



Science For A Better Life

Investor Presentation

Bayer CropScience Limited

April 10, 2015



Forward-Looking Statements

This presentation may contain forward-looking statements based on current assumptions and forecasts made by Bayer Group or subgroup management.

Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. These factors include those discussed in Bayer's public reports which are available on the Bayer website at www.bayer.com.

The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.



Disclaimer

Although the financial year 2014-2015 ended on March 31, 2015, Bayer CropScience Limited neither has published any results or figures for the mentioned period nor for the last quarter starting January 1, 2015 and ending on March 31, 2015 of this financial year. Having said that, please understand that we will not comment on the results of the respective periods.

In addition to that, Bayer CropScience Limited in this presentation shall be referred to as BCSL for the sake of simplification.



Agenda

- **Update Bayer global and overview of Bayer in India**
- BCSL: Financial Perspective
- CropScience Business Update India



Our Mission

Bayer: Science For A Better Life

- We are improving people's quality of life by preventing, alleviating or curing diseases.
- We are helping to provide an adequate supply of high-quality food, feed and renewable plant-based raw materials.
- Our high-tech polymer materials are making significant contributions in areas such as energy and resource efficiency for mobility, construction and home living.



118,900 employees

Full year sales: €42.2 billion

302 subsidiaries

R&D expenditures: €3.6 billion

As of December 31, 2014



Bayer HealthCare

Business Areas

Pharmaceuticals

- General Medicine
- Specialty Medicine

Consumer Care

- Non-prescription drugs
- Vitamins and nutritional supplements
- Rx Dermatology

Medical Care

- Diabetes Care
- Radiology

Animal Health

- Farm animal products
- Companion animal products





Bayer CropScience

Business Areas

Crop Protection

- Insecticides
- Fungicides
- Herbicides
- SeedGrowth

Seeds

- Vegetables seeds
- Seeds for agricultural crops (canola / oilseed rape, cotton, rice, soy)
- Traits

Environmental Science

- Professional Products
- Consumer Products





Bayer MaterialScience

Business Areas

Polyurethanes

- Polyurethanes are foams with a broad range of properties
- Hard foams, e.g. for building insulation and use in the cold chain
- Soft foams, e.g. for the furniture and automotive industries



Polycarbonates

- Polycarbonate is a transparent, robust and heat-resistant high-performance material, e.g. for:
 - Automobile components
 - Lighting systems
 - Electrical/electronic hardware
 - Applications and system solutions for modern architecture
 - Medical technology and consumer products



Coatings, Adhesives, Specialties

- Raw materials for coatings and adhesives, e.g. for:
 - Vehicle and industrial coatings, corrosion protection
 - Medical technology, cosmetics
 - Furniture, shoes, textiles
 - In many cases, solvent-free or with reduced solvents

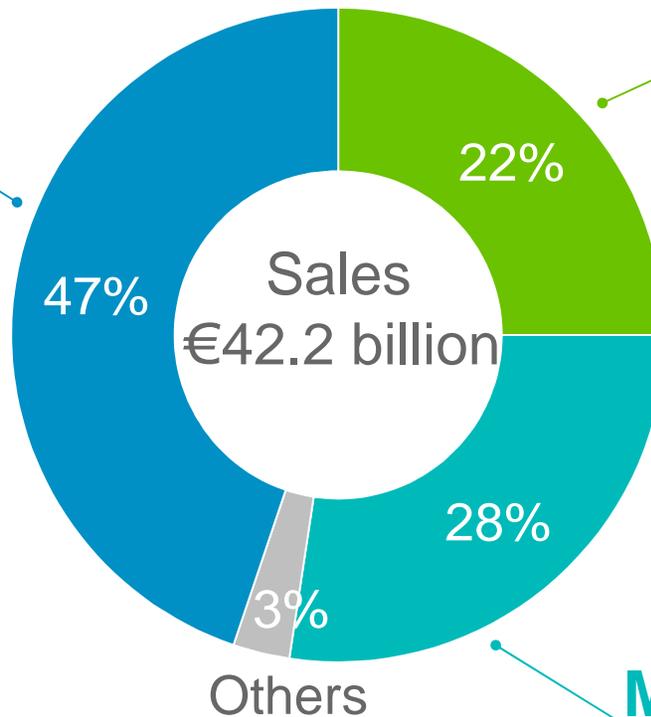




FY 2014 – Strong Business Momentum Continued

HealthCare

Pharma,
Consumer Health



CropScience

Seeds,
Crop Protection



MaterialScience

Polyurethanes,
Polycarbonate

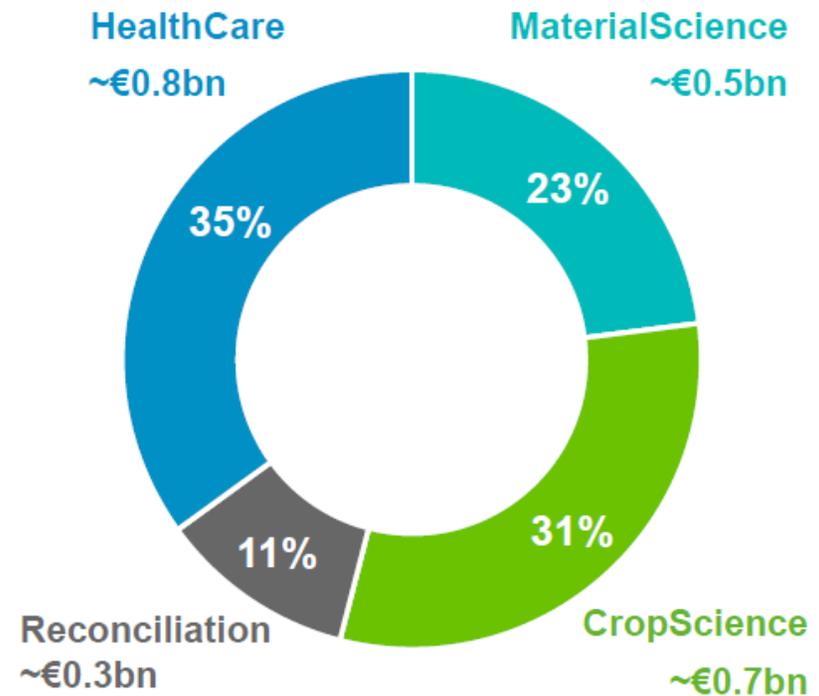
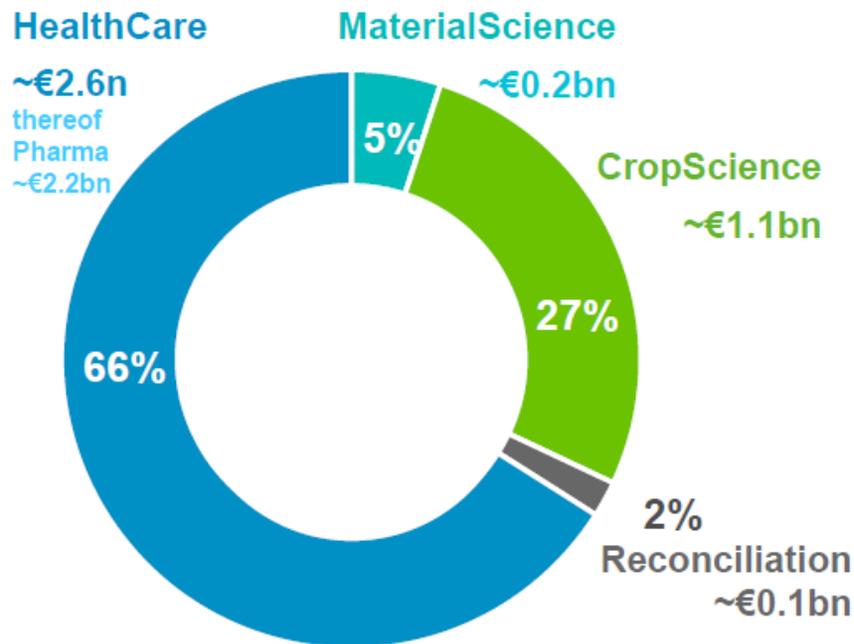




FY 2015 – R&D and CapEx Budgets

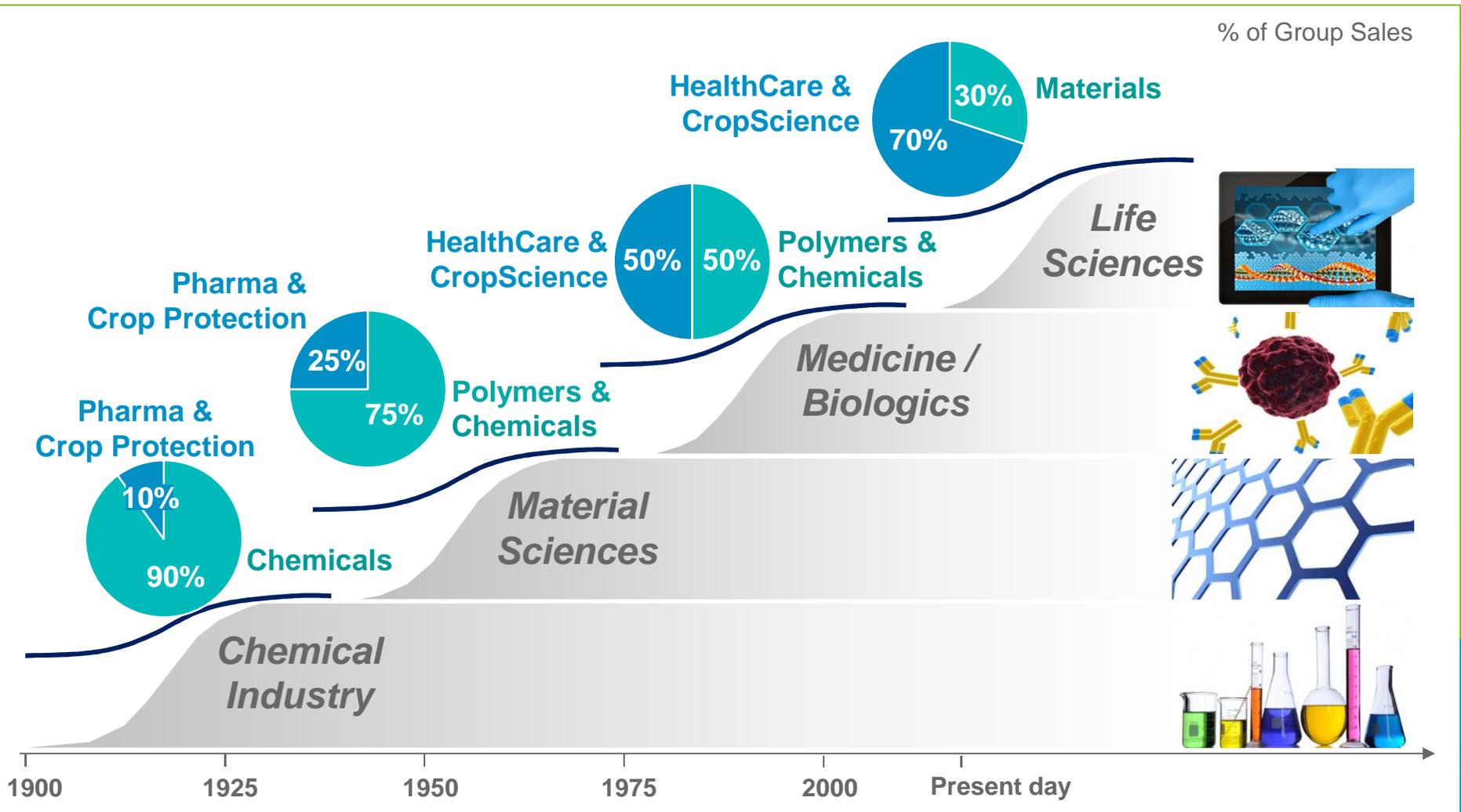
R&D 2015e: >€4.0bn (+10%)

CapEx (PPE) 2015e: ~€2.3bn





Science and Innovation: Throughout its history, Bayer has reinvented itself time and again





Stand-alone solution enables MaterialScience to leverage its competitive edge

Strong fundamentals for successful operations...

- Leading #1 & #2 positions in attractive, growing markets
- Broad customer base
- Global production network providing customer proximity
- State-of-the art process technology
- Significant investments in new plants during recent years

... better leveraged as a separate company

- Ability to further develop own portfolio
- Autonomous funding capability
- Opportunity to develop a culture fitting with the business
- Tailored business processes and incentive systems

MaterialScience has the potential to deliver significant value creation as a stand-alone business



Merck's Consumer Care business fits perfectly with Bayer Consumer Care

Complementary portfolio

- Creation of a global leader in OTC
- Gaining scale in key categories CASF¹, dermatology, and gastrointestinal
- Optimizing footprint in North America

Building on core competencies

- Strong track record of growing OTC brands
- Strong geographical presence to broaden Merck's portfolio globally
- Utilizing integration skills from past transactions



MaterialScience and HealthCare Legal entities in India



Bayer MaterialScience Pvt. Ltd.

Manufacture, Marketing, Sales and distribution of High Tech Polymers of Polyurethanes, Polycarbonates, Coatings & Adhesives.



Bayer Zydus Pharma Pvt. Ltd.

Marketing and distribution of pharmaceutical products.



Bayer Pharmaceuticals Pvt. Ltd.

Third Party Manufacturing of Pharma and Animal Health products, Marketing and distribution of animal health and diabetes care products.

CropScience Legal entities in India



Bayer Bioscience Pvt. Ltd.

Research, development, production, conditioning and marketing of high quality hybrid seeds for field crops.



Nunhems India Pvt. Ltd.

Development, production, conditioning, marketing and sales of vegetable seeds.



Bayer Vapi Pvt. Ltd.

Manufacture of agrochemicals for use in a wide range of crop protection and environment protection products. Core manufacturing site for BCS global.



Bayer CropScience Ltd.

Sales and distribution of insecticides, fungicides, herbicides and various other agrochemical products. Sales and distribution of high quality hybrid seeds for field crops. Sales and distribution of Environmental Science products for non-crop pest management and Industrial Vegetation Management. Manufacture* of agrochemical products.



Overview of Corporate Social Responsibility Projects at BCSL

- **Four focus areas:** Research Excellence, Health& Patient Care, Science Education and Social Progress
- **Governance:** CSR Steering Committee reviews existing projects quarterly and approves new proposals with the following **projects being implemented:**
 - **Mannschaft:** Social Leadership Program of rural development activities
 - **WASH:** Water, Agriculture, Sanitation and Hygiene – social initiatives targeted at uplifting rural population
 - **SAHY School Project:** Providing basic sanitation and hygiene facilities in schools
 - **Rehabilitation Program for J&K:** Setting up Child Friendly Spaces in the flood-affected regions of J&K
 - **Bayer-RVJ School of Agriculture:** farm assistance course for the rural youth
 - **Making Science Makes Sense:** activities to enhance the learning experience and interest in science



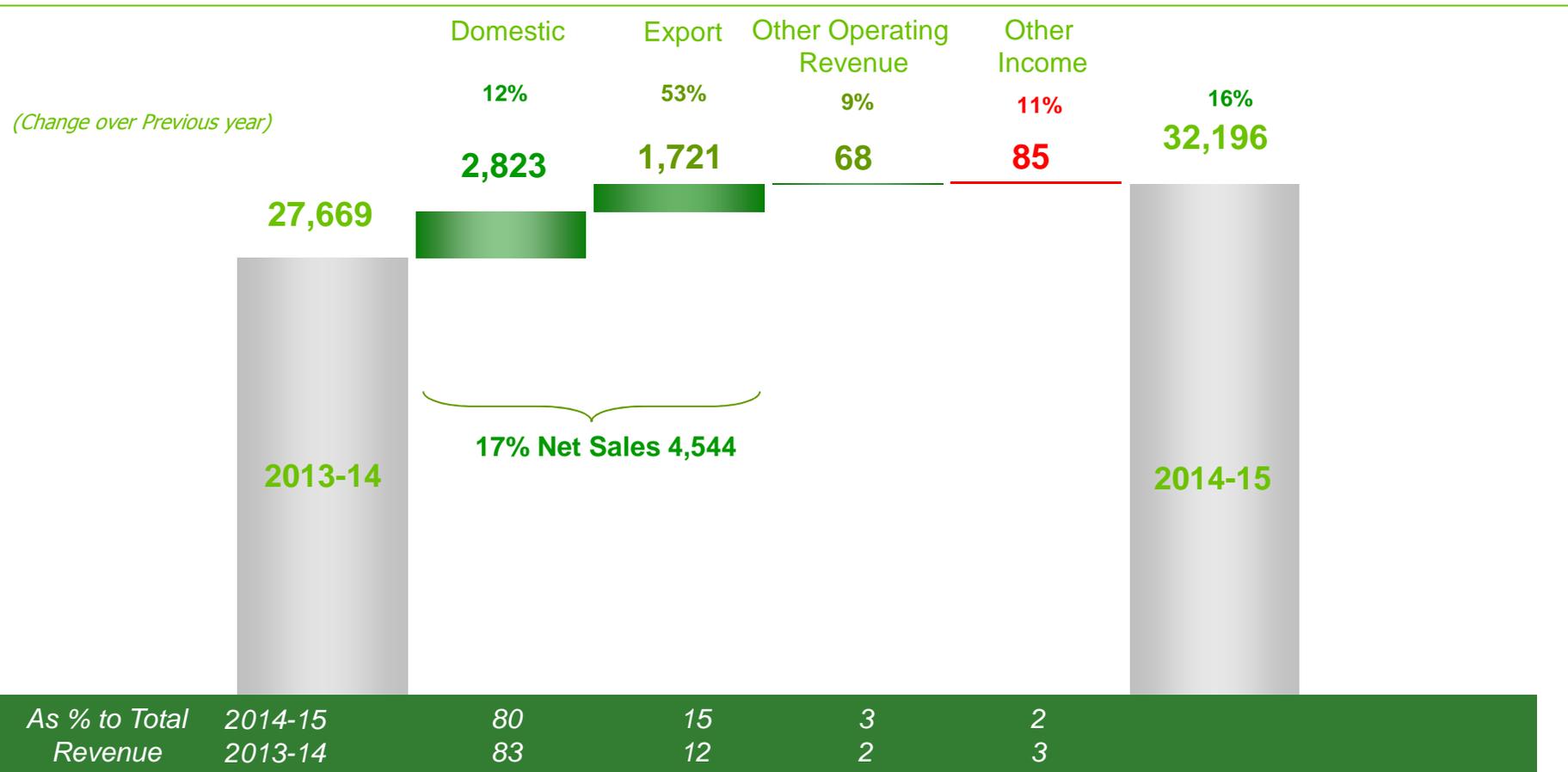


Agenda

- Update Bayer global and overview of Bayer in India
- **BCSL: Financial Perspective**
- CropScience Business Update India

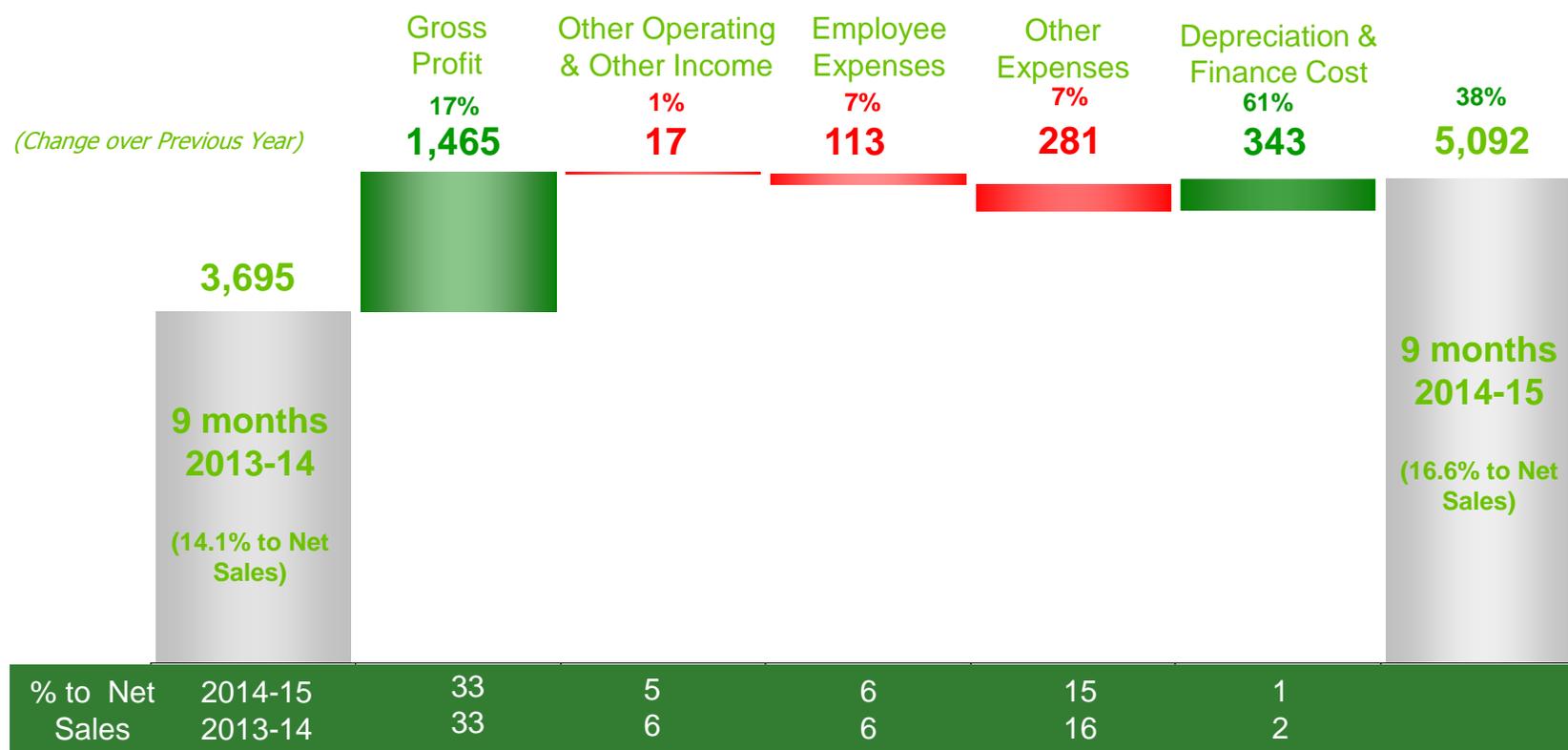


Strong revenue growth in 9 months mainly on account of Crop Protection sales





Profitability* growth in line with sales growth coupled with lower increase in expenses

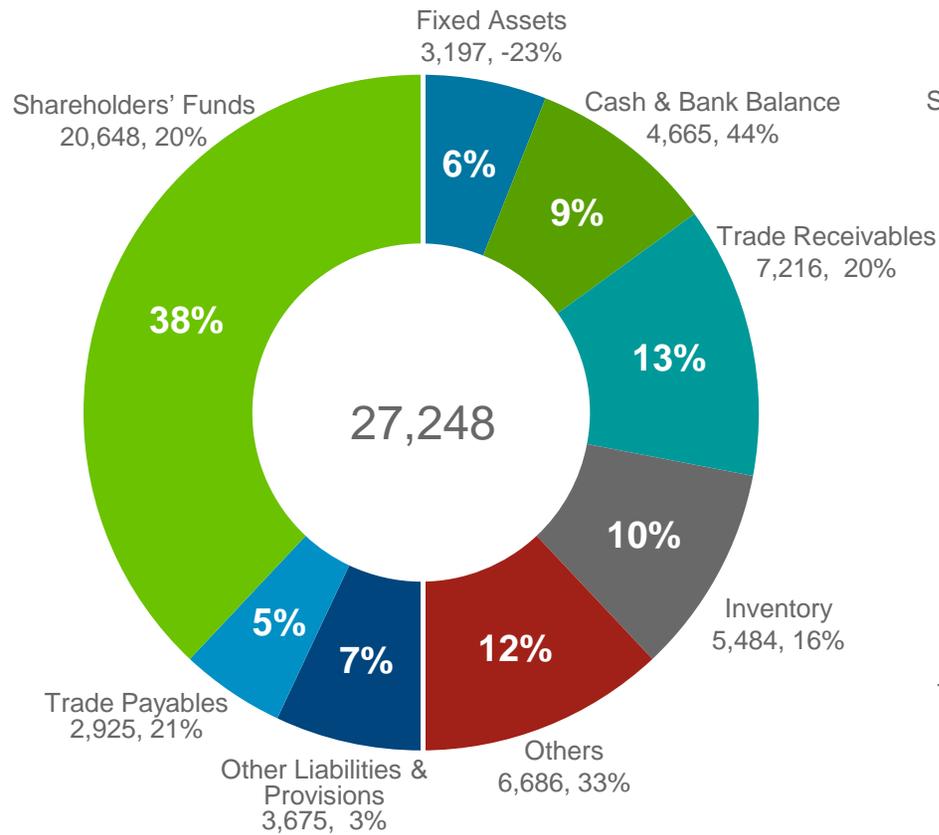


(unaudited Figures in INR Mio.)

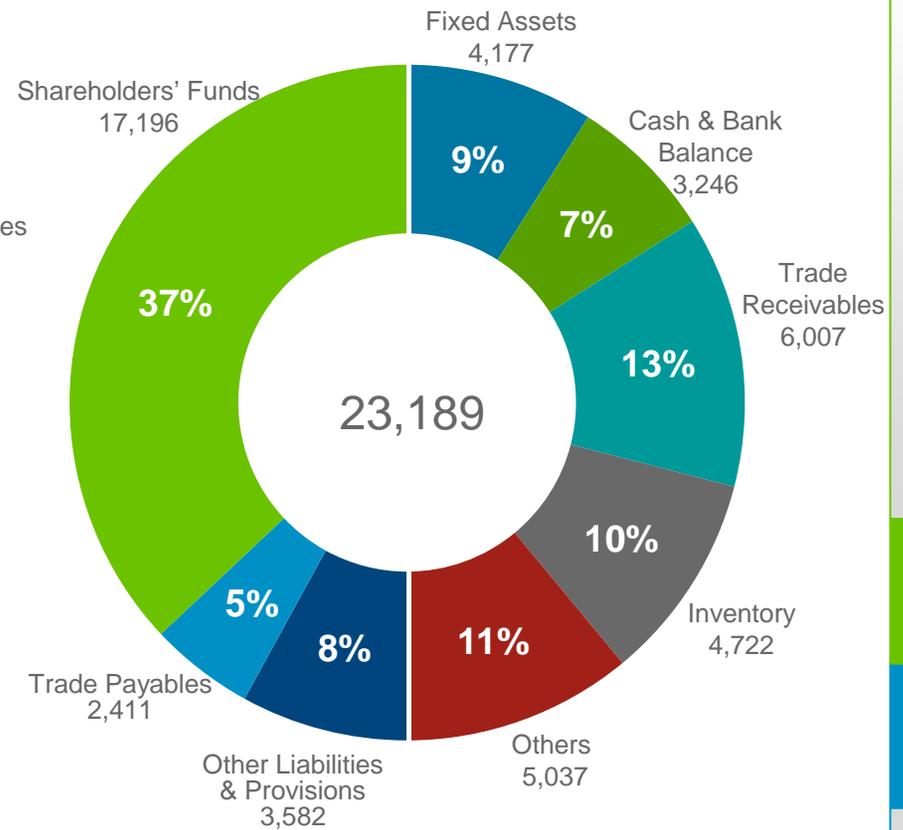


Balance Sheet Overview

Dec 31, 2014



Dec 31, 2013



(unaudited Figures in INR Mio.)



Surplus Cash

- Real estate divestments in the past few years generated substantial cash flows which have been distributed partly to the shareholders
- BCSL's ambitious growth strategy absorbed less funds than projected



- Considering the above mentioned factors it needs to be analyzed if and what **amount is available for an extraordinary distribution to shareholders**
- Additionally the **way of a potential distribution needs to be analyzed**, taking into account the interests of different shareholder groups and maximizing shareholder value



Related Party Transaction Overview

- In the past the level of transactions with two parties have been above the materiality threshold as prescribed under Clause 49 of the Listing Agreement

Name of Related Party	Bayer CropScience AG, Germany	Bayer BioScience Pvt. Ltd., India
Nature of transaction	Sale and purchase of goods	Purchase of seeds for distribution

- These transactions are necessary, normal and incidental to business as also play a significant role in BCSL's business
- BCSL concludes all transactions at Arm's Length Price which has been verified by independent audit services. The same has also been approved by the Board of Directors
- BCSL follows international transfer pricing standards which is confirmed by receiving clean transfer pricing orders for the last five assessment years (FY 2006-07 to FY 2010-11)



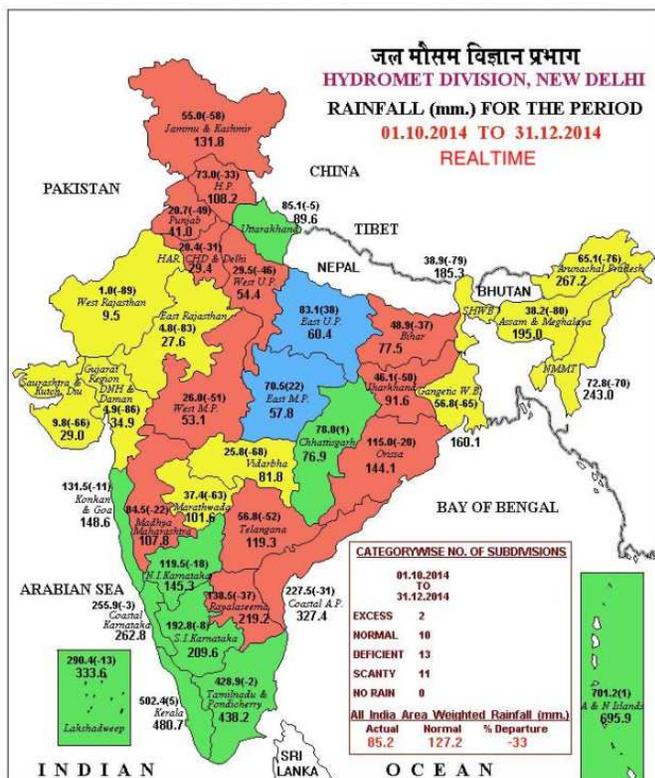
Agenda

- Update Bayer global and overview of Bayer in India
- BCSL: Financial Perspective
- **CropScience Business Update India**



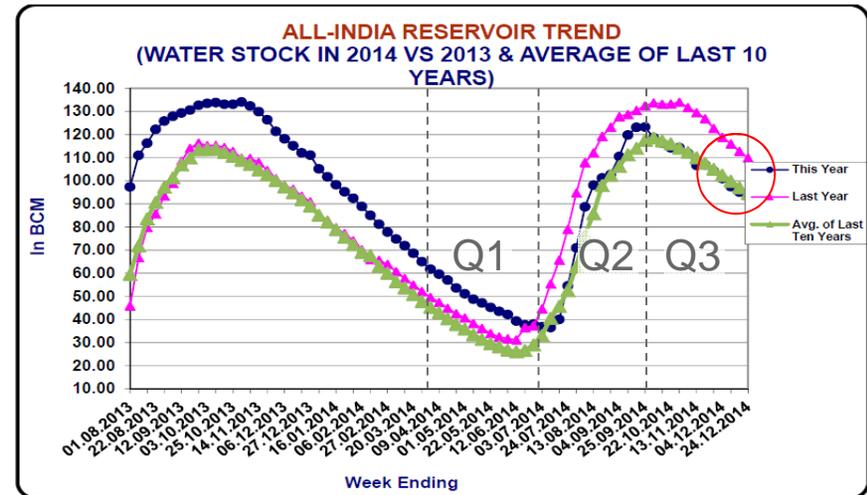
Weak monsoon seasons negatively impacted agriculture during first 9 months in 2014/15

Monsoon (NE) update Oct –Dec'14



- Excess $\geq 20\%$
- Norm +19% to -19%
- Def. -20% to -59%
- Scanty -60% to -99%

All India Reservoir Status by Dec'14



- SW Monsoon -12% vs. long term average
- NE Monsoon - 33% vs. normal
- Oct – Dec'14: 24 out of 36 subdivisions received deficient or scanty rainfall
- Dec'14 reservoir storage is -15% OLY & -2% of 10 years average



Key Agri Market Dynamics April – Dec'14

Opportunities

- Key market drivers fully in place
- Industry growth moderate regardless of erratic monsoon; Crop Protection market grew low double digit
- Increased Minimum Support Prices
- Attractive farm gate prices for fruits and vegetables continue
- Cotton acreages increased to record 12.7 Mio ha
- Rice area recovered in spite of late rains; increase in herbicide usage

Challenges

- Monsoon 2014 – worst in last 5 years
- Regulatory delays continue in general
- Soybean market declined because of reduced acreages and low infestation
- Pulses acreages down by 10%
- Commodity prices for cotton reduced by 20-25% in India



Bayer CropScience growth ambitions are well on track in 2014 in Crop Protection Business

Strong growth in the majority of focus crops

Core Crops Growth in 2014 *

	Rice	● +22%
	Vegetables	● +20%
	Cotton	● +15%
	Fruits	● +31%
	Pulses	● 6%

- Above Market
- In line with Market
- Below market

* Annual calendar year growth rate over 2013

Key Strategic Initiatives are well on track

Growth above market in Crop Protection

Strong Portfolio and Brands: Fung. and Insect. drive growth e.g. Nativo™, Antracol™, Regent™

New Launch: Raxil® Easy launched in 2014

Bayer GrowPro (Rice Mechanical Transplanting): Fine-tuned business model in 2014

Food Chain Partnerships: More than 1 Lakh farmers across 33 partnerships

Mechanical Cotton Picking: Completion of demos in 1,500 acres incl. Harvest Aids portfolio

Bayer Labhsutra: Remarkable demonstration of the benefits of Bayer's integrated solution

Customer Interaction Management: Launch of first professional Helpline for farmers across India

Bayer Solutions: 250 DODO¹⁾ outlets with focus on merchandizing, branding & advisory services

¹⁾ Dealer Owned Dealer Operated



Good growth of Bayer CropScience Seeds Business

Strong growth in Cotton

Core Crops⁺

Growth in 2014*



Rice

● +8%



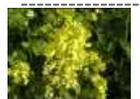
Millet

● +4%



Cotton

● +30%



Mustard

● +1%

- Above market
- In line with market
- Below market

* Annual calendar year growth rate over 2013

⁺ Hybrid Seeds Business

Key Results and outlook

Cotton

- Success with our new hybrid Surpass™ First Class which grew 7 X over 2013
- Bayer's position in cotton market improves
- Launch of new important hybrids in 2015

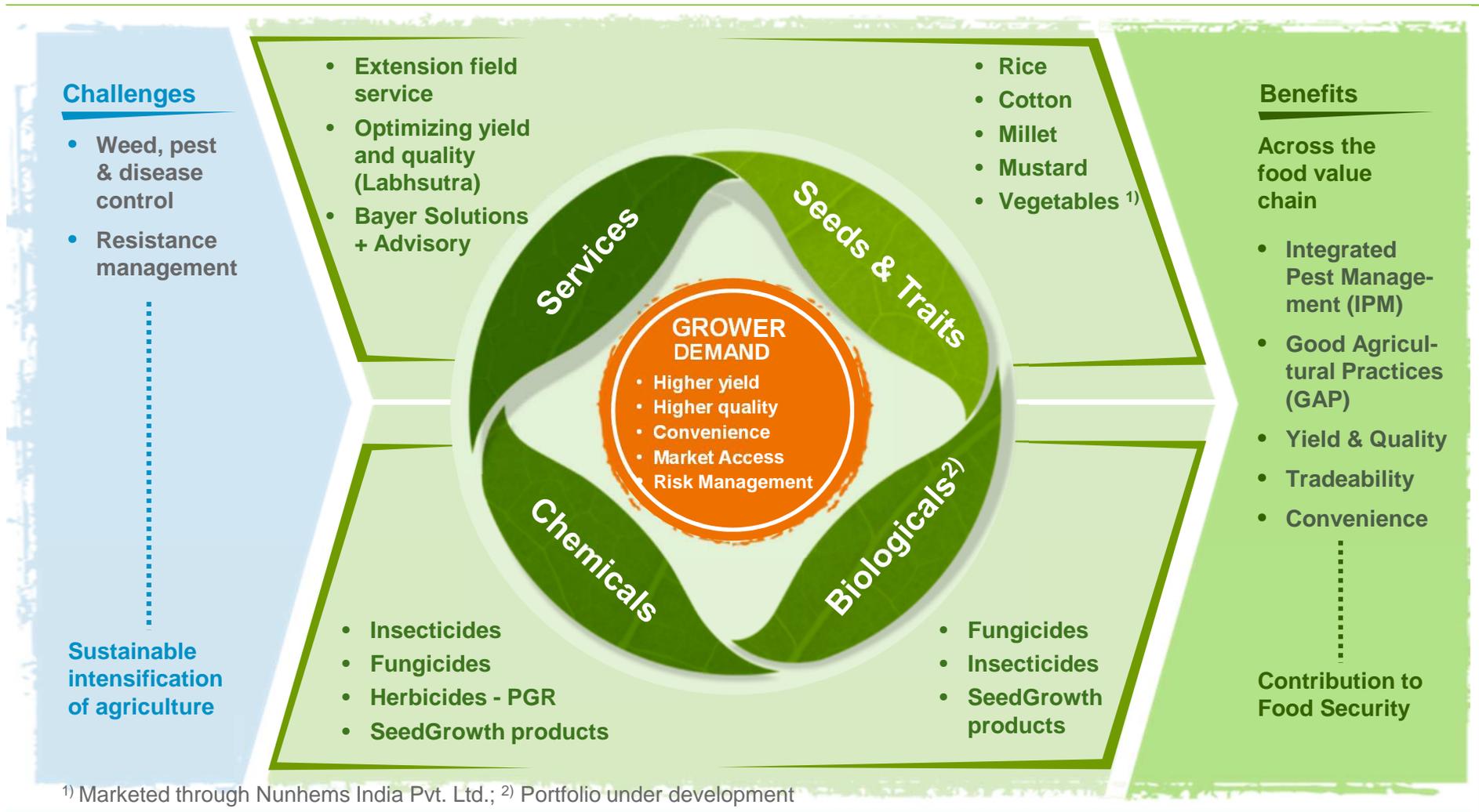
Rice

- Delayed monsoon impacted Hybrid Rice business.
- Inauguration of state of the art large scale processing facility

Millet & Mustard

- Good acceptance and growth of new hybrids Proagro™ 9450 and 9444 Gold in Millet and Proagro™ 5222 in Mustard

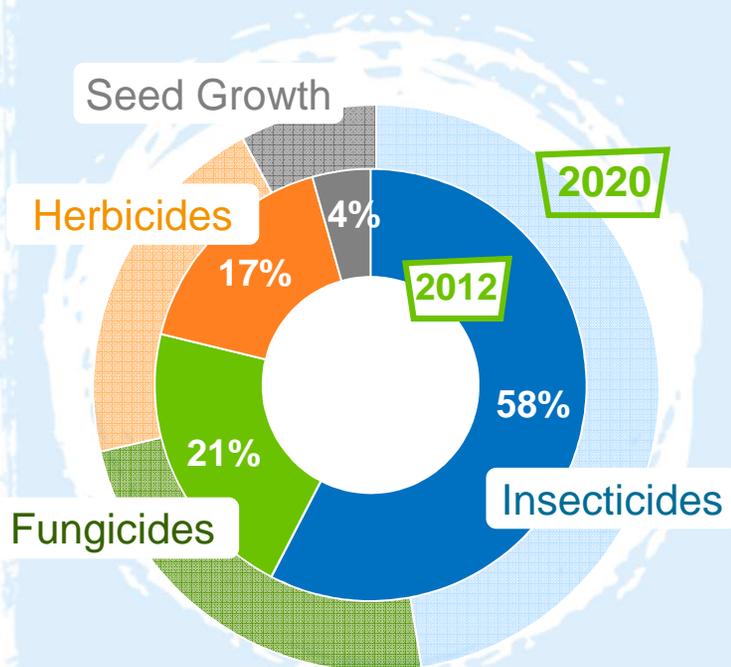
Bayer CropScience India - holistic approach to sustainable agriculture offering integrated crop solutions





Excellent fit of Crop Protection innovation pipeline for the Indian market needs

Portfolio shift towards Fungicides, Herbicides and SeedGrowth



Portfolio Shift with reference to the Indian Market from 2012 to 2020

Registration of ~ 20 New Products including >10 new actives contributes ~ 50% of total incremental growth by 2020



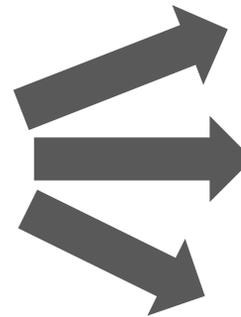
Biologics portfolio to be developed by 2020



Understanding & serving customers better – key drivers for commercial excellence

Bayer Labhsutra

Invest in 5-10% more BCS Package & get 15-20% higher return versus farmer practice

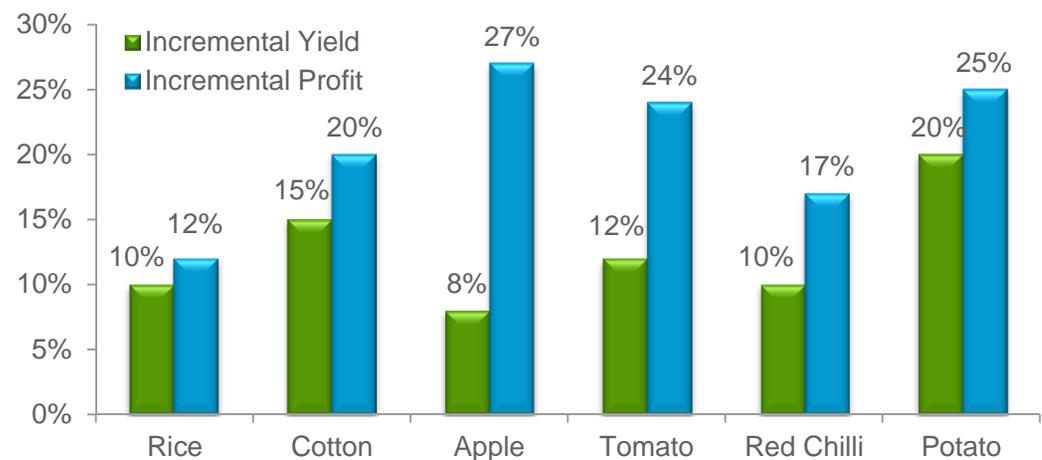


2014

- **SOP implementation** for planning, executing & reporting
- ~2000 demonstrations
- Observed incr. profit 12% - 27%

2015

- **Refine SOPs/KPIs** to leverage Labhsutra demonstrations
- Scale up and **measure commercial impact**





Reaching out to millions of customers while increasing SFE – BCS Call Center

2014

- **Pilot across 15 regions** integrating existing call centers activities
- **Cooperation with Rural Shores** – a professional call centers agency
- **Common phone number**, application & database, SOPs and employee training
- **Call center Branding**

2015

- **Expansion of call centers**
- **Call Center Facilitation tool 1H2015**
- **Impact measurement**
- **Optimizing of call processes**
- **Consider partnership with selected agri-input suppliers**



151,055 farmers contacted in first 120 days



Rice Mechanical Transplanting “GrowPro”

Value Proposition

- **Farmer** - Incremental ROI while solving labor problem, **better Pest Management and Advisory**
- **Bayer** - Incremental revenues from **transplanting service** and additional revenues from **Crop Protection in main field**



2014

- Finalizing Bayer internal processes
- Establishing processes with service providers (Central Tray Processing & Transplanters)
- Bayer achieves higher share of wallet in GrowPro farmers' main field
- Understanding challenges around seedling quality and timely service

2015

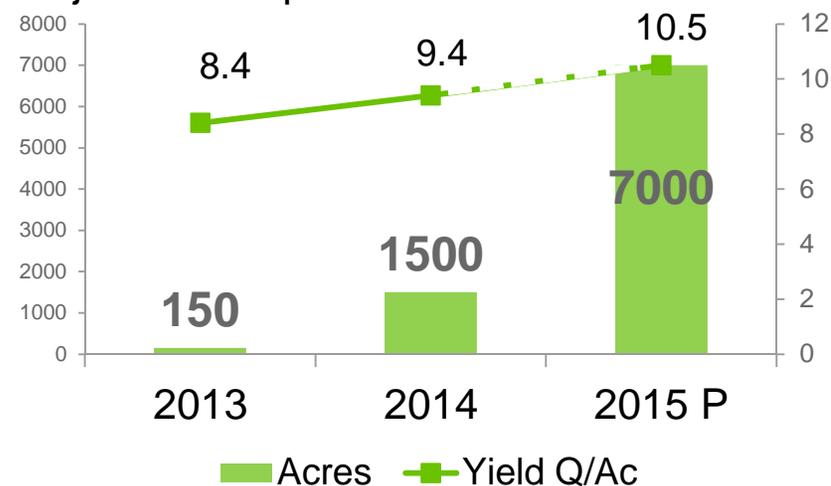
- Fine tuning operating model
- Develop SOPs/guidelines for consistent seedling quality
- Target total of 3 Central Tray Processing Units and increased acreages
- Extend collaboration with new partners & pilot in a new geography



Mechanical Cotton Picking



Project Development



Note: Average Seed cotton yield in India is 6 Q/Ac

2014

- Project progresses since 2011
- Punjab Government is project partner
- Good yield improvement and acceptance by farmers for High Density Planting System
- Developed complete agronomy & package of practice based on available hybrids, machines and crop protection including harvest aids

2015

- Development plots on 7000 K acre
- Supporting HDPS adoption on large scale
- Demonstrating advantage of machine picking
- Screening of suitable seeds
- Pursuing regulatory approval of Harvest Aids



Market & Industry Outlook Q4 2014/15

- Adverse weather conditions esp. unseasonal rains and hailstorm impact ~10 mio Rabi acres
- Low commodity prices for cotton, rice, wheat, potato & soybean
- Volume drop over Q4 2013/14 for Crop Protection industry. At best, drop in volumes to be offset by price
- Risk of lower collection and overdue payments
- Channel inventory likely to be up against Q4 2013/14 due to lower consumption
- Positive farm gate prices for vegetable (excl. potato), pulses and ground nut
- Moderate MSP increase for rice, wheat and Bengal gram



- Q4 2014/15 is not supportive & stretches farmers/input value chain cash flow
- 2015/16 will see a carry forward impact, but may be boosted by good monsoon
- Global commodity prices unlikely to see fast recovery



Summary

- Apr – Dec 2014 **weak monsoon and challenging commodity** price development impacted overall growth in Seeds and Crop Protection business
- **Bayer CropScience grew above market** because of strong brands, ability to offer integrated solutions, and efficient connect with farming community
- Bayer CropScience's **strong portfolio pipeline** in line with growing segments
- Bayer CropScience **invests and collaborates to develop future farming practices, solutions and technologies**
- Jan – Mar 2015 most likely to impact **industry growth for financial 2014/15**
- Support from **Bayer CropScience's global Product Supply and R&D functions enables BCSL to carry out its business** successfully



Bayer CropScience is strongly committed to bring innovation to the Indian farmer's doorstep.....from "lab to land"



Science For A Better Life

Thank you!