



June 08, 2022

To,
The General Manager,
Department of Corporate Services
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

SECURITY ID : BAYERCROP
SECURITY CODE : 506285

Dear Sir / Madam,

**Subject: Transcript of Investor Meet held on
June 03, 2022**

In furtherance to our letters dated June 03, 2022 and June 04, 2022 pursuant to Regulation 30 read with part A of Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, disclosure of the transcript of the Investor Meet held on June 03, 2022 has been made on the website of the Company at www.bayer.in as well as submitted to the Stock Exchange for dissemination and records.

Thanking you.

Yours faithfully,
for **Bayer CropScience Limited**

A handwritten signature in blue ink, appearing to read "Nikunj Kumar Savaliya", is written over a blue horizontal line.

Nikunj Kumar Savaliya
Company Secretary and Compliance Officer

Encl: As above

Bayer CropScience Ltd.
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**Transcript of the Investor Meet of Bayer CropScience Limited held on
Friday, June 3, 2022**

Commencement Time: 4:00 pm IST

End Time: 4:38 pm IST

Management Participants:

Mr. D. Narain – Vice Chairman & Managing Director and Chief Executive Officer

Mr. Simon Britsch – Executive Director & Chief Financial Officer

Mr. Simon Wiebusch – Executive Director

Mr. Nikunj Savaliya – Company Secretary & Compliance Officer

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| Nikunj Savaliya | <p>Hello everyone. Good afternoon, ladies and gentlemen.</p> <p>Welcome to the Investor Meet of Bayer CropScience Limited. I can see over 35 attendees, and some more are still joining as I speak. Let me first introduce our speaker for this meet. Mr. D. Narain – Vice Chairman & Managing Director of the Company, Mr. Simon Wiebusch – Executive Director of the Company, and Mr. Simon Britsch – Executive Director & Chief Financial Officer of the Company. The Sequence of today’s meet will be to start with presentation by the management team, followed by question and answer session.</p> <p>We have received several questions by email, some of which we will be covering during our presentation and rest of the questions will be taken up in the Q&A session. If you have additional questions, please locate the chat icon at the bottom of your screen and send in your questions to us through the chat box. We will attempt to answer as many questions as possible with the exception of items of commercial confidence. Considering time constraint if any question remains unanswered, please reach out to us at ir_bcsl@bayer.com. Please note that we are recording this interaction and the recording will be available at company's website. Presentation slides are available at BSE website as well as company's website under the Investor section.</p> <p>With that, I now request Mr. D. Narain for his address. Over to you D.</p> |
| D. Narain | <p>Thank you Nikunj and a warm welcome to all of you joining this virtual investor meet. I hope each one of you are staying safe, it's been a tough couple of years, and I hope things are getting better is the same for each one of you as well and hopefully in one of the days in the near future, we will go back to a physical investor meet and looking forward to seeing all of you in person.</p> <p>So let me start with setting the context from an external perspective.</p> |

To start with, what we have been sharing with you on this significant positive momentum we have seen on the Agri policy environment is continuing, but also seeing momentum. The recent regulatory guidelines on gene editing is a major step forward and comes in the back of deregulation of drones that we saw less than 4-5 months ago. The second major trend is a strong feedback at the farm level seeking integrated solutions with a major focus on improving their farm incomes. The third trend especially we are seeing in horticulture with more connected supply chains starting to emerge linked to city clusters and for Agri exports as well, which could also see the need for produce certification.

All these trends directly lead to the opportunity for establishing crop focused value chains that are able to address the major pain points of farmers. Good quality inputs, agronomy knowledge, labor shortage driving mechanization with a strong linkage to the produce markets as they harvest their crops. Hence the major push towards collectivization through the farmer producer organization and also the new Agri entrepreneur led last mile farmer connect models that are starting to emerge will all accelerate this transformation with digital connect being a key enabler across the entire value chain. These models will also help deliver the sustainability goals of improving water efficiency, soil health, and also the potential to reduce environmental emissions at scale which are absolutely critical to deliver especially if you consider the context of climate change. Who knows in the near future we might see Indian farmers generating carbon credits as a source of revenue as well. In summary, I believe, we are moving to a decade which will see significant growth in Indian agriculture. Having said that, it's also important to factor in the dynamics of the world around us. While we are still recovering from the major impact of COVID globally, the global supply chains continue to be stressed and the current Russia-Ukraine situation has compounded it with number of import dependent countries around the world who are likely to face significant challenges of food security. For us in India, we need to manage through these emerging challenges especially the availability of fertilizers and the impact to globally connected supply chains for the crop protection industry. Added to this is a challenge of inflation despite the strong efforts of the government to keep it in check. In summary, as an industry we will have to weather through the storm with prudence to meet the planting needs of millions of the smallholders of India and also to meet the food security needs of the country, which I'm sure, we will successfully overcome because just two years ago we faced enormous challenges of COVID and could collectively meet the challenge. So, I can clearly say that while we do have short term challenges, the long term environment continues to be extremely positive.

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| | <p>With that let me turn it over to Simon-Thorsten to start walking us through his perspectives on Indian agriculture, but also the performance of the company. Over to you Simon.</p> |
| <p>Simon-Thorsten Wiebusch</p> | <p>Thank you very much D, and namaste, welcome also from my side. It's a pleasure though being virtual to be with you today and I look forward also to the questions later on. Summarizing a little bit of what we've done since integration, I would say we have been on a very strong trajectory with an initial focus on the channel specifically aligning placement with liquidation as priority. Now what is developing is a more holistic go to markets which is focusing on farmer needs. Specifically, what we are looking at is income increases, but also predictability of that income, we are looking at reduction of farming burden per say seeking better produce quality, but also production convenience and clearly the stronger emerging theme is the sustainability where we look at things including soil health, water savings, and obviously safer applications where for example drones are a great opportunity. Still the channel is important. What we aim for is a very tight, fresh inventory management and that's where really the old focus continues to be the new focus as well. The same time we need to extend our reach, we need to get onto more shelves, and we are aligning new alternative channels with the existing partners, which is sometimes a challenge as you can imagine with emerging e-commerce. For that partnerships is the key, so really Better Life Farming centers as an inclusive model to scale up and help the farmer expand the channel and really collaborate with others. Farmer producer organizations, D has mentioned it the collectivization of farming in India will be a theme which is super important and to this also connections to food value chains where not only do we want to help farmers to sell their produce, but to ensure that the quality meets what that Channel -- the food chain actually needs. On the crop portfolio side, we are driving further the differentiated portfolio targeting more acres and farmers. So, we are launching big on the basis of building strong team confidence before the launch and we are looking at broader offerings also via collaborations with partners. On the people side, we continue to invest into knowledge of our people especially towards agronomy and digital developments. All this needs to be supported by a better digital backbone. So we are really focusing on enhancing the farmer connect with digital tools such as FarmRise, we are improving channel convenience with digital order and account management tools and further upgrading also our liquidation tracking to meet the goals mentioned before.</p> <p>We could go to the next slide please. Operationally, we see continued strong demand for Bayer offerings driven both by market pool creation, but also good channel sentiments, we see continued swing of the market towards herbicides driven by labor shortage and convenience needs, and there has been COVID induced supply concerns and some inflation expectations which drove strong</p> |

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| | <p>channel demand during the first quarter. From a liquidation perspective, it's very pleasing may I say so to see that the liquidation at the channel placements are actually starting to converge, which leads to a more synchronized growth with sell-in more or less matching the sell-out. We have brought gains across crops and the portfolio offering and that actually represents a little bit a yeah may I call it risk diversified business where sometimes in the past you would have had one crop per season, we are now really able to satisfy broader needs and as an example looking at fungicides to drive quality much, much more. Hybrid rice was tough for us and it is still challenging though having had now a good quality production and sensing a lot of confidence in the team, I do look forward to a good rice season. On the Dekalb side clearly, we had a strong rebound in spring, which was driven by higher acres, but specifically again an excellent team effort around being competitive but also launching a new hybrid. Better Life Farming centers for us are exceeding 1,000 and we count, and this is increasing the attention and interest by partners. We have almost 5,000 Sahbhagis which are marrying rural entrepreneurship with significantly increased farmer reach for us and with that I can really say that all new business models are starting to scale to relevance leading to more diversified go-to-market model per say.</p> <p>We go to the next slide. I would just like to share two examples. We just had a fantastic launch on Dekalb 9208, which was very important to us because of our strong spring position amongst the rising competitive pressure that we had on the existing 9108 franchise. It's an excellent example of a big lunch on the basis of a great preparation by the team in terms of confidence building with farmers, with the channel, but specifically also with a team itself taking a call and going for more than 10 times actually the usual launch quantity that we would enter a market in. The hybrid itself is exerting excellent heat tolerance, which currently is actually a big big plus, but also representing a great opportunity in the solid segment, which is growing right now. Another important launch dimension is Vayego. It's a new class of diamide insecticides. It's relevant to us because we will expand this franchise having a good list of labor expansions coming in, but also looking at mixtures and seek treatment opportunities going forward. It's currently in rice and soy, but we expect labels into things like the corn fall armyworm, which is going to be an important segment as well.</p> <p>With this I'd like to hand over Simon to run you through the figures a little bit. Thank you very much.</p> |
| Simon Britsch | <p>Thank you Simon-Thorsten. So hello everyone and also warm welcome from my end.</p> <p>I will now walk you through the financial performance during the quarter and of course also for the financial year that ended in March</p> |

2022. As you can see on the left hand of the slide, our revenue from operations increased by 31% to 9.6 billion INR during the fourth quarter. Major factors driving this growth were, (a) rebound of our spring corn and (b) new product launches such as Vayego and Dekalb 9208. In addition, positive crop sentiments resulted in increased revenue from operations. Let me also comment on the profit before exceptional items and tax for the quarter, which more than doubled compared to the previous year to 1.9 billion INR. Major reasons for that achievement were the increase in volumes and the favorable sales mix with the higher spring corn seeds. Moreover, price increases enabled us to partially offset inflationary pressure.

Now let me zoom out a bit and comment on the full year performance where we recorded a revenue growth of 11% to 47.3 billion INR. This growth was mainly driven by increased crop protection volumes based on effective demand generation, newly launched products, and also the scaling up of our alternate business models. As a next step let me move on to the profit before tax and exceptional items for the year which remained flat at 7.9 billion INR. Main reasons for that development were; (1) the sales mix impact as overall corn seeds sales remained almost flat; (2) an increase in our employee expenses mainly due to incentive payments and (3) the normalization of our operating costs back to pre-COVID levels. Kindly also note that our profit after exceptional items and tax for the full year increased by 31% to 6.5 billion INR. The main exceptional item for the current year was the profit on the sale of part of our seeds distribution business for 0.6 billion INR. Regarding the tax, the previous year included onetime tax expense of 1.3 billion INR under the VSV Act.

Please move to the next slide for balance sheet review. So our overall balance sheet increased by 3% to 43.5 billion INR. Let me share some comments on the main developments here. As you can see, so trade receivables increased by 2.5 billion INR that was mainly on account of higher Q4 sales. In addition, we also saw an increase of the DSO from 60 to 75 days, which is still well below our standard payment term. Our cash balance reduced by 35% to 7.8 billion INR as on top of the annual dividend of ₹25/- per share, we also paid out the special dividend ₹125/- to commemorate our 125 years of Bayer in India. This also resulted in reduction of the shareholders' fund by 1%.

Please switch to the next slide to review the cash flow. As you can see in the blue box cash flow from operations was at 2.2 billion INR compared to 6.9 billion INR for the previous year. The main factors I want to highlight here are the changes in working capital due to the increase in receivables as I explained in the previous slide when we looked at the balance sheet and also build up of the paid inventory on the one hand in anticipation of the kharif season and

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| | <p>on the other hand due to the higher carryover from corn seed returns. An additional factor, for the reduction, was the taxes paid under the VSV Act. Changes in the cash flow from investing activities, were due to the exceptional proceeds from the sale of part of our seeds distribution business as I mentioned earlier and lastly changes in cash flow from financing activities were mainly on account of the dividend payout.</p> <p>Thank you very much for your kind attention and I now handover to D. Narain to wrap up.</p> |
| D. Narain | <p>Thank you, Simon. So let me wrap this up with some key summary points. As we execute our strategy and grow our business, we are strongly committed to partnering to improve farmer incomes, drive sustainability goals especially around water efficiency, soil health, and reduction in carbon emissions in major crops like rice. We also believe strongly on the need to increase women participation in the agricultural ecosystem. This includes a strive to hire more women in our commercial organization into frontline sales and agronomy roles supporting women agri entrepreneurs to own and lead Better Life Farming centers, but most importantly give access and knowledge to create visibility to numerous women farmers who are playing a key role in Indian agriculture as we speak. Leveraging our core strengths of product and business model innovation, we will continue to strengthen the Indian food value chains with strategic collaborations. We will continue our efforts to select, develop, and attract best in class talent which will be foundational to deliver both on our vision, but also on our long term goals. Finally, we commit to proactively managing the near term challenges without losing a long term objectives and we will deliver sustainable grow and uplift smallholder farmers in India and beyond.</p> <p>With that I will transition back to Nikunj and then we will move on to our Q&A section. Over to you Nikunj.</p> |
| Nikunj Savaliya | <p>Thank you. Thank you very much for the presentation.</p> <p>We now open the session for Q&A and I again invite D, Simon Wiebusch and Simon Britsch. Thank you.</p> <p>We have received couple of questions already through chat functionality, so I'm taking them one by one, and I am combining couple of questions together. So first one is about sales breakup and Simon Britsch perhaps you can take this. The question is please provide breakup of sales in terms of domestic agrochemical and corn seeds, exports, traded sales for Q4 FY22 and FY22.</p> |
| Simon Britsch | <p>Okay. So let's say for the Q4 of the financial year the sales mix was for domestic agrichemical 75%, domestic corn seeds 19%, and exports 6%. Looking at the whole year, it was for the domestic agrochemicals 82%, domestic corn seeds 11%, export 4%, and also</p> |

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| | the traded seeds 3%. |
| Nikunj Savaliya | Thanks Simon. There is another question, what is the outlook of Dekalb going forward with recovery in commodity prices. So Simon Wiebusch perhaps you can take this. |
| Simon-Thorsten Wiebusch | Yeah happy to, thank you Nikunj. On the back of a challenging 2021 season, the recovering spring was obviously very important for us and that's what made the corn season, as Simon just said, flat. The kharif outlook at this point is positive, although we see competition for acres all crops are actually at this point yielding quite good farmer prices what we see, but still we do expect to good acres and potentially also good corn seed season. |
| Nikunj Savaliya | Thank you. The next question is, what were the top five products for FY21-22. Simon Britsch perhaps you can take this. |
| Simon Britsch | Yeah, sure I can take this. So top five products are Dekalb, Roundup, Nativo, Laudis, and Antracol |
| Nikunj Savaliya | Thank you. Now there are a couple of questions on alternate business models. Simon Wiebusch perhaps you can take this. Can you talk about customer key accounts and alternate business model vertical and how it's adding value to the organization and future growth prospects? |
| Simon-Thorsten Wiebusch | Yeah, I mean it all starts with size and diversity of the country. Our acre share still remains significantly below where we would like it to be and to be able to achieve a better acre share we actually need dedicated business models to serve different sectors also profitably. So, what we did build is a separate work to focus on commercial key accounts as we call them and they basically work with food value chain partnerships, they work with e-commerce, they work with a differentiated smallholder portfolio, and additionally also industrial business where we would be exchanging compounds with also competitive companies really to increase our CP and seeds footprint. . |
| Nikunj Savaliya | Thanks. So Simon again for you the question is on new products. Please give an insight into short term growth drivers of CP and seeds portfolio with specific focus on new products and what are the new products launched in FY21-22 and what are the plans for the next financial year. |
| Simon-Thorsten Wiebusch | Okay. We fundamentally believe that the Indian ag-input market continued to grow and that on the back of increased investments by farmers as well as driven by consumer and industrial needs right. So main drivers for market value increases is to my mind will be continued lower labor, so labor shortage basically, but labor cost as well. Grower convenience, produce quality and a continued need for pest management we just saw it for example with the thrips |

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| | <p>attack that we had in the South on chillies. Additionally, from my perspective environmental aspects with influence global practices leading to for example more direct seeding in rice. We will see a mix of increased demand for our existing portfolio and that's important and thus this is why I would like to differentiate and say I talked about new launches because these were very special new launches. So the existing portfolio will actually continue to drive and we want to add to our appeal obviously with new franchises like Vayego. On rice seed side we need to widen our footprints over and above the 6444 portfolio that we carry and in corn we do see sustained growth in the country as a crop per say and we believe our current, but also our future portfolio places us quite well. We have challenges in the Rabi season, but we do hope that with new hybrids coming online and a little bit questionable whether we'll get marketing authorization this year, but latest next year, we will be also more competitive in that season again. At the end of the day, it's clearly the team that will drive the success and I fundamentally believe also our new business models will create more reach for us.</p> |
| Nikunj Savaliya | <p>Right. Thank you. So there is other question on ES divestment. D perhaps you can take this. Can you please share ES divestment status and impact on the company's revenue?</p> |
| D. Narain | <p>Yeah. Thanks Nikunj and thanks for the question. So, you are all aware that globally in March this year we announced the divestment of the ES business. Obviously, this is still work in progress, but for the India piece and Bayer CropScience Limited has to go through the approval of the board and finalizing the sale with the new buyer. At this point in time, the size of the business within the Bayer CropScience Limited portfolio is around 1.5% of the overall business, so it's a very small part of our overall portfolio in India today.</p> |
| Nikunj Savaliya | <p>Thank you. The next question is on synergy and Simon Britsch you can take this. What is the quantum of revenue and cost synergies approved in FY22 post merger and I'm clubbing another one as well do you believe most of this synergy benefits are already achieved by the company?</p> |
| Simon Britsch | <p>Okay. Thanks for the question. So when it comes to the achievement of the synergies, we have mentioned that also in some of our previous investor meets, the combination of both business allowed us to achieve the synergies that we had anticipated. We also are in that context also stayed below what we estimated as a onetime cost scenario, but I also would like to flag here that the ERP system integration is pending and is expected in the years to come. The general statement going forward of course, we will continue to invest into our strategic initiatives while we also will maintain our prudent spend management activity approach.</p> |

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| Nikunj Savaliya | Yeah. Thanks Simon. The next couple of questions is on RM cost and price increase. Simon if you can take this. RM costs have gone up worldwide for ag-chem industry. How is company dealing with this and I'm clubbing another one, are generic companies more proactive in price increases and do you anticipate further cost pressure and price increases in upcoming season? |
| Simon-Thorsten Wiebusch | Right, my favorite. Well I mean the increase in input costs have been driven by global inflation in base materials, production shortages, and supply chain disruptions, that's a fact. Also, we as a company and I think Simon eluded to it already implemented price increases and we continue to monitor our position versus both the costs, but also market dynamics. Given our usually deep and integrated global supply chain, we might not see as erratic cost of goods developments as for Bayer. Yeah, so we do anticipate underlying inflation in COGS to continue, but we will react as I said according to really our cost position and the market dynamics. Currently, what you see in the market is still a mix of products and especially the channel is still holding quite some inventory from last season by some competitors, so not everybody has as much as a channel discipline as we do and so from that perspective really to get price clarity we expect this to emerge rather when channel replenishment happened like it happens for the kharif to be really able to make a call on the market dynamics. |
| Nikunj Savaliya | Thanks Simon. So there's one more question and perhaps D you can take this. This is with respect to Glyphosate product. So what is the status of Glyphosate products in India, are there any restrictions around that? |
| D. Narain | So thanks for the question. First of all, we have been fairly clear in terms of our global position on Glyphosate and the other big piece of that is all the regulators globally where Glyphosate is sold have fully backed the product as safe product. At this point in time, we have all the necessary licenses and registration to sell Glyphosate and there is no litigation on Glyphosate in India. Nikunj. |
| Nikunj Savaliya | Yeah. Thanks D. There's another question on inventory and Simon Britsch perhaps you can take this. The question is Sir our year-end inventory has increased by approximately ₹200 crores to ₹1,512 crores, so in a rising price scenario is it correct to say that we will be enjoying inventory gains, if you could kindly elaborate on how inventory is getting valued in our books? |
| Simon Britsch | Well, let me comment in this way, let's say of course our inventories are valued lower cost of the of acquisition or the net realizable value. So, you can expect what that will also mean going forward. |
| Nikunj Savaliya | Okay. While we are at it on inventory, there is another question on channel inventory, Simon if you can take this I guess. There has |

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| | been an increase in closing channel inventory of March '22. What is the impact of this on receivable and liquidation and is it a risk for the next financial year? |
| Simon-Thorsten Wiebusch | No. Simple answer at this point, no. The quarter itself saw demand from the channel partly also in anticipation of some potential supply constraints so rumors in the market, but also the channel yeah expecting price increases and hoping they can still get a good deal on some deliveries, but also really we started with a very low channel and they gave us an opportunity. We did see some earlier buying, absolutely clear, but at this point the channel inventory is of no concern and we are approaching the kharif and rabi, that's where also the major liquidation happens. Having said that, there have been also good liquidation months at this point. So overall nothing to be concerned of; and Simon has alluded to it already, we are deliberately let's say not incentivizing early payments and cash payments where it's not necessary. So, we are extending a little bit of payment terms deliberately. |
| Nikunj Savaliya | Okay. Thanks Simon. So I think we have covered most questions in our -- either in our presentation or some other questions. I can see one more question on direct tax and Simon Britsch perhaps you can take this. Could you provide guidance on effective tax rate going forward? |
| Simon Britsch | Thanks for the question. So as you surely know, so one of the main factors determining our effective tax rate is our corn income and we have also been consistently maintaining the position that such income is exempt from tax. So now for the tax rate going forward of course changes in the corn income therefore will impact our effective tax rate. |
| Nikunj Savaliya | Thank you Simon. So I think we have covered all the questions. Yeah just one and I think perhaps we can take as the last one coming from Aditi. Company has given out ₹125/- dividend in November 2021 and ₹25/- as final dividend. Considering the company's robust performance can we expect a similar kind of distribution of profit and do we also see the same ramping up in next two-three years? I think D you can take this. |
| D. Narain | Yeah, Nikunj this is always the most favorite question in every investor meeting right. So first of all I hope everybody is happy with the dividend that we paid out signifying 125 years of Bayer. But having said that, the answer that I'll give you this year is going to be the same that we always consistently give you, that we'll be prudently managing the dividend payout, it'll factor in both our short term needs, and the long term needs and especially some of the emerging challenges that are out there that we talked about in the entire presentation. So, preserving liquidity is going to be very critical at this juncture, but having said that you've seen our track |

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| | <p>record and how we handle our payouts and so you will continue to see it in a way we maximize our return to shareholders.</p> <p>Back to you Nikunj.</p> |
| Nikunj Savaliya | <p>Thank you D and I think with that we are also exhausted the questions we have received.</p> <p>So with that again ladies and gentlemen, thank you very much for taking out time and attending today's investor meet of Bayer CropScience Limited. We thank you for your support and association with us and wish you good health. Stay safe and take care.</p> <p>With this, I close this investor meet. Thank you once again.</p> |
| D. Narain | <p>Thank you.</p> |

End of Transcript