



BAYER
CROPSCIENCE
LIMITED

56TH

ANNUAL
REPORT

APRIL 2013 -
MARCH 2014



Bayer CropScience



BOARD OF DIRECTORS



Dr. Vijay Mallya
Chairman



Richard van der Merwe
Vice Chairman &
Managing Director



Sharad M Kulkarni
Non-Executive
Independent Director



AKR Nedungadi
Non-Executive
Independent Director



Vimal Bhandari
Non-Executive
Independent Director



Peter Mueller
Non-Executive Director



Tobias Marchand
Non-Executive Director



Kaikobad B Mistry
Non-Executive Director



Dr. Thomas Hoffmann
Whole-time Director

SCIENCE FOR A BETTER LIFE

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



"Bayer Labhsutra" is a unique concept introduced by Bayer CropScience Limited, to help farmers achieve better return on investment by adopting Bayer's "Seed to Harvest" packages. In 2013, the Company conducted more than 1000 field demonstrations to explain this concept to farmers in geographies across India. Farmers have seen convincing results from Bayer Labhsutra, in the form of an increase in quantity and quality of food grain produce and increased farm profitability.

On the cover: Farmer Jayram Dhamale from Pune, Maharashtra with his produce of high quality potatoes cultivated under Bayer CropScience's Food Chain Partnership project



Bayer CropScience Limited Annual Report 2013-14

Directors	Dr. Vijay Mallya	(DIN 00122890)	– Chairman
	Richard van der Merwe	(DIN 06768305)	– Vice Chairman & Managing Director
	Sharad M. Kulkarni	(DIN 00003640)	
	A. K. R. Nedungadi	(DIN 00103214)	
	Vimal Bhandari	(DIN 00001318)	
	Peter Mueller	(DIN 03582162)	
	Tobias Marchand	(DIN 03579481)	
	Kaikobad B. Mistry	(DIN 02253294)	
	Dr. Thomas Hoffmann	(DIN 06485949)	– Whole-time Director

Vice President - Law, Patents & Compliance & Company Secretary

Rajiv Wani

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

Auditors Price Waterhouse

Solicitors Crawford Bayley & Co.

CIN L24210MH1958PLC011173

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

Corporate Office Bayer House, Central Avenue,
Hiranandani Estate, Thane (West) - 400 607.
Tel. No.: 91 22 2531 1234
Fax No.: 91 22 2545 5063

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

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

Contents

Board of Directors	1
Notice	2
Directors' Report	8
Corporate Governance Report	14
Management Discussion & Analysis Report	32
Independent Auditors' Report	37
Balance Sheet	42
Statement of Profit and Loss	43
Notes to the Financial Statements	44
Cash Flow	68
Facts	70
Attendance Slip and Proxy Form	

Members are requested to:

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



NOTICE

NOTICE is hereby given that the 56th Annual General Meeting of Bayer CropScience Limited will be held on Thursday, August 28, 2014 at 11.30 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, 2014 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, 2014.
3. To appoint a Director in place of Mr. Peter Mueller, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint auditors and fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT Mr. Richard van der Merwe who was appointed as an Additional Director of the Company with effect from February 1, 2014 by the Board of Directors and holds office upto the date of this Annual General Meeting under Section 161 of the Companies Act, 2013 read with Article 117(2) of the Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member signifying his intention to propose Mr. Richard van der Merwe as a candidate for the office of director, be and is hereby appointed as Director of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 196, 197, 203, Schedule V and other applicable provisions, if any, of the Act and the Rules thereunder and subject to the approval of the Central Government and such other approvals as may be necessary, and Mr. Richard van der Merwe(DIN 06768305) be and is hereby appointed as the Vice Chairman & Managing Director of the Company for a period of five years with effect from February 1, 2014 on the following terms and conditions:

- | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (a) Salary (Gross) | <p>₹ 927,669/- (Rupees Nine Lakhs Twenty Seven Thousand Six Hundred and Sixty Nine only) per month or such amount as may be approved by the Nomination and Remuneration Committee / Board of Directors.</p> <p>Euro 14,114/- (Euro Fourteen Thousand One Hundred and Fourteen only) per month in Indian Rupees at the prevailing exchange rate or such amount as may be approved by the Nomination and Remuneration Committee / Board of Directors.</p> |
| (b) Special Allowance | An amount as may be approved by the Nomination and Remuneration Committee / Board of Directors. |
| (c) Annual Increment | An amount as may be decided by the Nomination and Remuneration Committee / Board of Directors from time to time. |
| (d) Performance Award/
Bonus/Incentive/
Ex-Gratia | An amount as may be decided by the Board of Directors from time to time. |
| (e) Long Term Incentive | An amount decided as per the Global Policy of Bayer AG, Germany for Senior Management. |
| (f) Global Aspire Award | An amount decided as per the Global Policy of Bayer AG, Germany for Senior Management. |
| (g) Perquisites | <p>As per the provisions of Section 197 of the Companies Act, 2013 and Schedule V to the said Act for the time being in force or any statutory modification or re-enactment thereof.</p> <p>The perquisites (including allowances) payable are as follows :</p> |
| (i) Housing | The Company shall provide free furnished accommodation including periodic maintenance. |
| (ii) Home Travel Allowance | An amount as may be decided by the Nomination and Remuneration Committee / Board of Directors from time to time in accordance with Bayer's International Mobility Directive. |
| (iii) Children's visit | Reimbursement as per Bayer's International Mobility Directive |
| (iv) Club fees | Entrance and annual fees of one club. |
| (v) Children's education expenses | As per Bayer's International Mobility Directive |
| (vi) Allowances / Reimbursement of expenses incurred on returning to the Managing Director's home country after completion of tenure of his service. | Actual expenses incurred on travel and on packing, forwarding, loading / unloading as well as freight, insurance, customs duty, clearing expenses, local transportation and installation expenses in connection with the moving of personal effects for self and family for joining duty in India may be allowed in case these have not been claimed from the previous employer. After completion of the tenure, such expenses may be reimbursed if the Managing Director is finally leaving the employment of the Company. |

NOTICE (contd.)

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

RESOLVED FURTHER THAT the remuneration, aforesaid, including expressly the benefits and amenities shall be paid and provided as minimum remuneration to Mr. Richard van der Merwe, subject to the approval of the members and Central Government, if necessary, or any other authority notwithstanding the absence or inadequacy of profits in any accounting year of the Company during the tenure of his office as the Managing Director of the Company.

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

RESOLVED FURTHER THAT the Board may subject to the requisite approvals by the Central Government, if required, increase, augment, vary and modify the remuneration payable and the benefits and amenities provided to Mr. Richard van der Merwe including the monetary value thereof, upto the limits prescribed in that behalf under the Companies Act, 2013 or any statutory amendment, modification or re-enactment thereof from time to time in force and / or the guidelines coming into force.

RESOLVED FURTHER THAT so long as Mr. Richard van der Merwe functions as the Managing Director, he shall not become interested or otherwise concerned directly or through his wife and /or minor children in any selling agency of the Company in future without the prior approval of the Central Government.

RESOLVED FURTHER THAT so long as Mr. Richard van der Merwe functions as the Managing Director of the Company, he shall not be paid any sitting fees for attending the meetings of the Board or Committees thereof.

RESOLVED FURTHER THAT Mr. Richard van der Merwe shall not be liable to retire by rotation during his tenure as Managing Director of the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to accept and carry out the modifications, if any, that may be suggested by the Central Government."

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

"RESOLVED THAT pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, read with Schedule IV to the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Dr. Vijay Mallya (DIN:00122890), a non-executive director of the Company, in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Dr. Vijay Mallya as a candidate for the office of director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office upto March 31, 2019, not liable to retire by rotation.

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

"RESOLVED THAT pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, read with Schedule IV to the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Sharad M. Kulkarni (DIN:00003640), a non-executive director of the Company, in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Sharad M. Kulkarni as a candidate for the office of director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office upto March 31, 2019, not liable to retire by rotation."

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

"RESOLVED THAT pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, read with Schedule IV to the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. A.K.R. Nedungadi (DIN: 00103214), a non-executive director of the Company, in respect of whom the Company has received a notice in writing from



NOTICE (contd.)

a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. A.K.R. Nedungadias a candidate for the office of director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office upto March 31, 2019, not liable to retire by rotation."

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

"RESOLVED THAT pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, read with Schedule IV to the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Vimal Bhandari (DIN: 00001318), a non-executive director of the Company, in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Vimal Bhandari as a candidate for the office of director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office upto March 31, 2019, not liable to retire by rotation."

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

"RESOLVED THAT pursuant to Section 148 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 thereof, for the time being in force), the Cost Auditors appointed by the Board of Directors of the Company, M/s. N. I. Mehta & Co., Cost Accountants, to conduct the audit of the cost records of the Company relating to Insecticides for the financial year ending March 31, 2015, be paid ₹ 0.53 Million plus service tax and out of pocket expenses incurred in performance of their duties as the remuneration.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds 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. The instrument appointing a proxy in order to be effective shall be duly filled, stamped, signed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting. Proxies submitted on behalf of companies, societies etc. must be supported by appropriate resolution / authority, as applicable, issued on behalf of the nominating organisation.
2. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, is annexed hereto and forms part of this Notice. The details under Clause 49 of the Listing Agreement with BSE Limited, in respect of Directors seeking approval for appointment / re-appointment at the Annual General Meeting, forms part of the Corporate Governance Report.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, August 19, 2014 to Thursday, August 28, 2014 (both days inclusive).
4. The dividend of ₹5.50 per Equity Share, as recommended by the Board of Directors, if declared at the ensuing 56th Annual General Meeting to be held on Thursday, August 28, 2014 will be paid at par within 30 days of the said date:
 - (i) to those members who hold shares in physical form and whose names appear on the Company's Register of Members as holders of Equity Shares on Tuesday, August 19, 2014.
 - (ii) in respect of shares held in dematerialised form, to the Beneficial Owners of the shares as at the close of business hours on Monday, August 18, 2014 as per details to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
5. Members are requested to direct all shares related correspondence to TSRDPL at the following address:

TSR Darashaw Private Limited,
Unit : Bayer CropScience Limited,
6-10, Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road, Near Famous Studio,
Mahalaxmi, Mumbai – 400 011
Tel. No.: 91 22 6656 8484
Fax No.: 91 22 6656 8494
e-mail: csg-unit@tsrdarashaw.com
6. Members holding shares in physical form are requested to notify / send the following to TSRDPL on or before Monday, August 18, 2014 in order to facilitate better service:
 - (i) any change in their address / mandate / bank details;
 - (ii) particulars of their bank account in case the same have not been sent earlier; and
 - (iii) share certificate(s) held in multiple accounts in identical names or joint accounts in the same order of names for consolidation of such shareholdings into one account.
7. Members holding shares in the dematerialised form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS) mandates, nominations, power of attorney, change of

address / name etc. to their Depository Participant only and not to the Company / TSRDPL. Changes intimated to the Depository Participant will then be automatically reflected in the Company's records which will help the Company and TSRDPL to provide efficient and better service to the members.

8. 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 TSRDPL for assistance in this regard.
9. Members are requested to encash the Dividend Warrants immediately on its receipt, as pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, dividends remaining unclaimed for 7 years from the date they were transferred to the unpaid dividend account are required to be transferred to the "Investor Education and Protection Fund" (IEPF) established by the Central Government under Section 205C of the Companies Act, 1956. Members shall not be able to claim any unpaid or unclaimed dividend from IEPF or the Company thereafter.
10. **Members are requested to note that the dividend declared in September, 2008 is due to be transferred to IEPF in October, 2015.**
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in dematerialised form are, therefore, requested to submit their PAN details to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to TSRDPL.
12. Members can avail of the facility of nomination in respect of shares held by them by sending their nomination in the prescribed Form duly filled in to TSRDPL, quoting their respective Folio Nos., Certificate Nos. and Distinctive Nos.
13. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered / Corporate Office of the Company on all working days between 10.00 a.m. and 12.00 noon upto the date of the Annual General Meeting.
14. **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 TSRDPL, for shares held in physical form; and**
 - (ii) **in respect of shares held in dematerialised form, also provide DP ID / Client ID with the above details and register the same with their respective Depository Participants.**
15. In compliance with the provisions of Section 108 of the Act and the Rules framed thereunder, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all resolutions set forth in this Notice.

The instructions for e-voting are as under:

- A. In case a Member receives an e-mail from NSDL (for Members whose e-mail addresses are registered with TSRDPL / Depositories):
 - i. Open the e-mail and also open PDF file namely "Bayer e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
 - ii. Open the internet browser and type the following URL: <https://www.evoting.nsdl.com>.
 - iii. Click on Shareholder – Login.
 - iv. If you are already registered with NSDL for e-voting then you can use your existing user ID and Password.
 - v. If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.
 - vi. The Password Change Menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both. Please take utmost care to keep your password confidential.
 - vii. Once the e-voting home page opens, click on e-voting > Active Voting Cycles.
 - viii. Select "EVEN" (E-Voting Event Number) of Bayer CropScience Limited which is "100563". Now you are ready for e-voting as Cast Vote page opens.
 - ix. On the voting page, you may cast your vote by selecting an appropriate option "For" or "Against" and click "**SUBMIT**". A confirmation box will be displayed. Click "**OK**" to confirm or "**CANCEL**" to modify. Once you confirm, you will not be allowed to modify your vote. Upon confirmation, the message "Vote cast successfully" will be displayed.
 - x. 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., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [scrutnizer's email id](mailto:scrutnizer@gmail.com) navnitlb1234@gmail.com, with a copy marked to evoting@nsdl.co.in.



- xi. In case of any queries, you may refer the Frequently Asked Questions (FAQs) - Shareholders and e-voting user manual - Shareholders, available at the Downloads section of www.evoting.nsdl.com.
- B. In case a Member receives physical copy of the Notice of AGM (for Members whose email addresses are not registered with the Company/Depositories):
 - i. Initial password is provided in the enclosed ballot form: EVEN (E-Voting Event Number), user ID and password.
 - ii. Please follow all steps from Sl. No. (ii) to Sl. No. (xi) above, to cast vote.
- C. Other Instructions:
 - i. The e-voting period commences on Wednesday, August 20, 2014 (9.00 a.m. IST) and ends on Friday, August 22, 2014 (6.00 p.m. IST). During this period, members of the Company, holding shares either in physical form or in dematerialised form, as on Friday, July 11, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.
 - ii. The voting rights of Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on Friday, July 11, 2014.
 - iii. Mr. N.L. Bhatia, Practicing Company Secretary, has been appointed as the Scrutinizer by the Board of Directors of the Company to scrutinize the e-voting process (including the Ballot Form received from the Members who do not have access to the e-voting process) in a fair and transparent manner.
 - iv. The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
 - v. Members who do not have access to e-voting facility may send duly completed Ballot Form in self-addressed prepaid envelope (enclosed with the Annual Report) so as to reach the Scrutinizer at the Corporate Office of the Company not later than Thursday, August 21, 2014 (5.00 p.m. IST)
 - vi. Members have the option to request for physical copy of the Ballot Form by sending an e-mail to csg-unit@tsrdarashaw.com by mentioning their Folio / DP ID and Client ID No. However, the duly completed Ballot Form should reach the Corporate Office of the Company not later than Thursday, August 21, 2014 (5.00 p.m. IST). Ballot Form received after this date will be treated as invalid.
 - vii. A Member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.
 - viii. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.bayer.in and on the website of NSDL www.evoting.nsdl.com within two days of the passing of the resolutions at the AGM of the Company on Thursday, August 28, 2014 and communicated to BSE Limited, where the shares of the Company are listed.

By Order of the Board of Directors

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

Mumbai, May 30, 2014

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

ANNEXURE TO NOTICE

The following Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 sets out all material facts relating to the business mentioned in Item No. 5 to 10 in the accompanying Notice dated May 30, 2014:

Explanatory Statement**Item No. 5**

Mr. Richard van der Merwe was appointed as an Additional Director and also as the Vice Chairman & Managing Director of the Company with effect from February 1, 2014 by the Board of Directors for a period of five years. He holds office upto the date of the ensuing Annual General Meeting. A notice in writing under Section 160 of the Companies Act, 2013 has been received from a shareholder of the Company signifying his intention to propose Mr. van der Merwe as a candidate for the office of Director. A brief profile of Mr. Richard van der Merwe along with the required particulars is given in paragraph 4.2 of the Corporate Governance Report for the information of the Members.

The terms and conditions of the payment of remuneration to Mr. Richard van der Merwe as the Managing Director of the Company are within the limits as prescribed under Schedule V of the Companies Act, 2013. The agreement entered into with Mr. Richard van der Merwe is available for inspection at the Registered / Corporate office of the Company on all working days between 10.00 a.m. and 12.00 noon upto the date of the Annual General Meeting. An Abstract as required under Section 302 of the Companies Act, 1956 has already been circulated to all the Members of the Company.

Except Mr. Richard van der Merwe, 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 appointment of Mr. Richard van der Merwe as Director of the Company and passing of the Special Resolution as set out at Item No. 5.

Item No. 6 to 9

Dr. Vijay Mallya, Mr. Sharad M. Kulkarni, Mr. A.K.R. Nedungadi and Mr. Vimal Bhandari are Independent Directors of the Company.

Section 149 of the Companies Act, 2013 (the "Act") inter-alia stipulates the criteria of independence for the appointment of an Independent Director, not liable to retire by rotation. Dr. Vijay Mallya, Mr. Sharad M. Kulkarni, Mr. A.K.R. Nedungadi and Mr. Vimal Bhandari are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have consented to act as Directors of the Company. The Company has also received declarations from them that they meet with the criteria of independence as prescribed both under Section 149(6) of the Act and under Clause 49 of the Listing Agreement with BSE Limited. In the opinion of the Board, all four of them fulfill the conditions specified in the Act and the Rules made thereunder and also under the Listing Agreement for appointment as Independent Director and they are independent of the management.

Keeping in view the contributions made by these directors during their association with the Company, the Board considers that it shall be in the best interests of the Company to continue to have the benefit of their rich experience and knowledge. It is, therefore, proposed to appoint Dr. Vijay Mallya, Mr. Sharad M. Kulkarni, Mr. A.K.R. Nedungadi and Mr. Vimal Bhandari as Independent Directors under Section 149 of the Act to hold office for five years upto March 31, 2019. A brief profile of proposed Independent Directors is provided in Paragraph 4.3 to 4.6 of the Corporate Governance Report.

Copies of the draft letters for the appointment of Dr. Vijay Mallya, Mr. Sharad M. Kulkarni, Mr. A.K.R. Nedungadi, Mr. Vimal Bhandari as Independent Directors setting out the terms and conditions are available for inspection by members at the Registered / Corporate Office of the Company.

Save and except Dr. Vijay Mallya, Mr. Sharad M. Kulkarni, Mr. A.K.R. Nedungadi, Mr. Vimal Bhandari and their relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested in the resolutions set out at Item Nos. 6 to 9 of the Notice.

Item No. 10

The Board, on the recommendation of the Audit Committee, has approved the appointment of M/s. N.I. Mehta & 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, 2015.

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. 10 of the Notice for ratification of the remuneration amounting to ₹ 0.53 Millions payable to the Cost Auditors for the financial year ending March 31, 2015.

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 approval of the remuneration payable to M/s. N.I. Mehta & Co., Cost Accountants, for the Cost Audit and passing of the Ordinary Resolution as set out at Item No. 10.

By Order of the Board of Directors

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

Mumbai, May 30, 2014

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



DIRECTORS' REPORT

Dear Members,

Your Directors take pleasure in presenting the 56th 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, 2014.

Financial Performance:

₹ in Millions

Particulars	2013 - 14	2012 - 13
Revenue from Operation (Net)	32,452	27,253
Other Income	909	689
Total Revenue	33,361	27,942
Profit before Finance Costs, Depreciation, Exceptional Items and Taxation	5,102	4,288
Less : Finance Costs	(48)	(37)
Less : Depreciation and Amortisation Expense (including Impairment)	(646)	(366)
Profit before Exceptional Items and Taxation	4,408	3,885
Add/(Less) : Exceptional Items	-	11,747
Profit Before Tax	4,408	15,632
Less : Tax Expense	(1,513)	(4,015)
Profit After Tax	2,895	11,617
Add : Surplus in Statement of Profit and Loss at the beginning of the year	16,314	6,090
Amount available for Appropriation	19,209	17,707
Appropriations:		
Proposed Dividend	201	197
Dividend Distribution Tax on Proposed Dividend	34	34
Transferred to General Reserve	290	1,162
Premium paid on Buy-back of shares	4,521	-
Transfer to Capital Redemption Reserve	29	-
Surplus in Profit & Loss Balance Carried Forward	14,134	16,314

Operations:

Your Company's Revenue from Operation (Net) has increased by 19%, from ₹ 27,253 Millions in 2012-13 to ₹ 32,452 Millions in 2013-14. Profit before Exceptional Items and Taxation has increased by 13%, from ₹ 3,885 Millions in 2012-13 to ₹ 4,408 Millions in 2013-14.

Material Developments:

Pursuant to the approval of the Board of Directors on July 30, 2013, the Company entered into a Business Transfer Agreement (BTA) with Deccan Fine Chemicals (India) Private Limited ('Deccan'), having its registered office at 8-2-293/82/A/74/A, Plot no. 74 A, Road no. 9, Jubilee Hills, Hyderabad-500 033 to sell, convey, assign and transfer the Chemical Manufacturing Facility located at GIDC Industrial Estate, Ankleshwar – 393 002, Gujarat as a going concern on a slump sale basis at a consideration of ₹ 1,271.80 Millions. The Company also entered an Asset Transfer Agreement with Bayer MaterialScience Private Limited, to sell and transfer all the assets related to the Polyisocyanate Unit located at GIDC Industrial Estate, Ankleshwar – 393 002, Gujarat at a consideration of ₹ 229.45 Millions.

Pursuant to the approval of the Board of Directors on July 22, 2013 and members of the Company through postal ballot, results of which were declared on September 16, 2013, the Company bought back 2,879,746 equity shares (representing 7.29% of the equity capital) at a price of ₹ 1,580 per equity share aggregating to ₹ 4,550 Millions, through the Tender Offer route, in terms of Public Announcement dated September 18, 2013. After extinguishment of 2,879,746 Equity Shares on November 29, 2014, the Issued, Subscribed and Paid-up Equity Share Capital of the Company reduced from ₹ 395 Millions to ₹ 366 Millions.

Dividend:

The Board of Directors is pleased to recommend the payment of dividend of ₹ 5.50 per Equity Share of ₹ 10 each for the financial year ended March 31, 2014, subject to the approval of the members (previous year ₹ 5.00 per Equity Share of ₹ 10 each). The proposed dividend will absorb a sum of ₹ 201 Millions. The Register of Members will remain closed from Tuesday, August 19, 2014 to Thursday, August 28, 2014 (both days inclusive).

Exports:

Your Company is a recognised Export House. The export sale (FOB) for the year ended March 31, 2014 was ₹ 4,960 Millions compared to ₹ 4,582 Millions during the previous year.

DIRECTORS' REPORT (contd.)**Insurance:**

The Company's assets continue to be adequately insured against the risk of fire, riot, earthquake, terrorism and the risk of loss of profits, amongst other things. In addition, adequate coverage has been taken to cover public liability, environmental liability and product liability claims. Also, all the employees are covered against the risk of hospitalisation and personal accident.

Foreign Exchange Management:

The Company's exposure to foreign exchange risk comprises the risk of a foreign currency versus the local currency. The goal is to reduce the negative impact of the risks arising from fluctuations in exchange rates in the earnings. The majority of the forex transactions are denominated in US dollar. To mitigate the currency fluctuations, the net exposure of the Bayer Group is hedged after taking advantage of the natural hedge on fortnightly basis. Foreign currency loans, including interest, if any, are completely hedged.

The exports receivables are offset against the imports payables pertaining to the major party on fortnightly basis and the balance receivables / payables are hedged to mitigate the currency risk.

Directors' Responsibility Statement:

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors confirm that, to the best of their knowledge and belief:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed;
2. appropriate accounting policies have been selected and applied consistently and such judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2014 and of the profit of the Company for the financial year ended March 31, 2014;
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. the annual accounts have been prepared on a going concern basis.

Responsible Care and Quality:

Your Company observed National Safety Week and Fire Prevention Week in the year and conducted various activities throughout the week to spread awareness on safety amongst employees. September 10, 2013 was observed as the Bayer Safety Day. Your Company observed Environment Day at Ankleshwar and Himatnagar sites during the year. A Special Road Safety campaign was launched in 2012 and was continued in 2013 to increase awareness amongst Bayer employees in India. Himatnagar Site completed 5,000 days without lost time injury on September 25, 2013.

Your Company, covering all the manufacturing sites, all India business operations and supporting services, was audited on Quality Management System by TUV India Pvt. Ltd. (TUV) and the Company was recertified for ISO 9001:2008. The Environmental Management System for Himatnagar site was audited by TUV and was recertified for ISO 14001:2004.

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

Corporate Sustainability and Social Responsibility:

At Bayer CropScience, sustainability is an integral part of our business strategies. Hence right from product and solution development; the selection of partners in procurement, manufacturing and distribution and of course throughout our internal business and organisational processes - everywhere sustainability is at the core of decision making. We support the principles of sustainable agriculture in order to overcome challenges such as population growth, the growing demand for food, feed and renewable raw materials, limited natural resources and climate change.

Our value concept LIFE - which stands for Leadership, Integrity, Flexibility and Efficiency - our mission forms the basis of our sustainable actions. One of our key objectives of our sustainability strategy is to balance economic growth with ecological and corporate social responsibility. Our mission states -- "Bayer: Science For A Better Life." Within the scope of our social commitment, we work committedly in the areas of science and education, health, social needs and community projects.

Empowering farmers

Bayer CropScience joined hands with UNIVeG, a leading supplier of fruits and vegetables in Europe. Further, a "Grape Forum" in Nasik was organised on August 20, 2013, to discuss key trends and address the challenges in grape production.

Bayer CropScience has associated with NRCG and Express Weather, a weather forecasting company, to create a weather advisory model. This innovative model supports grape growers with the knowledge of correct timing for spraying in order to achieve better crop yields.

Food chain partnership: Building commitment

Bayer CropScience is reaffirming its commitment to bringing food chain partners close together by helping them improve productivity and quality of fruit and vegetables in a sustainable manner. The Food Chain Partnership is an innovative partnership model of Bayer CropScience that facilitates a win-win situation for all key stakeholders of the food value chain - farmer, food processor/exporter or food retailer and eventually consumer. Through this project, Bayer CropScience is working closely with the farming community, teaching them about sustainable agricultural practices, the proper use of crop protection products and pest monitoring, to name a few aspects of this initiative.



DIRECTORS' REPORT (contd.)

Successful Public-Private Partnership

The Rajasthan Cotton Collaborative Project is a perfect example of empowering marginalized farming communities in a sustainable way. The project was the result of a Public Private Partnership (PPP) between Bayer and CITI-CDRA (Confederation of Indian Textile Industries' Cotton Development and Research Association) and the Department of Agriculture, Rajasthan. The project helped the tribal, small and marginal cotton farmers including women farmers in enhancing cotton productivity and farm income. The project aims to link project farmers to key stakeholders in the cotton value chain, such as ginners, spinners, textile manufacturers and garment exporters.

Model Village Project - second phase

The Model Village project has been envisaged to foster comprehensive rural development to benefit village population. The project focusses on key aspects such as knowledge transfer on novel, sustainable ways to enhance agricultural productivity, foster educational initiatives, and improvement of health and livelihood opportunities.

Human Resources:

Employee engagement is an important factor in your Company's success. Central to this engagement are culture and LIFE values. They provide the employees with guidance for daily work and encourage them for sustainable performance.

Your Company reaffirmed its commitment to personal growth and learning with the launch of 25 different training & development initiatives to support the employees in an increasingly dynamic and complex business landscape. The year was marked with special focus on enhancing the feedback culture and on leadership development. Additionally, our employees were nominated to 18 identified external training programs.

Your Company further continued its strong Employer Branding initiatives by continuing the "Bayer Scholarship Program" with front ranking universities in India, with the aim to further strengthen the interface between the educational institutes and the industry.

In line with Bayer's talent management philosophy of "Building the Leadership Pipeline" & "Valuing the Expertise of employees", a number of employees went through various Development Centres. These exercises not only built capabilities, but also presented opportunities for employees to move into different roles and positions. Our strong work on XCEDO, the Bayer CropScience Training Academy was recognised at the Asia Pacific level. An addition to the academy was the SKILL CAMP which is a global marketing and sales initiative.

In continuation to last year's efforts towards providing opportunities for Learning and Development to the employees, additional batches of our employee development initiatives like NIEV - Bayer Management Program and My Growth My Life - Employee Development Program were launched.

Employee relations during the year were harmonious and cordial.

Information pursuant to Section 217(2A) of the Companies Act, 1956:

The information as prescribed under Section 217(2A) of the Companies Act, 1956, read along with the Companies (Particulars of Employees) Rules, 1975, as amended is set out as an Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report and Financial Statements are being sent to the Members excluding the statement giving particulars of employees under Section 217(2A). Any Member interested in obtaining a copy of such statement may write to the Company Secretary at the Registered / Corporate Office of the Company.

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

The information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 with respect to these matters forms part of this Report and is annexed hereto.

Corporate Governance:

Your Company believes in transparency and has always maintained a very high level of Corporate Governance. As required by Clause 49 of the Listing Agreement, 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.

Management Discussion and Analysis Report:

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

Directors:

Mr. Peter Muller retires by rotation and being eligible, offer himself for re-appointment.

Mr. Richard van der Merwe was appointed as an Additional Director and Vice Chairman & Managing Director of the Company with effect from February 1, 2014.

Dr. Vijay Mallya, Mr. Sharad M. Kulkarni, Mr. A. K. R. Nedungadi and Mr. Vimal Bhandari are proposed to be appointed as Independent Directors of the Company in accordance to Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

Brief profile of the above Directors is given under the Corporate Governance Report.

DIRECTORS' REPORT (contd.)**Cost Audit:**

An audit of the cost accounts relating to Insecticides manufactured by the Company is conducted every year, by an auditor with the requisite qualifications as prescribed under the Companies Act, 2013.

The Board of Directors has appointed M/s. N. I. Mehta and Co., Cost Accountants for the conduct of the audit of 'Insecticides' for the year ending March 31, 2015. The due date for filing the cost audit report in XBRL mode for the financial year ended March 31, 2013 was September 27, 2013 and the cost audit report was filed by the Company on September 25, 2013. The due date for filing the cost audit report for the financial year ended March 31, 2014 is September 27, 2014.

Auditors:

M/s Price Waterhouse, Chartered Accountants, (Firm Registration Number 301112E) retire as Statutory Auditors at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from the retiring Auditors that their appointment as Statutory Auditors, if made, would be within the limits prescribed under the Companies Act, 2013. The Audit Committee and the Board recommends the re-appointment of M/s. Price Waterhouse, Chartered Accountants, (Firm Registration Number 301112E) as Statutory Auditors for the financial year ending March 31, 2015.

Members are requested to consider and re-appoint M/s. Price Waterhouse, Chartered Accountants, (Firm Registration Number 301112E) as the Statutory Auditors of the Company for conducting the audit for the financial year ending March 31, 2015.

Acknowledgements:

The Board of Directors wishes to express its sincere appreciation for the dedicated services rendered by employees at all levels and the constructive co-operation extended by them. Your Directors would like to express their grateful appreciation for the assistance and support extended by all 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

Richard van der Merwe
Vice Chairman & Managing Director

Mumbai, May 30, 2014



ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217(1)(e) of the Companies Act, 1956 read along with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the financial year ended March 31, 2014.

I. CONSERVATION OF ENERGY

(a) Energy conservation measures taken at Himatnagar plant

Installed Thyristor base heater control panel and Variable Frequency Drive for Granulator – 1.

(b) Additional Investment and proposals for energy conservation

Nil.

(c) Impact of the measure at (a) and (b) above for reduction of Energy Consumption and consequent impact on the cost of production of goods

The Company's present system does not allow us to identify and hence determine precisely the reduction of energy consumption per unit and consequent impact on the cost of production of goods.

(d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure to the Rules in respect of industries specified in the Schedule thereto:

FORM A

		Current Year (April 1, 2013 - March 31, 2014)	Previous Year (April 1, 2012 - March 31, 2013)
A.	Power and Fuel Consumption		
	1. Electricity:		
	(a) Purchased: Ankleshwar Plant		
	Unit (KWH)	6,686,628	5,973,076
	Total Amount (₹ in Millions)	47.93	43.95
	Rate / Unit (₹)	7.17	7.36
	(b) Purchased: Himatnagar Plant		
	Unit (KWH)	2,816,310	2,625,030
	Total Amount (₹ in Millions)	20.44	18.15
	Rate / Unit (₹)	7.26	6.92
	(c) Own Generation: Ankleshwar Plant		
	Through gas turbine / generator		
	Units	4,869,284	6,544,124
	Units / Sm ³ of gas	3.89	3.95
	Cost / Unit (₹)	10.55	8.37
	(d) Own Generation: Ankleshwar Plant		
	Through diesel generator		
	Units (KWH)	85,568	129,290
	Units / litre of diesel	3.02	2.63
	Cost / Unit (₹)	22.83	18.84
	Own Generation: Himatnagar Plant		
	Through diesel generator		
	Units (KWH)	2,761	4,858
	Units / litre of diesel oil	13.04	3.86
	Cost / Unit - No separate unit cost calculated since generation is marginal. More diesel consumption for trial running for keeping generator in order.		
	2. Other fuels: Ankleshwar Plant		
	Quantity (Sm ³) - Natural Gas	2,611,294	2,934,359
	Total cost (₹ in Millions)	107.06	96.99
	Rate / Unit (₹)	41.00	33.06

B. Consumption per unit of production

For Himatnagar: Since the Company is producing a variety of Products & Packs in one single production facility (WG, WP, SC, EC) and due to that proper allocation of energy, working cannot be ascertained per unit of consumption.

II. TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form B are as under:

ANNEXURE TO THE DIRECTORS' REPORT (contd.)**FORM B****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

- Lesenta 80 WG is a contact and systemic insecticide for use in sugarcane for the control of whitegrubs. This being a soil insect pest specialist product has very good business potential in other crops also, which will be under approval process shortly.
- Raxil 060 FS is a systemic fungicide for use in wheat for the control of loose smut. This product fits better with existing seed treatment machinery for large scale industrial seed treatment.

Environmental Science

- Agenda 25 EC, for the control of termites in buildings through pre and post construction treatments.
R&D success continued with 2 new label extensions obtained on existing product registrations on Gherkin and Tomato crops and 1 new label extension for housefly maggot control.

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

Further, in order to continue to provide innovation and effective solutions to the farmers, after a lot of sustained research and resources spent in generating scientific data, your Company has submitted applications to register new products to be launched in future :

- a) New herbicide mixture formulation for use on Transplanted Rice and Direct Seeded Rice for early post emergence application against cross spectrum weeds.
- b) New systemic insecticide for the control of sucking insect pests in Chilli.
- c) Another systemic insecticide for the control of sucking insect pests in Cotton. Label extension trials are ongoing on Chilli.
- d) A seed treatment product for control of black scurf disease in Potato.
- e) Combination seed treatment product for the control of seed and seedling rot diseases of Groundnut and Soybean. Label extension trials are also ongoing on Bengal Gram and Cotton crops.
- f) Another plant growth regulator in Cotton for better yield which can be combined with defoliant use and mechanical harvesting, a trend which will gain importance due to acute labour shortage in the country.

Besides this, 14 new applications for label extensions of existing products on new crops / pests were submitted for approval on various crops like Mango, Banana, Apple, Black Gram, Tea, Tomato, Rice, Maize, Cabbage and Jatropha.

With the focus on improving productivity, quality and return on investment of farmers, your Company is developing and promoting seed to harvest packages 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 Organisation for Economic Co-operation & Development (OECD) resulting in Regulatory Data Harmonisation 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 2014 has an interesting line-up with the expected approval and launch of two globally renowned products – new fungicide for the control of downy mildew in Grape and new insecticide mixture for use in Chilli against sucking and chewing insect pests, besides securing key label extensions in Crop Protection.

3. Expenditure on R & D

(₹ in Millions)

(a) Capital	Nil
(b) Recurring	202
(c) Total	202
(d) Total R&D Expenses are 0.62 % of the Revenue from Operation (Net).	

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Details relating to exports, foreign exchange earnings and expenditure have been given under Note Nos. 30 to 33 of the Financial Statements.

CORPORATE GOVERNANCE REPORT

1.0 COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy of Corporate Governance is based on preserving core values and ethical business conduct, commitment to maximise member value on a continuous basis while looking after the welfare of all the other stakeholders which is the primary responsibility of the Board of Directors, Management and Employees. Our Board judiciously exercises its fiduciary responsibilities in a spirit of trust, transparency and fair play.

As a Group, we stand committed to the values of Leadership, Integrity, Flexibility and Efficiency (LIFE). These values have transcended the barriers of time and continue to inspire the way we operate our business, engage with our stakeholders and shape our future.

Bayer is the name of a promise. A pledge to meet stakeholder expectations fulfilled, for more than a century now, despite challenges. At the core of our achievement lies our people approach. We have always believed that our growth was intrinsically linked with the growth of our people. We encourage diversity and a performance driven organisational culture in which people give their best and feel proud to be part of a successful and a caring organisation.

As an innovation company, we set trends in research-intensive areas. Our products and services are designed to benefit people and improve their quality of life. At the same time we aim to create value through innovation, growth and high earning power. We are committed to the principles of sustainable development and to our social and ethical responsibilities as a corporate citizen.

We believe in the importance of building stockholder trust. We adhere to the highest levels of ethical business practices, as embodied by the Bayer Code of Conduct, which provides guidelines for ethical conduct by our directors, officers and employees.

1.1 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 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 corporate compliance policy are designed to guide employees in their business-related actions and protect them from potential misconduct.

With the new 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 will work together even more systematically from the very beginning to prevent possible violations of rules and regulations. The site management will work closely with local compliance specialists and legal experts in all of the countries and regions to analyze the current situation in each relevant area of risk. They will then adapt 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 focuses on nine risk areas such as Antitrust, Anti-Corruption, Product related Communication, Price Reporting, Conflict of Interest, Data privacy, Foreign Trade Limitation, Insider Trading and Fair & Respectful Work Conditions. Employees affected by the risk areas will be guided and trained to follow the processes to prevent any potential compliance risk.

Bayer expects legally and ethically impeccable conduct from all of 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 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.

1.2 Whistle Blower Policy

In terms of the Corporate Compliance Program and the Listing Agreement, the Company has a 'Whistle Blower Policy' with an objective of encouraging the employees and the Directors of the Company to raise any concern about Bayer's operations and working environment, including possible breaches of Bayer's policies and standards, values or any laws within the country or elsewhere, without fear of adverse managerial action being taken against such employees. It basically enables the employees as well as Directors to report their concerns which would be looked into and if found appropriate, would be fully investigated and acted upon.

1.3 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 and expects them to combine "Expertise with responsibility". Your Company has formulated 'Policy for Prevention of Sexual Harassment' to prohibit, prevent or deter any acts of sexual harassment at workplace and to provide the procedure for the redressal of complaints pertaining to sexual harassment, thereby providing a safe and healthy work environment.

CORPORATE GOVERNANCE REPORT (contd.)**1.4 Code of Conduct**

In compliance with the requirements of Clause 49 of the Listing Agreement, the Company has adopted a Code of Conduct for Directors as well as for Senior Management. All Board members and Senior Management personnel have affirmed compliance with the applicable Code of Conduct.

The policies as well as codes are posted on the website of the Company.

1.5 Risk Management

Risk management comprises all of the organisational rules and actions for early identification of risks in the course of doing business and management of such risks. Risk management includes implementing systems to identify risks at an early stage, report them and take measures to mitigate them.

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

The Vice President - Internal Audit 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.

2.0 BOARD OF DIRECTORS

The Board of the Company has an optimum combination of Executive and Non-Executive Directors to maintain the independence of the Board. Dr. Vijay Mallya, the Chairman of the Board is a Non-Executive and an Independent Director.

Presently the Board consists of a total of 9 Directors, out of which 2 are Executive Directors and from the remaining 7 Non-Executive Directors, 4 are Independent. None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49 of the Listing Agreement), across all the companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by all the Directors.

The Managing Director and 4 other Directors are from the Promoter Group. The remaining 4 Non-Executive Independent Directors are professionals with expertise and experience in general corporate management, finance, accounting and other allied fields. Apart from drawing sitting fees and commission, none of these Directors have any other material pecuniary relationship or transactions with the Company, its Promoters and its Management, which in the judgement of the Board would affect the independence of the Directors. Except Dr. Vijay Mallya, who holds 53 shares in the Company, none of the Directors hold any shares in the Company.

All Non-Executive Independent Directors comply with the requirements of the Listing Agreement applicable to "Independent Director".

Details of the composition of the Board and changes therein during the year, category of the Directors, number of their other directorships and committee memberships are given below:

Constitution of the Board as on March 31, 2014

Sr. No.	Name of Director	Category [@]	Age (years)	Directorship Tenure
1	Dr. Vijay Mallya, Chairman	NED-(I)	58	10 years and 3 months
2	Mr. Richard van der Merwe, Vice Chairman*#	MD	56	2 months
3	Mr. Sharad M. Kulkarni	NED-(I)	75	19 years and 7 months
4	Mr. A. K. R. Nedungadi	NED-(I)	56	10 years and 3 months
5	Mr. Vimal Bhandari	NED-(I)	55	5 years and 9 months
6	Mr. Peter Mueller *	NED	54	2 years and 8 months
7	Mr. Tobias Marchand*	NED	51	2 years and 8 months
8	Mr. Kaikobad B. Mistry*	NED	54	5 years and 9 months
9	Dr. Thomas Hoffmann*	WTD	43	1 year

[@]

MD - Managing Director

NED - Non-Executive Director

NED-(I) - Non-Executive Independent Director

* Represents the Promoter Group

Mr. Richard van der Merwe has been appointed as Vice Chairman & Managing Director of the Company with effect from February 1, 2014. Mr. Stephan Gerlich ceased to be the member of the Board with effect from closing hours of January 31, 2014.



CORPORATE GOVERNANCE REPORT (contd.)

Directorship in other companies / committee position as on March 31, 2014

Sr. No.	Name of Director	No. of other Directorships	No. of other Committee Memberships	
			Chairman	Memberships
1	Dr. Vijay Mallya, Chairman	8	-	-
2	Mr. Richard van der Merwe, Vice Chairman & Managing Director	-	-	-
3	Mr. Sharad M. Kulkarni	8	4	4
4	Mr. A.K. R. Nedungadi	3	-	4
5	Mr. Vimal Bhandari	7	3	1
6	Mr. Peter Mueller	-	-	-
7	Mr. Tobias Marchand	-	-	-
8	Mr. Kaikobad B. Mistry	-	-	-
9	Dr. Thomas Hoffmann	-	-	-

Notes:

- Directorships mentioned above include alternate directorships, but exclude directorships in private companies, foreign companies and companies incorporated under Section 25 of the Companies Act, 1956.
- The details mentioned above are for companies other than Bayer CropScience Limited.
- Committee details consist only of Audit and Shareholders' / Investors' Grievance Committees.

2.1 Responsibilities

2.1.1 Managing Director

Mr. Richard van der Merwe, Vice Chairman & Managing Director of the Company, is also the Country Speaker for the Bayer Group in India. He is responsible for the overall management of the Company. As the Managing Director, he periodically apprises the Board about the performance of the Company.

2.1.2 Whole-time Director

Dr. Thomas Hoffmann, Whole-time Director is responsible for various functions which include Accounts, Taxation, Treasury, Financial Services, Law, Patents & Compliance, Information Technology and Internal Audit.

2.1.3 Independent Directors

The Independent Directors play a vital role in decision making at the Board Meetings and bring to the Company their rich and varied experience in the fields of Corporate Management, Accounts, Finance, Taxation, Corporate Governance and Law.

The Audit Committee consists entirely of Non-Executive Directors with the majority of them being Independent Directors. Independent Directors have unfettered and complete access to all information within the Company.

3.0 BOARD PROCEDURE

The annual calendar of meetings is agreed upon at the beginning of each year. 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 in advance to the Directors. 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 before the Board.

3.1 Information given to the Board

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

- Annual operating plans, budgets and updates
- Capital budgets and updates
- Quarterly results for the Company
- Minutes of meetings of Audit Committee and other Committees of the Board

CORPORATE GOVERNANCE REPORT (contd.)

- 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
- Amount of Borrowings / Investments along with the terms on which the amounts are borrowed / invested
- 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.

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

5 Board Meetings were held during the year April 1, 2013 to March 31, 2014, the details of which are as under:

Sr. No.	Date of Meeting	Quarter	No. of days from previous Board Meeting	Maximum period permitted as per Clause 49
1	May 20, 2013	April – June	108	4 months
2	July 22, 2013	July – September	62	
3	July 30, 2013	July - September	7	
4	October 30, 2013	October - December	91	
5	January 30, 2014	January – March	91	

The maximum time gap between any two meetings is generally less as compared to the mandatory requirement of not more than 4 months as per Clause 49.

The AGM was held on August 29, 2013. The attendance of the Directors at the Board Meetings and AGM held during the financial year ended March 31, 2014 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	Dr. Vijay Mallya	5	4	Yes
2	Mr. Stephan Gerlich (Cessation date: January 31, 2014)	5	5	Yes
3	Mr. Sharad M. Kulkarni	5	5	Yes
4	Mr. A.K.R. Nedungadi	5	5	Yes
5	Mr. Vimal Bhandari	5	4	Yes
6	Mr. Peter Mueller	5	3	No
7	Mr. Tobias Marchand	5	1	No
8	Mr. Kaikobad B. Mistry	5	1	No
9	Dr. Thomas Hoffmann	5	5	Yes
10	Mr. Richard van der Merwe (Appointment date: February 1, 2014)	-	-	NA

4.0 DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT

Mr. Peter Mueller retires by rotation and being eligible, offers himself for re-appointment.

Mr. Richard van der Merwe has been appointed as an Additional Director and Vice Chairman & Managing Director of the Company with effect from February 1, 2014. He holds office till the ensuing Annual General Meeting and being eligible, offers himself for appointment.

Dr. Vijay Mallya, Mr. Sharad M. Kulkarni, Mr. A. K. R. Nedungadi and Mr. Vimal Bhandari are proposed to be appointed as Independent Directors of the Company in accordance to Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

CORPORATE GOVERNANCE REPORT (contd.)

Particulars of the aforementioned Directors of the company seeking appointment / re-appointment are as under:

4.1 Mr. Peter Mueller

Mr. Mueller joined Bayer AG as a commercial trainee in 1979 and spent two years in Corporate Auditing thereafter. He then moved to Japan where he worked for seven years with three Bayer subsidiaries in the field of Finance & Accounting. After a further period of three years at the German Bayer headquarters in Central Controlling, Mr. Mueller became the Deputy General Manager of Bayer's newly founded holding company in Beijing, China. In the following five years, he established the administrative country platform and helped to negotiate and finance twelve joint venture companies. Mr. Mueller joined the Finance Division at Bayer AG as Head of Corporate Financial Controlling in 1999 before being appointed the Head of Corporate Finance in 2002 and Head of Finance in 2011.

4.2 Mr. Richard van der Merwe

Mr. Richard van der Merwe studied Finance and Administration at South African University and has a degree in International Finance Administration. Mr. van der Merwe is also a Chartered Accountant. He started his career with Bayer in 1985 in Bayer South Africa. He was there till June 1993 as Manager – Finance and Controlling, after which he moved to Leverkusen, the Bayer Group headquarters in July 1993 as an Internal Auditor. In January 1995, he returned to South Africa and was appointed Group Human Resources and Administration Manager. Richard was appointed the Managing Director of Bayer Zimbabwe (Pty) Ltd. in July 1996. He then went on to become the Chief Executive and Country Head for the then Bayer Polymers division. From July 2004 to August 2009, Richard was Chief Executive (Senior Bayer Representative) for the Bayer Group in Southern Africa, as well as Head South & Southern Africa for Bayer CropScience.

From September 2009 to February 2014, Mr. van der Merwe has been the Senior Bayer Representative for the Region Cono Sur comprising of Argentina, Chile, Bolivia, Uruguay and Paraguay, and was based in Argentina. He additionally held responsibility for the Bayer HealthCare business in the region and headed the Finance & Administration functions as well.

During his career in Bayer, Mr. van der Merwe has led workgroups for many businesses such as agro, healthcare and high tech materials. He has successfully executed projects with new markets, corporate mergers and innovative launches.

4.3 Dr. Vijay Mallya

Dr. Vijay Mallya is a second-time Member of India's Parliament and Chairman of The United Breweries (UB) Group, one of India's largest conglomerates with diverse interests in brewing, distilling, real estate, fertilizers, biotechnology and information technology.

Dr. Mallya has received several professional awards both in India and overseas. He was conferred a Doctorate of Philosophy (HonorisCausae) in Business Administration, by the Southern California University, Irvine. He has also been nominated as a Global Leader for Tomorrow by the World Economic Forum. He has also received France's highest civilian award – the Legion of Honour. His first term as a Member of Parliament was between 2002 and 2008.

Dr. Mallya personally and the UB Group as a whole have vast sporting interests internationally as well as in India. Dr. Mallya is the first Indian ever to own a Formula One Team. He is the Team Principal and co-owner of Sahara Force India Formula 1, which is also India's first-ever Formula One Team and represents India's first, truly global sports foray. In 2008, the United Spirits bid and acquired Royal Challengers Bangalore, an Indian Premier League Cricket team. The Group also owns the country's two premium football teams Kingfisher East Bengal and McDowell MohunBagan. Dr. Mallya is also a breeder and owner of race horses and is a keen sportsman, an ardent aviator and yachtsman of distinction.

As on March 31, 2014 Dr. Mallya is on the Board of the following companies in India:

- Four Seasons Wines Limited, Bangalore
- Kingfisher Airlines Limited
- Kingfisher East Bengal Football Team Private Limited
- Mangalore Chemicals and Fertilizers Limited
- Motor Sports Association of India
- Royal Challengers Sports Private Limited
- Sanofi India Limited
- United Breweries (Holdings) Limited
- United Breweries Limited
- United Racing and Bloodstock Breeders Limited
- United Spirits Limited
- VJM Investments Private Limited

CORPORATE GOVERNANCE REPORT (contd.)**4.4 Mr. Sharad M. Kulkarni**

He is Non-Executive Independent Director of Bayer CropScience Limited and holds a Degree in Engineering (B.E.) from University of Pune and is a Fellow of the Institute of Engineers, India. He is a Fellow of Institution of Management, UK and Fellow of Institute of Directors, UK. He is a Business Advisor and Management Consultant. He is on the Board of several Indian and International companies and is associated with several NGOs and Educational Trusts. He has held senior positions of CEO and President with major International and Indian Corporate entities during his career span of more than 40 years. His area of expertise covers Business Development, International Alliance Management, Strategic Planning, Management and Technology Institutions of Learning and Corporate Governance.

As on March 31, 2014 Mr. Kulkarni is on the Board of the following companies in India:

- Camlin Fine Sciences Limited
- Styrolution ABS (India) Ltd.
- Hindustan Construction Co. Ltd.
- KEC International Ltd.
- Navin Fluorine International Ltd.
- HCC Real Estate Ltd.
- JM Financial Trustee Company Pvt. Ltd.
- Lavasa Corporation Ltd.
- Raychem RPG Pvt. Ltd.
- RPG Enterprises Ltd.
- Styrolution India Pvt. Ltd.

4.5 Mr. A.K.R. Nedungadi

Mr. Nedungadi is a Chartered and Cost Accountant. He joined the United Breweries Group in 1990 as the Corporate Treasurer. Within two years, he became the Group Finance Director of the Group's International business managing the businesses of UB International, which included the paint giant Berger Jenson and Nicholson with operations spanning 27 countries. He was instrumental in listing the Berger Group Companies on the London and Singapore bourses.

Since his appointment as the President and Group CFO in 1998, he led the way to sharpening the focus of the Group, which had a conglomerate approach, on areas of competence and global reach. This saw the Group focus on three verticals – Brewing, Distilling and Aviation, each area presenting clear leadership within India and global significance.

He was also responsible for opening up the beverage alcohol sector to Global Best Practices and Transparency, enabling the entry of institutional investors and rerating of the industry itself.

Under his leadership, the market capitalisation of the 3 principal group companies has crossed US\$ 5 Billion which bears testimony to the successful accomplishment of business restructuring, consolidation and enhanced shareholder value. As the principle leadership resource of the UB Group, Mr. A. K. R. Nedungadi was responsible in concluding the acquisition of Shaw Wallace & Co., Whyte & Mackay, Bouvet Ladubay, etc.

Mr. Nedungadi is the recipient of many awards of excellence, including Udyog Ratan Award, IMA's CFO of the Year, CNBC TV18's – CFO of the Year – M & A etc. Memberships in esteemed organisations like Who's Who of Professionals only reinforce the above testimonials. Further, he is on the Board of several companies, both in India and overseas.

His interests in social work and the arts engage his free time. He is an active Rotarian and is a Trustee of India Foundation for the Arts, India's leading grant making Art Philanthropy.

As on March 31, 2014 Mr. Nedungadi is on the Board of the following companies in India:

- Kingfisher Airlines Limited
- Sanofi India Limited
- United Breweries Limited
- Idea Streamz Consultants Private Limited

CORPORATE GOVERNANCE REPORT (contd.)

4.6 Mr. Vimal Bhandari

Mr. Vimal Bhandari, aged 53 years, is a Commerce graduate from Mumbai University and a Chartered Accountant. Mr. Bhandari is a proficient and a proven top management professional with over twenty five years of experience in a range of businesses in the financial services industry. He is currently the CEO and Managing Director of IndoStar Capital Finance, a wholesale credit institution sponsored by private equity houses like Everstone, Goldman Sachs, Ashmore and others with an initial capitalization of ₹ 9,000 Millions. Prior to joining IndoStar Capital, he was the Country Head of AEGON N.V., the large Dutch financial services player, which has established a life insurance business in India. In his early career, Mr. Bhandari was with IL&FS, the Indian infrastructure financing and financial services institution, of which twelve years were spent as the Executive Director on the Board of Directors of the Company. He was directly responsible for the financial services business of IL&FS. He is on the Board of various leading public limited companies as an Independent Director. Mr. Bhandari has also been a member of the Executive Committee and the Listing Committee of National Stock Exchange of India Ltd. He is also a member of the Executive Committee of FICCI.

As on March 31, 2014 Mr. Bhandari is on the Board of the following companies in India:

- IndoStar Capital Finance Pvt. Ltd.
- Mirc Electronics Limited
- Kalpataru Power Transmission Ltd.
- DCM Shriram Consolidated Ltd.
- The Ratnakar Bank Limited
- Piramal Glass Limited
- JK Tyre & Industries Limited
- ING Investment Management (India) Private Limited
- Bharat Forge Limited
- IndoStar Asset Advisory Pvt. Ltd.

5.0 REMUNERATION OF DIRECTORS

5.1 Details of Remuneration paid to Non-Executive Independent Directors and Executive Directors during the year ended March 31, 2014

a) Non-Executive Independent Directors

The Non-Executive Independent Directors are entitled to sitting fees of ₹ 20,000 for each Board, Remuneration Committee and Audit Committee meetings attended. With effect from April 1, 2010, the Non-Executive Independent Directors are also entitled to commission of an amount as may be determined by the Board from time to time. The details of the commission paid during the financial year ended March 31, 2014 are given in the table below:

(₹ in Millions)

Sr. No.	Name of Director	Sitting Fees	Commission	Total
1	Dr. Vijay Mallya	0.08	1.25	1.33
2	Mr. Sharad M. Kulkarni	0.22	1.25	1.47
3	Mr. A.K.R. Nedungadi	0.22	1.25	1.47
4	Mr. Vimal Bhandari	0.16	1.25	1.41

b) Executive Directors

Mr. Stephan Gerlich, the ex-Vice Chairman & Managing Director and Dr. Thomas Hoffmann, Whole-time Director were paid remuneration during the year ended March 31, 2014 as per their respective agreements with the Company, which has been approved by the Board as well as the members.

Mr. Richard van der Merwe, who was appointed as Vice Chairman & Managing Director with effect from February 1, 2014 was paid remuneration during the year ended March 31, 2014 as approved by the Board subject to the approval of the members at the ensuing Annual General Meeting and the Central Government.

CORPORATE GOVERNANCE REPORT (contd.)

The details of the remuneration paid to the executive directors during the year ended March 31, 2014 is as under:

(₹ in Millions)

Sr. No.	Name of Director	Position	Salary & Allowances	Perquisites	Total Salary	Contract Period
1	Mr. Stephan Gerlich	Managing Director (till January 31, 2014)	46.07	10.72	56.79	July 1, 2009 to June 30, 2014*
2	Mr. Richard van der Merwe	Managing Director (from February 1, 2014)	6.19	4.81	11.00	February 1, 2014 to January 31, 2019
3	Dr. Thomas Hoffmann	Whole-time Director	25.66	11.88	37.54	April 2, 2013 to April 1, 2018

* The agreement entered into between the Company and Mr. Stephan Gerlich was terminated with effect from January 31, 2014 following his cessation as Director of the Company.

5.2 Service contract, notice period and severance fees

Mr. Richard van der Merwe has been appointed as the Vice Chairman & Managing Director of the Company with effect from February 1, 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. His appointment is subject to approval of the members at the ensuing Annual General Meeting and the Central Government.

Dr. Thomas Hoffmann has been appointed as a Whole-time Director of the Company with effect from April 2, 2013. His employment is contractual for a period of 5 years and is terminable by 6 months' notice on either side.

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

6.0 COMMITTEES OF THE BOARD**6.1 Audit Committee**

Details of the composition of the Audit Committee, which comprises of all Non-Executive Directors, with the majority of them being Independent, are as under:

Sr. No.	Name of Member	Designation	Category
1	Mr. Sharad. M. Kulkarni	Chairman	Non-Executive Independent
2	Mr. A.K.R. Nedungadi	Member	Non-Executive Independent
3	Mr. Vimal Bhandari	Member	Non-Executive Independent
4	Mr. Tobias Marchand	Member	Non-Executive

The Committee held 4 meetings during the financial year ended March 31, 2014. The meetings were held on May 20, 2013, July 30, 2013, October 30, 2013 and January 30, 2014. The attendance at the meetings was as under:

Sr. No.	Name of Member	Audit Committee Meetings held in Member's tenure	No. of Meetings attended
1	Mr. Sharad M. Kulkarni	4	4
2	Mr. A.K.R. Nedungadi	4	4
3	Mr. Vimal Bhandari	4	3
4	Mr. Tobias Marchand	4	1

The Vice Chairman & Managing Director, Chief Financial Officer, the Head of Corporate Accounting and the Head of Internal Audit are permanent invitees to all Audit Committee meetings. The Statutory Auditors are also invited to attend the meetings. The Company Secretary acts as the Secretary to the Committee.

The Audit Committee acts as a link between the Statutory and the Internal Auditors on the one side and the Board of Directors of the Company on the other side.

CORPORATE GOVERNANCE REPORT (contd.)

Role of the Audit Committee:

- Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to Statutory Auditors for any other services rendered by them.
- Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a) Matters required in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - 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 judgment 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.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the management, performance of Statutory and Internal Auditors, and adequacy of the internal control systems.
- 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.
- Discussion with Internal Auditors on any significant findings and follow up there on.
- 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.
- 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.
- 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.
- To review the functioning of the Whistle Blower mechanism.
- Reviewing internal audit reports relating to internal control weaknesses.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The minutes of the meetings of the Audit Committee are placed before the Board of Directors.

The Chairman of the Audit Committee, Mr. Sharad M. Kulkarni, was present at the Annual General Meeting of the Company held on Thursday, August 29, 2013.

6.2 Shareholders' / Investors' Grievance Committee

The Company has a Shareholders' / Investors' Grievance Committee under the Chairmanship of Mr. A. K. R. Nedungadi, a Non-Executive Independent Director, to attend to and redress the grievances received from the members of the Company.

Details of the composition of the Shareholders' / Investors' Grievance Committee as on March 31, 2014 are as under:

Sr. No.	Name of Member	Designation	Category
1	Mr. A. K. R. Nedungadi	Chairman	Non-Executive Independent
2	Mr. Richard van der Merwe	Member	Vice Chairman & Managing Director
3	Mr. Sharad M. Kulkarni	Member	Non-Executive Independent
4	Dr. Thomas Hoffmann	Member	Whole-time Director

CORPORATE GOVERNANCE REPORT (contd.)

The Committee held 4 meetings during the financial year ended March 31, 2014. The meetings were held on May 20, 2013, July 30, 2013, October 30, 2013 and January 30, 2014. The attendance at the meetings was as under:

Sr. No.	Name of Member	Shareholders' / Investors' Grievance Committee Meetings held in Member's tenure	No. of meetings attended
1	Mr. A.K.R. Nedungadi	4	4
2	Mr. Stephan Gerlich	4	4
3	Mr. Sharad M .Kulkarni	4	4
4	Dr. Thomas Hoffmann	4	4

No shareholder complaints were received through SEBI, BSE Limited or any other statutory authority during the year ended March 31, 2014.

6.3 Share Transfer Committee

In compliance with the amended Clause 49 of the Listing Agreement 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 is as under:

Sr. No.	Name of Member	Designation
1	Mr. Richard van der Merwe Vice Chairman & Managing Director	Chairman
2	Dr. Thomas Hoffmann Whole-time Director	Member
3	Mr. Rajiv Wani Vice President – Law, Patents & Compliance & Company Secretary	Member

6.4 Remuneration Committee

The Company has a Remuneration Committee to approve the remuneration of managerial person(s). The composition of the Remuneration Committee is as under:

Sr. No.	Name of Member	Designation	Category
1	Mr. Vimal Bhandari	Chairman	Non – Executive Independent
2	Mr. Sharad M. Kulkarni	Member	Non – Executive Independent
3	Mr. A.K.R. Nedungadi	Member	Non – Executive Independent
4	Mr. Tobias Marchand	Member	Non – Executive

The Committee held 2 meetings during the financial year ended March 31, 2014. The meetings were held on July 30, 2013 and January 30, 2014. The attendance at the meeting was as under:

Sr. No.	Name of Member	Remuneration Committee Meetings held in Member's tenure	No. of meetings attended
1	Mr. Vimal Bhandari	2	1
2	Mr. Sharad M. Kulkarni	2	2
3	Mr. A.K.R. Nedungadi	2	2
4	Mr. Tobias Marchand	2	–

7.0 COMPLIANCE OFFICER

Mr. Rajiv Wani, Vice President – Law, Patents & Compliance & Company Secretary, is the Compliance Officer of the Company.



CORPORATE GOVERNANCE REPORT (contd.)

8.0 GENERAL SHAREHOLDER INFORMATION

8.1 Annual General Meeting

Date of AGM : Thursday, August 28, 2014

Venue and time : Yashwantrao Chavan Pratishthan Auditorium,
Y. B. Chavan Centre, Near Mantralaya, Gen. J. Bhonsale Marg,
Mumbai - 400 021 at 11.30 a.m.

8.2 Dates of Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, August 19, 2014 to Thursday, August 28, 2014 (both days inclusive).

8.3 Proposed Date of Dividend Payment

The dividend of ₹ 5.50 per Equity Share, as recommended by the Board of Directors, if declared at the ensuing 56th Annual General Meeting to be held on Thursday, August 28, 2014 will be paid at par within 30 days of the said date:

- (i) to those members who hold shares in physical form and whose names appear on the Company's Register of Members as holders of Equity Shares on Tuesday, August 19, 2014.
- (ii) in respect of shares held in dematerialised form, to the beneficial owners of the shares as at the close of business hours on Monday, August 18, 2014 as per details to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

8.4 Financial Calendar

The financial calendar of the Company is from April 1 to March 31.

8.5 Board Meetings for Quarterly Results

(Tentative and subject to change)

Quarter ending June 30, 2014	On or before August 14, 2014
Half year ending September 30, 2014	On or before November 15, 2014
Third quarter ending December 31, 2014	On or before February 15, 2015
Year ending March 31, 2015	On or before May 30, 2015
Annual General Meeting for the financial year ending March 31, 2015	On or before September 30, 2015

8.6 Corporate Identification Number (CIN): L24210MH1958PLC011173

8.7 Registered Office

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

8.8 Corporate Office

Bayer House, Central Avenue
Hiranandani Estate
Thane (West) – 400 607.

8.9 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 : BAYER

ISIN : INE462A01022 (NSDL & CDSL)

The Company has paid the annual listing fees.

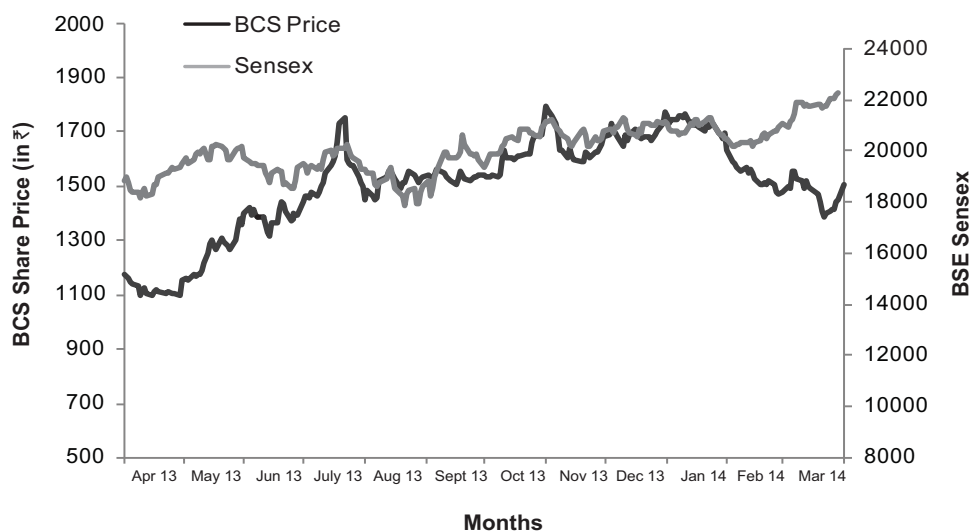
CORPORATE GOVERNANCE REPORT (contd.)**8.10 Stock Price Data**

The monthly high and low price of the Company's shares on BSE from April 1, 2013 to March 31, 2014 was as under:

Month	Share Prices (in ₹)	
	High	Low
April	1,210.00	1,065.05
May	1,433.00	1,141.20
June	1,492.80	1,301.10
July	1,775.00	1,400.00
August	1,575.00	1,420.05
September	1,596.40	1,498.00
October	1,826.90	1,528.00
November	1,829.20	1,580.00
December	1,818.35	1,631.00
January	1,785.00	1,584.05
February	1,670.00	1,450.00
March	1,570.00	1,378.00

8.11 Stock Performance

BCSL Share Price vis-a-vis BSE April 1, 2013 to March 31, 2014

**8.12 Registrars & Share Transfer Agents:**

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

TSR DARASHAW PRIVATE LIMITED (Unit – Bayer CropScience Limited)

6-10, Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road, Near Famous Studio,
Mahalaxmi, Mumbai - 400 011.

Tel No.: 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.)

Investors may also contact the following TSRDPL branch offices / agent:

a) Branch Offices of TSRDPL

1. TSR DARASHAW PRIVATE 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: tsrdlbang@tsrdarashaw.com

3. TSR DARASHAW PRIVATE 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 PRIVATE LIMITED

Bungalow No.1,
“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 PRIVATE 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 TSRDPL

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

8.13 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 TSRDPL at 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.

8.14 Distribution of shareholding as on March 31, 2014

Range of Shares	Number of Shareholders	Number of Shares	Percentage to Total Shareholders
1 - 500	18,060	1,416,858	94.37
501 - 1,000	555	405,787	2.90
1,001 - 2,000	269	376,813	1.41
2,001 - 3,000	65	161,034	0.34
3,001 - 4,000	37	130,910	0.19
4,001 - 5,000	18	82,350	0.09
5,001 - 10,000	53	375,447	0.28
10,001 and above	81	33,669,802	0.42
Total	19,138	36,619,001	100.00

CORPORATE GOVERNANCE REPORT (contd.)**Shareholding Pattern as on March 31, 2014**

Category of Shareholder	Number of Shareholders	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	2	5,967,617	5,967,617	16.30
(2) Foreign Body Corporate	3	19,283,290	19,283,290	52.66
Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	5	25,250,907	25,250,907	68.96
(B) Public Shareholding				
(1) Institutions				
(a) Mutual Funds / UTI	65	3,277,136	3,276,846	8.95
(b) Financial Institutions / Banks	24	16,562	11,964	0.05
(c) Insurance Companies	8	947,603	947,253	2.59
(d) Foreign Institutional Investors	49	2,916,262	2,915,346	7.96
Sub-total (B)(1)	146	7,157,563	7,151,409	19.55
(2) Non-Institutions				
(a) Bodies Corporate	562	1,261,325	1,257,197	3.44
(b) Individuals –				
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	18,409	2,534,151	2,075,955	6.92
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	9	410,533	383,373	1.12
(c) Qualified Foreign Investor	1	25	25	0.00
(d) Any Other				
i. Director	1	53	0	0.00
ii. Trusts	5	4,444	4,378	0.01
Sub - total (B)(2)	18,987	4,210,531	3,720,928	11.49
Total Public Shareholding (B) = (B)(1)+(B)(2)	19,133	11,368,094	10,872,337	31.04
Total (A)+(B)	19,138	36,619,001	36,123,244	100.00

8.15 List of Top 10 shareholders as on March 31, 2014

Sr. No.	Name of Shareholders	Number of shares	Percentage to Total Share Capital
1	Bayer SAS	7,122,757	19.45
2	Bayer CropScience AG	6,431,375	17.56
3	Bayer AG	5,729,158	15.65
4	Bayer Vapi Private Limited	5,378,883	14.69
5	Bajaj Allianz Life Insurance Company Limited	658,246	1.80
6	Bayer MaterialScience Private Limited	588,734	1.61
7	Wasatch Emerging Markets Small Cap Fund	533,520	1.46
8	Indian Syntans Investments (P) Limited	492,848	1.35
9	Oppenheimer International Small Company Fund	486,158	1.33
10	Pinebridge Investments Asia Limited A/c Pinebridge Investments GF Mauritius Limited	434,724	1.19
Total		27,856,403	76.09



8.16 Pledge of Equity Shares

None of the Equity Shares held by the Promoters and / or Promoter Group as on March 31, 2014 have been pledged or otherwise encumbered.

8.17 Dematerialisation of Shares and Liquidity

As per the Notification received from SEBI, the shares of the Company are traded compulsorily in dematerialised form with effect from March 21, 2000. Your Company has signed an Agreement with both the Depositories in the country, viz. NSDL and CDSL, whereby the shareholders have an option to get the shares dematerialised with any of the Depositories.

The 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 are offering 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 TSRDPL, both physically and electronically. On receipt of the physical documents and electronic request routed through the Depository, TSRDPL shall dematerialise the shares and give a credit into the member's demat account maintained with the DP.

As of March 31, 2014, 36,123,244 shares constituting 98.65% of the total shares issued by the Company are in dematerialised form.

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

Not Applicable

8.19 Plant Location

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

8.20 Address for correspondence:

Investors can correspond with

- | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>1. The Company at the following address :</p> <p>Bayer CropScience Limited
Law, Patents & Compliance Department
Bayer House, Central Avenue,
Hiranandani Estate, Thane (West) - 400 607.
Tel. No.: 022 - 2531 1690
Fax No.: 022 - 2545 5063
e-mail: ir_bcs@bayer.com
Website: www.bayer.in</p> | <p>2. TSRDPL at their following address :</p> <p>TSR DARASHAW PRIVATE LIMITED (Unit – Bayer CropScience Limited)
6-10, Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road, Near Famous Studio,
Mahalaxmi, Mumbai - 400 011.
Tel No.: 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 TSRDPL at the address mentioned above

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

ir_bcs@bayer.com

9.0 OTHER DISCLOSURES

9.1 Details of Annual General Meetings held in the past 3 years:

Year	Venue	Date	Time
2012-13	Yashwantrao Chavan Pratishthan Auditorium, Y. B. Chavan Centre, Gen. J. Bhonsale Marg, Mumbai 400 021	August 29, 2013	12.15 p.m.
2011-12	Rangaswar Hall, 4 th Floor, Y. B. Chavan Center, Gen. J. Bhonsale Marg, Mumbai 400 021	August 24, 2012	2.00 p.m.
2010-11	Yashwantrao Chavan Pratishthan Auditorium, Y. B. Chavan Centre, Gen. J. Bhonsale Marg, Mumbai 400 021	August 25, 2011	12 noon

9.2 Special resolutions passed in the previous 3 Annual General Meetings

Re-appointment of Dr. Thomas Hoffmann as a Director / Appointment as Whole-time Director of the Company with effect from April 2, 2013. Passed unanimously (AGM held on August 29, 2013).

9.3 Postal Ballot

During the year under review, a Special Resolution under Section 77A, 77AA, 77B of the Companies Act, 1956 seeking approval for buyback by the Company of its fully paid-up equity shares of ₹10 each not exceeding 28,79,746 equity shares (representing 7.29% of the total number of shares in the paid-up share capital of the Company) at a price of ₹ 1,580 per equity share (Rupees One Thousand Five Hundred and Eighty only) payable in cash for an aggregate amount of ₹ 4,550 Million (Rupees Four Thousand Five Hundred and Fifty Million only) from all the shareholders of the Company on a proportionate basis through the "Tender Offer" route as prescribed under the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 was passed by a postal ballot. The Postal Ballot was conducted pursuant to the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 as set out in the Notice dated August 2, 2013.

The said resolution was passed by the requisite majority.

Voting Pattern:

Voting	Number of Votes	% of Total Votes
Votes Cast	304,81,841	100
Votes For	304,52,717	99.90
Votes Against	22,109	0.07
Invalid Votes	7,015	0.02

9.4 Related Party Disclosures

The Company has not entered into any transactions of a material nature with the promoters, directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company. Transactions with related parties as per the requirements of Accounting Standards 18 are disclosed in the Notes to Financial Statements.

9.5 Code of Conduct for Prevention of Insider Trading

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company has adopted a "Code of Conduct for Dealing in Securities".

9.6 Details of non-compliance

There was no non-compliance by Bayer CropScience Limited on any matters related to capital markets during the last 3 years.

9.7 Means of communication

Financial Results: The quarterly, half-yearly and annual results of the Company are published in widely circulated newspapers, viz. The Financial Express and the Loksatta. These are also submitted to BSE in accordance with the Listing Agreement.

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. Apart from this, official news releases, Code of Conduct, Whistle Blower Policy, shareholding patterns, board structure etc. are also available on the Company's website.

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.

9.8 Office of the Chairman

Your Company maintains the office of the Chairman at Hoechst House, 5th Floor, Nariman Point, Mumbai – 400 021.

For and on behalf of the Board of Directors

Richard van der Merwe
Vice Chairman & Managing Director

Mumbai, May 30, 2014



CORPORATE GOVERNANCE REPORT (contd.)

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 / TSRDPL – 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 COMPLIANCE CERTIFICATE

To the Members of Bayer CropScience Limited,

I have examined the compliance of conditions of Corporate Governance by Bayer CropScience Limited for the financial year ended March 31, 2014, as stipulated in Clause 49 of the Listing Agreement of the Company with the Bombay Stock Exchange Limited, made applicable to all listed companies with effect from April 1, 2006.

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 the Corporate Governance as stipulated in the above mentioned Listing Agreement.

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 30, 2014

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 (Chief Executive Officer) and Dr. Thomas Hoffmann, Whole-time Director (Chief Financial Officer), to the best of our knowledge and belief, hereby certify that:

1. We have reviewed the Balance Sheet as at March 31, 2014, Statement of Profit and Loss and Cash Flow for the financial year ended on that date along with all its notes to financial statements and Directors' Report for the year and based on our knowledge and information confirm that:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
 - b) 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.
2. Based on our knowledge and information, there are no transactions entered into by the Company during the financial year which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We, along with the Company's other certifying officers accept responsibility for establishing and maintaining internal controls and have evaluated the effectiveness of internal control systems of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. The Company's other certifying officers and we, are responsible for establishing and maintaining disclosure controls and procedures for the Company, and we have :
 - a) designed such disclosure controls and procedures to ensure that material information relating to the Company, is made known to us by others within those entities, particularly during the financial year in which this report is being prepared; and
 - b) evaluated the effectiveness of the Company's disclosure, controls and procedures.
5. We, along with the Company's other certifying officers, have indicated to the Auditors and the Audit Committee of the Company, the following:
 - a) significant changes in internal control during the financial year under review;
 - b) significant changes in accounting policies during the financial year under review and that the same have been disclosed in the notes to the financial statements; and
 - c) instances of significant fraud of which they 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.
6. 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 'whistle blowers' from unfair termination and other unfair or prejudicial employment practices; and
7. We further declare that all Board members and senior managerial personnel have affirmed compliance with the Code of Conduct for the year under review.

Richard van der Merwe

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

Dr. Thomas Hoffmann

Whole-time Director
(Chief Financial Officer)
(DIN 06485949)

Mumbai, May 30, 2014

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1.0 OVERVIEW OF AGRICULTURAL SECTOR

Agriculture is the dominant sector in India and contributes significantly towards growth and sustainability of the Indian economy. More than 50% of India's population still relies on agriculture and allied activities for employment and livelihood. Indian Agriculture has shown impressive progress over the past four decades and has successfully kept pace with the rising demand for food. Today, Agriculture accounts for nearly 14% of India's Gross Domestic Product (GDP). It also serves as a source of raw material for a large number of industries. Therefore, a good growth in the agriculture sector has a cascading impact on other industries as well. Since more than two-thirds of India lives in rural areas, increased rural purchasing power is a valuable stimulant for industrial development.

2013-14 was a very good year for Indian Agriculture. Since more than 55% area under agriculture is rainfed, agricultural growth in India is very dependent on the monsoons. 2013 witnessed wide spread and abundant rainfall in most parts of India, resulting in record food grain production of over 263 Million Tonnes, 6 Million Tonnes higher than the production in 2012. Rice production is expected to reach 106.19 Million Tonnes and Wheat production is expected to touch 95.60 Million Tonnes. A record production has also been achieved for Maize (23.29 Million Tonnes), Tur (3.34 Million Tonnes), all Pulses put together (19.77 Million Tonnes), nine major Oilseeds put together (32.98 Million Tonnes) and Cotton (35.60 Million bales). The Agriculture sector is expected to show a growth of around 4.6% in its GDP contribution during 2013-14.

As a result of the initiatives taken by the Government of India, the share of public investment in Gross Capital Formation in agriculture and allied sectors has been going up in recent years. The increase is mainly due to substantially higher allocation under the Rashtriya Krishi Vikas Yojana (RKVY), which was launched in 2007-08 with an aim to boost the agricultural growth rate and to incentivize states to increase public investment in agriculture and allied sectors.

Based on the resolution adopted by the National Development Council (NDC) to launch a National Food Security Mission (NFSM) in the country to enhance the production of rice, wheat and pulses, additional components were proposed during 2013-14. These components were Accelerated Crop Production Programme (ACCP), need-based inputs under rice, wheat, pulses and coarse cereals, value chain integration, research support to institutions, project to combat climate change (high productivity areas), support to institutes including NGOs for assistance to farmers in remote areas etc. All North Eastern states were also included under NFSM during 2013-14.

Similarly under the National Horticulture Mission (NHM), new interventions were included in the scheme such as High Density Plantations (HDP), horticulture mechanization and certification of Good Agricultural Practices (GAP). Besides, cost norms of some of the activities like setting up of nurseries, area expansion, rejuvenation programmes and protected cultivation were revised to provide better incentives to farmers for adopting improved technologies and cultivars. The cost norms and pattern of assistance for Post-Harvest Management (PHM) were enhanced to encourage private sector participation in building PHM infrastructure.

The priority for the government remains increasing productivity, improving supply chain infrastructure and improving realization of produce to farmer by facilitating value chain partnerships. The above initiatives, coupled with private sector participation are expected to boost the growth of Indian Agriculture in 2014.

2.0 INDUSTRY DEVELOPMENT

The global Seed and Crop Protection market continued to grow in 2013. It posted a significant growth because of a good demand for innovative Crop Protection products and high-quality seeds.

In 2013, the Indian Crop Protection industry grew at an estimated 20%, which was significantly better than 2012. This was mainly due to a good and even distribution of the southwest monsoon. However, the hybrid Agri-Seeds market registered degrowth of 2% in 2013 over 2012, driven mainly by crop shifts and price erosion in hybrid cotton seeds, which constitutes the biggest segment in hybrid seeds.

The Indian Crop Protection market is expected to witness a growth in consumption due to factors such as growing farmer awareness, hybridization, increasing farmer income, increasing demand for food, increased focus on R&D and expansion of contract farming. Several factors such as a growing population, rising agricultural commodity prices, increased adoption of new technologies and growing farmer preference towards high-value and high-quality products will drive future growth in the industry.

Nearly 30% of India's potential crop yield is lost due to insects, diseases and weeds. Hence, pesticides play a crucial role in protecting crops from these biotic stress factors. This helps to increase crop yields, which is important due to the shrinking cultivable land in the country on one side and growing food demand on the other side. But the consumption of pesticides in India although low has been gaining a strong foothold primarily against the backdrop of growing farmer awareness, increasing incomes, increasing alternatives to dependence on monsoons, government initiatives, self-sufficiency in food grains and other factors.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (contd.)

Rising middle class, stronger consumer awareness and emergence of modern retail will drive the demand for good quality and safer products. Concepts such as Maximum Residue Levels etc. will play a vital role in catering to these demands, while fostering the launch of modern crop protection chemicals and increased industry focus on crop safety.

In order to provide comprehensive answers to the problems that farmers face today, Agrochemical and Seed companies are stepping up their efforts to come closer to end consumers. This has not only helped them to increase awareness about their brands and their benefits to farming, but also helped in promoting concepts like hybridization, focusing on increasing productivity, Return on Investment (ROI) concepts and adopting innovative farming solutions.

3.0 REVIEW OF FINANCIAL AND OPERATIONAL PERFORMANCE

Bayer CropScience Limited's Revenue from operation (Net) increased by 19%, from ₹ 27,253 Millions in 2012-13 to ₹ 32,452 Millions in 2013-14. Profit before exceptional items and tax increased by 13%, from ₹ 3,885 Millions in 2012-13 to ₹ 4,408 Millions in 2013-14.

Today, market leadership is the most sought-after business objective for any brand. It gives leverage to the brand to create better value and hence invest in future growth. In 2013-14, your Company initiated a strategic, internal "Market Leadership Strategy" to accelerate its current leadership position in India. Under this initiative, the broader strategic objectives have been translated in to "Must Win Battles", which outline how we can strengthen our leadership position in our key crop segments viz. Rice, Vegetables, Fruits, Cotton & Pulses. We have also identified "Key Enablers" which are the key action points that will help us win our "Must Win Battles".

Innovation is going to play a key role in our ambition of accelerating market leadership. Innovative products, process innovation and innovative solutions will help farmers differentiate us from competition. In order to provide comprehensive solutions to farmers, we are focusing on concepts such as "Bayer Labhsutra", which helps farmers achieve better ROI by adopting Bayer's "Seed to Harvest" packages. In 2013, we conducted more than 1,000 field demonstrations to explain this concept to farmers in geographies across India. Farmers have seen convincing results from Bayer Labhsutra, in the form of an increase in quantity and quality of produce and increased net profits.

In the year 2013-14, Bayer CropScience Limited successfully grew its innovative Crop Protection segment with flagship products like Confidor, Regent, Nativo and Belt Expert. The fungicides segment grew at an exceptional rate of over 40%. We launched two new Crop Protection products Lesenta and Solomon which received a very good response.

In the Agri-Seeds segment, hybrid rice continued to do very well in 2013-14. Arize, our flagship hybrid rice seed brand grew by about 30%. We launched several new hybrid seed products such as Arize 6129 Gold in hybrid rice, First Class in hybrid cotton, ProAgro 5222 in hybrid mustard and ProAgro 7701 Gold & ProAgro 9444 Gold in hybrid millet. Despite a 2% degrowth in the overall growth of the Seeds industry, the Seeds business of your Company improved its market share by 18% in 2013 over 2012.

In 2013-14, your Company initiated a number of new and innovative projects which helped us gain an edge over competition. Rice farmers in India face issues related to labour availability, reliability and increasing costs due to a short transplanting window. Farmers in intensive cultivation areas are looking for alternate solutions. With the "Bayer GrowPro" initiative, your Company offers customized "Bayer Healthy Seedlings" which can be mechanically transplanted in the field for Rice farmers. Mechanical Rice Transplanting combined with post transplanting advisory through the Bayer GrowPro Program will provide added value for farmers and create competitive advantages for your Company.

We believe that sustainable partnerships with our value chain partners can go a long way in collaborative growth. Your Company leverages these eco-systems through its "Food Chain Partnerships", which aims at providing farmers with innovative crop protection products, seeds and services, as well as advisory on optimal use of products and applications. Farmers benefit through better market access, more secure income, better technological solutions, higher yields and cost-effective, sustainable use of agrochemicals. In 2013, your Company signed 31 food chain partnerships, across 140 locations, covering more than 62,000 hectares and benefitting 79,000 farmers.

Knowing our consumers well, is the best way of servicing them. Your Company has undertaken a massive farmer profiling exercise to segment 3 Million farmers. These insights will help us in reaching and serving them better. We operate in a high inflationary environment; hence quality of sales is as equally important as quantity of sales. We continue to strive for improving our efficiency and effectiveness in operations. We have undertaken several commercial excellence initiatives to improve our information management systems in order to serving our consumers and channel partners better.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (contd.)

The Environmental Science business maintained its position as the market leader in the areas of Public Health and Professional Pest Management (PPM). Your Company launched two new products in 2013, Quick Bayt for Adult fly control and Agenda 25 EC for termite control. Your Company also relaunched Responsar after a gap of 4 years. Both these products will help future growth for the Environmental Science business of your Company.

In the PPM segment, your Company increased its footprint by engaging directly with large Pest Management Professionals (PMPs). These activities yielded good results in growing the Pest Control Operations (PCO) business. Your Company's "Bayer Network Program" which is a global certification programme for PCOs was piloted in India and now has been institutionalised across the country. Your Company has 51 Bayer Network PCOs in 22 cities across India and has increased its sales by 33% among the 'Bayer Network' PCOs.

4.0 OPPORTUNITIES AND OUTLOOK

The Indian economy has undergone several structural changes over time. There has been a sharp decline in the share of agriculture to India's GDP from 55% in 1950-51 to 14% in 2013-14. However the importance of agriculture has not decreased. Despite agriculture's reduced contribution to the national GDP, a significant section of India's rural workforce depends on agriculture for their livelihood. The pressure on agriculture to produce more and raise farmer's income is high. Though India has achieved self-sufficiency in food grain production, our country still faces a high prevalence of malnourishment and rural poverty. Under these circumstances, there is a greater need for increasing agricultural productivity and agriculture will always remain an important agenda point for policy makers. The importance of sustainable agriculture and of higher crop yields and quality in producing sufficient food on a limited amount of land will increase in years to come. Therefore, the outlook for companies providing Crop Protection, Seeds and other agri-inputs continues to be positive.

Innovation-driven companies will achieve better consolidation in terms of value capture. Better quality molecules, hybrid seeds and the range of other products well-suited for high-value agriculture will ensure growth. Swelling farm incomes, encouraged by good commodity prices, will further encourage farmers in spending on qualitative inputs for achieving higher yields, better quality and a more favorable ROI. Increasing labour shortage and its ever increasing cost will drive mechanisation in agriculture. Farmers will look for mechanised solutions in the area of various agricultural operations.

Foreign Direct Investment (FDI) in retail will have an unprecedented effect on the agri-food sector. The most significant provisions are those relating to back-end infrastructure and the requirements for 30% of products by value to be sourced from small and medium enterprises. These policies will have a major impact throughout the entire value chain. Farmers, who are the most important link in the value chain will benefit immensely. Currently their key concern is getting a good price for their produce with minimum wastage, reliable demand and access to timely inputs and information.

Expansion of modern retail will also drive consumer demand for newer and better products which will increase crop diversification. This will help farmers leverage the latest technologies and crop varieties to meet changing demand patterns. This will also drive employment opportunities in rural areas. While the government has taken proactive steps to give remunerative prices to farmers, the full benefit will flow to them with the strengthening of procurement and improved distribution systems.

Your Company with its strong focus on providing innovative solutions is well-positioned to partner farmers in this journey of achieving higher productivity. With a strong pipeline of products which are aimed at providing comprehensive solutions to diverse farming needs, we are confident of achieving the desired business objectives.

Understanding farmers' requirements and providing customized solutions has been the strength of your Company over the years. Our network of over 3,000 trained farm advisors and a well-qualified sales team coupled with our extensive distribution network will continue to deliver the right solution at the right time to farmers.

5.0 RISKS, CONCERNS AND THREATS

While there has been a significant increase in production of foodgrains and other agricultural produce in the recent past, there are a lot of challenges in Indian Agriculture. More than 55% of area under cultivation is dependent on rains. Our Crop Protection and Seeds businesses are directly influenced by the amount of rainfall, its distribution and water reservoir levels. This has a direct impact on the choice of crops cultivated by the farmer and total cultivated area during the year. Under such circumstances, the industry's performance will largely depend on timely and adequate rainfall.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (contd.)

There has been a continuous decline in the average size of farm landholdings. As a result, the adoption of technology by farmers and investment on latest inputs becomes very difficult.

Growth of generics will continue to put pressure on innovation driven companies. This will create a downward pressure on prices of off-patent products and is expected to remain so in the short and medium term. Your Company will continue driving value added pricing with its innovative portfolio and brands, as well as integrated crop solutions combined with services and advisory.

Availability of labour, credit/finance for small and marginal farmers, commodity prices, adoption of new farming techniques and timely implementation of irrigation and other major initiatives like post-harvest solutions will have a direct impact on the progress of this industry.

The regulatory framework for the registration of new products is quite complex, time consuming and cost-intensive. Your Company believes in pro-actively managing the regulatory environment by collaborating with regulatory authorities to ensure smooth flow of innovative products for Indian farmers.

Being a socially responsible and environmentally conscious company, we have undertaken several projects for safe distribution and application of Crop Protection products. Our focus is not only on introducing safer products in the market, but also educating and advising channel partners and farmers on safe product handling and usage. Your Company is a frontrunner in driving initiatives to advise on the regulatory environment in India and enhance Product Stewardship endeavors.

6.0 CORPORATE SUSTAINABILITY AND SOCIAL RESPONSIBILITY 2013

At Bayer CropScience Limited, sustainability is an integral part of our business strategy. It lies at the core of all our business decisions, right from product and solution development to selection of partners in procurement, manufacturing and distribution and throughout our internal business and organizational processes. We support the principles of sustainable agriculture in order to overcome challenges such as population growth, the growing demand for food, feed and renewable raw materials, limited natural resources and climate change.

One of the key objectives of our sustainability strategy is to balance economic growth with ecological balance and corporate social responsibility. Our global corporate mission statement: "Bayer: Science For A Better Life" outlines the scope of our social commitment. Our Corporate Social Responsibility (CSR) projects focus on the areas of science and education, health, social needs and community projects.

6.1 Empowering farmers

India is a major global exporter of grapes. In order to help farmers enhance grape production, Bayer CropScience Limited joined hands with UNIVeG, a leading supplier of fruits and vegetables in Europe. Further, your Company organized a "Grape Forum" in Nasik on August 20, 2013, to discuss key trends and address the challenges in grape production. Approximately 250 local farmers had the opportunity to learn more about the safe and sustainable production of high-quality table grapes from an array of experts.

Experts from your Company demonstrated how pests and diseases can be effectively managed with responsible use of tailored crop protection solutions, thereby increasing agricultural productivity and the quality of grapes. Favorable weather condition is the most critical factor in grape production. Your Company has partnered with the National Research Center for Grapes (NRCG) and Express Weather, a weather forecasting company, to create a weather advisory model. This innovative model supports grape growers with the knowledge of correct timing for spraying, in order to achieve better crop yields.

6.2 Successful Public-Private Partnership

The Rajasthan Cotton Collaborative Project is a perfect example of empowering marginalized farming communities in a sustainable way. The project was initiated in 2008 in the tribal Banswara district of South Rajasthan and extended to adjoining districts of Bhilwara and Rajsamand in 2009. The project was the result of a Public Private Partnership (PPP) between your Company, CITI-CDRA (Confederation of Indian Textile Industries' Cotton Development and Research Association) and the Department of Agriculture, Rajasthan. The project helped the tribal, small and marginal cotton farmers including women farmers in enhancing cotton productivity and farm income significantly from 2008 to 2011 in the three districts. In 2012, the project was shifted to four new districts of central Rajasthan viz. Ajmer, Jodhpur, Pali and Nagaur, covering an area of about 55,000 hectares.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (contd.)

During the cotton season in 2012 and 2013, more than 450 project farmer related events, such as farmer trainings, Farmer Field Schools, Field days, Kisanmelas etc. were organized by a dedicated project team. This led to a 15 - 50 % increase in the yield of cotton seeds of project farmers compared to the yield of non-project farmers in the same area. There is a scope to further expand the project to newer cotton growing districts under the PPP model in partnership with newer partners in 2014. The project aims to link project farmers to key stakeholders in the cotton value chain, such as ginners, spinners, textile manufacturers and garment exporters.

6.3 Model Village Project enters the second phase

The Model Village Project has been envisaged to foster comprehensive rural development in villages. The project focuses on key aspects such as knowledge transfer on novel, sustainable ways to enhance agricultural productivity, foster educational initiatives and improvement of health and livelihood opportunities. Being implemented as a pilot project in two villages – Mangalgudda and Kadivala in North Karnataka, the Model Village Project aims to nurture rural development through the concept of 'empowerment'. The Model Village Project is based on a holistic approach that nurtures important initiatives such as introduction of drip irrigation, facilitating soil testing, organising human and animal health camps, implementing Vidya Prayas scholarships for school-going children, productivity enhancement training for farmers and establishing an Information and Communication Technology (ICT) lab for Model Village children that resulted in encouraging results.

7.0 INTERNAL CONTROL SYSTEMS

Your 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 and processes in line with the approved plan. Audit observations and follow-up actions are discussed with the management of the Company as well as the Audit Committee.

8.0 MATERIAL DEVELOPMENT ON HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The industrial relations situation was cordial and harmonious and continues to be so at present. Extensive training was given to workers on cross functional roles. Topics included LIFE (Leadership, Integrity, Flexibility and Efficiency) values, energy conservation, personal effectiveness, corporate compliance, first aid, safe driving, QHSE, emergency handling & firefighting, health & employee safety and risk assessment. The Company appreciates the contributions and initiatives made by all employees towards achieving improved productivity, flexibility in operations and overall business performance of your Company.

CAUTIONARY STATEMENT

The statements in the "Management Discussion and Analysis Report" describe the Company's objectives, projections, estimates, expectations and predictions which may be "forward-looking statements" within the meaning of applicable laws and regulations. The annual results can differ materially from those expressed or implied, depending upon the economic and climatic conditions, government policies and other incidental factors.

INDEPENDENT AUDITORS' REPORT

To the Members of Bayer CropScience Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Bayer CropScience Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of 'the Companies Act, 1956' of India (the "Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying 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 accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
 - (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

7. We draw your attention to Note 40 to the Financial Statements, regarding appointment of and payment of remuneration of ₹ 11 Million to Vice Chairman and Managing Director of the Company, for the period February 1, 2014 to March 31, 2014, for which approval from the Central Government and shareholders of the Company are awaited. Our Opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

8. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.



INDEPENDENT AUDITORS' REPORT

To the Members of Bayer CropScience Limited

9. As required by Section 227(3) of the Act, we report that:

- (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
- (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For Price Waterhouse

Firm Registration Number: 301112E
Chartered Accountants

Uday Shah

Partner
Membership Number: 046061

Place : Mumbai
Date : May 30, 2014

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 8 of the Independent Auditors' Report of even date to the members of Bayer CropScience Limited on the financial statements for the year ended March 31, 2014.

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items 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 programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- ii. (a) The inventory [excluding stocks with third parties] has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted/ taken any loans, secured or unsecured, to/ from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii)[(b),(c), (d), (f) and (g)] of the said Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, having regard to the explanation that, except for certain items of inventory which are of special nature for which suitable alternative sources do not exist, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of income tax, service tax, professional tax and local body tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, sales tax, wealth tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth tax as at March 31, 2014 which have not been deposited on account of any dispute. Refer Appendix A for the particulars of dues of income tax, sales tax, service tax, customs duty and excise duty as at March 31, 2014 which have not been deposited on account of a dispute.
- x. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.



ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 8 of the Independent Auditors' Report of even date to the members of Bayer CropScience Limited on the financial statements for the year ended March 31, 2014

- xi. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any bank. Further, there were no dues payable to financial institution or debenture holders as at the Balance Sheet date.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
- xiii. As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- xv. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable to the Company.
- xvi. The Company has not raised any term loans. Accordingly, the provisions of Clause 4(xvi) of the Order are not applicable to the Company.
- xvii. The Company has not raised any funds on short term basis. Accordingly, the provisions of Clause 4(xvii) of the Order are not applicable to the Company.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
- xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year-end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Price Waterhouse

Firm Registration Number: 301112E

Chartered Accountants

Uday Shah

Partner

Membership Number: 046061

Place : Mumbai

Date : May 30, 2014

Appendix A

Referred to in paragraph (ix) (b) of our Annexure to the Independent Auditors' Report of even date to the members of Bayer CropScience Limited on the financial statements for the year ended March 31, 2014

Sr. No.	Name of the Statute	Nature of Dues	Amount (₹ in Millions)	Period to which the amount relates	Forum where dispute is pending
1	Income Tax The Income Tax Act, 1961	Income Tax liability (including interest and penalty, where applicable)	356	Assessment Year 1996-1997, 2000-2001, 2002-2003, 2003-2004, 2008-2009 to 2011-2012	Appellate Authority - up to Commissioner's level
	Sub Total				
2	Customs Duty The Custom Duty Act, 1962	Demand raised with interest and penalty due to valuation dispute	354	For the period February 1996 to September 1999	The Supreme Court of India
	Sub Total				
3	Sales Tax The Central Sales Tax Act, 1956 and Local Sales Tax Acts	Sales Tax liability (including penalty and interest, where applicable)	328	Years 1977-1978 to 1984-1985, 1994-1995, 1995-1996, 1999-2000 to 2005-2006, 2008-2009 to 2009-2010	Appellate Authority - up to Commissioner's level
			2	Years 1989-1990 to 1991-1992, 2007-2008, 2009-2010	Sales Tax Appellate Tribunal
	Sub Total	330			
4	Excise Duty The Central Excise Act, 1944	Excise duty (including interest and penalty, where applicable)	4	Years 1986 to 1991, 1993 to 1997	Appellate Authority - up to Commissioner's level
			13	Years 1993-1994, 1998 to 2004, 2006-2007 to 2010-2011	Customs, Excise and Service Tax Appellate Tribunal
			14	Years 1994-1995, 2000-2001, 2001-2002 and 2002-2003	High Court
	Sub Total	31			
5	Service Tax The Finance Act, 1994	Service Tax liability (including interest and penalty, where applicable)	12	Years from 2004 to 2007	Appellate Authority - up to Commissioner's level
	Sub Total				
Total			1,083		



Balance Sheet as at March 31, 2014

			₹ in Millions
	Note	As at 31.03.2014	As at 31.03.2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	2	366	395
Reserves and Surplus	3	17,057	18,918
		17,423	19,313
NON-CURRENT LIABILITIES			
Deferred Tax Liabilities (Net)	11	-	18
Other Long-term Liabilities	4	99	75
Long-term Provisions	5	401	384
		500	477
CURRENT LIABILITIES			
Short-term Borrowings	6	-	-
Trade Payables	7	2,921	1,972
Other Current Liabilities	4	2,510	1,949
Short-term Provisions	5	515	439
		5,946	4,360
Total		23,869	24,150
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
- Tangible Assets	8A	2,260	2,157
- Intangible Assets	8B	18	29
- Capital work-in-progress		2,168	1,271
Non-Current Investments	10	34	37
Deferred Tax Assets (Net)	11	139	-
Long-term Loans and Advances	12	721	734
		5,340	4,228
CURRENT ASSETS			
Current Investments	10	3	-
Inventories	13	5,495	5,000
Trade Receivables	14	4,099	3,224
Cash and Bank Balances	15	4,862	9,741
Short-term Loans and Advances	12	4,039	1,860
Other Current Assets	16	31	97
		18,529	19,922
Total		23,869	24,150

Significant Accounting Policies

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

In terms of our report of even date.

For Price Waterhouse

Firm Registration Number: 301112E

Chartered Accountants

Uday Shah

Partner

Membership Number: 046061

Rajiv Wani

Vice President - Law, Patents & Compliance &
Company Secretary

For and on behalf of the Board

Vice Chairman &

Managing Director

Richard van der Merwe

DIN 06768305

Directors

A.K.R. Nedungadi

DIN 00103214

Vimal Bhandari

DIN 00001318

Peter Mueller

DIN 03582162

Dr. Thomas Hoffmann

DIN 06485949

Place : Mumbai

Date : May 30, 2014

Place : Mumbai

Date : May 30, 2014

Statement of Profit and Loss for the year ended March 31, 2014

₹ in Millions

	Note	01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013
Revenue from Operations (Gross)		33,992	28,390
Less: Excise Duty		1,540	1,137
Revenue from Operations (Net)	17	32,452	27,253
Other Income	18	909	689
TOTAL REVENUE		33,361	27,942
EXPENSES			
Cost of Materials Consumed	19	6,912	5,754
Purchases of Stock-in-Trade	20	14,074	11,597
Changes in Inventories of semi-finished goods, finished goods and stock-in-trade	21	(85)	95
Employee Benefit Expenses	22	2,040	1,810
Finance Costs	23	48	37
Depreciation and Amortisation Expense (including Impairment)	9	646	366
Other Expenses	24	5,318	4,398
TOTAL EXPENSES		28,953	24,057
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		4,408	3,885
Add/ (Less): Exceptional Items			
- Profit on Sale of Land and Buildings	37	-	11,906
- Demolition and Remediation Expenditure (Net)	38	-	(159)
		-	11,747
PROFIT BEFORE TAX		4,408	15,632
Tax Expense			
- Current Tax [including charge for earlier years 9 (Previous Year 7)]		1,670	3,893
- Deferred Tax		(157)	122
		1,513	4,015
PROFIT FOR THE YEAR		2,895	11,617
Earnings Per Share before exceptional items (net of tax) - Basic and Diluted	39	₹ 75.14	₹ 66.79
Earnings Per Share after exceptional items (net of tax) - Basic and Diluted	39	₹ 75.14	₹ 294.11
[Face Value per Equity Share - ₹ 10/-]			
Significant Accounting Policies	1		
The accompanying Notes are an integral part of these financial statements.			

In terms of our report of even date.

For Price Waterhouse

Firm Registration Number: 301112E

Chartered Accountants

Uday Shah

Partner

Membership Number: 046061

Rajiv WaniVice President - Law, Patents & Compliance &
Company Secretary**For and on behalf of the Board**Vice Chairman &
Managing Director**Richard van der Merwe**
DIN 06768305

Directors

A.K.R. Nedungadi

DIN 00103214

Vimal Bhandari

DIN 00001318

Peter Mueller

DIN 03582162

Dr. Thomas Hoffmann

DIN 06485949

Place : Mumbai

Date : May 30, 2014

Place : Mumbai

Date : May 30, 2014



Notes to the financial statements for the year ended March 31, 2014

(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 Olympia, First Floor, Central Avenue, Hiranandani Gardens, Powai, Mumbai - 400 076. The Company is engaged into 'AgriCare' business which primarily includes manufacture, sale and distribution of insecticides, fungicides, weedicides and various other agrochemical products. Out of the total paid-up share capital of the Company 68.96% is held by its promoters. The Company is listed on the Bombay Stock Exchange, Mumbai. The Company has its own manufacturing sites at Ankleshwar and Himatnagar in the State of Gujarat.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to circular number 15/2013 dated September 13, 2013 read with circular number 08/2014 dated April 4, 2014, till the Standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standard notified under the Companies Act, 1956 shall continue to apply. Consequently these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956 (the Act).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/ non-current classification of assets and liabilities.

(b) Use of Estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles in India requires, the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/ materialise.

(c) Tangible Assets

Tangible Assets are stated at cost of acquisition less accumulated depreciation/ impairment losses, if any. Cost comprises of cost of acquisition, cost of improvements and any attributable cost of bringing the asset to its working condition for intended use.

Subsequent expenditures related to an item of Tangible Asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Items of Tangible Assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements. Any expected loss is recognised immediately in the Statement of Profit and Loss.

Losses arising from the retirement of, and gains or losses arising from disposal of Tangible Assets which are carried at cost are recognised immediately in the Statement of Profit and Loss.

Depreciation on Tangible Assets is provided on Straight Line Method based on the following useful lives of the assets, which are lower than or equal to the implied useful lives arrived on the basis of the rates prescribed in Schedule XIV to the Act.

Assets	Useful Lives in Years	
	Revised from 01.04.2013	Original upto 31.03.2013
Buildings	10 to 30	20 to 29
Plant and Equipment	7 to 15	9 to 12
Furniture and Fixtures	10	10
Vehicles	5 to 8	8
Office Equipment	3 to 5	10
Computers	3 to 4	5

Leasehold Land and Leasehold Improvement are amortised over the period of lease. Depreciation on assets costing ₹ 5,000/- or less is provided at the rate of 100% in the year of acquisition of the assets.

(d) Intangible Assets

Intangible Assets are stated at cost of acquisition less accumulated amortisation/ impairment losses, if any.

Goodwill, Technical Knowhow and Computer Software are amortised on straight line basis over a period of three to five years.

Gains or losses arising from the retirement or disposal of an Intangible Assets are determined as the difference between the net disposal proceeds and the carrying amount of the assets and recognised as income or expense in the Statement of Profit and Loss.

Intangible Assets under development represent costs incurred towards the computer software for which development/ customisation is in progress.

Notes to the financial statements for the year ended March 31, 2014 (contd.)*(All amounts in ₹ Millions, unless otherwise stated)***(e) Borrowing Costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

(f) Impairment of Assets

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/ cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

(g) Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

Investment in Land or Buildings that are not intended to be occupied substantially for use by, or in the operations of the Company, have been classified as investment property. Investment properties are carried at cost less accumulated depreciation, if any.

(h) Inventories

Inventories are stated at cost or net realisable value, whichever is lower. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make sale.

Cost of raw materials, packing materials and traded goods are determined on Weighted Average Method.

Cost of finished goods and semi-finished goods include cost of raw materials and packing materials, cost of conversion and other costs incurred in bringing the inventories to the present location and condition.

(i) Foreign Currency Transactions

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of the transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Statement of Profit and Loss.

Monetary assets and liabilities in foreign currency are translated at the year-end at the closing exchange rate and the resultant exchange differences are recognised in the Statement of Profit and Loss. Non-monetary foreign currency items are carried at cost.

The premium or discount on forward exchange contracts is amortised as expense or income over the life of the contract.

(j) Revenue Recognition

Sale of goods is recognised when the property and all significant risks and rewards of ownership are transferred to the buyer and no significant uncertainty exists regarding the amount of consideration that is derived from the sale of goods and these are inclusive of excise duty but net of trade discounts, rebates and sales tax.

Interest Income is accounted on accrual basis and dividend income is accounted when right to receive payment is established.

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.

(k) Employee Benefits**a. Defined Contribution Plans:**

The Company has Defined Contribution plans for post employment benefits namely Provident Fund and Superannuation Fund which are administered through appropriate 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.

The Superannuation Fund applicable to certain employees is a defined contribution plan as 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 the insurance company.

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 expensed in the Statement of Profit and Loss every year.

Notes to the financial statements for the year ended March 31, 2014 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

(k) Employee Benefits (contd.)

b. Defined Benefit Plans:

The Company has a Defined Benefit plan namely Gratuity covering its employees and Pension for certain employees. The Gratuity scheme is funded through Group Gratuity-cum-Life Assurance Scheme which is administered by Life Insurance Corporation of India ('LIC') and Pension plan is an unfunded scheme.

The liability for the defined benefit plan of Gratuity and Pension is provided based on an actuarial valuation carried out by an independent actuary at the year-end using Projected Unit Credit Method.

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

d. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss as income or expense.

e. Other Employee Benefits:

The employees of the Company are entitled to compensated absences and long service awards as per the policy of the Company.

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.

The liability in respect of long service award is provided, based on an actuarial valuation carried out by an independent actuary as at the year-end using Projected Unit Credit Method.

(l) Operating Lease

As a lessee:

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight line basis over the period of the lease.

As a lessor:

The Company has leased certain tangible assets and such leases where the Company has substantially retained all the risks and rewards of ownership are classified as operating leases. Lease income on such operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the lease term which is representative of the time pattern in which benefit derived from the use of the leased asset is diminished. Initial direct costs are recognised as an expense in the Statement of Profit and Loss in the period in which they are incurred.

(m) Taxation

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

(n) Provision, Contingent Liabilities and Contingent Assets

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

When there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure as specified in Accounting Standard 29 - "Provisions, Contingent Liabilities and Contingent Assets" is made.

Contingent Assets are not recognised in the financial statements.

(o) Cash and Cash Equivalents

In the Cash Flow Statement, cash and cash equivalents includes cash on hand, balance with banks, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

Notes to the financial statements for the year ended March 31, 2014 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

2. SHARE CAPITAL

	As at 31.03.2014	As at 31.03.2013
Authorised:		
46,300,000 (Previous Year 46,300,000) Equity Shares of ₹ 10/- each	463	463

Issued, Subscribed and Paid-up:

36,619,001 (Previous Year 39,498,747) Equity Shares of ₹ 10/- each, fully paid-up	366	395
-----------------------------------------------------------------------------------	------------	-----

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) Reconciliation of number of Issued, Subscribed and Paid-up Equity Shares:

	As at 31.03.2014		As at 31.03.2013	
	Number of shares	Amount	Number of shares	Amount
Balance as at the beginning of the year	39,498,747	395	39,498,747	395
Less: Shares bought back during the year [Refer Note (d) below]	2,879,746	29	-	-
Balance as at the end of the year	36,619,001	366	39,498,747	395

c) Shares bought back during 5 years immediately preceeding the Balance Sheet:

	Number of Shares	
	01.04.2009 to 31.03.2014	01.04.2008 to 31.03.2013
Aggregate number of Equity Shares bought back	2,879,746	-

d) Pursuant to the approval of the Board of Directors on July 22, 2013 and Shareholders of the Company through postal ballot, results of which were declared on September 16, 2013, the Company bought back 2,879,746 equity shares (representing 7.29% of the equity capital) at a price of ₹ 1,580/- per equity share aggregating to 4,550 through the tender offer route, in terms of Public Announcement dated September 18, 2013. After extinguishment of 2,879,746 Equity Shares on November 29, 2013, the Issued, Subscribed and Paid-up Equity Capital of the Company reduced from 39,498,747 equity shares to 36,619,001 equity shares.

Accordingly: (i) the face value of issued, subscribed and paid-up equity share capital is reduced by 29; (ii) 29 has been transferred from the Surplus in Statement of Profit and Loss to Capital Redemption Reserve as per the provision of Section 69(1) the Companies Act, 2013; (iii) the premium aggregating to 4,521 has been adjusted from the Surplus in Statement of Profit and Loss.



Notes to the financial statements for the year ended March 31, 2014 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

2. SHARE CAPITAL (contd.)

	Number of Shares	
	As at 31.03.2014	As at 31.03.2013
e) Shares held by Ultimate Holding Company and its subsidiaries:		
Ultimate Holding Company:		
Bayer AG, Germany *	5,729,158	6,372,560
Subsidiaries of Ultimate Holding Company:		
Bayer S.A.S., France *	7,122,757	7,922,666
Bayer CropScience AG, Germany *	6,431,375	7,153,638
Bayer Vapi Private Limited (Formerly Bilag Industries Private Limited), India *	5,378,883	5,982,948
Bayer MaterialScience Private Limited, India	588,734	654,850

* There are no shareholders holding more than 5% of the aggregate Equity Shares of the Company except those marked above.

3. RESERVES AND SURPLUS

	As at 31.03.2014	As at 31.03.2013
Capital Redemption Reserve		
Balance as at the beginning of the year	-	-
Add: Transfer from Surplus in Statement of Profit and Loss [Refer Note 2(d)]	29	-
	29	-
General Reserve		
Balance as at the beginning of the year	2,604	1,442
Add: Transfer from Surplus in Statement of Profit and Loss during the year	290	1,162
Balance as at the end of the year	2,894	2,604
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	16,314	6,090
Profit for the year	2,895	11,617
Less: Appropriations:		
- Proposed Dividend	201	197
- Dividend Distribution Tax on Proposed Dividend	34	34
- Transfer to General Reserve	290	1,162
- Premium paid on Buy-back of shares [Refer Note 2(d)]	4,521	-
- Transfer to Capital Redemption Reserve [Refer Note 2(d)]	29	-
Balance as at the end of the year	14,134	16,314
	17,057	18,918

The Board of Directors, in their meeting held on May 30, 2014 proposed a dividend of ₹ 5.50 per share for the year ended March 31, 2014 (Previous Year ₹ 5.00 per share) amounting to 201 (Previous Year 197) and dividend distribution tax of 34 (Previous Year 34). The proposal is subject to approval of Shareholders at the Annual General Meeting.

Notes to the financial statements for the year ended March 31, 2014 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

4. OTHER LIABILITIES

	Long-term		Current	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
Unpaid Dividends [Refer Note (a) below]	-	-	4	4
Others:				
- Advances from Customers	-	-	774	664
- Discounts/ Rebates payable to Customers	-	-	1,029	737
- Deposits from Customers	-	-	94	91
- Payable for Capital Purchases	-	-	121	41
- Employee Benefits Payable	99	75	369	341
- Payable towards Statutory Liabilities	-	-	119	71
	99	75	2,510	1,949

- a) There are no amounts as at year-end which are due for payment to Investor Education and Protection Fund under Section 205C of the Companies Act, 1956.

5. PROVISIONS

	Long-term		Short-term	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
Provision for Employee Benefits:				
- Gratuity	122	117	40	27
- Compensated Absences	47	51	89	87
- Pension *	5	8	3	-
- Long Service Benefit Award	8	12	5	1
Other Provisions:				
- Provision for Direct Tax Matters [Net of Advance Tax of 164 (Previous Year 164)] [Refer Note (a) below]	9	7	-	-
- Provision for Indirect Tax Matters [Refer Note (a) below]	64	58	-	-
- Provision for Commercial and Other Matters [Refer Note (a) below]	146	131	-	-
- Provision for Current Income Tax [Net of Advance Tax of 1,538 (Previous Year 3,848)]	-	-	143	93
- Proposed Dividend	-	-	201	197
- Dividend Distribution Tax on Proposed Dividend	-	-	34	34
	401	384	515	439

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



Notes to the financial statements for the year ended March 31, 2014 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

5. PROVISIONS (contd.)

a) Disclosure of Provisions

	Direct Tax (net of advance tax)	Indirect Tax	Commercial and Other Matters
Balance as at the beginning of the year	7 (29)	58 (52)	131 (62)
Add : Additional provision	2 (10)	8 (7)	37 (69)
Less : Provision utilised	- (-)	1 (-)	17 (-)
Less : Provision reversed	- (-)	1 (-)	5 (-)
Less : Payments/ Refund Adjustments	- (32)	- (1)	- (-)
Balance as at the end of the year	9 (7)	64 (58)	146 (131)

Figures shown in brackets are in respect of previous year.

Provisions represent 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 matter 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. During the year, an amount of 17 (Previous Year 50) is recognised under the head "Purchases of Stock-in-Trade" [Refer Note 20], 20 (Previous Year 16) is recognised under the head "Finance Costs" [Refer Note 23] and Nil (Previous Year 3) under the head "Exceptional Items" - Demolition and Remediation Expenditure [Refer Note 38] as an additional provision towards Commercial and Other Matters.

6. SHORT-TERM BORROWINGS

	As at 31.03.2014	As at 31.03.2013
Unsecured Loans		
Overdraft facility from Bank *	-	-
	-	-

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

7. TRADE PAYABLES

	As at 31.03.2014	As at 31.03.2013
Trade Payables [Refer Note (a) below]	2,921	1,972

- 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:

	01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013
(I) (i) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year-end	41	7
(ii) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year-end	-	-
(II) (i) Interest paid, under Section 16 of the MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year *	-	-
(ii) Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	53	72
(III) Interest paid, other than under Section 16 of the MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
(IV) Interest due and payable towards suppliers registered under the MSMED Act, for payments already made	-	-
(V) Further interest remaining due and payable for earlier years	-	-

* 0.27 (Previous Year 0.41)

The above information has been determined to the extent such parties have been identified on the basis of information available with the Company.

Notes to the financial statements for the year ended March 31, 2014 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

8A. TANGIBLE ASSETS

Assets	Gross Block (at Cost)			Depreciation/ Amortisation					Impairment Loss				Net Book Value	
	As at 01.04.2013	Additions	Deletions	As at 31.03.2014	As at 01.04.2013	For the Year [Refer Note 9(b)]	On Deletions	As at 31.03.2014	As at 01.04.2013	For the Year [Refer Note 9(a)]	On Deletions	On Reversal	As at 31.03.2014	As at 31.03.2014
Leasehold Land	19 (19)	- (-)	- (-)	19 (19)	3 (2)	- (1)	- (-)	3 (3)	- (-)	- (-)	- (-)	- (-)	- (-)	16 (16)
Buildings [Refer Note b]	904 (1,091)	114 (61)	3 (248)	1,015 (904)	179 (269)	38 (44)	3 (134)	214 (179)	- (-)	72 (-)	- (-)	- (-)	72 (-)	729 (725)
Plant and Equipment	2,163 (2,364)	348 (162)	27 (363)	2,484 (2,163)	1,229 (1,286)	221 (268)	24 (325)	1,426 (1,229)	- (4)	68 (-)	- (2)	- (2)	68 (-)	990 (934)
Furniture and Fixtures	93 (131)	61 (7)	1 (45)	153 (93)	63 (82)	14 (17)	1 (36)	76 (63)	- (8)	1 (-)	- (3)	- (5)	1 (-)	76 (30)
Leasehold Improvements	3 (3)	- (-)	- (-)	3 (3)	3 (3)	- (-)	- (-)	3 (3)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Vehicles	423 (440)	140 (79)	55 (96)	508 (423)	114 (122)	114 (51)	42 (59)	186 (114)	- (-)	1 (-)	- (-)	- (-)	1 (-)	321 (309)
Office Equipment (including Computers)	359 (442)	88 (32)	23 (115)	424 (359)	216 (258)	99 (58)	21 (100)	294 (216)	- (7)	2 (-)	- (4)	- (3)	2 (-)	128 (143)
Total	3,964 (4,490)	751 (341)	109 (867)	4,606 (3,964)	1,807 (2,022)	486 (439)	91 (654)	2,202 (1,807)	- (19)	144 (-)	- (9)	- (10)	144 (-)	2,260 (2,157)

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

b) During certain period in the previous year, a portion of Buildings had been given on operating lease to Group Companies and Third Parties, the cost of which is not readily ascertainable.

8B. INTANGIBLE ASSETS

Assets	Gross Block (at Cost)				Amortisation				Net Book Value	
	As at 01.04.2013	Additions	Deletions	As at 31.03.2014	As at 01.04.2013	For the Year	On Deletions	As at 31.03.2014	As at 31.03.2014	
Goodwill	93 (93)	- (-)	- (-)	93 (93)	93 (93)	- (-)	- (-)	93 (93)	- (-)	
Computer Software	71 (52)	5 (19)	- (-)	76 (71)	42 (23)	16 (19)	- (-)	58 (42)	18 (29)	
Technical Knowhow	15 (15)	- (-)	- (-)	15 (15)	15 (15)	- (-)	- (-)	15 (15)	- (-)	
Total	179 (160)	5 (19)	- (-)	184 (179)	150 (131)	16 (19)	- (-)	166 (150)	18 (29)	

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

9. DEPRECIATION AND AMORTISATION EXPENSE (INCLUDING IMPAIRMENT)

Depreciation and Amortisation expense	01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013
- on Tangible Assets	486	439
- on Intangible Assets	16	19
- on Assets Held for sale	-	4
Impairment Loss		
- on Tangible Assets [Refer Note (a) below]	144	-
Less: classified under exceptional items [Refer Note 38]	-	(96)
Total	646	366

Notes to the financial statements for the year ended March 31, 2014 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

9. DEPRECIATION AND AMORTISATION EXPENSE (INCLUDING IMPAIRMENT) (contd.)

- a) Pursuant to the Board of Director's approval for proposal to sell either the whole or in part the manufacturing unit(s) and facilities of the Company located at Ankleshwar and subsequent execution of 'Business Transfer Agreement' to sell, convey, assign and transfer chemical manufacturing facility at Ankleshwar, as a going concern on slump sale basis, to Deccan Fine Chemicals (India) Private Limited and 'Assets Transfer Agreement' to sell and transfer all assets related to Poly-isocyanate unit located within the Ankleshwar facility to Bayer MaterialScience Private Limited, the Company has recognized impairment loss of 144 during year ended March 31, 2014. The sale pursuant to both the agreements will be recognised subject to satisfactory fulfillment of certain conditions and receipt of such government approval or permission, as may be required.
- b) The Depreciation and Amortization Expense for the year ended March 31, 2014 includes additional depreciation charge of 134 on account of revision in economic useful life of the fixed assets of the Company [Refer Note 1(c)].

10. INVESTMENTS

	Non-Current		Current	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
INVESTMENT PROPERTY				
Freehold Land	34	34	-	-
INVESTMENT IN EQUITY INSTRUMENTS				
(Long-term, Non-trade and Unquoted) - at Cost				
4,900 (Previous Year 4,900) Equity Shares in Bharuch Enviro Infrastructure Limited of ₹ 10/- each, fully paid-up *	-	-	-	-
282,390 (Previous Year 209,880) Equity Shares in Narmada Clean Tech Limited of ₹ 10/- each, fully paid-up	-	2	3	-
SHARE APPLICATION MONEY PENDING ALLOTMENT	-	1	-	-
(Towards 72,510 Equity Shares in Narmada Clean Tech Limited of ₹ 10/- each)				
	<u>34</u>	<u>37</u>	<u>3</u>	<u>-</u>

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

11. DEFERRED TAX

	As at 31.03.2014	As at 31.03.2013
Deferred Tax Assets		
Provision for Doubtful Debts/ Advances/ Deposits	50	44
VRS Expenses	-	6
Disallowances under Section 40(a)(i) and 40(a)(ia)	103	52
Liabilities allowed on payment basis	107	101
Others	31	28
	<u>291</u>	<u>231</u>
Less: Deferred Tax Liabilities		
Depreciation/ Impairment of Assets	152	249
	<u>152</u>	<u>249</u>
Net Deferred Tax Assets/ (Liabilities)	<u>139</u>	<u>(18)</u>

Notes to the financial statements for the year ended March 31, 2014 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

12. LOANS AND ADVANCES

(Unsecured - considered good unless stated otherwise)

	Long-term		Short-term	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
Capital Advances	50	4	-	-
Security Deposits:				
- Considered Good	86	96	61	39
- Considered Doubtful	6	6	-	-
	92	102	61	39
Less: Provision for Doubtful Deposits	6	6	-	-
	86	96	61	39
Other Loans and Advances:				
- Loan to Related Party [Refer Note 28]	-	-	3,500	-
- Loan to Third Party	-	-	-	1,400
- Advance to Vendors	-	-	46	30
- Loans to/ receivables from Employees	2	2	36	26
- Prepaid Expenses	6	9	64	53
- Fringe Benefit Tax [Net of Provision for Taxation 125 (Previous Year 125)]	3	3	-	-
- Advance payment of Income Tax [Net of Provision for Taxation 9,061 (Previous Year 5,114)]	456	483	-	-
- Balance with Government Authorities	118	137	330	311
- Others	-	-	2	1
	721	734	4,039	1,860

13. INVENTORIES

(Lower of Cost or Net Realisable Value)

	As at 31.03.2014	As at 31.03.2013
Raw Materials [Includes in transit 719 (Previous Year 475)]	2,481	2,082
Packing Materials	103	94
Semi-Finished Goods [Refer Note (a) below]	713	482
Finished Goods [Includes in transit 57 (Previous Year 18)] [Refer Note (a) below]	1,264	1,067
Stock-in-trade [Includes in transit 129 (Previous Year 92)] [Refer Note (a) below]	872	1,215
Stores and Spare Parts	62	60
	5,495	5,000

(a) Details of Inventories

Class of Goods	Semi-Finished Goods	Finished Goods	Stock-in- trade
- Active Ingredients	635 (401)	51 (126)	67 (265)
- Formulations	78 (81)	1,213 (941)	727 (761)
- Seeds	- (-)	- (-)	64 (180)
- Others	- (-)	- (-)	14 (9)
	713 (482)	1,264 (1,067)	872 (1,215)

Figures shown in brackets are in respect of previous year.



Notes to the financial statements for the year ended March 31, 2014 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

14. TRADE RECEIVABLES

	Non-Current		Current	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
Secured, considered good				
- Debts outstanding for a period exceeding six months from the date they are due for payment	-	-	1	1
- Others	-	-	60	54
	-	-	61	55
Unsecured, considered good				
- Debts outstanding for a period exceeding six months from the date they are due for payment	-	-	109	17
- Others [Includes due from a Private Company in which a Director is a Director 5 (Previous Year 100)]	-	-	3,929	3,152
	-	-	4,038	3,169
Unsecured, considered doubtful				
- Debts outstanding for a period exceeding six months from the date they are due for payment	104	95	-	-
- Others	36	26	-	-
Less: Provision for Doubtful Debts	140	121	-	-
	-	-	-	-
	-	-	4,099	3,224
			As at 31.03.2014	As at 31.03.2013

15. CASH AND BANK BALANCES

Cash and Cash Equivalents

Balances with banks

- In Current/ Cash Credit Accounts

- In Fixed Deposits (less than 3 months maturity)

Cash on Hand *

Short-term highly liquid investments [Refer Note (a) below]

Other Bank Balances

In Fixed Deposits *

In Margin Deposits **

Earmarked balances with banks in:

- Unpaid Dividend Accounts

	290	141
	4,264	9,191
	-	-
	302	402
	-	-
	2	3
	4	4
	4,862	9,741

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

** Under lien with bank towards bank guarantee.

(a) Investment in Mutual Funds [Refer Note (i) below]

(Current, Non-trade and Unquoted) - at Cost or Fair Value, whichever is lower

Nil (Previous Year 20,035,497) units of ₹ 10/- each in IDFC Mutual Fund - Ultra Short Term Fund

Nil (Previous Year 100,169) units of ₹ 1,000/- each in Religare Mutual Fund - Ultra Short Term Fund

301,958 (Previous Year Nil) units of ₹ 1,000/- each in Union KBC Liquid Fund

Nil (Previous Year 93,448) units of ₹ 1,000/- each in UTI Liquid Fund Floating Rate Fund Short Term Plan - Regular Plan

	-	201
	-	100
	302	-
	-	101
	302	402

(i) Aggregate Book Value of Unquoted Investments 302 (Previous Year 402).

Notes to the financial statements for the year ended March 31, 2014 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

16. OTHER CURRENT ASSETS

(Unsecured - considered good unless stated otherwise)

	As at 31.03.2014	As at 31.03.2013
Accrued Interest Receivable	11	39
Other Receivables [Includes due from a Private Company in which a Director is a Director 1 (Previous Year 6)]	20	58
	<u>31</u>	<u>97</u>

17. REVENUE FROM OPERATIONS

	01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013
Sale of Goods [Refer Note (a) below]	33,002	27,397
Other Operating Revenue:		
- Recoveries from Group Companies and Third Parties	726	592
- Tolling Charges	210	320
- Export Incentives	37	40
- Scrap Sales	17	41
Revenue from Operations (Gross)	33,992	28,390
Less: Excise Duty [Refer Note (b) below]	1,540	1,137
Revenue from Operations (Net)	<u>32,452</u>	<u>27,253</u>

(a) Details of Sale of Goods (Gross of Excise Duty)

Class of Goods

	Finished Goods		Stock-in-trade	
	01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013	01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013
- Active Ingredients	3,439	3,481	4,349	3,465
- Formulations	9,666	7,318	10,860	8,965
- Seeds	-	-	4,533	4,065
- Others	-	-	155	103
	<u>13,105</u>	<u>10,799</u>	<u>19,897</u>	<u>16,598</u>

- (b) The amount of excise duty disclosed as deduction from turnover is the total excise duty for the year except the excise duty related to the difference between the closing stock and opening stock and excise duty paid but not recovered for free goods, breakages/ damages, captive consumption and expired goods, which has been disclosed as excise duty expense in Note 24.

18. OTHER INCOME

	01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013
Interest Income	657	378
Dividend Income from Current Investments	110	105
Profit on Tangible Assets sold/ discarded (Net)	9	-
Rent Income [Refer Note 34(b)]	57	58
Insurance Claims	4	11
Liabilities/ Provisions No Longer Required Written Back	65	124
Provision for Impairment Written Back	-	10
Miscellaneous	7	3
	<u>909</u>	<u>689</u>

Notes to the financial statements for the year ended March 31, 2014 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

19. COST OF MATERIALS CONSUMED

	01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013
Raw Materials:		
Opening Stock	2,082	1,972
Add: Purchases	6,944	5,599
	9,026	7,571
Less: Closing Stock	2,481	2,082
Cost of Raw Materials consumed	6,545	5,489
Packing Materials consumed	367	265
	6,912	5,754
[Refer Notes below]		
(a) Includes 26 (Previous Year 13) on account of write off/ write down in carrying values of Raw Materials and Packing Materials.		
(b) Materials Consumed		
Class of Goods		
- Active Ingredients	4,297	2,926
- Others	2,615	2,828
	6,912	5,754
(c) Value of Imported and Indigenous Materials Consumed		
	Amount	%
Imported	4,792	69
	(3,831)	(67)
Indigenous	2,120	31
	(1,923)	(33)
	6,912	100
	(5,754)	(100)

Figures shown in brackets are in respect of previous year.

20. PURCHASES OF STOCK-IN-TRADE

	01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013
Class of Goods		
- Active Ingredients	3,426	3,098
- Formulations	7,155	5,347
- Seeds	3,359	3,049
- Others	134	103
	14,074	11,597

21. CHANGES IN INVENTORIES OF SEMI-FINISHED GOODS, FINISHED GOODS AND STOCK-IN-TRADE

Opening Stock:		
- Semi-Finished	482	246
- Finished	1,067	1,243
- Stock-in-trade	1,215	1,370
	2,764	2,859
Closing Stock:		
- Semi-Finished	713	482
- Finished	1,264	1,067
- Stock-in-trade	872	1,215
	2,849	2,764
(Increase)/ Decrease in Inventories [Refer Note (a) below]	(85)	95

(a) Includes 50 (Previous Year 45) on account of write off/ write down in carrying values of Semi-Finished Goods, Finished Goods and Stock-in-Trade.

Notes to the financial statements for the year ended March 31, 2014 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

	01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013
22. EMPLOYEE BENEFIT EXPENSES		
Salaries and Wages	1,815	1,582
Contribution to Provident and Other Funds	71	62
Gratuity	39	67
Staff Welfare Expenses	115	99
	<u>2,040</u>	<u>1,810</u>
23. FINANCE COSTS		
Interest Expense - Others	48	37
	<u>48</u>	<u>37</u>
24. OTHER EXPENSES		
Consumption of Stores and Spare Parts [Refer Note (a) below]	80	63
Power and Fuel	332	315
Rent [Refer Note 34 (a)]	296	200
Repairs and Maintenance:		
- Buildings	13	13
- Plant and Equipment	56	41
- Others	39	52
	<u>108</u>	<u>106</u>
Insurance	30	28
Rates and Taxes	128	108
Excise Duty [Refer Note 17 (b)]	55	8
Job Work Charges	101	89
Freight Outward and Clearing Charges	591	615
Travelling and Conveyance	412	350
Communication	87	91
Printing and Stationery	10	10
Directors' Sitting Fees	1	1
Commission to Non-Executive Directors	5	4
Payments to Auditor [Refer Note (b) below]	7	6
Advertisement, Publicity and Sales Promotion	1,591	1,190
Legal and Professional Fees	472	427
Cash Discounts	576	430
Commission	85	72
Donations	1	2
Royalty	17	16
Bad Debts *	-	-
Less: Withdrawn from Provision for Doubtful Debts *	-	-
	<u>-</u>	<u>-</u>
Provision for Doubtful Debts	19	10
Deposits/ Advances written off	-	1
Loss on Tangible Assets sold/ discarded (Net)	-	16
Foreign Exchange Fluctuations (Net)	73	38
Miscellaneous	241	202
	<u>5,318</u>	<u>4,398</u>

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

Notes to the financial statements for the year ended March 31, 2014 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

24. OTHER EXPENSES (contd.)

(a) Value of all Imported and Indigenous Stores and Spare Parts consumed:

	Amount	%
Imported	5	6
	(5)	(8)
Indigenous	75	94
	(58)	(92)
	80	100
	(63)	(100)

Figures shown in brackets are in respect of previous year.

(b) Payments to Auditor:

(i) As Auditor:

- for statutory audit
- for limited review
- for certification *

(ii) For other audit services in respect of:

- Tax Audit
- Audit of Group Reporting Package

(iii) Reimbursement of out-of-pocket expenses **

01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013
3	3
1	1
1	-
1	1
1	1
-	-
7	6

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

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

25. CONTINGENT LIABILITIES

Claims against the Company not acknowledged as debts towards:

a) Direct Tax Matters	585	784
b) Indirect Tax Matters (Excise duty, Customs duty, Service tax and Sales tax)	732	757
c) Litigation/ claims filed by customer/ vendor/ labour	51	41
d) Litigation/ demands raised by other Statutory Authorities	53	53

Future cash flows in respect of above, if any, is determinable only on receipt of judgement/ decisions pending with relevant authorities.

26. CAPITAL AND OTHER COMMITMENTS

a) Estimated amount of contracts (net of advances) remaining to be executed on capital account	237	864
b) Value of customs duty in respect of export obligation (against advance licenses) remaining to be met at year end	414	166
c) Bank Guarantees issued in favour of various statutory authorities	122	31
d) Counter Guarantee issued by the Company in favour of Gujarat Industrial Development Corporation	3	3

Notes to the financial statements for the year ended March 31, 2014 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

27. RESEARCH AND DEVELOPMENT EXPENSES

	01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013
Research and Development Revenue Expenses	202	158

(a) Above expenses are net of recoveries.

(b) Above expenses include Product Trial Expenses of 61 (Previous Year 54)

28. RELATED PARTY TRANSACTIONS (as identified by the Management)**(i) Ultimate Holding Company** : Bayer AG, Germany**(ii) Parties under common control * :**

- Bayer (China) Limited, China
- Bayer (South East Asia) Pte Ltd, Singapore
- Bayer A/S, Denmark
- Bayer Animal Health GmbH, Germany
- Bayer Australia Limited, Australia
- Bayer BioScience Private Limited, India
- Bayer Business Services GmbH, Germany
- Bayer Business Services Private Limited, India (merged with Bayer MaterialScience Private Limited, India effective from April 1, 2013)
- Bayer Business and Technology Services LLC, U.S.A.
- Bayer CropScience (China) Company Limited, China
- Bayer CropScience (Private) Limited, Pakistan (merged with Bayer Pakistan (Private) Limited, Pakistan effective from July 1, 2012)
- Bayer CropScience AG, Germany
- Bayer CropScience K.K., Japan
- Bayer CropScience LP, U.S.A.
- Bayer CropScience Limited, Bangladesh
- Bayer Direct Services GmbH, Germany
- Bayer HealthCare Pharmaceuticals Inc. Pine Brook, U.S.A.
- Bayer Intellectual Property GmbH, Germany
- Bayer Sheets India Private Limited, India (Formerly Bayer Malibu Polymers Private Limited, India) (merged with Bayer MaterialScience Private Limited, India effective from April 1, 2013)
- Bayer MaterialScience AG, Germany
- Bayer MaterialScience Limited, Hong Kong
- Bayer MaterialScience Private Limited, India
- Bayer Pakistan (Private) Limited, Pakistan
- Bayer Pharmaceuticals Private Limited, India
- Bayer S.A.S., France
- Bayer Technology Services GmbH, Germany
- Bayer Thai Company Limited, Thailand
- Bayer Turk Kimya Sanayi Limited Sirketi, Turkey
- Bayer Vietnam Limited, Vietnam
- Bayer Vapi Private Limited, India (Formerly Bilag Industries Private Limited, India)
- Currenta GmbH & Co. OHG, Germany
- Nunhems India Private Limited, India
- PT. Bayer Indonesia, Indonesia

* The list of parties above have been limited to entities with whom transactions have taken place during the year or balances are outstanding as at the year end.

(iii) Key Management Personnel :

- Mr. Richard van der Merwe : Vice Chairman and Managing Director (from February 1, 2014)
- Mr. Stephan Gerlich : Vice Chairman and Managing Director (upto January 31, 2014)
- Dr. Thomas Hoffmann : Whole-time Director (from April 2, 2013)
- Mr. Kaikobad B. Mistry : Whole-time Director (upto January 31, 2013)



Notes to the financial statements for the year ended March 31, 2014 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

28. RELATED PARTY TRANSACTIONS (as identified by the Management) (contd.)

(iv) The transactions with and outstanding balances of related party referred to in (i) above are furnished below :

Nature of Transaction	01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013
Recoveries made	—*	—*
Dividend paid	32	35
Professional/ Support Charges incurred	18	5
	As at 31.03.2014	As at 31.03.2013
Outstanding Receivables (net of Payables)	—*	—*

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

(v) The transactions with and outstanding balances of related parties referred to in (ii) above are furnished below:

Nature of Transaction	01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013
Sale of Goods		
Bayer CropScience AG	4,609	4,421
Others	413	415
	5,022	4,836
Recoveries from Group Companies		
Bayer MaterialScience Private Limited	154	134
Bayer CropScience AG	119	73
Bayer BioScience Private Limited	108	101
Bayer Pharmaceuticals Private Limited	90	72
Bayer Vapi Private Limited	79	40
Bayer Business Services Private Limited	-	50
Others	107	56
	657	526
Tolling Charges recovered		
Bayer MaterialScience Private Limited	210	320
	210	320
Rent Income		
Bayer MaterialScience Private Limited	24	18
Bayer Pharmaceuticals Private Limited	12	9
Bayer BioScience Private Limited	7	5
Bayer Business Services Private Limited	-	14
Others	—*	1
	43	47
Interest Income		
Bayer MaterialScience Private Limited	134	-
	134	-
Purchase of Goods		
Bayer CropScience AG	6,530	5,103
Bayer BioScience Private Limited	3,359	3,049
Others	878	684
	10,767	8,836
Professional/ Support Charges incurred		
Bayer Business Services GmbH	192	174
Bayer CropScience AG	88	91
Others	30	19
	310	284

Notes to the financial statements for the year ended March 31, 2014 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

28. RELATED PARTY TRANSACTIONS (as identified by the Management) (contd.)**(v) The transactions with and outstanding balances of related parties referred to in (ii) above are furnished below: (contd.)**

Nature of Transaction	01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013
Rent Expense		
Bayer BioScience Private Limited	15	15
Bayer Vapi Private Limited	_*	-
	<u>15</u>	<u>15</u>
Royalty Expense		
Bayer Intellectual Property GmbH	17	16
	<u>17</u>	<u>16</u>
Interest Expense		
Bayer BioScience Private Limited	-	_*
	<u>-</u>	<u>-</u>
Dividend paid		
Bayer S.A.S.	39	33
Bayer CropScience AG	36	47
Bayer Vapi Private Limited	30	-
Bayer MaterialScience Private Limited	3	3
	<u>108</u>	<u>83</u>
Sale of Fixed Assets		
Bayer Turk Kimya Sanayi Limited Sirketi	-	26
Bayer CropScience K.K.	_*	4
Bayer Vapi Private Limited	_*	4
Others	_*	1
	<u>-</u>	<u>35</u>
Purchase of Fixed Assets (including Capital work-in-progress)		
Bayer CropScience LP	10	-
Bayer MaterialScience Private Limited	7	5
Bayer Business Services GmbH	3	4
Bayer Business Services Private Limited	-	13
Others	_*	_*
	<u>20</u>	<u>22</u>
Employee related liability paid/ payable on transfer of employees		
Bayer Vapi Private Limited	4	2
Bayer MaterialScience Private Limited	2	1
Bayer BioScience Private Limited	1	1
Bayer Business Services Private Limited	-	3
	<u>7</u>	<u>7</u>
Employee related liability taken over on transfer of employees		
Bayer Business Services Private Limited	4	3
Bayer Vapi Private Limited	1	3
Others	1	_*
	<u>6</u>	<u>6</u>
Short-term borrowings from		
Bayer BioScience Private Limited	-	310
	<u>-</u>	<u>310</u>
Short-term Loan given to		
Bayer MaterialScience Private Limited	3,500	-
	<u>3,500</u>	<u>-</u>



Notes to the financial statements for the year ended March 31, 2014 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

28. RELATED PARTY TRANSACTIONS (as identified by the Management) (contd.)

(v) The transactions with and outstanding balances of related parties referred to in (ii) above are furnished below: (contd.)

	As at 31.03.2014	As at 31.03.2013
Outstanding Short-term Loan given to		
Bayer MaterialScience Private Limited	3,500	-
	3,500	-
Outstanding Receivables (net of Payables)		
Bayer MaterialScience Private Limited	86	91
Bayer CropScience Limited, Bangladesh	33	44
Bayer Pakistan (Private) Limited	21	-
Bayer CropScience AG	-	79
Others	33	49
	173	263
Outstanding Payables (net of Receivables)		
Bayer CropScience AG	279	-
Bayer Vapi Private Limited	101	159
Bayer BioScience Private Limited	83	141
Others	37	21
	500	321

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

(vi) Remuneration to related parties referred to in (iii) above are furnished below: **

Related Party	Designation	01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013
Mr. Richard van der Merwe [Refer Note 40]	Vice Chairman and Managing Director	11	-
Mr. Stephan Gerlich	Vice Chairman and Managing Director	57	63
Dr. Thomas Hoffmann	Whole-Time Director	38	-
Mr. Kaikobad B. Mistry	Whole-Time Director	-	28
		106	91

** Includes certain portion of professional/ support charges received from Group Companies.

29. EMPLOYEE BENEFITS

The disclosures required as per Accounting Standard 15 - Employee Benefits (Revised 2005), are as under:

a) Brief description of the Plans:

The Company has various schemes for employee benefits such as provident fund, superannuation, gratuity, pension and long service award. In case of funded schemes, the funds are administered through trustees/ appropriate authorities. The Company's defined contribution plans are superannuation and provident fund since the Company has no further obligation beyond making the contributions. The Company's defined benefit plans include gratuity and pension. The employees of the Company are entitled to compensated absences and long service award as per the Company's policy.

b) Charge to the Statement of Profit and Loss based on contributions: *

Particulars	01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013
Provident Fund	52	45
Superannuation	19	17

* included in Note 22 – 'Employee Benefit Expenses'

Notes to the financial statements for the year ended March 31, 2014 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

29. EMPLOYEE BENEFITS (contd.)**c) Disclosures for defined benefit plans based on actuarial reports:**

	Gratuity (Funded plan)		Pension (Non-funded plan)	
	01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013	01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013
(i) Changes in Present Value of Defined Benefit Obligation:				
Opening present value of defined benefit obligation	414	341	8	7
Current service cost	24	20	-	-
Interest cost	34	29	1	1
Actuarial loss/ (gain) *	4	40	(1)	-
Transfer of Employees (Net) **	(3)	1	-	-
Benefits paid	(35)	(17)	-	-
Closing present value of defined benefit obligation	438	414	8	8
** Represents liability takeover/ (discharged) in respect of employees transferred from/ (to) Group Companies.				
(ii) Change in Fair Value of Plan Assets:				
Opening fair value of plan assets	270	227	-	-
Expected return on plan assets	23	20	-	-
Actuarial gain/ (loss)*	-	2	-	-
Contributions by employer	18	38	-	-
Benefits paid	(35)	(17)	-	-
Closing fair value of Plan Assets	276	270	-	-
(iii) Actual return on Plan Assets	23	22	-	-
(iv) Amount recognised in the Balance Sheet:				
Present value of defined benefit obligation as at year end	438	414	8	8
Less: Fair value of plan assets as at year end	(276)	(270)	-	-
Amount not recognised as an asset	-	-	-	-
Net (asset)/ liability recognised	162	144	8	8
Recognised under:				
Long Term Provision [Refer Note 5]	122	117	5	8
Short Term Provision [Refer Note 5]	40	27	3	-
	162	144	8	8
(v) Expenses recognised in the Statement of Profit and Loss:				
Current service cost	24	20	-	-
Interest cost	34	29	1	1
Expected return on plan assets	(23)	(20)	-	-
Net actuarial loss/ (gain) recognised in the current year	4	38	(1)	-
Total expense (Included in Note 22 – ‘Employee Benefit Expenses’)	39	67	-	1
(vi) Expected employer’s contribution for the next year	27	27	-	-

Notes to the financial statements for the year ended March 31, 2014 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

29. EMPLOYEE BENEFITS (contd.)

c) Disclosures for defined benefit plans based on actuarial reports: (contd.)

	Gratuity (Funded plan)		Pension (Non-funded plan)	
	01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013	01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013
(vii) Principal actuarial assumptions used:				
Discount rate (per annum)	9.35%	8.25%	9.35%	8.25%
Expected rate of return on plan assets (per annum)	8.70%	8.70%	Not Applicable	Not Applicable
Attrition Rate (per annum)	5 - 10 %	5 - 10 %	5 - 10 %	5 - 10 %
Salary Escalation rate (per annum)	12 % for Next 1 year, 10% for subsequent 3 years and 8% thereafter	12 % for First 2 years, 10% for subsequent 3 years and 8% thereafter	Not Applicable	Not Applicable

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factor such as supply and demand factors in the employment market.

(viii) Asset Information:

The Plan Asset for the funded gratuity plan is administered by Life Insurance Corporation of India ('LIC') as per the Investment Pattern stipulated for Pension and Group Schemes Fund by Insurance Regulatory and Development Authority regulations.

(ix) Other Information:	2013-14	2012-13	2011-12	2010-11	2009-10
Gratuity (Funded Plan)					
Present value of defined benefit obligation at the end of the year	(438)	(414)	(341)	(305)	(234)
Fair value of plan assets at the end of the year	276	270	227	238	159
Surplus/ (deficit)	(162)	(144)	(114)	(67)	(75)
Experience adjustments on plan liabilities - gain/ (loss)	(32)	(23)	(20)	(18)	(10)
Experience adjustments on plan assets - gain/ (loss) *	-	2	1	4	1
Pension (Non-funded Plan)					
Present value of defined benefit obligation at the end of the year	(8)	(8)	(7)	(8)	(8)
Surplus/ (deficit)	(8)	(8)	(7)	(8)	(8)
Experience adjustments on plan liabilities - gain/ (loss) *	1	-	2	1	-

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

- (x) The liability for compensated absences and long service award as at March 31, 2014 aggregates 136 (Previous Year 138) and 13 (Previous Year 13) respectively.

Notes to the financial statements for the year ended March 31, 2014 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

30. NET AMOUNT REMITTED IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND TO NON-RESIDENT SHAREHOLDERS

For the Year	No. of Shareholders	No. of Equity Shares	01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013
2012-13	4	21,450,304	107	-
2011-12	4	27,433,252	-	115

The above information pertains only to those shareholders where direct remittances are made by the Company.

	01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013
31. VALUE OF IMPORTS ON C.I.F. BASIS		
Raw Materials	4,768	3,796
Packing Materials	24	17
Stock-in-trade	2,594	2,419
Stores and Spare Parts	7	15
Capital Goods (including Work-in-Progress)	81	9
32. EXPENDITURE IN FOREIGN CURRENCY		
Legal and Professional Fees	323	294
Other Expenses	68	47
Salary	63	50
Royalty	17	16
33. EARNINGS IN FOREIGN EXCHANGE		
Export of Goods calculated on F.O.B. basis	4,960	4,582
Recoveries from Group Companies	195	112
Sale of Fixed Assets	-	30

34. OPERATING LEASE**a) Assets taken on lease:**

The Company has taken certain residential flats and offices under non-cancellable operating lease and lease rent amounting to 28 (Previous Year 28) has been recognised under the head Other Expenses - 'Rent' under Note 24 to the Statement of Profit and Loss.

The future minimum lease payments under non-cancellable operating lease is as follows:

Period	As at 31.03.2014	As at 31.03.2013
Not later than one year	37	19
Later than one year and not later than five years	12	14
Later than five years	-	-

The Company has entered into cancellable leasing arrangement for office, residential and warehouse premises. The lease rental of 268 (Previous Year 172) has been recognised under the head Other Expenses - 'Rent' under Note 24 to the Statement of Profit and Loss.

Further, the Company has recovered sub-lease rental of 56 (Previous Year 22) which has been recognised under the head Other Income - 'Rent Income' under Note 18 to the Statement of Profit and Loss.

b) Assets given on lease:

Additionally, the Company had given Land (disclosed as Investment Property) and portion of Building on operating lease under cancellable lease arrangement during the year. The lease rentals aggregating to 1 (Previous Year 36) has been recognised under the head Other Income - 'Rent Income' under Note 18 to the Statement of Profit and Loss.

Notes to the financial statements for the year ended March 31, 2014 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

35. SEGMENT REPORTING

The Company has identified business segment as its primary segment. In accordance with Accounting Standard 17 - "Segment Reporting", the Company has determined its business segment as "Agri Care". Since, entire Company's business is from Agri Care there are no other primary reportable segments. Thus the segment revenue, segment results, total carrying value of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortisation during the year are all as reflected in the Financial Statement as at and for the year ended March 31, 2014.

The Company has identified the Secondary Segment as geographical segment based on the location of customers.

Secondary Segmental Reporting

	01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013
1. Revenue from Operations (Net)		
(a) Segment – Local	27,260	22,340
(b) Segment – Exports	5,192	4,913
	<u>32,452</u>	<u>27,253</u>
2. Segmental Assets (excluding Deferred/ Current Tax Assets)		
(a) In India	23,145	23,489
(b) Outside India	126	175
	<u>23,271</u>	<u>23,664</u>
3. Capital Expenditure during the year in India	<u>1,699</u>	<u>1,722</u>

36. The Company uses forward contracts to hedge its risks of net exposure associated with foreign currency fluctuations. The Company does not enter into any forward contract which is intended for trading or speculative purposes.

The details of forward contracts outstanding at the year end are as follows:

Currency	Number of Contracts	Sell amount in Foreign Currency Millions	₹ equivalent in Millions
US Dollar	2	2	104
	(-)	(-)	(-)

The details of unhedged net exposure as at the year end are as follows:

Particulars	Foreign Currency	Amount in Millions	₹ equivalent in Millions
-Payable	US Dollar	9	560
		(1)	(61)
-Payable	EURO *	-	12
		(-)	(7)
-Payable	GBP **	-	1
		(-)	(-)

Figures shown in brackets are in respect of previous year.

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

** Current Year amount is below the rounding off norm adopted by the Company.

37. Pursuant to the approval of Board vide its resolution dated July 19, 2010 and December 22, 2010, for the sale/ transfer/ disposal of Land and Buildings situated at Kolshet Road, Thane (the said Property), the Company and Agile Real Estate Private Limited ("Agile") had accepted 12,500 as full and final aggregate consideration for the sale and transfer of the said Property to Agile. The Company and Agile had, on November 29, 2012 executed two agreements and other incidental documents and undertaken all the requisite acts for concluding the transaction. In the Previous Year, the Company had received balance consideration of 7,300 as full and final consideration. The Company has no further obligations relating to the transfer of the said Property.

Consequent to the acceptance of sale consideration of the Property, the Company had ascertained and paid an additional Compensation (capitalised to the cost of Thane land) of 178 in the Previous Year to Lanxess India Private Limited (LIPL) pursuant to an Exit agreement dated February 28, 2008.

Additionally, the Company had sold building situated at Powai, Mumbai in the Previous Year pursuant to an agreement dated March 15, 2013.

The Exceptional item in the Previous Year represents profit of 11,083 arising from sale of Thane Land and Buildings and 823 arising from sale of Powai Building.

Notes to the financial statements for the year ended March 31, 2014 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

38. The Bayer Companies worldwide place great importance on protecting the environment and conserving natural resources. Pursuant to the cessation of manufacturing activities at Thane, in the Previous Year, the Company had incurred an expenditure (net) of 159 including depreciation of 96 towards Demolition and Remediation activities. The expenditure is net of one time recovery of 143 reimbursed by LIPL pursuant to the Exit agreement dated February 28, 2008.

39. EARNINGS PER SHARE

Particulars	01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013
Profit before exceptional items (net of tax)	2,895	2,638
Profit after exceptional items (net of tax)	2,895	11,617
Weighted average number of equity shares outstanding at year end	38,528,312	39,498,747
Nominal Value Per Equity Share (in ₹)	10	10
Earnings Per Share before exceptional items (net of tax) [Basic and Diluted] (in ₹)	75.14	66.79
Earnings Per Share after exceptional items (net of tax) [Basic and Diluted] (in ₹)	75.14	294.11

40. Approval of the Central Government and shareholders of the Company are awaited for appointment of and payment of remuneration of 11 to Vice Chairman and Managing Director of the Company, Mr. Richard van der Merwe, for the period February 1, 2014 to March 31, 2014.

41. Previous year figures have been regrouped/ reclassified to conform to current year's presentation.

Signature to Notes 1 to 41

For Price Waterhouse

Firm Registration Number: 301112E

Chartered Accountants

Uday Shah

Partner

Membership Number: 046061

Rajiv WaniVice President - Law, Patents & Compliance &
Company Secretary**For and on behalf of the Board**Vice Chairman &
Managing Director**Richard van der Merwe**
DIN 06768305

Directors

A.K.R. Nedungadi

DIN 00103214

Vimal Bhandari

DIN 00001318

Peter Mueller

DIN 03582162

Dr. Thomas Hoffmann

DIN 06485949

Place : Mumbai

Date : May 30, 2014

Place : Mumbai

Date : May 30, 2014



Cash Flow Statement for the year ended March 31, 2014

₹ in Millions

	01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013
A. Cash Flow from Operating Activities:		
Profit Before Tax	4,408	15,632
Adjustments for:		
Depreciation/ Amortisation/ Impairment	646	462
Interest Expense	48	37
Interest Income	(657)	(378)
Dividend Income	(110)	(105)
(Profit)/ Loss on Tangible Assets sold/ discarded (Net)	(9)	16
Profit on Sale of Land and Buildings [Refer Note 37]	-	(11,906)
Deposits/ Advances written off	-	1
Bad Debts *	-	-
Provision for Doubtful Debts (Net)	19	10
Liabilities/ Provisions no longer required Written Back	(65)	(124)
Provision for Employee benefits	16	49
Provision for Indirect Taxes and Other Commercial Matters (Net)	21	75
Inventory write off/ write down	76	58
Provision for Impairment Written Back	-	(10)
Unrealised foreign exchange (gain)/ loss	(7)	(11)
	(22)	(11,826)
Operating Profit before Working Capital changes	4,386	3,806
Adjustments for changes in Working Capital		
(Increase)/ Decrease in Trade Receivables	(930)	(680)
(Increase)/ Decrease in Other Receivables	(8)	116
(Increase)/ Decrease in Inventories	(571)	(63)
Increase/ (Decrease) in Trade Payables	1,049	(580)
Increase/ (Decrease) in Other Payables	493	10
	33	(1,197)
Cash generated from Operations	4,419	2,609
Taxes Paid	(1,604)	(1,226)
Net Cash from Operating Activities	2,815	1,383
B. Cash Flow from Investing Activities:		
Purchase of Tangible/ Intangible Assets	(1,619)	(1,742)
Proceeds from Sale of Other Tangible/ Intangible Assets	27	80
Net Proceeds from Sale of Land and Buildings [Refer Note 37]	-	8,118
Taxes paid on sale of Land and Buildings	-	(2,650)
Loan given to Related Party	(3,500)	-
Loan repaid by Third Party	1,400	-
Share Application Money towards Investment	-	(1)
Interest Received	685	360
Dividend Received on Current Investments	110	105
Net Cash (used)/ from Investing Activities	(2,897)	4,270
C. Cash Flow from Financing Activities:		
Short-term borrowings *	-	-
Buyback of Equity Shares [Refer Note 2(d)]	(4,550)	-
Interest Paid	(15)	(20)
Dividend Paid	(197)	(166)
Dividend Distribution Tax Paid	(34)	(27)
Net Cash (used) in Financing Activities	(4,796)	(213)
Net (Decrease)/ Increase in Cash and Cash Equivalents	(4,878)	5,440
Cash and Cash Equivalents at the beginning of the year	9,734	4,294
Cash and Cash Equivalents at the end of the year	4,856	9,734

Cash Flow Statement for the year ended March 31, 2014 (contd.)

₹ in Millions

	As at 31.03.2014	As at 31.03.2013
Cash and Cash Equivalents comprise		
Cash on hand *	-	-
Balance with Banks	4,554	9,332
Short-term highly liquid investment	302	402
	4,856	9,734

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

Notes:

- 1) The above Cash Flow Statement has been prepared under the "Indirect Method" setout in Accounting Standard - 3 on Cash Flow Statements.
- 2) Short-term highly liquid investment comprise of Investments in Mutual Funds which are highly liquid and have an insignificant risk of change in value.
- 3) Previous Year's figures have been reclassified/ regrouped to conform to current year's presentation.

In terms of our report of even date.

For Price Waterhouse

Firm Registration Number: 301112E

Chartered Accountants

Uday Shah

Partner

Membership Number: 046061

Rajiv Wani

Vice President - Law, Patents & Compliance &
Company Secretary

For and on behalf of the Board

Vice Chairman &
Managing Director

Richard van der Merwe
DIN 06768305

Directors

A.K.R. Nedungadi
DIN 00103214

Vimal Bhandari
DIN 00001318

Peter Mueller
DIN 03582162
Dr. Thomas Hoffmann
DIN 06485949

Place : Mumbai

Date : May 30, 2014

Place : Mumbai

Date : May 30, 2014



Facts

	2004	2005	2006	2007-08 \$	2008-09	2009-10	2010-11*	2011-12*	2012-13*	2013-14*
₹ in Millions										
Revenue from operations (Net) @	6,696	7,079	7,746	12,383	14,826	17,241	21,373	22,723	27,253	32,452
Export Revenue	(688)	(943)	(1,441)	(1,727)	(2,196)	(2,158)	(3,009)	(3,329)	(4,913)	(5,192)
Profit before Tax	524	747	891	680	1,508	1,964	1,988	2,044	15,632	4,408
Dividend (%)	87 (22)	87 (22)	95 (24)	95 (24)	111 (28)	158 (40)	158 (40)	166 (42)	197 (50)	201 (55)
Share Capital	395	395	395	395	395	395	395	395	395	366
Reserves and Surplus	2,189	2,462	2,919	3,299	4,115	5,203	6,335	7,532	18,918	17,057
Borrowings	776	1,161	1,081	692	427	1,140	1,085	-	-	-
Gross Block	2,982	3,345	3,435	4,274	4,519	5,077	5,531	4,738	5,414	6,958
Net Block	1,438	1,633	1,554	2,479	2,701	3,208	3,537	2,566	3,457	4,446
Net Current Assets	1,737	2,329	2,776	1,139	1,990	2,835	5,204	4,861	15,562	12,583
Employee benefit expenses	658	574	671	1,221	1,343	1,411	1,566	1,553	1,810	2,040
Number of Employees	1,024	984	1,020	1,159	1,325	1,351	1,102	1,147	1,181	1,217
₹										
Earnings Per Share (on the basis of profits after tax)	6.67	9.40	14.39	12.43	23.91	32.22	33.30	35.19	294.11	75.14
Book Value per Share	65.43	72.32	83.91	93.53	114.17	141.72	170.38	200.70	488.95	475.79
Share Price at Stock										
Exchange — High	317.00	323.65	303.40	474.50	343.00	693.00	1,173.00	999.00	1,341.80	1,829.20
— Low	135.35	160.00	101.00	199.05	180.20	224.90	635.15	673.05	749.00	1,065.05
Number of Shareholders	20,552	20,539	21,180	18,852	18,803	19,324	21,251	21,431	20,865	19,138

@ Revenue from operations are net of excise duty.

\$ Figures of the period 2007-08 are for fifteen months.

* Figures based on Revised Schedule VI.

Figures have been regrouped wherever necessary.



Bayer CropScience

Bayer CropScience Limited

Corporate Identification No. (CIN) - L24210MH1958PLC011173

Registered Office: Olympia, 1st Floor, Central Avenue, Hiranandani Gardens, Powai, Mumbai - 400 076

Corporate Office: Bayer House, Central Avenue, Hiranandani Estate, Thane (West) – 400 607

Tel. No. 91 22 2531 1234 **E-mail:** ir_bcs@bayer.com **Website:** www.bayer.in

ATTENDANCE SLIP

(To be presented at the Annual General Meeting venue)

56th ANNUAL GENERAL MEETING ON THURSDAY, AUGUST 28, 2014 AT 11.30 A.M. at “Yashwantrao Chavan Pratishthan Auditorium”, Y. B. Chavan Centre, Near Mantralaya, Gen. J. Bhonsale Marg, Mumbai 400 021

Folio No. _____ DP ID No. _____ Client ID No. _____

Name of the Member / Proxy holder: _____ Signature: _____

1. Only Member / Proxy holder can attend the Meeting.
2. Member / Proxy holder should bring his / her copy of the Annual Report for reference at the Meeting.



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Tel. No. 91 22 2531 1234 **E-mail:** ir_bcs@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: _____

or failing him / her

2. Name: _____ Email id: _____

Address: _____

Signature: _____

or failing him / her

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 56th Annual General Meeting of the Company to be held on Thursday, August 28, 2014 at 11.30 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, 2014.		
2.	Declaration of dividend on Equity Shares for the financial year ended March 31, 2014.		
3.	Re-appointment of Mr. Peter Mueller as a Director.		
4.	Re-appointment of Auditors and fixing their remuneration.		
5.	Appointment of Mr. Richard van der Merwe as Managing Director and approval of his remuneration.		
6.	Appointment of Dr. Vijay Mallya as Independent Director.		
7.	Appointment of Mr. Sharad M. Kulkarni as Independent Director.		
8.	Appointment of Mr. A.K.R. Nedungadi as Independent Director.		
9.	Appointment of Mr. Vimal Bhandari as Independent Director.		
10.	Ratification of Cost Auditors' remuneration.		

Signed this _____ day of _____ 2014

Affix
Revenue
Stamp

Signature of shareholder _____ Signature of Proxy holder(s) _____

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 Olympia, 1st Floor, Central Avenue, Hiranandani Gardens, Powai, Mumbai - 400 076, not less than 48 hours before the commencement of the Meeting.



PRODUCT LAUNCHES: 2013 - 14



Lesenta®

The soil pest specialist
from Bayer



Solomon®

A broad segment insecticide
for sucking and biting pests



Arize® 6129 Gold

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



Surpass® First Class

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



ProAgro™ 5222

Bayer's Mustard Hybrid
offering bold grains and
higher oil content



ProAgro™ 7701 Gold

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



ProAgro™ 9444 Gold

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



Quick Bayt®

New pest management
solution to manage
adult house fly



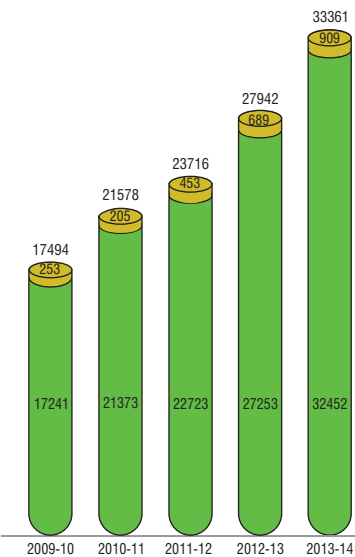
Agenda® 25 EC

For effective pre and post
construction anti-termite treatment
and termite colony management

TOTAL REVENUE

(₹ in Millions)

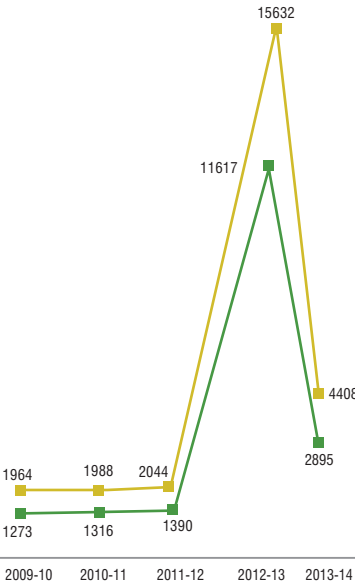
- OTHER INCOME
- REVENUE FROM OPERATIONS



PROFITS

(₹ in Millions)

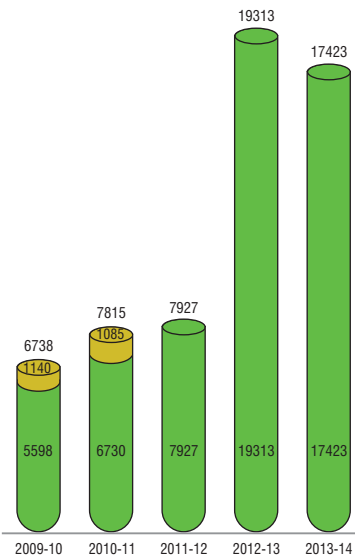
- PROFIT BEFORE TAX
- PROFIT AFTER TAX



DEBT : EQUITY

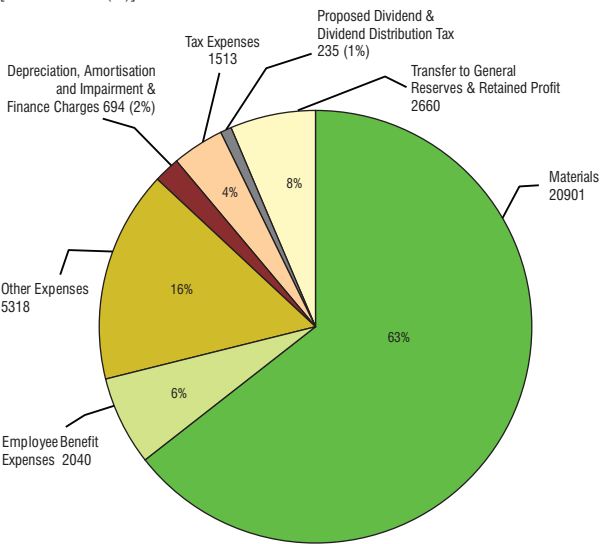
(₹ in Millions)

- DEBT
- EQUITY



DISTRIBUTION OF REVENUE 2013-14

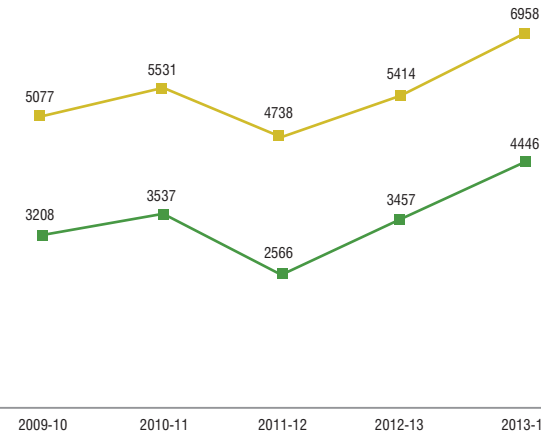
(₹ in Millions (%)



FIXED ASSETS

(₹ in Millions)

- GROSS BLOCK
- NET BLOCK





Bayer CropScience