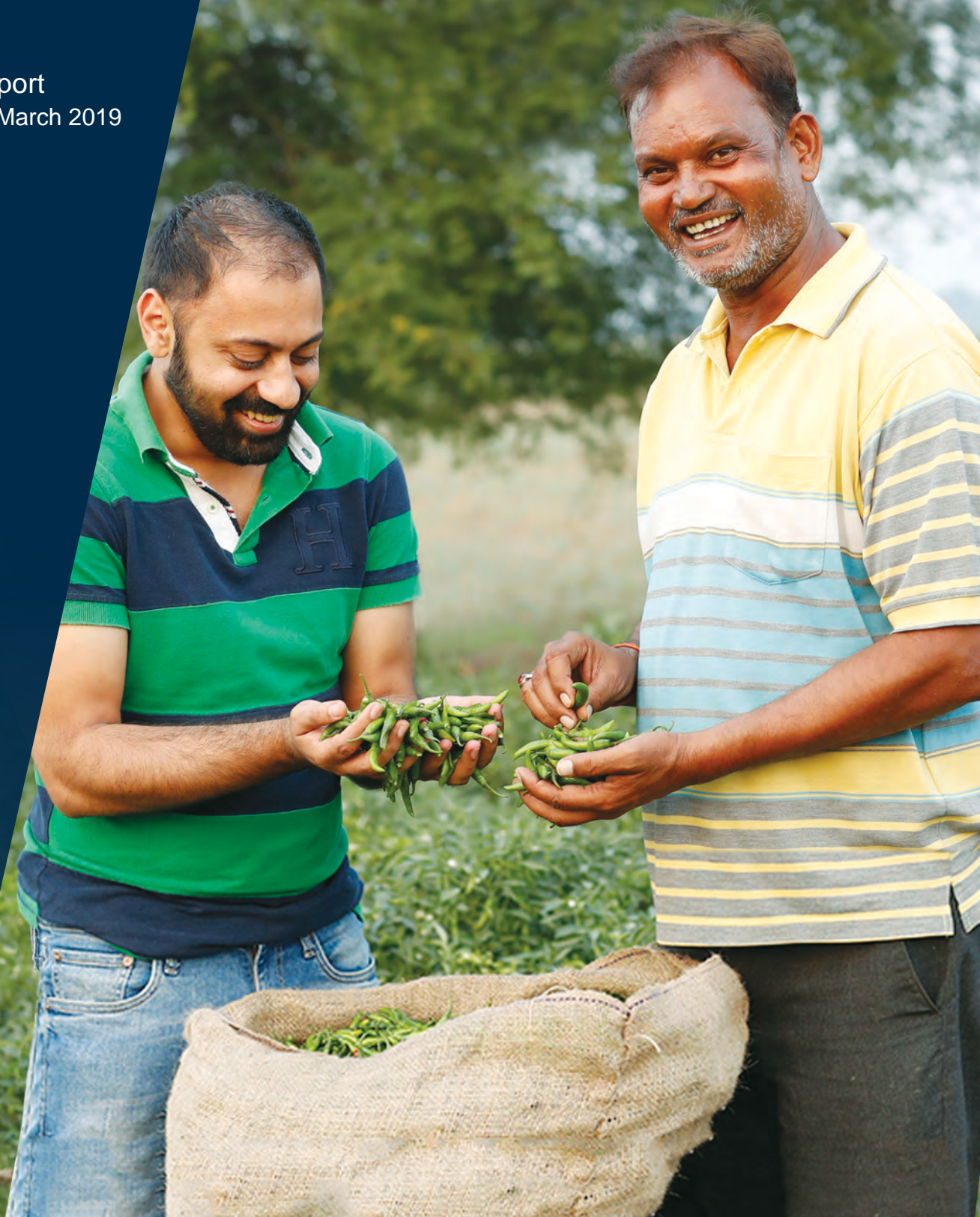




Bayer CropScience Limited

61st

Annual Report
April 2018 - March 2019



On the cover:

Harmanpreet Singh (left), Lead – Smallholder Farming, India, Bayer CropScience Limited, examining a batch of healthy and freshly harvested green chillies at the farm of Rajesh Kumar Singh (right), a smallholder farmer from Uttar Pradesh.

Collaboration & Partnerships

This year, we are focusing on “Collaboration & Partnerships” as the theme for the 61st Annual Report.

Based on its customers’ needs, Bayer CropScience Limited establishes collaborative relationships and strategic alliances with various partners such as universities, governmental agencies, start-ups, suppliers and industry. This helps us augment our own research capacities and gain access to complementary technologies and external innovation potential. This Annual Report highlights two such initiatives that symbolize the power of Collaboration & Partnerships.



Product Launches in FY 2018-19

SEEDS



Arize AZ 6741

An early-duration hybrid rice seed with extra-long slender grains. It has high yield potential, excellent taste and fetches a better price of produce for farmers.



Arize AZ 6565

A long-duration hybrid rice seed with long slender grains. It has high yield potential, non-lodging qualities and excellent milling characteristics with high head rice recovery.



Proagro PA 5210

A medium-to-long duration hybrid mustard seed with high yield potential and tolerance to white rust disease.



Proagro PA 9180

A full-duration hybrid millet seed with bold and gray color grains best suited for eating purpose. It is tolerant to diseases like blast and downy mildew.

CROP PROTECTION



Infinito

A systemic broad-spectrum fungicide with protective and curative action that offers not only disease control but also improves quality and yield of potatoes by reducing the incidence of late blight.



VELUM prime

This Nematicide gives control over Root Knot Nematodes that are hidden beneath the soil and enables healthy root system of the plants. Farmers no longer need to suffer substantial economic losses.



EverGol Xtend

A fungicidal seed treatment product with excellent efficacy against seed and seedling rot diseases that works exactly where it is needed, resulting in improved plant emergence, survival and an increase in plant population.



Ambition

A crop supplement which enhances the efficiency of crops to reach their true potential by managing nutrient efficiency, improving plant defense mechanism and enhancing crop performance.



Alion plus

A broad-spectrum herbicide for foliar and pre-emergence control of a wide range of annual grass and broad leaf weeds in tea plantations, including those resistant to conventional herbicides without compromising crop safety.



COUNCIL activ

An early post-emergent herbicide especially for transplanted as well as wet DSR rice. It offers control over major grasses, sedges and broad leaf weeds and is a one-shot solution offering broad spectrum of control that helps farmers spend less money on weed control and earn more profits.

ENVIRONMENTAL SCIENCE



Aqua K-Othrine

India's first water-based space spray insecticide for mosquito management. Being water-based, it eliminates the use of oil-based diluents such as diesel, thus reducing the cost of application by upto 80 percent. It also helps reduce environmental impact.

Collaboration & Partnerships

Smallholder Farming

At Bayer, we believe that empowering smallholder farmers is crucial to achieve food security. At the same time, we want to increase their livelihoods and support job creation. But first, smallholders need to earn incomes from their farmland and not just use it as a means to survive. Our projects focus on underserved smallholder farmers who have landholdings of less than 2 hectares and are willing to adopt new technologies and good agricultural practices.

//

My chilli plants used to suffer from diseases and produced only a small harvest, or none at all. With the interventions of the Better Life Farming alliance, I was able to double my green chilli yield and triple my income compared to previous years. This success helped me dream bigger. I am now working with the alliance as an agri-entrepreneur. My goal is to help my fellow farmers with the latest agronomic know-how and give back to my community by creating employment for the people in my village.

- Umakant Singh
A smallholder green
chilli farmer from Varanasi



//

I grow tomatoes and chillies on my 3 acre land in Lohardaga district near Ranchi in Jharkhand. After being trained in good agricultural practices by the Better Life Farming alliance, I have not only achieved better harvests, I have also increased my farm income! As an agri-entrepreneur and owner of my own Better Life Farming center, I want to transform the lives of other women farmers and promote agriculture as an attractive profession.

- Embrosiya Kiro
A smallholder farmer from Ranchi



In late 2015, Bayer announced a global “Smallholder Farming” initiative to support small-scale farmers in emerging and developing countries. The initiative was rolled out in India in May 2016 as a pilot project with 20 green chilli farmers in Varanasi, Uttar Pradesh. This was followed by a second pilot project with 37 tomato farmers in Ranchi, Jharkhand. Chillies and tomatoes were chosen after conducting a baseline study to identify regions where local crop yields were significantly lower compared to India’s average national yield. Participating farmers received advisory on the use of good agricultural practices. As a result, they were able to double their yields and triple their farm incomes.

This initiative was brought under the umbrella of the “Better Life Farming” alliance which was launched globally in April 2018 and in India in July 2018. Under this alliance, Bayer works with global partners: International Finance Corporation (IFC, a member of the World Bank Group), Netafim, and Swiss Re Corporate Solutions and local (India) partners: Yara Fertilisers, DeHaat and BigBasket.

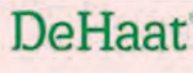
The innovative solutions for smallholder farmers include seeds, precision irrigation, crop protection and crop nutrition, all of which are tailored to meet specific local needs of Indian smallholders.

The Better Life Farming alliance runs two successful projects covering 1,600 chilli farmers, over 2,625 acres and 121 villages of Uttar Pradesh and 500 tomato farmers, over 500 acres and 52 villages of Jharkhand.

In February 2019, the Better Life Farming alliance introduced an agri-entrepreneurship model for smallholder farmers, which will help create local employment opportunities. The model will be run through the “Better Life Farming centers” where agri-entrepreneurs will enable transfer of technology on topics such as seeds, crop protection, crop nutrition, drip irrigation, mulching, etc. They will also deliver services such as market linkages, access to inputs and crop advisory. Each center will cover a group of 500 farmers from five to six nearby villages.

Currently, seven Better Life Farming Centers have been set up in Varanasi and three in Ranchi. By the end of 2019, the number of centers in Uttar Pradesh and Jharkhand will be scaled up to 100 covering over 10,000 farmers.

As a leading player in Indian agriculture, we want to support smallholders to earn incomes from their farm and not just use it as a means to survive. When smallholder farmers will succeed in generating higher incomes, it will also support job creation and increase the contribution of agriculture to the country’s economic growth. This in turn will make farming an attractive profession for future generations and bring more investment to the industry.



The Better Life Farming alliance works with

1,600

Green Chilli Farmers over

2,625

Acres in Uttar Pradesh

500

Tomato Farmers Covering

500

Acres in Jharkhand

Collaboration & Partnerships

Food Chain Partnerships

Food Chain Partnership is an innovative business model developed by Bayer to serve the needs of the food industry. This initiative focuses on collaboration between growers, traders, processors and retailers to aid sustainable production of healthy, high-quality and affordable food. Globally, there are 524 Food Chain Partnerships of Bayer across 44 countries in 76 different crops. In India, the Food Chain partnerships empower farmers to have better market access, a more secure income, higher yields and promote cost-effective and sustainable use of agrochemicals.



▲ From left to right: Sagar Bhor from Yara Fertilisers, Bhanudas Darekar, a potato farmer from Pune, Sunil Bankar from PepsiCo and Ganesh Salunkhe, Food Chain Partnership Manager, Bayer CropScience Limited examining a harvest of healthy potatoes that meet the requirements of Bayer's Food Chain Partner PepsiCo.

In 2018, Bayer CropScience Limited completed 12 successful years of Food Chain Partnerships in the country. Since its launch in India in 2007, today Bayer has 73 Food Chain Partnerships in the country covering 16 crops and benefiting more than 89,000 farmers.

With its Food Chain Partnership projects, Bayer provides farmers with innovative crop protection products, seeds and services, as well as advice on the optimal use of products and application technologies. Bayer also helps farmers get certified and gain relevant knowledge and skills to

successfully market their produce in local, regional and international markets.

In 2018-19, Bayer conducted 13 BayG.A.P. training programs for 520 Indian farmers to help them learn good agricultural practices. When farmers are certified, it also benefits Food Chain Partners and consumers as it enables traceability of produce making ongoing quality improvements possible. This especially helps exporters and importers as they have to consider not only the local quality standards of the producer country, but also those of the export market.



Classroom Training



Farmer Feedback



Field Visit



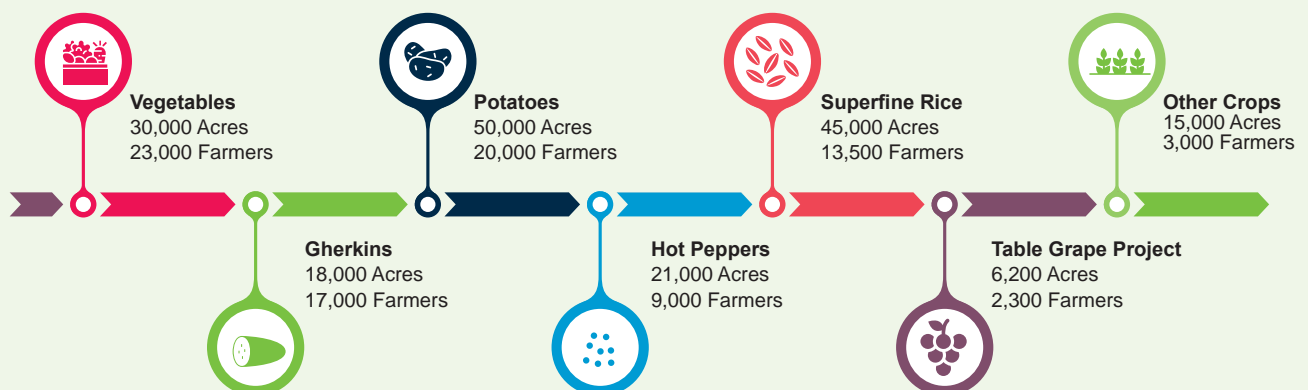
Training Certification

BayG.A.P.
training programs for
520 Indian farmers

16 Crops

73 Food Chain Partnerships

89,000 farmers



ROUTE MAP TO THE VENUE OF THE 61ST ANNUAL GENERAL MEETING OF BAYER CROPSCIENCE LIMITED

Day & Date : Wednesday, July 24, 2019

Time : 11:00 A.M.

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



Please note that this map is not to actual scale

Legends



AGM Venue



Mantralaya



CORPORATE INFORMATION

Bayer CropScience Limited
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Directors	Pankaj Patel	(DIN 00131852)	Chairman
[As on May 27, 2019]	Duraiswami Narain	(DIN 03310642)	Vice Chairman & Managing Director and CEO
	Peter Mueller	(DIN 03582162)	
	Ulrich Stefer	(DIN 07447177)	Executive Director & CFO
	Ketaki Bhagwati	(DIN 07367868)	
	Jens Hartmann	(DIN 08338494)	

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

Rajiv Wani

Bankers	Contents	Page No.
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Auditors M/s. Deloitte Haskins & Sells LLP	Statement of Changes in Equity	94
Solicitors Crawford Bayley & Co.	Cash Flow	95
CIN L24210MH1958PLC011173	Notes to the Financial Statements	97
Registered Office Bayer House, Central Avenue, Hiranandani Estate, Thane (West) - 400 607. Tel. No.: + 91 22 2531 1234 Fax No.: + 91 22 2545 5063 Email: ir_bcs@bayer.com	Facts	136
Registrar & Share Transfer Agent TSR Darashaw Limited (TSRDL) 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Near Famous Studio, Mahalaxmi, Mumbai - 400 011. Tel. No.: + 91 22 6656 8484 Fax No.: + 91 22 6656 8494 Email: csg-unit@tsrdarashaw.com	Proxy Form	
Factory Plot Nos. 66/1 to 75/2, G.I.D.C. Industrial Estate, Himatnagar - 383 001, Gujarat.	Members are requested to: <ol style="list-style-type: none"> direct all shares related correspondence to TSRDL. bring their copy of the Annual Report to the Annual General Meeting. send their queries, if any, relating to the accounts of the Company, at least 10 days before the Annual General Meeting, so that the necessary information can be made available at the Meeting. 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. With effect from April 01, 2019, transfer of shares in physical form is disallowed. Members can contact the Company or TSRDL for assistance in this regard. 	

NOTICE

NOTICE is hereby given that the 61st Annual General Meeting of Bayer CropScience Limited will be held on Wednesday, July 24, 2019 at 11.00 a.m. at "Yashwantrao Chavan Pratishthan Auditorium", Y. B. Chavan Centre, Near Mantralaya, Gen. J. Bhonsale Marg, Mumbai - 400 021 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the audited Statement of Profit and Loss for the financial year ended March 31, 2019 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, 2019.
3. To appoint a Director in place of Mr. Peter Mueller (DIN: 03582162), who retires by rotation and being eligible offers his candidature for re-appointment.

SPECIAL BUSINESS:

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

4. Appointment of Mr. Duraiswami Narain (DIN: 03310642) as the Director of the Company:

As an Ordinary Resolution:

"RESOLVED THAT Mr. Duraiswami Narain (DIN: 03310642) who was appointed as an Additional Director of the Company with effect from October 23, 2018 by the Board of Directors and holds office upto the date of this Annual General Meeting pursuant to the provisions of Section 161(1) of the Companies Act, 2013 ("the Act") and article 153 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 its intention to propose the name of Mr. Duraiswami Narain as a candidate for the office of director, be and is hereby appointed as Director of the Company.

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

5. Appointment of Mr. Duraiswami Narain (DIN: 03310642) as the Managing Director and Chief Executive Officer of the Company:

As a Special Resolution:

"RESOLVED THAT based on the recommendation of the Nomination & Remuneration Committee and the Board and subject to the provisions of Schedule V and Sections 196, 197, 200, 201, 203 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), including any amendment and any relevant rules made thereof read with article 194 of the Articles of Association of the Company and subject to the approval of the Central Government and such other approvals as may be necessary, Mr. Duraiswami Narain (DIN: 03310642) be and is hereby appointed as the Managing Director and Chief Executive Officer of the Company for a period of five (5) years commencing from December 01, 2018 and he shall not be liable to retire by rotation during the said tenure.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the period of appointment of Mr. Narain, the remuneration, perquisites, benefits and amenities as provided in the draft agreement referred to in the explanatory statement shall be made available to him.

RESOLVED FURTHER THAT the Board of Directors/Nomination & Remuneration Committee of the Company be and is hereby authorized to enhance, alter or vary the scope and quantum of remuneration, perquisites, benefits and amenities payable to Mr. Narain from time to time provided that any revision in the quantum of remuneration, perquisites, benefits and amenities shall not exceed the statutory limit as may be prescribed by Section 197 read with Schedule V of the Act including any amendments, modifications, variations or re-enactments thereof or any other applicable provisions of the Act.

RESOLVED FURTHER THAT so long as Mr. Narain functions as the Managing Director and Chief Executive Officer of the Company, he shall not be paid any sitting fees for attending the meetings of the Board or Committees thereof.

RESOLVED FURTHER THAT the draft agreement incorporating the terms and conditions of appointment and remuneration of Mr. Narain, Managing Director and Chief Executive Officer of the Company for a period of five (5) years with effect from December 01, 2018 be and is hereby approved and the Executive Director and Chief Financial Officer and the Company Secretary be and are hereby jointly authorised to execute the said agreement and that the Common Seal of the Company be affixed thereto in presence of two Directors or one Director and Company Secretary.

RESOLVED FURTHER THAT the Board of Directors and the Company Secretary be and are hereby severally authorised to file the necessary forms and other related documents with the Ministry of Corporate Affairs including application to the Central Government and carry out modification(s) suggested, if any and to do all such acts, deeds and things as may be necessary to give effect to this resolution.”

6. Appointment of Mr. Rolf Hoffmann (DIN:08460583) as the Director of the Company:

As an Ordinary Resolution:

“**RESOLVED THAT** Mr. Rolf Hoffmann (DIN: 08460583) who was appointed as an Additional Director of the Company with effect from June 01, 2019 by the Board of Directors and holds office upto the date of this Annual General Meeting pursuant to the provisions of Section 161(1) of the Companies Act, 2013 (“the Act”) and article 153 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 its intention to propose the name of Mr. Rolf Hoffmann as a candidate for the office of director, be and is hereby appointed as Director of the Company.

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

7. Appointment of Mr. Rolf Hoffmann (DIN:08460583) as the Whole-time Director and Chief Financial Officer of the Company:

As a Special Resolution:

“**RESOLVED THAT** based on the recommendation of the Nomination & Remuneration Committee, Audit Committee and the Board and subject to the provisions of Schedule V and Sections 196, 197, 200, 201, 203 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) including any amendment and any relevant rules made thereof read with article 194 of the Articles of Association of the Company and subject to the approval of the Central Government and such other approvals as may be necessary, Mr. Rolf Hoffmann (DIN: 08460583) be and is hereby appointed as the Whole-time Director and Chief Financial Officer of the Company for a period of five (5) years commencing from July 01, 2019 and he shall not be liable to retire by rotation during the said tenure.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the period of appointment of Mr. Rolf Hoffmann, the remuneration, perquisites, benefits and amenities as provided in the draft agreement referred to in the explanatory statement shall be made available to him.

RESOLVED FURTHER THAT the Board of Directors/Nomination & Remuneration Committee of the Company be and is hereby authorized to enhance, alter or vary the scope and quantum of remuneration, perquisites, benefits and amenities payable to Mr. Rolf Hoffmann from time to time provided that any revision in the quantum of remuneration, perquisites, benefits and amenities shall not exceed the statutory limit as may be prescribed by Section 197 read with Schedule V of the Act including any amendments, modifications, variations or re-enactments thereof or any other applicable provisions of the Act.

RESOLVED FURTHER THAT so long as Mr. Rolf Hoffmann functions as the Whole-time Director and Chief Financial Officer of the Company, he shall not be paid any sitting fees for attending the meetings of the Board or Committees thereof.

RESOLVED FURTHER THAT the draft agreement incorporating the terms and conditions of appointment and remuneration of Mr. Rolf Hoffmann, Whole-time Director and Chief Financial Officer of the Company for a period of five (5) years with effect from July 01, 2019 be and is hereby approved and the Managing Director & Chief Executive Officer and the Company Secretary be and are hereby jointly authorised to execute the said agreement and that the Common Seal of the Company be affixed thereto in presence of two Directors or one Director and Company Secretary.

RESOLVED FURTHER THAT the Board of Directors and the Company Secretary be and are hereby severally authorised to file the necessary forms and other related documents with the Ministry of Corporate Affairs including application to the Central Government and carry out modification(s) suggested, if any and to do all such acts, deeds and things as may be necessary to give effect to this resolution.”

8. Appointment of Ms. Ketaki Bhagwati (DIN: 07367868) as the Non-Executive Independent Director of the Company:

As an Ordinary Resolution:

“**RESOLVED THAT** Ms. Ketaki Bhagwati (DIN: 07367868) who was appointed as an Additional Director of the Company with effect from January 15, 2019 by the Board of Directors and holds office upto the date of this Annual General Meeting under the provisions of Section 161(1) of the Companies Act, 2013 (“the Act”) and article 153 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 its intention to propose the name of Ms. Ketaki Bhagwati as a candidate for the office of director, be and is hereby appointed as Director of the Company.

RESOLVED FURTHER THAT pursuant to the recommendation of the Nomination & Remuneration Committee and the Board and subject to the provisions of Sections 149, 150(2), 152(2), first proviso of section 152(5) of the Act and the rules made there under read with Schedule IV to the Act (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulations 17 and 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), Ms. Ketaki Bhagwati, who has submitted a declaration of independence under section 149(6) of the Act and is eligible for appointment be and is hereby appointed as a Non-Executive Independent Director of the Company for a period of five (5) consecutive years commencing from July 24, 2019 upto July 23, 2024.

RESOLVED FURTHER THAT Ms. Bhagwati shall not be liable to retire by rotation during her tenure as a Non-Executive Independent Director of the Company.

RESOLVED FURTHER THAT the Vice Chairman & Managing Director and Chief Executive Officer or the Executive Director and Chief Financial Officer or the Company Secretary of the Company be and are hereby severally authorized to sign and file the prescribed forms, returns, documents, applications and deeds with all authorities including the Registrar of Companies, Maharashtra, along with the requisite fees in respect of the said appointment."

9. Appointment of Mr. Jens Hartmann (DIN: 08338494) as the Non-Executive Director of the Company:

As an Ordinary Resolution:

"RESOLVED THAT Mr. Jens Hartmann (DIN : 08338494) who was appointed as an Additional Director of the Company with effect from February 04, 2019 by the Board of Directors and holds office up to the date of this Annual General Meeting under Section 161 of the Companies Act, 2013 ("the Act") read with article 153 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 its intention to propose the candidature of Mr. Jens Hartmann for the office of Director, be and is hereby appointed as the Non-Executive Director of the Company, liable to retire by rotation.

RESOLVED FURTHER THAT the Vice Chairman & Managing Director and Chief Executive Officer or the Executive Director and Chief Financial Officer or the Company Secretary of the Company be and are hereby severally authorized to sign and file the prescribed forms, returns, documents, applications and deeds with all authorities including the Registrar of Companies, Maharashtra, along with the requisite fees in respect of the said appointment."

10. Ratification of Remuneration to Cost Auditor:

As an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 148(3) and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration payable to M/s. D. C. Dave & Co., Cost Accountants, having Firm Registration No. 000611, appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company relating to "Insecticides" for the financial year ending March 31, 2020, being ₹ 0.55 Millions (Rupees point five five millions only) plus taxes as applicable and out of pocket expenses incurred in performance of their duties be and is hereby ratified and confirmed.

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

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Pursuant to Section 105 of the Companies Act, 2013 ("the Act"), a person can act as proxy on behalf of not more than fifty (50) members holding in the aggregate not more than ten percent of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than ten percent of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder. The instrument appointing a proxy in order to be effective shall be duly filled, stamped, signed and deposited at the Registered Office of the Company not less than forty eight (48) hours before the commencement of the Annual General Meeting. Proxies submitted on behalf of companies, institutions, societies, etc. must be supported by appropriate resolution / authority, as applicable, issued on behalf of the nominating organisation. The proxy holder shall prove his identity at the time of attending the Meeting. The proxies shall be available for inspection during the period beginning twenty-four (24) hours before the time fixed for the commencement of the Meeting and ending with the conclusion of the Meeting.

2. The Explanatory Statement pursuant to Section 102(1) of the Act, is annexed hereto and forms part of this Notice.
3. The details under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modification(s) or amendment(s) or re-enactment(s) thereof, for the time being in force ("SEBI Listing Regulations"), in respect of Directors seeking approval for appointment/re-appointment at the Annual General Meeting, forms part of the annexure to this Notice.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, July 12, 2019 to Wednesday, July 24, 2019 (both days inclusive).
5. The dividend of ₹ 18.00 per Equity Share, as recommended by the Board of Directors, if declared at the ensuing 61st Annual General Meeting to be held on Wednesday, July 24, 2019 will be paid on or after Monday, July 29, 2019:
 - (i) to those members who hold shares in physical form and whose names appear on the Company's Register of Members as holders of Equity Shares as on Thursday, July 11, 2019, after effecting the transfers lodged on that date which are valid and found to be in order;
 - (ii) in respect of shares held in dematerialised form, to the Beneficial Owners of the shares as at the close of business hours on Thursday, July 11, 2019 as per details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
6. Members are requested to direct all shares related correspondence to TSRDL at the following address:
 TSR Darashaw Limited (TSRDL),
 Unit : Bayer CropScience Limited,
 6-10, Haji Moosa Patrawala Industrial Estate,
 20, Dr. E. Moses Road, Near Famous Studio,
 Mahalaxmi, Mumbai – 400 011.
 Tel. No.: +91 22 6656 8484
 Fax No.: +91 22 6656 8494
 e-mail id: csg-unit@tsrdarashaw.com
7. Members holding shares in physical form are requested to notify / send the following to TSRDL prior to Book Closure date i.e Thursday, July 11, 2019 in order to facilitate better service:
 - (i) any change in their address / mandate / bank account details;
 - (ii) particulars of their core bank account number in case the same have not been sent earlier; and
 - (iii) share certificate(s) held in multiple accounts in identical names or joint accounts in the same order of names for consolidation of such shareholdings into one account.
8. Members holding shares in the dematerialised form are requested to intimate all changes pertaining to their bank account details including their Core Banking Account No. MICR and IFS Code, nominations, power of attorney, change of address / name etc. to their Depository Participant only and not to the Company / TSRDL. Changes intimated to the Depository Participant will be received through Depository by the Company/RTA on updation by the Depository Participant. This will help the Company and TSRDL to provide efficient and better service to the members.
9. **Members holding shares in physical form are requested to consider converting their holding to dematerialised form to eliminate all risks associated with physical shares and for ease of portfolio management. With effect from April 01, 2019, transfer of shares in physical form is disallowed. However transmission and transposition of shares can be processed. Members can contact the Company or TSRDL for assistance in this regard.**
10. The Ministry of Corporate Affairs has vide notification dated September 05, 2016 brought into force certain provisions of Sections 124 and 125 of the Companies Act, 2013 ("the Act") and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") with effect from September 07, 2016 including amendments thereof. Pursuant to the provisions of Section 124 of the Act, the dividend which remains unclaimed / unpaid for a period of seven years from the date of the transfer to the unpaid dividend account of the Company is required to be transferred to the IEPF Account of the Central Government.

Further, pursuant to the provisions of Section 124 of the Act and the IEPF Rules, all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to an IEPF Account within thirty days of such shares becoming due for transfer to IEPF.

The members/claimants whose shares, unclaimed dividend, sale proceeds of fractional shares, etc. have been transferred to IEPF may claim their shares or apply for refund by making an application to the IEPF Authority in Form IEPF-5.

Members are requested to claim all the unpaid/unclaimed dividend to avoid transfer of dividend or shares as the case may be to the IEPF Account and are requested to contact TSRDL, the Registrar and Share Transfer Agent of the Company for claiming the dividend. The details of the unclaimed dividends are available on the Company's website at www.bayer.in and Ministry of Corporate Affairs at www.mca.gov.in.

11. **Members are requested to note that the dividend declared in August, 2012 is due to be transferred to IEPF in October, 2019. Members are requested to claim their outstanding dividend latest by September 23, 2019.**

12. The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number (PAN) and bank account details by every participant in securities market. Members holding shares in dematerialised form are, therefore, requested to get their PAN details and Bank Details registered with their Depository Participants with whom they are maintaining their demat accounts.

Members holding shares in physical form are requested to submit their PAN details and Bank details to TSRDL. The request should be submitted along with the self certified copy of PAN and original cancelled cheque bearing the name of the shareholders.

13. As directed by SEBI, in case of failure to register the PAN and bank account details as aforesaid, any transaction in the securities of the Company shall be subject to enhanced due diligence by the Company/ RTA, as may be prescribed. Also, it may be noted that issue of payment instruments without bank details may be disallowed.
14. Members can avail the facility of nomination in respect of physical shares held by them by sending their nomination in the prescribed form duly filled in to TSRDL, quoting their respective Folio Nos., Certificate Nos. and Distinctive Nos.
15. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days between 10.00 am to 2.00 pm upto and including the date of the Annual General Meeting.
16. **To receive shareholders' communications through electronic means, including annual reports and notices, members are requested to register their e-mail address(es) and changes therein from time to time, by directly sending the relevant e-mail address alongwith details of name, address, Folio No. and number of shares held:**
 - (i) to TSRDL, for shares held in physical form; and
 - (ii) in respect of shares held in dematerialised form, also provide DP ID / Client ID with the above details and register the same with their respective Depository Participants.
17. In compliance with the provisions of Section 108 of the Act and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI Listing Regulations, (including any statutory modification(s) or amendment(s) or re-enactment(s) thereof, for the time being in force), the Company is pleased to provide its members the facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting by electronic means and the business may be transacted through e-voting services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

The facility for electronic voting shall be made available at the AGM venue and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the Meeting.

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

The remote e-voting period commences on Saturday, July 20, 2019 (IST 9:00 a.m.) and ends on Tuesday, July 23, 2019 (IST 5:00 p.m.). During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Wednesday, July 17, 2019 may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

The instructions for remote e-voting are as under:

How to vote electronically using NSDL e-Voting system?

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

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

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

Details on Step 1 is mentioned below:

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

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

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

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 123456 then user ID is 123456001***

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

Details on Step 2 is given below:**How to cast your vote electronically on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of the Company i.e. **110784** for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

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

By Order of the Board of Directors

Rajiv Wani

Head - Law, Patents & Compliance
and Company Secretary

Mumbai, May 27, 2019
Registered Office:
Bayer House, Central Avenue,
Hiranandani Estate,
Thane (West) - 400 607
CIN: L24210MH1958PLC011173

ANNEXURE TO NOTICE:**INFORMATION ON DIRECTOR SEEKING APPOINTMENT/RE-APPOINTMENT AS REQUIRED UNDER REGULATION 36(3) OF THE SEBI LISTING REGULATIONS:****Mr. Peter Mueller (DIN: 03582162)**

Mr. Peter Mueller (Age: 59 years) who retires by rotation being eligible, has offered his candidature for re-appointment.

Brief Profile:

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.

He does not hold any shares in the Company in which he is a Director.

Mr. Duraiswami Narain (DIN: 03310642)

Mr. Duraiswami Narain (Age: 55 years) has been appointed as an Additional Director of the Company with effect from October 23, 2018. He holds office till the ensuing Annual General Meeting and being eligible, offers his candidature for appointment.

Brief Profile:

Mr. Duraiswami Narain has more than 30 years of experience in the agricultural industry, having previously worked for ITC Limited in India as part of its agribusiness start-up team. He joined Monsanto in 1998 as CFO for the India Region and over the course of his career with the company, has held numerous roles throughout the global organization, including serving as CFO for Monsanto's International Business and CEO for the India Region.

He has worked with farmers across six continents, which allowed him to gain a deep understanding of the unique opportunities and challenges facing growers from region to region. These insights helped him lead important initiatives, including the launch of global financing programs to support critical working capital needs of Monsanto's farmer customers. He also led the company's pioneering efforts in establishing a free mobile phone platform in India that provides smallholder farmers access to key agricultural insights. The platform has since expanded to benefit smallholder farmers in countries across Asia and Africa.

He has a Bachelor's degree in Commerce from the University of Madras in Chennai, India and a Masters of Business Administration from Kellogg Graduate School of Management at Northwestern University. He is also a Chartered Accountant.

He does not hold any shares in the Company.

Mr. Rolf Hoffmann (DIN: 08460583)

Mr. Rolf Hoffmann (Age: 43 years) has been appointed as an Additional Director of the Company with effect from June 01, 2019. He holds office till the ensuing Annual General Meeting and being eligible, offers his candidature for appointment.

Brief Profile:

Mr. Rolf Hoffmann joined Bayer AG as a commercial trainee in 1995. After completion of the traineeship in 1999, Mr. Rolf Hoffmann spent 1 year in marketing and sales for Bayer MaterialScience (Covestro), before he moved to Corporate Audit as an auditor. From 2004 to 2010, he was transferred to Asia Pacific to take over the role as Chief Financial Officer / Compliance Officer for the Bayer Group in Vietnam (Bayer Vietnam Ltd.) and subsequently as Chief Financial Officer in Korea (Bayer Korea Ltd.).

In 2010, Mr. Rolf Hoffmann was transferred back to Germany (Bayer AG) to lead the Corporate Planning and Forecasting team for the Group and later on as well the country platform controlling for country subsidiaries as additional responsibility. In 2014, Mr. Hoffmann was transferred back to Asia Pacific to head the Bayer Healthcare Controlling function as well as the Finance business partner team for the Pharmaceutical Division for Greater China, based in Beijing (Bayer Healthcare China Ltd.). From 2016 till May 2019 he was responsible for the regional finance role of the International EMEA region of the Consumer Health Division, out of Switzerland (Bayer Consumer Care AG). Mr. Hoffmann has a Masters of Business Administration from the University of Bradford, UK.

He does not hold any shares in the Company.

Ms. Ketaki Bhagwati (DIN: 07367868)

Ms. Ketaki Bhagwati (Age: 55 years) has been appointed as an Additional Director of the Company with effect from January 15, 2019. She holds office till the ensuing Annual General Meeting and being eligible, offers her candidature for appointment.

Brief Profile:

Ms. Ketaki Bhagwati is an independent financial services consultant. She is currently an Independent Director on the boards of two Indian companies, Axis Bank Limited and Omniactive Technologies Limited. She has been on the Board of Axis Bank (India's third largest private sector bank) since January 2016 and sits on four active corporate committees - Credit, Risk Management, Review and Acquisitions, Divestment & Mergers Committees. She joined the Board of Omniactive Technologies in January 2018 where she chairs the Audit Committee and is a member of the Nomination & Remuneration Committee. Ms. Bhagwati is also an advisor to Ecoppia Limited, an Israeli start-up company specializing in the manufacture of robotic waterless solutions for cleaning solar panels.

Prior to her current positions, Ms. Bhagwati was a former Chief Investment Officer in the Financial Institutions Group at the International Finance Corporation (IFC), the private sector financing arm of the World Bank Group, for nearly twenty five years (1991-2015), working in private equity, M&A, debt & structured finance and distressed asset workouts across sectors in several regions including Asia, the Middle East & Africa. Prior to IFC, Ms. Bhagwati worked at the Credit Rating Information Services of India (CRISIL) in Mumbai.

Ms. Bhagwati has a Bachelors of Arts from Wellesley College (USA) and a Master of Public Administration from Harvard University's John F. Kennedy School of Government. She is currently a member of the Wellesley College Business Leadership Council and Golden Seeds, an early stage investment firm with a focus on women leaders.

As on May 27, 2019, Ms. Bhagwati is on the Board of the following listed company:

- Axis Bank Limited

She does not hold any shares in the Company.

Mr. Jens Hartmann (DIN: 08338494)

Mr. Jens Hartmann (Age: 54 years) has been appointed as an Additional Director of the Company with effect from February 04, 2019. He holds office till the ensuing Annual General Meeting and being eligible, offers his candidature for appointment.

Brief Profile:

Mr. Jens Hartmann is Senior Vice President / Senior Commercial Leader of a customer-facing business in a culturally diverse region with complex country portfolios. Mr. Hartmann has worked in the agriculture industry for his entire career spanning over 30 years, with a passion for emerging markets, smallholder farmers and digital.

Mr. Hartmann has proven experience in driving business growth focused on commercial innovation and execution, developing and implementing value-added strategies with full P&L responsibility, while dealing with challenging organizational transformations. Through his entire professional career, he is committed to leading change, driving vision and purpose and attracting, developing and retaining talent in high-performing teams.

Prior to assuming the overall responsibility for Commercial Operations for the Asia Pacific region at Bayer Crop Science, Mr. Hartmann has taken on a wide spectrum of leadership roles, including leader of the Crop Science business for Asia Pacific 1 (South East Asia, Greater China, North East Asia, and Australia/New Zealand), Global CIO (Chief Information Officer) for Crop Science, Head of Global Marketing for Agricultural Commercial Operations and Commercial Lead and Country Cluster Head for South Asia for Crop Science.

He has a wealth of experience working in Asia / Africa for over 20 years, having held various commercial and managerial positions in South Africa, Kenya, India, Pakistan and Singapore. Mr. Hartmann has a BA in Economics from Cologne, Germany. He does not hold any shares in the Company.

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. 4 to ITEM NO. 10 IN THE ACCOMPANYING NOTICE DATED MAY 27, 2019:**Item No. 4:**

The Board of Directors based on the recommendation of the Nomination & Remuneration Committee appointed Mr. Duraiswami Narain (DIN: 03310642) as an Additional Director with effect from October 23, 2018. Pursuant to Section 161 of the Companies Act, 2013 ("the Act") read with article 153 of the Articles of Association of the Company, Mr. Narain holds office of Additional Director upto the date of this Annual General Meeting and is eligible for appointment as a Director. A notice in writing under Section 160 of the Act has been received from a member signifying the intention to propose the name of Mr. Narain as a candidate for the office of Director. The detailed profile of Mr. Narain is provided in the Annexure forming part of this Notice.

The Board of Directors recommend the Ordinary Resolution in relation to the appointment of Mr. Duraiswami Narain as the Director of the Company.

Except Mr. Narain, none of the Directors or Key Managerial Personnel or their relatives are in any way concerned or interested in passing of this resolution as set out in Item No. 4.

Item No. 5:

The Board of Directors at its meeting held on November 14, 2018, appointed Mr. Duraiswami Narain as the Managing Director and Chief Executive Officer of the Company for a period of five (5) years with effect from December 01, 2018 till November 30, 2023.

The Board of Directors in the said meeting also approved the remuneration and other terms and conditions of the appointment of Mr. Narain, subject to the approval of the Members in the Annual General Meeting and Central Government approval.

The material terms and conditions of appointment of Mr. Narain as the Managing Director and Chief Executive Officer of the Company as contained in the draft agreement between the Company and Mr. Narain are as follows:

(a)	Salary	₹ 22,38,524 (Rupees Twenty Two Lakhs Thirty Eight Thousand Five Hundred and Twenty Four only) per month or such amount as may be approved by the Nomination & Remuneration Committee/Board of Directors.
(b)	Special Allowance	₹ 26,90,296 (Rupees Twenty Six Lakh Ninety Thousand and Two Hundred and Ninety Six only) per month or such amount as may be approved by the Nomination & Remuneration Committee/Board of Directors.
(c)	Annual Increments	An amount as may be decided by the Global policy of Bayer AG, Germany for Senior Management and approved by the Nomination & Remuneration Committee / Board of Directors from time to time.
(d)	Performance Award / Bonus / Incentive / Ex-gratia	The Performance award/Incentive (Short Term/Long Term)/Bonus/Ex-gratia as may be decided by the global policy of Bayer AG, Germany for Senior Management based on the achievement of such performance parameters and ratified by the Nomination & Remuneration Committee / Board of Directors from year to year provided that the total remuneration including salary and perquisites paid to the Managing Director and Chief Executive Officer shall not exceed the limits laid down under Section 197 read with Schedule V of the Companies Act, 2013.
(e)	Perquisites	The Managing Director and Chief Executive Officer shall be entitled to perquisites like rent free accommodation for self, spouse and family or house rent allowance in lieu thereof, company car with chauffeur, cellular phones, connectivity at residence, statutory contribution to retirement funds, club membership fees, medical coverage, leave encashment, long service award and other benefits/ allowances/ reimbursement of expenses in accordance with the rule(s) of the Company or as per Bayer's International Mobility Directive as applicable from time to time, for the aforesaid benefits. The total remuneration and perquisites/benefits contemplated above, including contribution towards provident fund/superannuation fund, annuity fund, gratuity fund, etc. payable to the Managing Director & Chief Executive Officer shall not exceed the limits laid down under Section 197 read with Schedule V of the Companies Act, 2013.

The draft agreement is available for inspection by the Members at the Registered Office of the Company between 10.00 a.m. to 2.00 p.m. on all days (except Saturday, Sunday and Public holidays) upto the date of the Annual General Meeting and shall also be available at the meeting.

The Board of Directors recommend the Special Resolution in relation to the appointment of Mr. Duraiswami Narain as the Managing Director and Chief Executive Officer of the Company.

Except Mr. Narain, none of the Directors or Key Managerial Personnel or their relatives are in any way concerned or interested in passing of this resolution as set out in Item No. 5.

Item No. 6:

The Board of Directors based on the recommendation of the Nomination & Remuneration Committee and Audit Committee appointed Mr. Rolf Hoffmann (DIN: 08460583) as an Additional Director with effect from June 01, 2019. Pursuant to Section 161 of the Companies Act, 2013 ("the Act") read with article 153 of the Articles of Association of the Company, Mr. Rolf Hoffmann holds office of Additional Director upto the date of this Annual General Meeting and is eligible for appointment as a Director. A notice in writing under Section 160 of the Act has been received from a member signifying the intention to propose the name of Mr. Rolf Hoffmann as a candidate for the office of Director. The detailed profile of Mr. Rolf Hoffmann is provided in the Annexure forming part of this Notice.

The Board of Directors recommend the Ordinary Resolution in relation to the appointment of Mr. Rolf Hoffmann as the Director of the Company.

Except Mr. Rolf Hoffmann, none of the Directors or Key Managerial Personnel or their relatives are in any way concerned or interested in passing of this resolution as set out in Item No. 6.

Item No. 7:

The Board of Directors at its meeting held on May 27, 2019, appointed Mr. Rolf Hoffmann as the Whole-time Director and Chief Financial Officer of the Company for a period of five (5) years with effect from July 01, 2019 till June 30, 2024.

The Board of Directors in the said meeting also approved the remuneration and other terms and conditions of the appointment of Mr. Rolf Hoffmann, subject to the approval of the Members in the Annual General Meeting and Central Government approval.

The material terms and conditions of appointment of Mr. Rolf Hoffmann as the Whole-time Director and Chief Financial Officer of the Company as contained in the draft agreement between the Company and Mr. Rolf Hoffmann are as follows:

(a)	Salary	₹ 1,188,613 (Rupees Eleven Lakhs Eighty Eight Thousand Six Hundred and Thirteen only) per month or such amount as may be approved by the Nomination & Remuneration Committee/Board of Directors.
(b)	Special Allowance	₹ 1,865,377 (Rupees Eighteen Lakhs Sixty Five Thousand Three Hundred and Seventy Seven only) per month or such amount as may be approved by the Nomination & Remuneration Committee/Board of Directors.
(c)	Annual Increments	An amount as may be decided by the Global policy of Bayer AG, Germany for Senior Management and approved by the Nomination & Remuneration Committee / Board of Directors from time to time.
(d)	Performance Award / Bonus / Incentive / Ex-gratia	The Performance award/Incentive (Short Term/Long Term)/Bonus/Ex-gratia as may be decided by the global policy of Bayer AG, Germany for Senior Management based on the achievement of such performance parameters and ratified by the Nomination & Remuneration Committee / Board of Directors from year to year provided that the total remuneration including salary and perquisites paid to the Whole-time Director and Chief Financial Officer shall not exceed the limits laid down under Section 197 read with Schedule V of the Companies Act, 2013.
(e)	Perquisites	The Whole-time Director and Chief Financial Officer shall be entitled to perquisites like rent free accommodation for self, spouse and family or house rent allowance in lieu thereof, company car with chauffeur, cellular phones, connectivity at residence, statutory contribution to retirement funds, club membership fees, medical coverage, leave encashment, long service award and other benefits/ allowances/ reimbursement of expenses in accordance with the rule(s) of the Company or as per Bayer's International Mobility Directive as applicable from time to time, for the aforesaid benefits. The total remuneration and perquisites / benefits contemplated above, including contribution towards provident fund/superannuation fund, annuity fund, gratuity fund, etc. payable to the Whole-time Director and Chief Financial Officer shall not exceed the limits laid down under Section 197 read with Schedule V of the Companies Act, 2013.

The draft agreement is available for inspection by the Members at the Registered Office of the Company between 10.00 a.m. to 2.00 p.m. on all days (except Saturday, Sunday and Public holidays) upto the date of the Annual General Meeting and shall also be available at the meeting.

The Board of Directors recommend the Special Resolution in relation to the appointment of Mr. Rolf Hoffmann as the Whole-time Director and Chief Financial Officer, for the approval of the members of the Company.

Except Mr. Rolf Hoffmann, none of the Directors or Key Managerial Personnel or their relatives are in any way concerned or interested in passing of this resolution as set out in Item No. 7.

Item No. 8:

The Board of Directors based on the recommendation of the Nomination & Remuneration Committee had appointed Ms. Ketaki Bhagwati (DIN: 07367868) as an Additional Director with effect from January 15, 2019 and as a Non-Executive Independent Director subject to the approval of the members. Pursuant to Section 161 of the Companies Act, 2013 ("the Act") read with article 153 of the Articles of Association of the Company, Ms. Bhagwati holds office of Director upto the date of this Annual General Meeting and is eligible for appointment as a Director. A notice in writing under Section 160 of the Act has been received from a member signifying the intention to propose the name of Ms. Bhagwati as a candidate for the office of Director.



The Company has also received the declaration from Ms. Bhagwati stating that she meets the criteria of independence as per Section 149(6) of the Act as well as Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). The detailed profile of Ms. Bhagwati is set out in the Annexure to this Notice.

A copy of the draft letter of appointment which will be issued to Ms. Bhagwati setting out the terms and conditions of her appointment as an Independent Director is available for inspection by the Members at the Registered Office of the Company between 10.00 a.m to 2.00 p.m on all days (except Saturday, Sunday and public holidays) upto the date of the Annual General Meeting and shall also be available at the meeting.

In the opinion of the Board, Ms. Bhagwati fulfills the conditions specified in the Act and the rules made thereunder and also under the SEBI Listing Regulations for appointment as Non-Executive Independent Director and is Independent of the Management.

The Board of Directors recommend the Ordinary Resolution in relation to the appointment of Ms. Ketaki Bhagwati as a Non-Executive Independent Director of the Company for a period of five (5) years commencing from July 24, 2019 upto July 23, 2024.

Except Ms. Bhagwati, none of the Directors or Key Managerial Personnel or their relatives are in any way concerned or interested in passing of this resolution as set out in Item No. 8.

Item No. 9:

The Board of Directors based on the recommendation of the Nomination & Remuneration Committee of the Company had appointed Mr. Jens Hartmann (DIN: 08338494) as an Additional Director of the Company with effect from February 04, 2019. Pursuant to Section 161 of the Companies Act, 2013 ("the Act") read with article 153 of the Articles of Association of the Company, Mr. Hartmann holds office of Director upto the date of this Annual General Meeting and is eligible for appointment as a Director. The Company has received a notice in writing under Section 160 of the Act from a member signifying the intention to propose the name of Mr. Hartmann as a candidate for the office of Director.

The Board of Directors recommend the Ordinary Resolution in relation to the appointment of Mr. Hartmann as a Non-Executive Director of the Company.

Except Mr. Hartmann, none of the Directors or Key Managerial Personnel or their relatives are in any way concerned or interested in passing of this resolution as set out in Item No. 9.

Item No. 10:

The Board, on the recommendation of the Audit Committee, has approved the appointment of M/s. D.C. Dave & Co., Cost Accountants, as the Cost Auditors to conduct the audit of the cost records of the Company for "Insecticides" for the financial year ending March 31, 2020 for a remuneration of ₹ 0.55 Millions (Rupees point five five millions) plus taxes as applicable and out of pocket expenses incurred by them for the purpose of audit for the financial year 2019-20. A Certificate issued by the above firm regarding their eligibility for appointment as Cost Auditors will be available for inspection at the Registered Office of the Company between 10.00 a.m to 2.00 p.m on all days (except Saturday, Sunday and public holidays) upto the date of the Annual General Meeting and shall also be available at the Meeting.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the members of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 10 of the Notice.

The Board of Directors recommend the Ordinary Resolution in relation to the ratification of the remuneration payable to M/s. D.C. Dave & Co., Cost Accountants, for the Cost Audit.

None of the Directors or Key Managerial Personnel or their relatives are in any way concerned or interested in the passing of this resolution as set out in Item No. 10.

By Order of the Board of Directors

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

Mumbai, May 27, 2019

Registered Office:

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

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 61st 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, 2019.

Financial Performance:

(₹ in Millions)

Particulars	2018-19	2017-18
Revenue from Operations	26,857	27,490
Other Income	372	388
Total Income	27,229	27,878
Profit before Finance Costs, Depreciation and Taxation	4,104	4,482
(Less) : Finance Costs	(99)	(113)
(Less) : Depreciation and Amortisation Expense	(342)	(331)
Profit Before Tax	3,663	4,038
(Less) : Tax Expense	(1,287)	(1,037)
Profit for the year	2,376	3,001
(Less) : Other Comprehensive Income	(580)	(13)
Total Comprehensive Income for the year	1,796	2,988
Add : Retained Earnings at the beginning of the year	13,520	16,594
Add: Changes in fair value of equity instruments through Other Comprehensive Income	403	-
Amount available for Appropriation	15,719	19,582
Appropriations:		
Dividend declared	618	601
Dividend Distribution Tax on Dividend	127	122
Transfer to General Reserve	299	290
Premium paid on Buyback of Equity shares	-	4,989
Transfer to Capital Redemption Reserve	-	11
Transaction Cost for Buyback of Equity shares	-	49

Dividend:

In line with the Dividend Distribution Policy, the Board of Directors have recommended a final dividend of ₹ 18.00 per Equity Share of ₹ 10 each amounting to ₹ 618 Millions for the financial year ended March 31, 2019, subject to the approval of the members.

The Register of Members will remain closed from Friday, July 12, 2019 to Wednesday, July 24, 2019 (both days inclusive).

Exports:

The export sale for the financial year ended March 31, 2019 was ₹ 2,567 Millions as compared to ₹ 2,496 Millions during the previous year.

Open-offer:

During the year under review, Bayer AG (Acquirer) along with Bayer CropScience Limited (Person acting in Concert) initiated an open offer for acquisition of upto 4,488,315 equity shares of Monsanto India Limited (MIL) representing 26% of the equity share capital of MIL at a price of ₹ 2,926.87 per share in accordance with the relevant provision of the SEBI (Substantial Acquisition of Shares and Takeover) Regulation, 2011. In the said open offer, your Company acquired 1,350,000 equity shares of Monsanto India Limited at a price of ₹ 2,926.87 per share, aggregating to ₹ 3,951 Millions, while acting as 'Person Acting in Concert' as per the resolution passed by the Board of Directors of the Company at their meeting held on May 31, 2018. Pursuant to the said acquisition, your Company now holds 7.82% of the total shareholding of MIL.

DIRECTORS' REPORT (contd.)

Scheme of Amalgamation of Monsanto India Limited with Bayer CropScience Limited:

The Board of Directors of your Company at its meeting held on November 14, 2018, approved the Amalgamation of Monsanto India Limited (MIL) with Bayer CropScience Limited (BCSL) in consideration for equity shares of BCSL. The proposed amalgamation would be carried out vide a Scheme of Amalgamation of MIL with BCSL and their respective shareholders (Scheme) under the provisions of Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions, if any.

In consideration for the amalgamation of MIL with BCSL, in terms of the Scheme and basis the Valuation Report issued jointly by S.R. Batliboi & Co LLP and Bansi S. Mehta & Co., Independent Chartered Accountants and fairness opinion provided by ICICI Securities Limited, a Category-I Merchant Banker; BCSL will issue and allot two (2) equity shares of ₹ 10 each credited as fully paid-up of BCSL for every three (3) equity shares of ₹ 10 each held in MIL. BCSL holds 1,350,000 equity shares in MIL (7.82% of the paid up capital of MIL), and on the Scheme becoming effective, the equity shares held by BCSL in MIL shall stand cancelled.

The said Scheme shall be subject to receipt of necessary approvals of the shareholders of both the companies, regulatory authorities and National Company Law Tribunal, Mumbai Bench. The rationale of the said amalgamation is provided in the Scheme and is uploaded on the website of the Company at www.bayer.in.

Insurance:

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

Foreign Exchange Management:

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

Directors' Responsibility Statement:

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

1. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. appropriate accounting policies have been selected and applied consistently and such judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019 and of the profit of the Company for the financial year ended March 31, 2019;
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the annual accounts have been prepared on a going concern basis;
5. internal financial controls to be followed by the Company have been laid down and that such internal financial controls are adequate and were operating effectively and
6. proper systems to ensure compliance with the provisions of all applicable laws have been devised and that such systems were adequate and operating effectively.

Responsible Care and Quality:

Bayer considers safety as a substantial part of its core values which is also reflected by our group-wide commitment to Safety: "Act Safe & Sustainable".

The Bombay Chamber of Commerce and Industry awarded 'Bayer House', Bayer's head office situated at Thane as winner of the 'Office Safety Awards 2018' in the category of 500 and above employees. It was weighed against various pillars of Health, Safety and Environment management like legal compliance, safe infrastructure, management commitment, environment, health & wellness, safety & emergency preparedness.

DIRECTORS' REPORT (contd.)

Product stewardship, replacement of hazardous materials by lesser hazardous materials, energy and resource conservation are an important part of the development process of products and their manufacturing process at Bayer manufacturing facilities. Hazard identification and risk assessment is conducted for all kinds of manufacturing activity with an objective to manage occupational and process risks. Adequate controls are maintained and monitoring mechanisms are implemented for effective control of risks. Our Active Ingredients (AI) formulation & packing facility based at Himatnagar is certified as per ISO 9001:2015 Quality Management System and ISO 14001:2015 Environmental Management Systems.

Various awareness sessions including, World Environment Day, National Safety Week, Road Safety Week and Bayer Safety Day were celebrated to create awareness amongst the employees at all levels across the country. Defensive driving training is imparted to the sales employees regularly. Our business partners including warehousing, suppliers and contract manufacturers are regularly audited to improve safety performance.

Corporate Sustainability and Social Responsibility:

Bayer has been acting as a catalyst for societal progress and frontier innovations ever since Friedrich Bayer Junior laid the basis for its initiatives in 1897. Building on the 120 years' history, that paved way to our Corporate Societal Engagement (CSE) approach, we seek to find, foster and scale meaningful solutions for social health challenges and the food crisis. CSE is therefore, the central element in our sustainability model, as we believe that prosperity and sustainable progress are conceivable only within an ecosystem of balanced opportunities and appreciation for science and innovation in society.

Our programs and partnerships throughout the globe are the outcomes of system-changing power of creative thinking. Therefore, our programs support novel solutions with impact and capability to solve social issues. The core areas of focus for our approach have been "Education, Science, Health and Social needs". With its sustainable initiatives, Bayer has been supporting local communities with innovative educational and social projects from time to time.

In India, Bayer has built a strong tradition as a responsible corporate citizen. Operational implementation of its initiatives is achieved with the help of non-financial targets and performance indicators throughout the value chain. A clear definition of responsibilities in the corporate structure and the identification of key areas of activity using a materiality analysis enables us to derive expected and effective results.

The Corporate policies ensure that our sustainability principles are consistently embedded in business operations and are implemented through appropriate management systems, committees and processes. The ongoing review & revision of directives and regular internal audits ensure that our management systems are continuously improvising and are in alignment with our corporate policies.

Corporate Societal Engagement:

In India, Bayer has been implementing a comprehensive approach for its Corporate Societal Engagement (CSE) projects. The pillars such as Fostering education, Fostering rural development, Empowering women and Preventive health & sanitation form the foundation of the CSE initiatives.

As a research-based company, we depend heavily on recruiting well-trained Scientists and Society's acceptance of technology. The "Fostering Education" pillar focusses on Education and Science projects. Bayer supports local communities with innovative Social projects that are based on the principle - 'helping people to help themselves' wherein we collaborate with both Government institutions and Non-governmental organizations for an effective reach. The second pillar - "Fostering Rural Development", focuses mainly on Community Development programs that are conducted across India aimed at increased awareness about health, hygiene and skill development.

Strong and empowered women help to create a better society and future for any culture. The third pillar - "Empowering Women" has enabled us to bring out numerous innovative initiatives in the field of woman empowerment. Bayer in India, is working in active collaboration with its partnering institutions to implement a Program for Primary Prevention of Sexual Violence (PPPSV). The goal of PPPSV is to develop approaches for primary prevention of sexual violence in India through medical science and technology. Another initiative of Bayer, 'Discovering Hands' aims to make a positive difference in the area of breast cancer as well as lend a helping hand for the visually challenged blind women in India.

The fourth pillar - "Preventive Health & Sanitation" aims to provide targeted assistance in the areas of health and hygiene. Bayer has achieved a substantial reach with the local communities through its Health & sanitation initiatives.

The Company achieved significant milestones in implementing all the four pillars.

Corporate Sustainability:

Responsible business practices are the foundation of the Bayer's sustainable alignment. Risks can be identified and mitigated at an early stage by implementing this alignment in the areas of compliance (e.g. anti-corruption and responsible marketing), human resources policy, product stewardship, health, environmental protection and safety, and supplier management. This is one of the key requirements for the social acceptance of our business. On this basis, we aim to contribute to overcoming global challenges with our innovations, and in doing so, develop additional business opportunities.

DIRECTORS' REPORT (contd.)

The central theme of Bayer's social commitment is innovation. As education is an important catalyst in achieving sustainable societal prosperity, Bayer has been making efforts in promoting science and technology in many far-flung rural areas, where educational infrastructure is in a poor shape. Keeping our focus on Vocational skill development, many of our initiatives aim to enhance skills that would help young people become employable. Our Community Development programs are implemented in various parts of the country thereby placing emphasis on enhanced awareness about health, hygiene and skill development.

Our sustainable development initiatives are aimed at contributing to one of society's greatest challenges-'food security' as well. We focus on providing support to farmers in their efforts to increase yields while protecting the environment and thereby improving the quality of life. Bayer is committed to protecting the environment and is constantly working to reduce its impact and undertake innovative product solutions that improve resource and energy efficiency, which is befitting our mission - "Bayer: Science for a better life."

Business Responsibility Reporting:

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

Human Resources:

Bayer's business success is largely based on the knowledge, skills, commitment and satisfaction of its employees. As an employer, we offer wide-ranging individual development opportunities at every level. Alongside professional training, we focus on conveying our corporate values defined as "LIFE" (Leadership, Integrity, Flexibility and Efficiency) and establishing a dialogue-oriented corporate culture based on trust, respect for diversity and equal opportunity. Our approach towards structured working conditions include fair treatment at workplace, transparent and equitable compensation system, flexible work-timings and an environment that fosters health. These are the cornerstones of our global human resources strategy, which are designed to safeguard and expand our business activities. They strengthen our competitiveness and reflect our social responsibility to provide secure employment & stable incomes thereby encouraging social cohesion, which enables us to retain the best employees in the Company.

Employee Satisfaction is of great significance to Bayer and we measure employees' satisfaction with institutionalized feedback discussions and a Group-wide Employee Survey, which is conducted every two years. This enables us to monitor the effectiveness of our initiatives and improvise. In 2018, a Pulse Survey on Engagement and Focus Behaviours was conducted in order to continue to remain in the right direction, post the encouraging outcome in 2017. The results continued to show similar level of engagement with upward progress on the aspects of Focus Behaviours. Moreover, 75% of respondents also showed belief in the actions taken up by the Company basis the findings of the Survey in 2017.

Attracting, Developing and Retaining the best managers and employees:

Your Company continues to leverage its Employer Value proposition – its Employer Brand - 'Passion to Innovate | Power to Change', which emphasizes on the offerings and the expectations of the Group. It translates Bayer's mission statement "Science for a better life" into action. Employees continue to remain the Company's most important assets. Several efforts were undertaken to improve employee capability, build greater engagement with the Company and provide opportunities for growth. These resulted in industry leading benchmarks for being an Employer of Choice. Your Company's Career Facebook and LinkedIn page continues to present Bayer in an engaging manner thereby enhancing its employer brand.

Internships and the Bayer Scholarships paves connection with the student community at a higher level. In 2018, more than 1100 students from 12 institutes applied for the Bayer Scholarships. After a thorough evaluation, wherein the shortlisted students underwent an aptitude test and an interview, 66 students were selected as Bayer Scholars.

Feedback on employee performance:

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

Wide-ranging career opportunities:

Bayer's wide-ranging business activities support in creation of multiple varied opportunities for its employees throughout the Group. Development dialogues between employees and their supervisors nurtures a healthy discussion on the career development perspectives for the employee. Job roles from non-managerial right up to management level are advertised via a globally accessible platform all through the Bayer group providing suitable openings to the employees for internal movement from time to time. Bayer also provides an opportunity to its employees to undertake International assignments, which also

DIRECTORS' REPORT (contd.)

supports in employee development. 22 employees from India had participated in International assignments (short term and long term) in 2018.

In line with Bayer's talent management philosophy, a number of employees went through various Development centres this year as well. These exercises not only support in building their capabilities, but also provide opportunities for employees to move into different roles and positions. We continuously align our learning and development investments with the business strategies as well as the evolving expectations of our employees. We are geared to create learning opportunities, build careers, and foster an empowering and inclusive culture where our employees find meaning in what they do while they create value for Bayer.

In continuation with the previous years' efforts towards creation of opportunities for Learning and development for employees, initiatives like "NIEV" - Certificate in Management Studies in collaboration with WE School and "My Growth My Life" – an accelerated leadership development program progressed.

Since the roll out of the Bayer Competency Model, the Bayer Competencies – Core and Leader, remain linked to People processes, Performance management and Talent development initiatives across the employee life cycle. The Company continues to emphasize and amplify the four focus behaviours - Customer Focus, Experimentation, Collaboration and Trust to ensure that our culture supports our strategy and purpose.

Corporate culture: dialogue, diversity, innovation:

Fairness and respect are vital elements of our corporate culture. It includes observing Group-wide standards of conduct and protecting employees from discrimination, harassment and retaliation. These standards are set forth in our Corporate Policy - "Fairness and Respect at Work." With the help of training videos and our internal website, Bayer employees around the world are provided with relevant guidance and necessary training for employees to practice Fairness and Respect at their respective workplace. Child and forced labour are strictly prohibited at Bayer in accordance with the core labour criteria of the International Labour Organization (ILO). This prohibition is set out in our binding Human Rights Policy and applies Group-wide.

Communication at all levels:

To facilitate open channels of feedback and communication within the organization, on our values, rights, policies and processes, apart from sending regular updates via mailers, blogs, intranet articles, we have instituted town halls, breakfast meets' sessions with the Managing Director and Senior Leadership. WeSolve, an internal crowdsourcing platform is created for employees to post their questions relating to internal activities at Bayer. The questions are then answered by employees thereby leading to a wealth of perspectives and possible solutions/ideas. We involve our employees in business processes through active dialogue and prompt information about upcoming changes.

Creating attractive working conditions:

- **Competitive compensation and variable pay**

Our compensation philosophy reflects pay for performance culture and elements based on the Company's shared success, alongside additional benefits. Adjustments are based on continuous benchmarking process, which makes our compensation locally competitive. This includes, among other things, the uniform evaluation of all managerial positions throughout the Group. Bayer voluntarily pays employees on permanent employment contracts in excess of the statutory minimum wage.

At Bayer, individual salaries are based on each employee's personal and professional abilities vis-à-vis their professional assignments. At the managerial level, uniform evaluation of all positions is performed throughout the Group using the internationally recognized Hay method. Our compensation concept also includes variable one-time payments.

- **Work-life balance**

We offer our employees flexible working hours, option to work from home and support in childcare beyond the statutory requirements.

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

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

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

DIRECTORS' REPORT (contd.)

Awards & Recognition:

The Company has been once again recognized as one of the '100 Best Companies for Women in India' in 2018. The study conducted by AVTAR Group & Working Mother aims to recognize and bring into foray the sustained initiatives undertaken by companies to increase women workforce participation.

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

Directors:

During the year under review, Mr. Richard van der Merwe retired from the services of the Company and thereby relinquished his position as the Vice-Chairman & Managing Director and Chief Executive Officer of the Company with effect from November 15, 2018.

Dr. Miriam Colling-Hendelkens resigned from the Board as the Non-Executive Non-Independent Director of the Company with effect from February 05, 2019. Mr. Sharad M Kulkarni and Mr. Vimal Bhandari completed their tenure as Non-Executive Independent Directors of the Company and hence ceased to be the Directors of the Company with effect from end of closing hours as on March 31, 2019.

Mr. Ulrich Stefer resigned from the Board as an Executive Director with effect from May 31, 2019 consequent upon his taking over the responsibilities as the Chief Financial Officer of Bayer in Greater China. Mr. Stefer will continue to be the Chief Financial Officer of the Company till June 30, 2019.

The Board of Directors placed on record its warm appreciation for the rich and valuable contribution made by Mr. Richard van der Merwe, Dr. Miriam Colling-Hendelkens, Mr. Sharad M. Kulkarni, Mr. Vimal Bhandari and Mr. Ulrich Stefer during their tenure as Directors of the Company.

Based on the recommendation of the Nomination & Remuneration Committee, the Board of Directors have made the following appointments during the year under review:

- Mr. Duraiswami Narain was appointed as an Additional Director with effect from October 23, 2018 and as Managing Director & Chief Executive Officer of the Company with effect from December 01, 2018.
- Ms. Ketaki Bhagwati was appointed as an Additional Independent Director with effect from January 15, 2019.
- Mr. Jens Hartmann was appointed as an Additional Non-Executive Director with effect from February 04, 2019.
- Mr. Rolf Hoffmann was appointed as an Additional Director with effect from June 01, 2019 and as the Whole-time Director and Chief Financial Officer of the Company with effect from July 01, 2019.

In accordance with the provisions of Section 161 of the Act, Mr. Narain, Ms. Bhagwati, Mr. Hartmann and Mr. Hoffmann shall hold office upto the date of the forthcoming Annual General Meeting of the Company and being eligible, offer their candidature for appointment as Director of the Company. Your approval for Mr. Narain's appointment as Managing Director and Chief Executive Officer, Ms. Bhagwati's appointment as Non-Executive Independent Director, Mr. Hartmann's appointment as Non-Executive Non-Independent Director and Mr. Hoffmann's appointment as Whole-time Director and Chief Financial Officer has been sought in the Notice convening the Annual General Meeting of the Company.

At the forthcoming 61st Annual General Meeting (AGM) of the Company and in accordance with the applicable provisions of the Act, Mr. Peter Mueller, Non-Executive Non-Independent Director retires by rotation and being eligible offers his candidature for re-appointment as Director of the Company.

The Independent Directors hold office for a fixed term of five (5) years and are not liable to retire by rotation.

In accordance with the provisions of Section 149(7) of the Act, Mr. Pankaj Patel and Ms. Ketaki Bhagwati, the Independent Directors of the Company as on March 31, 2019 have given their declarations to the Board that they meet the criteria of independence as laid down under Section 149(6) of the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") as amended.

Corporate Governance:

Your Company is committed to maintaining highest standards of Corporate Governance and adhering to the Corporate Governance requirements as set out by the Securities and Exchange Board of India (SEBI). As required by Regulation 24 of the SEBI Listing Regulations, a detailed Corporate Governance Report is annexed to this Report. The Company is in full compliance with the requirements and disclosures that have to be made in this regard. A Certificate from a Company Secretary in whole-time practice, confirming compliance of the Corporate Governance requirements by the Company is annexed with the Corporate Governance Report. A Certificate of Corporate Governance from the Chief Executive Officer and

DIRECTORS' REPORT (contd.)

Chief Financial Officer of the Company, in terms of the SEBI Listing Regulations, inter alia, confirming the correctness of the financial statements and cash flow statements, adequacy of internal control measures of the Company forms a part of the Corporate Governance Report.

Meetings of the Board:

During the financial year ended March 31, 2019, six (6) Board Meetings were convened and held. The details of which are given in the Corporate Governance Report.

Audit Committee:

During the financial year ended March 31, 2019, six (6) Audit Committee Meetings were convened and held. The composition of the Audit Committee is given in the Corporate Governance Report. The Board accepted all the recommendations made by the Audit Committee.

Board Evaluation:

Pursuant to the provisions of the Act and SEBI Listing Regulations, the Board and Committee Evaluation was carried out during the year wherein all the members of the Board evaluated the Board's as well as Committee's performance based on various parameters. The said parameters are based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India.

The Nomination & Remuneration Committee reviewed the performance of the individual directors based on criteria such as constructive inputs in meetings, preparedness on the issues discussed at the meetings, etc. The results of the evaluation were discussed at the Nomination & Remuneration Committee Meetings and were placed at the Board Meeting for the Chairman's review. The Evaluation process primarily focused on the criteria with respect to the overall functioning of the Board as well as the Committees, their composition, governance aspects, etc. The criteria applied in the evaluation process is explained in the Corporate Governance Report.

Nomination and Remuneration Policy:

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

Whistle Blower Policy (Vigil Mechanism):

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

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

Code of Conduct:

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

Risk Management Policy:

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

- overview of risk management;

DIRECTORS' REPORT (contd.)

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

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

Corporate Social Responsibility Policy:

A brief outline of the Corporate Social Responsibility (CSR) Policy and the initiatives undertaken by your Company on CSR activities during the financial year ended March 31, 2019 is set out in Annexure "A" to the Directors' report. The CSR policy is uploaded on the website of the Company at www.bayer.in.

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 in line with the approved internal audit plan. Audit observations and follow-up actions are deliberated with the management of the Company as well as the Audit Committee.

Internal Financial Controls:

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

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

The information as prescribed under the provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is set out as an Annexure "E" to the Directors' Report. However, as per the proviso to Rule 5, the Directors' Report and Financial Statements of the financial year ended March 31, 2019 of your Company are being sent to the Members, excluding the statement giving particulars of employees under Section 197(12). Any Member interested in obtaining a copy of such statement may write to the Company Secretary at the Registered Office of the Company.

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

The information as required under the provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, with respect to Conservation of Energy, Technology Absorption, Foreign exchange earnings and outgo related matters is enclosed as Annexure "B" to the Directors' Report.

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

During the financial year ended March 31, 2019, your Company acquired 1,350,000 equity shares of Monsanto India Limited at a price of ₹ 2,926.87 per share, aggregating to ₹ 3,951 Millions, while acting as 'Person Acting in Concert' as per the resolution passed by the Board of Directors of the Company at its meeting held on May 31, 2018. The Company did not give any loan, guarantee or provide security in connection with any loan to any group company during the year under review.

Related Party Transactions:

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

Information on transactions entered with the related parties pursuant to Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 as prescribed in Form AOC-2 for the financial year ended March 31, 2019 are given under Annexure "C" to the Directors' Report.

DIRECTORS' REPORT (contd.)**Prevention of Sexual Harassment at Workplace:**

Your Company has a policy on prevention of sexual harassment to ensure harassment free workspace for the employees. Sexual harassment cases are dealt as per the prevention of sexual harassment policy. An Internal Complaints Committee (ICC) has been set up by the Company to redress complaints received regarding sexual harassment. This policy is applicable to all its employees (permanent, contractual, temporary and trainees).

The following is a summary of sexual harassment complaints received and disposed off during financial year 2018-19.

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

Extract of Annual Return:

The details forming part of the extract of the Annual Return of your Company in Form MGT 9 for the financial year ended March 31, 2019 as per the provisions of Section 92 of the Act, is enclosed as Annexure "D" to the Directors' Report.

Management Discussion & Analysis Report:

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

Cost Audit:

Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company in respect of 'Insecticides' is required to be audited. Your Directors have, on the recommendation of the Audit Committee appointed M/s. D.C. Dave & Co. to audit the cost accounts of the Company pertaining to 'Insecticides' for the financial year ending March 31, 2020. As required under the provisions of the Act, the remuneration payable to the Cost Auditor is to be placed before the Members in the Annual General Meeting for ratification. Accordingly, a resolution for seeking members' ratification for the remuneration payable to M/s. D.C. Dave & Co. is included at Item No. 10 of the Notice convening the Annual General Meeting.

Statutory Auditors:

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

Secretarial Audit:

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed M/s. BNP & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the financial year ending March 31, 2020. The Secretarial Audit Report for the financial year ended March 31, 2019 is enclosed as Annexure "F" to this Directors' Report.

Acknowledgements:

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

For and on behalf of the Board of Directors

Duraiswami Narain
Vice Chairman & Managing Director and
Chief Executive Officer
(DIN: 03310642)

Ulrich Stefer
Executive Director &
Chief Financial Officer
(DIN: 07447177)

Mumbai, May 27, 2019

ANNEXURE “A”

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

The Company has been implementing a comprehensive, well-planned approach for its Corporate Societal Engagement (CSE) projects. The Company has conceptualized a long-term approach of segregating its projects to be grouped under four essential pillars: Fostering education, Fostering rural development, Empowering women and Preventive health & sanitation. As a Company, we implement majority of our activities basis innovation and pioneering spirit. For this purpose, we collaborate with partners in international programs and support local initiatives.

BCSL in accordance to the Companies Act, 2013 (“the Act”) has laid down a Corporate Social Responsibility (CSR) Policy. As required under the provisions of the Act, a Board level CSR Committee comprising of two (2) Executive Directors and one Non-Executive Independent Director met twice during the financial year 2018-19, to review the progress of the CSR projects and approve future initiatives. At Bayer Group level, a CSR Steering Committee comprising representatives from all Bayer entities in India and support functions is set up to further steer the CSR activities.

Below is a short summary of programs under implementation:

i. Program for Primary Prevention of Sexual Violence:

The Program for Primary Prevention of Sexual Violence (PPPSV) is a collaborative initiative of King Edward Memorial Hospital Research Centre (KEMHRC), Pune Institute of Sexology and Sexual Medicine, Charite University clinic of Berlin and an advisory council of experts from India, which is being funded by Bayer Group in India. The unique goal of the PPPSV program is to develop and implement strategies for primary prevention of sexual violence by focusing mainly on potential offenders. As part of this program, a new online assessment tool called ‘Troubled Desire’ was launched which offers online-self-management for people in India who feel attracted to children and early adolescents thereby offering them a chance to get in real contact with therapists. This project aims to work with the self-reported pedophiles through the online tool, in a therapeutic set-up to increase empathy for potential victims, control impulses, and establish healthy adult relationships. A free and confidential treatment center is in operation at KEMHRC. Required Medical/therapeutic treatment is offered to people seeking therapeutic help with their sexual preference for children and/ or early adolescents. This treatment option is restricted strictly to non-offenders.

ii. Discovering Hands:

Breast cancer is the most common type of cancer prevalent in women globally and in India. The Discovering Hands initiative aims to make a positive difference in the area of breast cancer as well as lend a helping hand for the visually challenged women in India. As prevention is critical in the fight against breast cancer, Dr. Frank Hoffmann, CEO of Discovering Hands pioneered a unique program that trains and deploys visually impaired women with their highly developed sensory skills to detect the early signs of breast cancer which may in turn help in timely treatment of the cancer. The first batch of seven Medical Tactile Examiners trained by Dr. Kanchan Kaur, Associate Director at the Breast Services in Medanta Medicity, Gurgaon and are now working with different doctors. Since October 2018, more than 500 regular screenings for women of all age groups has been conducted by the women under the Discovering hands program.

iii. Bayer Fellowship Program in Agro Science:

The vision for today's Indian Agriculture is to drive the growth of the sector via newer technologies and strategies such as smart irrigation, innovative farming methodologies, technological expertise, tools and equipment, soil health checks, knowledge management, data analytics, Farming related training and education. The objective of this project is to encourage research and development activities in agriculture. Bayer has awarded scholarships to various M.Sc. and Ph.D. students with objectives of supporting young and talented minds to better the standards of agriculture, developing technology in India that can be adopted by the farmers to increase their profitability. The project locations are state-level Agriculture Universities in Gujarat, Karnataka, Punjab, Assam, Tamil Nadu, Telangana, Uttarakhand and West Bengal.

iv. Samavesh:

A preparatory course for an employment, Samavesh, is initiated to improve employability in order to empower talented underprivileged women in areas of Agriculture and Healthcare. Training also includes specific modules such as self – defense, safe driving and working safely in rural areas. One of the key objective is, to participate in Indian Governments Skill India Initiative.

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

2. The composition of the CSR Committee as on March 31, 2019:

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

3. Average Net Profit of the Company for last 3 financial years: ₹ 4,520.31 Millions

4. Prescribed CSR Expenditure (2% of this amount as in item 3 above): ₹ 90.40 Millions

5. Details of CSR spent during the year:

- Total amount spent during the financial year: ₹ 90.43 Millions
- Amount unspent: Nil
- Manner in which the amount spent during the financial year is detailed below:

Sr. No.	CSR project/ activity identified	Sector in which the Project is covered	Projects/ Programs 1. Local area/ others 2. Specify the state and district where project /program was undertaken	Amount outlay (budget) project/ programs wise (₹ in Millions)	Amount spent on the project/ programs Subheads: 1. Direct expenditure on project or programs (DE) 2. Overheads (OH) (₹ in Millions)	Cumulative expenditure spend upto to the Reporting period (₹ in Millions)	Amount spent:Direct/ through implementing agency
1	Research & Prevention Center on Sexual Violence against Women & Children. The Program has 3 main goals: 1. Empiric research on causes and impact of sexual violence on Indian society and individual victims (generate evidence based results to find new solutions and actions) 2. Social Emergency response office for at-risk people (mobile solution, "help mob") 3. Preventive sexual medical treatment is being offered for potential child sexual abusers (voluntary based).	CSR activity, under item (iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.	Maharashtra	7.35	DE=7.00 OH=0.35	70.18	KEM Hospital & Research Center Pune, Bayer Prayas Association Scientific partner: Charité Berlin & World Health Summit.

Sr. No.	CSR project/ activity identified	Sector in which the Project is covered	Projects/ Programs 1. Local area/ others 2. Specify the state and district where project /program was undertaken	Amount outlay (budget) project/ programs wise (₹ in Millions)	Amount spent on the project/ programs Subheads: 1. Direct expenditure on project or programs (DE) 2. Overheads (OH) (₹ in Millions)	Cumulative expenditure spend upto to the Reporting period (₹ in Millions)	Amount spent:Direct/ through implementing agency
2	Training center for visually impaired women to become Medical Tactile Examiners (MTEs) in early Breast Cancer Detection. This creates a win-win situation. They support as personal assistants to medical doctors in early detection of breast cancer in the context of the existing healthcare system by using their extraordinary tactile capabilities.	CSR activity, under item (iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.	New Delhi	21.63	DE=20.60 OH=1.03	68.24	NAB India Centre, Bayer Prayas Association, Ashray Foundation, Graphic Era University
3	WASH (Water, Agriculture, Sanitation and Hygiene) mainly focuses on public health through improving sanitation and conservation of pure natural resources. Preventive health care situation can be improved in the target villages if cleanliness is enhanced and natural resources are protected from pollutants. The methodology mainly involves intense trainings of the rural communities in order to change mind- set and habits.	CSR activity, under item (i) Eradicating extreme hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swach Bharat Kosh and making available safe drinking water.	Select Villages of Bathinda & Fazilka Districts of Punjab	13.16	DE=12.53 OH=0.63	43.37	EFFORTS (A Society for the Development of Agriculture and Youth).

Sr. No.	CSR project/ activity identified	Sector in which the Project is covered	Projects/ Programs 1. Local area/ others 2. Specify the state and district where project /program was undertaken	Amount outlay (budget) project/ programs wise (₹ in Millions)	Amount spent on the project/ programs Subheads: 1. Direct expenditure on project or programs (DE) 2. Overheads (OH) (₹ in Millions)	Cumulative expenditure spend upto to the Reporting period (₹ in Millions)	Amount spent:Direct/ through implementing agency
4	Bayer Fellowship Program in Agro Science. To encourage research and development activities in agriculture, Bayer is supporting Masters in Science and Ph.D. students with Fellowships in leading AgroScience Universities in India.	CSR activity, under item (ii) Promoting education, including special education and employment enhancing vocational skills especially amongst children, women, elderly and the differently abled and livelihood enhancement projects.	Tamil Nadu, Telangana, Karnataka, Uttarakhand, Punjab, Assam, West Bengal and Gujarat.	8.43	DE=8.03 OH=0.40	35.94	Assam Agricultural University, Tamil Nadu Agricultural University, University of Agricultural Sciences, Bidhan Chandra Krishi Viswavidyalaya, West Bengal (BCKV) Anand Agricultural University, Acharya N.G.Ranga Agricultural University, Mahatma Phule Krishi Vidyapeeth, Punjab Agricultural University, Govind Ballabh Pant University of Agriculture and Technology.
5	Future Agriculture Leaders of India (FALI) Initiative has been conceptualized under the theme – Promote agriculture education for high school students. The main objectives of the program are to impart basic scientific, practical knowledge on agriculture sciences and production to the students.	CSR activity, under item (ii) Promoting education, including special education and employment enhancing vocational skills especially amongst children, women, elderly and the differently abled and livelihood enhancement projects.	Maharashtra, Gujarat.	7.14	DE=6.80 OH=0.34	11.30	Gandhi Research Foundation.

Sr. No.	CSR project/ activity identified	Sector in which the Project is covered	Projects/ Programs 1. Local area/ others 2. Specify the state and district where project /program was undertaken	Amount outlay (budget) project/ programs wise (₹ in Millions)	Amount spent on the project/ programs Subheads: 1. Direct expenditure on project or programs (DE) 2. Overheads (OH) (₹ in Millions)	Cumulative expenditure spend upto to the Reporting period (₹ in Millions)	Amount spent:Direct/ through implementing agency
6	The Bayer Scholarships is aimed at recognizing and appreciating academic excellence. The objective is also to create 'mind-space' in the student community, especially those in life sciences areas. At present more than 50% of our workforce is millennials, it is imperative that we reach out to them when they are in their formative years. The program is for both graduates as well as post graduates in academic streams of agriculture, medical, pharmacy and management.	CSR activity, under item (ii) Promoting education, including special education and employment enhancing vocational skills especially amongst children, women, elderly and the differently abled and livelihood enhancement projects.	Pan India	7.56	DE=7.20 OH=0.36	10.71	Aakruthi Foundation.
7	Flood relief program Kerala	CSR activity, under item (i) Eradicating extreme hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swach Bharat Kosh and making available safe drinking water.	Kerala	8.40	DE=8.00 OH=0.40	8.40	Concern India Foundation.
8	SAMAVESH- To improve the employability in order to empower talent to take up responsible executive positions in life sciences industry.	CSR activity, under item (ii) Promoting education, including special education and employment enhancing vocational skills especially amongst children, women, elderly and the differently abled and livelihood enhancement projects.	Maharashtra	7.88	DE=7.60 OH=0.28	7.88	Welingkar Institute of Management Development & Reseach. and Kshmata Foundation.

Sr. No.	CSR project/ activity identified	Sector in which the Project is covered	Projects/ Programs 1. Local area/ others 2. Specify the state and district where project /program was undertaken	Amount outlay (budget) project/ programs wise (₹ in Millions)	Amount spent on the project/ programs Subheads: 1. Direct expenditure on project or programs (DE) 2. Overheads (OH) (₹ in Millions)	Cumulative expenditure spend upto to the Reporting period (₹ in Millions)	Amount spent:Direct/ through implementing agency
9	Bayer Science Teens is being hosted annually by Bayer Science & Education Foundation. Students from various countries attend this program. The objective of this program is to Kindle the spirit of science education. The international fellowship program of Bayer supports 5 teenagers aged between 14 and 16 to participate at the Bayer Science Camp in Denver, Colorado (USA).	CSR activity, under item (ii) Promoting education, including special education and employment enhancing vocational skills especially amongst children, women, elderly and the differently abled and livelihood enhancement projects.	Pan India	1.55	DE=1.47 OH=0.07	6.27	Direct Implementation.
10	Improving educational facilities of Municipal Schools.	CSR activity, under item (ii) Promoting education, including special education and employment enhancing vocational skills especially amongst children, women, elderly and the differently abled and livelihood enhancement projects.	Maharashtra	0.79	DE=0.75 OH=0.04	0.79	Kshamata Foundation.
11	To improve Health and Hygiene and provide better sanitation facilities in school	CSR activity, under item (i) Eradicating extreme hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swach Bharat Kosh and making available safe drinking water.	Maharashtra	0.79	DE=0.75 OH=0.04	0.79	Welfare Society for Destitute Children.

Sr. No.	CSR project/ activity identified	Sector in which the Project is covered	Projects/ Programs 1. Local area/ others 2. Specify the state and district where project /program was undertaken	Amount outlay (budget) project/ programs wise (₹ in Millions)	Amount spent on the project/ programs Subheads: 1. Direct expenditure on project or programs (DE) 2. Overheads (OH) (₹ in Millions)	Cumulative expenditure spend upto to the Reporting period (₹ in Millions)	Amount spent:Direct/ through implementing agency
12	The program to provide Holistic sustainable livelihood and water management through Self Help Groups.	CSR activity, under item (iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;	Tamil Nadu	0.74	DE=0.71 OH=0.04	0.74	Vivekananda Kendra - Nardeep.
13	"Project Prerene" supports the reading and writing improvement skills.	CSR activity, under item (ii) Promoting education, including special education and employment enhancing vocational skills especially amongst children, women, elderly and the differently abled and livelihood enhancement projects.	Karnataka	0.74	DE=0.70 OH=0.04	0.74	SAMPARK.
14	The program support in creating access to drinking water to the vulnerable and low cost sanitary pads to the girls & women.	CSR activity, under item (i) Eradicating extreme hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swach Bharat Kosh and making available safe drinking water.	Karnataka	0.74	DE=0.70 OH=0.04	0.74	Mythri Sarva Seva Samithi (MSSS).

Sr. No.	CSR project/ activity identified	Sector in which the Project is covered	Projects/ Programs 1. Local area/ others 2. Specify the state and district where project /program was undertaken	Amount outlay (budget) project/ programs wise (₹ in Millions)	Amount spent on the project/ programs Subheads: 1. Direct expenditure on project or programs (DE) 2. Overheads (OH) (₹ in Millions)	Cumulative expenditure spend upto to the Reporting period (₹ in Millions)	Amount spent:Direct/ through implementing agency
15	Project CHIGURU-This program undertakes programs that provides youth life quality improvement.	CSR activity, under item (ii) Promoting education, including special education and employment enhancing vocational skills especially amongst children, women, elderly and the differently abled and livelihood enhancement projects.	Karnataka	0.74	DE=0.70 OH=0.04	0.74	Association For Rehabilitation of Disabled.
16	The program supports abled girls to fully integrate into mainstream society by preparing them for employment, independent living, financial independence and social acceptance.	CSR activity, under item (ii) Promoting education, including special education and employment enhancing vocational skills especially amongst children, women, elderly and the differently abled and livelihood enhancement projects.	Telangana	0.73	DE=0.70 OH=0.03	0.73	Ashray Aakruthi Foundation.
17	This project provides the awareness ad capacity building on health, sanitation and hygiene.	CSR activity, under item (i) Eradicating extreme hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swach Bharat Kosh and making available safe drinking water.	Selected villages of Telangana & Karnataka	0.72	DE=0.69 OH=0.03	0.72	Aakruthi Foundation.

Sr. No.	CSR project/ activity identified	Sector in which the Project is covered	Projects/ Programs 1. Local area/ others 2. Specify the state and district where project /program was undertaken	Amount outlay (budget) project/ programs wise (₹ in Millions)	Amount spent on the project/ programs Subheads: 1. Direct expenditure on project or programs (DE) 2. Overheads (OH) (₹ in Millions)	Cumulative expenditure spend upto to the Reporting period (₹ in Millions)	Amount spent:Direct/ through implementing agency
18	Project Saath Saath provides farmers the access to health facilities	CSR activity, under item (i) Eradicating extreme hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swach Bharat Kosh and making available safe drinking water.	Gujarat, Rajasthan	0.71	DE=0.68 OH=0.03	0.71	SHARP(School Annual Report Program).
19	The project enables education in government schools in selected villages of Karnataka by implementing ICT labs	CSR activity, under item (ii) Promoting education, including special education and employment enhancing vocational skills especially amongst children, women, elderly and the differently abled and livelihood enhancement projects.	Karnataka	0.63	DE=0.60 OH=0.03	0.63	Sarvodaya Integrated Rural Development Society.

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

Not Applicable.

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

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

For and on behalf of the CSR Committee

Duraiswami Narain

Chairman - CSR Committee and
Vice Chairman & Managing Director and CEO
(DIN: 03310642)

Ulrich Stefer

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

Mumbai, May 27, 2019

ANNEXURE “B”

Information as per Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the financial year ended March 31, 2019.

I. CONSERVATION OF ENERGY

(a) Energy conservation measures taken at Himatnagar plant:

- High efficiency agitators in Suspension Concentrate Plant 1 & 2 were installed, which will reduce Specific electricity consumption by 10%. The Capital Investment for the said installation was ₹ 6.8 Millions.
- Artic master device to improve chiller efficiency is installed, which will reduce energy consumption of chilled water generation plant by 10%. The Capital Investment for the said installation was ₹ 1.0 Millions.
- Majority of CFL lighting lamps replaced by LED lamps, which has reduced lighting consumption by 1% of total lighting load.

(b) Capital Investments on Energy conservation equipment:

- As a part of promoting non-conventional energy, the Company commissioned 77 KWP Solar power plant. The Capital investment for the said installation was ₹ 3.5 Millions with an average generation of 10,000 KWH per month.

II. TECHNOLOGY ABSORPTION

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

Research and Development (R & D):

1. Specific Areas:

As a 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 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:

- Council Activ: A novel selective post-emergence herbicide for the control of grasses, broadleaf weeds and sedges in Rice crop. Council Activ is WG formulation containing new active ingredients Triafamone and Ethoxysulfuron. The product offers one-shot solution to farmers for effective management of weeds in Rice.
- Infinito: A new generation, high performance fungicide formulation. It is the combination of two systemic fungicides i.e. Fluopicolide and Propamocarb hydrochloride having different mode of actions. This combination formulation ensures the sustainable and long-standing management of late blight of Potato in major potato growing areas with improved efficacy and higher yield benefits.
- EverGol Xtend: An innovative new generation fungicidal seed treatment product containing Penflufen and Trifloxystrobin as active ingredients. It is a combination of carboximide and strobilurin fungicides, to be applied before sowing as seed treatment for the control of seed and seedling diseases of Groundnut and Soybean.

Environmental Science:

During the year under review, your Company has launched a new product – 'Aqua K-Othrine 2% EW' for the management of mosquito vectors, which transmit/spread vector borne diseases like Dengue, Malaria, etc. This environmental friendly product is recommended for space spray using water for adult mosquito control.

Your Company was also successful in obtaining approvals for extending the use of existing products like Admire 70 WG against insect pests on Tomato; Nativo 75 WG for management of diseases on Black gram, Soybean, Groundnut and Tea and Luna Experience for management of disease on Chilli, while a number of label extensions on various crops are nearing completion for securing approvals.

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

18 new applications for label extensions of existing key products were submitted for approval on various crops like Onion, Chilli, Cotton, Black gram, Okra, Wheat, Grape, Rice, Brinjal and Groundnut and 1 new label extension application in public health for housefly management.

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

2. Future Plans:

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

3. Expenditure on R &D:

(₹ in Millions)

(a)	Capital	109
(b)	Recurring	286
(c)	Total	395
	Total R&D Expenses are 1.47 % of the Revenue from Operation	

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Particulars	(₹ in Millions)
Value of Imports on C.I.F. Basis	453
Expenditure In Foreign Currency	434
Earnings In Foreign Exchange	
Export of Goods calculated on FOB Basis	837
Recoveries from Group Companies	192

ANNEXURE “C”

FORM NO. AOC-2

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

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

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

The Company has not entered into any contract or arrangement or transactions with its related parties which is not at arm's length during the financial year 2018-19.

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

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

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

(II)	
Name of the Related Party and nature of relationship	Bayer AG is the ultimate holding company of BCSL.
Nature of contracts/ arrangements/ transactions	Purchase of goods, Sale of goods, recoveries, professional and support charges incurred and other incidental services. These transactions are in the ordinary course of business and are conducted on an arm's length basis.
Duration of contracts/ arrangements/ transactions	Ongoing contracts
Salient terms of the contracts or arrangements or transactions including the value, if any	Purchase of goods, Sale of goods, recoveries, professional and support charges incurred and other incidental services.
Date of approval by the Board, if any	Not applicable, since the transaction is in the ordinary course of business and at arm's length
Amount paid as advances , if any	Nil

For and on behalf of the Board of Directors

Duraiswami Narain
Vice Chairman & Managing Director and
Chief Executive Officer
(DIN: 03310642)

Ulrich Stefer
Executive Director &
Chief Financial Officer
(DIN: 07447177)

Mumbai, May 27, 2019

ANNEXURE “D”

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2019

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

I. REGISTRATION AND OTHER DETAILS:

CIN	L24210MH1958PLC011173
Registration Date	September 09, 1958
Name of the Company	Bayer CropScience Limited
Category	Company limited by shares
Sub-Category of the Company	Indian Non-government Company
Address of the Registered office and contact details	Bayer House, Central Avenue, Hiranandani Estate, Thane (West) – 400 607 Tel. No.: +91 22 2531 1234
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent	TSR Darashaw Limited 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Near Famous Studio, Mahalaxmi, Mumbai - 400 011. Tel. No.: + 91 22 6656 8484 Fax No.: + 91 22 6656 8494

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Manufacture of insecticides, rodenticides, fungicides, herbicides	20211	89

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

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

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

(i) Category-wise Shareholding:

Sr. no	Category of Shareholders	No. of Shares held at the beginning of the year (April 01, 2018)				No. of Shares held at the end of the year (March 31, 2019)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters										
(1)	Indian									
(a)	Individuals / Hindu Undivided Family	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Central Government / State Governments(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	8,039,736	0	8,039,736	23.42	8,039,736	0	8,039,736	23.42	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (A) (1)		8,039,736	0	8,039,736	23.42	8,039,736	0	8,039,736	23.42	0.00
(2)	Foreign									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	15,544,712	0	15,544,712	45.28	15,544,712	0	15,544,712	45.28	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (A) (2)		15,544,712	0	15,544,712	45.28	15,544,712	0	15,544,712	45.28	0.00
Total Shareholding of Promoter and Promoter Group (A)		23,584,448	0	23,584,448	68.69	23,584,448	0	23,584,448	68.69	0.00
B. Public Shareholding										
(1)	Institutions									
(a)	Mutual Funds / UTI	3,467,624	140	3,467,764	10.10	3,902,421	140	3,902,561	11.37	1.27
(b)	Financial Institutions / Banks	16,766	3,346	20,112	0.06	12,401	3,346	15,747	0.05	-0.01
(c)	Central Government / State Governments(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	1,412,492	100	1,412,592	4.11	1,425,244	100	1,425,344	4.15	0.04
(f)	Foreign Institutional Investors	0	750	750	0.00	0	0	0	0.00	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(j)	Any Other (specify)									
	Foreign Portfolio Investors (Corporate)	1,520,065	0	1,520,065	4.43	1,242,587	500	1,243,087	3.62	-0.81
Sub-Total (B) (1)		6,416,947	4,336	6,421,283	18.70	6,582,653	4,086	6,586,739	19.18	0.48
(2)	Non-Institutions									
(a)	Bodies Corporate	1,081,950	2,527	1,084,477	3.16	1,044,632	2,217	1,046,849	3.05	-0.11



Sr. no	Category of Shareholders	No. of Shares held at the beginning of the year (April 01, 2018)				No. of Shares held at the end of the year (March 31, 2019)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(b)	Individuals									
i	Individual shareholders holding nominal share capital upto ₹ 1 lakh	2,144,975	286,997	2,431,972	7.08	2,195,058	251,894	2,446,952	7.13	0.04
ii	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	98,771	27,160	125,931	0.37	392,100	27,160	419,260	1.22	0.85
(c)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Any Other	684,077	1,405	685,482	2.00	249,345	0	249,345	0.73	1.27
i	HUF	56,372	0	56,372	0.16	0	0	0	0.00	-0.16
ii	Non-Resident Indian (NRI)	409,987	1,405	411,392	1.20	0	0	0	0.00	-1.20
iii	LLP	7,055	0	7,055	0.02	5,333	0	5,333	0.02	-0.01
iv	Trusts	52,168	0	52,168	0.15	824	0	824	0.00	-0.15
v	Clearing Members	20,931	0	20,931	0.06	41,614	0	41,614	0.12	0.06
vi	Foreign Companies	0	0	0	0.00	0	0	0	0.00	0.00
vii	Foreign Nationals	1,440	0	1,440	0.00	0	0	0	0.00	0.00
viii	Alternate Investment Funds	50,283	0	50,283	0.15	1,09,494	0	109,494	0.32	0.17
ix	NBFCs registered with RBI	619	0	619	0.00	95	0	95	0.00	0.00
x	BC-NON-NBFC	0	0	0	0.00	6	0	6	0.00	0.00
xi	IEPF A/c	85,222	0	85,222	0.25	91,979	0	91,979	0.27	0.02
Sub-total (B) (2)		4,009,773	318,089	4,327,862	12.61	3,881,135	281,271	4,162,406	12.12	-0.48
Total Public Shareholding (B) = (B)(1)+(B)(2)		10,426,720	322,425	10,749,145	31.31	10,463,788	285,357	10,749,145	31.31	0.00
TOTAL (A)+(B)		34,011,168	322,425	34,333,593	100.00	34,048,236	285,357	34,333,593	100.00	0.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0.00	0	0	0	0.00	0.00
GRAND TOTAL (A)+(B)+(C)		34,011,168	322,425	34,333,593	100.00	34,048,236	285,357	34,333,593	100.00	

(ii) Shareholding of Promoters:

Sr. no	Shareholder's Name	Shareholding at the beginning of the year (April 01, 2018)			Shareholding at the end of the year (March 31, 2019)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Bayer CropScience AG	5,354,030	15.59	0.00	5,354,030	15.59	0.00	0.00
2	Bayer AG	3,572,577	10.41	0.00	3,572,577	10.41	0.00	0.00
3	Bayer SAS	6,618,105	19.28	0.00	6,618,105	19.28	0.00	0.00
4	Bayer Vapi Private Limited	8,039,736	23.42	0.00	8,039,736	23.42	0.00	0.00
	Total	23,584,448	68.69	0.00	23,584,448	68.69	0.00	0.00

(iii) Change in Promoters' Shareholding:

Sr. No.	Particulars	Shareholding at the beginning of the year (April 01, 2018)		Cumulative Shareholding during the year (March 31, 2019)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Bayer CropScience AG				
	At the beginning of the year	5,354,030	15.59	--	--
	At the end of the year	--	--	5,354,030	15.59
2.	Bayer AG				
	At the beginning of the year	3,572,577	10.41	--	--
	At the end of the year	--	--	3,572,577	10.41
3.	Bayer SAS				
	At the beginning of the year	6,618,105	19.28	--	--
	At the end of the year	--	--	6,618,105	19.28
4.	Bayer Vapi Private Limited				
	At the beginning of the year	8,039,736	23.42	--	--
	At the end of the year	--	--	8,039,736	23.42

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

Sr. No.	Name	Shareholding at the beginning of the year (April 01, 2018)		Shareholding at the end of the year (March 31, 2019)		Net Changes	% to Capital
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company		
1.	Aditya Birla Sun Life Trustee Private Limited (formerly Birla Sun Life Trustee Company Private Limited)	1,952,344	5.69	2,501,289	7.29	548,945	1.60
2.	Life Insurance Corporation of India	501,170	1.46	612,792	1.78	111,622	0.33
3.	HDFC Standard Life Insurance Company Limited	627,964	1.83	549,228	1.60	-78,736	-0.23
4.	Indian Syntans Investments (P) Limited	469,185	1.37	469,185	1.37	0	0.00
5.	Pinebridge Investments Gf Mauritius Limited	575,327	1.68	454,544	1.32	-120,783	-0.35
6.	Meenakshi Narayanan Investments (P) Limited	398,673	1.16	398,673	1.16	0	0.00
7.	Sundaram Mutual Fund	295,473	0.86	297,102	0.87	1,629	0.00
8.	Franklin Templeton Mutual Fund	471,626	1.37	288,517	0.84	-183,109	-0.53
9.	Kotak Mutual Fund	258,148	0.75	258,148	0.75	0	0.00
10.	Amal N Parikh	169,023	0.49	169,023	0.49	0	0.00

(v) **Shareholding of Directors and Key Managerial Personnel as on March 31, 2019:**

For each of the Directors and KMP		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
(a)	Mr. Pankaj Patel, Chairman			-	
(b)	Mr. Sharad M. Kulkarni, Director*			-	
(c)	Mr. Vimal Bhandari, Director*			-	
(d)	Mr. Duraiswami Narain, (KMP) Vice Chairman & Managing Director and Chief Executive Officer			-	
(e)	Mr. Ulrich Stefer (KMP) Executive Director and Chief Financial Officer			-	
(f)	Ms. Ketaki Bhagwati, Director			-	
(g)	Mr. Peter Mueller, Director			-	
(h)	Mr. Jens Hartmann, Director			-	
(i)	Mr. Rajiv Wani (KMP) Head – Law, Patents & Compliance & Company Secretary.			-	

* Term as an Independent Director expired with effect from closing hours of March 31, 2019.

V. INDEBTEDNESS

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Millions)

Sr. No.	Particulars of Remuneration	Mr. Richard van der Merwe Vice Chairman & Managing Director and CEO*	Mr. Ulrich Stefer Executive Director & CFO	Mr. Duraiswami Narain Vice Chairman & Managing Director and CEO#	Total Amount
1.	Gross salary				
	(a) Salary as per provisions contained under section 17(1) of the Income tax Act, 1961	9.69	35.64	33.82	79.14
	(b) Value of perquisites under section 17(2) of the Income tax Act, 1961	13.70	16.13	5.47	35.30
	(c) Profits in lieu of salary under section 17(3) of the Income tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total (A)	23.39	51.77	39.29	114.44
	Ceiling as per the Act	₹ 363.1 Millions (being 10% of the Net Profits of the Company as calculated as per Section 198 of the Companies Act, 2013)			

* Resigned as Managing Director with effect from November 15, 2018.

Appointed as Managing Director with effect from December 01, 2018.

B. Remuneration to other Directors

(₹ in Millions)

Sr. No.	Particulars of Remuneration	Name of Directors					Total Amount
(1)	Independent Directors	Mr. Pankaj Patel	Mr. Sharad M. Kulkarni**	Mr. A. K. R. Nedungadi*	Mr. Vimal Bhandari**	Ms. Ketaki Bhagwati#	
	Fee for attending Board and committee meetings	0.36	0.91	-	0.85	0.06	2.18
	Commission [§]	1.50	1.50	0.12	1.50	0.31	4.93
	Others, please specify	-	-	-	-	-	-
	Total (1)	1.86	2.41	0.12	2.35	0.37	7.11
(2)	Other Non-Executive Directors						
	Fee for attending board / committee meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-
	Total (B)=(1+2)	1.86	2.41	0.12	2.35	0.37	7.11
	Ceiling as per the Act	₹ 36.31Millions (being 1% of the Net Profits of the Company as calculated as per Section 198 of the Companies Act, 2013)					
	Total Managerial Remuneration (A+B)	₹ 121.55 Millions					
	Overall Ceiling as per the Act	₹ 399.41 Millions (being 11% of the Net Profits of the Company as calculated as per Section 198 of the Companies Act, 2013)					

*Resigned with effect from April 30, 2018

**Ceased to be the Director of the Company with effect from end of closing hours of March 31, 2019.

#Appointed with effect from January 15, 2019.

§Commission for the year 2018-19 will be paid after the Annual General Meeting.

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

(₹ in Millions)

Sr. No.	Particulars of Remuneration	Mr. Rajiv Wani Head - Law, Patents & Compliance & Company Secretary
1.	Gross salary	
	(a) Salary as per provisions contained under section 17(1) of the Income Tax Act, 1961	16.02
	(b) Value of perquisites under section 17(2) of the Income Tax Act, 1961	0.46
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	-
	- as % of profit	-
	- others, specify	-
5.	Others, please specify	-
	Total	16.48

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

For and on behalf of the Board of Directors

Duraiswami Narain
Vice Chairman & Managing Director and
Chief Executive Officer
(DIN: 03310642)

Ulrich Stefer
Executive Director &
Chief Financial Officer
(DIN: 07447177)

Mumbai, May 27, 2019

ANNEXURE “E”

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

- a. **Ratio of the Remuneration of each Executive Director to the Median Remuneration of the Employees of the Company and Percentage increase in Remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary as on March 31, 2019:**

Sr. No.	Name of the Director/KMP	Designation	Ratio of remuneration of each Executive Director to median of remuneration of Employees ¹	Percentage increase in remuneration
1	Mr. Richard van der Merwe	Vice Chairman & Managing Director and Chief Executive Officer (till November 15, 2018)	41:1	N.A ²
2	Mr. Duraiswami Narain	Vice Chairman & Managing Director and Chief Executive Officer (effective from December 01, 2018)	27:1	N.A ²
3	Mr. Ulrich Stefer	Executive Director & Chief Financial Officer	36:1	12% ³
4	Mr. Rajiv Wani	Company Secretary	N.A.	10% ³

¹Remuneration paid to Executive Director is calculated on the basis of actual amount paid during the period of active service.

²Mr. Richard resigned with effect from November 15, 2018 and Mr. Narain was appointed as a Managing Director and CEO with effect from December 01, 2018 during the course of last year and no Salary increase is applicable during the year.

³Increase in Base Salary

- b. **The percentage increase in the median remuneration of employees in the financial year :**

9%

- c. **The number of permanent employees on the rolls of the Company :**

1,124

- d. **Average Percentile increase already made in the salaries of employees other than the managerial personnel in last financial year and Comparison with percentile increase in the managerial remuneration and justification thereof:**

The Average annual increase for Managerial grade was 9% and for the Non-Managerial grade was 9%.

- e. **Affirmation that the remuneration is as per remuneration policy of the company:**

The Company affirms that remuneration is as per the remuneration policy of the Company.

ANNEXURE “F”
SECRETARIAL AUDIT REPORT
FOR THE PERIOD ENDED MARCH 31, 2019

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

To,
The Members,
Bayer CropScience Limited,
Bayer House, Central Avenue,
Hiranandani Estate,
Thane West,
Thane 400607.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by Bayer CropScience Limited (hereinafter called the 'Company') for the audit period from April 1, 2018 to March 31, 2019 (hereinafter called the 'audit period'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019 according to the provisions of:

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

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

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

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

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

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

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

- a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- b) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018
- e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- f) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Overseas Direct Investments and External Commercial Borrowings.

We further report that -

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

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

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

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

We further report that during the audit period the Board of Directors of the Company at its Meeting held on November 14, 2018, inter alia, approved the amalgamation of Monsanto India Limited with the Company.

For **BNP & Associates**
Company Secretaries

[Firm Regn. No. P2014MH037400]

Avinash Bagul
Partner

FCS 5578 / CP No. 19862

Place: Mumbai
Date: May 27, 2019

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

Annexure A to the Secretarial Audit Report

To,
The Members,
Bayer CropScience Limited

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

1. The compliance of provisions of all laws, rules, regulations, standards applicable to Bayer CropScience Limited (the 'Company') is the responsibility of the management of the Company. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.
2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Company, along with explanations where so required.
3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. The verification was done on test check basis to ensure that correct facts as reflected in secretarial and other records produced to us. We believe that the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.



4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and major events during the audit period.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **BNP & Associates**

Company Secretaries

[Firm Regn. No. P2014MH037400]

Avinash Bagul

Partner

FCS 5578 / CP No. 19862

Place: Mumbai

Date: May 27, 2019

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Bayer has always placed great importance on responsible corporate governance. Corporate Governance practices that go beyond the legal requirements are derived from our vision and our common values, which form the basis of the respectful working relationship between our employees and with our external partners.

Our mission statement "Bayer: Science for a better life" endeavors and focuses on developing and successfully commercializing innovative products and solutions based on scientific knowledge. We, at Bayer are committed to operating sustainably and addressing our social and ethical responsibilities as a Corporate Citizen. We aim to bolster profitability and create value for our customers, shareholders and employees. All our activities are guided by our corporate values of Leadership, Integrity, Flexibility and Efficiency or "LIFE" for short.

Bayer endeavors to develop, produce and sell products in a safe and sustainable way that meets the needs of our employees, customers and society, and protects the environment. We believe that sound and effective corporate practices are fundamental to the smooth, effective and transparent operation of a company and its ability to achieve excellence through sustainable and responsible business practices, protect the rights of shareholders and stakeholders, and enhance shareholder value. For us at Bayer, Corporate Governance is to uphold our core values with ethical business conduct as well as a commitment to maximize the value for all stakeholders through innovation driven projects, towards sustainable business activity. We are continuously striving towards improving people's quality of life by helping to provide an adequate supply of high quality food and feed.

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

Corporate Compliance Program:

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

The Corporate Compliance Policy ("the Policy") 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 laws can have particularly serious adverse consequences, both for the Group as a whole as also for individual employees. The principles set forth in the Policy also reflect additionally on the topics of Data Privacy, Social Media and Money Laundering. The "Compliance Management System" is introduced and designed to guide the employees in their business-related actions and protect them from potential misconduct.

With the Compliance Charta, Bayer has taken 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 in the Compliance Management System based on Business Partnership, Dialogue and Transparency as well as on Continuous Improvement and Innovation. Under the umbrella of "Integrated Compliance Management (ICM)", compliance specialists and those responsible for day-to-day operations work together even more systematically from the very beginning to prevent possible violations of rules and regulations. The site management works closely with local compliance specialists and legal experts in all the countries and regions to analyze the current situation in each relevant area of risk, thereby, adapting the business processes within the stipulated time to ensure that employees and the business are reliably protected against breaches of compliance. This initiative will further contribute to the integrity of our Company around the globe in accordance with the LIFE values. ICM for the Company focuses on the risk areas such as Antitrust, Anti-Corruption, Conflict of Interest, Data Privacy, Foreign Trade Limitation, Insider Trading and Fair & Respectful Work Conditions. Employees affected by the risk areas are being guided and trained to follow the processes to prevent any potential compliance risk. The ICM program has a lifecycle management, which is an ongoing assessment to revisit the business scenarios, compliance risks and processes, which need to be adhered to. This year there has been a focus on compliance monitoring for the risk areas of Antitrust and Anti-Corruption, which has helped strengthen the process further.

The pro-compliance culture of Bayer has been able to gain the trust of both internal and external stakeholders by collaborating with the business, innovating and having a solution oriented approach. In recognition of this, at the Compliance Leadership Summit & Awards 2019 curated by UBS Forums, Bayer bagged the "Compliance Team of the Year" award & Mr. Rajiv Wani, Head – Law, Patents & Compliance & Company Secretary of the Company was presented the award of "Compliance Innovator of the Year".

CORPORATE GOVERNANCE REPORT (contd.)

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

2. BOARD OF DIRECTORS

Bayer believes that an effective and well-informed Board is necessary to ensure high standards of Corporate Governance. The Board operates with the goal of sustainably increasing the Company's enterprise value and achieving defined corporate objectives. The Board of Directors, along with its Committees, play a fundamental role in upholding and nurturing the principles of good governance in the Company. In addition to the requisite specific professional expertise, management and leadership experience for the given task, members of the Board cover the broadest possible spectrum of knowledge, experience, educational and professional backgrounds. The Board sets the overall corporate objectives and provides necessary guidance and independence to the Management. The Board operates within a well-defined framework, which enables it to discharge its responsibilities and duties of safeguarding the interests of the Company thereby enhancing stakeholder value. The Board has identified certain core skills and competencies which are required in the context of the business viz. understanding of governance, regulatory, fiduciary and ethical requirements, integrity, credibility, trustworthiness, strong interpersonal skills and willingness to address issues proactively. The Board of Directors have demonstrated all the required core skills as well as competencies.

Composition:

We believe that a Board needs to have an appropriate mix of executive and independent directors to maintain its independence and separate its functions of governance and management. Our Board composition is in line with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations"). As on the date of the Report, the Board consists of total six (6) Directors out of which two are Executive Directors, two are Non-Executive Independent Directors which includes an Independent Woman Director and two are Non-Executive Non-Independent Directors. None of the Directors of your Company are related to each other. The number of Directorships, Committee Membership/Chairmanship of all Directors is within respective limits prescribed under the Companies Act, 2013 ("the Act") and SEBI Listing Regulations. All the Directors have made the necessary disclosures regarding their Committee positions and Directorships. The details of each member of the Board along with the number of Directorship(s)/Committee Membership(s) are provided herein.

Directorship in other companies / committee position as on March 31, 2019 :

Sr. No.	Name of Director	Category	No. of other Directorships ¹	No. of other directorship in Listed Companies and name	No. of other Committee Memberships ²	
					Chairperson	Memberships
1.	Mr. Pankaj Patel, Chairman	Non-Executive Independent Director	4	<ul style="list-style-type: none"> Cadila Healthcare Limited Torrent Limited Gruh Finance Limited 	1	1
2.	Mr. Sharad M Kulkarni*	Non-Executive Independent Director	4	<ul style="list-style-type: none"> Camlin Fine Science Limited KEC International Limited Navin Fluorine International Limited Hindustan Construction Co. Limited 	4	2

CORPORATE GOVERNANCE REPORT (contd.)

Sr. No.	Name of Director	Category	No. of other Directorships ¹	No. of other directorship in Listed Companies and name	No. of other Committee Memberships ²	
					Chairperson	Memberships
3.	Mr. Vimal Bhandari*	Non-Executive Independent Director	6	<ul style="list-style-type: none"> • DCM Shriram Limited • JK Tyre & Industries Limited • Bharat Forge Limited • Kalpataru Power Transmission Limited 	1	3
4.	Mr. Duraiswami Narain [§]	Managing Director & CEO	-	-	-	-
5.	Mr. Peter Mueller	Non-Executive Non-Independent Director	-	-	-	-
6.	Mr. Ulrich Stefer	Executive Director & CFO	-	-	-	-
7.	Ms. Ketaki Bhagwati [§]	Non-Executive Independent Director	2	<ul style="list-style-type: none"> • Axis Bank Limited 	-	-
8.	Mr. Jens Hartmann [§]	Non-Executive Non-Independent Director	-	-	-	-

Notes:

¹Directorships mentioned above includes alternate directorships, but exclude directorships in private companies, foreign companies and companies incorporated under Section 8 of the Act. The details mentioned above are for companies other than Bayer CropScience Limited.

²Committee details consist only of Audit and Stakeholders Relationship Committees.

*Term as an Independent Director expired with effect from closing hours of March 31, 2019.

[§]Mr. Duraiswami Narain appointed as an Additional Director with effect from October 23, 2018, Ms. Ketaki Bhagwati appointed as an Additional Director with effect from January 15, 2019 and Mr. Jens Hartmann appointed as an Additional Director with effect from February 04, 2019.

Board Independence:

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

CORPORATE GOVERNANCE REPORT (contd.)

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

3. BOARD PROCEDURE

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

The Company held six (6) Board meetings during the financial year 2018-19 and the gap between two meetings did not exceed 120 days. The dates on which the Board meetings were held are May 23, 2018; May 31, 2018; July 26, 2018; October 23, 2018; November 14, 2018 and February 04, 2019.

Information given to the Board:

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

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

Board Support:

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

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

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

The 60th AGM of the Company was held on August 21, 2018 at Yashwantrao Chavan Pratishthan Auditorium, Y.B. Chavan Centre, Gen. J. Bhonsale Marg, Mumbai – 400 021. The attendance of the Directors at the Board Meetings and AGM held during the financial year ended March 31, 2019 is as under:

CORPORATE GOVERNANCE REPORT (contd.)

Sr. No.	Name of Director	Board Meetings held in Director's tenure	Attendance	
			Board Meeting (including attendance by video conferencing)	Annual General Meeting
1.	Mr. Pankaj Patel	6	6	Yes
2.	Mr. Richard van der Merwe [#]	5	5	Yes
3.	Mr. Sharad M. Kulkarni	6	6	Yes
4.	Mr. Vimal Bhandari	6	5	Yes
5.	Mr. Peter Mueller	6	6	Yes
6.	Mr. Ulrich Stefer	6	6	Yes
7.	Dr. (Ms.) Miriam Colling-Hendelkens [#]	6	4	No
8.	Mr. Duraiswami Narain [§]	3	3	N.A.*
9.	Mr. Jens Hartmann [§]	1	1	N.A.*
10.	Ms. Ketaki Bhagwati [§]	1	1	N.A.*

* Were not a part of the Board of Directors as on the 60th AGM of the Company.

[#] Mr. Richard van der Merwe resigned from the Board with effect from November 15, 2018 and Dr. Miriam Colling-Hendelkens resigned from the Board with effect from February 05, 2019.

[§] Mr. Duraiswami Narain appointed as an Additional Director with effect from October 23, 2018, Ms. Ketaki Bhagwati appointed as an Additional Director with effect from January 15, 2019 and Mr. Jens Hartmann appointed as an Additional Director with effect from February 04, 2019.

Separate Meeting of Independent Directors:

During the year under review, the Non-Executive Independent Directors of the Company met on February 04, 2019 without the attendance of Executive, Non-Independent Directors and the members of management. During the said meeting, the following points were discussed:

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

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

Board Evaluation:

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

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

CORPORATE GOVERNANCE REPORT (contd.)

Familiarization Programme for Non-Executive Independent Directors:

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

Ms. Ketaki Bhagwati, who joined the Board in January 2019, was introduced to the key managerial personnel in the Company. She was apprised on certain initiatives such as smallholder farming, food chain partnership and digital farming undertaken by the Company. She was also familiarized with respect to Internal Controls and Risk Management processes followed by the Company. The Head of Human Resources apprised her on various HR related matters. This familiarization program gave a better insight to Ms. Bhagwati on the important aspects related to the Company.

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

4. COMMITTEES OF THE BOARD

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

The Board has constituted the following Committees, which are mandatory.

Audit Committee:

The Company's Audit Committee as on March 31, 2019 comprised of three Non-Executive Directors, of which two are Non-Executive Independent Directors and one is a Non-Executive Non-Independent Director. The members of the Audit Committee have relevant experience in financial matters.

The Audit Committee met six (6) times during the financial year ended March 31, 2019. The meetings were held on May 23, 2018; May 31, 2018; July 26, 2018; October 23, 2018; November 14, 2018 and February 04, 2019. Necessary quorum was present at all the meetings. The attendance of the Committee members at the meetings for the financial year 2018-19 was as under:

Name of Member	Category	No. of Meetings attended during 2018-19
Mr. Sharad M. Kulkarni, Chairman	Non-Executive Independent Director	6
Mr. Vimal Bhandari, Member	Non-Executive Independent Director	6
Mr. Peter Mueller, Member	Non-Executive Non-Independent Director	6

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

Role of the Audit Committee:

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

1. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

CORPORATE GOVERNANCE REPORT (contd.)

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

Stakeholders Relationship Committee:

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

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

CORPORATE GOVERNANCE REPORT (contd.)

The Stakeholders Relationship Committee as on March 31, 2019 comprised of Mr. Vimal Bhandari, Non-Executive Independent Director as a Chairman; Mr. Sharad M. Kulkarni, Non-Executive Independent Director; Mr. Duraiswami Narain, Vice Chairman & Managing Director and CEO and Mr. Ulrich Stefer, Executive Director & CFO as the members of the Committee.

The Committee held four (4) meetings during the financial year ended March 31, 2019. The meetings were held on May 23, 2018; July 26, 2018; October 23, 2018 and February 04, 2019. The attendance of the Committee members at the meetings was as under:

Sr. No.	Name of Member	Stakeholders Relationship Committee Meetings held in Member's tenure	No. of meetings attended during 2018-19
1.	Mr. Vimal Bhandari	4	3
2.	Mr. Ulrich Stefer	4	4
3.	Mr. Sharad M. Kulkarni	4	4
4.	Mr. Duraiswami Narain	1	1

Complaints received and resolved by the Company during the financial year ended March 31, 2019 are given below:

Source of complaints	April 01, 2018 to March 31, 2019	
	Received	Resolved
Referred by SEBI SCORES	3	3
Referred by Stock Exchange/ NSDL	1	1
Referred by Ministry of Corporate Affairs	-	-

Share Transfer Committee:

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

Further, a sub-committee has been constituted for attending to matters relating to issue of duplicate share certificates, transmission of shares, split and consolidation, etc. The composition of the aforementioned Committee as on March 31, 2019 was as under:

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

Nomination and Remuneration Committee:

In compliance with Section 178 of the Act and Regulation 19 of the SEBI Listing Regulations, the Company has constituted a Nomination & Remuneration Committee. The Committee comprised of three Non-Executive Directors as on March 31, 2019, of which two are Non-Executive Independent Directors. As on March 31, 2019, the Nomination & Remuneration Committee comprised of Mr. Vimal Bhandari, a Non-Executive Independent Director as the Chairman; Mr. Sharad M. Kulkarni, Non-Executive Independent Director and Mr. Peter Mueller, Non-Executive Non-Independent Director as members of the Committee.

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

- To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, key managerial personnel and other employees.
- To formulate criteria for evaluation of performance of the Independent Directors and the Board.
- To devise a policy on Board diversity.

CORPORATE GOVERNANCE REPORT (contd.)

- To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- To consider, adopt and adhere to the Nomination and Remuneration Policy.

The Committee met five (5) times during the financial year ended March 31, 2019. The meetings were held on May 23, 2018; July 26, 2018; October 23, 2018; November 14, 2018 and February 04, 2019. The attendance at the meeting was as under:

Sr. No.	Name of Member	Nomination and Remuneration Committee Meetings held in Member's tenure	No. of meetings attended during 2018-19
1.	Mr. Vimal Bhandari	5	5
2.	Mr. Sharad M. Kulkarni	5	5
3.	Mr. Peter Mueller	5	4

Corporate Social Responsibility Committee:

As required under Section 135 of the Act, the Company has constituted a Corporate Social Responsibility (CSR) Committee. The composition of the Committee as on March 31, 2019 comprised of Mr. Duraiswami Narain, Vice Chairman & Managing Director and CEO as the Chairman of the Committee; Mr. Vimal Bhandari, Non-Executive Independent Director and Mr. Ulrich Stefer, Executive Director and CFO as members of the Committee.

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

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

During the financial year ended March 31, 2019, the Committee met twice on May 23, 2018 and February 04, 2019. All the members were present at the meeting.

5. REMUNERATION OF DIRECTORS

Details of Remuneration paid to Non-Executive Independent Directors and Executive Directors during the financial year ended March 31, 2019.

a) Non-Executive Independent Directors:

The details of the sitting fees and commission paid during the financial year ended March 31, 2019 are given in the table below:

(₹ in Millions)

Sr. No.	Name of Director	Sitting Fees	Commission	Total
1.	Mr. Pankaj Patel	0.36	1.25	1.61
2.	Mr. Sharad M. Kulkarni	0.91	1.25	2.16
3.	Mr. A.K.R. Nedungadi*	--	1.25	1.25
4.	Mr. Vimal Bhandari	0.85	1.25	2.10
5.	Ms. Ketaki Bhagwati*	0.06	--	0.06

* Mr. Nedungadi resigned with effect from April 30, 2018 and Ms. Bhagwati was appointed with effect from January 15, 2019.

Note: Commission was paid for the period 2017-18 in the month of August 2018.

CORPORATE GOVERNANCE REPORT (contd.)

b) Executive Directors:

Mr. Richard van der Merwe, the Vice Chairman & Managing Director and Chief Executive Officer till November 15, 2018; Mr. Duraiswami Narain appointed as Vice Chairman & Managing Director and Chief Executive Officer with effect from December 01, 2018 and Mr. Ulrich Stefer, Executive Director & Chief Financial Officer were paid remuneration during the financial year ended March 31, 2019 as per their respective terms of appointment.

The details of the remuneration paid to the Executive Directors during the financial year ended March 31, 2019 is as under:

(₹ In Millions)

Sr. No.	Name of Director	Position	Salary & Allowances	Perquisites	Total Salary	Contract Period
1.	Mr. Richard van der Merwe	Vice Chairman & Managing Director and CEO*	9.69	13.70	23.39	February 01, 2014-November 15, 2018
2.	Mr. Ulrich Stefer	Executive Director & CFO	35.64	16.13	51.77	April 01, 2016-March 31, 2021
3.	Mr. Duraiswami Narain	Vice Chairman & Managing Director and CEO#	33.82	5.47	39.29	December 01, 2018-November 30, 2023

*Resigned with effect from November 15, 2018.

#Appointed with effect from December 01, 2018.

c) Service contract, notice period and severance fees:

Mr. Richard van der Merwe was appointed as the Vice Chairman & Managing Director of the Company with effect from February 01, 2014 by the Board of Directors. The employment contract with Mr. van der Merwe was for a period of 5 years. Mr. van der Merwe resigned from the Company effective from November 15, 2018.

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

Mr. Duraiswami Narain was appointed as the Vice Chairman & Managing Director of the Company with effect from December 01, 2018 by the Board of Directors. The employment contract with Mr. Narain is for a period of 5 years, terminable by 6 months' notice on either side.

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

6. POLICIES

Whistle Blower Policy:

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

Policy for Prevention of Sexual Harassment:

Bayer's quest for competitive excellence consists of its commitment to lawful and ethical conduct and adherence to Bayer values. Integrity, honesty and respect for people remain some of its core values. The Company is committed to provide a safe & conducive work environment to its employees. The Company has formulated a 'Policy for Prevention

CORPORATE GOVERNANCE REPORT (contd.)

of Sexual Harassment' ("Policy") at the workplace, in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made there under. The Policy aims to provide protection to employees at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure.

Code of Conduct for Directors:

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

Risk Management:

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

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

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

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

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has in place a Code of Conduct and Code of Fair Disclosures - For Prohibition of Insider Trading ("Code"). It is an important governance Code to prevent any insider trading activities by dealing in shares of the Company. The Code restricts the Directors, designated persons and any other insider to deal in the securities of the Company on the basis of any unpublished price sensitive information, available to them by virtue of their position in the Company. The Company also has a mechanism for monitoring of the trading done by the Designated Employees as well as generation of system-based disclosures in line with the Code.

In line with the requirements of the amendment to SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, the Company has further amended the said code. The Objective of the Code is to protect the interest of the shareholders, to prevent the misuse of any price sensitive information, and to prevent any insider trading activity. The Code is available on the website of the Company at www.bayer.in.

Dividend Distribution Policy:

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

7. COMPLIANCE OFFICER

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

8. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

Date of AGM : Wednesday, July 24, 2019
Venue and Time : Yashwantrao Chavan Pratishthan Auditorium,
 Y. B. Chavan Centre, Near Mantralaya,
 Gen. J. Bhonsale Marg, Mumbai - 400 021
 at 11.00 a.m.

CORPORATE GOVERNANCE REPORT (contd.)

Dates of Book Closure:

The Register of Members and Share Transfer Books of the Company will remain closed from Friday, July 12, 2019 to Wednesday, July 24, 2019 (both days inclusive).

Proposed Date of Dividend Payment:

The final dividend of ₹ 18.00 per Equity Share, as recommended by the Board of Directors, if declared at the ensuing 61st Annual General Meeting to be held on Wednesday, July 24, 2019 will be paid at par within 30 days of the said date:

- (i) to those members who hold shares in physical form and whose names appear on the Company's Register of Members as holders of Equity Shares as on Thursday, July 11, 2019.
- (ii) in respect of shares held in dematerialized form, to the beneficial owners of the shares as at the close of business hours on Thursday, July 11, 2019 as per details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Financial Calendar:

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

Board Meetings for Quarterly Results:

(Tentative and subject to change)

First Quarter Results	On or before August 14, 2019
Second Quarter and Half yearly results	On or before November 14, 2019
Third Quarter Results	On or before February 14, 2020
Fourth Quarter and Annual Results	On or before May 30, 2020

Corporate Identity Number (CIN): L24210MH1958PLC011173

Registered Office:

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

Listing of Equity Shares on Stock Exchange

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

The Company has paid the annual listing fees.

Stock Price Data:

The monthly high and low price of the Company's shares on BSE Limited from April 01, 2018 to March 31, 2019 was as under:

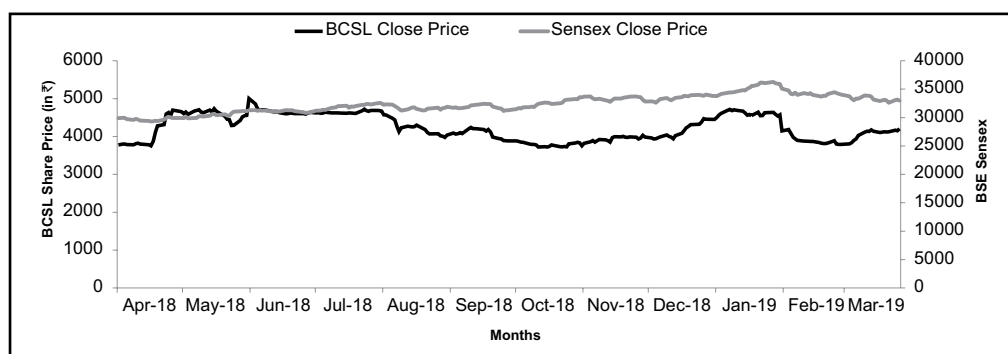
Month	Share Price (In. ₹)	
	High Price	Low Price
April, 2018	4698.50	4176.25
May, 2018	4706.65	4190.05
June, 2018	4781.90	4520.00
July, 2018	4590.00	4260.75
August, 2018	4500.00	4026.20
September, 2018	4565.00	4088.45
October, 2018	4429.50	3700.00

CORPORATE GOVERNANCE REPORT (contd.)

Month	Share Price (In. ₹)	
	High Price	Low Price
November, 2018	4299.95	3845.25
December, 2018	4474.75	4113.75
January, 2019	4429.50	4126.00
February, 2019	4423.45	4170.10
March, 2019	4415.00	4251.05

Stock Performance:

Bayer CropScience Limited ("BCSL") Share Price vis-a-vis BSE Sensex April 01, 2018 to March 31, 2019:



Registrar & Share Transfer Agent:

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

TSR DARASHAW LIMITED (Unit - Bayer CropScience Limited)

6-10, Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road, Near Famous Studio, Mahalaxmi, Mumbai - 400 011.
Tel No.: 022-6656 8484
Fax No.: 022-6656 8494
e-mail: csg-unit@tsrdarashaw.com
Website: www.tsrdarashaw.com
Contact Person: Ms. Mary George

a) Branch Offices of TSRDL:

- | | |
|--|---|
| <p>1 TSR DARASHAW LIMITED
503, Barton Centre (5th Floor),
84, Mahatma Gandhi Road,
Bangalore – 560 001.
Tel No.: 080 – 2532 0321
Fax No.: 080 – 2558 0019
e-mail: tsrdlbg@tsrdarashaw.com</p> | <p>2 TSR DARASHAW LIMITED
"E" Road, Northern Town,
Bistupur,
Jamshedpur – 831 001.
Tel No.: 0657-242 6616
Fax No.: 0657-242 6937
e-mail: tsrdljsr@tsrdarashaw.com</p> |
| <p>3 TSR DARASHAW LIMITED
Tata Centre, 1st Floor,
43, J. L. Nehru Road,
Kolkata – 700 071.
Tel No.: 033 – 2288 3087
Fax No.: 033 – 2288 3062
e-mail: tsrdlcl@tsrdarashaw.com</p> | <p>4 TSR DARASHAW LIMITED
2/42, Sant Vihar,
1st floor, Ansari Road, Daryaganj,
New Delhi – 110 002.
Tel No.: 011 – 2327 1805
Fax No.: 011 – 2327 1802
e-mail: tsrdldel@tsrdarashaw.com</p> |

CORPORATE GOVERNANCE REPORT (contd.)

b) Agent of TSRDL

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

Share Transfer System:

The shares of the Company being in compulsory dematerialised form, are transferable through the depository system. The transfers are processed, if technically found to be in order and complete in all respects. The processed transfers are approved by the Company on a weekly basis.

As per SEBI Press Release bearing no. 12/2019 dated March 27 2019, except in case of transmission and transposition of securities, request for effecting transfer of securities held in physical form is disallowed with effect from April 01, 2019. However transfer deeds once lodged prior to April 01, 2019 and returned due to deficiency in the document, may be re-lodged even after April 01, 2019 with the office of the Company's Registrar and Share Transfer Agents, TSR Darashaw Limited, Mumbai or at their branch offices or at the Registered Office of the Company.

Distribution of shareholding as on March 31, 2019:

Range of Shares	Number of Shareholders	Number of Shares	Percentage to Total Shareholders
1-500	44,472	1,613,199	98.02
501-1,000	480	344,228	1.06
1,001-2,000	209	293,382	0.46
2,001-3,000	61	153,715	0.13
3,001-4,000	27	95,398	0.06
4,001-5,000	19	83,906	0.04
5,001-10,000	35	245,133	0.08
10,001-20,000	18	281,067	0.04
20,001- 99,999,999,999	48	31,223,565	0.11
Total	45,369	34,333,593	100.00

Shareholding Pattern as on March 31, 2019:

Category of Shareholder	Number of Share holders	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	1	8,039,736	8,039,736	23.42
(2) Foreign Body Corporate	3	15,544,712	15,544,712	45.28
Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	4	23,584,448	23,584,448	68.69
(B) Public Shareholding				
(1) Institutions				
(a) Mutual Funds / UTI	15	3,902,561	3,902,421	11.37
(b) Financial Institutions / Banks	11	15,747	12,401	0.05
(c) Insurance Companies	11	1,425,344	1,425,244	4.15
(d) Foreign Institutional Investors/ Foreign Portfolio Investors – Corp	74	1,243,087	1,242,587	3.62
Sub-total (B)(1)	111	6,586,739	6,582,653	19.18

CORPORATE GOVERNANCE REPORT (contd.)

Category of Shareholder	Number of Share holders	Number of Shares	Number of shares held in dematerialised form	Shareholding as a percentage of total number of shares
(2) Non-Institutions				
(a) Bodies Corporate	809	1,046,849	1,044,632	3.05
(b) Individuals –				
i Individual shareholders holding nominal share capital upto ₹ 2 lakh	40,785	2,305,099	2,054,751	6.71
ii Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	3	87,960	60,800	0.26
(c) Any Other				
i HUF	634	51,630	51,630	0.15
ii Non-Resident Indian (NRI)	1,580	421,523	419,977	1.23
iii LLP	43	5,333	5,333	0.02
iv Trust	10	824	824	0.00
v Clearing Members	105	41,614	41,614	0.12
vi Alternate Investment Funds	5	109,494	109,494	0.32
vii NBFC's registered with RBI	2	95	95	0.00
viii Bodies Corporate - Non-NBFC	1	6	6	0.00
ix Foreign Nationals	0	0	0	0.00
x IEPF A/c	1	91,979	91,979	0.27
Sub-total (B)(2)	43,978	4,162,406	3,881,135	12.12
Total Public Shareholding (B) = (B)(1)+(B)(2)	44,089	10,749,145	10,463,788	31.31
Total (A)+(B)	44,093*	34,333,593	34,048,236	100.00

* Shareholding is consolidated based on Permanent Account Number (PAN) of the shareholder.

List of Top 10 shareholders as on March 31, 2019:

Sr. No.	Name of Shareholders	Number of shares	Percentage to Total Share Capital
1.	Bayer Vapi Private Limited	8,039,736	23.42
2.	Bayer SAS	6,618,105	19.28
3.	Bayer CropScience AG	5,354,030	15.59
4.	Bayer AG	3,572,577	10.41
5.	Aditya Birla Sun Life Trustee Private Limited (formerly Birla Sun Life Trustee Company Private Limited)	2,501,289	7.29
6.	Life Insurance Corporation of India	612,792	1.78
7.	HDFC Standard Life Insurance Company Limited	549,228	1.60
8.	Indian Syntans Investments (P) Limited	469,185	1.37
9.	Pinebridge Investments Gf Mauritius Limited	454,544	1.32
10.	Meenakshi Narayanan Investments (P) Limited	398,673	1.16

Pledge of Equity Shares:

None of the Equity Shares held by the Promoters and / or Promoter Group as on March 31, 2019 have been pledged or otherwise encumbered.

Dematerialisation of Shares and Liquidity:

As per the Notification received from the Securities and Exchange Board of India, the shares of the Company are traded compulsorily in dematerialised form with effect from March 21, 2000. The Company has signed an Agreement with both

CORPORATE GOVERNANCE REPORT (contd.)

the Depositories in the country, viz. National Securities Depositories Limited and Central Depository Services (India) Limited, whereby the shareholders have an option to get the shares dematerialised with any of the Depositories.

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

As of March 31, 2019 – 34,048,236 shares constituting 99.17% of the total shares issued by the Company are in dematerialised form.

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

Not Applicable

Plant Location:

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

Address for correspondence:

Investors can correspond with:

- | | |
|--|--|
| <p>1. The Company at the following address:</p> <p>Bayer CropScience Limited
Law, Patents & Compliance Department,
Bayer House, Central Avenue,
Hiranandani Estate,
Thane (West) - 400 607.
Tel. No.: 022 - 2531 1234
Fax No.: 022 - 2545 5063
e-mail: ir_bcs@bayer.com
Website: www.bayer.in</p> | <p>2. TSRDL at their following address:</p> <p>TSR Darashaw Limited
(Unit – Bayer CropScience Limited)
6-10, Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road, Near Famous Studio,
Mahalaxmi, Mumbai - 400 011.
Tel No.: 022 - 6656 8484
Fax No.: 022 - 6656 8494
e-mail: csg-unit@tsrdarashaw.com
Website: www.tsrdarashaw.com</p> |
|--|--|

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

The Company has a specific investor grievance e-mail ID : ir_bcs@bayer.com

9. OTHER DISCLOSURES

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

Year	Venue	Date	Time
2017-2018	Yashwantrao Chavan Pratishthan Auditorium, Y. B. Chavan Centre, Gen. J. Bhonsale Marg, Mumbai - 400 021	August 21, 2018	11.00 a.m.
2016-2017	Yashwantrao Chavan Pratishthan Auditorium, Y. B. Chavan Centre, Gen. J. Bhonsale Marg, Mumbai - 400 021	August 23, 2017	11.00 a.m.
2015-2016	Yashwantrao Chavan Pratishthan Auditorium, Y. B. Chavan Centre, Gen. J. Bhonsale Marg, Mumbai - 400 021	September 12, 2016	11.00 a.m.

Special resolution passed in the previous 3 Annual General Meetings:

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

Postal Ballot:

During the financial year 2018-19, no resolution was put through by postal ballot.

Further, as on the date of this report, a postal ballot process is being conducted for seeking the approval of the shareholders of the Company for the Scheme of Amalgamation of Monsanto India Limited (MIL) with Bayer CropScience

CORPORATE GOVERNANCE REPORT (contd.)

Limited (BCSL) and their respective shareholders under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013. The results of the said postal ballot as well as National Company Law Tribunal convened meeting to be held on June 03, 2019 will be declared on or before June 05, 2019.

Related Party Disclosures:

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

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

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

Details of non-compliance:

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

Means of communication:

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

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

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

For and on behalf of the Board of Directors

Duraiswami Narain
Vice Chairman and Managing Director and
Chief Executive Officer
(DIN: 03310642)

Ulrich Stefer
Executive Director &
Chief Financial Officer
(DIN: 07447177)

Mumbai, May 27, 2019

RECOMMENDATIONS TO THE INVESTORS / SHAREHOLDERS:

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



CORPORATE GOVERNANCE REPORT (contd.)

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
The Members,
Bayer CropScience Limited,

We have examined the compliance of conditions of Corporate Governance by Bayer CropScience Limited ("the Company"), for the year ended on March 31, 2019, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of schedule V of securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015. ('Listing Regulations') pursuant to the Listing Agreement of the said Company with stock exchange.

The compliance of the conditions of Corporate Governance is a responsibility of the Management. Our 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 our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.

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

For Nilesh A. Pradhan & Co. LLP,
Company Secretaries

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

Mumbai, May 27, 2019

CORPORATE GOVERNANCE REPORT (contd.)**CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER AND
CHIEF FINANCIAL OFFICER OF THE COMPANY**

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

- A. We have reviewed the financial statements and the cash flow statement for the financial year ended March 31, 2019 and that to the best of our knowledge and belief we state that:
- 1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
 - 2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee:
- a) significant changes in internal control over financial reporting during the financial year;
 - b) significant changes, if any in accounting policies during the financial year and that the same have been disclosed in the notes to the financial statements; and
 - c) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.
- E. We affirm that we have not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct) and we have provided protection to the 'whistle blowers' from unfair termination and other unfair or prejudicial employment malpractices; and
- F. We further declare that all the Board members and senior managerial personnel of the Company have affirmed compliance with the Code of Conduct for the year under review.

For and on behalf of the Board of Directors

Duraiswami Narain
Vice Chairman & Managing Director and
Chief Executive Officer
(DIN: 03310642)

Ulrich Stefer
Executive Director &
Chief Financial Officer
(DIN: 07447177)

Mumbai, May 27, 2019

BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	L24210MH1958PLC011173
2.	Name of the Company	Bayer CropScience Limited
3.	Registered Office Address	Bayer House, Central Avenue, Hiranandani Estate, Thane (West) - 400 607. Tel. No.: + 91 22 2531 1234 Fax No.: + 91 22 2545 5063
4.	Website	www.bayer.in
5.	E-mail ID	ir_bcs@bayer.com
6.	Financial Year reported	2018-19
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	NIC Code - 20211 - Manufacture of insecticides, rodenticides, fungicides, herbicides
8.	List three key products/services that the Company manufactures/provides (as in Balance Sheet)	Nativo WG Fame Antracol
9.	Total number of locations where business activity is undertaken by the Company	Number of International Locations (Provide details of major 5) - None Number of National locations - thirty (30) locations including Registered office, Regional offices and one production site
10.	Markets served by the Company	Markets served all across India

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up capital (₹)	343 Millions
2.	Total Turnover (₹)	27,229 Millions
3.	Total profit after taxes (₹)	2,376 Millions
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit after taxes (%)	3.81% (₹ 90.43 Millions spent)

5. List of activities in which expenditure has been incurred in Section B(4) above:

- Research & Prevention Center on Sexual Violence against Women & Children.
- Training center for visually impaired women to become Medical Tactile Examiners (MTEs) in early Breast Cancer Detection.
- WASH (Water, Agriculture, Sanitation and Hygiene) mainly focuses on public health through improving sanitation and conservation of pure natural resources.
- Bayer Fellowship Program in Agro Science.
- Future Agriculture Leaders of India (FALI) Initiative - To promote agriculture education for high school students.
- Bayer Scholarships for both graduates as well as post graduates in academic streams of agriculture, medical, pharmacy and management.
- Flood relief program in Kerala.
- Bayer Science Teens to Kindle the spirit of science education among teenagers of age between 14-16 years.
- Project Samavesh to improve the employability in order to empower talent to take up responsible executive positions in life sciences industry.
- Improving educational facilities of Municipal Schools.
- Improving Health and Hygiene and provide better sanitation facilities in schools.
- Providing Holistic sustainable livelihood and water management through Self Help Groups.

BUSINESS RESPONSIBILITY REPORT (contd.)

- Creating access to drinking water to the vulnerable and low cost sanitary pads to girls & women.
- Preparing abled girls to integrate them into society, by preparing them for employment, independent living, financial independence and social acceptance.
- Providing awareness and capacity building on health, sanitation and hygiene.
- Project Prerene supports the reading and writing improvement skills.
- Project CHIGURU undertakes programs that provides youth life quality improvement.
- Project Saath-Saath provides farmers the access to health facilities.

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company / Companies?

No, there are no subsidiary companies.

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

Not Applicable.

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

Our raw materials for manufacturing processes is procured from third party toll manufacturers. These toller bodies actively participate in our Business Responsibility initiatives and their involvement ranges from 30-60%. They take part in BR initiatives by:

- Upgrading their own performances like putting up Distributed Control System in their plant.
- Providing trainings on usage of Personal Protective Equipment(PPE), safe operations, safe handling of substances, first aid, firefighting and safe walkways.
- Several village developmental projects like construction of roads, installation of energy efficient LED lights, construction of toilets and laying of sewage lines have also been taken up.

SECTION D: BUSINESS RESPONSIBILITY (BR) INFORMATION

1. Details of Director/ Directors responsible for BR:

a) Details of the Director/ Directors responsible for implementation of the BR policy / policies as on March 31, 2019:

Name	DIN	Designation
Mr. Duraiswami Narain	03310642	Vice Chairman & Managing Director and CEO
Mr. Ulrich Stefer	07447177	Executive Director & CFO
Mr. Vimal Bhandari	00001318	Non-Executive Independent Director

b) Details of the BR Head

No.	Particulars	Details
1.	DIN Number (if applicable)	03310642
2.	Name	Mr. Duraiswami Narain
3.	Designation	Vice Chairman & Managing Director and CEO
4.	Telephone Number	+91 22 2531 1234
5.	E-mail ID	ir_bcs1@bayer.com

BUSINESS RESPONSIBILITY REPORT (contd.)

2. Principle-wise (as per NVGs) BR Policy / policies:

a) Details of compliance (Reply in Y/N):

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

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

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

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

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

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

Not Applicable.

3. Governance related to BR:

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

The BR performance is assessed annually by the CSR committee of the Company.

BUSINESS RESPONSIBILITY REPORT (contd.)

- b. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

This is the Company's third Business Responsibility Report, which is published annually in the Annual Report. It can be viewed at www.bayer.in

SECTION E: PRINCIPLE-WISE PERFORMANCE

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

Observing transformation in natural flora and fauna due to rapid urbanization, the world of agriculture has been undergoing extreme weather conditions, increase in pest infestations, chemical tolerance and plant disease loom are constant threat. In 1896, carrying the experience of 150 years in the field of life sciences, Bayer Group's first Company was sowed in the Indian soil. It is governed by its core values of Leadership, Integrity, Flexibility and Efficiency (LIFE) and ethical conduct. Our Board plays a crucial role in monitoring Company's activities with supreme ethical standards of integrity and shielding the interests of customers, shareholders and employees. We uphold and encourage the trust factor of our stakeholders through transparent communication as they are well informed with the Company's position, deeds and performances.

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

Bayer strictly adheres to its ethical practices which is not only limited to the organization but it also percolates down to our suppliers. Precisely, our Code of Business Conduct encompasses all its employees, agents and contractors; whereas our suppliers have being covered by the Supplier Code of Conduct. In addition to above, our business partners also need to comply with the agreement clauses of our Code of conduct.

Corporate Compliance Program

Our Corporate Compliance Policy covers our employees and it is expected from them, not to conduct and be part of any non-compliant activities which might degrade Company's name, fame and practices. In order to abide and stick with the legal norms, our employees have been given training on internal codes of conduct and behaviour on regular basis. Integrated Compliance Management "ICM" is an ongoing in-house compliance program, which strengthens the compliance framework by providing solutions to cover business specific critical areas which involves antitrust, anti-corruption, conflict of interest, data privacy, foreign trade law, insider trading and fairness & respect at work.

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

Pursuant to Section 177(9) of the Companies Act, 2013 and Regulation 22 of SEBI Listing Regulations, Whistle Blower policy has been set for employees where they can update and raise awareness against unethical practices within the organization. For effective, punctual and assuring redressal mechanism, we have established a hotline and an email-id bayercompliance@expolink.co.uk. To attend investors' concerns we also have a dedicated Stakeholders Relationship Committee which is chaired by a Non-Executive Independent Director.

During the reporting year, we have received four (4) investor complaints and all have been resolved at the end of the year.

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

From sourcing of raw materials to the technology being used, we ensure that our overall manufacturing approach is more future ready, and being mindful for resolving our client's most compelling problems by acknowledging them with novel solutions. To approach with responsible product management, we have adopted a full-life cycle approach for all private and public entities participating in production and management.

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

Our products are categorized into:

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

BUSINESS RESPONSIBILITY REPORT (contd.)

Today, as the world is evolving at such a great pace; social and environmental concerns, risks and opportunities are increasing. Presently, we approach and analyze social concerns of our customers through innovative features and measures across our product profile. Some of our unique initiatives are mentioned below:

Preventing unhealthy reuse of discarded and used packaged products:

We have noticed unhealthy reuse of discarded bags and containers as a utility substance for day to day activities by local community individuals in rural and back urban locations. This might lead to high-risk detrimental issue to the health and environment. To tackle the concern, we have reached out to Pollution Control Board (PCB) for obtaining license on collecting used and empty containers and bags. We have instructed the farmers and placed out large bins between units of 10 to 15 farmers where they can dispose the used containers and bags. These waste bags and containers are collected by our respective vendors and are incinerated in association with food chain partners.

2D- Anti-Counterfeiting:

Cases of fraud in agro-chemical industry has been increasing and the prominent victims of such duplicity and cheating practices are the farmers. To avoid counterfeiting of the product, 3 years ago in 2016-17 we adopted a technology for 2D code printing where it provides guarantee to the farmers on the genuineness of Bayer product. The 2D Code is printed on wrapping of all products having different shapes and sizes. When needed, the code can be scanned, and is sent to the Bayer database and the code is authenticated followed by a confirming message to the user. Farmers who are not equipped with smart phones are sent a similar authentication and confirmation response by sending a text message to the help-line number indicated. In cases, where no mobile network is available, the farmer can approach the supplier with a photograph of the leaflet and a confirmation will be sent to the farmer. Also they can receive all the product information by using the code by the above suitable methods.

Mono dose pack and Measuring cup with products:

It is important that the farmers are able to deliver high quality crops consistently. To standardize the same and to get the best results, it is important to give the right amount of pesticide at the right time to prevent under or over dosage. Thus, ensuring that the crops are not under protected or pesticide resistant. Hence, our products are packed in fixed mono dosage amounts of 2g, 5g and 10g packs for easier utilization and measuring cups are also provided with each pack of products.

Training:

Protecting the interest of the customer has always been one of the core activities for Bayer. During product promotion campaigns, several training programs are conducted for responsible and safe use of the products. The programs mainly cover products' safety management (for the user), its implementation (for the crop & user) and its final disposal (for the environment) and it outlines:

- Understanding the usage guidelines printed on the labels of products.
- Advising on usage of disposable hand gloves while handling the Fipronil Granules.
- Allying with several industries and demonstrating pilot trials to showcase the methods and practice of safe disposal of agrochemical products.

We also partnered with State Agriculture University and installed weather stations in Jammu Kashmir for early detection of scab disease. Furthermore, geographical investigations are being carried out to map and identify crop areas, soil and water nature, type, quantity and quality for additional information on product label.

In recent times, significant crop losses is seen in key cotton growing states due to rise in Pink Boll worm (Moth). For this situation, Bayer has immensely worked on Pink Boll worm management and has located their hotspots. At these locations several ground initiatives have been implemented with positive results. Intensive trainings on Pink Bollworm Management for internal Bayer field colleagues, key channel partners and colleagues from seed companies, education for cotton farmers in their local language along with social media alerts, workshops on Integrated Pest Management (IPM) and product stewardship was conducted.

BUSINESS RESPONSIBILITY REPORT (contd.)

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

Products whose design has incorporated environmental/social concerns, risks and opportunities	Reduction in resource use (raw material, energy, water, any other) per unit of production achieved throughout the value chain with respect to the previous year	
	Energy (Mega Watt Hour)	Water (Million Cubic Meter)
WP Products (Melody duo WP, Alette WP, K-Obiol WP)	0.11	NA
WG Products (Glamore WG, Jump WG, Lesanta WG, Profiler WG, Admire WG)	NA	1.0×10^{-7}
SC Products (Movento Energy, Gaucho FS, K - Othrine SC, Premise SC, Monceren SC, Velum Prime SC, Evergol Extent, Emisto Prime, Raxil, Responsar, Regent Gold, Luna Experience, Infinito)	0.12	0.2×10^{-7}

We have been working on reducing the water consumption and waste water generation. Use of Corn oil (20% replacement) and Sunflower oil (25% replacement) as alternatives, helps us reduce our water consumption. Also our Himatnagar plant is certified with zero liquid discharge system, which reduces waste water generation tremendously.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)?

Bayer is one of the pioneer for sustainability and is one of the founder member of TfS (Together for Sustainability) inceptioned in the year 2011. It has paved the way for other industries and peers to imbibe and implement global audit program to micro-monitor and enhance sustainable practices across their supply chains of the chemical industry. Supplier assessments are carried out through external partners like EcoVadis and other TfS approved audit firms who evaluate sustainability performance of our business partners. The outcome benefits suppliers to understand their strengths and weaknesses at their triple bottom line. The assessment is conducted over 4 steps:

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

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

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

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

The TfS audit has the following steps:



Strategic and high dependency suppliers have been mandated on EcoVadis.

As a process global team identifies the high risk supplier having more than 1 million euro spent in the previous year and based on that they are nominated for Ecovadis assessment or TfS audit. Once these suppliers are identified, then it is up to sources to decide if the supplier should be nominated for the assessment. There is no mandate, which forces them to go through the Ecovadis assessment or TfS audit.

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

Our suppliers have to sign an undertaking to maintain sustainability in the procurement and supply chain subjected to assessment or audits carried out by Bayer or a third party agency.

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

BUSINESS RESPONSIBILITY REPORT (contd.)

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

Partnering with local vendors and suppliers bring up handful of advantages for us as well as for them. It builds local economy, enriches local culture, benefits the environment, and reduces delivery hours and inventory measures. We strategically ally with those local vendors and suppliers who affirm to meet the business requirements and provide enough livelihood opportunities to nearby manpower. We actively procured goods from 67 MSME (Micro, Small and Medium Enterprise) Vendors in the financial year 2018-19 and regular training programs for our suppliers and vendors are carried out on matters related to personal safety.

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

Water forms a major constituent for all our manufacturing processes and as a responsible organization, we are aware of the current global scenario of water scarcity. We ensure robust monitoring of water consumption and its effective recycling. 95% of washed water is recycled by our mechanisms, which are used during manufacturing of Suspension Concentrates and Wetttable Granule products.

The flow of recycling water is as follows:

1. The first washing water is collected in IBCs (Intermediate Bulk Container) and tested for microbial contamination.
2. If it is approved by Quality Control then the water is reused.
3. If it is not approved by Quality Control then the water is sent to Gujrat Pollution Control Board for incineration through an approved vendor.

Also, in case of WDG plant, wash water is used again for formulation of slurry.

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

During the life cycle of packing materials, packaging improves safety, offers convenience and reduces thefts, but it also comes with a number of disadvantages. Packaging can be bulky, expensive and hazardous to environment. To prevent the environmental damage several approaches were adopted like strategic short-term storage resulting in elimination of 3.6 MT of contaminated waste, thus assisting us directly in environmental conservation.

Sourcing of Raw Materials into Bigger Packs

We have reduced waste generation and decreased the production of contaminated waste by normalizing our packing size of raw materials in big packs instead of smaller ones. As, large packs benefit in enabling greater reusability and more convenient storage.

Packing of Finished Goods into Big Packs

Multiple initiatives have been taken by the Company to reduce/recycle packaging material. One such initiative has been by increasing the packing quantity, which has resulted in reduced exposure of the chemicals, reduced human intervention and improved handling. The big packets range from 200L pack to 1KL pack, 50Kg pack to 600Kg pack. The imports of 20Kg pack have been increased to 180Kg pack.

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

Bayer is built solely on the skill, dedication and the commitment of our employees to serve our mission of delivering world class products. Our Human Capital functions with its three pillars of HR Business Partners, HR Services, and Expert Organization collaborate with our senior management on all employee matters and help us cater to evolving business environments.

Increasing demands for agro-chemical products has been one of the major factors for our Company's growth but at the backend this wouldn't be possible without the support of our well skilled and dedicated employees. Hence to motivate, revolutionise and upgrade business culture; our three pillars collaborate with our senior management on employee issues.

At Bayer, our high performance culture is driven by our Performance Management Process (PMP) which aligns people, value and strategy to facilitate seamless execution. The elements of the PMP are Agile Goal Setting, Check-Ins, Feedback, Leadership and Short Term Incentives & Rewards. The essence of the performance management approach is to enable – Better Conversations, Better Leadership and Better Recognition.

Agile Goal Setting is a new approach in performance management which enables colleagues to set effective and SMART goals which encompass business Objectives (WHAT they want to achieve) + LIFE Objectives (HOW they want to achieve

BUSINESS RESPONSIBILITY REPORT (contd.)

it) in alignment with Bayer's LIFE Values (Leadership, Integrity, Flexibility & Efficiency), Focus Behaviors (Customer Focus, Collaboration, Experimentation & Trust) and Competency Model (Core & Leader Competencies). This 'agile' approach empowers colleagues to be more flexible and effective in their work and be able to reflect and learn from their experiences.

Performance at Bayer in the new approach is reviewed and tracked by a series of Check-Ins. It is a developmental discussion for both professional and personal growth between the employee and manager and this can be done at any time during the year and any number of times.

We believe that recognizing contribution and performance, accompanied with flexibility in career opportunities, attractive compensation and benefit programs are essential to maintain consistently high performance among employees and to retain and attract the best talent.

As a first step to adopt new approach, Bayer has discontinued the practice of the bell curve and moved the performance rating scale from a 5 point scale to a 4 point scale, the outcome of which reflects employee contributions (Outstanding Contribution, Strong Contribution, Varied Contribution, Lacking Contribution) to the organization rather than organizational expectations from the employee. Our rewards and recognition framework enables rewards for both, team / organization achievements as well as individual contributions made by colleagues. Elements of the reward and recognition framework include Company Bonus, Top Performance Awards, Spot Awards and BayChamp incentives.

In the area of attracting and onboarding new talent, we have implemented an E-Onboarding tool which is a one stop shop for completing all the Onboarding formalities. It is easy to understand and manage compliances, which make the onboarding process much smoother. The output is in a sequential format, which helps the onboarding specialists to better track the status of the documents to be received from the new joiner. This tool benefits the new joiners in the below mentioned ways:

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

1. Please indicate the total number of employees.

1,124

2. Please indicate the total number of employees hired on temporary/ contractual/casual basis.

2,756

3. Please indicate the number of permanent women employees.

152

4. Please indicate the number of permanent employees with disability.

Nil

5. Do you have an employee association that is recognized by management?

Yes, we have Sabarkantha Jhila Mazdoor Sangh, an employee association that supports collective bargaining amongst our employees.

6. What percentage of your permanent employees are a member of this recognized employee association?

7%

7. Please indicate the Number of complaints relating to child labor, forced labor, involuntary labor, and sexual harassment in the last financial year and pending, as on the end of the financial year.

The Company is intolerant to any kind of harassment. On tracks of Government regulations and requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013, we have a very strict anti-sexual harassment policy, which weighs our intolerance and it wraps all our employees. To address the grievances and complaints regarding sexual harassments we have setup a dedicated hotline and to resolve the issues we have incorporated an Internal Complaints Committee (ICC) too.

BUSINESS RESPONSIBILITY REPORT (contd.)

Category	No. of complaints during financial year	No. of complaints pending at the end of the financial year
Child Labor	Nil	Nil
Forced Labor/Involuntary Labor	Nil	Nil
Sexual Harassment	Nil	Nil

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

Category	Skill-upgradation Training	Safety Training
Permanent Employees	61%	100%
Permanent Women Employees	10%	100%
Casual/Temporary/Contractual Employees	NA	100%

Training and Development:

At Bayer, we aim to help solve some of the most pressing challenges faced by mankind. Our employees are an important factor in the Company's success. Fulfilling our ambitious mission requires a broad range of competencies, skills and knowledge.

Learning & Training is a lifelong process at Bayer, which is driven by holistic talent management approach through Check-Ins, Development Dialogue discussions, PMP discussions and feedback tools like the 360° feedback. At Bayer, our employees are given active opportunities to enhance their skills. All our learning solutions are built upon the foundation of our LIFE Values, Bayer Competencies and foster the four (4) Focus Behaviors – Customer Focus, Collaboration, Experimentation and Trust.

At Bayer, training and development is structured into three main clusters:

1. The "Bayer Academy" offers training for both Leadership & General Management.
2. Local internal training provided through local training catalogs, covering a wide range of topics.
3. Selected external training programs.

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

At Bayer, we firmly believe that a stakeholder could be just about any person/organization that could affect or can be affected by our operations. Stakeholder engagement for us is a multi-pronged constructive process, which involves identifying stakeholder concerns and devise products and strategies, which are mutually beneficial.

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

Yes, we have mapped our internal and external stakeholders by our stakeholder engagement process, which involves the following steps:

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

Our stakeholders are mentioned below:

Partners Customers Suppliers Employees Associations Universities/schools	Financial markets and participants Investors Banks Rating agencies	Social interest groups General public NGOs Local communities Competitors	Regulators Lawmakers Authorities
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BUSINESS RESPONSIBILITY REPORT (contd.)

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?

Out of the above mentioned stakeholders, we have identified the underdeveloped, vulnerable and marginalized stakeholders. To connect and address their concerns as well as get feedback from them, we go an extra mile and conduct awareness camps, training sessions and safety meetings. We have identified them as:

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

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

Principle 8 in this report briefs up the various activities and initiatives in place, taken to address the concerns of our vulnerable and marginalized stakeholders identified above.

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

Human rights is one of the main pillars on which our values have been built. We are totally against discrimination on the basis of caste, creed, religion, colour, gender, age, nationality and disability. We aim to create an environment, which sanitizes all the biased relations and harassment, allowing the employees to work at their full potential with maximum output.

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

Yes, all the employees and suppliers are covered in the policy. As stated in our policies, code of conduct protects human rights and any violations can be reported through our whistle blower policy. Our LIFE values and Corporate Compliance Policy binds all our employees across geographies to adhere to fair, lawful conduct towards everyone in our organization. Bayer also prohibits indulgence of business and the value chain with any kind of child labor in any of its operation supported and complied by Child Labor (Prohibition and Regulation) Act, 1996.

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

We heed to Bayer values and policies at the level best which makes our stakeholder to entrust our working procedures and results. For the reporting year, there were zero stakeholder complaints.

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

Bayer, as a Company conducts its working and processes in such a manner where it has minimal impact on environment. This is very precisely defined in our Bayer Global Sustainable Development Policy. We strongly abide to our framework and this is supported by adopting chemical industry's responsible care initiative.

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others?

Our suppliers/contractors play a major role in developing the environmental friendly practices, to deliver sustainable product to our customers. This motivates us to support and secure the life and growth of the most unshielded stakeholders of our system, especially farmers who face major uncertainties. We have been serving our stakeholders by training around 500 members across 9 external agencies on Environment, Health and Safety topics. The topics are elaborated below:

- General Safety, Health and Hygiene practices at site
- Safety rules and regulations
- Do's and Don'ts
- Safety work permits
- Chemical handling and machinery hazards and risks at site
- Material Safety Data Sheets (MSDS)
- Job Safety Analysis

BUSINESS RESPONSIBILITY REPORT (contd.)

- Emergency communication
- Use of PPEs
- Good Housekeeping
- Environmental protection
- Waste Management

Also, we have been conducting HSE audits in our suppliers' units, toll manufacturers' units and warehouses to ensure their compliance.

2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.?

Various initiatives have been taken up in the past and several of them have been planned for future to address the alarming worldwide environmental issues and climatic uncertainties. Some of the initiatives conducted and planned are as follows:

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

Activities planned for the near future:

- To reduce energy consumption by setting up a heat recovery project at manufacturing location.

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

Yes, we have been identifying risks and working on resolving them. Our manufacturing locations – Himatnagar, is certified with Environment Management Systems - ISO 14001-2015. Systems like these help us identify and mitigate the environmental risks our organization faces. Some of the risks identified are:

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

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

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?

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

BUSINESS RESPONSIBILITY REPORT (contd.)

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.? Y/N.

To improve our environmental performance, we have been planning and gathering some of the ideologies and processes. We have been studying and optimizing our processes whose efficiency can be improved and environmental impact can be reduced.

Some initiatives taken up are:

- Optimizing the jet milling operation because which electricity consumption is reduced in the Wettable Powder product line.
- Reducing Wettable Granules product line.
- Reduction in electricity consumption in plant and street lighting using LED lights.
- Installation of high efficiency motors for increased output with lower energy consumption.
- Use of pollution control devices.
- Installed solar panels on 2 plant roofs which has a capacity to generate 112KWH of energy.

With above mentioned initiatives, we have been able to achieve a saving of 200,000 KWH/year at our sites.

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

Agrochemical products have a high tendency of being toxic and when stored in bulk storage systems may pose significant environmental risks. We have been following rigorous quality control mechanism and disposal process to minimize the impact of waste generated from our manufacturing units. By putting more efforts, we have been measuring and monitoring toxicity of several effluents in waste water generated and affirm that they are way below the legal limits. We ensure all the legal requirements are met with respect to generation, packing, storage and disposal of hazardous and biomedical waste too.

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

We comply with all the regulations issued by the Central Pollution Control Board and State Pollution Control Board and continue to maintain a clean record with zero show cause notices for the fiscal year.

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

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

These awards motivate us to become more responsible organization and excel in promising environmental and social standards; hence setting up a benchmark not only for peers but also for ourselves.

BUSINESS RESPONSIBILITY REPORT (contd.)

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

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

We are members of the following major associations through which we actively participate for overall development of the industrial landscape:

- The Federation of Indian Chambers of Commerce and Industry [FICCI] (Agrochemicals & Seeds/Traits)
- The Associated Chambers of Commerce and Industry of India –ASSOCHAM – (Agrochemicals, Seeds, ES, etc.)
- CII (Confederation of Indian Industries) - (Agrochemicals and Seeds/Traits) Bayer is member of the committee, however no membership in CII.
- Crop Life India (Agrochemicals)
- Public Affairs Forum of India (External Communication) – (Seeds, Agrochemicals, Traits & Policy)

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

Yes, our association with above platforms gives us an opportunity to advocate and lobby for betterment of present regulatory process & policies to improve business environment and regulatory process for future technologies.

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

Corporate sustainability and social responsibility is one of the major pivot point of our sustainable model. Our longterm and comprehensive approach is aligned with our global objectives. Our approach is differentiated into four pedestals:

1. Fostering education, which focusses on education and science projects.
2. Fostering rural development, which focusses on community upbringing projects.
3. Empowering women which focusses on creating a better society and future for women.
4. Preventive health & sanitation, which aims to provide targeted assistance in the areas of health and hygiene.

In order to achieve the above milestones, we strategically design plans with our partner NGO's and other agencies.

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

Yes, we do have several programs in pursuit of the policy.

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

The programs and the activities are governed and undertaken by our board level CSR Committee to review the ongoing projects and sanction new ideas. The projects are executed by:

1. In house team
2. Bayer Prayas Association
3. Various NGO partners

3. Have you done any impact assessment of your initiative?

We have been doing impact assessment for some of our initiatives.

BUSINESS RESPONSIBILITY REPORT (contd.)

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

Sr. No.	The initiatives undertaken by the Company for supporting inclusive development	Amount contributed directly in the initiative by the Company (₹ in Millions)
1.	Research & Prevention Center on Sexual Violence against Women & Children.	7.35
2.	Training center for visually impaired women to become Medical Tactile Examiners (MTEs) in early Breast Cancer Detection.	21.63
3.	WASH (Water, Agriculture, Sanitation and Hygiene) mainly focuses on public health through improving sanitation and conservation of pure natural resources.	13.16
4.	Bayer Fellowship Program in Agro Science.	8.43
5.	Future Agriculture Leaders of India (FALI) Initiative - To promote agriculture education for high school students.	7.14
6.	Bayer Scholarships for both graduates as well as post graduates in academic streams of agriculture, medical, pharmacy and management.	7.56
7.	Flood relief program in Kerala.	8.4
8.	SAMAVESH - To improve the employability in order to empower talent to take up responsible executive positions in life sciences industry.	7.88
9.	Bayer Science Teens to kindle the spirit of science education among teenagers of age between 14-16 years.	1.55
10.	Improving educational facilities of Municipal Schools.	0.79
11.	Improving Health and Hygiene and provide better sanitation facilities in schools.	0.79
12.	Providing Holistic sustainable livelihood and water management through Self Help Groups.	0.74
13.	"Project Prerene" supports the reading and writing improvement skills.	0.74
14.	Creating access to drinking water to the vulnerable and low cost sanitary pads to the girls & women.	0.74
15.	Project CHIGURU- providing youth life quality improvement.	0.74
16.	Preparing abled girls to integrate them into society, by preparing them for employment, independent living, financial independence and social acceptance.	0.73
17.	Providing awareness and capacity building on health, sanitation and hygiene.	0.72
18.	Project Saath Saath which provides farmers the access to health facilities.	0.71
19.	Enabling education through implementing ICT labs in government schools of Karnataka (selected villages).	0.63

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?

Yes, our community development initiatives have been acknowledged and actively performed in several regions. Our program-WASH (Water, Agriculture, Sanitation and Hygiene) has completely transformed the ideologies of farmers in the direction of agricultural diversification and increased productivity to leverage focus on livelihood opportunities.

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

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

We are a customer-centric Company and attach considerable value to the safety, trust, satisfaction and loyalty of our customers across our operating locations. In order to maintain this, we have inculcated sound accountability, governance structure and follow a process of RACI (Responsible, Accountable, Consulted and Informed) in each of our commercial ventures.

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

As of March 31, 2019, a total of 57 cases are pending.

BUSINESS RESPONSIBILITY REPORT (contd.)

2. Does the Company display product information on the product label, over and above what is mandated as per local laws?

At Bayer, we follow the highest mandated standards and transparency in line with the law of land. Labelling of our products also include Direction for Use (DFU) to enable our customers to utilize our products in ways that generate maximum value for their enterprises including safety standards.

The DFU contains information like:

- Symptoms of poisoning,
- Precautions while handling,
- First aid instructions in case of accident,
- Instructions for storage,
- Instructions for disposal,
- Pictograms for the visual understanding of handling and using the products.

Recently our latest innovation was introduced in the market, where we are experimenting with a concept of attaching the "Direction for Use" leaflet with the packaging to ensure availability of the information till the time the product is completely used.

Bayer Advice

Farmers are the driving force for our business. We pursue to arm them through various channels such as providing them with highly experienced field officers, unparalleled solutions and trade network to help them realize their business. We have established a toll free helpline, which can be accessed through telephone and mobile, which is displayed prominently on all packaging. We have established a multilingual call center support to help our farmers get access to the best agro experts for all their queries and technical assistance and thus enabling us to be with them at every step of their journey.

Bayer Safe Use Ambassador - a program introduced to students of RAWE (Rural Agriculture Work Experience) in their seventh semester of their curriculum leading to graduation in agriculture at colleges of State Agriculture Universities. This program helped our customers to understand methods to use crop protection products responsibly. 2018 being the second year for this program, 616 students from 5 institutions voluntarily participated and contacted 7430 farmers at their homes in the villages and advised the families about Responsible use. This farmer engagement at village level has become part of the curriculum of RAWE at Agriculture colleges at State Agricultural Universities.

At high foot fall retail stores, the customers are advised and pointed the "safe use" of our products with a mannequin equipped with safety equipments.

Safe Use Trainings

Dedicated Trainings				Embedded Trainings			Joint Trainings			
Bayer events that focus exclusively on safe use, Others include advisors, students etc., Bayer staff includes contractors and temporary personnel				Bayer events that cover safe use among other topics			Safe use training run by associations, authorities etc. with Bayer input			
Farmers	Dealers	Others	Bayer Staff	Farmers	Dealers	Others	Farmers	Dealers	Others	Total
8,180	425	1,845	140	382,500	935	4,040	96,000	820	1,105	495,990

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year.

To ensure transparent working methodology we have designed our policies & working culture towards ethical practices. We proudly declare that we don't have any cases pending against us for unfair trade practices, irresponsible advertising and anti-competitive behavior, thereby taking our stakeholders into confidence and setting up benchmarks and encouraging healthy contest.

4. Did your Company carry out any consumer survey/consumer satisfaction trends?

An annual brand equity study is conducted for brands in crops such as rice, cotton and grapes using a scaled response involving customer satisfaction using our products and services. This system of feedback helps us differentiate our product offering and improve upon them. We have also brought in a scheme called Bayer Labhsutra where the farmers test and compare the traditional and Bayer's farming technique depending on the results - the technique can be opted by the farmer for its improved harvest ratio. Continuous brand feedback studies have been carried out to assess our brand and the level of satisfaction with our customers and the results of the survey have been overwhelming. We are proud to note that we score highly for almost all our brands.

For and on behalf of the Board of Directors

Duraiswami Narain

Vice Chairman and Managing Director and
Chief Executive Officer
(DIN: 03310642)

Ulrich Stefer

Executive Director &
Chief Financial Officer
(DIN: 07447177)

Mumbai, May 27, 2019

MANAGEMENT DISCUSSION & ANALYSIS REPORT

1. OVERVIEW OF INDIAN AGRICULTURE

India has 157.35 million hectares under cultivation, making us the second largest holder of agricultural land in the world. All 15 major climates of the world exist in India, with 20 agri-climatic regions in total. Indian agriculture is the second largest employer in the world with 265 million Indians engaged in farming. In rural India, 60% of the workforce works in farms and depends on agriculture as their only source of livelihood.

Currently, India is one of the two largest producers of major agricultural commodities such as rice, vegetables, fruits, cotton and sugar. Agricultural export constitutes 10 percent of India's exports and is the fourth-largest exported commodity. In 2018, the agriculture and allied sector contributed 15.87% of India's gross value added (GVA) amounting to ₹ 26.92 lakh crores. Yet, the importance of Indian agriculture is on the decline. On one hand, the country's population is increasing; on the other hand, farmers are grappling with decreasing arable land, limited natural resources and climate change.

80% of Indian farmers are smallholders and the challenges for smallholder farmers are even more pronounced due to fragmented landholdings, poor water availability and a lack of access to new technologies. That's why any meaningful solution to solve problems in Indian agriculture needs to revolve around targeted support for smallholders, through contemporary crop protection solutions, high yielding seeds and modern breeding. We also need collaboration with key stakeholders including the government, industry, farmers and the society to transform Indian agriculture and make it globally competitive.

Food Grain Production in 2018-19:

According to the 2nd Advance Estimates released by the Department of Agriculture on February 28, 2019, India's food grain production was estimated at 281.37 million tonnes for 2018-19 compared to 277.49 million tonnes in 2017-18. The rise is comparatively 15.63 million tonnes than the previous five years' (2013-14 to 2017-18) average production of food grain. The higher crop production could be attributed to normal monsoon rainfall in most major crop-producing states.

In 2018-19, rice production was estimated at 115.6 million tonnes, 4.59 million tonnes higher than the production of 111.01 million tonnes in 2017-18. The production of wheat in 2018-19, was estimated at 99.12 million tonnes compared to 97.11 million tonnes in the previous year. However, production of nutri/coarse cereals was estimated lower at 42.64 million tonnes compared to 45.42 million tonnes in 2017-18. Total pulses production during 2018-19 was estimated marginally higher at 24.02 million tonnes.

Oil seeds production was estimated at 31.5 million tonnes, sugarcane production at 380.83 million tonnes and cotton at 30.09 million tonnes. Total Pulses production during 2018-19 was estimated at 24.02 million tonnes which is marginally higher by 0.08 million tonnes than the previous year's 2nd Advance Estimates of 23.95 million tonnes. However, the production of pulses during 2018-19 is higher by 3.77 million tonnes than the five years' average production of 20.26 million tonnes. Production of Cotton was estimated at 30.09 million bales (of 170 kg each), which is lower than the production of 33.92 million bales in the 2nd Advance Estimates of 2017-18.

Government Initiatives:

Given the importance of the agriculture sector, the Government of India, since the last five years has focused on the sustainable development of agriculture in the country. Key among its initiatives was the ambitious goal to "Double farmers' income by 2022."

To ensure assured income support to marginal and small farmers, the Government announced the Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) scheme in the Union Budget 2019. This programme will provide direct income support of ₹ 6,000 every year to vulnerable landholding farmer families, with cultivable land of upto two hectares. An outlay of ₹ 75,000 crores has been proposed for the scheme which is estimated to benefit 12 crores farmers.

The Government also increased the Minimum Support Price (MSP) so as to fulfill the aim of doubling farm income. A fund of ₹ 60,000 crores is also being allocated to the Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA). As per media reports, India's agriculture budget has doubled in the past five years to a whopping ₹ 57,600 crores in 2018-19.

2. INDUSTRY DEVELOPMENT

The south-west monsoon, which delivers about 70 percent of India's annual rainfall, is critical for the farm sector. The India Meteorological Department (IMD) had forecast a normal monsoon for 2018, pegging the countrywide rainfall at 97% of the long period average (LPA). However, the cumulative rainfall in the country during the monsoon season (June to September 2018) was 9% lower than the LPA. The intermittency, pan-India rainfall coverage and distribution of

MANAGEMENT DISCUSSION & ANALYSIS REPORT (contd.)

monsoon left the farmers in a difficult situation. September ended with a shortfall of more than 23% and was the driest monsoon for the month since 2015. This affected the consumption of crop protection products.

The Crop Protection industry grew positively mid-single digit with major growth coming from Pulses, Vegetables and Rice. Except Herbicides, outperforming business units were Fungicides, Insecticides and Seed growth.

The Environmental Science (ES) unit, which currently operates in two business areas in India: Vector Control and Professional Pest Management (PPM) showed a good growth trend for 2018-19. Vector-borne diseases such as dengue, malaria, zika and chikungunya continued to affect communities across India. The Public Health market in India is driven through the practice of larviciding, indoor residual sprays and space-spraying. The government and health authorities procure chemicals through tenders, which is a lengthy process that is slowly modernizing with tender submissions moving online and the introduction of the Government e-Marketplace (GeM) initiative. Globally, Bayer is a signatory to the ZERO-by-40 declaration to eliminate malaria from the planet by 2040, in partnership with the Innovative Vector Control Consortium and the Bill and Melinda Gates Foundation. We expect that public-private partnerships will be important also in the context of India to eliminate malaria and control dengue and other vector-borne diseases. In the PPM segment, termite control, which is one of the fastest growing segments, is starting to see renewal with a slow increase in pre-construction activity. In the long-term, the PPM business holds good potential for growth in both commercial and residential segments.

3. REVIEW OF FINANCIAL AND OPERATIONAL PERFORMANCE

The Company's Revenue from Operation was ₹ 26,857 Millions in 2018-19 as compared to ₹ 27,490 Millions in 2017-18. The Company reported Profit for the year of ₹ 2,376 Millions.

Bayer CropScience Limited enjoys a unique position in the market because of its capability to offer new innovative products, technologies, processes, services and business models. Innovation has always been a cornerstone in Bayer's product offerings. In the year 2018-19, the Company successfully launched 12 new products: 7 in the Crop Protection 4 in Hybrid Seeds and 1 in Environmental Science.

The new offerings in Crop Protection include Regent Gold, an insecticide for controlling vector Thrips in cotton; VELUM prime, a nematocide for healthy plants; Infinito, a fungicide for control of late blight in potatoes; Ambition, a crop supplement for enhancing crop performance; EverGol xtend, a fungicidal seed treatment product to control seed & seedling rot diseases; Alion plus, a herbicide for foliar and pre-emergence control of weeds in tea plantations and COUNCIL active, an early post-emergent herbicide for transplanted as well as wet DSR rice.

Within the Hybrid Rice Seed segment, the new products include Arize AZ 6741, an early-duration hybrid with extra-long slender grains & high yield potential; and Arize AZ 6565, a long-duration hybrid with long slender grains, excellent milling characteristics & high head rice recovery. Within the Hybrid Millet Seed segment, the new products include Proagro PA 9285, a medium-duration hybrid with excellent grain quality, high yield potential, good fodder quality & tolerance to diseases like blast and downy mildew; and Proagro PA 9180, a full-duration hybrid with bold grains best suited for eating purpose.

The new offering from Environmental Science, Aqua-K-Othrine, is an innovative space spray for management of adult mosquitoes. Aqua K-Othrine uses water as a diluent instead of diesel, thereby providing significant operational cost advantage to operators, and also creating positive environmental impact. This launch also represents Bayer's first product introduction in the space-spray segment in 20 years!

Over the last few years, Bayer is working on providing customer-centric solutions to Indian farmers by working closely with them to understand their needs even better. In 2018-19, we strengthened our 'Bayer Labhsutra' program, which aims to increase per acre earnings and qualitative yield for farmers. Bayer has extended the scope and number of demonstrations across multiple crops and geographies, but more importantly also commercialized the concept in the form of 'Labhsutra Kits' in some key geographies. As of 2018, Bayer Labhsutra demonstrations were carried out in nearly 2000 plots.

Another key customer focused initiative; the Food Chain Partnership expresses our belief that together with our partners in the food chain we can build relationships that benefit everyone. Bayer provides farmers with innovative crop protection products, high-quality seeds, and services, as well as advisory on the optimal use of products and applications. Ultimately, farmers benefit through better market access, more secure income, better technological solutions, higher yields and cost-effective, sustainable use of agrochemicals. In 2018-19, Bayer had 73 Food Chain Partnership projects covering 16 crops and benefitting more than 89,000 farmers. With its Food Chain Partnership projects, Bayer also helped farmers get certified and gain relevant knowledge and skills to successfully market their produce. In 2018-19, Bayer conducted 13 BayG.A.P. training programs for 520 Indian farmers to help them learn good agricultural practices.

MANAGEMENT DISCUSSION & ANALYSIS REPORT (contd.)

With an objective to provide holistic and innovative solutions for smallholder farmers in developing economies, Bayer, International Finance Corporation (IFC, a member of the World Bank Group), Netafim and Swiss Re Corporate Solutions launched the 'Better Life Farming' (BLF) alliance on April 20, 2018. In India, the global alliance was launched on July 23, 2018, along with additional local partners: Yara Fertilisers, DeHaat and Big Basket.

The BLF alliance runs two successful projects in India covering 1,600 green chilli farmers over 2,625 acres in Uttar Pradesh and 500 tomato farmers covering 500 acres in Jharkhand. The first project commenced in December 2016 with 20 green chilli farmers across 20 villages in Uttar Pradesh. The second project started in June 2017 with 37 tomato farmers. Chillies and tomato were chosen after conducting a baseline study to identify regions where local crop yields were significantly lower compared to India's average national yield. Participating farmers received advisory on the use of good agricultural practices. As a result, farmers were able to double their yields and triple their farm incomes.

In February 2019, the BLF alliance introduced an agri-entrepreneurship model for smallholder farmers. This will empower rural youth to be a part of the agri value chain and create local employment opportunities. The model will be run through the "Better Life Farming Centers" where agri-entrepreneurs will enable transfer of technology on topics such as seeds, crop protection, crop nutrition, drip irrigation, mulching, etc. They will also deliver services such as market linkages, access to inputs and crop advisory. Each center will cover a group of 500 farmers from five to six nearby villages. Currently, seven Better Life Farming Centers have been set up in Varanasi. By the end of 2019, the number of centers in Uttar Pradesh and Jharkhand will be scaled up to 100.

Product Stewardship forms an integral aspect of our business operations. Every field/farm training conducted by Bayer begins with a safety training and awareness about safe & responsible use of crop protection products. Under the training programs, Bayer helps farmers learn more about identifying and purchasing authentic seeds and crop protection products, safe & responsible use of products and proper use of Personal Protection Equipment (PPE) while spraying. In 2018-19 - 4,95,990 training were imparted under Bayer's safety training and awareness programs across India.

Further, Bayer engaged with RAW (Rural Agriculture Work Experience) students and academia through its "Bayer Safe Use Ambassador" program. These students are currently in their seventh semester of their curriculum leading to graduation in agriculture from colleges of State Agriculture Universities. 2018 being the second year for "Bayer Safe Use Ambassador" program, 616 students from 5 institutions participated voluntarily and contacted 7430 farmers and helped farmers understand ways to use crop protection products responsibly with a focus on operator's safety, consumer confidence and environment sustainability. Other stakeholders like the State Department of Agriculture, Krishi Vigyan Kendras and Local self-governments including NGO's also contributed to the program.

In 2018-19, the Environmental Science unit maintained its position as the market leader in the areas of Vector Control and PPM. The ES business increased sales by 32.9% in comparison with the previous year, and recorded the highest revenue for the ES business in 12 years. All segments showed strong growth due to clear operational focus on individual business areas. ES continued to sponsor major symposia and seminars to promote general awareness, product knowledge, safety measures and share best practices in PPM and vector borne disease management. In September 2018, the ES business partnered with ASSOCHAM to organize the first "National Dialogue on Protecting Communities: Vector Control in Action" at New Delhi, which brought together over 150 members from the government institutions, non-governmental organizations and the private sector. Additionally, Bayer organized a special session at the "14th International Conference on Vector Control" conducted by the National Association of Vector-Borne Diseases (NAVBD) in January, 2019. At this conference, NAVBD also presented the Bayer Environmental Science Award to two scientists with distinguished contributions in the field of vector control in India.

4. OPPORTUNITIES, RISKS, CONCERNS AND OUTLOOK

The central challenge for Indian agriculture is low productivity, which is evident in modest average yields. According to an FAO (Food and Agriculture Organization) study, food energy requirements for South Asia will be about 2700 calories per capita per day by 2025. In India, the current food grain availability is 525 grams per capita per day, whereas the corresponding figures in China and USA are 980 grams and 2850 grams respectively. Due to an improvement in per capita income, if per capita consumption is 650 grams, the food grain requirement will be about 390 metric tons of food grain by 2025. Although low productivity is a challenge, it also presents an opportunity for our industry.

With key resources such as arable land and water growing scarce and fluctuating weather patterns becoming the new normal, technology can make a huge difference. China used hybrid seed varieties to beat the climatic vagaries and achieve a turn-around in rice production. Hybrid rice seed varieties can adapt to low rainfall, poor soil conditions and can offer farmers up to 50 percent incremental yields. Despite the availability of such science-based solutions, the adoption rate for hybridization in India stands at a dismal 6%. This presents a huge opportunity for players in the hybrid seeds segment.

MANAGEMENT DISCUSSION & ANALYSIS REPORT (contd.)

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

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

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

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

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

On the Environmental Science front, the market has generally recovered from the macro-economic shocks over the last two years, and the PPM industry is expected to grow in 2019-20. The residential segment is expected to show rapid growth as consumers, particularly in urban markets, become more aware about the benefits of pest control services and start to demand safe and effective solutions. Additionally, our termite segment sales has significant potential for growth, both in pre-construction as well as post-construction. The biggest concern for the ES business is the plethora of generics dominating the PPM segment, including those, which have been discontinued in several parts of the world. Inertia to switch is also a concern, however, we strive to educate and inform relevant stakeholders of the environmental and stewardship benefits of switching to the newer products that Bayer offers. The Public Health business is geared for high growth with continued government expenditure to protect against vector-borne diseases, particularly through public-private partnerships. However, since a large portion of this business comes from tenders, it is difficult to achieve predictable growth.

5. CORPORATE SUSTAINABILITY

Responsible business practices are the foundation of the Bayer Group's sustainable alignment. We can identify and mitigate risks at an early stage by implementing this alignment in the areas of compliance (e.g. anti-corruption and responsible marketing), human resources policy, product stewardship, health, environmental protection & safety, and supplier management. This is one of the key requirements for society's acceptance of our business. On this basis, we aim to contribute to overcoming global challenges with our innovations, and in doing so develop additional business opportunities.

The central theme of Bayer's social commitment is innovation. As education is an important catalyst in achieving sustainable societal prosperity, Bayer has been making efforts in promoting science and technology in many far-flung rural areas where educational infrastructure is in a poor shape. Vocational skill development is also a key part of our focus. Many of our initiatives aim to enhance skills that would help young people become employable. Our Community Development programs being implemented in various parts of the country place emphasis on enhancing awareness about health, hygiene and skill development.

An important part of our sustainable development initiatives are aimed at making a contribution to one of society's greatest challenges - food security. We focus on providing support to farmers in their efforts to increase yields while at the same time protecting the environment and improving the quality of life. Bayer is committed to protecting the environment and is constantly working to reduce environmental impact and find innovative product solutions that improve resource and energy efficiency that fits in with our mission - "Bayer: Science for a better life." The details about the Corporate Social Responsibility projects for the financial year 2018-19 are provided in the Directors' Report.

6. INTERNAL CONTROL SYSTEMS

The Company has appropriate internal control systems for business processes with regards to its operations, financial reporting and compliance with applicable laws and regulations. The Audit Committee 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 by the Internal Audit team of the Company as well as the Audit Committee.

7. CAUTIONARY STATEMENT

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

For and on behalf of the Board of Directors

Duraiswami Narain

Vice Chairman & Managing Director and
Chief Executive Officer
(DIN: 03310642)

Ulrich Stefer

Executive Director &
Chief Financial Officer
(DIN: 07447177)

Mumbai, May 27, 2019

INDEPENDENT AUDITOR'S REPORT

To The Members of Bayer CropScience Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Bayer CropScience Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

Key Audit Matter

Revenue Recognition – Rebates/ Discounts and Returns.

A description of key accounting policies for revenue recognition, rebates/ discounts and returns is disclosed in Note 1(d) Significant accounting policies of the financial statements.

Management is required to make certain judgments in respect of revenue recognition and level of expected rebates/ discounts and returns which are deducted in arriving at revenue. These estimates are material to the financial statement and require significant judgment.

To determine these estimates, Management is required to consider historical experience, specific contractual terms and future expectation of revenue. Management judgment is also significantly impacted by volatility in the market, weather conditions and action of third parties. Hence the estimation of refund liabilities is complex, subjective and susceptible to material misstatement if judgment is inaccurate. The Management has determined refund liabilities of ₹ 1,540 million as at March 31, 2019.

Auditor's Response

Principal audit procedures performed:

We obtained an understanding of the Company's process for making estimates in these areas and performed the following procedures:

We tested the design and operating effectiveness of key controls related to rebates/ discounts and returns. We obtained an understanding of key contractual arrangements with customers, for rebates/ discounts and returns.

We considered the accuracy of management's estimates in previous years by comparing historical accrued liabilities to the actual settlements.

We assessed the completeness and accuracy of the refund liabilities by recalculating the amount based on historical actual returns, adjusted for current volumes and market conditions.

We considered the adequacy of the Company's revenue recognition accounting policies, including the recognition and measurement of deductions to gross sales relating to rebates/ discounts and returns and related disclosures.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report is Director's Report, Corporate Governance Report and Management Discussion & Analysis Report, but does not include the financial statements and our auditor's report thereon.

INDEPENDENT AUDITOR'S REPORT (Contd.)**To The Members of Bayer CropScience Limited**

- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative

INDEPENDENT AUDITOR'S REPORT (Contd.)**To The Members of Bayer CropScience Limited**

materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act. However, as stated in note 40 to the financial statements, appointment of Managing Director of the Company is subject to approval, of the Shareholders in the ensuing general meeting, and of the Central Government which is applied for and is awaited.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer note 32.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

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

Sampada S Narvankar

Partner

(Membership No. 102911)

Mumbai, May 27, 2019

Report on Internal Financial Controls Over Financial Reporting

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

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

We have audited the internal financial controls over financial reporting of **Bayer CropScience Limited** (“the Company”) as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Report on Internal Financial Controls Over Financial Reporting**ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT** (contd.)

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

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

Sampada S Narvankar

Partner

(Membership No. 102911)

Mumbai, May 27, 2019

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2, under ‘Report on Other Legal and Regulatory Requirements’ section of our Report of even date on financial statements of Bayer CropScience Limited for the year ended March 31, 2019)

- i. In respect of its fixed assets:
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed/ transfer deed/ conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed assets in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- ii. The physical verification of inventory [excluding goods in transit and stocks with third parties] have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, this has been substantially confirmed by them as at the year-end. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act in respect of making investments. The Company has not granted any loans or provided guarantees and securities.
- v. According to the information and explanations given to us, the Company has not accepted any deposit during the year and hence, reporting under Clause (v) of the said Order is not applicable.
- vi. The maintenance of cost records has been specified by the Central Government under section 148(1) of the Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Act, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. According to the information and explanations given to us, in respect of statutory dues:
 - a) The Company is generally regular in depositing undisputed statutory dues in respect of Tax Deducted at Source, Professional Tax and Labour Welfare Fund, though there have been slight delays in few cases, and is regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and service tax, cess and other material statutory dues applicable to it to the appropriate authorities.
 - b) There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and service tax, cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

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

(Referred to in paragraph 2, under ‘Report on Other Legal and Regulatory Requirements’ section of our Report of even date on financial statements of Bayer CropScience Limited for the year ended March 31, 2019)

- c) Details of dues of Income-tax, Sales Tax, Service Tax, Excise Duty, Value Added Tax and Goods and service tax which have not been deposited as on March 31, 2019 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount (₹ In Million)
Income Tax Act, 1961 ¹	Income Tax Dues	Appellate Authority – up to Appellate Tribunal level	Assessment Years 2003-2004, 2004-2005, 2005-2006, 2007-2008	18
The Central Sales Tax Act, 1956 and Local Sales Tax Acts ²	Sales Tax and Value Added Tax liability	Appellate Authority – up to Commissioner’s level	Financial Years 1977-1978, 1979-1980 to 1981-1982, 1983-1984 to 1984-1985, 1998-1999 to 2015-2016	424
		Sales Tax Appellate Tribunal	Financial Years 1989-1990 to 1990-1991, 1995-1996 to 1996-1997, 2009-2010	3
Central Excise Act, 1944	Excise Duty liability	Appellate Authority – up to Commissioner’s level	Financial Years 1986-1987 to 1991-1992, 1993-1994 to 1996-1997	4
		Custom, Excise and Service Tax Appellate Tribunal	Financial Years 1993-1994, 2000-2001 and 2002-2003	2
		High Court	Financial Years 1993-1994 to 1994-1995, 2000-2001	4
		Supreme Court	Financial Years 2000-2001 to 2002-2003	10
The Finance Act, 1994 ³	Service Tax Liability	Appellate Authority – up to Commissioner’s level	Financial Years 2004-2005 to 2015-2016	39
		Custom, Excise and Service Tax Appellate Tribunal	Financial Years 2005-2006 to 2006-2007	11
The Custom Act, 1962	Custom Duty	Appellate Authority – up to Commissioner’s level	Financial Years 2002-2003	8
The Central Goods and Service Tax Act, 2017 ⁴	Goods and Service Tax	Appellate Authority – up to Commissioner’s level	Financial Year 2018-2019	*

* Denotes figures below ₹ Million.

1. Net of ₹ 874 million paid;
2. Net of ₹ 52 million paid;
3. Net of ₹ 1 million paid;
4. Net of ₹ 0.5 million paid.

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not taken any loans or borrowings from financial institutions and government. The Company has not issued any debentures.
- ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the said Order is not applicable.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

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

(Referred to in paragraph 2, under ‘Report on Other Legal and Regulatory Requirements’ section of our Report of even date on financial statements of Bayer CropScience Limited for the year ended March 31, 2019)

- xi. In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act. However, as stated in note 40 to the financial statements, appointment of Managing Director of the Company is subject to approval, of the Shareholders in the ensuing general meeting, and of the Central Government which is applied for and is awaited.
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the said Order is not applicable.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Act, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of said Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Act are not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

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

Sampada S Narvankar

Partner

(Membership No. 102911)

Mumbai, May 27, 2019



Balance Sheet as at March 31, 2019

₹ in Millions

	Notes	As at 31.03.2019	As at 31.03.2018
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	2	2,926	3,000
Capital work-in-progress		7	12
Investment Properties	3	299	302
Intangible Assets	4	22	42
Intangible Assets under development	4	400	349
Financial Assets			
- Investments	5	3,509	-
- Other Financial Assets	6	176	174
Deferred Tax Assets (Net)	7	45	-
Income Tax Asset (Net)	8	442	439
Other Assets	9	281	269
Total Non-Current Assets		8,107	4,587
Current Assets			
Inventories	10	8,781	7,399
Financial Assets			
- Trade Receivables	11	5,937	6,588
- Cash and Cash Equivalents	12	3,269	4,166
- Bank Balances other than Cash and Cash Equivalents	13	14	12
- Other Financial Assets	6	468	501
Other Assets	9	2,439	2,095
Total Current Assets		20,908	20,761
TOTAL ASSETS		29,015	25,348
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	14	343	343
Other Equity	15	18,491	17,440
Total Equity		18,834	17,783
Liabilities			
Non-Current Liabilities			
Provisions	16	1,137	842
Deferred Tax Liabilities (Net)	7	-	104
Total Non-Current Liabilities		1,137	946
Current Liabilities			
Financial Liabilities			
- Trade Payables	17		
Total outstanding dues of micro enterprises and small enterprises		14	14
Total outstanding dues of creditors other than micro enterprises and small enterprises		4,976	2,824
- Other Financial Liabilities	18	493	505
Other Liabilities	19	2,914	1,285
Provisions	16	621	1,939
Current Tax Liabilities (Net)	20	26	52
Total Current Liabilities		9,044	6,619
Total Liabilities		10,181	7,565
TOTAL EQUITY AND LIABILITIES		29,015	25,348

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

1 - 43

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sampada S Narvankar
Partner

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

For and on behalf of the Board

Vice Chairman & Managing
Director and CEO

Duraiswami Narain
DIN 03310642

Directors

Peter Mueller
DIN 03582162

Jens Hartmann
DIN 08338494

Ketaki Bhagwati
DIN 07367868

Executive Director
& CFO

Ulrich Stefer
DIN 07447177

Place: Mumbai
Date: May 27, 2019

Place: Mumbai
Date: May 27, 2019

**Statement of Profit and Loss for the year ended March 31, 2019**

₹ in Millions

	Notes	01.04.2018 to 31.03.2019	01.04.2017 to 31.03.2018
Revenue from Operations	21	26,857	27,490
Other Income	22	372	388
Total Income		27,229	27,878
Expenses			
Cost of Materials Consumed	23	13,832	12,250
Purchases of Stock-in-Trade		1,059	3,106
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	24	(27)	650
Excise Duty		-	391
Employee Benefits Expense	25	3,212	2,639
Finance Costs	26	99	113
Depreciation and Amortisation Expense	27	342	331
Other Expenses	28	5,049	4,360
Total Expenses		23,566	23,840
Profit Before Tax		3,663	4,038
Tax Expense/ (Credit)	29		
- Current Tax		1,341	946
- Deferred Tax		(54)	91
		1,287	1,037
Profit for the year		2,376	3,001
Other Comprehensive Income			
Items that will not be reclassified to Profit or Loss:			
- Changes in fair value of equity instruments through Other Comprehensive Income		(403)	-
- Remeasurement of defined benefit obligation		(272)	(20)
- Tax on remeasurement of defined benefit obligation		95	7
Total Other Comprehensive Income		(580)	(13)
Total Comprehensive Income for the year		1,796	2,988
Earnings Per Share - Basic and Diluted	42	₹ 69.20	₹ 86.16
[Face Value per Equity Share ₹ 10/-]			

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

1 - 43

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sampada S Narvankar
Partner

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

For and on behalf of the Board

Vice Chairman & Managing
Director and CEO

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Duraiswami Narain
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DIN 08338494

Ketaki Bhagwati
DIN 07367868

Ulrich Stefer
DIN 07447177

Place: Mumbai
Date: May 27, 2019

Place: Mumbai
Date: May 27, 2019

Statement of Changes in Equity for the year ended March 31, 2019

₹ in Millions

	Notes	As at 31.03.2019	As at 31.03.2018
A Equity Share Capital			
Balance as at the beginning of the year		343	354
Changes during the year	14(b)	-	(11)
Balance as at the end of the year		343	343
B Other Equity	15		
		Reserves and Surplus	Other Reserve
		Retained Earnings	Equity Instruments through Other Comprehensive Income
		General Reserve	
		Capital Redemption Reserve	
			Total Other Equity
Balance as at 01.04.2017		16,594	3,578
Profit for the year		3,001	-
Other Comprehensive Income for the year		(13)	-
Total Comprehensive Income for the year		2,988	-
Transfer to General Reserve		(290)	290
Transfer to Capital Redemption Reserve	14(c)	(11)	11
Transactions with owners in their capacity as owners			
Dividend declared	37(b)(i)	(601)	-
Dividend Distribution Tax on Dividend		(122)	-
Premium paid on buy-back of Equity shares	14(c)	(4,989)	-
Transaction cost for buy-back of Equity shares	14(c)	(49)	-
Balance as at 31.03.2018		13,520	3,868
Profit for the year		2,376	-
Other Comprehensive Income for the year		(177)	-
Total Comprehensive Income for the year		2,199	-
Transfer to General Reserve		(299)	299
Transactions with owners in their capacity as owners			
Dividend declared	37(b)(i)	(618)	-
Dividend Distribution Tax on Dividend		(127)	-
Balance as at 31.03.2019		14,675	4,167

The accompanying Notes are an integral part of these financial statements. 1 - 43

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sampada S Narvankar
Partner

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

For and on behalf of the Board

Vice Chairman & Managing
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Ketaki Bhagwati
DIN 07367868

Ulrich Stefer
DIN 07447177

Place: Mumbai
Date: May 27, 2019

Place: Mumbai
Date: May 27, 2019


Statement of Cash Flow for the year ended March 31, 2019

₹ in Millions

	01.04.2018 to 31.03.2019	01.04.2017 to 31.03.2018
A. Cash Flow from Operating Activities:		
Profit Before Tax	3,663	4,038
Adjustments for:		
Depreciation and Amortisation Expense	342	331
Finance Costs	99	113
Interest Income	(135)	(165)
Dividend Income	(57)	(71)
Rent Income on Investment Properties [Refer Note 3(c)]	(33)	(44)
Loss on Tangible Assets sold/ discarded (Net)	16	1
Loss on Intangible Assets written off (Net)	61	-
Profit on sale of Investments	-	(3)
Deposits/ Advances written off [Refer Note 36(a)(i)]	-	4
Reversal of Expected Credit Loss on Deposits [Refer Note 36(a)(i)]	(1)	-
Bad Debts	5	-
Provision for Expected Credit Loss (Net) [Refer Note 36(a)(i)]	53	25
Inventory write off/ write down [Refer Note 23 and 24]	123	175
Unrealised (gain)/ loss on investments measured at Fair Value through Profit or Loss (FVPL)	-	- *
Loss on initial recognition of equity instruments Fair Valued through Other Comprehensive Income [Refer Note 28]	48	-
Unrealised foreign exchange loss (Net)	3	12
	524	378
Operating Profit before Working Capital changes	4,187	4,416
Adjustments for changes in Working Capital		
(Increase)/ Decrease in Trade Receivables	589	(1,034)
(Increase)/ Decrease in Financial Assets	30	449
(Increase)/ Decrease in Other Assets	(355)	(1,490)
(Increase)/ Decrease in Inventories	(1,505)	107
Increase/ (Decrease) in Trade Payables	2,152	(95)
Increase/ (Decrease) in Financial Liabilities	6	1
Increase/ (Decrease) in Provisions and Other Liabilities	291	(186)
	1,208	(2,248)
Cash generated from Operations	5,395	2,168
Taxes Paid	(1,377)	(954)
Net Cash from Operating Activities	4,018	1,214
B. Cash Flow from Investing Activities:		
Purchase of Tangible and Intangible Assets	(446)	(437)
Proceeds from Sale of Other Tangible/ Intangible Assets	57	18
Purchase of Investments	(3,960)	-
Proceeds from Sale of Investments	-	500
Interest Received	130	183
Rent received on Investment Properties	38	48
Dividend Received on Current Investments	57	71
Net Cash (used)/ from Investing Activities	(4,124)	383

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

Statement of Cash Flow for the year ended March 31, 2019 (contd.)

₹ in Millions

	Notes	01.04.2018 to 31.03.2019	01.04.2017 to 31.03.2018
C. Cash Flow from Financing Activities:			
Proceeds from Short term borrowings		23,899	9,635
Repayment of Short term borrowings		(23,899)	(9,635)
Buy-back of Equity Shares including Premium and Transaction cost [Refer Note 14(c)]		-	(5,049)
Interest Paid		(48)	(41)
Dividend Paid		(616)	(599)
Dividend Distribution Tax Paid		(127)	(122)
Net Cash (used) in Financing Activities		(791)	(5,811)
Net Decrease in Cash and Cash Equivalents		(897)	(4,214)
Cash and Cash Equivalents at the beginning of the year		4,166	8,380
Cash and Cash Equivalents at the end of the year		3,269	4,166
		As at 31.03.2019	As at 31.03.2018
Cash and Cash Equivalents comprise			
Balances with Banks		3,069	1,054
Short-term highly liquid investments		200	3,112
		3,269	4,166

Notes:

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

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

1 - 43

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sampada S Narvankar
Partner

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

For and on behalf of the Board

Vice Chairman & Managing
Director and CEO

Duraiswami Narain
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Directors

Peter Mueller
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Executive Director
& CFO

Ulrich Stefer
DIN 07447177

Place: Mumbai
Date: May 27, 2019

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Notes to the financial statements for the year ended March 31, 2019

(All amounts in ₹ Millions, unless otherwise stated)

Company Profile

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

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

Compliance with Ind AS

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

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

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

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

(b) Use of Estimates and Judgments

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

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

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

(c) Foreign Currency Transactions

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

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

(d) Revenue Recognition

- (i) The Company has applied Ind AS 115 - Revenue from Contracts with Customers which is effective for an annual period beginning on or after April 1, 2018. The following is the significant accounting policy related to revenue recognition under Ind AS 115.

Notes to the financial statements for the year ended March 31, 2019 (contd.)*(All amounts in ₹ Millions, unless otherwise stated)***(d) Revenue Recognition** (contd.)

Revenue from the sale of goods is recognised on the basis of customer contracts and performance obligations contained therein. Revenue is recognised at a point in time when the control of goods is transferred to customer, this is generally when the goods are delivered to the customer's location. Control lies with the customer if the customer can independently determine the use of and consume the benefit derived from goods or services. Revenue from delivery of goods is recognised at a point in time based on an overall assessment of the existence of a right to payment, the transfer of physical possession, the transfer of risks and rewards, and acceptance by the customer.

Revenue is reduced by goods and service tax and for actual and expected sales deductions resulting from sales returns, rebates, discounts. Sales deductions are estimated on the basis of historical experience, specific contractual terms and future expectations of sales development. Sales are reduced on the date of sale or on the date when the amount can be reasonably estimated. A refund liability and a right to recover the returned goods is recognised for the goods expected to be returned.

The Company operates loyalty programs where direct/ indirect customers accumulate points for purchases made which entitles them to free or discounted goods, other than Company's goods. The promise to provide additional points to customers is therefore a separate performance obligation. The transaction price is allocated to the goods and the points on a relative standalone selling price basis. A contract liability for the award points is recognised at the time of sale. Revenue is recognised as sales when obligation is fulfilled based on the points redeemed.

The Company evaluates sales and distribution arrangement with supplier whether it is acting as a principal or an agent of the supplier, considering whether it controls the specified goods before it is transferred to customer and based on factors such as primary responsibility for providing goods to customer, inventory risk and pricing latitude. Where the supplier retains control over the specified goods and the Company performs the function of selling and distribution for a margin within a range by acting as an agent, it recognises only the margin (i.e. sales less material cost) as its revenue from such transactions.

For revenue recognition policy as per Ind AS 18, refer note 2(d) – Significant accounting policies – Revenue Recognition in the annual report of the Company for the year ended March 31, 2018.

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

(e) Other Income

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

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

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

(f) Income Tax

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

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

Notes to the financial statements for the year ended March 31, 2019 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

(f) Income Tax (contd.)

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

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

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

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

(g) Leases

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

As a lessee:

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

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

As a lessor:

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

(h) Cash and Cash Equivalents

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

(i) Inventories

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

Notes to the financial statements for the year ended March 31, 2019 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

(j) Investment and Financial Assets

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

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

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

Debt instruments

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

At amortised cost

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

Fair Value through Other Comprehensive Income (FVOCI)

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

Fair Value through Profit or Loss (FVPL)

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

Equity instruments

Investment in Equity Instruments are classified as FVPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in Other Comprehensive Income for investment in equity instruments which are not held for trading.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost.

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

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

Notes to the financial statements for the year ended March 31, 2019 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

(k) Derivatives

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

(l) Property, Plant and Equipment

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

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

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

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

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

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

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

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

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

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

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

Notes to the financial statements for the year ended March 31, 2019 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

(m) Investment Properties

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

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

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

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

(n) Intangible Assets

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

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

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

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

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

(o) Financial Liabilities

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

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

(p) Provisions, Contingent Liabilities and Contingent Assets

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

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

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

Notes to the financial statements for the year ended March 31, 2019 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

(p) Provisions, Contingent Liabilities and Contingent Assets (contd.)

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

Contingent assets are not recognised in the financial statements.

(q) Provision for Employment Benefits

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

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

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

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

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

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

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

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

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

Notes to the financial statements for the year ended March 31, 2019 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

(r) Recent Accounting Pronouncements

Standards issued but not yet effective

The Ministry of Corporate Affairs has issued Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules on March 30, 2019, which notified the following standards and amendments to Ind AS applicable effective from April 1, 2019:

Ind AS 116 – Leases

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. The standard introduces a single lessee accounting model, requiring lessees to recognize right-of-use assets for granted rights of use and corresponding lease liabilities. However, Ind AS 116 contains the option of exercising exemptions for the recognition of short-term leases and those pertaining to low-value assets.

The Company will adopt Ind AS 116 effective from April 1, 2019. The Company will apply the standard to its leases, retrospectively, without restating the comparative figures. On the date of transition, the Company will be using the practical expedient provided by the standard and therefore, will not reassess whether a contract, is or contains a lease, at the date of initial application. On the date of initial application, the Company will recognise a lease liability measured at the present value of the remaining lease payments, using the incremental borrowing rate as of that date and right-of-use asset will be measured at the amount equal to lease liability adjusted for accrual and prepayment. Initial direct costs will not be taken into account in the measurement of the right-of-use asset as of the date of first-time application.

The Company is in the process of evaluating the impact of Ind AS 116.

The following are other amendments to Ind AS:

Amendments to standards/ interpretations	Impact
Amendment to Ind AS 12 - Income Taxes (amendments relating to income tax consequences of dividend in profit or loss, other comprehensive income or equity and Ind AS Appendix C, Uncertainty over Income tax treatments)	No material impact expected
Amendment to Ind AS 19 - Employee Benefits (amendment relating to Plan Amendment, Curtailment or Settlements and its impact on future service cost and interest cost)	No material impact expected
Amendment to Ind AS 23 - Borrowing Costs (amendment relating to inclusion of specific borrowing in general borrowing while computing capitalisation rate)	No impact
Amendment to Ind AS 28 - Investments in Associate and Joint ventures (amendment clarifying that Long-term Interests in Associates and Joint Ventures to which equity method is not applied will be cover under Ind AS 109)	No impact
Ind AS 103 - Business Combinations and Ind AS 111 - Joint arrangements (amendment relating to re-measurement of previously held interest in the joint control arrangement when control is obtained)	No impact
Amendment to Ind AS 109 - Financial Instruments (amendment relation to Prepayment Features with Negative Compensation)	No impact

Notes to the financial statements for the year ended March 31, 2019 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)
2 PROPERTY, PLANT AND EQUIPMENT [Refer Note 33(a)]

Assets	Cost/ Deemed Cost				Accumulated Depreciation				Net Carrying amount
	As at 01.04.2018	Additions	Deletions	As at 31.03.2019	As at 01.04.2018	For the year	On deletions	As at 31.03.2019	As at 31.03.2019
Freehold Land	180 (180)	9 (-)	-* (-)	189 (180)	- (-)	- (-)	- (-)	- (-)	189 (180)
Land under Finance Lease	1 (1)	- (-)	- (-)	1 (1)	-* (-)*	-* (-)*	- (-)	-* (-)*	1 (1)
Buildings **	1,815 (1,807)	35 (8)	- (-)	1,850 (1,815)	134 (89)	45 (45)	- (-)	179 (134)	1,671 (1,681)
Plant and Equipment **	497 (455)	116 (43)	3 (1)	610 (497)	156 (99)	63 (58)	- (1)	219 (156)	391 (341)
Furniture and Fixtures	180 (174)	2 (6)	3 (-)*	179 (180)	60 (37)	20 (23)	1 (-)*	79 (60)	100 (120)
Vehicles	629 (518)	78 (142)	130 (31)	577 (629)	157 (97)	76 (74)	66 (14)	167 (157)	410 (472)
Office Equipment (including Computers)	444 (387)	68 (68)	10 (11)	502 (444)	239 (148)	106 (100)	7 (9)	338 (239)	164 (205)
Total	3,746 (3,522)	308 (267)	146 (43)	3,908 (3,746)	746 (470)	310 (300)	74 (24)	982 (746)	2,926 (3,000)

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

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

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

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

3 INVESTMENT PROPERTIES

Assets	Cost/ Deemed Cost				Accumulated Depreciation				Net Carrying amount
	As at 01.04.2018	Additions	Deletions	As at 31.03.2019	As at 01.04.2018	For the year	On deletions	As at 31.03.2019	As at 31.03.2019
Land	34 (34)	- (-)	- (-)	34 (34)	- (-)	- (-)	- (-)	- (-)	34 (34)
Building	283 (283)	3 (-)	- (-)	286 (283)	15 (10)	6 (5)	- (-)	21 (15)	265 (268)
Total	317 (317)	3 (-)	- (-)	320 (317)	15 (10)	6 (5)	- (-)	21 (15)	299 (302)

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

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

Notes to the financial statements for the year ended March 31, 2019 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

3 INVESTMENT PROPERTIES (contd.)

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

Particulars	01.04.2018 to 31.03.2019	01.04.2017 to 31.03.2018
Rental Income [Refer Note 22]	33	44
Direct operating expenses from property that generated rental income (including Depreciation)	23	32
Direct operating expenses from property that did not generate rental income	10	-

d) Fair value

	As at 31.03.2019	As at 31.03.2018
Investment properties	593	534

Estimation of fair value:

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

4 INTANGIBLE ASSETS [Refer Note 33(a)]

Assets	Cost/ Deemed Cost				Accumulated Amortisation				Net Carrying amount
	As at 01.04.2018	Additions	Deletions	As at 31.03.2019	As at 01.04.2018	For the year	On deletions	As at 31.03.2019	As at 31.03.2019
Software	87 (86)	6 (1)	1 (-)*	92 (87)	51 (25)	25 (26)	-* (-)*	76 (51)	16 (36)
Marketing Rights	6 (-)	1 (6)	- (-)	7 (6)	-* (-)	1 (-)*	- (-)	1 (-)*	6 (6)
Total	93 (86)	7 (7)	1 (-)*	99 (93)	51 (25)	26 (26)	-* (-)*	77 (51)	22 (42)

Assets	Cost/ Deemed Cost			
	As at 01.04.2018	Additions	Transfer/ Adjustment	As at 31.03.2019
Intangible Assets under development	349 (231)	128 (127)	77 (9)	400 (349)

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

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

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

Notes to the financial statements for the year ended March 31, 2019 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)
5 INVESTMENTS

	Non-Current	
	As at	As at
	31.03.2019	31.03.2018
Quoted Investments		
Investment in Equity Instruments through Other Comprehensive Income		
1,350,000 (Previous Year Nil) equity shares of ₹ 10/- each fully paid-up in Monsanto India Limited [Refer Note (a) below and 36(c)(iii)]	3,509	-
	3,509	-

- a) The Company has acquired 1,350,000 equity shares of Monsanto India Limited (MIL) at a price of ₹ 2,926.87 per share, aggregating 3,951 ("Investment"), while acting as Person Acting in Concert (the "PAC") in the Open offer made by Bayer AG (Acquirer) to the public shareholders of MIL, pursuant to the resolution passed by the Board of Directors of the Company at its meeting held on May 31, 2018. As per Ind AS 109 Financial Instruments, the Company has recognised loss of 48 in Other Expenses [Refer Note 28] on account of initial recognition of Investments at fair value as on the date of Closing and Acceptance of the Open Offer i.e. September 6, 2018.

6 OTHER FINANCIAL ASSETS

	Non-Current		Current	
	As at	As at	As at	As at
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
(Unsecured, Considered good unless otherwise stated)				
Security Deposits				
- Considered Good	175	173	45	19
- Considered Doubtful	2	3	-	-
	177	176	45	19
Less: Provision for Expected Credit Loss [Refer Note 36(a)(i)]	2	3	-	-
	175	173	45	19
Foreign-exchange forward contracts	-	-	- *	-
Accrued Interest Receivable	-	-	5	- *
Advance recoverable in cash	-	-	67	362
Other Receivables [includes due from a Private Company in which a Director is a Director 2 (Previous Year 4)]	1	1	351	120
	176	174	468	501

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

Notes to the financial statements for the year ended March 31, 2019 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

7 DEFERRED TAX ASSETS/ (LIABILITIES) (NET)

	Deferred Tax Asset						Deferred Tax Liability	Total (Net)
	Provision for Expected Credit Loss on Trade Receivables, Advances and Security Deposits	Liabilities allowed on payment basis	Provision for Defined Benefit Obligations	Disallowances u/s. 40(a)(i) and 40(a)(ia) of the Income Tax Act, 1961	Indexation of Freehold Land	Others	Depreciation and Amortisation of Assets	
Balance as at 01.04.2017	70	95	86	48	11	7	(337)	(20)
(Charged)/ credited during the year:								
To Statement of Profit and Loss	10	(13)	(25)	(11)	4	(3)	(53)	(91)
To Other Comprehensive Income	-	-	7	-	-	-	-	7
Balance as at 31.03.2018	80	82	68	37	15	4	(390)	(104)
(Charged)/ credited during the year:								
To Statement of Profit and Loss	18	111	(61)	(3)	-*	10	(21)	54
To Other Comprehensive Income	-	-	95	-	-	-	-	95
Balance as at 31.03.2019	98	193	102	34	15	14	(411)	45

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

8 INCOME TAX ASSET (NET)

	Non-Current	
	As at 31.03.2019	As at 31.03.2018
Advance payment of Income Tax	439	436
[Net of Provision for Taxation ₹ 13,267 (Previous Year ₹ 13,793)]		
Fringe Benefit Tax [Net of Provision for Taxation 125 (Previous Year 125)]	3	3
	442	439

9 OTHER ASSETS

	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
(Unsecured, Considered good unless otherwise stated)				
Capital Advances	1	-	-	-
Other Advances:				
- Advance to Vendors	-	-	65	115
- Export Benefit Receivable	-	-	217	112
- Balance with Government Authorities:				
Considered Good	257	244	1,668	1,819
Considered Doubtful	-	-	92	90
	257	244	1,760	1,909
Less: Provision for Doubtful Advances	-	-	92	90
	257	244	1,668	1,819
- Prepaid Expenses	9	8	45	49
- Advance to Employees	14	17	-	-
Right of Return Asset [Refer Note 43]	-	-	444	-
	281	269	2,439	2,095

Notes to the financial statements for the year ended March 31, 2019 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)
10 INVENTORIES
(Lower of Cost and Net Realisable Value)

	As at 31.03.2019	As at 31.03.2018
Raw Materials [includes in transit 2,067 (Previous Year 1,268)]	5,165	3,892
Packing Materials [includes in transit 6 (Previous Year Nil)]	225	147
Work-in-progress	154	244
Finished Goods [includes in transit 117 (Previous Year 31)]	2,796	2,768
Stock-in-Trade [includes in transit 163 (Previous Year 8)]	417	328
Stores and spares	24	20
	8,781	7,399

11 TRADE RECEIVABLES [Refer Note 39]

	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Secured, Considered good	-	-	60	66
Unsecured, Considered good [includes due from a Private Company in which a Director is a Director 12 (Previous Year 27)] [Refer Note (a) and (b) below]	-	-	5,877	6,522
Unsecured, Considered doubtful	235	189	44	37
	235	189	5,981	6,625
Less: Provision for Expected Credit Loss [Refer Note 36(a)(i)]	235	189	44	37
	-	-	5,937	6,588

- a) The Company is the distributor of Bayer BioScience Private Limited (BBPL) operating in the territory of India and Nepal for distribution of seeds. As the Company is a limited risk distributor in this commercial arrangement, BBPL recognises the risk of overdue receivables to its account. As of March 31, 2019, the Company has certain overdue outstanding receivables towards distribution of seeds to third parties aggregating 4 (Previous Year 5). The Company has recovered this amount from BBPL towards recoupment of loss arising out of the third party overdue for which recovery is less probable. Accordingly, the amount recovered from BBPL is included in "Other Financial Liabilities" in Note 18. As and when the Company recovers any amount against such overdue, or any part thereof, from the respective customers, the Company is required to pay to BBPL such amounts so recovered. During the year, the Company has recovered 8 (Previous Year Nil) out of such overdues and is paid to BBPL subsequent to year end.
- b) Current Year does not include receivable exceeding 5% of total trade receivables (Previous Year: Bayer AG 607).

12 CASH AND CASH EQUIVALENTS

	As at 31.03.2019	As at 31.03.2018
Balances with Banks		
- In Current Accounts	648	944
- In Fixed Deposits (less than 3 months maturity)	2,421	110
Short-term highly liquid investments [Refer Note (a) below]	200	3,112
	3,269	4,166

Notes to the financial statements for the year ended March 31, 2019 (contd.)
(All amounts in ₹ Millions, unless otherwise stated)

	As at 31.03.2019	As at 31.03.2018
12 CASH AND CASH EQUIVALENTS (contd.)		
a) Investment in Liquid Mutual Funds		
Unquoted*		
Nil (Previous Year 3,013,379) units of ₹ 100.19 each in Aditya Birla Cash Plus Direct Plan - Dividend Option	-	302
Nil (Previous Year 3,019,196) units of ₹ 100.30 each in DHFL Premerica Mutual Fund Insta Cash Plus Fund Direct Plan - Dividend Option	-	303
Nil (Previous Year 135,024) units of ₹ 1,000.81 each in DSP Blackrock Liquidity Fund Direct Plan - Dividend Option	-	135
Nil (Previous Year 145,079) units of ₹ 1,000.56 each in HSBC Cash Fund Direct Plan - Dividend Option	-	145
Nil (Previous Year 3,004,503) units of ₹ 100.07 each in ICICI Prudential Liquid Direct Plan - Dividend Option	-	301
Nil (Previous Year 300,792) units of ₹ 1,001.67 each in IDFC Cash Fund Direct Plan - Dividend Option	-	301
Nil (Previous Year 302,561) units of ₹ 1,000.79 each in Invesco India Liquid Fund Direct Plan - Dividend Option	-	303
163,698 (Previous Year 94,198) units of ₹ 1,223.28 each in Kotak Liquid Fund Direct Plan - Dividend Option	200	115
Nil (Previous Year 298,420) units of ₹ 1,012.89 each in L&T Liquid Fund Direct Plan - Dividend Option	-	302
Nil (Previous Year 198,064) units of ₹ 1,528.74 each in Reliance Liquid Fund Treasury Direct Plan - Dividend Option	-	303
Nil (Previous Year 299,983) units of ₹ 1,000.51 each in Reliance Liquidity Fund Direct Plan - Dividend Option	-	300
Nil (Previous Year 270,630) units of ₹ 1,114.52 each in Tata Liquid Fund Direct Plan - Dividend Option	-	302
	200	3,112
Aggregate amount of Unquoted Investments	200	3,113
* As Mutual Funds investments are not listed on stock exchange, it is considered as unquoted investments.		
13 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS		
Earmarked balances with banks in Unpaid Dividend Accounts	14	12
	14	12
14 EQUITY SHARE CAPITAL		
Authorised:		
46,300,000 (Previous Year 46,300,000) Equity Shares of ₹ 10/- each	463	463
Issued, Subscribed and Paid-up:		
34,333,593 (Previous Year 34,333,593) Equity Shares of ₹ 10/- each, fully paid-up	343	343

Notes to the financial statements for the year ended March 31, 2019 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)
14 EQUITY SHARE CAPITAL (contd.)

a) Rights, preferences and restrictions attached to Equity Shares:

The Company has one class of Equity Shares having a par value of ₹ 10/- per share. Each Shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting. In the event of liquidation, the Equity Shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

b) Movement of Issued, Subscribed and Paid-up Equity Share Capital:

	As at 31.03.2019		As at 31.03.2018	
	Number of shares	Amount	Number of shares	Amount
Balance as at the beginning of the year	34,333,593	343	35,354,001	354
Less: Shares bought back during the year [Refer Note (c) below]	-	-	1,020,408	11
Balance as at the end of the year	34,333,593	343	34,333,593	343

c) Pursuant to the approval of the Board of Directors on June 6, 2017 and Shareholders of the Company through postal ballot, results of which were declared on July 21, 2017, the Company bought back 1,020,408 equity shares (representing 2.89% of the equity capital) at a price of ₹ 4,900/- per equity share aggregating ₹ 4,999,999,200/- through the tender offer route, in terms of public announcement dated July 25, 2017. After extinguishment of 1,020,408 equity shares on September 26, 2017, the Issued, Subscribed and Paid-up Equity Capital of the Company reduced from 35,354,001 equity shares to 34,333,593 equity shares.

Accordingly: (i) the face value of issued, subscribed and paid-up equity share capital was reduced by 11; (ii) 11 had been transferred from Retained Earnings to Capital Redemption Reserve as per the provision of section 69(1) the Companies Act, 2013; (iii) the premium aggregating to 4,989 had been adjusted from Retained Earnings during the year ended March 31, 2018.

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

	Number of Shares	
	01.04.2014 to 31.03.2019	01.04.2013 to 31.03.2018
Aggregate number of Equity Shares bought back	2,285,408	5,165,154

e) Shares held by Ultimate Holding Company and its subsidiaries:

	Number of Shares	
	As at 31.03.2019	As at 31.03.2018
Ultimate Holding Company:		
Bayer AG, Germany	3,572,577	3,572,577
Subsidiaries of Ultimate Holding Company:		
Bayer Vapi Private Limited, India	8,039,736	8,039,736
Bayer S.A.S., France	6,618,105	6,618,105
Bayer CropScience AG, Germany	5,354,030	5,354,030

f) Shareholders holding more than 5% of the aggregate Equity Shares of the Company:

	Number of Shares	
	As at 31.03.2019	As at 31.03.2018
Bayer AG, Germany	3,572,577	3,572,577
Bayer Vapi Private Limited, India	8,039,736	8,039,736
Bayer S.A.S., France	6,618,105	6,618,105
Bayer CropScience AG, Germany	5,354,030	5,354,030
Aditya Birla Sun Life Trustee Private Limited, India	2,501,289	1,952,344

Notes to the financial statements for the year ended March 31, 2019 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)
15 OTHER EQUITY

	As at 31.03.2019	As at 31.03.2018
Reserves and Surplus:		
Capital Redemption Reserve [Refer Note (i) below]	52	52
General Reserve [Refer Note (ii) below]	4,167	3,868
Retained Earnings [Refer Note (iii) below]	14,675	13,520
Other Reserve:		
Equity Instruments through Other Comprehensive Income [Refer Note (iv) below]	(403)	-
	<u>18,491</u>	<u>17,440</u>
i) Capital Redemption Reserve [Refer Note (a) below]		
Balance as at the beginning of the year	52	41
Add: Transfer from Retained Earnings [Refer Note 14(c)]	-	11
Balance as at the end of the year	<u>52</u>	<u>52</u>
a) It represents transfer from Retained Earnings on buy-back of equity shares by the Company as per the provision of section 69(1) of the Companies Act, 2013.		
ii) General Reserve [Refer Note (a) below]		
Balance as at the beginning of the year	3,868	3,578
Add: Transfer from Retained Earnings during the year	299	290
Balance as at the end of the year	<u>4,167</u>	<u>3,868</u>
a) It represents transfer from Retained Earnings.		
iii) Retained Earnings [Refer Note (a) below]		
Balance as at the beginning of the year	13,520	16,594
Profit for the year	2,376	3,001
Items of Other Comprehensive Income recognised directly in retained earnings		
Remeasurement of defined benefit obligation [Refer Note 16(a)(B)(2)(ii)]	(272)	(20)
Tax on remeasurement of defined benefit obligation [Refer Note 7]	95	7
Appropriations		
Dividend [Refer Note 37(b)(i)]	(618)	(601)
Dividend Distribution Tax on Dividend	(127)	(122)
Transfer to General Reserve	(299)	(290)
Transfer to Capital Redemption Reserve [Refer Note 14(c)]	-	(11)
Premium paid on buy-back of Equity shares [Refer Note 14(c)]	-	(4,989)
Transaction cost for buy-back of Equity shares	-	(49)
Balance as at the end of the year	<u>14,675</u>	<u>13,520</u>
a) It represents profit earned net of appropriations.		
iv) Equity instruments through Other Comprehensive Income [Refer Note (a) below]		
Balance as at the beginning of the year	-	-
Add: Changes in fair value during the year	(403)	-
Balance as at the end of the year	<u>(403)</u>	<u>-</u>
a) It represents unrealised gain/ loss on fair value of equity instruments classified and subsequently measured at Equity instruments through Other Comprehensive Income.		

Notes to the financial statements for the year ended March 31, 2019 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)
16 PROVISIONS

	Non-Current		Current	
	As at	As at	As at	As at
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Provision for Employee Benefits:				
- Gratuity [Refer Note (a)(B) below]	226	148	65	46
- Compensated Absences [Refer Note (b) below]	368	156	58	17
- Others [Refer Note (c) below]	160	162	498	344
Other Provisions [Refer Note (d) & (e) below]:				
- Direct Tax Matters	8	14	-	-
[Net of Advance Tax of 150 (Previous Year 155)]				
- Indirect Tax Matters	57	57	-	-
- Commercial and Other Matters	318	305	-	-
[Net of Payment 5 (Previous Year 5)]				
- Anticipated Sales Returns [Refer Note 43]	-	-	-	289
- Discounts/ Incentives/ Compensation payable to Customers	-	-	-	1,243
[Refer Note 43]				
	1,137	842	621	1,939

a) Employee Benefit Obligation

Disclosure as required under Ind AS 19 - Employee Benefits:

A. Defined contribution plan:

The Company's defined contribution plans are Superannuation, Employees' State Insurance Scheme and Provident Fund administered by Government authorities/ trustees since the Company has no further obligation beyond making the contributions.

The expenses recognised during the year towards defined contribution plans are as detailed below:

	01.04.2018 to	01.04.2017 to
	31.03.2019	31.03.2018
Employer's contribution to Provident Fund	94	78
Employer's contribution to Superannuation Fund	30	26
Total (included in Note 25 - 'Employee Benefits Expense')	124	104

B. Defined benefit obligation:

The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972/ Company policy. Employees who are in continuous service for a period of 5 years or more are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employee's last drawn salary per month computed proportionately as per the Payment of Gratuity Act, 1972/ Company policy multiplied for the number of years of service.

The plan asset for the funded gratuity plan is invested in insurer managed fund administered by Life Insurance Corporation of India ('LIC') and Kotak Life Insurance Limited (Kotak) independently. 80% of the plan asset is invested in debt securities and 20% in equity instruments.

Notes to the financial statements for the year ended March 31, 2019 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

16 PROVISIONS (contd.)

Provisions were established for defined benefit obligations pertaining to gratuity. The net obligation was accounted as follows:

1. Net defined benefit obligation as reflected in Balance Sheet:

	As at 31.03.2019	As at 31.03.2018
Present value of defined benefit obligation	963	656
Fair value of plan assets	672	462
Net defined benefit obligation	291	194

2. The expenses for defined benefit plan for gratuity comprise the following components:

	01.04.2018 to 31.03.2019	01.04.2017 to 31.03.2018
i) Expenses recognised in the Statement of Profit and Loss		
Current service cost (included in Note 25 - 'Employee Benefits Expense')	39	37
Net interest cost (included in Note 26 - 'Finance Costs')	15	19
	54	56
ii) Expenses recognised in the Other Comprehensive Income (OCI) [Refer Note 15(iii)]		
Actuarial losses on obligation	281	13
Return on plan assets, excluding interest income	(9)	7
	272	20

3. The net defined obligation developed as follows:

i) Change in the present value of defined benefit obligation		
Opening present value of defined benefit obligation	656	602
Current service cost (included in Note 25 - 'Employee Benefits Expense')	39	37
Interest cost (included in Note 26 - 'Finance Costs')	51	45
Transfer of employees (Net)	(3)	2
Benefit paid from the fund	(61)	(43)
Actuarial (gains)/ losses due to:		
- Change in demographic assumptions	(2)	-
- Change in financial assumptions	33	(13)
- Experience adjustment	250	26
Closing present value of defined benefit obligation	963	656
ii) Change in the fair value of plan assets		
Opening fair value of plan assets	462	355
Interest income (included in Note 26 - 'Finance Costs')	36	26
Contributions by the employer	226	131
Benefit paid from the fund	(61)	(43)
Expected return on plan assets (excluding interest income)	9	(7)
Closing fair value of plan assets	672	462
iii) Change in net defined benefit obligation		
Opening net defined benefit obligation	194	247
Current service cost (included in Note 25 - 'Employee Benefits Expense')	39	37
Interest cost (Net) (included in Note 26 - 'Finance Costs')	15	19
Transfer of employees (Net)	(3)	2
Contributions by the employer	(226)	(131)
Actuarial (gains)/ losses due to:		
- Change in demographic assumptions	(2)	-
- Change in financial assumptions	33	(13)
- Experience adjustment	250	26
Expected return on plan assets (excluding interest income)	(9)	7
Closing net defined obligation/ deficit of funded plan	291	194

Notes to the financial statements for the year ended March 31, 2019 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

16 PROVISIONS (contd.)

4. Risk exposure:

The risks from defined benefit plans arise partly from the defined benefit obligations and partly from the investment in plan assets. The risks lie in the possibility that higher direct gratuity payments will have to be made to the beneficiaries and/ or that additional contributions will have to be made to plan assets in order to meet current and future defined benefit obligations.

i) Demographic risk:

The gratuity plan provides a lump sum payment to vested employees at the time of retirement, death, incapacitation or termination of employment. Change in attrition rate or mortality assumption as compared to actual rate may result in change in benefit obligations, benefit expense and/ or payments than previously anticipated.

ii) Investment risk:

If the actual return on plan assets is below the return anticipated on the basis of the discount rate, the net defined benefit obligation would increase, assuming there were no changes in other parameters. This could happen as a result of a drop in return by LIC or Kotak.

iii) Interest rate risk:

A decrease in prevailing market yield on Government securities may increase the defined benefit obligation. This effect would be at least partially offset by the ensuing increase in the market values of the debt instruments held.

5. Measurement parameters and their sensitivities:

i) The following parameters were used to measure the obligation:

	As at 31.03.2019	As at 31.03.2018
Discount rate (per annum)	7.54%	7.82%
Expected rate of return on plan assets (per annum)	7.54%	7.82%
Attrition rate (per annum)	5 - 15%	5 - 10%
Salary escalation rate (per annum)	10% for next 1 year and 8% thereafter	10% for next 1 year and 8% thereafter

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

ii) The following parameter sensitivities were computed by an independent actuary which results in increase/ (decrease) in defined benefit obligation:

	As at 31.03.2019	As at 31.03.2018
Delta effect of +0.5% change in discount rate	(31)	(21)
Delta effect of -0.5% change in discount rate	33	22
Delta effect of +0.5% change in salary escalation	32	22
Delta effect of -0.5% change in salary escalation	(31)	(21)
Delta effect of +0.5% change in attrition rate	(2)	(1)
Delta effect of -0.5% change in attrition rate	2	1

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the Projected Unit Credit Method at the end of the reporting period) has been applied while calculating the defined benefit obligation recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

Notes to the financial statements for the year ended March 31, 2019 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)
16 PROVISIONS (contd.)

6. Defined benefit obligation and employer's contribution:

	01.04.2018 to 31.03.2019	01.04.2017 to 31.03.2018
i) Expected employer's contribution for the next year	65	46
	As at 31.03.2019	As at 31.03.2018
ii) The weighted average duration of the defined benefit obligation (years)	8	8
iii) Projected benefits payable in future years from the date of reporting:		
1st Following Year	92	71
2nd Following Year	59	53
3rd Following Year	98	55
4th Following Year	121	71
5th Following Year	119	87
Sum of 6th to 10th Following Year	682	443
b) Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year 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 are treated as other long term employee benefits for measurement purpose. The Company's liability is actuarially determined by an independent actuary using the Projected Unit Credit Method at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.		
c) Provisions for other employee benefits mainly include those recorded for performance based bonus, variable payments and long-service awards.		
d) Movement in Other Provisions		

	Direct Tax Matters	Indirect Tax Matters	Commercial and Other Matters	Anticipated Sales Returns	Discounts/ Incentives/ Compensation payable to Customers
Balance as at the beginning of the year	14	57	305	-	-
	(15)	(57)	(279)	(121)	(1,496)
Add: Additional provision (Net)	-	-	13	-	-
	(-)	(-)	(26)	(289)	(3,701)
Less: Provision utilised	-	-	-	-	-
	(-)	(-)	(-)	(121)	(3,954)
Less: Provision adjusted	6	-	-	-	-
	(1)	(-)	(-)	(-)	(-)
Balance as at the end of the year	8	57	318	-	-
	(14)	(57)	(305)	(289)	(1,243)

Figures shown in brackets are in respect of previous year.

Notes to the financial statements for the year ended March 31, 2019 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

16 PROVISIONS (contd.)

e) Other Provisions represent:

- i) Provision for estimates made for probable liabilities/ claims arising out of pending disputes, litigations/ commercial transactions with statutory authorities/ third parties. The outflow with regard to the said matters depends on the exhaustion of remedies available to the Company under the law and hence the Company is not able to reasonably ascertain the timing of the outflow and hence expected utilisation is considered as more than 1 year.

During the year, 13 (Previous Year 26) is recognised under the head Finance Costs [included in Note 26] as an additional provision towards Commercial and Other Matters.

- ii) Provision for anticipated sales return: In the Previous Year this was recognised on a net basis at the gross margin on the sales. Revenue is adjusted for the expected value of the returns and cost of sales are adjusted for the value of the corresponding goods to be returned. It is expected to be utilised within 12 months from the end of the year.
- iii) Provision for discount, incentive and compensation: It is expected to be utilised within 12 months from the end of the year.

17 TRADE PAYABLES

	Current	
	As at 31.03.2019	As at 31.03.2018
Total outstanding dues of micro enterprises and small enterprises [Refer Note (a) below]	14	14
Total outstanding dues of creditors other than micro enterprises and small enterprises [Refer Note 39]	4,976	2,824
	4,990	2,838

- a) The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

	As at 31.03.2019	As at 31.03.2018
(I) (i) Principal amount due and remaining unpaid to any supplier at the end of accounting year [includes payables for Capital Purchases Nil (Previous Year 0.32)]	4	14
(ii) Interest amount due and remaining unpaid to any supplier at the end of accounting year*	-	-
(II) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, along with the amount of the payment made to the suppliers during the year	30	89
(III) The amount of interest due and payable for the period of delay in making the payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act beyond the appointed date	-	-
(IV) The amount of interest accrued and remaining unpaid at the end of the year	-	-
(V) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act	-	-

* Current Year 0.02 (Previous Year Nil)

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, 2019 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

		Current	
		As at 31.03.2019	As at 31.03.2018
18 OTHER FINANCIAL LIABILITIES			
Unpaid Dividends [Refer Note (a) below]		14	12
Deposits from Customers		99	98
Payable for Capital Purchases [Refer Note 17(a)]		16	36
Other liabilities [Refer Note 11(a)]		364	359
		493	505
a)	There are no amounts as at year-end which are due for payment to Investor Education and Protection Fund under section 125 of the Companies Act, 2013.		
19 OTHER LIABILITIES			
Refund Liabilities [Refer Note 43]			
- Anticipated Sales Returns		812	-
- Discounts payable to Customers		728	-
		1,540	-
Contract Liabilities [Refer Note 21(e) and 43]			
- Advances from Customers		654	-
- Customer Loyalty Programmes		379	-
- Incentive Schemes		183	-
		1,216	-
Advances from Customers		-	658
Deferred Income		4	474
Payable towards Statutory Liabilities		109	116
Others		45	37
		2,914	1,285
20 CURRENT TAX LIABILITIES (NET)			
Provision for Income Tax [Net of Advance Tax of 4,781 (Previous Year 2,879)]		26	52
21 REVENUE FROM OPERATIONS			
		01.04.2018 to 31.03.2019	01.04.2017 to 31.03.2018
Sale of Goods (including Excise Duty) [Refer Notes below]		26,021	26,502
Other Operating Revenue:			
Recoveries from Group Companies and Third Parties		832	984
Scrap Sales		4	4
		26,857	27,490
a)	It includes sales in accordance with a sales and distribution arrangement, net of material cost 4,398 (Previous Year 4,235).		
b)	The Government of India introduced the Goods and Service tax (GST) with effect from July 1, 2017. Revenue from Operations for the period from July 1, 2017 is presented net of GST. Revenue from Operations for period up to June 30, 2017 included Excise duty.		

Notes to the financial statements for the year ended March 31, 2019 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)
21 REVENUE FROM OPERATIONS (contd.)

c)	Disaggregation of revenue recognised from contracts with customers by geographical area is disclosed in Segment Reporting [Refer Note 38].	
d)	Reconciliation of revenue recognised with the Contracted Price is as follows:	01.04.2018 to 31.03.2019
	Contracted Price [Refer Note (a) above]	28,482
	Adjustments for:	
	- Discounts	(1,800)
	- Anticipated Sales Return	(805)
	- Customer Loyalty Programmes and Incentive Schemes (Net)	144
	Sale of Goods	26,021
e)	The change in Contract Liabilities [Refer Note 19] are as follows:	
	Contract Liabilities as on April 1, 2018	1,132
	Add: Additions during the year, excluding amounts recognised as revenue during the year	1,169
	Less: Revenue recognised in the current year which was included in Contract Liabilities as on April 1, 2018	1,085
	Contract Liabilities as on March 31, 2019	1,216

The aggregated amount of the transaction price allocated to the performance obligations that are unsatisfied as on March 31, 2019 is 1,216. Contract liabilities resulting from advance payments by customers for delivery of goods and incentive schemes are predominantly recognised as sales within one year. Contract liability resulting from customer loyalty programmes is recognised as sales when obligation is fulfilled based on the points redeemed. Generally, redemption of points happens towards the end of the respective scheme tenure.

22 OTHER INCOME

	01.04.2018 to 31.03.2019	01.04.2017 to 31.03.2018
Other Income		
Interest Income from Financial Assets at amortised cost	135	162
Interest on Income Tax refund	-	3
Dividend Income from investments measured at Fair Value Through Profit or Loss	23	71
Dividend Income from investments measured at Fair Value Through Other Comprehensive Income	34	-
Export Incentives	81	68
Reversal of Provision for Expected Credit Loss on Deposits [Refer Note 36(a)(i)]	1	-
Rent Income [Refer Note 3(c) and Note 33(b)]	58	79
Penal Interest on Overdue Trade Receivables	8	-
Miscellaneous	32	2
	372	385
Other Gains		
Profit on sale of investments measured at Fair Value Through Profit or Loss	-	3
	-	3
	372	388

Notes to the financial statements for the year ended March 31, 2019 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

	01.04.2018 to 31.03.2019	01.04.2017 to 31.03.2018
23 COST OF MATERIALS CONSUMED		
Raw Materials:		
Opening Stock	3,892	3,576
Add: Purchases	14,428	11,996
	18,320	15,572
Less: Closing Stock	5,165	3,892
Cost of Raw Materials consumed [Refer Note (a) below]	13,155	11,680
Packing Materials consumed [Refer Note (a) below]	677	570
	13,832	12,250
a) It includes write down 11 (Previous Year write back 27) in carrying values of Raw Materials and Packing Materials.		
24 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Opening Stock:		
- Finished goods	2,768	3,495
- Work-in-progress	244	159
- Stock-in-trade	328	336
	3,340	3,990
Closing Stock:		
- Finished goods	2,796	2,768
- Work-in-progress	154	244
- Stock-in-trade	417	328
	3,367	3,340
(Increase)/ Decrease in Inventories [Refer Note (a) below]	(27)	650
a) It includes 112 (Previous Year 202) on account of write off/ write down in carrying values of Inventories.		
25 EMPLOYEE BENEFITS EXPENSE [Refer Note 30]		
Salaries and Wages	2,906	2,365
Contribution to Provident and Other Funds [Refer Note 16(a)(A)]	124	104
Gratuity [Refer Note 16(a)(B)(2)(i)]	39	37
Staff Welfare Expenses	143	133
	3,212	2,639
26 FINANCE COSTS		
Interest Expense [Refer Note 16(a)(B)(2)(i) and 16(e)(i)]	99	113
	99	113
27 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation and Amortisation Expense:		
- on Property, Plant and Equipment [Refer Note 2]	310	300
- on Investment Properties [Refer Note 3]	6	5
- on Intangible Assets [Refer Note 4]	26	26
	342	331

Notes to the financial statements for the year ended March 31, 2019 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)
28 OTHER EXPENSES [Refer Note 30]

	01.04.2018 to 31.03.2019	01.04.2017 to 31.03.2018
Consumption of Stores and Spare Parts	19	20
Power and Fuel	63	66
Rent [Refer Note 33(b)]	153	154
Repairs and Maintenance:		
- Buildings	41	28
- Plant and Equipment	- *	1
- Others	83	84
	124	113
Insurance	29	32
Rates and Taxes	14	11
Job Work Charges	399	365
Freight Outward and Clearing Charges	639	637
Travelling and Conveyance	376	405
Communication	54	139
Legal and Professional Fees	781	546
Advertisement, Publicity and Sales Promotion	1,973	1,534
Donations	86	76
Royalty	9	10
Bad Debts	5	-
Less: Utilisation of Provision for Expected Credit Loss on Trade Receivable	3	-
	2	-
Provision for Expected Credit Loss on Trade Receivable [Refer Note 36(a)(i)]	56	29
Deposits/ Advances written off	-	4
Less: Utilisation of Provision for Expected Credit Loss on Deposits	-	4
	-	-
Provision for Expected Credit Loss on Deposits [Refer Note 36(a)(i)]	-	- *
Loss on Tangible Assets sold/ discarded (Net)	16	1
Loss on Intangible Assets written off (Net)	61	-
Loss on initial recognition of equity instruments Fair Value through Other Comprehensive Income [Refer Note 5(a)]	48	-
Foreign Exchange Fluctuations (Net)	2	54
Fair value loss on investments measured at Fair Value Through Profit or Loss	-	- *
Miscellaneous [Refer Note (a) below and Note 39(iv)]	145	168
	5,049	4,360

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

a) Payments to Auditor (included in Miscellaneous expenses):

(i) As Auditor:		
- for statutory audit	4	4
- for limited review	2	2
- for tax audit	- *	- *
- for certification	1	- *
(ii) In other capacities:		
- Audit of Group Reporting Package	1	1
(iii) Reimbursement of out-of-pocket expenses	-	- *
	8	7

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

Certification fees of Nil (Previous Year 1) paid to Auditors related to buy-back of Equity shares is included in Note 15(iii)

Other Equity - 'Transaction cost for buy-back of Equity shares'.

Notes to the financial statements for the year ended March 31, 2019 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

	01.04.2018 to 31.03.2019	01.04.2017 to 31.03.2018
29 TAX EXPENSE		
a) Current Tax Expense		
Current tax on profits for the year	1,330	1,323
Adjustments for current tax of prior periods	11	(377)
Total Current Tax Expense	1,341	946
b) Deferred Tax Expense/ (Credit) [Refer Note 7]		
Decrease/ (Increase) in deferred tax assets	(75)	38
Increase in deferred tax liabilities	21	53
Total Deferred Tax Expense/ (Credit)	(54)	91
Tax Expense	1,287	1,037
c) Reconciliation of tax expense and the accounting profit multiplied by tax rate		
Profit Before Tax	3,663	4,038
Tax at the tax rate of 34.944% (Previous Year 34.608%)	1,280	1,397
Tax effect of amounts which are not deductible/ (taxable) in calculating taxable income:		
Corporate social responsibility expenditure	31	28
Dividend income	(20)	(25)
Weighted deduction on research and development expenditure	(6)	(2)
Adjustment on completion of assessment for earlier years	11	(377)
Change in tax rate #	-	1
Loss on initial recognition of equity instruments Fair Value through Other	17	-
Comprehensive Income		
Other items	(26)	15
Tax Expense	1,287	1,037
# The change in tax rate in Previous Year from 34.608% to 34.944% is based on the enacted tax rate by Union Budget 2018.		
30 Expenses towards activities relating to Corporate Social Responsibility in compliance with section 135 of the Companies Act, 2013 (included in Operating Activities under Statement of Cash Flow)		
a) Gross amount required to be spent by the Company during the year	90	101
b) Amount spent during the year on:		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above		
- Donations	85	76
- Employee Benefits Expense	1	2
- Other Expenses	4	2
	90	80
31 RESEARCH AND DEVELOPMENT EXPENSES		
Research and Development Revenue Expenses (Net of recoveries)	286	205

Notes to the financial statements for the year ended March 31, 2019 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

32 CONTINGENT LIABILITIES

	As at 31.03.2019	As at 31.03.2018
A Claims against the Company not acknowledged as debts towards:		
- Direct Tax Matters [Refer Note (a) below]	318	340
- Indirect Tax Matters [Refer Note (a) below]	574	784
- Litigation/ claims filed by customer/ third party [Refer Note (b) below]	49	49
- Litigation/ demands raised by other Statutory Authorities [Refer Note (c) below]	25	117

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

a) The disputed demands for direct tax matters are mainly due to disallowance for certain expenses and for indirect tax matters are mainly due to product classification and related to forms.

b) It mainly includes demand for crop failure.

c) It mainly includes demand raised towards provident fund and for shortfall of stamp duty related to a property.

B The Company has received a notice from the Hon'ble Civil Court, Thiruvananthapuram intimating that a suit has been filed against the Company along with 15 other manufacturing companies of Endosulfan, making them jointly and severally liable, for an amount of 1,617 for recovery of amount paid by the State of Kerala to victims of Endosulfan as compensation. The Company is of the view that there is no link between use of Endosulfan and the health problems of the victims and hence it is not liable to the repay the damages/ compensation.

33 COMMITMENTS

	As at 31.03.2019	As at 31.03.2018
a) Capital Commitments		
Property, Plant and Equipment	3	52
Intangible Assets	29	26
	32	78
b) Non-cancellable operating leases		

The Company has taken certain residential flats and offices under non-cancellable operating leases. Some of the arrangements include escalation clause to cover inflation. Lease rent amounting to 15 (Previous Year 22) has been recognised under the head Other Expenses - 'Rent' under Note 28 to the Statement of Profit and Loss.

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

Period	As at 31.03.2019	As at 31.03.2018
Not later than one year	18	9
Later than one year and not later than five years	7	*
Later than five years	-	-

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

The Company has entered into cancellable leasing arrangements for office, residential, guest house and warehouse premises. The lease rental of 138 (Previous Year 132) which are equivalent to minimum lease payments has been recognised under the head Other Expenses - 'Rent' under Note 28 to the Statement of Profit and Loss.

Further, the Company has recovered sub-lease rental of 3 (Previous Year 7) which has been recognised under the head Other Income - 'Rent Income' under Note 22 to the Statement of Profit and Loss.

The Company has given portion of building, other than classified as investment properties and certain other assets, on operating lease under cancellable lease arrangement during the year. The lease rental aggregating to 22 (Previous Year 28) has been recognised under the head Other Income - 'Rent Income' under Note 22 to the Statement of Profit and Loss.

c) Other Commitments	As at 31.03.2019	As at 31.03.2018
Contractual obligation for future repairs and maintenance on investment properties	1	1
Value of customs duty in respect of export obligation (against advance licenses) remaining to be met at year end	*	*

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

Notes to the financial statements for the year ended March 31, 2019 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

34 EVENTS OCCURRING AFTER THE REPORTING PERIOD

- a) Refer Note 37(b)(ii) Capital Management for the final dividend recommended by the directors which is subject to the approval of shareholders in the ensuing Annual General Meeting.
- b) The draft Voluntary Separation Scheme (VSS-2019) was presented to the Board of Directors at its meeting held on May 27, 2019. The Board took the note of the same and authorised the executive management to make necessary amendment, if required and implement the same during the financial year 2019-20 as it may deem fit.

35 FAIR VALUE MEASUREMENT

Financial instruments by category:

	Notes	As at 31.03.2019			As at 31.03.2018		
		FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial Assets							
Investment	5	-	3,509	-	-	-	-
Trade Receivables	11	-	-	5,937	-	-	6,588
Cash and Cash Equivalents	12	-	-	3,269	-	-	4,166
Bank Balances other than Cash and Cash Equivalents	13	-	-	14	-	-	12
Other Financial Assets	6	-	-	644	-	-	675
Total Financial Assets		-	3,509	9,864	-	-	11,441
Financial Liabilities							
Trade Payables	17	-	-	4,990	-	-	2,838
Other Financial Liabilities	18	-	-	493	-	-	505
Total Financial Liabilities		-	-	5,483	-	-	3,343

Fair Value Hierarchy:

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:

- (a) recognised and measured at fair value and
- (b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed in Ind AS 113 - Fair Value Measurement. An explanation of each level follows underneath the table.

Financial Assets and Liabilities measured at fair value - recurring fair value measurements

	Note	Level 1	Level 2	Level 3	Total
Financial Assets as at March 31, 2019					
Financial investments at FVOCI					
Investment in Equity Instruments	5	3,509	-	-	3,509
		3,509	-	-	3,509

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market (Foreign exchange forward contracts) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The fair value of forward foreign exchange contracts is determined using forward exchange rates at the Balance Sheet date.

Notes to the financial statements for the year ended March 31, 2019 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

35 FAIR VALUE MEASUREMENT (contd.)

Level 3: If one or more of the significant inputs is not based on observable market data (Security Deposits), the instrument is included in level 3. The fair value of the security deposits with definite maturity period is determined using discounted cash flow analysis using an adjusted lending rate.

There are no transfers between level 1, level 2 and level 3 during the year.

Assets which are valued at amortised cost for which fair value are disclosed

	Note	Carrying Amount	Fair Value (Level 3)
Financial assets			
Security Deposits	6		
As at March 31, 2019		220	212
As at March 31, 2018		192	186

The carrying amounts of Trade Receivables, Cash and Cash Equivalents, Bank Balances, Foreign exchange forward contracts, Accrued Interest Receivables, Advance recoverable in cash, Other Receivables, Trade Payables, Unpaid Dividends, Deposit from Customers, Payable for Capital Purchases and Other Financial Liabilities are considered to be the same as their fair values, due to their short term nature.

36 FINANCIAL RISK MANAGEMENT

The Company has financial opportunities at its disposal in the form of the market prices it can command, and is exposed to financial risks in the form of credit, liquidity and market risks. Market risks include currency, interest-rate and price risk. The following paragraphs provide details of these and other financial opportunities and risks and how they are managed.

The management of financial opportunities and risks takes place using established, documented processes. One component is financial planning, which serves as the basis for determining liquidity risk and the future foreign currency and interest-rate risks.

a) Credit Risk:

Credit risks arise from the possibility that the value of receivables or other financial assets of the Company may be impaired because counterparties cannot meet their payment or other performance obligations.

To manage credit risks from trade receivables other than Related Party, the credit managers from Order to Cash department of the Company regularly analyse customer's receivables, overdue and payment behaviors. Some of these receivables are collateralised and the same is used according to conditions. These could include advance payments, security deposits, post-dated cheques etc. Credit limits for this trade receivables are evaluated and set in line with Company's internal guidelines. There is no significant concentration of default risk.

Credit risks from financial transactions are managed independently by Finance department. For banks and financial institutions, the Company has policies and operating guidelines in place to ensure that financial instrument transactions are only entered into with high quality banks and financial institutions. The Company had no other financial instrument that represents a significant concentration of credit risk. The surplus funds are invested in bank deposits and mutual fund investments.

i) Expected Credit Loss (ECL) for Trade Receivables and Deposits:

The Company provides for ECL for trade receivables under simplified approach. The Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking information.

Notes to the financial statements for the year ended March 31, 2019 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

36 FINANCIAL RISK MANAGEMENT (contd.)

ECL for deposits are measured considering 12-month's ECL.

Trade Receivables

The Company provides ECL based on following provision matrix:

Credit Risk Category	Description of Category	As at 31.03.2019		As at 31.03.2018	
		Gross Trade Receivable	ECL	Gross Trade Receivable	ECL
No Risk	There is no risk of defaults	800	-	827	-
Negligible Risk	The risk of defaults is negligible	1,758	1	2,555	1
Low Risk	The probability of defaults is low	2,046	8	2,111	10
Moderate Risk	The probability of defaults is moderate	1,377	35	1,132	26
Doubtful Assets	There is no reasonable expectation of recovery	235	235	189	189
		6,216	279	6,814	226

Following is the movement in Provision for ECL on Trade Receivables:

	As at 31.03.2019	As at 31.03.2018
Balance as at the beginning of the year	226	197
Add: Additional provision/ (reversal) (Net)	56	29
Less: Provision utilised	(3)	-
Balance as at the end of the year	279	226

Deposits

The Company provides ECL based on following provision matrix:

Credit Risk Category	Description of Category	As at 31.03.2019		As at 31.03.2018	
		Gross Deposits	ECL	Gross Deposits	ECL
No Risk	There is no risk of defaults	220	-	192	-
Doubtful Assets	There is no reasonable expectation of recovery	2	2	3	3
		222	2	195	3

Following is the movement in Provision for Expected Credit Loss on Deposits:

	As at 31.03.2019	As at 31.03.2018
Balance as at the beginning of the year	3	7
Add: Additional provision/ (reversal) (Net)	(1)	- *
Less: Provision utilised	-	(4)
Balance as at the end of the year	2	3

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

Notes to the financial statements for the year ended March 31, 2019 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

36 FINANCIAL RISK MANAGEMENT (contd.)

ii) Expected Credit Loss (ECL) for Financial Assets other than Trade Receivables and Deposits:

There is no credit risk on Financial Assets other than mentioned in (i) above from initial recognition. Accordingly, no provision for ECL has been recognised.

b) Liquidity Risk:

Liquidity risks result from the possible inability of the Company to meet current or future payment obligations due to lack of cash or cash equivalents. The liquidity risk is assessed and managed by the Finance department as a part of day to day and medium term liquidity planning.

The Company's liquidity risk policy is to maintain sufficient liquidity reserve at all times based on cash flow projections to meet payment obligation when it falls due. The primary source of liquidity is cash generated from operations.

Liquid assets are held mainly in the form of bank deposits and mutual fund investments. The Company maintains flexibility in funding by maintaining availability under committed credit lines set up with the banks. These include, in particular, an undrawn credit facility of as at March 31, 2019 of 5,515 (Previous Year 1,608).

The payment obligations from financial instruments are explained below:

The table below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities essential for an understanding of timing of cash flows.

Contractual maturities of Financial Liabilities	As at 31.03.2019			As at 31.03.2018		
	Less than 3 months	3 to 12 months	Total	Less than 3 months	3 to 12 months	Total
Trade Payables	4,922	68	4,990	2,760	78	2,838
Other Financial Liabilities	493	-	493	505	-	505
	<u>5,415</u>	<u>68</u>	<u>5,483</u>	<u>3,265</u>	<u>78</u>	<u>3,343</u>

Balance due within 12 months equals their carrying balance as the impact of discounting is not significant.

c) Market Risk:

i) Currency Risk:

Foreign currency opportunities and risks for the Company result from changes in exchange rates and the related changes in the value of financial instruments (including receivables and payables) in the functional currency (INR). The Company is exposed to foreign exchange risk arising from foreign currency transactions primarily with respect to US Dollar.

To mitigate the currency fluctuation, receivables and payables in foreign currencies which arises from export and import of goods and services are hedged on net basis through forward exchange contracts. From January'18 onwards, majority of Company's import and export of goods are denominated in INR currency thereby reducing foreign exchange risk to large extent.

Sensitivities were determined on the basis of a hypothetical adverse scenario in which the INR appreciated/depreciated by 4% (March 31, 2018 2%) against USD compared with the year-end exchange rates. In this scenario, the estimated hypothetical loss of cash flows from financial instruments would have increased/ diminished earnings as of March 31, 2019 by 2 (as of March 31, 2018 by 0.5) on net receivable exposure of 61 (USD 0.88 Million) as on March 31, 2019 [on net payable exposure of 27 as on March 31, 2018 (USD 0.41 Million)]. The Company's exposure to changes in foreign currency other than USD is not material.

Notes to the financial statements for the year ended March 31, 2019 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

36 FINANCIAL RISK MANAGEMENT (contd.)

ii) Interest Rate Risk:

Interest rate opportunities and risks result for the Company through changes in capital market interest rates, which in turn could lead to changes in the fair value of fixed-rate financial instruments and changes in interest payments/income in case of floating-rate instruments.

Interest rate risk arising from borrowing is managed by negotiating fixed coupon interest rates from banks for the entire tenure. The Company has surplus cash position and does not have any borrowings as on Balance Sheet date.

iii) Price Risk:

The Company is mainly exposed to the price risk due to its investment in equity shares of Monsanto India Limited (MIL) and investment in mutual funds.

The Company's equity investments in MIL is for the strategic purpose. If the equity prices had been higher/ lower by 5% from the market price existing as on March 31, 2019, Other Comprehensive Income for the year would increase/ decrease by 175 (before consequential tax impact, if any) with a corresponding increase/ decrease in the Total Equity of the Company as of March 31, 2019.

In order to manage its price risk arising from investment in mutual funds, the Company diversifies its portfolio based on past performance. The impact of price risk with respect to investment in mutual fund is insignificant.

37 CAPITAL MANAGEMENT

a) Risk management:

The Company's objective while managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide optimum returns to the shareholders and to other stakeholders. Further its objective is to maintain an optimal capital structure to reduce the cost of capital.

b) Dividends:

	01.04.2018 to 31.03.2019	01.04.2017 to 31.03.2018
i) Equity Shares		
Dividend approved for the year ended March 31, 2018 of ₹ 18.00 (March 31, 2017 ₹ 17.00) per fully paid equity share	618	601
	As at 31.03.2019	As at 31.03.2018
ii) Dividends not recognised at the end of the reporting period		
Since year end, the Directors of the Company have recommended a payment of final dividend of ₹ 18.00 per fully paid equity share (March 31, 2018 ₹ 18.00) and dividend distribution tax thereon 127 (March 31, 2018; 127). The proposed dividend is subject to approval of shareholders in ensuing Annual General Meeting.	618	618

38 SEGMENT REPORTING

The Vice Chairman & Managing Director and CEO, and Executive Director & CFO are identified as Chief Operating Decision Maker of the Company. They are responsible for allocating resources and assessing the performance of the operating segments. Accordingly, they have determined "Agri Care" as its operating segment.

Thus the segment revenue, interest revenue, interest expense, depreciation and amortisation, segment assets and segment liabilities are all as reflected in the Financial Statement as at and for the year ended March 31, 2019.

Notes to the financial statements for the year ended March 31, 2019 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

38 SEGMENT REPORTING (contd.)

Geographical information

	01.04.2018 to 31.03.2019	01.04.2017 to 31.03.2018
a) Revenue from external customers		
(i) attributed to the Company's country of domicile, India	24,073	24,765
(ii) attributed to all foreign countries		
- Germany	1,922	2,203
- Others	862	522
	<u>26,857</u>	<u>27,490</u>
b) Revenues from transactions with a single customer in no case exceeded 10% of the Company's sales in current as well as previous year.		
	As at 31.03.2019	As at 31.03.2018
c) Non-current assets (excluding Deferred/ Current Tax and Financial Assets)		
(i) located in the Company's country of domicile, India	3,935	3,974
(ii) located in all foreign countries	-	-
	<u>3,935</u>	<u>3,974</u>

39 RELATED PARTY TRANSACTIONS

Name of the related party & Country of incorporation	% Equity interest	
	As at 31.03.2019	As at 31.03.2018
i) Ultimate Holding Company:		
Bayer AG, Germany	10%	10%
ii) Entities under Common Group Control **:		
Bayer (China) Limited, China		
Bayer (Proprietary) Limited, South Africa		
Bayer (South East Asia) Pte. Ltd., Singapore		
Bayer BioScience Private Limited, India		
Bayer Business and Technology Services LLC, U.S.A.		
Bayer Business Services GmbH, Germany		
Bayer Business Services Philippines Inc., Philippines		
Bayer CropScience (China) Co. Ltd., China		
Bayer CropScience AG, Germany		
Bayer CropScience Limited, Bangladesh		
Bayer CropScience LP, U.S.A.		
Bayer CropScience Ltd, Korea		
Bayer CropScience Inc., Philippines		
Bayer Direct Services GmbH, Germany		
Bayer HealthCare Pharmaceuticals Inc., U.S.A.		
Bayer Holding Ltd., Japan		
Bayer Intellectual Property GmbH, Germany		
Bayer Pakistan (Private) Limited, Pakistan		
Bayer Pharmaceuticals Private Limited, India		

Notes to the financial statements for the year ended March 31, 2019 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

39 RELATED PARTY TRANSACTIONS (contd.)

ii) Entities under Common Group Control **: (contd.)

Bayer Philippines Inc., Philippines

Bayer S.A.S., France

Bayer Seeds Private Limited, India (upto August 16, 2018)

Bayer Thai Company Limited, Thailand

Bayer Vapi Private Limited, India (the Enterprise in respect of which, the Company is an Associate)

Bayer Vietnam Ltd., Vietnam

Bayer Zydus Pharma Private Limited, India

Covestro (India) Private Limited, India (upto May 4, 2018)

Maharashtra Hybrid Seeds Company Private Limited, India (effective from June 7, 2018)

Monsanto Company, U.S.A. (effective from June 7, 2018)

Monsanto Holdings Private Limited, India (effective from June 7, 2018)

Monsanto India Limited, India (effective from June 7, 2018)

PT. Bayer Indonesia, Indonesia

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

A. The transactions with related parties:

	Party referred to in (i) above		Parties referred to in (ii) above	
	01.04.2018 to 31.03.2019	01.04.2017 to 31.03.2018	01.04.2018 to 31.03.2019	01.04.2017 to 31.03.2018
Sale of goods				
Bayer AG	1,727	1,978	-	-
Bayer BioScience Private Limited	-	-	29	22
Bayer Vapi Private Limited	-	-	-*	152
Others	-	-	838	528
Recoveries made				
Bayer AG	130	64	-	-
Bayer BioScience Private Limited	-	-	129	153
Bayer Vapi Private Limited	-	-	265	270
Others	-	-	400	532
Rental Income				
Bayer BioScience Private Limited	-	-	2	6
Bayer Vapi Private Limited	-	-	7	7
Others	-	-	40	66
Dividend Received				
Others	-	-	34	-
Purchase of Goods				
Bayer AG	11,632	10,191	-	-
Bayer BioScience Private Limited#	-	-	4,532	4,258
Bayer Vapi Private Limited	-	-	614	1,286
Others	-	-	34	15
Professional/ Support Charges incurred				
Bayer AG	5	5	-	-
Bayer Vapi Private Limited	-	-	6	6
Others	-	-	568	342

The amount is disclosed on gross basis, against which revenue is recognised at margin (sales less material cost) since the Company is acting as an agent in substance.

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

Notes to the financial statements for the year ended March 31, 2019 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)
39 RELATED PARTY TRANSACTIONS (contd.)

A. The transactions with related parties: (contd.)

	Party referred to in (i) above		Parties referred to in (ii) above	
	01.04.2018 to 31.03.2019	01.04.2017 to 31.03.2018	01.04.2018 to 31.03.2019	01.04.2017 to 31.03.2018
Rent Expense				
Bayer BioScience Private Limited	-	-	15	14
Bayer Vapi Private Limited	-	-	1	2
Royalty Expense				
Bayer CropScience AG	-	-	9	10
Dividend paid				
Bayer AG	64	62	-	-
Bayer CropScience AG	-	-	96	94
Bayer Vapi Private Limited	-	-	145	140
Others	-	-	119	116
Sale of Fixed Assets				
Bayer BioScience Private Limited	-	-	.*	2
Bayer Vapi Private Limited	-	-	1	-
Others	-	-	2	-
Purchase of License of Duty Credit Scrips				
Bayer BioScience Private Limited	-	-	46	-
Bayer Vapi Private Limited	-	-	218	119
Purchase of Fixed Assets (including Capital work-in-progress)				
Others	-	-	.*	-
Recoupment of losses towards overdue trade receivables [Refer Note 11(a)]				
Bayer BioScience Private Limited	-	-	4	5
Repayment against recoupment of losses towards overdue trade receivables [Refer Note 11(a)]				
Bayer BioScience Private Limited	-	-	8	-
Employee related liability paid/ payable on transfer of employees				
Bayer BioScience Private Limited	-	-	.*	1
Bayer Vapi Private Limited	-	-	-	1
Others	-	-	5	.*
Employee related liability taken over on transfer of employees				
Bayer BioScience Private Limited	-	-	1	3
Bayer Vapi Private Limited	-	-	-	5
Others	-	-	.*	3

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

Notes to the financial statements for the year ended March 31, 2019 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)
39 RELATED PARTY TRANSACTIONS (contd.)

B. Outstanding balances of related parties:

	As at 31.03.2019	As at 31.03.2018
Party referred to in (i) above		
Outstanding Receivables	132	607
Outstanding Payables	3,182	1,714
Parties referred to in (ii) above		
Outstanding Receivables		
Bayer BioScience Private Limited	371	47
Bayer Vapi Private Limited	39	49
Others	135	142
Outstanding Payables		
Bayer BioScience Private Limited	788	359
Bayer Vapi Private Limited	91	237
Others	46	77

iii) Employee Benefits Plans where significant influence exists

Bayer CropScience Limited Employees Group Gratuity-cum-Life Assurance Scheme
Bayer CropScience Limited Managerial Employees Superannuation Scheme

The transactions with entities where significant influence exists of (iii) above and outstanding balances:

	01.04.2018 to 31.03.2019	01.04.2017 to 31.03.2018
Contributions during the year		
Bayer CropScience Limited Employees Group Gratuity-cum-Life Assurance Scheme	226	131
Bayer CropScience Limited Managerial Employees Superannuation Scheme	30	26

iv) Key management personnel:

Name	Designation
- Mr. Pankaj Patel	Chairman
- Mr. Richard van der Merwe	Vice Chairman & Managing Director and CEO (upto November 15, 2018)
- Mr. Duraiswami Narain	Vice Chairman & Managing Director and CEO (from December 1, 2018)
- Mr. Ulrich Stefer	Executive Director & CFO
- Mr. Sharad Kulkarni	Non-executive Director (upto March 31, 2019)
- Mr. A.K.R. Nedungadi	Non-executive Director (upto April 30, 2018)
- Mr. Vimal Bhandari	Non-executive Director (upto March 31, 2019)
- Ms. Ketaki Bhagwati	Non-executive Director (from January 15, 2019)

Notes to the financial statements for the year ended March 31, 2019 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

39 RELATED PARTY TRANSACTIONS (contd.)

	01.04.2018 to 31.03.2019	01.04.2017 to 31.03.2018
Remuneration to key management personnel [Refer Note 40]		
Short term employee benefits	99	114
Other long-term employee benefits	16	16
	114	130
Directors' Sitting Fees	2	2
(included in Note 28 Other Expenses - Miscellaneous expenses)		
Commission to Non-Executive Directors	4	5
(included in Note 28 Other Expenses - Miscellaneous expenses)		

v) Terms and conditions

There have been no guarantees provided or received for any related party receivables or payables. Outstanding balances at the year end are unsecured and interest free, and settlement occurs in cash. The Company has not recorded any impairment of receivables relating to amounts owed by related parties for the year ended March 31, 2019 and March 31, 2018.

- 40** The Board of Directors has approved the appointment of Mr. Duraiswami Narain as Managing Director & Chief Executive Officer of the Company with effect from December 1, 2018, which is subject to the approval, of the Shareholders in the ensuing Annual General Meeting, and of the Central Government for which necessary application is made and approval is awaited.
- 41** The Board of Directors at its meeting held on November 14, 2018 approved the Scheme of Amalgamation of Monsanto India Limited (MIL) with Bayer CropScience Limited (BCSL) and their respective shareholders under Section 230 and 232 of the Companies Act, 2013 and other applicable provision, if any. In consideration of the amalgamation, BCSL will issue and allot 2 (two) equity shares of 10/- each credited as fully paid-up shares of BCSL, for every 3 (three) equity shares of 10/- each in MIL to those whose names are recorded in the register of members on the record date. The Scheme of Amalgamation is subject to various regulatory and other approvals.

42 EARNINGS PER SHARE

Earnings per share are determined according to Ind AS 33 - Earnings per Share by dividing Profit after tax attributable to shareholders of the Company by the weighted average number of equity shares outstanding during the financial year.

	01.04.2018 to 31.03.2019	01.04.2017 to 31.03.2018
Profit for the year	2,376	3,001
Weighted average number of equity shares outstanding at year end	34,333,593	34,831,217
Nominal Value Per Equity Share (in ₹)	10	10
Earnings Per Share (net of tax) [Basic and Diluted] (in ₹)	69.20	86.16

Notes to the financial statements for the year ended March 31, 2019 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

43 IMPACT OF FIRST TIME ADOPTION OF IND AS 115

Effective April 1, 2018, the Company adopted Ind AS 115 - Revenue from Contracts with Customers using the cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method, the comparative information has not been reinstated. The impact of adoption of the standard on the financial statements of the Company is insignificant.

Changes in the timing of recognition:

There is no impact on the timing of recognition of Revenue on adoption of Ind AS 115 for the Company.

Presentational changes:

The Company recognises provision for anticipated sales return towards saleable returns. Ind AS 115 changes the presentation of provision for anticipated sales return within the Balance Sheet from net to gross basis. The Right of Return Asset is disclosed in "Other Assets" [Refer Note 9] at the former carrying amount of saleable returns less expected costs to recover and potential impairment. The Refund Liabilities disclosed under "Other Liabilities" [Refer Note 19] represents amounts expected to be refunded upon sales return. Prior to the adoption of Ind AS 115, the Company presented the margin of anticipated sales returns on a net basis in Balance Sheet under "Provisions" [Refer Note 16].

In the Statement of Cash Flows, the increase in Other Assets resulting from gross presentation is compensated by a corresponding decline in Other Liabilities and Provisions.

The effects of applying the cumulative catch-up transition method on the Opening Balance Sheet as at April 1, 2018, are shown in table below:

	As at March 31, 2018 Under Ind AS 18	Presentation changes	As at April 1, 2018 Under Ind AS 115
Other Assets			
Right of Return Asset	-	307	307
Provisions			
Provision for Anticipated Sales Return	289	(289)	-
Discounts/ Incentives/ Compensation payable to Customers	1,243	(1,243)	-
Other Liabilities			
Refund liability			
- Anticipated Sales Returns	-	596	596
- Discounts payable to Customers	-	1,089	1,089
Advances from Customers	658	(658)	-
Deferred Revenue	474	(474)	-
Contract Liabilities			
- Advances from Customers	-	658	658
- Customer Loyalty Programmes	-	474	474
- Incentive Schemes	-	154	154

Notes to the financial statements for the year ended March 31, 2019 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)
43 IMPACT OF FIRST TIME ADOPTION OF IND AS 115 (contd.)

Reconciliation Ind AS 115 to Ind AS 18 for Presentational Changes as at March 31, 2019:	Ind AS 115	Presentation changes	Ind AS 18
Other Assets			
Right of Return Asset	444	(444)	-
Provisions			
Provision for Anticipated Sales Return	-	368	368
Discounts/ Incentives/ Compensation payable to Customers	-	911	911
Other Liabilities			
Refund liability			
- Anticipated Sales Returns	812	(812)	-
- Discounts payable to Customers	728	(728)	-
Advances from Customers	-	654	654
Deferred Revenue	-	379	379
Contract Liabilities			
- Advances from Customers	654	(654)	-
- Customer Loyalty Programmes	379	(379)	-
- Incentive Schemes	183	(183)	-

Signature to Notes 1 to 43

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

For and on behalf of the Board

Vice Chairman & Managing
Director and CEO
Directors

Duraiswami Narain
DIN 03310642

Peter Mueller
DIN 03582162

Jens Hartmann
DIN 08338494

Ketaki Bhagwati
DIN 07367868

Executive Director
& CFO

Ulrich Stefer
DIN 07447177

Place: Mumbai
Date: May 27, 2019

FACTS

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
₹ in Millions										
Revenue from Operations (Net)	17,241	21,373	22,723	27,253	32,452	37,233	28,894	29,484	27,490	26,857
Profit Before Tax	1,964	1,988	2,044	15,632	4,408	5,735	4,816	4,479	4,038	3,663
Net Cash from Operating Activities	824	1,223	1,067	1,383	2,815	2,004	2,065	1,573	1,214	4,018
Dividend (including interim dividend) for the year	158	158	166	197	201	769	601	601	618	618
Dividend %	40%	40%	42%	50%	55%	210%	170%	170%	180%	180%
Share Capital	395	395	395	395	366	366	354	354	343	343
Reserves and Surplus	5,203	6,335	7,532	18,918	17,057	19,963	18,040	20,213	17,440	18,491
Borrowings	1,140	1,085	-	-	-	-	-	-	-	-
Gross Block	5,077	5,531	4,738	5,414	6,958	4,346	3,628	4,166	4,517	4,734
Net Block	3,208	3,537	2,566	3,457	4,446	3,224	3,384	3,661	3,705	3,654
Net Current Assets	2,835	5,204	4,861	15,562	12,583	16,917	14,995	16,911	14,142	11,864
Employee Benefits Expense	1,411	1,566	1,553	1,810	2,040	2,269	2,207	2,451	2,639	3,212
Number of Employees	1,351	1,102	1,147	1,181	1,217	1,043	1,057	1,126	1,148	1,132
₹										
Earnings Per Share (on the basis of profits after tax)	32.22	33.30	35.19	294.11	75.14	104.59	87.34	82.31	86.16	69.20
Book Value per Share	141.72	170.38	200.70	488.95	475.79	555.15	520.28	581.74	517.95	548.56
Share Price at Stock										
Exchange — High	693.00	1,173.00	999.00	1,341.80	1,829.20	3,819.90	4,234.00	4,627.00	5,050.00	4,747.45
— Low	224.90	635.15	673.05	749.00	1,065.05	1,384.55	3,115.00	3,620.00	3,739.05	3,755.55
Number of Shareholders	19,324	21,251	21,431	20,865	19,138	20,647	20,412	22,176	45,744	45,369

Notes:

- Figures from the year 2015-16 are in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS).
- Figures have been regrouped wherever necessary.

**Bayer CropScience Limited****Corporate Identification No. (CIN) - L24210MH1958PLC011173****Registered Office:** Bayer House, Central Avenue, Hiranandani Estate, Thane (West) – 400 607**Tel. No.:** +91 22 2531 1234 **E-mail:** ir_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: _____ Address: _____

Email id: _____ Signature: _____ or failing him;

2. Name: _____ Address: _____

Email id: _____ Signature: _____ or failing him;

3. Name: _____ Address: _____

Email id: _____ Signature: _____

As my/ our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 61st Annual General Meeting of the Company to be held on Wednesday, July 24, 2019 at 11.00 a.m. at "Yashwantrao Chavan Pratishthan Auditorium", Y. B. Chavan Centre, Near Mantralaya, Gen. J. Bhonsale Marg, Mumbai - 400 021 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Resolution	For	Against
1.	Adoption of Statement of Profit and Loss, Balance Sheet, Report of Board of Directors and Auditors for financial year ended March 31, 2019		
2.	Declaration of dividend on Equity Shares for the financial year ended March 31, 2019		
3.	Re-appointment of Mr. Peter Mueller (DIN: 03582162) as a Director of the Company.		
4.	Appointment of Mr. Duraiswami Narain (DIN: 03310642) as the Director of the Company.		
5.	Appointment of Mr. Duraiswami Narain (DIN: 03310642) as the Managing Director and Chief Executive Officer of the Company.		
6.	Appointment of Mr. Rolf Hoffmann (DIN: 08460583) as the Director of the Company.		
7.	Appointment of Mr. Rolf Hoffmann (DIN: 08460583) as the Whole-time Director and Chief Financial Officer of the Company.		
8.	Appointment of Ms. Ketaki Bhagwati (DIN: 07367868) as the Non-Executive Independent Director of the Company.		
9.	Appointment of Mr. Jens Hartmann (DIN: 08338494) as the Non-Executive Director of the Company.		
10.	Ratification of Remuneration to Cost Auditor.		

Signed this _____ day of _____ 2019

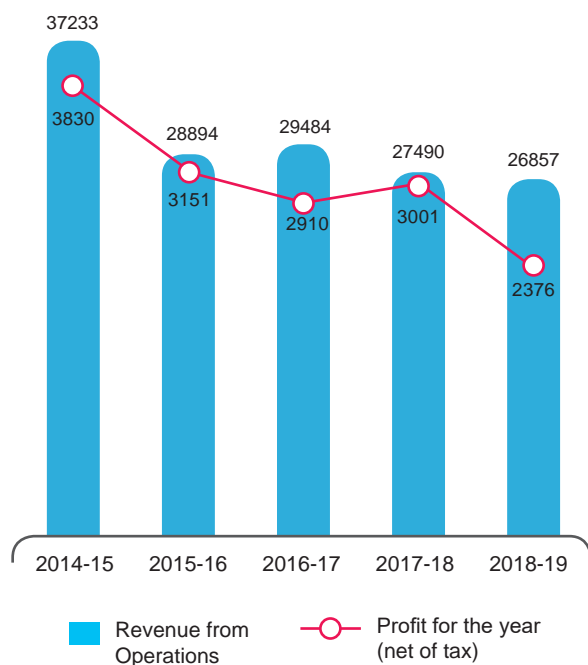
Signature of shareholder _____

Affix
Revenue
Stamp**NOTES:**

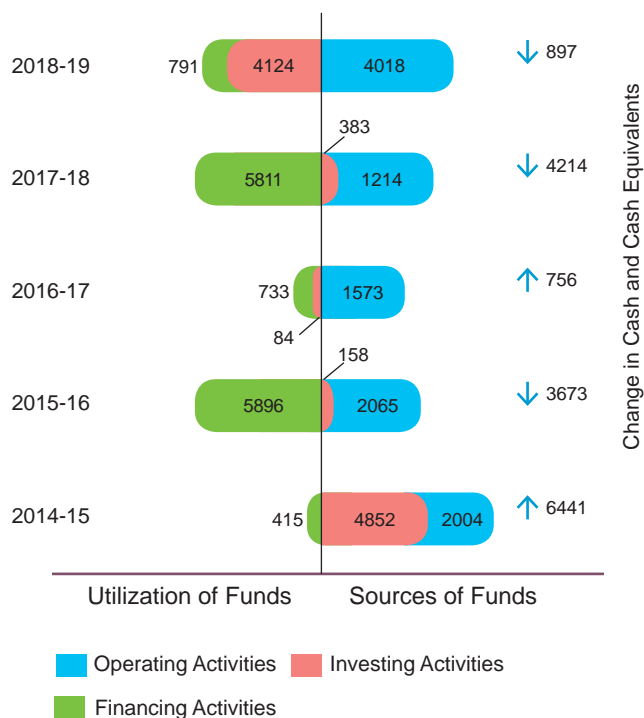
- Please put tick (✓) in the appropriate column against the respective resolutions. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he / she thinks appropriate.
- This Form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company at Bayer House, Central Avenue, Hiranandani Estate, Thane (West) - 400 607, not less than 48 hours before the commencement of the Meeting.

PERFORMANCE HIGHLIGHTS

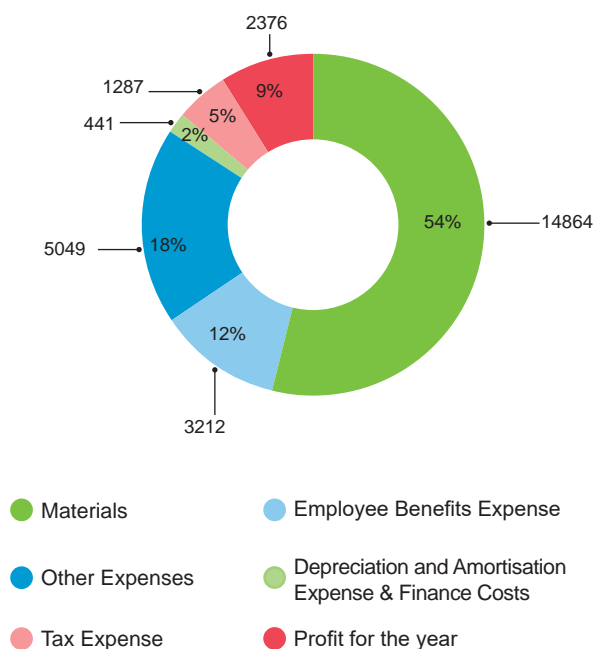
REVENUE FROM OPERATIONS & PROFITABILITY (₹ in Million)



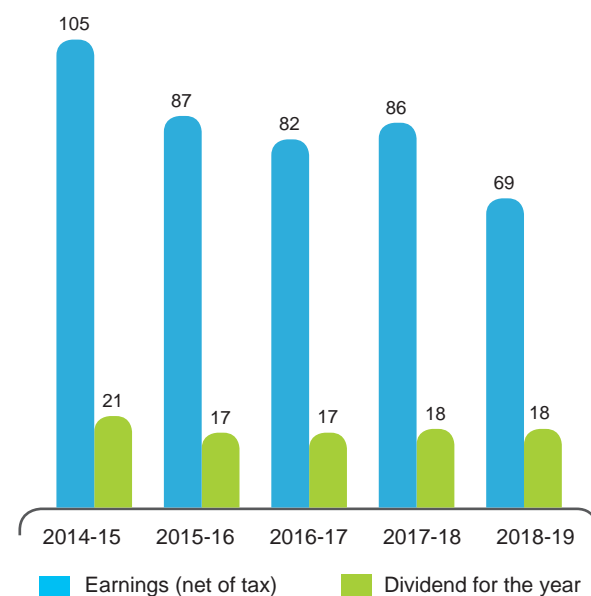
CASH FLOW (₹ in Million)



DISTRIBUTION OF INCOME 2018-19 (₹ in Million (%))



EARNINGS & DIVIDEND PER SHARE (₹)



Figures from the year 2015-16 are in accordance with Companies (Indian Accounting Standards) Rules, 2015 (Ind AS).



Registered Office:

Bayer CropScience Limited
Bayer House, Central Avenue,
Hiranandani Estate,
Thane (West) - 400 607.
Maharashtra, India.
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Fax No.: + 91 22 2545 5063
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