

REPORT ADOPTED BY THE AUDIT COMMITTEE OF BAYER CROPSCIENCE LIMITED ("THE COMPANY") AT ITS MEETING HELD ON WEDNESDAY, NOVEMBER 14, 2018, EXPLAINING THE EFFECT OF SCHEME OF AMALGAMATION OF MONSANTO INDIA LIMITED (THE "TRANSFEROR COMPANY") WITH BAYER CROPSCIENCE LIMITED (THE "TRANSFEREE COMPANY") AND THEIR RESPECTIVE SHAREHOLDERS

Background:

1. A meeting of the Audit Committee of Bayer CropScience Limited ("the Company") was held on November 14, 2018, to consider and recommend to the Board of Directors the proposed Scheme of Amalgamation of Monsanto India Limited ("MIL") with Bayer CropScience Limited ("BCSL") and their respective Shareholders (hereinafter referred to as "Scheme"), for the amalgamation of MIL and BCSL ("Amalgamation"), to be implemented under Section 230 to 232 and other applicable provisions of the Companies Act, 2013 ("the Act").
2. This report of the Audit Committee is submitted, in order to comply with the requirements of Circular No. CFD/DIL3/CIR/20/17/21 dated March 10, 2017, issued by the Securities and Exchange Board of India ("SEBI").
3. The following documents were placed before the Audit Committee.
 - (a) Draft Scheme;
 - (b) Valuation Report dated November 13, 2018 of S. R. Batliboi & Co. LLP and Bansi S. Mehta & Co., ("the Valuers"), Independent Chartered Accountants, describing the methodology adopted by them in arriving at the Share Exchange Ratio ("Valuation Report"). No special valuation difficulties were reported to the Committee by the Valuers;
 - (c) Fairness Opinion dated November 14, 2018 prepared by ICICI Securities Limited, a Category-I SEBI Registered Merchant Banker, providing the Fairness Opinion on the Share Exchange Ratio ("Fairness Opinion") as recommended by the Valuers. They have issued an opinion covering, *inter alia*, that as on the date hereof, the proposed Share Exchange Ratio as recommended by the Valuers, which forms the basis for the Proposed Scheme is fair and reasonable;

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- (d) Summary of the Valuation Report / Share Exchange Ratio along with the basis of such valuation; and
- (e) Certificate issued by the Statutory Auditor of the Company, confirming the compliance of the accounting treatment as specified by Central Government in Section 133 of the Act.

The Committee noted and approved for recommendation to the Board the aforementioned documents and the Share Exchange Ratio for the proposed amalgamation of MIL with BCSL.

Proposed Scheme:

1. The Committee noted the salient features of the Scheme as under:
 - (a) Amalgamation of MIL with BCSL in accordance with Sections 230 to 232 of the Act;
 - (b) Upon the coming into effect of this Scheme and its consideration thereof, BCSL shall without any further application, act or deed, issue and allot 2 (Two) equity shares of INR 10/- (Rupees Ten only) each credited as fully paid-up of BCSL for every 3 (Three) equity shares of INR 10/- (Rupees Ten only) held in MIL to those shareholders whose names are recorded in the Register of Members of MIL as on the Record Date as defined in the Scheme.
 - (c) Upon the Scheme becoming effective, no allotment of shares to BCSL shall be made in lieu of BCSL holding 1,350,000 shares (7.82% paid up capital of MIL) in MIL. The said shares held by BCSL shall stand cancelled.
2. The Audit Committee noted that Transferor Company is engaged in the business of production and sale of agricultural chemicals and seeds.
3. The Audit Committee reviewed and recommended to the Board the draft Scheme, Valuation Report and Fairness Opinion and also noted the rationale and the benefits of the Scheme to the stakeholders and the shareholders which, inter-alia, are as follows:
 - Combined business under "BAYER" brand with complementary agriculture offerings and geographical footprint leading to stronger market presence, to be best suitable for long term growth market like India;
 - Access to globally combined Research and Development technology platform for faster and more efficient development of innovative solutions for farmers;





- Merger shall result in consolidation of the respective operations served by one platform thereby leveraging the capability of the merged entity;
- The Transferor Company and the Transferee Company to operate businesses that complement each other, the combination to result in stronger consolidated revenue and profitability, with diversification in product portfolio thereby reducing business risks for mutual benefit of the shareholders of the Companies;
- Ensuring a streamlined group structure by reducing the number of legal entities in the group structure in India, and thereby eliminating administrative duplications and consequently reducing the administrative costs of maintaining separate companies; and
- Pooling of assets, proprietary information, personnel, financial, managerial and technical resources of the Companies, thereby contributing to the future growth of the merged entity.

Recommendation of the Audit Committee:

The Audit Committee after taking into consideration the Valuation Report and the Fairness Opinion, recommends the draft Scheme for favourable consideration and approval by the Board of Directors of the Company and for favourable consideration by the Stock Exchanges and SEBI.

**For and on behalf of Audit Committee of
Bayer CropScience Limited**

**Sharad M. Kulkarni
Chairman, Audit Committee**



Date: November 14, 2018
Place: Mumbai.

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Certified True Copy
For Bayer CropScience Limited

MONSANTO



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

REPORT ADOPTED BY THE AUDIT COMMITTEE OF MONSANTO INDIA LIMITED ("THE COMPANY") AT ITS MEETING HELD ON WEDNESDAY, NOVEMBER 14, 2018 EXPLAINING THE EFFECT OF SCHEME OF AMALGAMATION OF MONSANTO INDIA LIMITED (THE "TRANSFEROR COMPANY") AND BAYER CROPSCIENCE LIMITED (THE "TRANSFEREE COMPANY") AND THEIR RESPECTIVE SHAREHOLDERS

Background:

1. A meeting of the Audit Committee of Monsanto India Limited ("the Company") was held on November 14, 2018, to consider and recommend to the Board of Directors the proposed Scheme of Amalgamation of Monsanto India Limited ("MIL") and Bayer CropScience Limited ("BCSL") and their respective shareholders (hereinafter referred to as "Scheme"), for the amalgamation of MIL and BCSL ("Amalgamation"), to be implemented under Section 230 to 232 and other applicable provisions of the Companies Act, 2013.
2. This report of the Audit Committee is submitted, in order to comply with the requirements of Circular No. CFD/DIL3/CIR/20/17/21 dated March 10, 2017, issued by the Securities and Exchange Board of India ("SEBI").
3. The following documents were placed before the Audit Committee:
 - (a) Draft Scheme of Amalgamation;
 - (b) Valuation Report dated November 13, 2018 of M/s. Bansil S. Mehta & Co and S.R. Batliboi & Co LLP, ("the Valuers"), Independent Chartered Accountants, describing the methodology adopted by them in arriving at the share exchange ratio ("Valuation Report");
 - (c) Fairness Opinion dated November 14, 2018 prepared by Citigroup Global Markets India Private Limited, a SEBI Registered Merchant Banker, providing the Fairness Opinion on the share exchange ratio ("Fairness Opinion") as recommended by M/s. Bansil S. Mehta & Co and S.R. Batliboi & Co LLP, ("the Valuers").
 - (d) Summary of the Valuation Report / Share Exchange Ratio along with the basis of such valuation; and
 - (e) Draft Certificate, initialed by Statutory Auditor of the Company, confirming the compliance of the accounting treatment as specified by Central Government in Section 133 of the Companies Act, 2013.

Proposed Scheme:

1. The Committee noted the salient features of the Scheme as under:
 - (a) Amalgamation of MIL with BCSL in accordance with sections 230 to 232 of the Companies Act, 2013;
 - (b) Upon the coming into effect of this Scheme and its consideration thereof, BCSL shall without any further application, act or deed, issue and allot 2(Two) equity shares of INR. 10/- (Rupees Ten only) each credited as fully paid-up of BCSL to the 92.18% holding equity shareholders of MIL for every 3(Three) equity shares of INR. 10/- (Rupees Ten only) held in MIL and whose names are recorded in the register of members on a Record Date to be fixed by the Board of Directors of MIL or any committee thereof.

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(c) Upon the scheme becoming effective, no shares of BCSL shall be allotted in lieu or exchange of its 7.82% holding in MIL and the 7.82% Paid up share capital of MIL shall stand cancelled.

2. The Audit Committee reviewed the draft Scheme, Valuation Report and Fairness Opinion and also noted the rationale and the benefits of the Scheme which, inter-alia, are as follows:

The amalgamation of MIL with BCSL pursuant to the provisions of the Companies Act, 2013 that is expected to lead to better business synergies, improve overall operational efficiency and achieve cost savings and the following benefits:

- Combined business under "BAYER" brand will complement agriculture offerings and geographical footprint leading to stronger market presence, to be best suitable for long term growth market like India;
- Access to globally combined Research and Development technology platform for faster and more efficient development of innovative solutions for farmers;
- Consolidation of the respective operations served by one platform thereby leveraging the capability of the merged entity;
- To operate businesses that complement each other, the combination to result in stronger consolidated revenue and profitability, with diversification in product portfolio thereby reducing business risks for mutual benefit of the shareholders of the Companies;
- Ensuring a streamlined group structure by reducing the number of legal entities in the group structure in India, and thereby eliminating administrative duplications and consequently reducing the administrative costs of maintaining separate companies; and
- Pooling of assets, proprietary information, personnel, financial, managerial and technical resources of the Companies, thereby contributing to the future growth of the merged entity.

Recommendation of the Audit Committee:

The Audit Committee after taking into consideration the Valuation Report and the Fairness Opinion, recommends the draft Scheme for favourable consideration and approval by the Board of Directors of the Company and for favourable consideration by the Stock Exchanges and SEBI.

For and on behalf of Audit Committee of
Monsanto India Limited

Pradeep Poddar
Chairman, Audit Committee
Date: November 14, 2018
Place: Mumbai.

Certified True Copy
For Bayer CropScience Limited

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