

## Rationale:

- Bayer CropScience Limited is engaged in the manufacturing of insecticides, fungicides and herbicides. The Company operates through Agri Care segment. It offers crop solutions for various crops, such as fruits, millet, mustard, pulses, rice, soybeans, sugar cane, vegetables, cotton and wheat. Bayer also offers various pest management solutions, such as Professional Pest Management for household/ structural pests and Vector Management for pests that pose a threat to public health. It is part of global chemical giant Bayer Crop which is a German based multinational company having operations across the world.
- The Company is a key player in the Indian agriculture industry. The Company's operations include four key business areas: Crop Protection, Seeds & Traits, Environmental Science and Digital Farming. The company has three manufacturing locations at Gujarat, Dadra & Nagar Haveli and Andhra Pradesh to fulfill demand.
- The company is collaborating with state govts, NGOs & local organizations to scale up its existing and new value chain partnerships. Presently, the company derives ~95% of its revenues from India, followed by Germany (3%) and others (2%). The company gets product and operational support from its parent company Bayer AG which helps it to introduce and upgrade new products. Bayer AG holds a ~71% stake in the company directly and indirectly through its subsidiaries.
- Bayer CropScience 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 2020-21, the Company commercially launched four new products in Crop Protection and received registration approvals for the commercial launch of Vayego (insecticide).
- Bayer management remains confident in the company's long term growth story Further, the merger will bring additional value to Bayer's core portfolio via complementary products from Monsanto India. The full benefits of the merger will start reflecting from FY22. Therefore, we initiate our coverage with **BUY** rating on the stock with a target price of

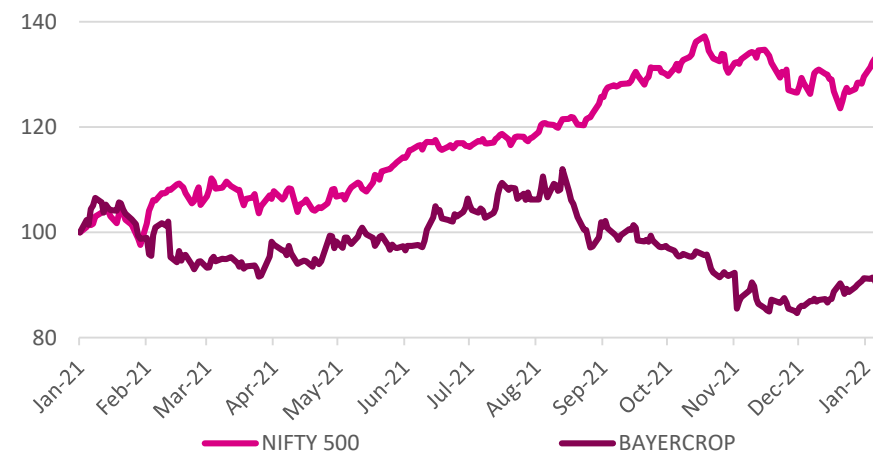
**Rs. 6,039**

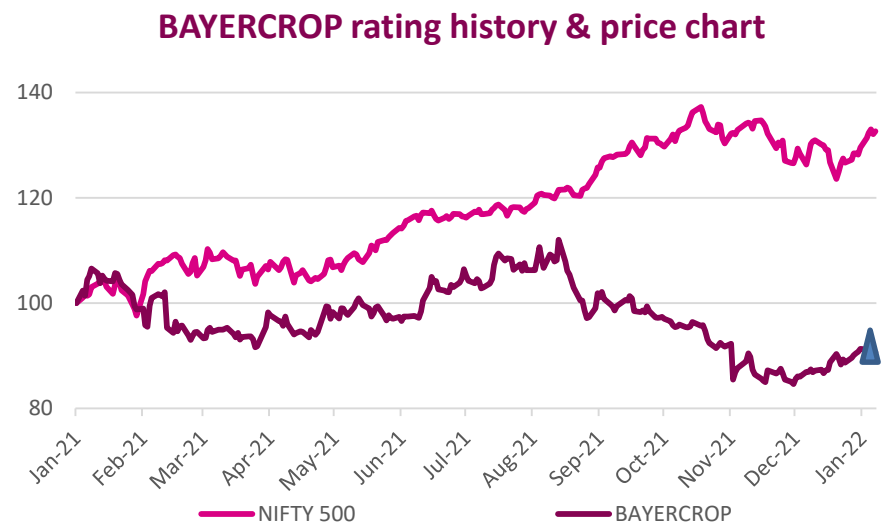
52 Week Low / High	4,512,/ 6,130
Avg. Daily Volume (3M) ('000)	22,822
No. of Shares O/S (Mn.) / Mkt. Cap (₹Mn.)	44.9/ 221,690
Shareholding (Promoters/Institutional/Others)	71.4% / 15.3%/ 13.3%

(In ₹ mn)	FY-20	FY-21	FY-22E	FY-23E
Revenue	35,190	42,613	46,064	51,408
EBITDA	7,287	8,121	8,430	9,768
PAT	5,664	4,852	6,356	7,557
EPS (₹)	126.0	107.9	141.4	168.1
P/E	39.2	45.7	34.8	29.3
P/B	8.6	7.9	6.1	5.1
ROE	19.7%	19.3%	18.6%	18.1%

Source: Company, Estimates,. Note: Prices are as on 8-Jan-22

## Price Performance (Jan'21=100)





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Mid/Small Caps (<₹300 Bn.)	20%	10%-15%	Below 10%

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