

BAYER CROPSCIENCE LTD.**Buy at CMP: Rs 5394 | Target: Rs 6346 (18%) | SL: Rs 4950**

Sector

Sep 25, 2023

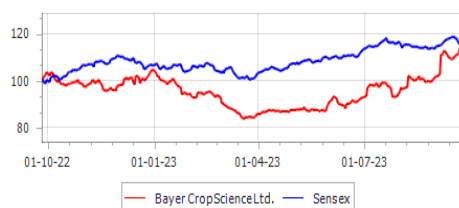
Chemicals

**Script Details**

BSE Group	A
BSE Code	506285
NSE Code	BAYERCROP
Bloomberg Code	BYRCS IN
Market Cap (INR Cr.)	21,587
Free Float (%)	28.6%
52wk Low/High	5662/3922
Beta (1yr Nifty 50)	0.39
Face Value (INR)/ D. Yield (%)	10/2.7
Total paid Up Shares (Mn.)	44.9

Share Holding Pattern (%)

Promoters	Public	Others
71.4%	28.6%	-

Share Price Relative Performance

Bayer Crop Science Limited is the flagship company of the Bayer Group in India and is publicly listed on the Bombay Stock Exchange. The company is engaged in 'Agri Care' business which primarily includes manufacture, sale and distribution of insecticides, fungicides, herbicide and various other agrochemical products and production, sale and distribution of hybrid corn seeds. The Company is also involved in sale and distribution of other row crop hybrid seeds.

Investment Rationale

- ◆ **New Launched Products Gaining traction:** Company has launched new product portfolio in recent, The company has experienced a favorable reception of its recently introduced products and has witnessed growth in the corn seeds segment, with a strong emphasis on bolstering its brand presence. Simultaneously, transformative efforts are aligning with an expanding market approach, Approximately 44% of the company's overall domestic sales are accounted for by its top five products, which consist of Dekalb, RoundUp, Nativo, Laudis, and Council Activ.
- ◆ **Pickup in Glyphosate Prices to Boost Realizations:** Company says, Glyphosate prices have rebounded more swiftly than originally projected, with the product's availability expected to counterbalance the decrease in pricing impact, this pickup to help in improving realizations. Furthermore, the company's distribution channels have been meticulously prepared and are primed for the upcoming season.
- ◆ **Robust 1QFY24 Performance, Despite Adverse Conditions:** Company reported a 2% YoY revenue growth in 1QFY24, driven by strong performance in corn hybrid seeds and Crop Protection (CP). Rabi'23 maize acreage increased by 16% YoY due to favorable domestic corn prices, benefiting the company's diverse product range. Channel inventory has remained healthy, leading to streamlined supply of products.
- ◆ **Outlook and Valuations:** We estimate BAYRCROP to report PAT of INR 1112 Cr of PAT by FY26E. Which implies forward PE of 19.4(x) for FY26E. We value it with a Price to Earnings of 25.8x to FY25E EPS which results per share value of INR 6346. We recommend BUY on BAYERCROP at CMP of INR 5394 with Target price of INR 6346 (18%).

Financial Snapshot

Year	Revenue	EBITDA	PAT	PE Ratio (x)	EV/EBITDA (x)
FY23	5,140	924	758	28.5	20.2
FY24E	5,808	1,045	871	24.8	19.8
FY25E	6,563	1,181	984	21.9	17.5
FY26E	7,416	1,335	1,112	19.4	15.5

Source: Company Data, Ace Equity, GEPL Research

TECHNICAL VIEW

Observation

- The stock of BAYERCROP has exhibited a shift in price dynamics around the 4000 mark, hinting at an optimistic price trend.
- Over the last week, the stock displayed a significant breakout from a Double Bottom pattern, suggesting the initiation of a bullish trend.
- This price movement has been accompanied by an uptick in trading volumes, signifying robust long built-up.
- Throughout this phase, the stock has remained steadfastly above its 12-Week Exponential Moving Average (EMA), acting as a solid dynamic support.
- Enhancing this positive outlook, the weekly Relative Strength Index (RSI) has ascended and consistently held above the 60 threshold, underlining the prevailing bullish momentum.



Inference & Expectations

- Considering these factors, it can be inferred that BAYERCROP stock is set to begin uptrend.
- Going ahead we expect the prices to move higher till 6180 level.
- The stop loss must be at 4950 level, strictly on the closing basis.

Source: Tradingview.in, GEPL Research



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