Background

Bayer was set up in 1863 in Leverkusen, Germany and currently has around 93,000 employees and is represented by 300 companies. Bayer Group worldwide had net sales of US$ 34.08 billion (Euro 27.38 billion) with research and development expenses of US$ 2.24 billion (Euro 1.8 billion) in 2005. Bayer HealthCare, Bayer CropScience and Bayer MaterialScience are the three business segments of the Bayer Group. In 2002, Bayer acquired Aventis CropScience (ACS) worldwide. This acquisition considerably expanded Bayer’s crop protection business. In 2005, Bayer acquired the consumer health business from Roche worldwide which has helped enhance its performance substantially.

Bayer Group has a history of over hundred years in India. The Bayer Group was set up as “Farbenfabriken Bayer and Co. Ltd.” in Mumbai in 1896 and was the first wholly-owned subsidiary in Asia. Currently India is among the most promising individual markets for Bayer in Asia. It has an estimated 2,800 employees and seven local production centres in the country. Bayer’s activities in India are in all the three fields of business - nutrition (crop science), health care and high-tech materials (material science). There are seven companies in India which are part of Bayer or in which Bayer is a major stakeholder.

The Indian market offers significant growth opportunities for Bayer

India has been identified as a key market for Bayer. Indian economy is highly dependent on agriculture, which makes India a very attractive market for the company. Currently, Bayer is the leader in the crop science segment in India with a 14-15 per cent market share. The exports of active ingredients produced in India to other Bayer companies have shown significant increase as well.

The material science business is the fastest growing business unit in India and the company is the market leader in providing raw materials for the optical data storage industry. In the health care segment, the company has been growing primarily in the area of diagnostic equipment. Bayer in India has been able to meet the expectations of its
parent and India has become a strategically important market for the group.

**Success factors**

Brand name, high quality standards and a stable political situation are some of the key factors of success for any company in India.

Bayer has been in India for over 100 years and enjoys strong brand equity in the Indian market. The company has over the years set a high standard in areas of health, safety, quality and environment protection. Further, it has also successfully created high technical and corporate governance standards. These standards have almost become benchmarks for the industry. The customers appreciate these aspects of the company.

In addition, some external factors too have contributed to the success of the company. Indian market is on a growth path and this automatically generates a lot of demand for the products that Bayer manufactures. The low cost and English speaking workforce is another advantage India offers. Stable political environment along with a good legal system makes India an attractive destination to do business.

Success was not easy for the company. India, in many ways is a difficult market compared to other countries. The company is also facing challenges to attract and retain talent, as the chemicals business is not as attractive as sectors such as the IT services.

**Future plans**

Bayer in India has plans to grow all the three lines of its business. In CropScience, the company plans to continue innovating and introduce new products suited for Indian agriculture. The company also plans to develop the seeds business in India. In Material Science, the plan is to aggressively grow and create new demand. The company is setting up a System House, near New Delhi, to provide customised solutions for the polyurethane industry.

The company also plans to invest in research-intensive areas. Company management believes that innovations are the foundation for the company’s competitiveness and its corporate growth, and hence it is very crucial for the firm’s success in the future.

**Bayer Group in India: At a glance**

- Bayer was set up in 1896 in India, and was the first wholly-owned subsidiary of the Company in Asia.
- For Bayer, India is: A key growth market and is among the most promising individual markets for the company in Asia.
- Factors for success: Recognised brand name, high standards, stable political environment and legal system, cost advantage and skilled English speaking workforce.
- Future plans: Grow all the three lines of business, invest in research.