



November 17, 2021

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/ Analyst Meet held on
November 11, 2021**

In furtherance to our letters dated November 11, 2021 and November 12, 2021 pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021, a voluntary disclosure of the transcript of the Investor/ Analyst Meet held on November 11, 2021 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**

Nikunj Kumar Savaliya
Company Secretary and Compliance Officer

Encl: As above

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**Transcript of the Investor Meet of Bayer CropScience Limited held on
Thursday, November 11, 2021**

Commencement Time: 4:00 pm IST

End Time: 05:03 pm IST

Management Participants:

Mr. D. Narain - Vice Chairman, Managing Director & Chief Executive Officer

Mr. Simon Britsch - Executive Director & Chief Financial Officer

Mr. Simon Wiebusch - Chief Operating Officer

Mr. Nikunj Savaliya - Company Secretary & Compliance Officer

Nikunj Savaliya	<p>Good afternoon ladies and gentlemen. It is my pleasure to welcome everyone to our investor meet. We are happy and thrilled to have all of you here today. We can see many attendees has joined already and some more are still joining as we speak. Trust you and your family continues to be safe and healthy. Let me first introduce our speakers for this meet. Mr. D. Narain - Vice Chairman and Managing Director of the Company, Mr. Simon Britsch - Chief Financial Officer of the Company and Mr. Simon Wiebusch - Chief Operating Officer of the Company. Sequence of today's meet will be to start with presentation by management teams, which will be followed by question and answer session.</p> <p>We have received several questions in advance, some of which we will be answering in our presentation and rest of the questions we will be taking in Q&A session. If there are additional questions, please locate the chat icon at the bottom of your screen and send in your questions to us through the chat box. In case we are unable to answer any of your questions, please feel free to send questions to us at ir_bcs1@bayer.com and we will be happy to answer your questions as always. Please note that we are recording this interaction and the recording will be available at company's website. Presentation slides are also available at BSE website as well as company's website under the Investor section.</p> <p>With that, I would like to hand it over to Mr. D. Narain</p>
D. Narain	<p>Thank you Nikunj and let me also echo a warm welcome to all of you have joined our meeting today. And even from my side, I hope each one of you and your families are staying safe. Let me, before I get into the slide, make some broad comments about agriculture in general globally and then get into the presentation. We have been talking about it before and we have highlighted it. We are seeing significant shifts in global agriculture, including India, and a big part of it is being driven by a strong convergence in thinking to make agriculture more resilient, especially given the challenges of climate change and food security. It is also important that these are challenges not of the future, but of today and we are seeing the impacts playing out with extreme weather events</p>

all over the world, including India.

Our vision globally for crop science is directly linking business outcomes with sustainability goals that are fully aligned to meet the societal objectives, to make agriculture and food systems resilient. And at the same time to do this, we will continue to drive it with innovation and strong collaboration of all these stakeholders because we have large goals and no single company can do it alone. As you can see in this slide, the cornerstone of our goals is benchmarked on three large targets; 30-30-100 sustainability targets and these targets have a strong linkage to business outcomes of which Bayer in India has a strong role to contribute significantly to make a difference more so in a country where these goals also need to focus on improving small holder incomes and rural development. We have strongly embarked on this journey with product innovation, cross system innovation and go-to market innovation to deliver these outcomes. You are aware of the Better Life Farming initiatives, our ecosystem we have been building out for the last couple of years, especially focusing on agri entrepreneurs as the last mile connect to smallholder communities and these have a large role to play in improving incomes in small holder communities. We have also been testing sustainable rice cropping systems focused on direct sowing and water management. Through these kinds of initiatives, we hope small farmers might get additional values through compensation of carbon credits generated for reducing greenhouse gas emissions in the system, but also improving water efficiencies and soil health.

All these goals also have a significant growth opportunity and create more value for all stakeholders, including Bayer CropScience and majorly contribute to the country's SDG goals as well. Let me also talk about how COVID-19 has impacted agriculture in general and what are the perspectives that we have in front of us today.

As you can see here, there are five or six themes that we clearly see happening. Digital leapfrogging; clearly we are seeing significant step up in digital connect with small holder farmers, the entire ecosystem supporting small holder farmers and this is accelerating at a rapid pace. The acceleration of innovation, and I can give you examples, including policy changes by the government in India for example, the recent deregulation of drones is a welcome step for not only efficient use of crop protection, but also directly linked to soil health and sustainability as well. We are also seeing a significant step up in capacity building and knowledge dissemination using real-time connect with farmers using digital tools. Stronger and closer linkages to communities and here is where a better life farming initiative drives those outcomes, where with the agri entrepreneur sitting directly close to small farmer communities of 500 or 1000 farmers there is a very strong linkage established. FPOs or Farmer collectivization becoming a major theme for reaching farmers.

The other trend we are seeing and especially in the area of talent, and this is important for the long-term, is remote working is actually helping

	<p>us target talent from anywhere in the country, because we have the best talent and with remote working it is now easier for us to get the best people into the company. Having said that, there are also significant challenges and hopefully they are short term because clearly we are seeing this as major headwinds at this time. Significant disruptions in global supply chains, multi-fold increase in global cost of logistics, including fuel are all putting tremendous pressure in the input costs, especially in crop protection as we work with a globally connected supply chain system. In India on the seed side, that additional dimension we have faced is on the seed production process strained, including the timely supply of seeds to the market. In summary, if I was to look at all these trends, I would say they are overall extremely positive trends for improving competitiveness for the agricultural sector.</p> <p>Before I transition to Simon, I do want to share some comments on the current financial year, and also how far we have come post integration and the merger of the two companies. While we are seeing a challenging year from the profitability standpoint mainly driven by a tough corn seed season and higher production costs impacts, the growth drivers of CP, the new most business models contributing for growth, the test and learn models we are driving on digital innovation and finally the significant step up in capacity building for small farmers are all moving in the right directions. All these are key strategic actions to drive long-term growth of the company.</p> <p>With that, let me transition over to Simon to start talking about the current business and take it forward. Thank you. Over to you Simon.</p>
Simon Wiebusch	<p>Thank you D. Namaste and a warm welcome from my side and our commercial team. I hope you are all keeping safe, and I look forward to sharing some information on the ground performance. Coming to the current season, we have been facing a multitude of challenges which in many ways, the measures we have taken in the past have helped us to mitigate. Despite the COVID restrictions faced particularly in early Kharif, low sales returns, prudent placements, flexible logistics and strong channel connect have allowed us to compensate a rather disappointing seed season with very strong crop protection growth. Throughout the season barring very heavy weather impacts in late September we have experienced solid liquidation on the back of successful, mainly digital farmer campaigns and good channel support. This allowed us to even make up for a challenging corn and cotton crop protection scenario. While overall most of them was good, localized variations such as droughts in Gujarat and floods in the east significantly altered on-ground demand from our initial clients which the team coped with successfully. Unseasonable rains during late September and partially still ongoing now, did defer some sprays and will also influence the Rabi season, specifically corn in Bihar and Eastern India.</p> <p>Commodity prices overall kept up well, though shifts in relative profitability specifically towards all seeds away from corn and cotton</p>

effected acres negatively. Also, further expansion of illegal herbicide-tolerant cotton took a toll on the industry. High volatility in vegetable prices meant quickly changing farmer moods. Despite the acre shifts, we were able to liquidate successfully and are looking at good water availability for Rabi and spring also. In addition to the already explained acre shifts, our seeds business started with very low seed stocks due to great sell-out last year. Partly due to COVID, we struggled to get new yields to market in time. Our crop protection portfolio subsequently grew in the sales mix which had some impact on overall margin development.

It is really a pleasure to report that we successfully broadened our product appeal basing growth on a variety of brands that are all performing strongly. Noteworthy is the over proportional growth that we were able to achieve in our differentiated portfolio which is specifically targeted at small holder farmers. Solomon alone grew more than 30% in the April to September period. Also our new launches were highly successful in terms of expanding our market presence and gaining quick penetration. Our investments into small holder farming are really transforming our go-to market sustainably. We are leveraging digital tools, improving our sales force steering and building resilient value chains. Scaling up Better Life Farming centres and on boarding new partners significantly expands the appeal to small holders. Intentionally supporting women entrepreneurs and hiring women sales executives is allowing us to broaden our talent base and cater to the specific needs of women farmers and their communities. Expanding our Bayer learning centres into more commercial areas is another initiative that allows us to showcase our agronomic crop solutions to farmers, academia and government stakeholders.

With Sahbhaagi, we have launched unique digitally enabled force of extension workers that can be deployed to create demand, offer services to farmers and support our Better Life Farming centres. Also, we are excited by the fast deregulation of drone technology for chemical application as we see it to significantly advance sustainable farming in India. Value chains around food and feed production, as well as strong links with farmer Producer Organizations will positively impact the resilience of food production. We believe we will see increasing demand for certified produce also in the domestic market following the export trends. Overall performance has been strong given the external environment, and movements in the field have actually been normalized now. This means that operational expenses for field travel and farmer and channel interactions are showing some catch-up trends owing to pent up demand, but also higher transportation and hospitality costs. I believe it is fair to say that the number of interactions will probably stay at a lower than pre-pandemic level as digital tools will remain but those interactions that do take place will be of higher quality.

With this, let me hand over to Simon Britsch, our CFO. Thank you.

Simon Britsch

Thank you, Simon. Hello everyone and also a warm welcome from my end. I will now walk you through our business performance in the second quarter and the first 6 months, and then finish off with a comparison of key financial metrics before and after the merger.

So, before we look at the performance of BCSL, let me briefly share with you the year-to-date global Bayer Group performance. So, you can see that group sales advanced by 9% to € 33 billion, and the EBITDA before special items came in at € 8.8 billion showing a 3% decline.

The next slide is where we can review the financial performance of BCSL. Let me first focus on the second quarter where our revenue from operations declined by 1% to Rs. 13.6 billion. One major driver here, was the performance of the corn portfolio, where we witnessed a drop in acreages due to lower farmer profitability for corn compared to other crops. In addition, higher corn returns came in due to weather related events. Another driver impacting revenue in this quarter was an unseasonal monsoon leading to lower liquidation based on which we consciously reduce channel placements. On a positive note, we have increased prices, especially for Roundup and corn seeds to soften some of the volume decrease.

Now let me comment on profit in the second quarter, which declined by 26% to Rs. 2.2 billion major reasons for that development were cost increases that could only be partially offset by price increases, and also the unfavourable portfolio mix due to the lower corn seed sales. In addition, we saw that operating costs are returning to pre-COVID levels. Now let me zoom out a bit and comment on the half year. There we recorded a revenue growth of 7% to Rs. 27.8 billion. This growth was driven by our crop protection brands, including Roundup as well as new launches such as Buonos and Fenos Quick. However as mentioned before, growth was also partially offset by reduced corn portfolio sales and the unseasonal monsoon. I also would like to mention here that out of the total revenue in the first half of the current year, the traded seeds that we announced for divestment represent 1.6%. Now moving on to profit for the half year. There has been a 12% decrease compared to last year. So it declined from Rs. 6.1 billion to Rs. 5.4 billion. Main reasons for this are the same as I explained earlier during the quarterly profitability review.

Here, I would like to give you some selected comments on the balance sheet. First, inventory is up by roughly 3 billion, mainly in preparation for the upcoming season, but also due to lower sales of our corn portfolio during the Kharif season. Second, trade receivables increased by 1.3 billion, which was on the one hand caused by our business growth. On the other hand, there has been a reduced collection compared to last year where there was a higher willingness and ability to pay, and therefore ensure supply during the COVID crisis. Nevertheless, you can see that our current year's DSO are well below our standard payment. With respect to cash flow, there has been a reduction in cash

	<p>flow from operations by 6 billion, compared to the same period last year. Major factors here were the increase in working capital, why, I explained in the background during the balance sheet review, and the tax payment under the VSV Act. Cash outflow for financing activities was lower compared to last year where we paid an interim dividend of 4 billion during the second quarter. As we have communicated, we will pay an interim dividend in the third quarter of this year, amounting to 5.6 billion.</p> <p>To finish off, I would like to focus your attention to the upper part of the slide where we have conducted a comparison of all performance prior to the merger and afterwards. You can observe the healthy growth both in revenue and profit post-merger, which we have also passed on to our shareholders with a significant increase in dividend pay-out. Thank you very much for your attention. And now I would like to invite Simon for outline the key strategic drivers that were paramount in achieving these results.</p>
<p>Simon Wiebusch</p>	<p>Thank you, Simon. Yes, leaving COVID aside a little bit, it has been a rather busy three years that D and I have spent in India already. Clearly, we quickly and successfully navigated through the integration, setting up a strong and highly motivated team across all functions. We went through an accelerated selection process to put in place an organization that would meet our synergy commitments while transforming our customer approach with pivotal focus on channel management and engagement while transforming our farmer engagement towards a more highly diversified inclusive base with clear small holder focus.</p> <p>New business models such as Better Life Farming, commercial key accounts, and e-commerce have helped diversify our footprint towards more geographies and crops than we have ever operated in before. Advancing value chain partnerships and enabling FPOs are two more areas that will cater to our belief that farming in India will see more collectivization, mechanization, digitalization and that it will become more sustainable. We are fast advancing our digital services offerings, offering disease prediction and self-service order entry. We are improving our product movement tracking and are stepping up our digital sales force steering while expanding our digital farmer connect to evermore customers. Tools such as drones will greatly improve product application and large-scale projects on direct seed advice and carbon farming underpin our saleability drive. Thank you very much.</p>
<p>D Narain</p>	<p>Before we transition to the Q&A, first of all, thanks to both Simon Wiebusch and Simon Britsch for walking us through the business and also the financial summary. As it pulled us all back together, here is what I would say number one, it has been a tough season for corn and also the cost evolution, especially the input costs, which has impacted profitability. But having said that, as we looked at the last 3 years, post integration, I think we have a strong growth trajectory established coming into the future, and also, strongly driving the synergies. But the</p>

	<p>bigger point I would make is we continue to be optimistic that the long-term market fundamental for agriculture in India are really taking shape very nicely. And a big part of it is aligned with what we are trying to achieve improving farm incomes and driving towards sustainability, which is also aligned with the goals of the government.</p> <p>As we look at our strategy and the pillars, we always talked about it. Clearly, while product innovation will continue to be core, the business model innovation is going to be a key part of the execution of our growth strategy, including building sustainable partnerships and impactful partnership with other players in the ecosystem. And finally driving it with a very strong financial discipline, like people always talked about including being disciplined in terms of how we look at the market and therefore competitiveness overall, that will continue to be key cornerstones. Finally, before we get into the Q&A, I do also want to highlight we are celebrating 125 years of Bayer in the country this year, and we do want to share not just our pride, but a short video which summarizes Bayer’s journey in this timeframe before we get into the Q&A section. With that, could we have the video please?</p>
	<p>A corporate video on Bayer’s completion of 125 years in India was played.</p>
<p>Nikunj Savaliya</p>	<p>Thank you very much D, Simon Wiebusch and Simon Britsch for the presentation. We now open the session for Q&A, and I invite all of you again D, Simon Britsch and Simon Wiebusch again. We have received a couple of questions in advance and also from the chat. So I will start with Simon Britsch, first question for you. Please provide breakdown of first half and Quarter 2 revenues with year-on-year comparison by crop protection, seeds, environmental science and others. Please also breakout revenues from export.*</p>
<p>Simon Britsch</p>	<p>Sure, thanks for the question. Let me start by looking at the half year one. So, as I said earlier on the revenue increased by 6% compared to the same previous last year. To break this down further, the growth from crop protection, including Roundup was 4% compared to the last year, which was therefore partially offset by the reduction in corn, which decreased by 2%. For the traded seeds portfolio, we saw a reduction of 1% to the previous year, which was mainly driven by cotton. For the second quarter also as I mentioned earlier on, the revenue declined by 2% compared to the last year. This was mostly driven by corn, which decreased by 3% but was partially offset by the crop protection brands, including Roundup again, which increased by 3% in the same period. For the trade seeds portfolio, the overall said increase was 2% compared to the previous year. For the exports in the first half, this was a reduction by 1% and respectively 2% in the second quarter.</p> <p><i>*Following additional information is incorporated in the Transcript for more clarity regarding the concerned question:</i></p>

	<p><i>H1 Sale of goods increased by 6% as compared to previous year. The growth is primarily driven by our Crop Protection brands including herbicide Roundup which increased by 10% [4 percentage points (pp) in terms of sales mix] as compared to previous year. Growth was partially offset by kharif corn which decreased by 11% (2 pp in terms of sales mix) due to reduced acreages and unseasonal monsoon. For the traded seeds portfolio overall revenue remained flat.</i></p> <p><i>Q2 sale of goods declined by 2% as compared to previous year. The decline is primarily driven by Corn which decreased by 68% (3 pp in terms of sales mix) compared to previous year. Decline is partially offset by Crop Protection brands including herbicide Roundup which increased by 2% (3 pp in terms of sales mix) compared to previous year. For the traded seeds portfolio overall sale increased by 50% (2 pp in terms of sales mix).</i></p> <p><i>Overall exports sale reduced by 6% (1 pp in terms of sales mix) in H1 and by 41% (2 pp in terms of sales mix) in Q2 as compared to corresponding previous year.</i></p>
Nikunj Savaliya	Thank you Simon. We have few more questions about financial as well. So I will post two more questions to you. With crop protection, how much of revenue growth came from volume growth and how much from higher prices?
Simon Britsch	The major share of the growth during the first half was driven by volume and was also supported by price increase for selected crop protection products, such as Roundup and also a price increase for corn seeds.
Nikunj Savaliya	The next question is, what percentage of revenue in first half came from new products?
Simon Britsch	So, let's say for sales from newly launched products after September 2020, the contribution was 3% in the first half and 4% in the second quarter
Nikunj Savaliya	What percentage of revenue in first half came from top five products? Can you please name these products?
Simon Britsch	Sure. So the top five brands are Dekalb, Nativo, Laudis, Solomon and Roundup. And the contribution, which was the other part of the question was 42% in the first half of the year.
Nikunj Savaliya	Did we benefit from increase in Glyphosate prices? Can you please share trends in Glyphosate in Q2 and H1 versus last year, and similarly for the rest of the portfolio?
Simon Britsch	I would rather comment on what I said before also. Of course Roundup price were increased and therefore also led to a sales increase for Roundup.
Nikunj Savaliya	Debtors have gone up from Rs. 755 crores as on March 21 to Rs. 1,355 as on September 21. If you could please elaborate on the reasons for the

	same?
Simon Britsch	So, first of all, and as I explained in my presentation, so there is an increase in our Kharif season sales and also reduced collection because we are comparing this to the COVID time when there was no liquidity in the market. So if you are comparing this year-on-year, the debtors at September 2020 stood at Rs. 12.2 billion.
Nikunj Savaliya	Thank you, Simon Britsch. Simon Wiebusch, there are a couple of questions on new products. So let me start it with you. Which new products were launched during first half?
Simon Wiebusch	We basically launched Cipel, Berdera and Ghasa which is a growth regulator for cotton that was rather after the season. But really what we are happy with is for successfully scaling up products like Fenos Quick, Buonos, Council, Emesto Prime and EverGol. So it is actually quite a broad portfolio of products, which are very new and growing. Also we are targeting a successful scale-up of Momiji in the wheat season.
Nikunj Savaliya	Has the insecticide Vayego been launched?
Simon Wiebusch	No, Vayego will be launched in financial Q3. So in the upcoming months, either in November or December, we have marketing authorization now. But we only have limited quantities available so really the big Vayego demand will be coming starting next year.
Nikunj Savaliya	The next question, can you please share your future pipeline of new products in CP & Seeds for FY22 and FY23?
Simon Wiebusch	Yeah, I would like to keep it at this point focus so really Vayego is our major focus launch at this point, and this is what we need to drive forward. There will be a couple of pre-launches of some Dekalb hybrids as well. But it is really, the organization needs to be focused on Vayego because this is really the opportunity we see where the new insecticide in this segment coming from Bayer into the market. So that is where the focus goes.
Nikunj Savaliya	There are a couple of questions which relates to corn and I will take it in sequence. First one, according to Government data, Kharif corn acreage for a stable year-on-year this year, at around 8.1 million hectares versus 8 million last year. Yet Bayer has said in its press release that Kharif corn season witnessed a drop in acreage. Can you please clarify it?
Simon Wiebusch	I can give it a try. So Kharif corn commodity prices recovered from spring. However there was higher increases in oilseeds, especially on soybeans. So this led to a relatively more favourable farm ROI on these all seeds. We have observed some movement out of corn in West and Central. The government releases estimates of crop acreages at different stages and we have also in the past, seen them change with revisions. Clearly, if you look also at some of the industry players, they would be reporting similar as we are. So we do expect also government reporting

	to be shifting with these revisions coming in.
Nikunj Savaliya	Could you expect Rabi corn acreage to be up to this year?
Simon Wiebusch	We were, yes. Well, it is not majority in the east as Bihar, West Bengal and Assam, also some in the south. In the south of whether is actually quite conducive for Rabi corn and we expect a slight increase in acres there for sure. In the east, we are really watching it on a daily basis. We had unseasonal rains in October. So, at least the early season it is definitely impacted. We are as I said, we are monitoring. But at this point assuming that the corn acres will definitely not go up significantly, if anything, be more on par with last year, especially if the weather conditions were to persist.
Nikunj Savaliya	Another question again on the corn. We have been continuously facing challenges in off take of corn seeds. What are your plans in this segment? When do you see a revival in the part?
Simon Wiebusch	Yeah. Apart from the acreage development, corn seeds is a competitive segment, and farmers tend to develop clear preferences. In some areas we are the leading brands. In others, we really need to hope also for future products that will increase our competitiveness. But clearly, we are targeting to leverage our strong channel which worked out very nicely last year, for example, right? So from that perspective, we do continue to see good developments and especially also opportunities in south India at this point.
Nikunj Savaliya	If you could also kindly elaborate on which crops are being preferred by farmers over corn?
Simon Wiebusch	I think so I said so already, it is primarily the oil crops. Depending on the geography, we have clearly seen sunflower and soybeans take over, but also mustard was very strong this year.
Nikunj Savaliya	Thank you, Simon. D, I have one question for you. The question is, post the proposed divestment of vegetable seeds business to Crystal Crop, will Bayer seed business primarily constitute corn, rice and cotton hybrids?
D Narain	Yeah. I just want to correct. What we sold is not the vegetable seed. It is pearl millet, mustard and cotton. So I think a step back and this is also related to the question that came to Simon on corn as well. Globally for us, our investment and innovation in seed is clearly confined to largely acre crops of corn and soybean and cotton and then of course, on the horticulture side, on the vegetable seeds. What we do in India as well, definitely will be in alignment with the global program, because that is what we leverage as a global company. The research and the investments that we make on breeding here also will mirror the similar kind of a footprint of focusing on rice, corn and the vegetable seed. Having said that, as far as cotton is concerned, India's cotton seed breeding was a hybrid seed program, which is unique to India whereas globally it is a

	<p>variety of program. And therefore for us, as we look at our strengths and where we want to continue investing we are going to be largely focused on what I already elaborated earlier. So that is where we have seen this divestment taking place, but that doesn't mean that we are walking away from the crop itself. And as we talked about it earlier, what we are creating is a shift from just product selling to move towards a crop system kind of a selling through collaborative partnerships and value chains. And there, whether it is with crop protection, partnership with other seed companies, and then other technologies including digital we see great opportunities to continue to play in these divested crops as well. So Simon Wiebusch, any other comments you might feel like adding? But that is the way we approach it.</p>
Simon Wiebusch	<p>No, I think you said it very well D. We will continue to look at opportunities in these crops. We just felt that we would not be able to put the necessary resources in to the really competitive on the germplasm and you would even see a trend here. The issue is cotton, for example, is only hybridized in India, nowhere else in the world. It is a very specific business, which is there. So, I think in many ways it is a decision one can understand. But that doesn't mean we are not interested in those areas. Hopefully we will be in a position to tell you more in the future.</p>
Nikunj Savaliya	<p>A couple of other questions, business related. So Simon Wiebusch maybe you can take this question. What is the position of industry and Bayer's own inventory in general for upcoming Rabi season?</p>
Simon Wiebusch	<p>Yeah, as I said, we basically from mid-September really a tapered our channel filling because we saw that liquidation was slowing down. And, this has been our strategy for let's say, past quarters and it has proven to be good for us. Having said that we are seeing a good opportunity for Rabi coming up now, and that means we are filling the channel accordingly. I believe it is fair to say that Bayer's channel position is lower, throughout the year than our competitors. I know that some competitors even had cotton products still in when closing the last quarter, which all we had taken back. So in many ways I feel very comfortable with our channel position and at the same time we are getting ready or are ready already for a quick liquidation season which is awaiting us specifically in the vegetables, grapes, potatoes and as I said, the wheat for Momiji is important for us now.</p>
Nikunj Savaliya	<p>Another question is, considering significant compression in gross margins over the last seven quarters, will management still continue to focus on volume led growth?</p>
Simon Wiebusch	<p>I think it is paramount for us to have a footprint across the country and our margins are, the gross margins are quite sensitive obviously to the product mix and to the performance of the corn portfolio. But clearly it is a topic that we are a very carefully watching, especially as D was saying with the COGS development, which is out there as well, and logistics,</p>

	cost inflation as well. So, we need to look at the pricing environments, but it is important for us to really be in a competitive position to grow this business. So, I would hope that we will be seeing an improvement in margins, but definitely, we need to continue to go for market share.
Nikunj Savaliya	The next question is reason for soft performance in the crop protection and seeds portfolio.
Simon Wiebusch	Yeah. As I say, I don't see it as a soft performance in crop protection. It is potentially just that the latter half of September was not so much going into the channel and, the seeds, we had talked about. So, in many ways I think that question should be answered already.
Nikunj Savaliya	Next question is, can you highlight recent initiatives taken with regard to increasing the sales, distribution channels, new product launches and digital tie-ups.
Simon Wiebusch	Probably again, answered during the presentation already, but, yeah we continue to diligent channel management. I think it is absolutely essential, especially seeing, what we found when we started. The expansion of Sahbhaagi is going to be important to us, the Better Life Farming centres, scale up of new products obviously, and more partnerships, including also in the e-commerce area.
Nikunj Savaliya	The next question. Can you share factors that will lead to revenue growth ahead of industry growth along with improvement in operating profit margins?
Simon Wiebusch	Yeah, as I say, the margins will continue to be sensitive to product mix and should be seen in a longer-term context not by financial quarter. But clearly this year was exceptional for seeds and we would hope to see a better environment in the future. That is what we are banking on. No question whatsoever.
Nikunj Savaliya	Another question. Have we witnessed an increase in sale of illegal BT cotton seeds on ground?
Simon Wiebusch	Yeah, I think I mentioned yes, definitely. That has really impacted the whole industry.
Nikunj Savaliya	We have seen consistent EBITDA contractions since last four quarters despite reasonably good season. Can you please explain?
Simon Wiebusch	Yeah, I think we have gone through it several times. There are different partially and also deliberate reasons. Remember, we repositioned certain products last year really to gain that footprint. We are still aiming to increase our acre share, and expand our footprint and small holder geographies. But specifically on corn seeds we need to work on the product mix, and yeah, keep getting back and that should, in many ways solve also this perceived marginal percentage topic.

Nikunj Savaliya	The next question is channel check suggest we have brought down prices for key brands like Solomon.
Simon Wiebusch	That was deliberate. We talked about it. We attract a new segment with this and, if you were to, let's say talk to the channel today versus at the end of 2018, you will find something very interesting which is at the end of 2018 people would have been telling me, Bayer products are too expensive. We do not see farmers being able to buy them. With some of the repositioning specifically around Solomon, we have significantly changed the perception within the channel that Bayer has products, which are available to farmers and farmers will come to me and say, 'Simon, finally, I can afford a Bayer product' and that gives us an opportunity to up sell also in the future. So again, the acre expansion is a very deliberate move to really get ourselves onto more acres also with more profitable products in future.
Nikunj Savaliya	The next question is raw material prices and logistics costs have seen an increase which has been partially offset by price hike in the business. Are we looking at further price hike to compensate for the same or are we looking at reversal of increasing cost?
Simon Wiebusch	Yeah, I think the global environment currently indicates continued pressure on raw materials and logistics capacities. So it is very clear. This is bound to translate into higher cost of goods and we see subsequently really a positive pricing environment, if I may call it so, still I need to balance it out. You know that there is a very large generic segment in the country, and we are currently actually seeing that the differential between generics and our branded products is becoming smaller because generics are inflating the prices quicker. And that is actually allowing farmers to up trade and that is something which given my possible situation, I might potentially want to use as much as possible in this environment.
Nikunj Savaliya	Next question is, our margins for Q2 FY22 have come down from 22% to 16% year-on-year basis. What is your guidance for H2 FY22?
Simon Wiebusch	I don't think we should be giving margin guidance here. But we have talked about it. We had impacts specifically from the corn season. I would hope that we will not have such a negative development in the corn season going forward, and I am quite positive about the rest of the portfolio for the Rabi seeds. So, I would in that sense, not be able to say much more than I should be.
Nikunj Savaliya	We have also mentioned about product mix impacting the margin and CP segment. If you could also touch upon how are we looking to reverse this impact and make it a favorable product mix scenario for the company?
Simon Wiebusch	Yeah, as I say, the biggest swing really comes from the development of the corn seed business and in this case, very negative, right? And if we would assume improvements here in the future, having said that clearly we will look at supporting on margin development, and also in the CP

	area where possible again, as I said, the pricing environment might be positive. But these swings will come in bad corn seasons. We are not able to compensate that, it will have its way. Still I believe we have probably seen the worst of it. I would hope it reverses.
Nikunj Savaliya	In Q2 FY22, we have also seeing higher seeds return. Can you please comment on the same and should it be looked at as one-off event?
Simon Wiebusch	Yeah, it is actually a base effect. We had exceptionally low returns last year. Some of you might remember, we are in a position to reverse provisions this time. Unfortunately, we had more returns than we have provisioned for, so that was the effect.
Nikunj Savaliya	Next question. Bayer has achieved good growth in crop protection driven by new product launches. What are our future plans in this segment specifically on gaining market share?
Simon Wiebusch	Well, we expect our crop protection portfolio to continue to perform well and clearly are working on improving our seeds position. So, in many ways if you look at it, to be able to compensate what we lost in seeds is actually testament to a very-very strong team performance out there, and I would see it as a new strong base to build upon. So, we obviously want to continue the growth and momentum we have seen in crop protection, and with the seed business coming back that should give us a nice, may I call it a tailwinds in that sense.
Nikunj Savaliya	How has small farm holders scale up been for us? What would be percentage of sales from them?
Simon Wiebusch	Yeah, given that a large number of farmers in India would always be considered as small owners in any case, it is hard to differentiate precisely, and I also don't think it is sensible to do that. But it is important that we have significantly expanded our footprint and back D's statements initially Bayer targeting a hundred million small holders, you can imagine what that means. If, we in India don't expand our footprint Bayer will not achieve, or we as Bayer will not achieve these global goals. So, portfolio decisions around Solomon, but also the launch of Fenos Quick and Buonos in segments which are approachable to more farmers give us a lot of, back wins, tailwinds in that sense, to expand the footprint, and that is going to be strategy going forward.
Nikunj Savaliya	How should one want to understand gross margins for us going forward, especially given supply chain issues in China? So we have taken any price increase in this? Asking as our margin, especially gross margins, been all over the place and seen considerable volatility.
Simon Wiebusch	Yeah. Clearly we would like to reduce the volatility, no question, and the performance of the seed portfolio, corn seed portfolio specifically will be crucial to reduce the swings. We are going into the situation in terms of supply chain open eyed. We have already seen quite some price adaptations as Simon has already said in the glyphosate portfolio and

	<p>now looking also at the product portfolio. But again, for us, it is important to find the right timing and also find the right, may I say, how I may call it, the sweet spot. I would call it the sweet spot, right. We have an opportunity right now to really gain customers because I think we will be seeing massive swings with companies which are solely dependent on spot pricing, and that gives me an opportunity to on the one hand, yes, take price increases where it is essential and where it is also possible, but on the other side, continue to gain new farmer customers into the Bayer fold.</p>
Nikunj Savaliya	<p>Thank you, Simon. So before I go for a couple of synergy questions D, I would like to take this question. Any plan to merge unlisted entities of Monsanto into BCS?</p>
D. Narain	<p>That is a very popular question all the time. All I can say is we are very focused on executing our strategy, what we have and Bayer Crop Science, we have a very strong portfolio, both crop protection and corn seeds, and now of course, very focused on rice seeds distribution. And so that is what we would focus on to create value in Bayer Crop Science at this point in time.</p>
Nikunj Savaliya	<p>So questions with respect to synergies, Simon Britsch you can take this. What is the quantum of revenue and post synergies approved in the first half of FY22, post merger. Do you believe most of the synergy benefits are already achieved by the company?</p>
Simon Britsch	<p>So, in general as we reported in the last meeting of that kind, the combination of the both business is going very well, and we already delivered above all expectations and also ahead of our anticipated timeline for three years. That is also true for the commercial integration as we have also seen in this discussion today, where we have really strong contributions on the top line from the combined distribution also for the portfolio, especially around the corn seeds business and Roundup, and therefore we are well on track. We are also well below our one-time cost estimations. However, what is still pending is the ERP system integration, which is to come in the coming years.</p>
Nikunj Savaliya	<p>Simon there are two more questions for you. Employee expenses and other expenses increased by 30% year-on-year during Q2 FY22. Any specific reason for a sharp increase in operating cost?</p>
Simon Britsch	<p>Yeah, let me highlight three major reasons. So one is, the one which was also mentioned in the question. So employee costs that is mainly driven due to a significantly lower bonus in the last year. The other part is that we have also a higher utilization and incentives in kind. So that is the second piece. And the third piece, as also mentioned in my presentation earlier on is that we see an increase or returning to the levels pre-COVID when it comes to promotional expenses and travel.</p>
Nikunj Savaliya	<p>I can see two more questions coming. Largely rest of the questions, I think is something which we have already covered already. But this is the</p>

	one Simon Wiebusch goes to you. Can you explain what Bayer India has initiative on outcome-based digital offering?
Simon Wiebusch	Yeah, I think the most tangible ones is really around food chain and certifications there where we are really seeing let's say also near term opportunities. We believe that you will be seeing more producers really looking, not just to meet exports necessities, like residue levels and quality standards but also this will be coming more for domestic, especially, may I say, organized retail, and here we hope that we will be able to via predictive models really help farmers to reduce the inputs of specifically fungicides, if you like on disease prediction, but also on insecticides when you identify insect development early. And that should allow us to build outcome-based service income models around it. But quite honestly, I think this is still going to take some time until we would really be seeing this having a significant or mentionable impact on the turnover. Still, we are clearly looking also with Better Life Farming centres, how we can monetize the franchise around on boarding partners and potentially having service incomes there as well. Another model that we are really looking at with accelerated interest is around GHG, so greenhouse gas emission reduction on our carbon farming initiative where the jury is still held in how far we are going to be seeing a real carbon trading market in India and how far also agriculture will be, let's say, eligible here. But the discussion is actually quite vivid and I assume post the Glasgow Meeting on November 26, we might be getting a bit more clarity on this. So we are working together with jury but also certification agencies to try to really monitor the reduction of greenhouse gas emissions when you change the model of rice cultivation. And with that have a tangible proof that farmers are emitting less greenhouse gases, specifically methane than they would have done in the past, which in theory should allow us then to apply also for carbon credits.
Nikunj Savaliya	Thank you Simon. We just exceeded our scheduled time. But let me take this, the last question which is a quick one, Simon Britsch to you. What is crop protection growth excluding Roundup?
Simon Britsch	That is a really short question. So in the first half it is 5%.
Nikunj Savaliya	Thanks Simon. So now we just exceeded our time. So ladies and gentlemen, thank you very much for taking out time and attending today the Investor Meet of Bayer CropScience Limited. And thank you for your support and association with us, and wish you good health. Stay safe and take care. With this, I close this Investor Meet. Thanks to you once again.

End of Transcript