



Bayer CropScience Limited

Speech of the Chairman

Pankaj Patel

Delivered at the

**61st Annual General Meeting held on
Wednesday, July 24, 2019**

Dear Shareholders, On behalf of the Board of Directors of Bayer CropScience Limited, I welcome you to the 61st Annual General Meeting.

Agriculture Sector: Outlook

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 agro-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.

Further, India is one of the two largest producers of rice, vegetables, fruits, cotton and sugar. Agricultural export constitutes 10% 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, smallholder farmers are grappling with decreasing arable land, limited natural resources and climate change.

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. To ensure assured income support to marginal and small farmers, the Government announced the Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) scheme in 2019. This programme will provide direct income support of ₹ 6,000 every year to smallholder farmers, with cultivable land of up to two hectares. An outlay of ₹ 75,000 crores has been proposed for the scheme which is estimated to benefit 12 crore farmers. The Government also increased the Minimum Support Price (MSP) to help farmers enhance their income. A fund of ₹ 60,000 crores was allocated to the Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA).

The south-west monsoon, which delivers about 70% of India's annual rainfall, is critical for the farm sector. The Indian Meteorological Department (IMD) had forecasted 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. 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 mid-single digit with major growth coming from Pulses, Vegetables and Rice. The fungicides, insecticides and seed growth segments witnessed good growth. In 2018, the Seed market (relevant crops for Bayer) declined by 4.3% over last year mainly impacted by cotton (acreage decline and price control order) and millet (poor monsoon in key geographies). Rice acreages increased with overall 7% growth over last year.

The Environmental Science (ES) unit, which caters to Bayer's Public Health business operates in two business areas in India: Vector Control and Professional Pest Management (PPM) showed a good growth trend for 2018-19.

Bayer CropScience Limited: Today & Tomorrow

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 eleven new products: six in the Crop Protection segment, four in Hybrid Seeds and one in Environmental Science.

Bayer is working on providing tailored solutions that meet the specific local needs of Indian farmers. 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 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 benefiting more than 89,000 farmers.

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 with 20 green chilli farmers across 20 villages in Uttar Pradesh. The second project started 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 is being run

through the 'Better Life Farming Centers' where agri-entrepreneurs enable transfer of technology on seeds, crop protection, crop nutrition, drip irrigation, mulching, etc. They also deliver services such as market linkages, access to inputs and crop advisory. Each center covers a group of 500 farmers from five to six nearby villages. Currently, eleven Better Life Farming Centers have been set up in Uttar Pradesh and Jharkhand and will be scaled up to 100 by end of 2019.

Innovation and digitalization will play a key role in developing agriculture further. Rising farm incomes, encouraged by good commodity prices, will enable farmers to invest in qualitative inputs for achieving higher and better quality yields and a more favorable return on investment. With increasing labor shortage, farmers will look for mechanized and digital solutions in agricultural operations.

Bayer CropScience Limited understands the changing trends in Indian agriculture. With our product offerings in both Seeds & Crop Protection and extension capabilities, we will continue to provide tailored solutions to both smallholder farmers and big farmers. With our strong distribution reach and our network of more than 5,000 agronomists, we are well equipped to collaborate with Indian farmers and transform Indian agriculture to make it globally competitive.

On behalf of the Board of Directors, I take this opportunity to express my sincere appreciation to our Shareholders, Banks & Financial Institutions, Distributors and Farmers for your continued support and the trust you have placed in Bayer.

I especially thank our Shareholders for your confidence on the Management of the Company and for supporting the resolution approving the merger of Monsanto India Limited with Bayer CropScience Limited. This is an important step towards the successful integration of the two listed entities in India.

Last, but not the least, I would like to thank all our employees who displayed great passion, resilience and personal dedication in making 2018-19 a successful year for Bayer. I seek your continued support to grow and progress further in years to come.

Pankaj Patel

Chairman

(DIN: 00131852)

Mumbai, July 24, 2019

Note: This speech does not purport to be a record of the proceedings of the 61st Annual General Meeting.