminated waste.

Recycle of Primary Packing Materials - Flexible Intermediate Bulk Container (FIBC)

Various strategies like interim storage and transfer from site to site have been adopted this year. This not only helped us eliminate 3.6MT of contaminated waste but also reduced the consumption of packaging materials.

Sourcing of Raw Materials into Bigger Packs

We have standardized our packing size for Raw material sourcing from small to big pack which has reduced the small packs waste generation and ultimately decreasing the production of contaminated waste.

Packing of Finished Goods into Big Packs

In final stages of the process we have adopted a strategy to optimize packing of finished goods by using big packets ranging from 200L pack to 1KL pack, 50KG pack to 600KG pack. It helped us reduce our packing material.

Multiple initiatives have been taken by the Company to reduce/recycle packaging material like wooden pallets, stacking tubes etc.

Principle 3 (P3): Businesses should promote the wellbeing of all employees

Bayer is built solely on the skill, dedication and the commitment of our employees to serve our mission of delivering world class products. Their ability and agility to adapt and learn with the changes in market dynamics are instrumental in helping us cement our status as a world leader. Our Human Capital function with its three pillars of HR Business partners, HR Services, and expert organization works with our senior management on all employee matters and helps us cater to evolving business environments.

At Bayer, our high performance culture is driven by our performance management process (PMP) which aligns people, value and strategy to facilitate seamless execution. The three phases of the PMP are performance planning, interim review and performance evaluation. We believe that recognizing contribution and performance, accompanied with flexibility in career opportunities, attractive compensation and benefit programs are essential to maintain consistently high performance among employees and to retain and attract the best talent. This financial year we launched an E-Onboarding tool which is a one stop shop for completing all the Onboarding formalities. It's easy to understand and manages compliances which make the onboarding process much smoother. The output is in a sequential format which helps the Onboarding Specialists to better track the status of the documents to be received from the new joiner.

This tool benefits the new joiners in the below mentioned ways:

- It's an internet based tool hence easy to access.
- E-Onboarding integrates all the joining formalities including the mandatory joining forms and personal documents on one platform.
- Saves time of new joiner by eliminating the additional time invested in filling the forms and new joiner information sheet manually.

Our workforce details:

- 1) **Please indicate the Total number of employees:** 1,148
- 2) **Please indicate the Total number of employees hired on temporary/contractual/casual basis:** 3,202
- 3) **Please indicate the Number of permanent women employees:** 158
- 4) **Please indicate the Number of permanent employees with disabilities:** Nil
- 5) **Do you have an employee association that is recognized by management?**
Yes, we have Sabarkantha Jhila Mazdoor Sangh, an employee association that supports collective bargaining amongst our employees.
- 6) **What percentage of your permanent employees is members of this recognized employee association?** 7%
- 7) **Please indicate the Number of complaints relating to child labor, forced labor, involuntary labor, and sexual harassment in the last financial year and pending, as on the end of the financial year**

Bayer emphasizes on zero tolerances for sexual harassment. In order to enforce this we have set up a comprehensive anti-sexual harassment policy in line with Government regulations and requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act of 2013. All employees regardless of the contract nature fall under the purview of the policy and subject to its guidelines. We have set up an Internal Complaints Committee (ICC) to address grievances and complaints regarding sexual harassments. Furthermore, we have dedicated compliance hotline and have made all our policies available to all our employees for their perusal.

BUSINESS RESPONSIBILITY REPORT (contd.)

Sr. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of this financial year
1.	Child labor/forced labor/involuntary labor	NIL	NIL
2.	Sexual harassment	NIL	NIL
3.	Discriminatory employment	NIL	NIL

Training and Development:

We at Bayer believe that learning is synonymous for progress, both for our people and us. We strive to provide avenues to enable lifelong learning for our employees by broadening their skill sets and equipping them to face the challenges of evolving businesses and technology. Employees have to mandatorily complete the stipulated training on the 4 core principles LIFE. In addition to this, Bayer remains committed to imbibing people who are new to the organization by providing them a comprehensive two step induction program, first at the corporate office and then function specific training to acclimatize them to our culture and work.

8) What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

Category	Skill-upgradation Training	Safety Training
Permanent Employees	77%	100%
Permanent Women Employees	12%	100%
Casual/Temporary/Contractual Employees	NA	100%

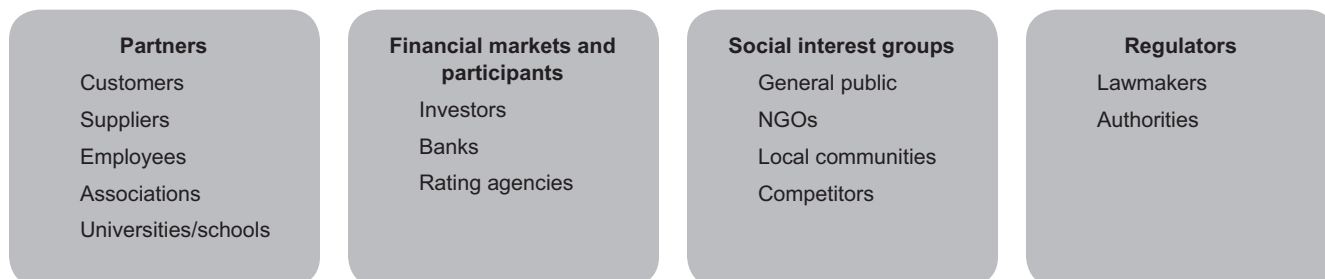
Principle 4 (P4): Businesses should respect the interests of, and be responsive to the needs of all stakeholders, especially those who are disadvantaged, vulnerable, and marginalized.

At Bayer, a broad definition for stakeholders is adopted and we merely don't confine them to the number of communities and NGOs. We firmly believe that a stakeholder could be just about any person/organization that could be affected by the scope of our work and products. Stakeholder engagement for us is a multi-pronged approach which involves identifying stakeholder concerns and develop products and strategies which are mutually beneficial.

1) Has the Company mapped its internal and external stakeholders?

Our stakeholder engagement process involves:

- Mapping our stakeholders to identify those that are significant to us
- Analysis of strengths and weaknesses which allows us to prioritize the stakeholders
- Engagement planning to help us develop targeted strategies for each group and
- The final engagement process

Our Stakeholder mapping:**2) Has the Company identified the disadvantaged, vulnerable and marginalized stakeholders?**

We have also focused on identifying stakeholders coming from those sections of society which are underdeveloped, vulnerable and marginalized. We put in extra effort to engage with these stakeholders through awareness camps, training sessions and safety meetings to help them address their concerns as well as get feedback from them. We have identified them as:

- Women
- Children
- Handicapped/Specially abled people
- Farmers from marginalized background

BUSINESS RESPONSIBILITY REPORT (contd.)

3) Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

Principle 8 in this report outlines the various activities and initiatives in place taken to address the concerns of our vulnerable and marginalized stakeholders identified above. Apart from these we also carry out Safe-Use activities for our farmers and dealers which are aimed towards improving their skills and efficiency.

Through these activities we impart education on safe and effective use of our products. We also distribute safety kits to the farmers along with gloves for safe handling of the pesticides.

Principle 5 (P5): Businesses should respect and promote human rights

Human rights are the corner stone on which we have built our values. We are determined to respect, foster and report without bias on the state of human rights within Bayer and our extended partners. We are an equal opportunity employer and do not discriminate on the basis of caste, creed, religion, color, age, gender, orientation, nationality and disability. We strive to create an atmosphere of dignity and humanity within our organization free of harassment and bias where individuals can realize their potential and help make a tangible positive impact.

1) Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

We believe that our values must reflect in the functioning of our partner businesses as well. In order to entrench our values, the Bayer Code of Conduct lists guidelines to safeguard human rights, and the Whistle Blower policy provides a platform to report violations in said policies. Extending to our external suppliers, our Supplier Code of Conduct lays down the expectations with regards to human rights from all our partners in the supply chain. In order to ensure compliance with the Child Labor (Prohibition and Regulation) Act, 1996, Bayer out rightly bans the use of child labor in any operation in our business and supply chain. Our LIFE values and Corporate Compliance Policy binds all our employees across geographies to adhere to fair, lawful conduct towards everyone in our organization.

2) How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

There have been no stakeholders complaints with respect to the said Principle.

Principle 6 (P6): Businesses should respect, protect, and make efforts to restore the environment

For Bayer, protecting the environment isn't just an obligation, it is the way we conduct business. The Bayer Global Sustainable Development Policy defines the framework for actions so as to cause minimal ecological impact and advance our environmental goals. We always strive to go the extra mile, and not just merely fulfill legal requirements by ensuring energy efficient and safe processes and thorough evaluation of environmental impact in our product life-cycles. Our commitment is reinforced by our adoption of the chemical industry's responsible care initiative.

1) Does the policy related to Principle 6 cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

Bayer believes that sharing of knowledge among our partners and customers is essential to develop our products in a sustainable manner while making our products resistant to the vagaries of the environment like drought and untimely rainfall. This approach helps protect the most vulnerable in our network, especially farmers who need to worry about the yield in the face of such uncertainties. Our knowledge sharing involves giving training on Environment, Health and Safety to around 500 members across 9 external contractor agencies on the following list of topics:

- General Safety, Health and Hygiene practices at site
- Safety rules and regulations
- Do's and Don't
- Safety work permits
- Chemical handling and machinery hazards and risks at site
- Material Safety Data Sheets (MSDS)
- Job Safety Analysis
- Emergency communication
- Use of PPEs
- Good Housekeeping
- Environmental protection
- Waste Management

We conduct HSE audits in our Suppliers' units, toll manufacturers' units and warehouses to ensure compliance.

BUSINESS RESPONSIBILITY REPORT (contd.)**2) Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? If yes, give hyperlink for the webpage etc.**

Bayer is an environmentally conscious organization and multiple initiatives have been taken up in the past and many initiatives have been planned for the future to address the growing concerns related to global environmental issues and climate change. These issues are not only of concern to the community but also to our long-term growth and sustainability. Some of the activities executed and planned in the reporting year are:

- Implemented raw material unpacking at primary level to avoid contamination from shop floor due to packaging. This has reduced generation of waste sent for incineration and promoted recycling of packing materials like fiber board boxes and cartons.
- Installation of hydraulic press to compact the solid hazardous waste which reduces transportation trips thus reducing GHG emissions
- Installation of Sewage Treatment Plant (STP) and Effluent Treatment Plant (ETP) for treatment of domestic waste water
- FELS – Fire Explosion Leakage & Spillage Prevention Project & HACRA – Hazardous Area Classification and Risk Assessment
- ChemRADE' Industrial Hygiene Program : Successfully completed as a pilot project for Chemical Exposure measurement at workplace.
- Job Safety Analysis has been successfully implemented
- Replacement of bag filters by installation of cartridge filter and HEPA Filter to reduce dust emissions
- Use of high efficiency motors to reduce resource consumption, and enhance safety during formulation of products

Activities planned for the near future:

- To reduce the energy consumptions, procured required Heat Recovery equipment which will help us reduce our electricity consumption

3) Does the Company identify and assess potential environmental risks?

Our manufacturing locations - Himatnagar, is certified with Environment Management Systems - ISO 14001-2015. Systems like these help us identify and mitigate the environmental risks our organization faces. Some of the risks identified are:

- Resource depletion
- Air pollution
- Solid waste
- Noise pollution
- Land contamination
- Hazardous waste generation
- Soil contamination
- Spillage

After identifying the specific activities that are responsible for these impacts, we developed action plans for their mitigation and look to minimize their effects.

4) Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof. Also, if yes, whether any environmental compliance report is filed?

We currently do not have any projects related to Clean Development Mechanism.

5) Has the Company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc.? Y/N If yes, please give hyperlink for webpage etc.

We assimilate new innovative techniques throughout our operations and business to help us improve our environmental performance. By optimizing our processes we can be more efficient and improve our production while also reducing our environmental impact.

Some initiatives taken up are:

- Optimizing the jet milling operation as a result of which electricity consumption is reduced in the Wettable Powder product line.
- Reducing Wettable Granules product line
- Reduction in electricity consumption in plant and street lighting using LED lights
- Installation of high efficiency motors for increased output with lower energy consumption
- Use of pollution control devices

Upcoming projects:

- Installation of 35 KW Solar plant for electricity generation which will help us reduce overall electricity consumption.

BUSINESS RESPONSIBILITY REPORT (contd.)

6) Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/ SPCB for the financial year being reported?

We follow stringent quality control and disposal processes to minimize the impact of waste generated from our production activities. We go the extra mile by actually measuring the toxicity of various effluents in waste water generated and ensure that they are well within the permissible limits. While generating hazardous waste, we ensure that all legal requirements are met with respect to its disposal which includes correct storage, packing, and incineration. Additional precautions are taken for disposal of biomedical waste which includes specialized handling and disposal, fully compliant with all requirements and processes.

7) Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

In line with regulations issued by the Central Pollution Control Board and State Pollution Control Board, we are proud to maintain a clean record with no show cause notices in the reporting year, a further testament to our sustainable processes and operations.

Awards & Recognitions

The awards received over the years reflect on our zeal and commitment to protect and preserve our environmental and communities, these include:

- QHSE Excellence Award at Himatnagar– 2013 by Bayer Senior Representative
- FICCI Award – 2014 - Sustainability Award for Excellence in Safety
- FICCI Award – 2015 - Best Green Process for initiative of Oil Dispersion (OD) formulation
- QHSE Excellence Award at Himatnagar– 2014 by Bayer Senior Representative
- FICCI Award – 2015 - Sustainability Award for Best Green Process
- HSE Excellence Award at Himatnagar– 2015 by Bayer Senior Representatives
- Silver CSR Achievement Badge - 2014 & 2016 by EcoVadis
- ISO 9001-2015, 14001-2015 recertification in 2017

These accolades conferred upon us don't make us rest on our laurels, but rather propel us to keep excelling in the environmental and social realm and set an example for our peers. Our continuous prudence with respect to our business activities and its impact help us improve our processes and product offerings, thereby making us more responsible organization.

Principle 7 (P7): Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

Bayer believes that engaging in constructive discussions with legislative and regulatory bodies is necessary to bring about substantial difference in topics which matter to us. We aim to engage with National level bodies and associations to maintain a healthy relationship. We also encourage an open deliberative process and utilize these forums as a platform to advocate the values and causes which we hold important for our business and connect with policy makers, regulators, public and private stakeholders to create a lasting impact.

1) Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

We are members of the following major associations through which we actively participate for overall development of the industry.

- The Federation of Indian Chambers of Commerce and Industry [FICCI] (Agrochemicals & Seeds/Traits)
- CII (Confederation of Indian Industries) - Agrochemicals and Seeds/Traits
- Crop Life India (Agrochemicals)
- ABLE - AG (Association of Biotechnology Led Enterprises) Agricultural Group (GM Traits)
- Federation of Seed Industry of India (Seeds and Traits)
- National Seed Association of India (Seeds and Traits)

2) Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

We partner with major industry associations and platforms to engage our stakeholders and contribute towards creating enduring change and positive contributions to regulatory systems, policies and business ecosystems. We seek to help shape regulatory process for the adoption of future technologies which shall contribute towards increasing food security for the nation.

Principle 8 (P8): Businesses should support inclusive growth and equitable development.

Our CSR Programs are strategically aligned with our global objectives, with special focus on long-term and inclusive approach that results in quantifiable impact in societies. The initiatives have been meticulously conceptualized with our partner NGO's and others in order to ensure compliance with our philosophy. Bayer's multi-faceted approach has earmarked three unique strategies as part of providing a comprehensive development goal. The first on Society Progress Pilots with innovative ideas on matters of national significance. The second, Science Excellence, focuses on life science talents and being at the frontier of path breaking research. The third, Community development envisions projects in and around our spaces that bring to the fore vital topics including health hygiene, education and conservation.

BUSINESS RESPONSIBILITY REPORT (contd.)

- 1) Does the Company have specified programs/ initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.

Yes

- 2) Are the programs/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

Bayer CSE programs are undertaken by

- In-house team
- Bayer Prayas Association
- Various NGO partners

- 3) Have you done any impact assessment of your initiative?

For some of the initiatives that have completed their duration, we have initiated the process of impact assessment which would be completed this year.

- 4) What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?

Sr. No.	Enlist the initiatives undertaken by the Company for Supporting Inclusive Development	Amount contributed directly in the initiative by the Company (₹ in Millions)
1.	Discovering Hands India	18.75
2.	Program for Primary Prevention of Sexual Violence	15.00
3.	Bayer Fellowship Program in Agro Science	13.80
4.	Preventive Health and Community Development Programs in and around Vapi	10.90
5.	Project WASH: Water, Agriculture, Sanitation & Hygiene program in Punjab	6.00
6.	Project WASH: Water, Agriculture, Sanitation & Hygiene program in Andhra Pradesh	5.20
7.	Bayer Scholarship Program to recognize and reward academic excellence in Agri, Pharmacy, Medical and Management sectors	3.00
8.	Program for promoting Future Agriculture Leaders of India (FALI) the initiative is focused on 8th & 9th grade students in rural schools	2.19
9.	Bayer Science Teens Program 2018	1.60
10.	Nutrition Program for children suffering from Cancer	0.70
11.	Save Water – Save the Rivers Campaign	0.70
12.	Support for underprivileged differently abled girl child through integrated rehabilitation program	0.15
13.	Donation for sponsoring 10 students for academic year in Welfare Society for Destitute Children	0.05

- 5) Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Yes. Our community development initiatives have been received well and have been actively adopted in the regions where they have been taken up. Initiatives such as WASH (Water, Agriculture, Sanitation and Hygiene) have resulted in change in mindset of farmers and encouraged them to try newer techniques in agricultural diversification, increase productivity and focus on livelihood opportunities to increase their economic conditions. Similarly our Comprehensive Community Health programs have increased awareness about menstrual health and hygiene in young women.

Principle 9 (P9): Businesses should engage with and provide value to their customers and consumers in a responsible manner.

We at Bayer, are ardent believers that responsible business isn't merely limited to charity and being "good", it's recognizing that every enterprise can strive towards being more responsible and impactful while delivering unmatched value and opportunity for everyone involved. In order to achieve this, we have inculcated sound accountability and governance structure to help us realize our mission and empower others along the way.

- 1) What percentage of customer complaints/ consumer cases are pending as on the end of financial year?

As of March 31, 2018, a total of 54 cases are pending.



BUSINESS RESPONSIBILITY REPORT (contd.)

2) Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)

At Bayer, transparency is prevalent in every aspect of our business cycle as we believe customers and partners need to be empowered to make the right choices. We follow the highest mandated standards for labelling of our products and also include Direction for Use (DFU) to enable our customers to utilize our products in ways that generate maximum value for their enterprises.

The DFU contains information like:

- Symptoms of poisoning
- Precautions while handling
- First aid instructions in case of accident
- Instructions for storage
- Instructions for disposal

Bayer Advice

Our farmers are the backbone of our business. We seek to empower them through various channels such as providing them with highly experienced field officers, unparalleled solutions and trade network to help them realize their business. At the crux of this lies recognizing the various issues they face with regards to changing weather patterns, pest attacks and resistance to pesticides and evolving markets. We have established a toll free helpline which can be accessed through telephone and mobile, and displayed prominently on all packaging. This is intended to help our farmers get access to the best agro experts for all their queries and technical assistance and thus enabling us to be with them at every step of their journey.

This financial year we have taken special initiatives to amplify our reach to customers by engaging them under "Bayer Safe Use Ambassador" programs with various stakeholders like the State Department of Agriculture, Krishi Vigyan Kendra and State Agriculture universities. This program helps our customers understand ways to use crop protection products responsibly with a focus on operator's safety, consumer confidence and environment sustainability. Along with this we are also ensuring phase-wise availability of Personal Protective Equipment (PPEs) at all retail counters.

3) Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.

Keeping in line with our reputation for unmatched excellence and fairness, there are no cases pending against us for unfair trade practices, irresponsible advertising and anti-competitive behavior thereby cementing our approach to promoting healthy competition. Our transparency, compliance, controls and honest advertising and marketing go long way in helping us provide class leading solutions. Our participation in chamber meetings is not to seek the advancement of our enterprise, rather help us gauge the problems faced by the industry and align our products to help solve them.

4) Did your company carry out any consumer survey/ consumer satisfaction trends?

We carry out continuous brand feedback studies to assess our brand and the level of satisfaction with our customers and we are proud to note that we score highly for almost all our brands. An annual brand equity study is conducted for brands in crops such as rice, cotton and grapes using a scaled response involving customer satisfaction using our products and services. This system of feedback helps us differentiate our product offering and improve upon them.

For and on behalf of the Board of Directors

Pankaj Patel
Chairman
(DIN: 00131852)

Mumbai, May 23, 2018

MANAGEMENT DISCUSSION & ANALYSIS REPORT

1. OVERVIEW OF INDIAN AGRICULTURE

Indian agriculture is the second largest employer in the world with 265 million Indians engaged in farming. In rural India, 60 percent of the workforce works in farms and depends on agriculture as the only source of livelihood. India is currently among the two largest producers of major agricultural commodities such as rice, vegetables, fruits, cotton and sugar. Agricultural export constitutes 10 percent of India's exports and is the fourth-largest exported commodity. With a contribution of roughly one-fifth of India's gross value added (GVA); agriculture is an important contributor to the growth of the Indian economy.

India has 157.35 million hectares under cultivation, which makes it the second largest holder of agricultural land in the world. All 15 major climates of the world exist in India, with 20 agri-climatic regions in total. Smallholders or small farmers make up 80 percent of India's farmer base. As families grow, the size of small landholdings will shrink further. That is why any meaningful solution to solve problems in Indian agriculture needs to revolve around targeted support for smallholders, through contemporary crop protection solutions, high yielding seeds and modern breeding methods.

Food Grain Production in 2017-18

In 2017-18, India's food grain production is expected to reach 277.49 million tonnes, which is 2.38 million tonnes higher than the previous record food grain production of 275.11 million tonnes in 2016-17 (*Source: 2nd Advance Estimates for 2017-18, issued by the Ministry of Agriculture & Farmers' Welfare*).

The production of rice increased by 1.31 million tonnes in 2017-18, compared to 109.70 million tonnes during 2016-17. It is also higher by 4.71 million tonnes than the five years' average production of 106.29 million tonnes. Production of wheat is estimated at 97.11 million tonnes, which is lower by 1.40 million tonnes as compared to record wheat production of 98.51 million tonnes achieved during 2016-17. However, the production of wheat during 2017-18 is higher by 3.77 million tonnes than the average wheat production.

Production of coarse cereals is estimated at record 45.42 million tonnes, which is higher than the average production by 3.72 million tonnes. Further, it is also higher by 1.65 million tonnes as compared to 43.77 million tonnes achieved during 2016-17. Total pulses production during 2017-18 is estimated at record 23.95 million tonnes which is higher by 0.82 million tonnes than the previous year's production of 23.13 million tonnes. Moreover, the production of pulses during 2017-18 is higher than the five years' average production by 5.10 million tonnes.

Total oilseeds production in the country during 2017-18 is estimated at 29.88 million tonnes, which is lower by 1.39 million tonnes than the production of 31.28 million tonnes during 2016-17. However, the production of oilseeds during 2017-18 is marginally higher by 0.34 million tonnes than the average oilseeds production.

Production of cotton is estimated at 33.92 million bales (of 170 kg each), which is higher than the previous year's production of 32.58 million bales. Further, it is also higher by 0.41 million bales than its average production of 33.50 million bales.

Government Initiatives

Given the importance of the agriculture sector, the Government of India, in its budget for 2016, announced several steps for the sustainable development of agriculture. Key among these initiatives was the ambitious goal to 'Double farmers' income by 2022. For this, the government commenced various schemes around irrigation, soil health management, organic farming and crop insurance. Some of the existing schemes were amplified further in 2017-18.

In the Union Budget 2018-19, the government increased the budgetary allocation for the Ministry of Agriculture & Farmers' Welfare to ₹ 58,080 Crores from ₹ 51,576 Crores in 2017-18. The government has been pushing for the implementation of schemes that will shift India's priority from production-led farming to income-led farming. To achieve the ambitious objective of Doubling farmer's income by 2022, the government is encouraging to adopt a 'multi-dimensional seven-point strategy' which includes:

1. Emphasis on irrigation along with end-to-end solutions towards creation of resources for 'Per Drop More Crop'
2. Provision of quality seeds and nutrients according to the soil quality of each farm
3. Large investments in warehouses and cold chains to prevent post-harvest losses
4. Promotion of value addition through food processing
5. Implementation of National Agricultural Markets and e-platforms (e-NAM)
6. Introduction of crop insurance scheme at a lower cost
7. Promotion of allied activities such as Dairy-Animal husbandry, Poultry, Bee-keeping, Medh Per Ped, Horticulture and Fisheries

The Pradhan Mantri Fasal Bima Yojana (PMFBY) is one such initiative towards crop insurance with the lowest-ever premium rates for farmers. PMFBY has many firsts to its credit such as national coverage of post-harvest losses due to inundation and unseasonal rains, no capping on government subsidy, and use of technology for early and accurate settlement of claims. Assistance to farmers afflicted by natural calamities has been increased by 50 percent and eligibility norms have been relaxed. As announced in the Union Budget 2018-19, the implementation of PMFBY will be made faster and the government is aiming to increase the coverage under the scheme to 50 percent of gross cropped area in 2018-19.

Issue of Soil Health Cards to 14 crore farm-holdings by March 2017 is another good initiative and will result in judicious application of fertilizers, lower input costs and better soil health. Other initiatives such as the Prime Minister Krishi Sinchai Yojana (PMKSY)/ 'Per Drop More Crop' and 'Jal Sanchay for Jal Sinchan' assures better irrigation to expand cultivated areas by improving water use efficiency and enabling drought-proofing.

MANAGEMENT DISCUSSION & ANALYSIS REPORT (contd.)

The National Agriculture Market Scheme (NAM) which was launched to connect mandis across the entire country is helping make India a 'One Food zone, One Country, One Market.' This will immensely benefit farmers in getting fair and remunerative prices.

2. INDUSTRY DEVELOPMENT

The south-west monsoon, which delivers about 70 percent of India's annual rainfall, is critical for the farm sector. The India Meteorological Department (IMD) had forecasted a normal monsoon for 2017, but actual rainfall was below normal to the tune of 95 percent of the long period average (LPA). The intermittency, pan-India rainfall coverage and distribution of monsoon left the farmers in a difficult situation. Dry spells in the key monsoon months of August and the first-half of September affected the consumption of crop protection products.

Further, the GST (Goods & Service Tax) implementation post July 2017 brought in some uncertainties among trade and expectations of cost increase for farmers. However, the situation normalized by end of 2017. All these volatilities during the main season led to build-up of channel inventories. The crop protection industry recorded small single digit growth (without considering the impact of GST). Herbicides out-performed average market growth due to increased demand in sugarcane, corn and wheat. Fungicides on the other hand distinctly under-performed the average growth mainly due to lower cropped area and low commodity prices for vegetables.

In 2017, there were many acquisitions and divestments in the global seed industry, along with some in-depth restructuring. In the past year, a new breeding technique, represented by CRISPR boomed worldwide. Of late, Seed Technology is more focused on abiotic and biotic stress related traits to provide quality products and address adverse climatic conditions causing losses to farmers. The past 50 years have seen many research-driven improvements in seed genetics and technology that have been responsible for dramatic increases in crop productivity worldwide. Technologies such as marker assisted breeding, biotechnology and genomics have become quite mainstream. For the Seeds industry, the focus continues to be on greater efficiencies and lower input prices, safer growing conditions and safer foods and reduced environmental and ecological impact of crop production.

In 2017-18, the Seed market bounced back to normal levels with a growth of mid-double-digit over 2016-17. This was driven by stable commodity prices in cotton and timely onset of monsoon in the Western and Southern parts of India. Rice acreages under the 'fine-grain' category increased in Northern India due to better commodity prices and increase in local consumption. Delayed monsoon followed by a long dry spell impacted hybrid rice growth in Eastern India and millet acreages in North-West India. Overall, in the relevant field crops segment, the Seeds & Traits market grew by low double digits in 2017-18 compared to the previous year. This was largely driven by growth in the biggest seed markets of cotton and corn.

In 2016-17, the Company had launched PA 9072, a new short duration millet hybrid with excellent tolerance for Downy Mildew and drought. In 2017-18, Bayer initiated Project Saath-Saath to promote and establish PA 9072 among smallholder farmers' who cultivate millet in rain-fed areas. With this initiative, Bayer covered 128 villages and 500 opinion leader farmers and showcased PA 9072's yield advantage of upto 25 percent over the existing public variety HHB 67. Government officials, trade channel partners and farmers appreciated Bayer's efforts and recommended the use of Bayer's hybrid millet seed to meet the food and fodder requirement of the growers and achieve incremental income.

Environmental Science ("ES") in India, which currently operates in two business areas: Public Health and Professional Pest Management ("PPM") remained flat for 2017-18, mainly due to factors such as GST implementation, continued after-effects of demonetization and slowdown in the real estate sector. Vector-borne diseases such as dengue, malaria and chikungunya continued to affect communities across India. The Public Health market in India is driven through the practice of larviciding and space-spraying. The government and health authorities procure chemicals for larviciding and space-spraying through tenders, which is a lengthy process. But the system is slowly modernizing with tender submissions moving online and the introduction of the Government e-Marketplace (GeM) initiative. In the PPM segment, termite control, which is one of the fastest growing segments, faced a downturn with reduced pre-construction activity. Despite this, the PPM business still holds good potential for the future in both commercial and residential segments.

3. REVIEW OF FINANCIAL AND OPERATIONAL PERFORMANCE

The Company's Revenue from Operation was ₹ 27,490 Millions in 2017-18 as compared to ₹ 29,484 Millions in 2016-17. The Company reported a profit for the year of ₹ 3,001 Millions.

The Company enjoys a unique position in the market because of its capability to offer new innovative products, technologies, processes, services and business models. Innovation has always been a cornerstone in Bayer's product offerings. In the year 2017-18, the Company successfully launched five new products in Crop Protection and one new product in Seeds and Environmental Science, each.

The new offerings in Crop Protection include: Emesto Prime, a seed growth product; SIVANTO prime, Movento OD, Regent Ultra and Simbola in the insecticides category. The new product from Seeds is Arize AZ 6633, a mid-duration rice hybrid with high yield potential. The new offering from Environmental Science, Maxforce Quantum is an innovative gel bait for ant colony management.

Over the last few years, the Company is working on providing customer-centric solutions to Indian farmers by working closely with them to understand their needs even better. In 2017-18, the Company further strengthened its flagship program 'Bayer Labhsutra' which aims to increase per acre earnings and qualitative yield for the progressive farmers it targets. Bayer has extended the scope and number of demonstrations across multiple crops and geographies, but more importantly also commercialized the concept in the form of 'Labhsutra Kits' in some key geographies. As of 2017, Bayer Labhsutra demonstrations were carried out in nearly 2,000 plots.

Another key customer focused initiative; the Food Chain Partnership expresses our belief that together with our partners in the food chain we can build relationships that benefit everyone. Bayer provides farmers with innovative crop protection products, high-quality

MANAGEMENT DISCUSSION & ANALYSIS REPORT (contd.)

seeds, and services, as well as advisory on the optimal use of products and applications. Ultimately farmers benefit through better market access, more secure income, better technological solutions, higher yields and cost-effective, sustainable use of agrochemicals. In 2017-18, the Company had 53 Food Chain Partnership projects spread across 86,000 hectares covering 96,000 farmers.

Bayer has been working with smallholder farmers in India for many years and has a variety of successful programs such as Bayer Labhsutra, Food Chain Partnerships as well as public private partnerships in place. In late 2015, Bayer announced a global "Smallholder Farming Initiative" to support small-scale farmers in emerging and developing countries. The initiative was rolled out in India in May 2016 as a pilot project for green chilies in Varanasi, Uttar Pradesh. In 2017-18, the project was covering more than 250 smallholder farmers in India. After the success of the first project, a second pilot project was introduced in Jharkhand for tomatoes. The ongoing project focuses on farmers who have small land holdings of less than 2 hectares and are willing to adopt new technologies. The focus areas for the project are correct application of crop protection products, nutrient management, soil testing, drip irrigation, training on good agricultural practices, product stewardship etc.

Product Stewardship forms an integral aspect of our business operations. Every field / farm training conducted by Bayer begins with a safety training and awareness about safe & responsible use of crop protection products. Under the training programs, Bayer helps farmers learn more about identifying and purchasing authentic seeds and crop protection products, safe & responsible use of products and proper use of Personal Protection Equipment ("PPE") while spraying. In 2017, 484,680 farmers across India were covered under Bayer's safety training and awareness programs. Bayer has also started equipping each of its retail outlets with PPE kits for sale and use by spray operators.

In 2017-18, the ES unit maintained its position as the market leader in the areas of Public Health and PPM. The ES business registered lower sales by 22 percent in comparison with previous year. The major reason for lower sales was the implementation of GST which reduced revenues by 11 percent. In the PPM segment, ES sales in termite segment declined due to introduction of various legislations in the construction and real estate sector. The Company's 'Bayer Network Program', a global certification program for Pest Control Operators (PCOs), grew to cover 67 Bayer Network PCO's across 30 cities in India. However, sales from these Bayer Network PCOs declined. In 2017-18, ES continued to sponsor major symposia and seminars to promote general awareness, product knowledge, safety measures and share best practices in PPM and vector borne disease management.

4. OPPORTUNITIES, RISKS, CONCERNS AND OUTLOOK

The central challenge for Indian agriculture is low productivity, which is evident in modest average yields. According to the Food and Agriculture Organization (FAO) study, food energy requirements for South Asia will be about 2,700 calories per capita per day by 2025. In India, the current food grain availability is 525 grams per capita per day, whereas the corresponding figures in China and USA are 980 grams and 2,850 grams respectively. Due to an improvement in per capita income, if per capita consumption is 650 grams, the food grain requirement will be about 390 metric tons of food grain by 2025. Although low productivity is a challenge, it also presents an opportunity for our industry.

With key resources such as arable land, growing water scarcity and fluctuating weather patterns becoming the new normal, technology can make a huge difference. China used hybrid seed varieties to beat the climatic vagaries and achieve a turn-around in rice production. Hybrid rice seed varieties can adapt to low rainfall, poor soil conditions and can offer farmers up to 50 percent incremental yields. Despite the availability of such science-based solutions, the adoption rate for hybridization in India stands at a dismal 11 percent. This presents a huge opportunity for players in the hybrid seeds segment.

To create awareness on hybridization and the role it can play in enhancing food security, Bayer initiated 'Project Sahyog' (Hindi: collaboration) in June 2017 with small rice farmers in Motihari, a prominent rice growing region in Bihar. Project Sahyog is a joint initiative of Bayer with Indian Grameen Services (IGS) and is being implemented under the aegis of the Small Farmers' Agribusiness Consortium (SFAC). The main objective of this initiative is to sensitize farmers and officials from India's Ministry of Agriculture & Farmers' Welfare, about the potential of hybrid rice seeds to enhance food security.

Under Project Sahyog, the Company has reached out to approximately 8,000 farmers across 100 villages in the East Champaran district of Bihar and conducted Arize demonstrations and trainings on integrated crop management solutions, good agronomic practices, nutrient management and weed management. Bayer's Arize brand of hybrid rice seeds offers a broad portfolio of high-yielding hybrid rice varieties adapted to diverse field conditions and the varying needs of farmers. Project Sahyog is also being encouraged by the Hon'ble Union Minister of Agriculture & Farmers' Welfare, Shri Radha Mohan Singh.

Another significant problem that Indian farmers face is poor price realization even when there is a bumper harvest. A bumper harvest causes prices to crash and in the absence of proper storage and processing infrastructure, plenty of produce has to be sold at sub-optimal prices while the input costs for farmers keep pace with overall inflation. This creates both a debt trap for farmers and disenchantment with farming. Here too, two technology enabled solutions can help. The first calls for public-private partnerships in creating efficient farm-to-fork supply chains. The second requires crop diversification based on science and a systematic analysis of future global production trends. Intelligent diversification protects consumers from price shocks (say, a sudden surge in the price of lentils or oils when a crop fails) and allows farmers to hedge their risks.

Water is one of India's most scarce natural resources. India uses 2 to 4 times more water to produce a unit of major food crop compared to China and Brazil. Hence, it is imperative that the country focuses on improving the efficiency of water use in agriculture. Irrigation investments must shift to adopting technologies like sprinkler, drip irrigation and rainwater harvesting. In order to facilitate this shift, the new irrigation technologies need to be accorded 'infrastructure lending' status and both the center and states need to increase public spending for adoption and deployment of micro irrigation.

MANAGEMENT DISCUSSION & ANALYSIS REPORT (contd.)

Addressing India's multiple challenges in agriculture requires significant upgradation of the country's national agriculture research and extension systems. India's National Agricultural Research System (NARS) comprising the Indian Council of Agricultural Research ("ICAR"), other central research institutes, and national research centers set up by ICAR, together with state agricultural universities played a key role in India's Green Revolution. However, in more recent years, R&D in agriculture has been plagued by a severe lack of investment.

Agricultural R&D is crucial to sustain agricultural productivity growth in the long-term. As per the Economic Survey, in 2017-18, the actual expenditure of the Department of Agricultural Research and Education/ Indian Council of Agricultural Research increased from ₹ 5,393 crores in 2010-11 to ₹ 6,800 crores during 2017-18. The compounded annual growth rate of expenditure has been 4.2 percent over the years, which augurs well for the industry. To ensure growth, India also needs better quality molecules, safer chemistries and a range of innovative products.

Agriculture is a big driver of the Indian economy, but the agriculture sector needs to be seen as an exciting industry rather than an industry that depends on subsidies and hand-outs. Innovation in seeds and crop protection can go a long way in addressing the productivity problems affecting Indian agriculture. It will also help farmers fetch good commodity prices which will encourage farmers to spend on qualitative inputs for achieving higher yields and a more favorable return on investment. Bayer with its product offerings, distribution reach and strong network of more than 3,500 field officers is well geared to support Indian farmers.

On the ES front, despite macro-economic shocks over the last two years, the PPM industry is expected to grow in 2018-19. The residential segment is expected to show rapid growth as consumers, particularly in urban markets, become more aware about the benefits of pest control services and start to demand safe and effective solutions. Additionally, while we expect our termite segment sales to recover, this will be closely tied to stabilization of the real-estate sector. Currently, the biggest concern for the ES business is the plethora of generics dominating the PPM segment. The Public Health business is geared for high growth with continued government expenditure to protect against vector-borne diseases. However, since a large portion of this business comes from tenders, it is difficult to achieve predictable growth.

5. CORPORATE SUSTAINABILITY

Bayer is committed to the principles of sustainable development. In this context, we are always looking for ways to enable people to share the fruits of innovation, regardless of where they come from or how much they earn.

Bayer's social commitment is based on innovation. As education is a vital factor in achieving sustainable prosperity, Bayer has been making efforts to make instruction in science and technology more attractive by way of innovative projects. In many far-flung rural areas where educational infrastructure is in a poor shape, we are supporting initiatives that focus on making school an attractive place. Skill development is also a vital part of our focus. Many of our initiatives aim to enhance skills that would help young people lead a life of dignity. Our Community Development programs being implemented across the country place emphasis on enhancing awareness about health, hygiene and skill development.

Our sustainable development initiatives are aimed at making a contribution to one of society's greatest challenges - food security. We focus on providing support to farmers in their efforts to increase yields while at the same time protecting the environment and improving the quality of life. Bayer is committed to protecting the environment and is constantly working to reduce environmental impact and find innovative product solutions that improve resource and energy efficiency.

That's what our mission "Bayer: Science for a better life" is all about. The details about the Corporate Social Responsibility projects for the financial year 2017-18 are provided in the Directors' Report.

6. INTERNAL CONTROL SYSTEMS

The Company has appropriate internal control systems for business processes with regards to its operations, financial reporting and compliance with applicable laws and regulations. The Audit Committee of the Board of Directors approves the internal audit plan and internal audits are conducted at regular intervals across various locations and processes in line with the approved internal audit plan. Audit observations and follow-up actions are discussed with the management of the Company as well as the Audit Committee.

7. CAUTIONARY STATEMENT

The statements in the "Management Discussion & Analysis Report" describing the Company's objectives, expectations and forecasts may be forward looking within the meaning of applicable securities laws and regulations. The actual results may differ from those expressed or implied, depending upon the economic and climatic conditions, government policies and other incidental factors.

For and on behalf of the Board of Directors

Pankaj Patel
Chairman
(DIN: 00131852)

Mumbai, May 23, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Bayer CropScience Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Bayer CropScience Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matters

The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 prepared in accordance with Ind AS included in these Ind AS financial statements have been audited by the predecessor auditor. The report of the predecessor auditor on the comparative financial information and the said opening balance sheet dated May 24, 2017 expressed an unmodified opinion.

Our opinion on the Ind AS financial statements is not modified in respect of this matter.



INDEPENDENT AUDITOR'S REPORT (contd.)

To the Members of Bayer CropScience Limited

Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, based on our audit we report, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2018 from being appointed as a director in terms of section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements-Refer note 32
 - ii. The Company has long-term contracts as at March 31, 2018 for which there were no material foreseeable losses. There are no long term derivative contracts as at March 31, 2018.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants
(Firm's Registration No. 117366W/ W-100018)

B. P. Shroff

Partner
(Membership No. 034382)

MUMBAI, May 23, 2018

ANNEXURE “A” TO INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date on Ind AS financial statements of Bayer CropScience Limited for the year ended March 31, 2018)

Report on the Internal Financial Controls Over Financial Reporting under clause (i) of Sub-section 3 of section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Bayer CropScience Limited (“the Company”) as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



ANNEXURE “A” TO INDEPENDENT AUDITOR’S REPORT (contd.)

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date on Ind AS financial statements of Bayer CropScience Limited for the year ended March 31, 2018)

Opinion

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the criteria for internal financial controls over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

(Firm's Registration No. 117366W/ W-100018)

B. P. Shroff

Partner

(Membership No. 034382)

MUMBAI, May 23, 2018

ANNEXURE “B” TO INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2, under ‘Report on Other Legal and Regulatory Requirements’ section of our Report of even date on Ind AS financial statements of Bayer CropScience Limited for the year ended March 31, 2018)

- i. In respect of its fixed assets:
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed/ transfer deed/ conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- ii. The physical verification of inventory [excluding goods in transit and stocks with third parties] have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, this has been substantially confirmed by them as at the year-end. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the said Order is not applicable.
- v. According to the information and explanations given to us, the Company has not accepted any deposit during the year and hence, reporting under clause (v) of the said Order is not applicable.
- vi. The maintenance of cost records has been specified by the Central Government under section 148(1) of the Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under Sub-section (1) of section 148 of the Act, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. According to the information and explanations given to us, in respect of statutory dues:
 - a) The Company is generally regular in depositing undisputed statutory dues in respect of Income Tax and Professional Tax, though there have been slight delays in few cases, and is regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
 - b) There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

ANNEXURE “B” TO INDEPENDENT AUDITOR’S REPORT (contd.)

(Referred to in paragraph 2, under ‘Report on Other Legal and Regulatory Requirements’ section of our Report of even date on Ind AS financial statements of Bayer CropScience Limited for the year ended March 31, 2018)

- c) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2018 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount (₹ in Millions)
Income Tax Act, 1961 ¹	Income Tax Dues	Appellate Authority – up to Appellate Tribunal level	Assessment Years 1992-1993, 2003-2004, 2004-2005, 2015-2016	36
The Central Sales Tax Act, 1956 and Local Sales Tax Acts ²	Sales Tax and Value Added Tax liability	Appellate Authority – up to Commissioner’s level	Financial Years 1977-1978, 1979-1980 to 1981-1982, 1983-1984 to 1984-1985, 1998-1999 to 2015-2016, 2017-2018	446
		Sales Tax Appellate Tribunal	Financial Years 1989-1990 to 1990-1991, 1995-1996 to 1996-1997, 2001-2002 to 2002-2003, 2009-2010	215
Central Excise Act, 1944 ³	Excise Duty liability	Appellate Authority – up to Commissioner’s level	Financial Years 1986-1987 to 1991-1992, 1993-1994 to 1996-1997, 2008-2009 and 2009-2010	5
		Custom, Excise and Service Tax Appellate Tribunal	Financial Years 1993-1994, 2000-2001 and 2002-2003	2
		High Court	Financial Years 1993-1994 to 1994-1995, 2000-2001	4
		Supreme Court	Financial Years 2000-2001 to 2002-2003	10
The Finance Act, 1994 ⁴	Service Tax liability	Appellate Authority – up to Commissioner’s level	Financial Years 2004-2005 to 2014-2015	25
		Custom, Excise and Service Tax Appellate Tribunal	Financial Years 2005-2006 to 2006-2007	11
The Custom Act, 1962	Custom Duty	Appellate Authority – up to Commissioner’s level	Financial Years 2013-2014 to 2015-2016	43

1. Net of ₹ 2,354 Millions paid under protest; 2. Net of ₹ 62 Millions paid under protest;

3. Net of ₹ 6 Millions paid under protest; 4. Net of ₹ 1 Million paid under protest.

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not taken any loans or borrowings from financial institutions and government. The Company has not issued any debentures.
- ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the said Order is not applicable.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the said Order is not applicable.

ANNEXURE “B” TO INDEPENDENT AUDITOR’S REPORT (contd.)

(Referred to in paragraph 2, under ‘Report on Other Legal and Regulatory Requirements’ section of our Report of even date on Ind AS financial statements of Bayer CropScience Limited for the year ended March 31, 2018)

- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of said Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Act are not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

(Firm's Registration No. 117366W/ W-100018)

B. P. Shroff

Partner

(Membership No. 034382)

MUMBAI, May 23, 2018



Balance Sheet as at March 31, 2018

₹ in Millions

	Notes	As at 31.03.2018	As at 31.03.2017
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	2	3,000	3,052
Capital work-in-progress		12	10
Investment Properties	3	302	307
Intangible Assets	4	42	61
Intangible Assets under development	4	349	231
Financial Assets			
- Other Financial Assets	5	174	160
Income Tax Asset (Net)	6	439	435
Other Assets	7	269	256
Total Non-Current Assets		4,587	4,512
CURRENT ASSETS			
Inventories	8	7,399	7,681
Financial Assets			
- Investments	9	-	497
- Trade Receivables	10	6,588	5,565
- Cash and Cash Equivalents	11	4,166	8,380
- Bank Balances other than Cash and Cash Equivalents	12	12	10
- Other Financial Assets	5	501	988
Other Assets	7	2,095	621
Total Current Assets		20,761	23,742
TOTAL ASSETS		25,348	28,254
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	13	343	354
Other Equity	14	17,440	20,213
Total Equity		17,783	20,567
LIABILITIES			
Non-Current Liabilities			
Provisions	15	842	836
Deferred Tax Liabilities (Net)	16	104	20
Total Non-Current Liabilities		946	856
Current Liabilities			
Financial Liabilities			
- Trade Payables	17	2,838	2,874
- Other Financial Liabilities	18	505	577
Other Current Liabilities	19	1,285	1,206
Provisions	15	1,939	2,122
Current Tax Liabilities (Net)	20	52	52
Total Current Liabilities		6,619	6,831
Total Liabilities		7,565	7,687
TOTAL EQUITY AND LIABILITIES		25,348	28,254

The accompanying Notes are an integral part of these financial statements.

1 - 41

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

B. P. Shroff
Partner

Rajiv Wani
Head - Law, Patents & Compliance
& Company Secretary

For and on behalf of the Board
Chairman

Pankaj Patel
DIN 00131852

Vice Chairman &
Managing Director
and CEO

Richard van der Merwe
DIN 06768305

Directors

Sharad Kulkarni
DIN 00003640

Vimal Bhandari
DIN 00001318

Executive Director
& CFO

Ulrich Stefer
DIN 07447177

Place : Mumbai
Date : May 23, 2018

Place : Mumbai
Date : May 23, 2018

Statement of Profit and Loss for the year ended March 31, 2018

₹ in Millions

	Notes	01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
Revenue from Operations	21	27,490	29,484
Other Income	22	388	701
TOTAL INCOME		27,878	30,185
EXPENSES			
Cost of Materials Consumed	23	12,250	15,892
Purchases of Stock-in-Trade		3,106	1,614
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	24	650	(1,045)
Excise Duty		391	1,456
Employee Benefits Expense	25	2,639	2,459
Finance Costs	26	113	69
Depreciation and Amortisation Expense	27	331	289
Other Expenses	28	4,360	4,972
TOTAL EXPENSES		23,840	25,706
PROFIT BEFORE TAX		4,038	4,479
Tax Expense	29		
- Current Tax		946	1,516
- Deferred Tax		91	53
		1,037	1,569
PROFIT FOR THE YEAR		3,001	2,910
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss:			
- Remeasurement of defined benefit obligation		(20)	(21)
- Tax on remeasurement of defined benefit obligation		7	7
Total Other Comprehensive Income		(13)	(14)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,988	2,896
Earnings Per Share - Basic and Diluted [Face Value per Equity Share ₹ 10/-]	41	₹ 86.16	₹ 82.31

The accompanying Notes are an integral part of these financial statements.

1 - 41

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

B. P. Shroff
Partner

Rajiv Wani
Head - Law, Patents & Compliance
& Company Secretary

For and on behalf of the Board
Chairman **Pankaj Patel**
DIN 00131852

Vice Chairman &
Managing Director
and CEO **Richard van der Merwe**
DIN 06768305

Directors **Sharad Kulkarni**
DIN 00003640

Vimal Bhandari
DIN 00001318

Executive Director
& CFO **Ulrich Stefer**
DIN 07447177

Place : Mumbai
Date : May 23, 2018

Place : Mumbai
Date : May 23, 2018



Statement of Changes in Equity for the year ended March 31, 2018

₹ in Millions

	Notes	As at 31.03.2018	As at 31.03.2017
A EQUITY SHARE CAPITAL			
Balance as at the beginning of the year		354	354
Changes during the year	13(c)	(11)	-
Balance as at the end of the year		343	354
B OTHER EQUITY	14		
		Reserves and Surplus	Total Other Equity
		Retained Earnings	General Reserve
		Capital Redemption Reserve	
Balance as at 01.04.2016		14,722	3,277
Profit for the year		2,910	-
Other Comprehensive Income for the year		(14)	-
Total Comprehensive Income for the year		2,896	-
Transfer to General Reserve		(301)	301
Transactions with owners in their capacity as owners			
Dividend declared	37(b)(i)	(601)	-
Dividend Distribution Tax on Dividend		(122)	-
Balance as at 31.03.2017		16,594	3,578
Profit for the year		3,001	-
Other Comprehensive Income for the year		(13)	-
Total Comprehensive Income for the year		2,988	-
Transfer to General Reserve		(290)	290
Transfer to Capital Redemption Reserve	13(c)	(11)	-
Transactions with owners in their capacity as owners			
Dividend declared	37(b)(i)	(601)	-
Dividend Distribution Tax on Dividend		(122)	-
Premium paid on Buyback of Equity Shares	13(c)	(4,989)	-
Transaction cost for Buyback of Equity Shares	13(c)	(49)	-
Balance as at 31.03.2018		13,520	3,868

The accompanying Notes are an integral part of these financial statements. 1 - 41

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

B. P. Shroff
Partner

Rajiv Wani
Head - Law, Patents & Compliance
& Company Secretary

For and on behalf of the Board
Chairman **Pankaj Patel**
DIN 00131852

Vice Chairman & Managing Director and CEO **Richard van der Merwe**
DIN 06768305

Directors **Sharad Kulkarni**
DIN 00003640

Vimal Bhandari
DIN 00001318

Executive Director & CFO **Ulrich Stefer**
DIN 07447177

Place : Mumbai
Date : May 23, 2018

Place : Mumbai
Date : May 23, 2018

Cash Flow Statement for the year ended March 31, 2018

₹ in Millions

	01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
A. Cash Flow from Operating Activities:		
Profit Before Tax	4,038	4,479
Adjustments for:		
Depreciation and Amortisation Expense	331	289
Finance Costs	113	69
Interest Income	(165)	(395)
Dividend Income	(71)	(88)
Rent Income on Investment Properties [Refer Note 3(c)]	(44)	(39)
Loss/ (Profit) on Tangible Assets sold/ discarded (Net)	1	(5)
Profit on sale of Investments	(3)	(6)
Deposits/ Advances written off	4	- *
Bad Debts	-	15
Provision for Expected Credit Loss (Net)	25	91
Provision for Indirect Taxes and Other Commercial Matters (Net)	-	(8)
Inventory write off/ write down	175	131
Unrealised (gain)/ loss on investments measured at Fair Value through Profit or Loss (FVPL)	- *	(1)
Unrealised foreign exchange (gain)/ loss (Net)	12	1
	378	54
Operating Profit before Working Capital changes	4,416	4,533
Adjustments for changes in Working Capital		
(Increase)/ Decrease in Trade Receivables	(1,034)	(1,610)
(Increase)/ Decrease in Financial Assets	449	(164)
(Increase)/ Decrease in Other Assets	(1,490)	(58)
(Increase)/ Decrease in Inventories	107	(1,166)
Increase/ (Decrease) in Trade Payables	(95)	846
Increase/ (Decrease) in Financial Liabilities	1	306
Increase/ (Decrease) in Provisions and Other Liabilities	(186)	363
	(2,248)	(1,483)
Cash generated from Operations	2,168	3,050
Taxes Paid	(954)	(1,477)
Net Cash from Operating Activities	1,214	1,573
B. Cash Flow from Investing Activities:		
Purchase of Tangible and Intangible Assets	(437)	(551)
Proceeds from Sale of Other Tangible/ Intangible Assets	18	58
Loan given to Related Party	-	(1,500)
Loan repaid by Related Party	-	1,500
Purchase of Investments	-	(987)
Proceeds from Sale of Investments	500	860
Interest Received	183	409
Rent received on Investment Properties	48	39
Dividend Received on Current Investments	71	88
Net Cash from/ (used) Investing Activities	383	(84)
C. Cash Flow from Financing Activities:		
Proceeds from Short term borrowings	9,635	-
Repayment of Short term borrowings	(9,635)	-
Buyback of Equity Shares including Premium and Transaction cost [Refer Note 13(c)]	(5,049)	-
Interest Paid	(41)	(12)
Dividend Paid	(599)	(599)
Dividend Distribution Tax Paid	(122)	(122)
Net Cash (used) in Financing Activities	(5,811)	(733)
Net (Decrease)/ Increase in Cash and Cash Equivalents	(4,214)	756
Cash and Cash Equivalents at the beginning of the year	8,380	7,624
Cash and Cash Equivalents at the end of the year	4,166	8,380

* Amount is below the rounding off norm adopted by the Company.

**Cash Flow Statement for the year ended March 31, 2018 (contd.)**

₹ in Millions

	Notes	As at 31.03.2018	As at 31.03.2017
Cash and Cash Equivalents comprise			
Balances with Banks		1,054	6,302
Short-term highly liquid investments		3,112	2,078
		4,166	8,380

Notes:

- 1) The above Cash Flow Statement has been prepared under the "Indirect Method" setout in Ind AS 7 - Statement of Cash Flows.
- 2) Short-term highly liquid investments comprise of Investment in Mutual Funds which are highly liquid and have an insignificant risk of change in value.

The accompanying Notes are an integral part of these financial statements.

1-41

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

B. P. Shroff
Partner

Rajiv Wani
Head - Law, Patents & Compliance
& Company Secretary

Place : Mumbai
Date : May 23, 2018

For and on behalf of the Board

Chairman **Pankaj Patel**
DIN 00131852

Vice Chairman &
Managing Director
and CEO **Richard van der Merwe**
DIN 06768305

Directors **Sharad Kulkarni**
DIN 00003640

Vimal Bhandari
DIN 00001318

Executive Director
& CFO **Ulrich Stefer**
DIN 07447177

Place : Mumbai
Date : May 23, 2018

Notes to the financial statements for the year ended March 31, 2018*(All amounts in ₹ Millions, unless otherwise stated)***Company Profile**

Bayer CropScience Limited ("the Company") is a Company incorporated under the Companies Act, 1956 and having its registered office at Bayer House, Central Avenue, Hiranandani Estate, Thane (West) - 400 607, India. The Company is engaged in 'Agri Care' business which primarily includes manufacture, sale and distribution of insecticides, fungicides, herbicide and various other agrochemical products, and sale and distribution of hybrid seeds. Out of the total paid-up share capital of the Company, 68.69% is held by its promoters. The ultimate parent company is Bayer AG, Germany. The Company is listed on the Bombay Stock Exchange, Mumbai. The Company has its own manufacturing site at Himatnagar in the state of Gujarat.

1 SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of Preparation****Compliance with Ind AS**

The financial statements of the Company are based on the principle of historical cost except for certain financial assets and liabilities and defined benefit plan that are measured at fair value, and are drawn up to comply in all material aspects with the Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

The accounting policies are applied consistently to all the years presented in the financial statements.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

All amounts disclosed in the financial statements and notes have been rounded off to the nearest million as per the requirement of Schedule III, unless otherwise stated.

(b) Use of Estimates and Judgements

In preparing the financial statements, the Management has to make certain assumptions and estimates that may substantially impact the presentation of the Company's financial position and/ or results of operations.

Such assumptions and estimates mainly relate to the useful life of Property, Plant and Equipment, Investment Properties and Intangible Assets and the recognition of provisions, including those for litigation, employee benefits and sales deductions.

The estimates and judgements used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Although the Company regularly assesses these estimates, actual results may differ from these estimates. Changes in estimates are recorded in the periods in which they become known.

(c) Foreign Currency Transactions

The financial statements are presented in Indian Rupee, which is the Company's functional and presentation currency. A company's functional currency is that of the primary economic environment in which the company operates.

Foreign currency transactions are translated into the functional currency using the exchange rate at the date of the transaction. Foreign exchange gains/ losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the Statement of Profit and Loss.

(d) Revenue Recognition

(i) Sales are recognised in the Statement of Profit and Loss when the significant risks and rewards of ownership of the goods have been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue and costs incurred or to be incurred, can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the Company.

Sales are measured at the fair value of the consideration received or receivable inclusive of excise duty and net of returns, trade allowances, rebates, discounts, value added taxes, goods and service tax. Appropriate provisions are recorded for rebates and returns which are estimated on the basis of historical experience, specific contractual terms and future expectations. It is unlikely that the factors other than these could materially affect sales deductions of the Company.

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

(d) Revenue Recognition (contd.)

The Company operates loyalty programs where direct/ indirect customers accumulate points for purchases made, which entitles them for free or discounted goods, other than Company's goods or specific services. The revenue received or receivable is allocated between the goods supplied and award credits granted. Revenue related to the award credits are deferred and recognised when the points are redeemed by the customers. The revenue related to the award credit is measured by reference to their fair value.

The Company evaluates sales and distribution arrangement with supplier whether it is acting as a principal or an agent of the supplier, considering its exposure to the significant risk and reward, and based on factors such as primary obligation for providing goods/ services to customer, credit risk, inventory risk and pricing latitude. Where the supplier retains significant risks and rewards associated with the product and the Company performs the function of selling and distribution for a margin within a range by acting as an agent, it recognises only the margin (i.e. sales less material cost) as its revenue from such transactions.

- (ii) Recoveries from Group Companies and Third Parties include recoveries towards common facilities/ resources, information technology and other support provided to such parties which is recognised as per terms of agreement and in the accounting period in which the services are rendered.

(e) Other Income

Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial asset to the asset's gross carrying amount on initial recognition. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument.

Income from export incentives is recognised on accrual basis to the extent the ultimate realisation is reasonably certain.

(f) Income Tax

Income taxes comprise the taxes levied on taxable income along with changes in deferred tax assets and liabilities that are recognised in the Statement of Profit and Loss. The income taxes recognised are reflected at the amounts likely to be payable under the statutory regulations in force, or substantively enacted in relation to future periods, at the end of the reporting period.

In compliance with Ind AS 12 - Income Taxes, deferred taxes are recognised for temporary differences between the carrying amounts of assets and liabilities in the Balance Sheet prepared according to Ind AS and their tax bases.

Deferred tax assets relating to deductible temporary differences, tax credits or tax loss carryforwards are recognised where it is sufficiently probable that taxable income will be available in the future to enable them to be used. Deferred tax liabilities are recognised on temporary differences taxable in the future.

The probability that deferred tax assets resulting from temporary differences or loss carryforwards can be used in the future, is the subject of forecasts by the Company regarding its future earnings situation and other parameters.

Deferred taxes are calculated at the rates which, on the basis of the statutory regulations in force, or substantively enacted in relation to future periods, as of the closing date, are expected to apply at the time of realisation. Deferred tax assets and deferred tax liabilities are offset if they relate to income taxes levied by the same taxation authority and the Company has a legal right to settle on a net basis. Material effects of changes in tax rates or tax law on deferred tax assets and liabilities are generally accounted for in the period in which the changes are enacted. Such effects are recognised in the Statement of Profit and Loss except where they relate to deferred taxes that were recognised outside the Statement of Profit and Loss, in which case they, too, are recognised in Other Comprehensive Income or directly in Equity.

Deferred and current taxes are recognised in the Statement of Profit and Loss unless they relate to items recognised outside the Statement of Profit and Loss in Other Comprehensive Income or directly in Equity, in which case they, too, are recognised in Other Comprehensive Income or directly in Equity respectively.

(g) Leases

A lease is an agreement whereby the lessor conveys to the lessee the right to use an asset for an agreed period of time in return for a payment or series of payments. A lease is classified at the inception date as a finance lease or an operating lease. Lease transactions that transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee are classified as finance leases. All other lease agreements are classified as operating leases. Whether an agreement constitutes a lease or contains a lease is determined at the inception of the lease.

Notes to the financial statements for the year ended March 31, 2018 (contd.)*(All amounts in ₹ Millions, unless otherwise stated)***(g) Leases** (contd.)**As a lessee:**

In case of finance lease, the leased asset is capitalised at the lower of fair value of the leased asset and the present value of the minimum lease payments at the inception of lease. The leased asset is depreciated by the straight-line method over the shorter of its estimated useful life or the lease term.

In case of operating lease, the lease payments are recognised as expenditure in the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor:

In respect of assets given on operating lease, the lease rental income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

(h) Cash and Cash Equivalents

Cash and Cash Equivalents comprise balances with banks including demand deposits and other short term highly liquid investments that are subject to an insignificant risk of changes in value, are easily convertible into a known amount of cash and have a maturity of three months or less from the date of acquisition or investment.

(i) Inventories

Inventories encompass goods consumed in production (raw materials, packing materials and stores and spare parts), goods in the production process for sale (work-in-progress) and goods held for sale in the ordinary course of business (finished goods and stock-in-trade). Inventories are recognised at the lower of their cost of acquisition calculated by the weighted average method and at their net realisable value. The net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and selling expenses necessary to make the sale.

(j) Investment and Financial Assets

Financial assets are recognised and measured in accordance with Ind AS 109 - Financial Instruments. Accordingly, the Company recognises financial asset only when it has a contractual right to receive cash or other financial assets from another entity.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss (FVPL), transaction costs that are attributable to the acquisition of the financial asset.

Subsequent to initial recognition, financial assets are measured at amortised cost, fair value through other comprehensive income (FVOCI) or FVPL. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

Debt instruments

There are three measurement categories into which the Company classifies its debt instruments:

At amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are accounted for at amortised cost using the effective interest method. This category comprises trade accounts receivable, loans, cash and cash equivalents, bank balances and other financial assets. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the Statement of Profit and Loss when the asset is derecognised or impaired. Interest income from these financial assets is included in Other Income using the effective interest rate method.

Fair Value through Other Comprehensive Income (FVOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. The movements in carrying amount are taken through Other Comprehensive Income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from equity to the Statement of Profit and Loss and recognised in other gains/ (losses). Interest income from these financial assets is included in Other Income using the effective interest rate method.

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

(j) Investment and Financial Assets (contd.)

Fair Value through Profit or Loss (FVPL)

Assets shall be measured at FVPL unless it is measured at amortised cost or at FVOCI. A gain or loss on a debt instrument that is subsequently measured at FVPL and is not part of a hedging relationship is recognised in the Statement of Profit and Loss and presented within other gains/ (losses) in the period in which it arises. Interest income from these financial assets is included in Other Income.

Equity instruments

Investment in Equity Instruments are classified as FVPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in Other Comprehensive Income for investment in equity instruments which are not held for trading. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The Company applies Expected Credit Loss (ECL) model for recognising impairment loss on financial assets measured at amortised cost. The Company follows 'simplified approach' permitted by Ind AS 109 - Financial Instruments for recognition of impairment loss on trade receivables and lease receivables based on expected lifetime losses at each reporting date right from its initial recognition. If the reasons for previously recognised impairment losses no longer apply, the impairment losses are reversed provided that this does not cause the carrying amounts to exceed the amortised cost of acquisition.

Financial assets are derecognised when contractual rights to receive cash flows from the financial assets expire or the financial assets are transferred together with all material risks and benefits.

(k) Derivatives

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks which are not designated as hedges. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are recognised immediately in the Statement of Profit and Loss.

(l) Property, Plant and Equipment

Freehold land is carried at historical cost. Property, plant and equipment is carried at the cost of acquisition or construction and depreciated over its estimated useful life. An impairment loss is recognised in addition if an asset's recoverable amount falls below its carrying amount.

If the construction phase of property, plant and equipment extends over a substantial period of time, the interest incurred on borrowed capital up to the date of completion is capitalised as part of the cost of acquisition or construction in accordance with Ind AS 23 - Borrowing Cost.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it meets the asset recognition criteria as per Ind AS 16 - Property, Plant and Equipment.

Significant asset components with different useful lives are accounted for and depreciated separately.

If there are indications that an individual item of property, plant and equipment may be impaired, the recoverable amount is compared to the carrying amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. If the recoverable amount is less than the carrying amount, an impairment loss is recognised for the difference. If the reasons for a previously recognised impairment loss no longer apply, the impairment loss is reversed provided that the reversal does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

The Company, based on internal Management assessment, depreciates property, plant and equipment under straight-line method over following estimated useful lives which are similar to the useful life prescribed in Schedule II to the Companies Act, 2013. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Assets Class	Useful lives in years
Buildings (including Roads)	10 to 60
Plant and Equipment	7 to 15
Furniture and Fixtures	10
Vehicles	8
Office Equipment (including Electrical Installation)	5 to 10
Computers	3 to 6

Notes to the financial statements for the year ended March 31, 2018 (contd.)*(All amounts in ₹ Millions, unless otherwise stated)***(l) Property, Plant and Equipment** (contd.)

Depreciation on assets costing ₹ 5,000/- or less is provided at the rate of 100% in the year of acquisition.

Land under finance lease is amortised over the period of lease except for the lease with perpetual rights.

The Company has elected to measure all its property, plant and equipment, at their previous GAAP carrying value which has been considered as deemed cost at date of transition i.e. April 1, 2015.

(m) Investment Properties

Investment properties comprise land and buildings not being used for operational or administrative purposes. It is measured using the cost model.

The Company, based on technical assessment made by management expert, depreciates investment properties under straight-line method over estimated useful lives which are similar to the useful life prescribed in Schedule II to the Companies Act, 2013.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the Statement of Profit and Loss in the period of derecognition.

The Company has elected to measure all its investment properties at their previous GAAP carrying value which has been considered as deemed cost at date of transition i.e. April 1, 2015.

(n) Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance such as technical knowhow, software or marketing rights. It is capitalised if the future economic benefits attributable to the asset will probably flow to the Company and the cost of acquisition or generation of the asset can be reliably measured. It is amortised from the point at which the asset is available for use.

Intangible assets are recognised at the cost of acquisition or generation less accumulated amortisation & impairment loss, if any. Those with determinable useful life are amortised on a straight-line basis over a period of up to three years for software and ten years for marketing rights. Determination of the expected useful lives of such assets and the amortisation patterns is based on estimates of the period for which they will generate cash flows. An impairment test is performed if there is an indication of possible impairment.

Any impairment losses are recognised in the Statement of Profit and Loss. If the reasons for a previously recognised impairment loss no longer apply, the impairment loss is reversed provided that the reversal does not exceed the carrying amount that would have been determined (net of amortisation) had no impairment loss been recognised for the asset in prior years.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

The Company has elected to measure all its intangible assets at their previous GAAP carrying value which has been considered as deemed cost at the date of transition i.e. April 1, 2015.

(o) Financial Liabilities

Financial liabilities are initially recognised at fair value if the Company has a contractual obligation to transfer cash or other financial assets to another party. Borrowings and payables are recognised net of directly attributable transaction costs. In subsequent periods, such liabilities are measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the contractual obligation is discharged or cancelled, or has expired.

(p) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised for present legal or constructive obligations arising from past events that will probably give rise to a future outflow of resources, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured in accordance with Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets. Where the cash outflow to settle an obligation is expected to occur after one year, the provision is recognised at the present value of the expected cash outflow. The increase in the provision due to passage of time is considered as Finance Cost. Claims for reimbursements from third parties are separately reflected in other receivables considering they are realisable.

If the projected obligation declines as a result of a change in the estimate, the provision is reversed by the corresponding amount and the resulting income recognised in the expense item(s) in which the original charge was recognised.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made.

Contingent assets are not recognised in the financial statements.

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

(q) Provision for Employment Benefits

The Company provides post-employment benefits under defined contribution, defined benefit plans, other employee benefits and termination benefits.

The Company has Defined Contribution plans namely Provident Fund and Superannuation Fund which are administered through Government authorities/ trustees. The Company contributes to a Government administered Provident Fund, Employees' Deposit Linked Insurance Scheme and Family Pension Fund on behalf of its employees and has no further obligation beyond making its contribution. Under Superannuation Fund, applicable to certain employees, the Company makes contributions to Managerial employees' Superannuation Scheme which is administered by Life Insurance Corporation of India ('LIC') and has no further obligation beyond making the payment to LIC. The Company makes contributions to State plans namely Employees' State Insurance Fund and has no further obligation beyond making the payment to them. The Company's contributions to the above funds are recognised as Employee Benefits Expense in the Statement of Profit and Loss for the year in which they are due.

The Company has a Defined Benefit plan namely Gratuity covering its employees. The Gratuity scheme is funded through Group Gratuity-cum-Life Assurance Scheme and Kotak Group Balanced Fund which is administered by LIC and Kotak Life Insurance Limited respectively. The present value of provisions for defined benefit plans and the resulting expense are calculated in accordance with Ind AS 19 - Employee Benefits by the Projected Unit Credit Method. The future benefit obligations are valued by an independent actuary at the year-end and spread over the entire employment period on the basis of specific assumptions regarding beneficiary structure and the economic environment. This includes the determination of the discount rate, salary escalation, mortality rate etc. which affects the valuation. In determining the appropriate discount rate at each balance sheet date, the Management considers the interest rates which relates to the benchmark rate available for Government Securities and that have terms to maturity approximating the terms of the related defined benefit obligation.

The fair value of plan assets is deducted from the present value of the defined benefit obligation to determine the net defined benefit obligation.

The effects of re-measurements of the net defined benefit obligation are reflected in the Statement of Comprehensive Income as Other Comprehensive Income. They consist of actuarial gains and losses and the return on plan assets, less the respective amounts included in net interest. Deferred taxes relating to the effects of re-measurements are also recognised in Other Comprehensive Income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Statement of Profit and Loss as past service cost under 'Employee Benefits Expense'.

For other employee benefits, the effect of re-measurements arising due to experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss as 'Employee Benefits Expense' in the year in which they arise.

The net interest on net obligation for defined benefits and other employee benefits is recognised in the Statement of Profit and Loss as 'Finance Cost' in the year in which it arises.

Termination benefits in the nature of voluntary retirement benefits are recognised in the Statement of Profit and Loss as and when incurred.

(r) Recent Accounting Pronouncements

Standards issued but not yet effective

The Ministry of Corporate Affairs has issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2018 (the 'Amendment Rules') on March 28, 2018 whereby Ind AS 115 - Revenue from Contracts with Customers, Appendix B to Ind AS 21 - Foreign currency transactions and advance consideration has been notified and changes in various applicable Ind AS have been made. These amendments are applicable to the Company from April 1, 2018.

(i) Ind AS 115- Revenue from Contracts with Customers:

The new standard establishes a five-step model related to revenue recognition from contracts with customers. Under Ind AS 115 - Revenue from Contracts with Customers, revenue is recognised at amounts that reflect the consideration that an entity expects to be entitled to in exchange for transferring goods or services to a customer. Revenue is recognised when (or as) the entity transfers control of goods or services to a customer either over time or at a point in time.

The Company will implement Ind AS 115 - Revenue from Contracts with Customers retrospectively with cumulative effect of initially applying the standard recognised at the date of initial application i.e. April 1, 2018. The aggregate amount of any transition effects will be accounted by way of an adjustment to retained earnings as of April 1, 2018, and presenting the comparative period in line with previous rules. The new standard is not expected to materially affect the timing of revenue and impact financial statements of the Company.

(ii) Appendix B to Ind AS 21- Foreign currency transactions and advance consideration:

The Appendix clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration towards such assets, expenses or income. If there are multiple payments or receipts in advance, then an entity must determine transaction date for each payment or receipts of advance consideration.

There is no impact of the Appendix on the financial statements.

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

2 PROPERTY, PLANT AND EQUIPMENT [Refer Note 33(a)]

Assets	Cost/ Deemed Cost				Accumulated Depreciation				Net Carrying amount
	As at 01.04.2017	Additions	Deletions	As at 31.03.2018	As at 01.04.2017	For the year	On deletions	As at 31.03.2018	As at 31.03.2018
Freehold Land	180 (180)	- (-)	- (-)	180 (180)	- (-)	- (-)	- (-)	- (-)	180 (180)
Land under Finance Lease	1 (1)	- (-)	- (-)	1 (1)	.* (-)*	.* (-)*	- (-)	.* (-)*	1 (1)
Buildings **	1,807 (1,788)	8 (19)	- (-)	1,815 (1,807)	89 (43)	45 (46)	- (-)	134 (89)	1,681 (1,718)
Plant and Equipment **	455 (320)	43 (135)	1 (-)	497 (455)	99 (47)	58 (52)	1 (-)	156 (99)	341 (356)
Furniture and Fixtures	174 (164)	6 (11)	.* (1)	180 (174)	37 (18)	23 (19)	.* (-)*	60 (37)	120 (137)
Vehicles	518 (380)	142 (217)	31 (79)	629 (518)	97 (57)	74 (67)	14 (27)	157 (97)	472 (421)
Office Equipment (including Computers)	387 (275)	68 (113)	11 (1)	444 (387)	148 (65)	100 (84)	9 (1)	239 (148)	205 (239)
Total	3,522 (3,108)	267 (495)	43 (81)	3,746 (3,522)	470 (230)	300 (268)	24 (28)	746 (470)	3,000 (3,052)

a) Deemed cost of leasehold improvements as on April 1, 2015 is Nil i.e. fully depreciated over a period of time and hence the same has not been presented in the above table.

b) Figures shown in brackets are in respect of previous year.

* Amount is below the rounding off norm adopted by the Company.

** Additions to Buildings, Plant and Equipment represent amount of expenditure incurred in the course of its construction.

3 INVESTMENT PROPERTIES

Assets	Cost/ Deemed Cost				Accumulated Depreciation				Net Carrying amount
	As at 01.04.2017	Additions	Deletions	As at 31.03.2018	As at 01.04.2017	For the year	On deletions	As at 31.03.2018	As at 31.03.2018
Land	34 (34)	- (-)	- (-)	34 (34)	- (-)	- (-)	- (-)	- (-)	34 (34)
Building	283 (283)	- (-)	- (-)	283 (283)	10 (5)	5 (5)	- (-)	15 (10)	268 (273)
Total	317 (317)	- (-)	- (-)	317 (317)	10 (5)	5 (5)	- (-)	15 (10)	302 (307)

a) Figures shown in brackets are in respect of previous year.

b) The Company had given Land and portion of a Building on operating lease under cancellable lease arrangement. Investment properties are distinguished from owner-occupied property based on area covered under lease arrangements. Refer Note 33 for disclosure of contractual obligations to purchase, construct or develop investment properties and for its repairs, maintenance or enhancements respectively.

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

3 INVESTMENT PROPERTIES (contd.)

c) Amount recognised in Statement of Profit and Loss for investment properties:

	01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
Rental Income [Refer Note 22]	44	39
Direct operating expenses from property that generated rental income (including Depreciation)	32	30
Direct operating expenses from property that did not generate rental income	-	-

d) Fair value

	As at 31.03.2018	As at 31.03.2017
Investment properties	534	530

Estimation of fair value:

The fair value of investment properties has been determined by an external independent property valuer having recognised professional qualifications for Land and based on internal valuation for Building. The current prices in an active market for similar properties has been used to determine fair value of investment properties. The fair value measurement of investment properties has been categorised as Level 3 based on the inputs in the valuation.

4 INTANGIBLE ASSETS [Refer Note 33(a)]

Assets	Cost/ Deemed Cost				Accumulated Amortisation				Net Carrying amount
	As at 01.04.2017	Additions	Deletions	As at 31.03.2018	As at 01.04.2017	For the year	On deletions	As at 31.03.2018	As at 31.03.2018
Software	86 (34)	1 (52)	.* (-)	87 (86)	25 (9)	26 (16)	.* (-)	51 (25)	36 (61)
Marketing Rights	- (-)	6 (-)	- (-)	6 (-)	- (-)	.* (-)	- (-)	.* (-)	6 (-)
Total	86 (34)	7 (52)	.* (-)	93 (86)	25 (9)	26 (16)	.* (-)	51 (25)	42 (61)

Assets	Cost/ Deemed Cost			
	As at 01.04.2017	Additions	Transfer/ Adjustment	As at 31.03.2018
Intangible Assets under development	231 (102)	127 (181)	9 (52)	349 (231)

a) Deemed cost of Goodwill and Technical Knowhow as on April 1, 2015 is Nil i.e. fully amortised over a period of time and hence the same has not been presented in the above table.

b) Figures shown in brackets are in respect of previous year.

* Amount is below the rounding off norm adopted by the Company.

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

5 OTHER FINANCIAL ASSETS

	Non-Current		Current	
	As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
(Unsecured, Considered good unless otherwise stated)				
Security Deposits				
- Considered Good	173	160	19	30
- Considered Doubtful	3	7	-	-
	176	167	19	30
Less: Provision for Expected Credit Loss [Refer Note 36(a)(i)]	3	7	-	-
	173	160	19	30
Accrued Interest Receivable	-	-	- *	18
Advance recoverable in cash	-	-	362	761
Other Receivables [includes due from a Private Company in which a Director is a Director 4 (Previous Year 4)]	1	- *	120	179
	174	160	501	988

* Amount is below the rounding off norm adopted by the Company.

6 INCOME TAX ASSET (NET)

	Non-Current	
	As at 31.03.2018	As at 31.03.2017
Advance payment of Income Tax [Net of Provision for Taxation 13,793 (Previous Year 14,249)]	436	432
Fringe Benefit Tax [Net of Provision for Taxation 125 (Previous Year 125)]	3	3
	439	435

7 OTHER ASSETS

	Non-Current		Current	
	As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
(Unsecured, Considered good unless otherwise stated)				
Capital Advances	-	3	-	-
Other Advances:				
- Advance to Vendors	-	-	115	68
- Balance with Government Authorities:				
Considered Good	244	231	1,931	497
Considered Doubtful	-	-	90	-
	244	231	2,021	497
Less: Provision for Doubtful Advances	-	-	90	-
	244	231	1,931	497
- Prepaid Expenses	8	6	49	56
- Advance to Employees	17	16	-	-
	269	256	2,095	621

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

8 INVENTORIES

(Lower of Cost and Net Realisable Value)

	As at 31.03.2018	As at 31.03.2017
Raw Materials [includes in transit 1,268 (Previous Year 859)]	3,892	3,576
Packing Materials	147	99
Work-in-progress	244	159
Finished Goods [includes in transit 31 (Previous Year 92)]	2,768	3,495
Stock-in-Trade [includes in transit 8 (Previous Year 103)]	328	336
Stores and spares	20	16
	7,399	7,681

9 INVESTMENTS

	Current	
	As at 31.03.2018	As at 31.03.2017
At Fair value through profit or loss		
Unquoted*		
Investments in Mutual Funds		
Nil (Previous Year 6,104,834) units of ₹ 10.65 each in DHFL Pramerica Arbitrage Fund Direct Plan - Dividend Option	-	65
Nil (Previous Year 7,643,123) units of ₹ 10.61 each in Edelweiss Arbitrage Fund Direct Plan - Dividend Option	-	81
Nil (Previous Year 4,137,039) units of ₹ 10.75 each in HDFC Arbitrage Fund Direct Plan - Dividend Option	-	44
Nil (Previous Year 6,859,887) units of ₹ 14.59 each in ICICI Prudential Equity Arbitrage Fund Direct Plan - Dividend Option	-	100
Nil (Previous Year 9,272,997) units of ₹ 10.79 each in Reliance Arbitrage Advantage Fund Direct Plan - Dividend Option	-	100
Nil (Previous Year 69,796) units of ₹ 1,528.74 each in Reliance Liquid Fund Treasury Plan Direct Plan - Dividend Option	-	107
	-	497
Aggregate value of Unquoted Investment	-	497

* As Mutual Funds investments are not listed on stock exchange, they are considered as unquoted investments.

10 TRADE RECEIVABLES [Refer Notes 38 and 40]

	Non-Current		Current	
	As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
Secured, considered good	-	-	66	60
Unsecured, considered good [includes due from a Private Company in which a Director is a Director 27 (Previous Year 29)] [Refer Note (a) and (b) below]	-	-	6,522	5,505
Unsecured, considered doubtful	189	197	37	-
	189	197	6,625	5,565
Less: Provision for Expected Credit Loss [Refer Note 36(a)(i)]	189	197	37	-
	-	-	6,588	5,565

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

10 TRADE RECEIVABLES (contd.)

a) The Company is the distributor of Bayer BioScience Private Limited (BBPL) operating in the territory of India and Nepal for distribution of seeds. As the Company is a limited risk distributor in this commercial arrangement, BBPL recognises the risk of overdue receivables to its account. As of March 31, 2018, the Company has certain overdue outstanding receivables towards distribution of seeds to third parties aggregating 5 (Previous Year 354). The Company has recovered this amount from BBPL towards recoupment of loss arising out of the third party overdue for which recovery is less probable. As and when the Company recovers any amount against such overdue, or any part thereof, from the respective customers, the Company is required to pay to BBPL such amounts so recovered. Accordingly, the amount recovered from BBPL is recognised as "Other Financial Liabilities" in Note 18.

b) It includes receivable from Bayer AG 607 (Previous Year 500) which exceeds 5% of total trade receivables.

11 CASH AND CASH EQUIVALENTS

	As at 31.03.2018	As at 31.03.2017
Balances with Banks:		
- In Current Accounts	944	327
- In Fixed Deposits (less than 3 months maturity)	110	5,975
Short-term highly liquid investments [Refer Note (a) below]	3,112	2,078
	4,166	8,380

a) **Investment in Liquid Mutual Funds**
Unquoted*

	As at 31.03.2018	As at 31.03.2017
3,013,379 (Previous Year Nil) units of ₹ 100.19 each in Aditya Birla Cash Plus Direct Plan - Dividend Option	302	-
3,019,196 (Previous Year Nil) units of ₹ 100.30 each in DHFL Premerica Insta Cash Plus Fund Direct Plan - Dividend Option	303	-
135,024 (Previous Year 300,743) units of ₹ 1,000.81 each in DSP Blackrock Liquidity Fund Direct Plan - Dividend Option	135	301
145,079 (Previous Year 299,914) units of ₹ 1,000.56 each in HSBC Cash Fund Direct Plan - Dividend Option	145	300
3,004,503 (Previous Year 1,000,702) units of ₹ 100.07 each in ICICI Prudential Liquid Direct Plan - Dividend Option	301	100
300,792 (Previous Year Nil) units of ₹ 1,001.67 each in IDFC Cash Fund Direct Plan - Dividend Option	301	-
302,561 (Previous Year 302,030) units of ₹ 1,000.79 each in Invesco India Liquid Fund Direct Plan - Dividend Option	303	302
94,198 (Previous Year Nil) units of ₹ 1,222.81 each in Kotak Liquid Fund Direct Plan - Dividend Option	115	-
298,420 (Previous Year 296,754) units of ₹ 1,012.89 each in L&T Liquid Fund Direct Plan - Dividend Option	302	301
198,064 (Previous Year 129,622) units of ₹ 1,528.74 each in Reliance Liquid Fund Treasury Direct Plan - Dividend Option	303	198
299,983 (Previous Year 300,431) units of ₹ 1,000.51 each in Reliance Liquidity Fund Direct Plan - Dividend Option	300	301
270,630 (Previous Year Nil) units of ₹ 1,114.52 each in Tata Liquid Fund Direct Plan - Dividend Option	302	-
Nil (Previous Year 196,604) units of ₹ 1,019.45 each in UTI Liquid Cash Plan Direct Plan - Dividend Option	-	200
Nil (Previous Year 74,762) units of ₹ 1,003.39 each in UTI Money Market Fund Direct Plan - Dividend Option	-	75
	3,112	2,078
Aggregate amount of Unquoted Investments	3,113	2,078

* As Mutual Funds investments are not listed on stock exchange, it is considered as unquoted investments.

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

12 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at 31.03.2018	As at 31.03.2017
Earmarked balances with banks in Unpaid Dividend Accounts	12	10
	12	10

13 EQUITY SHARE CAPITAL

Authorised:

46,300,000 (Previous Year 46,300,000) Equity Shares of ₹ 10/- each

Issued, Subscribed and Paid-up:

34,333,593 (Previous Year 35,354,001) Equity Shares of ₹ 10/- each, fully paid-up

	As at 31.03.2018	As at 31.03.2017
	463	463
	343	354

a) Rights, preferences and restrictions attached to Equity Shares:

The Company has one class of Equity Shares having a par value of ₹ 10/- per share. Each Shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting. In the event of liquidation, the Equity Shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

b) Movement of Issued, Subscribed and Paid-up Equity Share Capital:

	As at 31.03.2018		As at 31.03.2017	
	Number of shares	Amount	Number of shares	Amount
Balance as at the beginning of the year	35,354,001	354	35,354,001	354
Less: Shares bought back during the year [Refer Note (c) below]	1,020,408	11	-	-
Balance as at the end of the year	34,333,593	343	35,354,001	354

c) Pursuant to the approval of the Board of Directors on June 6, 2017 and Shareholders of the Company through postal ballot, results of which were declared on July 21, 2017, the Company bought back 1,020,408 equity shares (representing 2.89% of the equity capital) at a price of ₹ 4,900/- per equity share aggregating ₹ 4,999,999,200/- through the tender offer route, in terms of public announcement dated July 25, 2017. After extinguishment of 1,020,408 equity shares on September 26, 2017, the Issued, Subscribed and Paid-up Equity Capital of the Company reduced from 35,354,001 equity shares to 34,333,593 equity shares.

Accordingly: (i) the face value of issued, subscribed and paid-up equity share capital was reduced by 11; (ii) 11 had been transferred from Retained Earnings to Capital Redemption Reserve as per the provision of section 69(1) the Companies Act, 2013; (iii) the premium aggregating to 4,989 had been adjusted from the Retained Earnings during the year ended March 31, 2018.

d) Shares bought back during 5 years immediately preceeding the Balance Sheet:

	Number of Shares	
	01.04.2013 to 31.03.2018	01.04.2012 to 31.03.2017
Aggregate number of Equity Shares bought back	5,165,154	4,144,746

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

13 EQUITY SHARE CAPITAL (contd.)**e) Shares held by Ultimate Holding Company and its subsidiaries:**

	Number of Shares	
	As at 31.03.2018	As at 31.03.2017
Ultimate Holding Company:		
Bayer AG, Germany	3,572,577	3,676,380
Subsidiaries of Ultimate Holding Company:		
Bayer Vapi Private Limited, India	8,039,736	8,248,312
Bayer S.A.S., France	6,618,105	6,810,399
Bayer CropScience AG, Germany	5,354,030	5,509,593

f) Shareholders holding more than 5% of the aggregate Equity Shares of the Company:

	Number of Shares	
	As at 31.03.2018	As at 31.03.2017
Bayer AG, Germany	3,572,577	3,676,380
Bayer Vapi Private Limited, India	8,039,736	8,248,312
Bayer S.A.S., France	6,618,105	6,810,399
Bayer CropScience AG, Germany	5,354,030	5,509,593
Aditya Birla Sun Life Trustee Private Limited, India	1,952,344	-

14 OTHER EQUITY

	As at 31.03.2018	As at 31.03.2017
Reserves and Surplus:		
Capital Redemption Reserve [Refer Note (i) below]	52	41
General Reserve [Refer Note (ii) below]	3,868	3,578
Retained Earnings [Refer Note (iii) below]	13,520	16,594
	17,440	20,213
i) Capital Redemption Reserve [Refer Note (a) below]		
Balance as at the beginning of the year	41	41
Add: Transfer from Retained Earnings [Refer Note 13(c)]	11	-
Balance as at the end of the year	52	41
(a) It represents transfer from Retained Earnings on buyback of equity shares by the Company as per the provision of section 69(1) of the Companies Act, 2013.		
ii) General Reserve [Refer Note (a) below]		
Balance as at the beginning of the year	3,578	3,277
Add: Transfer from Retained Earnings during the year	290	301
Balance as at the end of the year	3,868	3,578
a) It represents transfer from Retained Earnings.		
iii) Retained Earnings		
Balance as at the beginning of the year	16,594	14,722
Profit for the year	3,001	2,910
Items of Other Comprehensive Income recognised directly in retained earnings		
Remeasurement of defined benefit obligation [Refer Note 15(a)(B)(2)(ii)]	(20)	(21)
Tax on remeasurement of defined benefit obligation [Refer Note 16]	7	7
Appropriations		
Dividend [Refer Note 37(b)(i)]	(601)	(601)
Dividend Distribution Tax on Dividend	(122)	(122)
Transfer to General Reserve	(290)	(301)
Transfer to Capital Redemption Reserve [Refer Note 13(c)]	(11)	-
Premium paid on buyback of Equity shares [Refer Note 13(c)]	(4,989)	-
Transaction cost for buyback of Equity shares	(49)	-
Balance as at the end of the year	13,520	16,594

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

15 PROVISIONS

	Non-Current		Current	
	As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
Provision for Employee Benefits:				
- Gratuity [Refer Note (a) below]	148	206	46	41
- Compensated Absences [Refer Note (b) below]	156	146	17	17
- Others [Refer Note (c) below]	162	133	344	447
Other Provisions [Refer Note (d) & (e) below]:				
- Direct Tax Matters [Net of Advance Tax of 155 (Previous Year 163)]	14	15	-	-
- Indirect Tax Matters	57	57	-	-
- Commercial and Other Matters [Net of Payment 5 (Previous Year 5)]	305	279	-	-
- Anticipated Sales Returns	-	-	289	121
- Discounts/ Incentives/ Compensation payable to Customers	-	-	1,243	1,496
	<u>842</u>	<u>836</u>	<u>1,939</u>	<u>2,122</u>

a) Employee Benefit Obligation:

Disclosure as required under Ind AS 19 - Employee Benefits:

A. Defined contribution plan:

The Company's defined contribution plans are Superannuation, Employees' State Insurance Scheme and Provident Fund administered by Government authorities/ trustees since the Company has no further obligation beyond making the contributions.

The expenses recognised during the year towards defined contribution plans are as detailed below:

	01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
Employer's contribution to Provident Fund	78	64
Employer's contribution to Superannuation Fund	26	24
Total (included in Note 25 - 'Employee Benefits Expense')	<u>104</u>	<u>88</u>

B. Defined benefit obligation:

The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972/ Company policy. Employees who are in continuous service for a period of 5 years or more are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employee's last drawn salary per month computed proportionately as per the Payment of Gratuity Act, 1972/ Company policy multiplied for the number of years of service. Quantum of gratuity benefits may vary depending on the eligible employee's date of joining and salary grade.

The plan asset for the funded gratuity plan is invested in insurer managed fund administered by Life Insurance Corporation of India ('LIC') and Kotak Life Insurance Limited (Kotak) independently. 84% of the plan asset is invested in debt securities and 16% of the plan asset is investment in equity instruments.

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

15 PROVISIONS (contd.)

Provisions were established for defined benefit obligations pertaining to gratuity. The net obligation was accounted as follows:

1. Net defined benefit obligation as reflected in Balance Sheet:

	As at 31.03.2018	As at 31.03.2017
Present value of defined benefit obligation	656	602
Fair value of plan assets	462	355
Net defined benefit obligation	<u>194</u>	<u>247</u>

2. The expenses for defined benefit plan for gratuity comprise the following components:

	01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
i) Expenses recognised in the Statement of Profit and Loss		
Current service cost (included in Note 25 - 'Employee Benefits Expense')	37	33
Net interest cost (included in Note 26 - 'Finance Costs')	19	16
	<u>56</u>	<u>49</u>
ii) Expenses recognised in the Other Comprehensive Income (OCI)		
[Refer Note 14(iii)]		
Actuarial losses on obligation	13	23
Return on Plan Assets, excluding interest income	7	(2)
	<u>20</u>	<u>21</u>

3. The net defined obligation developed as follows:

i) Change in the present value of defined benefit obligation		
Opening present value of defined benefit obligation	602	533
Current service cost (included in Note 25 - 'Employee Benefits Expense')	37	33
Interest cost (included in Note 26 - 'Finance Costs')	45	42
Transfer of employees (Net)	2	9
Benefit paid from the fund	(43)	(38)
Actuarial (gains)/ losses due to:		
- change in financial assumptions	(13)	12
- experience adjustment	26	11
Closing present value of defined benefit obligation	<u>656</u>	<u>602</u>
ii) Change in the fair value of plan assets		
Opening fair value of plan assets	355	327
Interest Income (included in Note 26 - 'Finance Costs')	26	26
Contributions by the employer	131	38
Benefit paid from the fund	(43)	(38)
Expected return on plan assets (excluding interest income)	(7)	2
Closing fair value of plan assets	<u>462</u>	<u>355</u>
iii) Change in net defined benefit obligation		
Opening net defined benefit obligation	247	206
Current service cost (included in Note 25 - 'Employee Benefits Expense')	37	33
Interest cost (Net) (included in Note 26 - 'Finance Costs')	19	16
Transfer of employees (Net)	2	9
Contributions by the employer	(131)	(38)
Actuarial (gains)/ losses due to:		
- change in financial assumptions	(13)	12
- experience adjustment	26	11
Expected return on plan assets (excluding interest income)	7	(2)
Closing net defined obligation/ deficit of funded plan	<u>194</u>	<u>247</u>

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

15 PROVISIONS (contd.)

4. Risk exposure:

The risks from defined benefit plans arise partly from the defined benefit obligations and partly from the investment in plan assets. The risks lie in the possibility that higher direct gratuity payments will have to be made to the beneficiaries and/ or that additional contributions will have to be made to plan assets in order to meet current and future defined benefit obligations.

i) Demographic risk:

The gratuity plan provides a lump sum payment to vested employees at the time of retirement, death, incapacitation or termination of employment. Change in attrition rate or mortality assumption as compared to actual rate may result in change in benefit obligations, benefit expense and/ or payments than previously anticipated.

ii) Investment risk:

If the actual return on plan assets was below the return anticipated on the basis of the discount rate, the net defined benefit obligation would increase, assuming there were no changes in other parameters. This could happen as a result of a drop in return by LIC or Kotak.

iii) Interest-rate risk:

A decrease in prevailing market yield on Government securities may increase the defined benefit obligation. This effect would be at least partially offset by the ensuing increase in the market values of the debt instruments held.

5. Measurement parameters and their sensitivities:

i) The following parameters were used to measure the obligation:

	As at 31.03.2018	As at 31.03.2017
Discount rate (per annum)	7.82%	7.51%
Expected rate of return on plan assets (per annum)	7.82%	7.51%
Attrition rate (per annum)	5 - 10%	5 - 10%
Salary escalation rate (per annum)	10% for next 1 year and 8% thereafter	10% for next 2 years and 8% thereafter

The estimates of future salary escalations, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factor such as supply and demand factors in the employment market.

ii) The following parameter sensitivities were computed by an independent actuary which results in increase/ (decrease) in defined benefit obligation:

	As at 31.03.2018	As at 31.03.2017
Delta effect of +0.5% change in discount rate	(21)	(20)
Delta effect of -0.5% change in discount rate	22	22
Delta effect of +0.5% change in salary escalation	22	21
Delta effect of -0.5% change in salary escalation	(21)	(20)
Delta effect of +0.5% change in attrition rate	(1)	(1)
Delta effect of -0.5% change in attrition rate	1	1

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the Projected Unit Credit Method at the end of the reporting period) has been applied while calculating the defined benefit obligation recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

15 PROVISIONS (contd.)**6. Defined benefit obligation and employer's contribution**

	01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
i) Expected employer's contribution for the next year	46	41
	As at 31.03.2018	As at 31.03.2017
ii) The weighted average duration of the defined benefit obligation (years)	8	8
iii) Projected benefits payable in future years from the date of reporting:		
1st Following Year	71	58
2nd Following Year	53	36
3rd Following Year	55	64
4th Following Year	71	52
5th Following Year	87	65
Sum of 6th to 10th Following Year	443	444
b) Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits for measurement purpose. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end. Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits for measurement purpose. The Company's liability is actuarially determined by an independent actuary using the Projected Unit Credit Method at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.		
c) Provisions for other employee benefits mainly include those recorded for performance based bonus, variable payments and long-service awards.		
d) Movement in Other Provisions		

	Direct Tax Matters	Indirect Tax Matters	Commercial and Other Matters	Anticipated Sales Returns	Discounts/ Incentives/ Compensation payable to Customers
Balance as at the beginning of the year	15	57	279	121	1,496
	(24)	(65)	(253)	(202)	(1,260)
Add: Additional provision (Net)	-	-	26	289	3,701
	(-)	(4)	(26)	(121)	(4,569)
Less: Provision utilised	-	-	-	121	3,954
	(-)	(12)	(-)	(202)	(4,333)
Less: Provision adjusted	1	-	-	-	-
	(9)	(-)	(-)	(-)	(-)
Balance as at the end of the year	14	57	305	289	1,243
	(15)	(57)	(279)	(121)	(1,496)

Figures shown in brackets are in respect of previous year.

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

15 PROVISIONS (contd.)

e) Other Provisions represent:

- i) Provision for estimates made for probable liabilities/ claims arising out of pending disputes, litigations/ commercial transactions with statutory authorities/ third parties. The outflow with regard to the said matters depends on the exhaustion of remedies available to the Company under the law and hence the Company is not able to reasonably ascertain the timing of the outflow and hence expected utilisation is considered as more than 1 year.

During the year, 26 (Previous Year 26) is recognised under the head Finance Costs [included in Note 26] as an additional provision towards Commercial and Other Matters.

- ii) Provision for anticipated sales return. This is recognised on a net basis at the gross margin on the sales. Revenue is adjusted for the expected value of the returns and cost of sales are adjusted for the value of the corresponding goods to be returned. It is expected to be utilised within 12 months from the end of the year.

- iii) Provision for trade discount, cash discount, incentive schemes and compensation. It is expected to be utilised within 12 months from the end of the year.

16 DEFERRED TAX ASSETS/ (LIABILITIES) (NET)

	Deferred Tax Asset						Deferred Tax Liability	Total (Net)
	Provision for Expected Credit Loss on Trade Receivables and Security Deposits	Liabilities allowed on payment basis	Provision for Defined Benefit Obligation	Disallowances u/s. 40(a)(i) and 40(a)(ia) of the Income Tax Act, 1961	Indexation of Freehold land	Others	Depreciation and Amortisation of Assets	
Balance as at 01.04.2016	39	89	71	58	9	-	(240)	26
(Charged)/ credited during the year:								
To Statement of Profit and Loss	31	6	8	(10)	2	7	(97)	(53)
To Other Comprehensive Income	-	-	7	-	-	-	-	7
Balance as at 31.03.2017	70	95	86	48	11	7	(337)	(20)
(Charged)/ credited during the year:								
To Statement of Profit and Loss	10	(13)	(25)	(11)	4	(3)	(53)	(91)
To Other Comprehensive Income	-	-	7	-	-	-	-	7
Balance as at 31.03.2018	80	82	68	37	15	4	(390)	(104)

17 TRADE PAYABLES

	Current	
	As at 31.03.2018	As at 31.03.2017
Total outstanding dues of Micro Enterprise and Small Enterprise [Refer Note (a) below]	14	10
Total outstanding dues of Creditors other than Micro Enterprise and Small Enterprise [Refer Notes 38 and 40]	2,824	2,864
	<u>2,838</u>	<u>2,874</u>

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

17 TRADE PAYABLES (contd.)

- a) The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

	As at 31.03.2018	As at 31.03.2017
(I) (i) Principal amount due and remaining unpaid to any supplier at the end of accounting year [includes payables for Capital Purchases 0.32 (Previous Year 2)]	14	12
(ii) Interest amount due and remaining unpaid to any supplier at the end of accounting year *	-	-
(II) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, along with the amount of the payment made to the suppliers during the year	89	48
(III) The amount of interest due and payable for the period of delay in making the payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act beyond the appointed date	-	-
(IV) The amount of interest accrued and remaining unpaid at the end of the year	-	-
(V) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act	-	-

* Current Year Nil (Previous Year 0.01)

The above information has been determined to the extent such parties have been identified on the basis of information available with the Company.

18 OTHER FINANCIAL LIABILITIES

	Current As at 31.03.2018	As at 31.03.2017
Unpaid Dividends [Refer Note (a) below]	12	10
Deposits from Customers	98	102
Payable for Capital Purchases [Refer Note 17(a)]	36	82
Foreign-exchange forward contracts	-	29
Other liabilities [Refer Note 10(a)]	359	354
	505	577

- a) There are no amounts as at year-end which are due for payment to Investor Education and Protection Fund under section 125 of the Companies Act, 2013.

19 OTHER CURRENT LIABILITIES

	As at 31.03.2018	As at 31.03.2017
Advances from Customers	658	759
Deferred Revenue [Refer Note (a) below]	474	285
Payable towards Statutory Liabilities	116	125
Others	37	37
	1,285	1,206

- a) It relates to the award credits granted on loyalty programs and would be recognised when the points are redeemed by the customers.

20 CURRENT TAX LIABILITIES (NET)

	As at 31.03.2018	As at 31.03.2017
Provision for Income Tax [Net of Advance Tax of 2,879 (Previous Year 1,462)]	52	52

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

	01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
21 REVENUE FROM OPERATIONS		
Sale of Goods (including Excise Duty) [Refer Notes (a) and (b) below]	26,502	28,634
Other Operating Revenue:		
Recoveries from Group Companies and Third Parties	984	845
Scrap Sales	4	5
	27,490	29,484
a) It includes sales in accordance with a sales and distribution arrangement, net of material cost 4,235 (Previous Year 4,018).		
b) The Government of India introduced the Goods and Service tax (GST) with effect from July 1, 2017. Sales for the period from July 1, 2017 is presented net of GST. Sales of earlier periods up to June 30, 2017 included Excise duty. Sales for the year ended March 31, 2018 includes Excise duty for the quarter ended June 30, 2017.		
22 OTHER INCOME		
Other Income		
Interest Income from Financial Assets at amortised cost	162	317
Interest on Income Tax refund	3	78
Dividend Income from investments measured at fair value through profit or loss	71	88
Export Incentives	68	125
Rent Income [Refer Note 3(c) and Note 33(b)]	79	76
Miscellaneous	2	5
	385	689
Other Gains		
Profit on Tangible Assets sold/ discarded (Net)	-	5
Profit on sale of investments measured at fair value through profit or loss	3	6
Fair value gain on investments measured at fair value through profit or loss	-	1
	3	12
	388	701
23 COST OF MATERIALS CONSUMED		
Raw Materials:		
Opening Stock	3,576	3,595
Add: Purchases	11,996	15,144
	15,572	18,739
Less: Closing Stock	3,892	3,576
Cost of Raw Materials consumed [Refer Note (a) below]	11,680	15,163
Packing Materials consumed [Refer Note (a) below]	570	729
	12,250	15,892
a) It includes write back 27 (Previous Year write down 52) in carrying values of Raw Materials and Packing Materials.		

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

	01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
24 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Opening Stock:		
- Finished goods	3,495	2,572
- Work-in-progress	159	182
- Stock-in-trade	336	191
	3,990	2,945
Closing Stock:		
- Finished goods	2,768	3,495
- Work-in-progress	244	159
- Stock-in-trade	328	336
	3,340	3,990
Decrease/ (Increase) in Inventories [Refer Note (a) below]	650	(1,045)
a) It includes 202 (Previous Year 78) [net of amount recovered from insurance company Nil (Previous Year 1)] on account of write off/ write down in carrying values of Inventories.		
25 EMPLOYEE BENEFITS EXPENSE [Refer Note 30]		
Salaries and Wages	2,365	2,221
Contribution to Provident and Other Funds [Refer Note 15(a)(A)]	104	88
Gratuity [Refer Note 15(a)(B)(2)(i)]	37	33
Staff Welfare Expenses	133	117
	2,639	2,459
26 FINANCE COSTS		
Interest Expense [Refer Note 15(a)(B)(2)(i) and 15(e)(i)]	113	69
	113	69
27 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation and Amortisation Expense		
- on Property, Plant and Equipment [Refer Note 2]	300	268
- on Investment Properties [Refer Note 3]	5	5
- on Intangible Assets [Refer Note 4]	26	16
	331	289

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

	01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
28 OTHER EXPENSES [Refer Note 30]		
Consumption of Stores and Spare Parts	20	22
Power and Fuel	66	64
Rent [Refer Note 33(b)]	154	160
Repairs and Maintenance:		
- Buildings	16	19
- Plant and Equipment	1	- *
- Others	87	84
	<u>104</u>	<u>103</u>
Insurance	32	27
Rates and Taxes	11	27
Job Work Charges	365	965
Freight Outward and Clearing Charges	637	608
Travelling and Conveyance	405	399
Communication	139	140
Advertisement, Publicity and Sales Promotion	1,535	1,510
Legal and Professional Fees	546	536
Donations	76	94
Royalty	10	6
Bad Debts	-	15
Less: Utilisation of Provision for Expected Credit Loss on Trade Receivable	-	15
	<u>-</u>	<u>-</u>
Provision for Expected Credit Loss on Trade Receivable [Refer Note 36(a)(i)]	29	105
Deposits/ Advances written off	4	- *
Less: Utilisation of Provision for Expected Credit Loss on Deposits	4	-
	<u>-</u>	<u>- *</u>
Provision for Expected Credit Loss on Deposits [Refer Note 36(a)(i)]	- *	1
Loss on Tangible Assets sold/ discarded (Net)	1	-
Foreign Exchange Fluctuations (Net)	54	55
Fair value loss on investments measured at fair value through profit or loss	- *	-
Miscellaneous [Refer Note (a) below and Note 40(iii)]	176	150
	<u>4,360</u>	<u>4,972</u>

* Amount is below the rounding off norm adopted by the Company.

a) Payments to Auditor (included in Miscellaneous expenses):

(i) As Auditor:		
- for statutory audit	4	4
- for limited review	2	2
- for tax audit	- *	1
- for certification	- *	- *
(ii) In other capacities:		
- Audit of Group Reporting Package	1	1
- Others	-	-
(iii) Reimbursement of out-of-pocket expenses	- *	- *
	<u>7</u>	<u>8</u>

* Amount is below the rounding off norm adopted by the Company.

Certification fees of 1 (Previous Year Nil) paid to Auditors related to buyback of Equity shares is included in Note 14(iii) Other Equity - 'Transaction cost for buyback of Equity shares'.

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

	01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
29 TAX EXPENSES		
a) Current Tax Expense		
Current tax on profits for the year	1,323	1,514
Adjustments for current tax of prior periods	(377)	2
Total Current Tax Expense	946	1,516
b) Deferred Tax Expense [Refer Note 16]		
Decrease/ (Increase) in deferred tax assets	38	(44)
Increase in deferred tax liabilities	53	97
Total Deferred Tax Expense	91	53
Tax Expense	1,037	1,569
c) Reconciliation of tax expense and the accounting profit multiplied by tax rate		
Profit Before Tax	4,038	4,479
Tax at the tax rate of 34.608% (Previous Year 34.608%)	1,397	1,550
Tax effect of amounts which are not deductible/ (taxable) in calculating taxable income:		
Corporate social responsibility expenditure	28	35
Dividend Income	(25)	(30)
Weighted deduction on research and development expenditure	(2)	(6)
Adjustment on completion of assessment for earlier years	(377)	2
Change in Tax rate #	1	-
Other Items	15	18
Tax Expense	1,037	1,569

The change in tax rate from 34.608% to 34.944% is based on the enacted tax rate by Union Budget 2018.

30 Expenses towards activities relating to Corporate Social Responsibility in compliance with section 135 of the Companies Act, 2013 (included in Operating Activities under Cash Flow Statement)

a)	Gross amount required to be spent by the Company during the year	101	100
b)	Amount spent during the year on:		
(i)	Construction/ acquisition of any asset	-	-
(ii)	On purposes other than (i) above		
	- Donations	76	94
	- Employee Benefits Expense	2	3
	- Other Expenses	2	3
		80	100

31 RESEARCH AND DEVELOPMENT EXPENSES

Research and Development Revenue Expenses (Net of recoveries)	205	204
---	-----	-----

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

32 CONTINGENT LIABILITIES

	As at 31.03.2018	As at 31.03.2017
Claims against the Company not acknowledged as debts towards:		
- Direct Tax Matters [Refer Note (a) below]	340	331
- Indirect Tax Matters [Refer Note (a) below]	784	755
- Litigation/ claims filed by customer/ vendor/ third party [Refer Note (b) below]	49	48
- Litigation/ demands raised by other Statutory Authorities [Refer Note (c) below]	117	117

Future cash flows in respect of above, if any, is determinable only on receipt of judgement/ decisions pending with relevant authorities.

- a) The disputed demands for direct tax matters are mainly due to disallowance for certain expenses and for indirect tax matters are mainly due to product classification and related to forms.
- b) It mainly includes demand for crop failure.
- c) It mainly includes demand raised for shortfall of stamp duty related to a property.

33 COMMITMENTS

	As at 31.03.2018	As at 31.03.2017
a) Capital Commitments		
Property, Plant and Equipment	52	9
Intangible Assets	26	22
	78	31

b) Non-cancellable operating leases

The Company has taken certain residential flats and offices under non-cancellable operating leases. Some of the arrangements include escalation clause to cover inflation. Lease rent amounting to 22 (Previous Year 18) has been recognised under the head Other Expenses- 'Rent' under Note 28 to the Statement of Profit and Loss.

The future minimum lease payments under non-cancellable operating lease is as follows:

Period	As at 31.03.2018	As at 31.03.2017
Not later than one year	9	17
Later than one year and not later than five years	- *	5
Later than five years	-	-

* Amount is below the rounding off norm adopted by the Company.

The Company has entered into cancellable leasing arrangements for office, residential, guest house and warehouse premises. The lease rental of 132 (Previous Year 142) which are equivalent to minimum lease payments has been recognised under the head Other Expenses- 'Rent' under Note 28 to the Statement of Profit and Loss.

Further, the Company has recovered sub-lease rental of 7 (Previous Year 8) which has been recognised under the head Other Income – 'Rent Income' under Note 22 to the Statement of Profit and Loss.

The Company has given portion of building, other than classified as investment properties and certain other assets, on operating lease under cancellable lease arrangement during the year. The lease rental aggregating to 28 (Previous Year 29) has been recognised under the head Other Income – 'Rent Income' under Note 22 to the Statement of Profit and Loss.

	As at 31.03.2018	As at 31.03.2017
c) Other Commitments		
Contractual obligation for future repairs and maintenance on investment properties	1	2
Value of customs duty in respect of export obligation (against advance licenses) remaining to be met at year end	- *	- *

* Amount is below the rounding off norm adopted by the Company.

34 EVENTS OCCURRING AFTER THE REPORTING PERIOD

Refer Note 37(b)(ii) Capital Management for the final dividend recommended by the directors which is subject to the approval of shareholders in the ensuing Annual General Meeting.

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

35 FAIR VALUE MEASUREMENT**Financial instruments by category:**

		As at 31.03.2018			As at 31.03.2017		
	Notes	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial Assets							
Investment	9	-	-	-	497	-	-
Trade Receivables	10	-	-	6,588	-	-	5,565
Cash and Cash Equivalents	11						
Short-term highly liquid investments		-	-	3,112	-	-	2,078
Balances with Banks		-	-	1,054	-	-	6,302
Bank Balances other than Cash and Cash Equivalents	12	-	-	12	-	-	10
Other Financial Assets	5	-	-	675	-	-	1,148
		<u>-</u>	<u>-</u>	<u>11,441</u>	<u>497</u>	<u>-</u>	<u>15,103</u>
Financial Liabilities							
Trade Payables	17	-	-	2,838	-	-	2,874
Derivative Financial Liabilities	18	-	-	-	29	-	-
Other Financial Liabilities	18	-	-	505	-	-	548
		<u>-</u>	<u>-</u>	<u>3,343</u>	<u>29</u>	<u>-</u>	<u>3,422</u>

Fair Value Hierarchy:

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:

- (a) recognised and measured at fair value and
- (b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed in Ind AS 113 - Fair Value Measurement. An explanation of each level follows underneath the table.

Financial Assets and Liabilities measured at fair value - recurring fair value measurements

	Notes	Level 1	Level 2	Level 3	Total
Financial Assets as at March 31, 2017					
Financial investments at FVPL					
Investment	9	497	-	-	497
		<u>497</u>	<u>-</u>	<u>-</u>	<u>497</u>
Financial Liabilities as at March 31, 2017					
Derivatives					
Derivative Financial Liabilities	18	-	29	-	29
		<u>-</u>	<u>29</u>	<u>-</u>	<u>29</u>

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices and the mutual funds are measured using the closing Net Asset Value (NAV).

Level 2: The fair value of financial instruments that are not traded in an active market (Foreign exchange forward contracts) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The fair value forward foreign exchange contracts is determined using forward exchange rates at the Balance Sheet date.

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

35 FAIR VALUE MEASUREMENT (contd.)

Level 3: If one or more of the significant inputs is not based on observable market data (Security Deposits), the instrument is included in level 3. The fair value of the security deposits with definite maturity period is determined using discounted cash flow analysis using an adjusted lending rate.

There are no transfers between level 1, level 2 and level 3 during the year.

Assets which are valued at amortised cost for which fair value are disclosed

	Note	Carrying Amount	Fair Value (Level 3)
Financial Assets			
Security Deposits	5		
As at March 31, 2018		192	186
As at March 31, 2017		190	186

The carrying amounts of Trade Receivables, Cash and Cash Equivalents, Bank Balances, Accrued Interest Receivables, Advance Recoverable in Cash, Other Receivables, Trade Payables, Unpaid Dividends, Deposit from Customers, Payable for Capital Purchases and Other Financial Liabilities are considered to be the same as their fair values, due to their short term nature.

36 FINANCIAL RISK MANAGEMENT

The Company has financial opportunities at its disposal in the form of the market prices it can command, and is exposed to financial risks in the form of credit, liquidity and market risks. Market risks include currency, interest rate and price risk. The following paragraphs provide details of these and other financial opportunities and risks and how they are managed.

The management of financial opportunities and risks takes place using established, documented processes. One component is financial planning, which serves as the basis for determining liquidity risk and the future foreign currency and interest-rate risks.

a) Credit Risk:

Credit risks arise from the possibility that the value of receivables or other financial assets of the Company may be impaired because counterparties cannot meet their payment or other performance obligations.

To manage credit risks from trade receivables other than Related Party, the credit managers from Order to Cash department of the Company regularly analyse customer's receivables, overdue and payment behaviors. Some of these receivables are collateralised and the same is used according to conditions. These could include advance payments, security deposits, post-dated cheques etc. Credit limits for this trade receivables are evaluated and set in line with Company's internal guidelines. There is no significant concentration of default risk.

Credit risks from financial transactions are managed independently by Finance department. For banks and financial institutions, the Company has policies and operating guidelines in place to ensure that financial instrument transactions are only entered into with high quality banks and financial institutions. The Company had no other financial instrument that represents a significant concentration of credit risk. The surplus funds are invested in bank deposits and mutual fund investments.

i) Expected Credit Loss (ECL) for Trade Receivables and Deposits:

The Company provides for ECL for trade receivables under simplified approach. The Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking information.

ECL for deposits are measured considering 12-month's ECL.

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

36 FINANCIAL RISK MANAGEMENT (contd.)**Trade Receivables**

The Company provides ECL based on following provision matrix:

Credit Risk Category	Description of Category	As at 31.03.2018		As at 31.03.2017	
		Gross Trade Receivable	ECL	Gross Trade Receivable	ECL
No Risk	There is no risk of defaults	827	-	1,167	-
Negligible Risk	The risk of defaults is negligible	2,555	1	2,590	1
Low Risk	The probability of defaults is low	2,111	10	1,085	3
Moderate Risk	The probability of defaults is moderate	1,132	26	742	15
Doubtful Assets	There is no reasonable expectation of recovery	189	189	178	178
		6,814	226	5,762	197

Following is the movement in Provision for ECL on Trade Receivables:

	As at 31.03.2018	As at 31.03.2017
Balance as at the beginning of the year	197	107
Add: Additional provision/ (reversal) (Net)	29	105
Less: Provision utilised	-	(15)
Balance as at the end of the year	226	197

Deposits

The Company provides ECL based on following provision matrix:

Credit Risk Category	Description of Category	As at 31.03.2018		As at 31.03.2017	
		Gross Deposits	ECL	Gross Deposits	ECL
No Risk	There is no risk of defaults	192	-	190	-
Doubtful Assets	There is no reasonable expectation of recovery	3	3	7	7
		195	3	197	7

Following is the movement in Provision for ECL on Deposits:

	As at 31.03.2018	As at 31.03.2017
Balance as at the beginning of the year	7	6
Add: Additional provision	- *	1
Less: Provision utilised	(4)	-
Balance as at the end of the year	3	7

* Amount is below the rounding off norm adopted by the Company.

ii) Expected Credit Loss (ECL) for Financial Assets other than Trade Receivables and Deposits:

There is no credit risk on Financial Assets other than mentioned in (i) above from initial recognition. Accordingly, no provision for ECL has been recognised.

b) Liquidity Risk:

Liquidity risks result from the possible inability of the Company to meet current or future payment obligations due to lack of cash or cash equivalents. The liquidity risk is assessed and managed by the Finance department as a part of day to day and medium term liquidity planning.

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

36 FINANCIAL RISK MANAGEMENT (contd.)

The Company's liquidity risk policy is to maintain sufficient liquidity reserve at all times based on cash flow projections to meet payment obligation when it falls due. The primary source of liquidity is cash generated from operations.

Liquid assets are held mainly in the form of bank deposits and mutual fund investments. The Company maintains flexibility in funding by maintaining availability under committed credit lines set up with the banks. These include, in particular, an undrawn credit facility of as at March 31, 2018 of 1,608 (Previous Year 1,257).

The payment obligations from financial instruments are explained below:

The table below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities essential for an understanding of timing of cash flows.

Contractual maturities of Financial Liabilities	As at 31.03.2018			As at 31.03.2017		
	Less than 3 months	3 to 12 months	Total	Less than 3 months	3 to 12 months	Total
Trade Payables	2,760	78	2,838	2,783	91	2,874
Derivative Financial Liabilities	-	-	-	29	-	29
Other Financial Liabilities	505	-	505	548	-	548
	<u>3,265</u>	<u>78</u>	<u>3,343</u>	<u>3,360</u>	<u>91</u>	<u>3,451</u>

Balance due within 12 months equals their carrying balance as the impact of discounting is not significant.

c) Market Risk:

i) Currency Risk:

Foreign currency opportunities and risks for the Company result from changes in exchange rates and the related changes in the value of financial instruments (including receivables and payables) in the functional currency (INR). The Company is exposed to foreign exchange risk arising from foreign currency transactions primarily with respect to US Dollar.

To mitigate the currency fluctuation, receivables and payables in foreign currencies which arises from export and import of goods and services are hedged on net basis through forward exchange contracts. From January'18 onwards, majority of Company's import and export transactions are denominated in INR currency thereby reducing foreign exchange risk to large extent.

Sensitivities were determined on the basis of a hypothetical adverse scenario in which the INR appreciated/depreciated by 2% (March 31, 2017 5%) against USD compared with the year-end exchange rates. In this scenario, the estimated hypothetical loss of cash flows from financial instruments would have increased/ diminished earnings as of March 31, 2018 by 0.5 (as of March 31, 2017 by 63) on net payable exposure of 27 (USD 0.41 Million) as on March 31, 2018 [on net payable exposure of 1,253 as on March 31, 2017 (USD 19 Million)]. The Company's exposure to changes in foreign currency other than USD is not material.

ii) Interest Rate Risk:

Interest-rate opportunities and risks result for the Company through changes in capital market interest rates, which in turn could lead to changes in the fair value of fixed-rate financial instruments and changes in interest payments/ income in case of floating-rate instruments.

Interest rate risk arising from borrowing is managed by negotiating fixed coupon interest rates from banks for the entire tenure. The Company has surplus cash position and does not have any borrowings as on Balance Sheet date.

iii) Price Risk:

The Company is mainly exposed to the price risk due to its investment in mutual funds. In order to manage its price risk arising from investment in mutual funds, the Company diversifies its portfolio based on past performance. The impact of price risk with respect to investment in mutual fund is insignificant.

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

37 CAPITAL MANAGEMENT**a) Risk management:**

The Company's objective while managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide optimum returns to the shareholders and to other stakeholders. Further its objective is to maintain an optimal capital structure to reduce the cost of capital.

b) Dividends:

	01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
i) Equity Shares		
Dividend approved for the year ended March 31, 2017 of ₹ 17.00 (March 31, 2016 ₹ 17.00) per fully paid equity share	601	601
	As at 31.03.2018	As at 31.03.2017
ii) Dividends not recognised at the end of the reporting period		
Since year end, the Directors of the Company have recommended a payment of final dividend of ₹ 18.00 per fully paid equity share (March 31, 2017 ₹ 17.00) and dividend distribution tax thereon 127 (March 31, 2017 122). The proposed dividend is subject to approval of shareholders in ensuing Annual General Meeting	618	601

38 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The following table represents the recognised financial instruments that are offsetted in the Balance Sheet based on legally enforceable right and intention to settle or realise on a net basis.

	As at 31.03.2018	As at 31.03.2017
Trade Receivables		
Gross Amount	6,588	5,583
Amount set off in the Balance Sheet	-	18
Net amount presented in the Balance Sheet [Refer Note 10]	6,588	5,565
Trade Payables		
Gross Amount	2,838	2,892
Amount set off in the Balance Sheet	-	18
Net amount presented in the Balance Sheet [Refer Note 17]	2,838	2,874

39 SEGMENT REPORTING

The Vice Chairman & Managing Director and CEO, and Executive Director & CFO are identified as Chief Operating Decision Maker of the Company. They are responsible for allocating resources and assessing the performance of the operating segments. Accordingly, they have determined 'Agri Care' as its operating segment.

Thus the segment revenue, interest revenue, interest expense, depreciation and amortisation, segment assets and segment liabilities are all as reflected in the Financial Statement as at and for the year ended March 31, 2018.

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

39 SEGMENT REPORTING (contd.)

Geographical information

	01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
a) Revenue from external customers		
(i) attributed to the Company's country of domicile, India	24,765	25,031
(ii) attributed to all foreign countries		
- Germany	2,203	3,834
- Others	522	619
	27,490	29,484
b) Revenues from transactions with a customer (Bayer AG) exceeding 10% of revenue	2,042	2,916
	As at 31.03.2018	As at 31.03.2017
c) Non-current assets (excluding Deferred/ Current Tax and Financial Assets)		
(i) located in the Company's country of domicile, India	3,974	3,917
(ii) located in all foreign countries	-	-
	3,974	3,917

40 RELATED PARTY TRANSACTIONS

	Name of the related party	Country of incorporation	% Equity interest	
			As at 31.03.2018	As at 31.03.2017
i) Ultimate Holding Company:				
	Bayer AG	Germany	10%	10%
ii) Entities under Common Group Control *:				
	Bayer (China) Limited, China			
	Bayer (Proprietary) Limited, South Africa			
	Bayer (South East Asia) Pte. Ltd., Singapore			
	Bayer BioScience Private Limited, India			
	Bayer Business Services GmbH, Germany			
	Bayer Business Services Philippines Inc., Philippines			
	Bayer Business and Technology Services LLC, U.S.A.			
	Bayer CropScience AG, Germany			
	Bayer CropScience Ltd, Korea			
	Bayer CropScience Inc., Philippines			
	Bayer CropScience LP, U.S.A.			
	Bayer CropScience Limited, Bangladesh			
	Bayer Direct Services GmbH, Germany			
	Bayer East Africa Ltd., Kenya			
	Bayer Holding Ltd., Japan			
	Bayer HealthCare Pharmaceuticals Inc., U.S.A.			
	Bayer Intellectual Property GmbH, Germany			
	Bayer Middle East FZE, UAE			
	Bayer Pakistan (Private) Limited, Pakistan			
	Bayer Pharmaceuticals Private Limited, India			

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

40 RELATED PARTY TRANSACTIONS (contd.)**ii) Entities under Common Group Control *: (contd.)**

Bayer S.A.S., France

Bayer Seeds Private Limited, India (formerly Nunhems India Private Limited, India)

Bayer Sp. z.o.o., Poland

Bayer Thai Company Limited, Thailand

Bayer Vapi Private Limited, India (the Enterprise in respect of which, the Company is an Associate effective April 28, 2014)

Bayer Zydus Pharma Private Limited, India

Covestro (India) Private Limited, India (upto May 4, 2018)

PT. Bayer Indonesia, Indonesia

United Breweries Limited, India (upto June 30, 2016)

* The list of parties above have been limited to entities with whom transactions have taken place during the current or previous year or balances are outstanding as at the year end.

A. The transactions with related parties:

	Party referred to in (i) above		Parties referred to in (ii) above	
	01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017	01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
Sale of goods				
Bayer AG	1,978	774	-	-
Bayer CropScience AG	-	-	-	2,868
Bayer Vapi Private Limited	-	-	152	52
Bayer BioScience Private Limited	-	-	22	36
Others	-	-	680	623
Recoveries made				
Bayer AG	64	10	-	-
Bayer CropScience AG	-	-	-	48
Bayer Vapi Private Limited	-	-	270	239
Bayer BioScience Private Limited	-	-	153	136
Others	-	-	532	440
Rent Income				
Bayer Vapi Private Limited	-	-	7	7
Bayer BioScience Private Limited	-	-	6	7
Others	-	-	66	62
Purchase of Goods				
Bayer AG	10,191	1,983	-	-
Bayer CropScience AG	-	-	-	8,569
Bayer Vapi Private Limited	-	-	1,286	257
Bayer BioScience Private Limited #	-	-	4,258	4,020
Others	-	-	15	247
Professional/ Support Charges incurred				
Bayer AG	5	7	-	-
Bayer CropScience AG	-	-	-	9
Bayer Vapi Private Limited	-	-	6	6
Bayer BioScience Private Limited	-	-	-	- *
Others	-	-	342	361

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

40 RELATED PARTY TRANSACTIONS (contd.)

A. The transactions with related parties: (contd.)

	Party referred to in (i) above		Parties referred to in (ii) above	
	01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017	01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
Rent Expense				
Bayer Vapi Private Limited	-	-	2	2
Bayer BioScience Private Limited	-	-	14	14
Royalty Expense				
Others	-	-	10	6
Dividend paid				
Bayer AG	62	62	-	-
Bayer CropScience AG	-	-	94	94
Bayer Vapi Private Limited	-	-	140	140
Others	-	-	116	116
Sale of Fixed Assets				
Bayer BioScience Private Limited	-	-	2	-
Purchase of License of Duty Credit Scrips				
Bayer Vapi Private Limited	-	-	119	73
Purchase of Fixed Assets (including Capital work-in-progress)				
Others	-	-	-	71
Recoupment of losses towards overdue trade receivables [Refer Note 10(a)]				
Bayer BioScience Private Limited	-	-	5	354
Employee related liability paid/ payable on transfer of employees				
Bayer Vapi Private Limited	-	-	1	1
Bayer BioScience Private Limited	-	-	1	4
Others	-	-	-*	-
Employee related liability taken over on transfer of employees				
Bayer Vapi Private Limited	-	-	5	2
Bayer BioScience Private Limited	-	-	3	10
Others	-	-	3	2
Short-term loan given to [Refer Note (a) below]				
Bayer BioScience Private Limited				
Outstanding at beginning of the year			-	-
Loans advanced			-	1,500
Loans repayment			-	(1,500)
Interest charged			-	124
Interest received			-	(124)
Outstanding at end of the year			-	-

The amount is disclosed on gross basis, against which revenue is recognised at margin (sales less material cost) since the Company is acting as an agent in substance.

* Amount is below rounding off norm adopted by the Company.

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

40 RELATED PARTY TRANSACTIONS (contd.)**A. The transactions with related parties:** (contd.)

- a) During the previous year, the Company had given loan to Bayer BioScience Private Limited for working capital which was repaid during the year. This loan was given in compliance with section 186 of the Companies Act, 2013 and in accordance with the terms and conditions of agreement entered with the party.

B. Outstanding balances of related parties:

	As at 31.03.2018	As at 31.03.2017
Party referred to in (i) above		
Outstanding Receivables	607	500
Outstanding Payables	1,714	1,664
Parties referred to in (ii) above		
Outstanding Receivables		
Bayer Vapi Private Limited	49	103
Bayer BioScience Private Limited	47	56
Others	142	203
Outstanding Payables		
Bayer Vapi Private Limited	237	108
Bayer BioScience Private Limited	359	259
Others	77	191

iii) Key management personnel:

Name	Designation
- Dr. Vijay Mallya	Chairman (upto June 30, 2016)
- Mr. Pankaj Patel	Chairman (from July 5, 2016)
- Mr. Richard van der Merwe	Vice Chairman & Managing Director and CEO
- Mr. Ulrich Stefer	Executive Director & CFO (from April 1, 2016)
- Mr. Sharad Kulkarni	Non-executive Director
- Mr. A.K.R. Nedungadi	Non-executive Director (upto April 30, 2018)
- Mr. Vimal Bhandari	Non-executive Director

	01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
Remuneration to key management personnel		
Short term employee benefits	114	98
Other long-term employee benefits	16	10
	130	108
Directors' Sitting Fees (included in Note 28 Other Expenses - 'Miscellaneous expenses')	2	3
Commission to Non-Executive Directors	5	5
(included in Note 28 Other Expenses - 'Miscellaneous expenses')		

iv) Terms and conditions

There have been no guarantees provided or received for any related party receivables or payables. Outstanding balances at the year end are unsecured and interest free, and settlement occurs in cash. The Company has not recorded any impairment of receivables relating to amounts owed by related parties for the year ended March 31, 2018 and March 31, 2017.



Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

41 EARNINGS PER SHARE

Earnings per share are determined according to Ind AS 33 - Earnings per Share by dividing Profit after tax attributable to shareholders of the Company by the weighted average number of equity shares outstanding during the financial year.

	01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
Profit for the year	3,001	2,910
Weighted average number of equity shares outstanding at year end	34,831,217	35,354,001
Nominal Value Per Equity Share (in ₹)	10	10
Earnings Per Share (net of tax) [Basic and Diluted] (in ₹)	86.16	82.31

Signature to Notes 1 to 41

Rajiv Wani
Head - Law, Patents & Compliance
& Company Secretary

For and on behalf of the Board

Chairman	Pankaj Patel DIN 00131852
Vice Chairman & Managing Director and CEO	Richard van der Merwe DIN 06768305
Directors	Sharad Kulkarni DIN 00003640
	Vimal Bhandari DIN 00001318
Executive Director & CFO	Ulrich Stefer DIN 07447177
Place : Mumbai	
Date : May 23, 2018	

Facts

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
₹ in Millions										
Revenue from Operations (Net)	14,826	17,241	21,373	22,723	27,253	32,452	37,233	28,894	29,484	27,490
Profit Before Tax	1,508	1,964	1,988	2,044	15,632	4,408	5,735	4,816	4,479	4,038
Net Cash from Operating Activities	346	824	1,223	1,067	1,383	2,815	2,004	2,065	1,573	1,214
Dividend (including interim dividend) for the year	111	158	158	166	197	201	769	601	601	618
Dividend %	28%	40%	40%	42%	50%	55%	210%	170%	170%	180%
Share Capital	395	395	395	395	395	366	366	354	354	343
Reserves and Surplus	4,115	5,203	6,335	7,532	18,918	17,057	19,963	18,040	20,213	17,440
Borrowings	427	1,140	1,085	-	-	-	-	-	-	-
Gross Block	4,519	5,077	5,531	4,738	5,414	6,958	4,346	3,628	4,166	4,517
Net Block	2,701	3,208	3,537	2,566	3,457	4,446	3,224	3,384	3,661	3,705
Net Current Assets	1,990	2,835	5,204	4,861	15,562	12,583	16,917	14,995	16,911	14,142
Employee Benefits Expense	1,343	1,411	1,566	1,553	1,810	2,040	2,269	2,207	2,451	2,639
Number of Employees	1,325	1,351	1,102	1,147	1,181	1,217	1,043	1,057	1,126	1,148
₹										
Earnings Per Share (on the basis of profits after tax)	23.91	32.22	33.30	35.19	294.11	75.14	104.59	87.34	82.31	86.16
Book Value per Share	114.17	141.72	170.38	200.70	488.95	475.79	555.15	520.28	581.74	517.95
Share Price at Stock										
Exchange — High	343.00	693.00	1,173.00	999.00	1,341.80	1,829.20	3,819.90	4,234.00	4,627.00	5,050.00
— Low	180.20	224.90	635.15	673.05	749.00	1,065.05	1,384.55	3,115.00	3,620.00	3,739.05
Number of Shareholders	18,803	19,324	21,251	21,431	20,865	19,138	20,647	20,412	22,176	45,744

Notes:

- Figures from the year 2015-16 are in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS).
- Figures have been regrouped wherever necessary.



Notes

**Bayer CropScience Limited****Corporate Identification No. (CIN) - L24210MH1958PLC011173****Registered Office:** Bayer House, Central Avenue, Hiranandani Estate, Thane (West) – 400 607**Tel. No.:** +91 22 2531 1234 **E-mail:** ir_bcsl@bayer.com **Website:** www.bayer.in**PROXY FORM**

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member(s): _____

Registered Address: _____

E-mail id: _____

Folio No. / Client ID No. _____ DP ID No. _____

I / We, being the member(s) of _____ shares of Bayer CropScience Limited, hereby appoint

1. Name: _____ Email id: _____

Address: _____

Signature: _____

2. Name: _____ Email id: _____

Address: _____

Signature: _____

3. Name: _____ Email id: _____

Address: _____

Signature: _____

As my/ our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 60th Annual General Meeting of the Company to be held on Tuesday, August 21, 2018 at 11.00 a.m. at "Yashwantrao Chavan Pratishthan Auditorium", Y. B. Chavan Centre, Near Mantralaya, Gen. J. Bhonsale Marg, Mumbai - 400 021 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Resolution	For	Against
1.	Adoption of Statement of Profit and Loss, Balance Sheet, Report of Board of Directors and Auditors for financial year ended March 31, 2018		
2.	Declaration of dividend on Equity Shares for the financial year ended March 31, 2018		
3.	Re-appointment of Dr. (Ms.) Miriam Colling-Hendelkens (DIN: 07839649) as a Director of the Company		
4.	Ratification of Remuneration to Cost Auditor		

Signed this _____ day of _____ 2018

Signature of shareholder _____

Affix
Revenue
Stamp

NOTES:

- Please put tick (✓) in the appropriate column against the respective resolutions. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he / she thinks appropriate.
- This Form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company at Bayer House, Central Avenue, Hiranandani Estate, Thane (West) - 400 607, not less than 48 hours before the commencement of the Meeting.

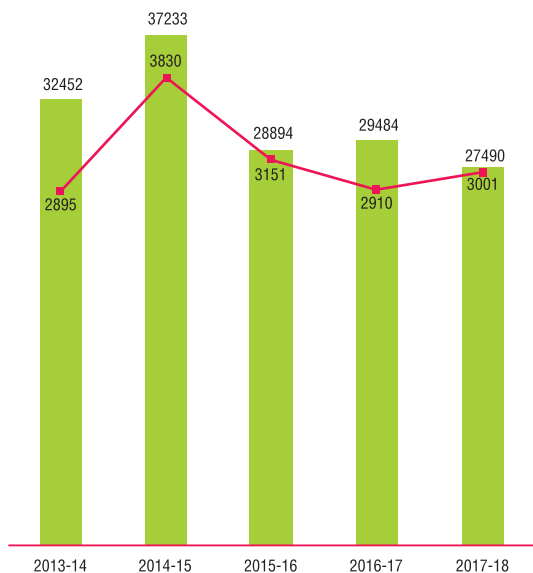
Performance Highlights



REVENUE FROM OPERATIONS & PROFITABILITY

(₹ in Millions)

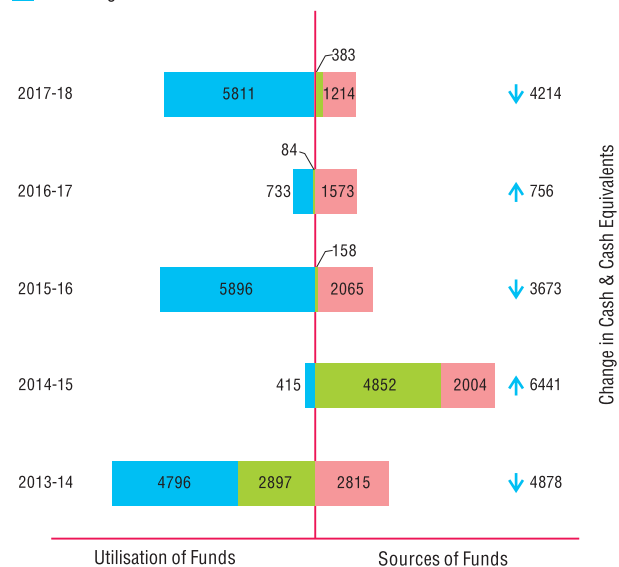
- Revenue from Operations
- Profit for the year (net of tax)



CASH FLOW

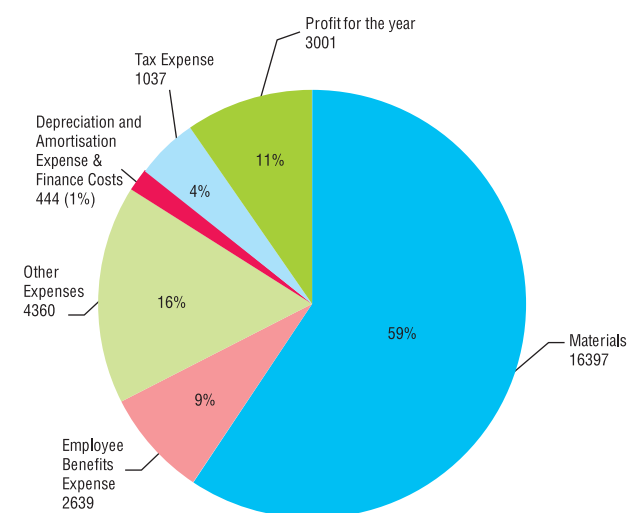
(₹ in Millions)

- Operating Activities
- Investing Activities
- Financing Activities



DISTRIBUTION OF INCOME 2017-18

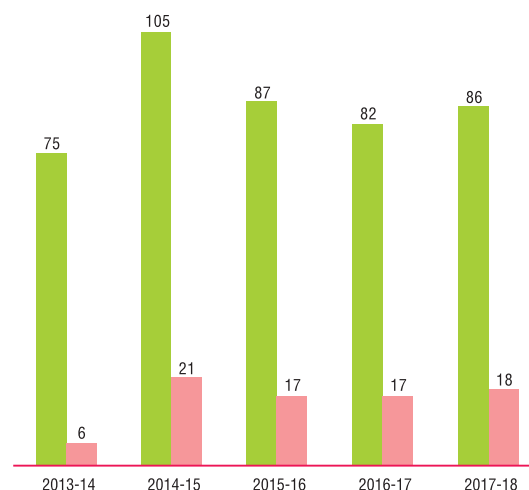
(₹ in Millions (%))



EARNINGS & DIVIDEND PER SHARE

(₹)

- Earnings (net of tax)
- Dividend for the year



Figures from the year 2015-16 are in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS).

