



Bayer CropScience Limited

Speech of the Chairman

Pankaj Patel

Delivered at the

**60th Annual General Meeting held on
Tuesday, August 21, 2018**

Dear Shareholders, on behalf of the Board of Directors of Bayer CropScience Limited, I welcome you to the 60th Annual General Meeting.

Agriculture Sector: Outlook

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

Given the importance of the agriculture sector, the Government of India, has announced several steps for the sustainable development of agriculture. Key among these initiatives is the ambitious goal to 'Double farmers income by 2022.' For this, the government commenced various schemes around irrigation, soil health management, organic farming and crop insurance.

In the Union Budget 2018-19, the government increased the budgetary allocation for the Ministry of Agriculture and Farmer's Welfare to Rs. 58,080 Crores from Rs. 51,576 Crores in 2017-18. The government has been pushing for the implementation of schemes that will shift India's priority from production-led farming to income-led farming.

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

Further, the GST (Goods & Service Tax) implementation post July 2017 brought in some uncertainties among trade and expectations of cost increase for farmers. The crop protection industry recorded small single digit growth (without considering the impact of GST). Herbicides outperformed average market growth due to increased demand in sugarcane, corn and wheat. Fungicides on the other hand distinctly underperformed the average growth mainly due to lower cropped area and low commodity prices for vegetables.

Bayer CropScience Limited: Today & Tomorrow

The Company's Revenue from Operation was Rs. 27,490 Million in 2017-18 as compared to Rs. 29,484 Million in 2016-17. The Company reported Profit for the year of Rs. 3,001 million.

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 2017-18, the Company successfully launched five new products in Crop Protection and one new product in Seeds and Environmental Science, each.

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

Over the last few years, the Company is working on providing customer-centric solutions to Indian farmers by working closely with them to understand their needs even better. In 2017-18, the Company further strengthened its flagship program 'Bayer Labhsutra' which aims to increase per acre earnings and qualitative yield for the progressive farmers it targets. Bayer has extended the scope and number of demonstrations across multiple crops and geographies, but more importantly also commercialized the concept in the form of 'Labhsutra Kits' in some key geographies. As of 2017, Bayer Labhsutra demonstrations were carried out in nearly 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 2017-18, the Company had 53 Food Chain Partnership projects spread across 86,000 hectares covering 96,000 farmers.

Bayer has been working with smallholder farmers in India for many years and has a variety of successful programs such as Bayer Labhsutra, Food Chain Partnerships as well as public private partnerships in place. In late 2015, Bayer announced a global "Smallholder Farming Initiative" to support small-scale farmers in emerging and developing countries.

The initiative was rolled out in India in May 2016 as a pilot project for green chillies in Varanasi, Uttar Pradesh. In 2017-18, the project was covering more than 250 smallholder farmers in India. After the success of the first project, a second pilot project was introduced in Jharkhand for tomatoes. The ongoing project focuses on farmers who have small land holdings of less than 2 hectares and are willing to adopt new technologies. The focus areas for the project are correct application of crop protection products, nutrient management, soil testing, drip irrigation, training on good agricultural practices, product stewardship etc.

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

Bayer CropScience Limited understands these changing trends. Our product offerings in both Seeds & Crop Protection and extension capabilities are designed to provide customized solutions to different farmers. With our strong distribution reach and a vast network of more than 3,000 field officers, we are well-equipped to partner Indian farmers in making a difference in the Indian agriculture industry.

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 their continued support and belief in us.

I would also like to thank all our employees who displayed great passion and personal dedication in making 2017-18 a successful year for Bayer. I seek your continued support to grow and progress further in years to come.

Mumbai
August 21, 2018

Pankaj Patel
Chairman
(DIN: 00131852)

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