Dated: 26 Nov 2025

Bayer Cropscience (BYRCS) - ADD

Company Update

Current Market Price (CMP)	Fair Value (FV)
Rs.4,608	**Rs.5,100**

Rationale:

- We attended Bayer's analyst meet on Tuesday afternoon.
- For the first time ever, management offered revenue and margin guidance from a 3–5-year perspective.
- Revenue guidance is broadly consistent with our expectations, and although margin recovery guidance is lower, it may be somewhat conservative.
- There is a 2% increase in FY26E EPS to Rs147.7 but 1-3% cuts in FY27E-28E EPS.
- We continue to value the stock using a 25X forward P/E.
- Modest revisions to estimates & lower FV to Rs5,100 (from Rs5,220); retain ADD.

Positives:

- Management guided to high-single to low-double-digit revenue growth with at least 100 bps PBT margin expansion over next 2–3 years versus the depressed FY25 base.
- Sales of corn hybrids are seen doubling over that timeframe.
- An improved pipeline of new product launches which should help defend profitability.
- Margin recovery is expected to be driven by input cost reduction, normalization of one-time charges and operating leverage.

Negatives:

- FY26 revenue growth to fall short of medium-term guidance range.
- Excessive rainfall during Q2FY26 impacted crop protection sales and near-term caution in channel placement could impact Q3FY26 revenues.
- Year-to-year growth visibility remains limited, margin guidance may be below expectations, and recent pressure on corn prices is a risk.

(EPS – Earnings Per Share; P/E – Price-to-Earnings ratio; PBT – Profit Before Tax)

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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