



July 8, 2016

General Manager  
DCS - Corporate Relationship Department  
BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai - 400 001

**COMPANY CODE:** 506285  
**SCRIP ID:** BAYERCROP

Dear Sir,

**Sub: Bayer CropScience Limited - Presentation at Investor/ Analyst  
Meet being held on July 8, 2016**

Please find enclosed herewith the presentation that will be made at the Investor/  
Analyst Meet of Bayer CropScience Limited being held on Friday, July 8, 2016.

Request you to please take the said presentation on record and upload onto the  
BSE website.

Kindly acknowledge receipt of the same.

Thanking you,

Yours faithfully,  
for Bayer CropScience Limited

**Rajiv Wani**  
Vice President - Law, Patents & Compliance  
& Company Secretary

Encl.: As above

Bayer CropScience Ltd.  
CIN: L24210MH1958PLC011173

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[www.bayer.in](http://www.bayer.in)  
[www.cropscience.bayer.com](http://www.cropscience.bayer.com)



Science For A Better Life



# Investor Presentation

Bayer CropScience Ltd.

July 8, 2016



# Forward-Looking Statements

This website/release/presentation may contain forward-looking statements based on current assumptions and forecasts made by Bayer 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 <http://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

Bayer CropScience Limited in this presentation shall be referred to as BCSL/Company for the sake of simplification.

The information contained herein has been prepared to assist prospective investors and/ or their agents in making their own evaluation of the Company and does not purport to be all-inclusive or to contain all of the information a prospective or existing investor may desire. In all cases, interested parties should conduct their own investigation and analysis of the Company and the data set forth in this information.

BCSL makes no representation or warranty as to the accuracy or completeness of this information and shall not have any liability for any representations (expressed or implied) regarding information contained in, or for any omissions from, this information or any other written or oral communications transmitted to the recipient in the course of its evaluation of the Company.

The first quarter of the financial year 2016-2017 ended on June 30, 2016. BCSL has not published any results or figures for the aforementioned period. Having said that, please understand that we will not comment on the results of the respective period.



# Additional information

This communication relates to a proposed offer by Bayer Aktiengesellschaft or its subsidiaries (“Bayer”), to purchase all of the outstanding shares of common stock, par value \$0.01 per share, of Monsanto Company, a Delaware corporation (“Monsanto”). This communication is neither an offer to purchase nor a solicitation of an offer to sell shares of Monsanto. No tender offer for the shares of Monsanto has commenced at this time. At the time a tender offer for the shares of Monsanto is commenced, Bayer will file tender offer materials (including an Offer to Purchase, a related Letter of Transmittal and certain other offer documents) with the Securities and Exchange Commission (the “SEC”) with respect to the tender offer. Any definitive tender offer documents will be mailed to the stockholders of Monsanto.

**STOCKHOLDERS OF MONSANTO ARE URGED TO READ THE RELEVANT TENDER OFFER MATERIALS WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE TENDER OFFER THAT STOCKHOLDERS SHOULD CONSIDER BEFORE MAKING ANY DECISION REGARDING THE TENDER OF THEIR SHARES.** Stockholders of Monsanto will be able to obtain free copies of these documents (if and when available) and other documents filed by Bayer with the SEC through the website maintained by the SEC at [www.sec.gov](http://www.sec.gov).



# Agenda

- **Update Bayer global**
- Overview of Bayer in India
- Bayer CropScience Ltd. (BCSL): Financial Perspective
- Update Indian Accounting Standards
- BCSL: Business Update

# Our Mission

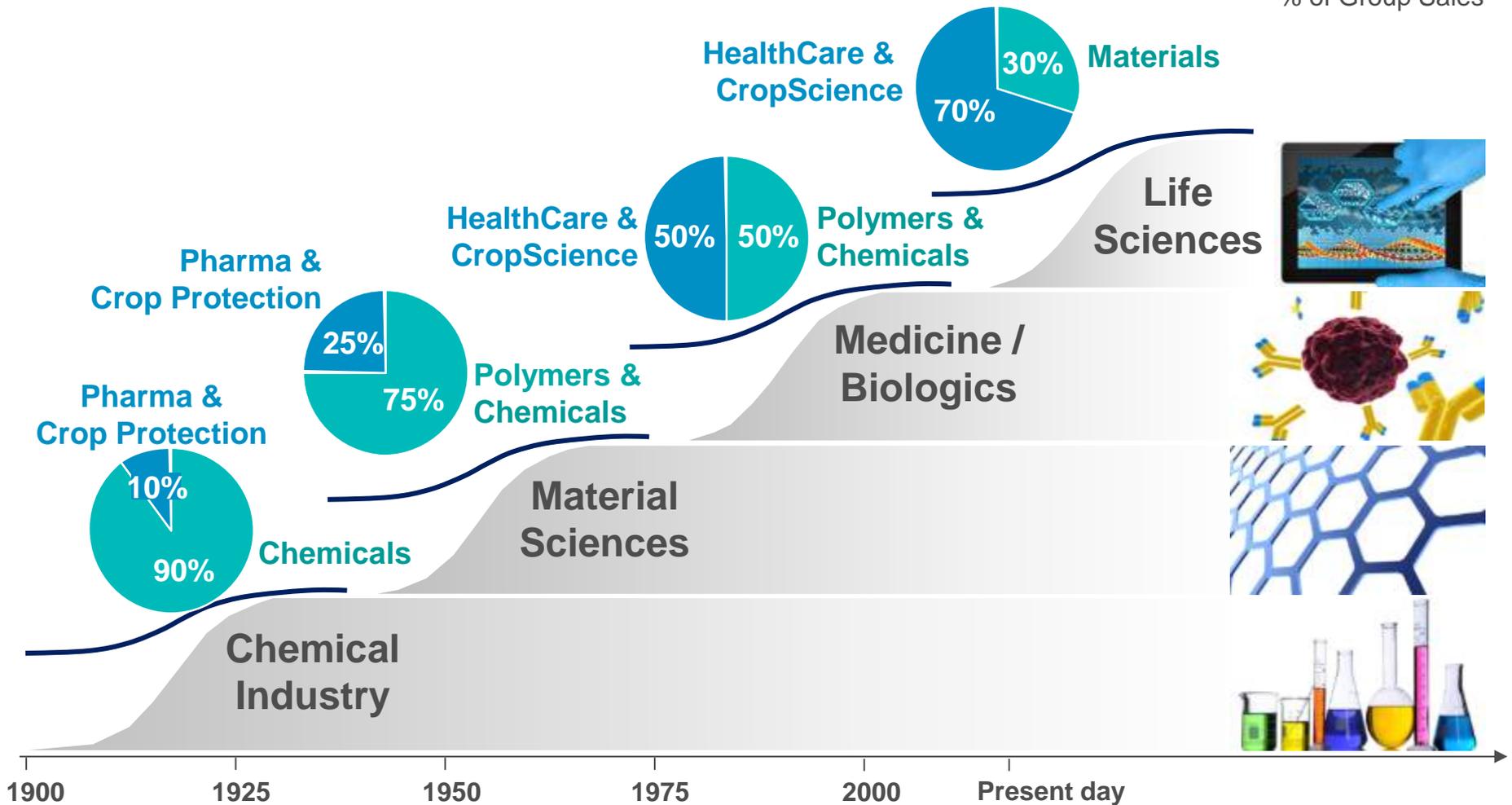
## Bayer: Science For A Better Life



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



% of Group Sales



# Our business areas

## The Life Sciences



### Pharmaceuticals

- Prescription drugs

### Consumer Health

- Over-the-counter medicines, dietary supplements, dermatology products, foot care and sunscreen

### Crop Science

- Innovative crop protection and seeds

### Animal Health\*

\*Animal Health is a business unit reporting directly to the Board member for the Crop Science division

# Group structure and company organisation are being aligned to the Life Sciences focus



## BOARD OF MANAGEMENT

Pharmaceuticals

Consumer Health

Crop Science

Animal Health

Corporate Functions & Business Services

**Currenta (60%)**

**Covestro\* (approx. 64%)**

\* previously Bayer MaterialScience

# Sustainability is an integral part of our corporate strategy and values

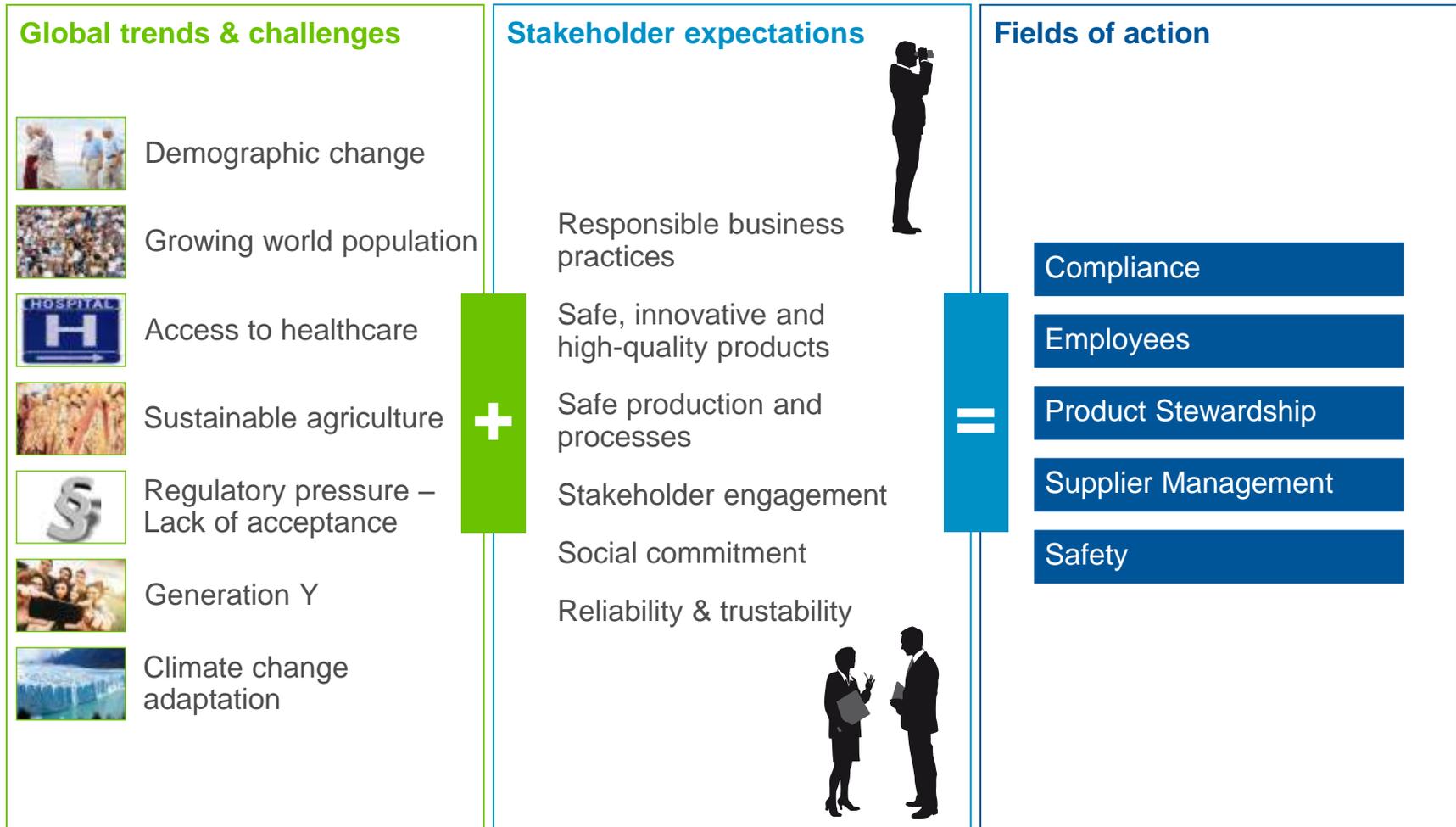


- For Bayer sustainability means
  - achieving **commercial success** while
  - meeting the **needs of our employees and society** and
  - **protecting the environment and natural resources**

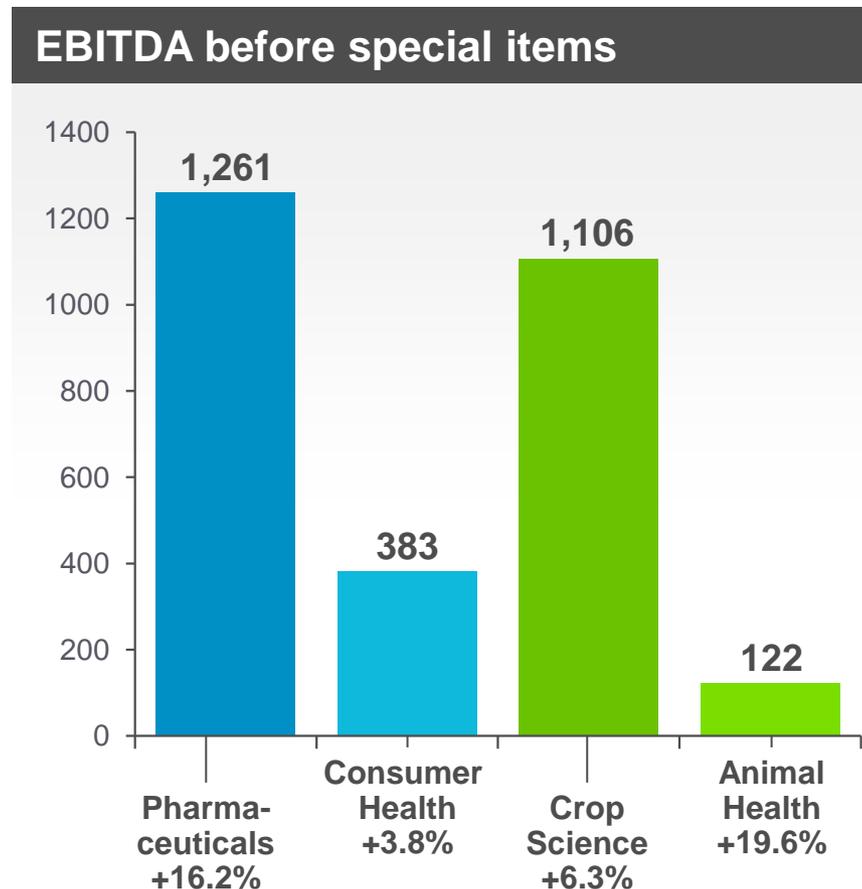
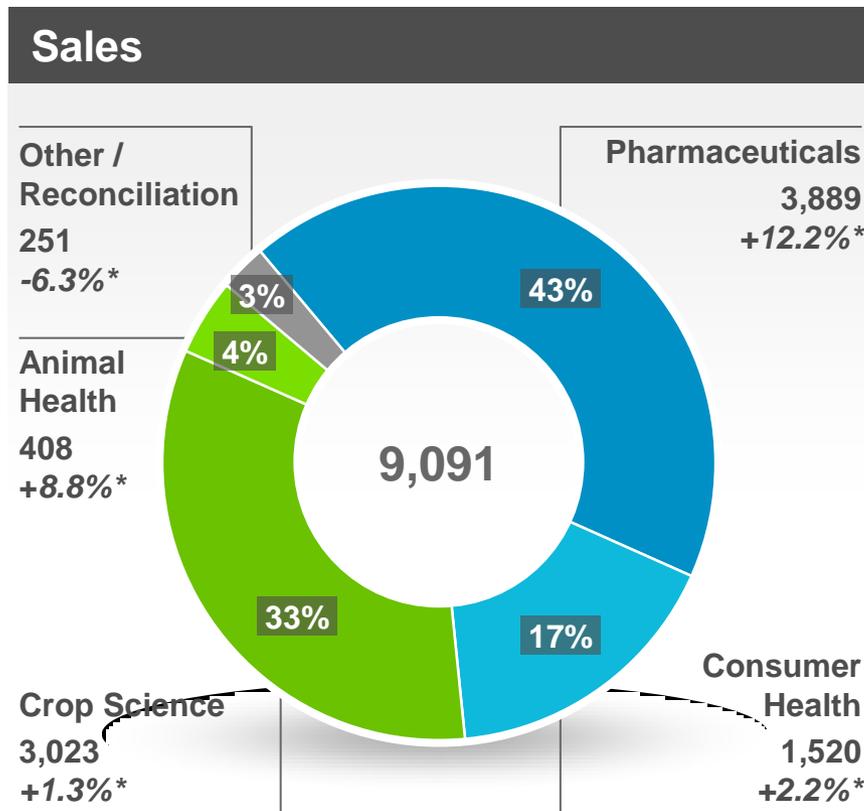


➤ Effective sustainability management ensures Bayer's "license to operate" and is a **proxy for the overall quality of a company's management**

# Sustainability addresses global trends and challenges and stakeholder expectations



# Bayer Group Q1 2016: Life Sciences off to a successful start in 2016



Figures in EUR Mio.

\* year-on-year change currency-adjusted



Science For A Better Life



# Acquisition of Monsanto to create a global leader in agriculture

Innovation powerhouse to deliver integrated solutions for the next generation of farming

# Combination addresses fundamental global challenges



People on the planet by 2050



Rising per capita protein intake by 2024



Estimated Ag input market size by 2025



Declining hectares of farmland per capita by 2050



Biophysical effect of climate change shocks on yields by 2050



Productivity increase required to feed the planet by 2050



# Unique and compelling opportunity for Bayer

## Strong Fit with Bayer's Strategy

- Reinforces Bayer as a Life Science company with leadership positions in its core business segments
- Targeting an attractive long-term growth industry
- Highly innovative biotech based business addressing unmet scientific need

## Integrated Leader in Agriculture

- Combination creates an industry leader in Crop Science with integrated offering of Seeds & Traits, Crop Protection, Biologics and Digital Farming
- Broad product portfolio as well as broad and deep combined R&D pipeline to deliver better solutions for farmers

## Significant Value Creation

- ~\$1.5bn total synergies after year three plus additional integrated offer benefits in future years
- Accretion to core EPS by mid-single digit percentage in the first full year after closing and double-digit percentage thereafter
- Potential to command premium valuation for combined Crop Science business via re-rating



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# Bayer's Crop Science legal entities in India



## **Bayer CropScience Ltd.**

Sales of Crop Protection products, Environmental Science products and Hybrid Seeds for field crops. Crop Protection and Environmental Science products partly formulated in-house.



## **Bayer BioScience Pvt. Ltd.**

Research, breeding, production and conditioning of high quality Hybrid Seeds for field crops.



## **Bayer Vapi Pvt. Ltd.**

One of the core manufacturing sites for Bayer's Crop Science division globally, mainly engaged in manufacturing active ingredients and intermediates.



## **Nunhems India Pvt. Ltd.**

Breeding, production, conditioning, marketing and sales of Vegetable Seeds.  
(The name of the entity is expected to be changed soon.)



# Bayer's other legal entities in India



**Bayer  
Pharmaceuticals  
Pvt. Ltd.**

Third Party Manufacturing of Pharmaceuticals, Animal Health and Consumer Health products. Marketing and Distribution of Animal Health and Consumer Health products



**Bayer Zydus  
Pharma Pvt. Ltd.**

Joint Venture; Marketing and Distribution of Pharmaceuticals products



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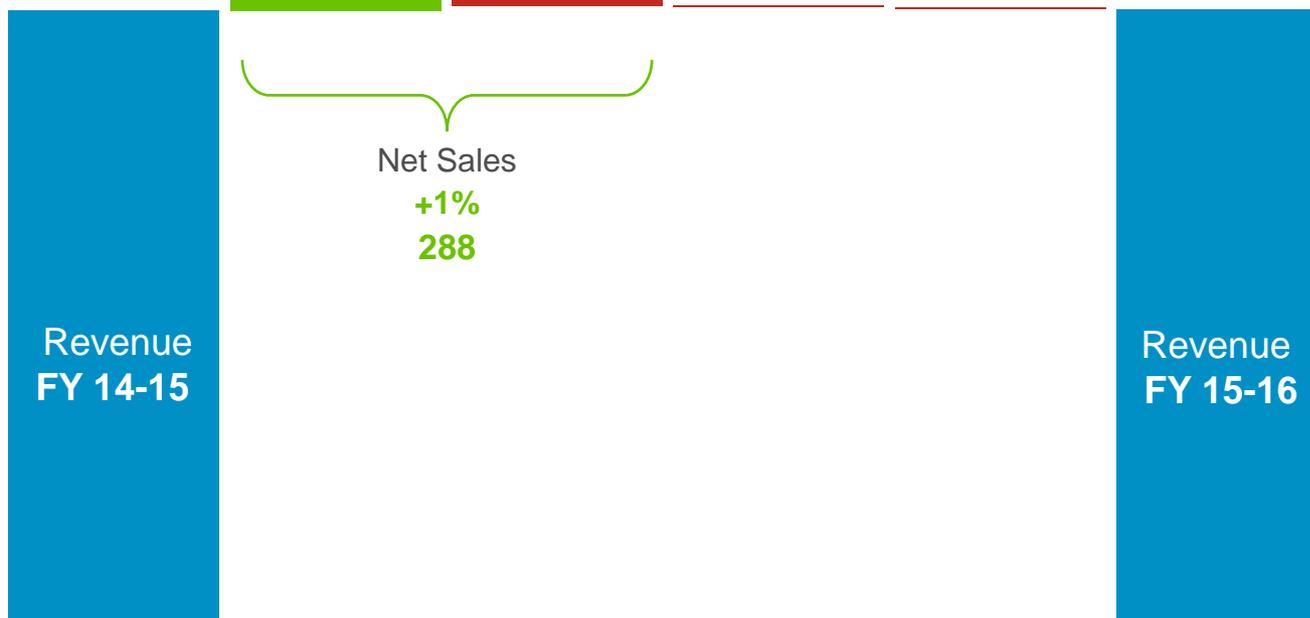
# Revenue FY 15-16: Resilient in a challenging market environment



Δ over previous year

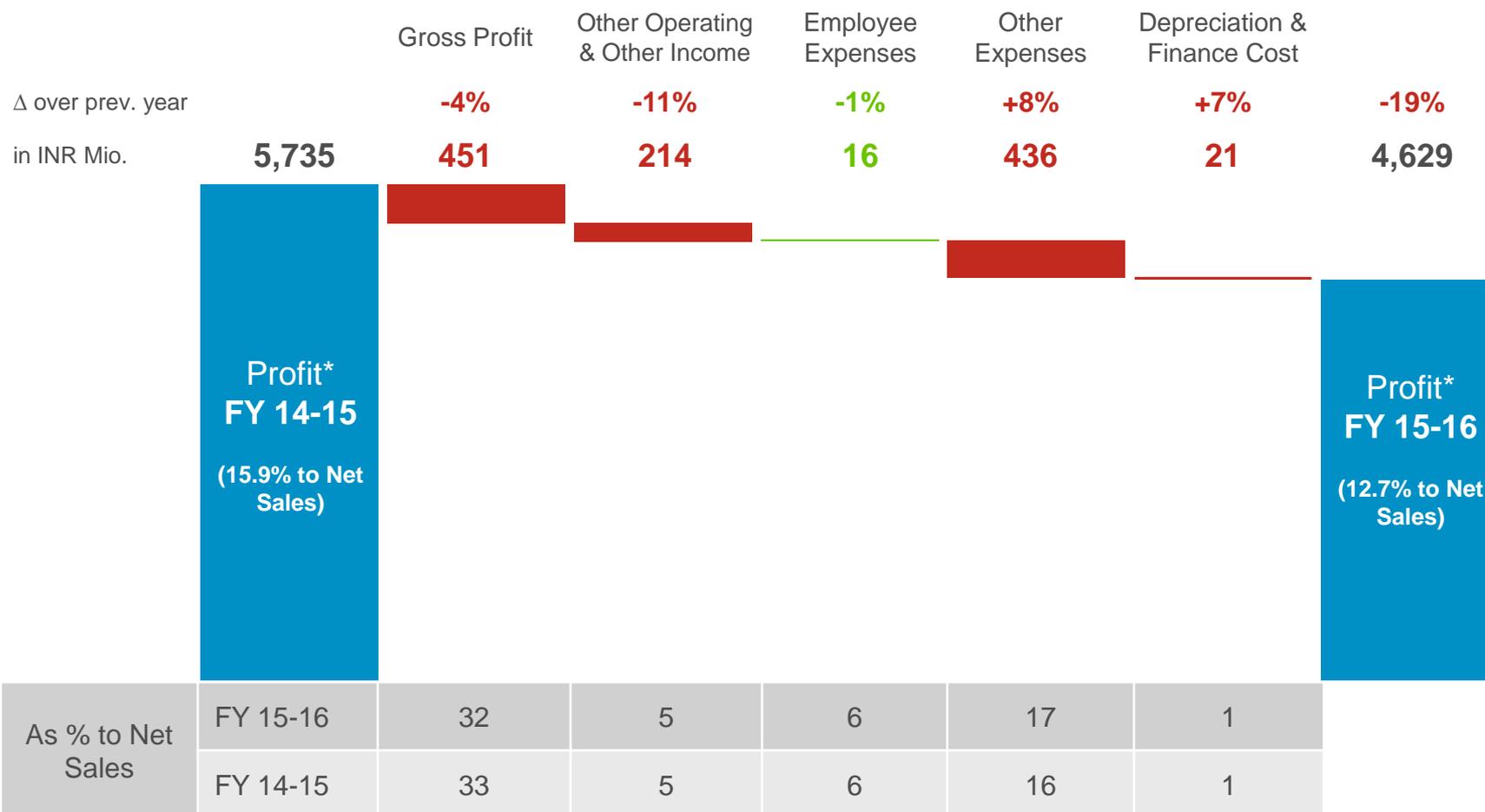
in INR Mio.

	Domestic Sales	Export Sales	Other Operating Revenue	Other Income	
	+4%	-14%	-9%	-14%	+0%
	1,142	854	92	122	38,186



As % to Total Revenue	FY 15-16	FY 14-15
Domestic Sales	81	78
Export Sales	14	17
Other Operating Revenue	3	3
Other Income	2	2

# Profit\* FY15-16: Difficulties to pass on cost increases in light of market environment

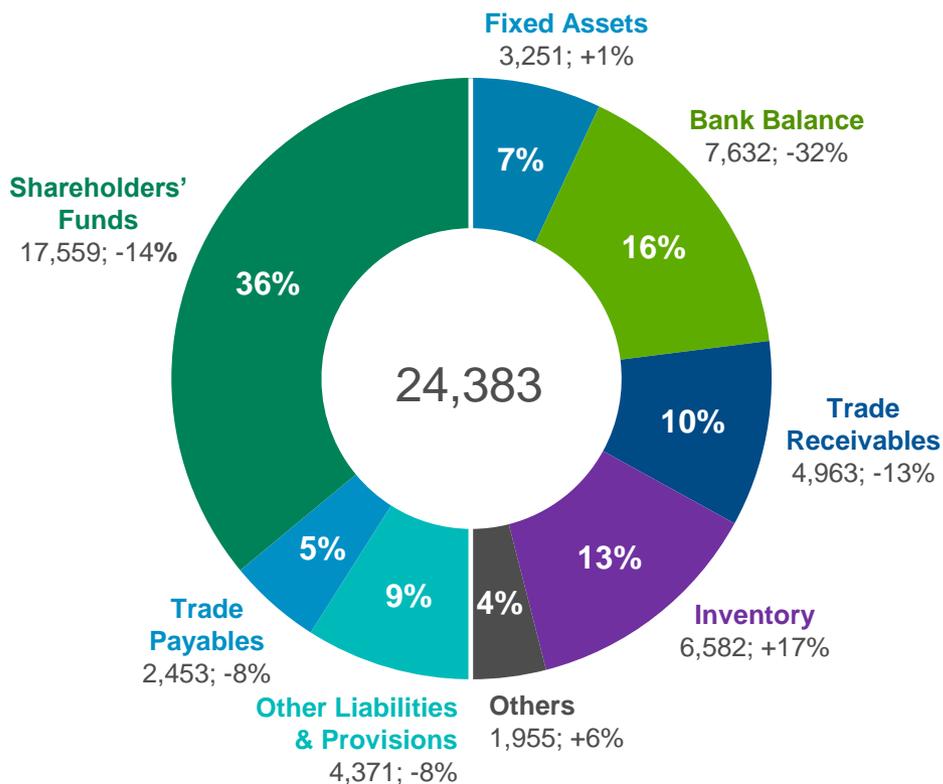


\*Profit before Exceptional Items & Taxation

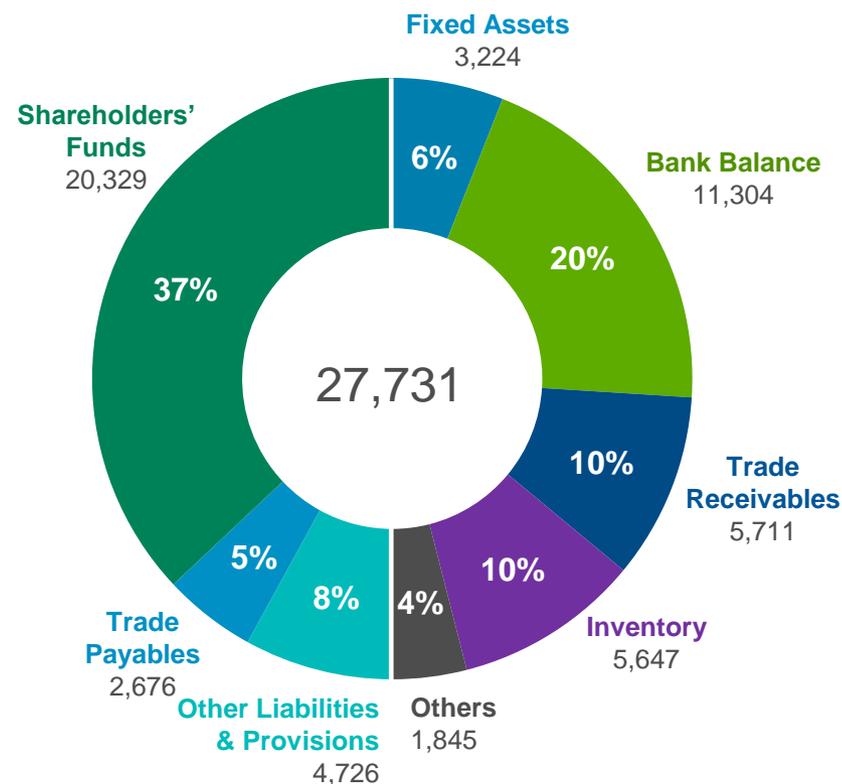
# Balance Sheet FY15-16: Receivables under control, buyback results in lower Bank Balance



March 31, 2016



March 31, 2015



Buyback of equity shares in the amount of INR 5,060 Mio. in FY 15-16 reduced Shareholders' Funds and Bank Balance

Note: Figures in INR Mio., Δ% y-o-y



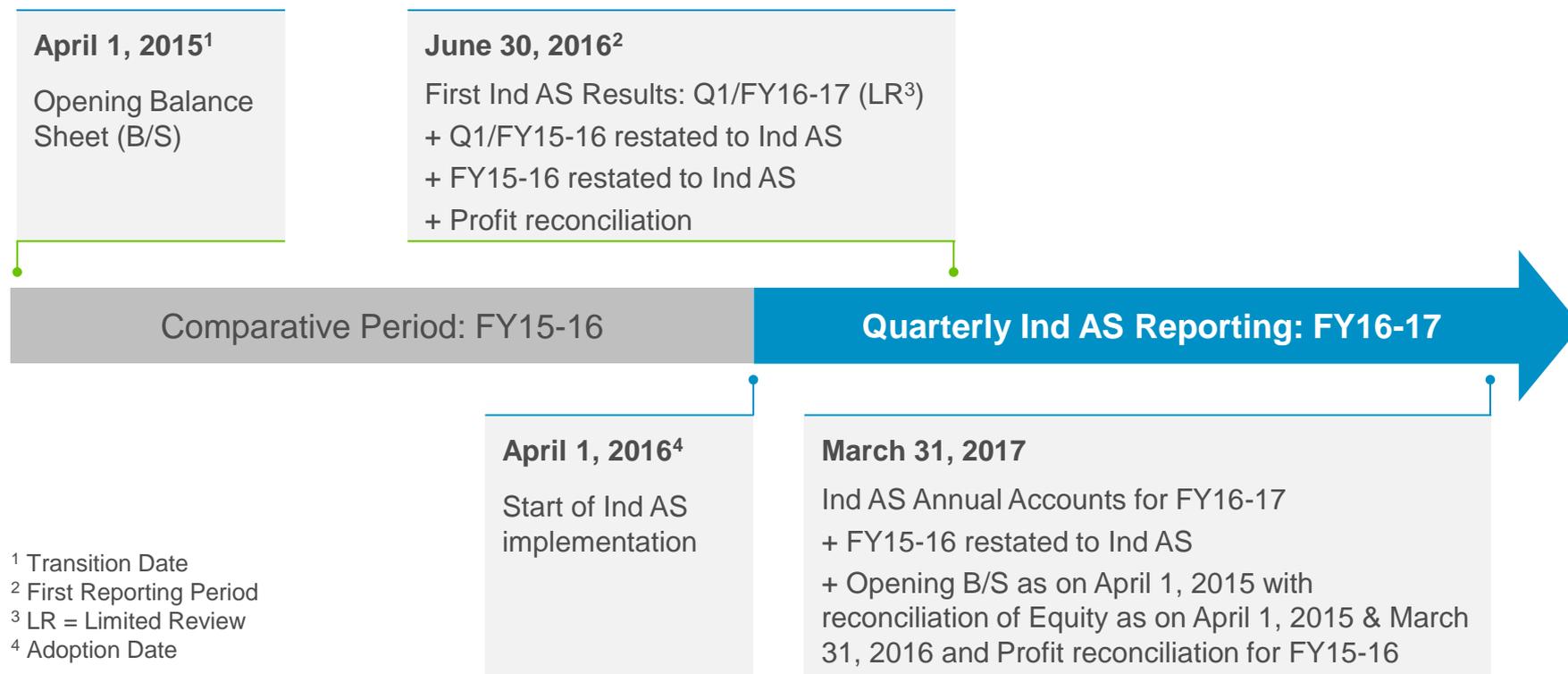
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# BCSL adopts Indian Accounting Standards (Ind AS) in phase I



- BCSL is covered under mandatory phase I of Ind AS implementation w.e.f. April 1, 2016 as its net worth stood at more than INR 5,000 Mio. as of March 31, 2014
- Reporting requirement under Ind AS:



<sup>1</sup> Transition Date

<sup>2</sup> First Reporting Period

<sup>3</sup> LR = Limited Review

<sup>4</sup> Adoption Date

# Indicative impact assessment summary FY15-16 P&L - IGAAP<sup>1</sup> restated to Ind AS



Figures in INR Mio.

	IGAAP <sup>1</sup>	Ind AS Adjustment	Ind AS	Δ%	
<b>Sales</b> ①	36,441	(8,596)	27,845	-24%	↘
<b>COGS</b> <sup>2</sup> ①	24,882	(7,850)	17,032	-32%	↘
<b>PAT</b> ② ③	3,009	124	3,133	+4%	↗
<b>PAT to Net Sales (%)</b>	8.3	3.0	11.3	+36%	↗

## Key impact areas:

- ① Accounting of 'Linked Transaction' and presentation based on 'Gross vs. Net' principle (Ind AS 18 - Revenue)
- ② Capitalisation of product registration cost (Ind AS 38 - Intangible Assets)
- ③ Transaction cost for buyback of equity shares (Ind AS 109 - Financial Instruments)

The assessment is an internal analysis. It is subject to audit, changes in law/ standards/ interpretations and SEBI guidelines.

Impact on quarterly published results w.r.t. excise duty presentation will be based on SEBI format.

<sup>1</sup> IGAAP – Indian Generally Accepted Accounting Principles

<sup>2</sup> COGS shall be defined as the sum of the following three P&L line items: 'Cost of Materials Consumed', 'Purchases of stock-in-trade' and 'Changes in inventories'



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# Despite slow start, above average forecast for SW monsoon



Region (Actual till June 2016)	Rainfall (% deviation from normal)
North West India	(1.0)
Central India	(30.0)
South Peninsula	12.0
North East India	(24.0)
<b>All India</b>	<b>(16.0)</b>

Month (2016)	Forecast (% deviation from LPA)
June	(13.0)
July	8.0
August	13.0
September	23.0
<b>June – September</b>	<b>9.0</b>

Source: Skymet

# Slow start of season; good preparation & stock placement considering monsoon forecast



## Crop Protection



### Insecticides

- Lower acreage of rice and low infestation affected consumption



### Fungicides

- Dry conditions in Q1 and lower rice acreages
- Good growth in Apple business
- Preparing for new launch



### Herbicides

- Good placement started for rice and corn herbicides

## Seeds



### Hybrid Rice Arize®

- Timely placement of stocks in the market; strong demand generation activities (1.5 mil. Farmers contacted)



### Cotton Surpass®

- Retain share in difficult market thru Surpass® First Class and Superb sales

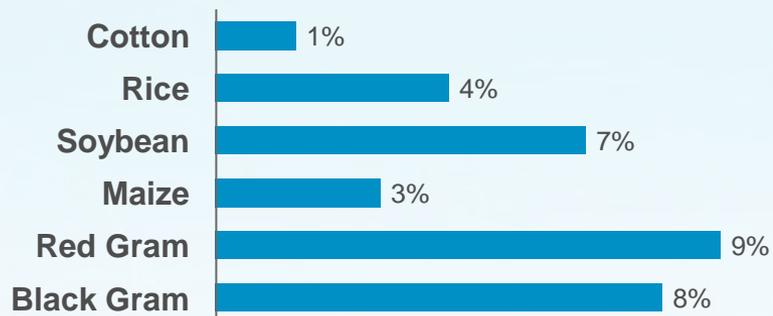


### Millet Proagro®

- Early start of season; positive sentiments in the market

# Crop Outlook: June – December 2016

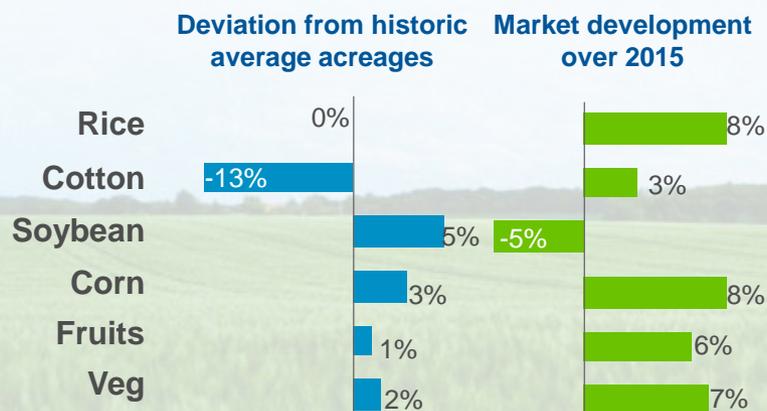
## Commodity prices – MSP\* as indicator



▶ Commodity prices favorable for investment

Source: Directorate of Economics & Statistics

## Kharif acreages outlook



Kharif Acreages & market dev as per internal estimates

\*MSP = Minimum Support Price

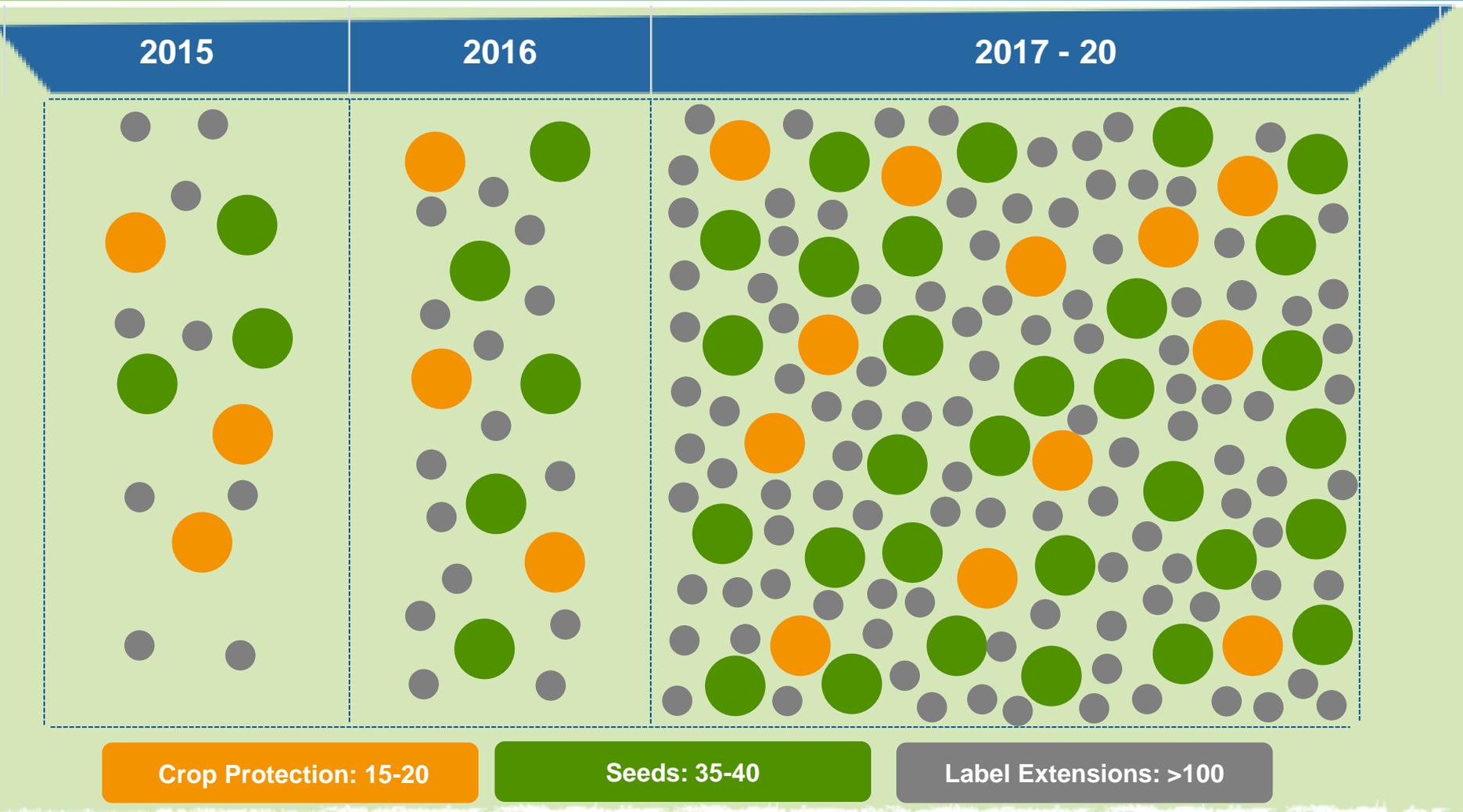
- **Rice:** Normal season with well distributed precipitation, improving commodity prices & market sentiment
- **Cotton:** Recovery from drought & emergence of pink boll worm segment
- **Corn:** Better ROI would drive the market upwards
- **Soybean:** Unattractive commodity prices, generic pressure in herbicides
- **Fruits & Veg:** Attractive commodity prices & demand for quality produce to drive market

# Overall external drivers are positive and Bayer is well prepared to improve position



-  **Rainfall and water availability**
-  **Crop economics for farmer**
-  **Market Inventories**
-  **Liquidity in the channel**
-  **Price pressure**
-  **Bayer portfolio strength**
-  **Bayer preparedness**
-  **Bayer new launches**

# New Launches will play a significant role in driving the growth till 2020



A well prepared launch of a new product is “Half the Battle Won”

## Training Programs

Farmers  
Channel  
Field Officers

## Field Days

Demonstrations  
Harvest Days  
Testimonials

## Campaigns

Jeep/bike Campaigns  
TV/Cable/Paper Ads  
Point of Sales



# Integrated “Customer Interaction Management” is key to our Commercial Excellence



## Customer Interaction Management

### CHANNEL STRATEGY

 **Distribution width & depth**

 **Channel motivation & loyalty**

 **Channel inventory & liquidation**

Based on Channel Insights



### GROWER STRATEGY



**In person visits**  
Providing farming advisory

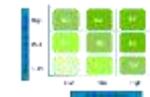


**Voice based solutions**  
(IVR or helpdesk)



**Smartphone Apps**  
Digital platforms

Based on Segmentation





# Summary

- Despite slow start because of late arrival of monsoon, outlook remains positive
- BCSL has strong portfolio pipeline to capture new segments
- BCSL continuously looks to increase customer responsiveness & invests to develop future farming practices, solutions and technologies

**BCSL is strongly committed to “Shape the next generation of farming”**



Science For A Better Life



Thank you!