

# Sumitomo Chemical India Limited





Investor Presentation

### Safe Harbour



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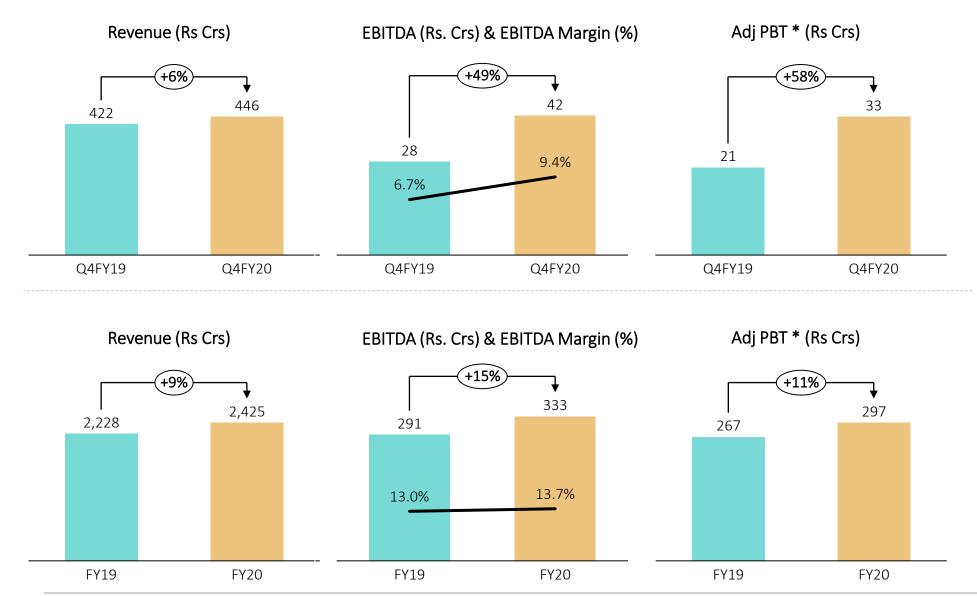
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# Performance Highlights – Q4 & FY20





- Q4 FY20 revenue growth of 6% YoY driven by broad-based volume growth across products, geographies and business segments
- ✓ Good monsoon and availability of water have boosted farmer sentiment and resulted in good growth in rabi season as well as upcoming Kharif season in the domestic market
- ✓ EBITDA margins improved by 275 bps to 9.4% in Q4FY20 lead by Gross Margin expansion
- ✓ Q4 PBT adjusted for Merger expenses grew 58% Y-o-Y

# Consolidated Profit & Loss Account Statement



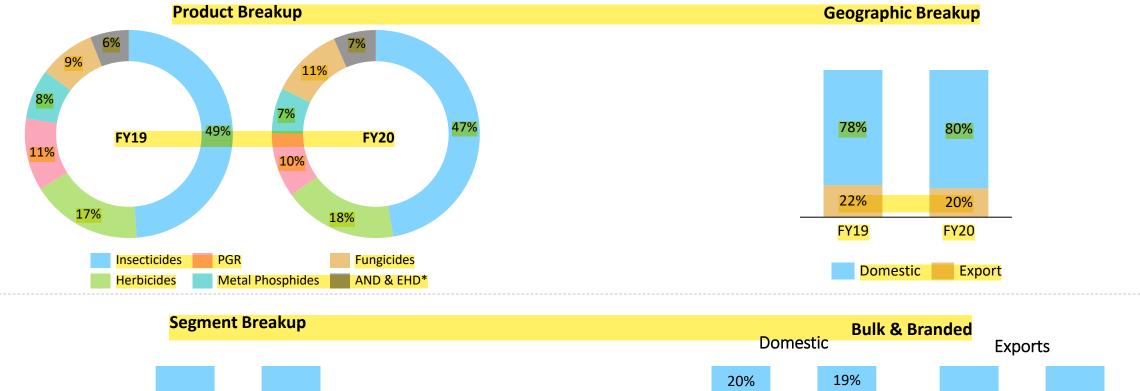
Particulars (Rs. Crs)	Q4 FY20	Q4 FY19	YoY	FY20	FY19	YoY
Revenue from Operations	445.8	421.7	6%	2,424.8	2,228.4	9%
COGS	289.8	285.4	 	1,607.7	1,458.9	 
Gross Profit	155.9	136.3	14%	817.1	769.6	6%
Gross Profit %	35.0%	32.3%	266 bps	33.7%	34.5%	-84 bps
Employee Expenses	46.5	38.1		179.3	158.4	 
Other Operating Expenses	67.5	70.1		304.7	320.5	 
Operating EBITDA	42.0	28.1	49%	333.1	290.7	15%
EBITDA Margin	9.4%	6.7%	275 bps	13.7%	13.0%	69 bps
Other Income	5.1	1.7		10.7	7.6	 
Depreciation	12.9	7.4	 	41.0	27.8	 
EBIT	34.1	22.4	52%	302.8	270.5	12%
EBIT Margin	7.6%	5.3%	234 bps	12.5%	12.1%	35 bps
Interest	1.3	1.6		5.5	3.7	1   
Profit Before Tax & Exceptional	32.8	20.8	58%	297.4	266.8	11%
Exceptional Item Gain / (Loss)*	1.2	2.7	 	30.9	7.0	       
Profit Before Tax	31.6	18.0	75%	266.5	259.8	3%
PBT Margin	7.1%	4.3%	281 bps	11.0%	11.7%	-67 bps
Tax	8.7	19.1		61.8	94.0	
Net Profit	22.9	-1.1	-    -	204.7	165.8	23%
Net Profit Margin	5.1%	-0.3%	540 bps	8.4%	7.4%	100 bps
Other Comprehensive Income	-6.7	-0.5	)       	-5.1	0.1	
Total Comprehensive income for the period	16.2	-1.6	7       	199.5	165.9	
EPS	0.46	-0.02	 	4.10	3.32	1   

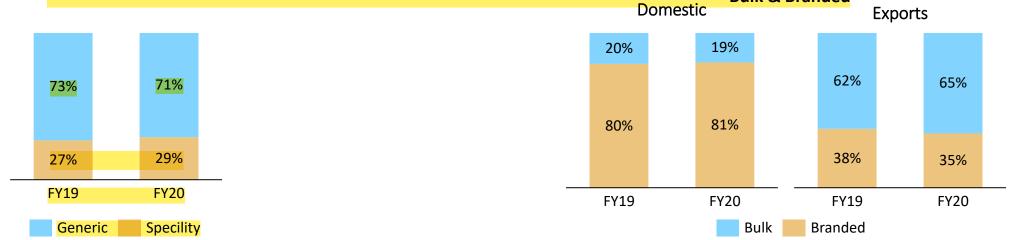
Given the seasonality in the business, it is best monitored on an annual basis since a significant portion of revenue & PAT is recorded in the first half of the year

<sup>\*</sup> Merger expenses of Rs. 1.2 Crs for Q4FY20 and Rs. 30.9 Crs for FY20

# Revenue Breakup – FY20 Vs FY19







<sup>\*</sup> Animal Nutrition Division (AND) and Environmental Health Division (EHD)

### Consolidated Balance Sheet



Assets (Rs. Crs)	Mar-20	Mar-19
Non-Current Assets (A)	360.6	318.3
Property, Plant and Equipment	282.9	277.2
Capital work-in-progress	6.5	3.2
Right to use an Asset	34.9	-
Other Intangible Assets	1.7	2.1
Intangible Assets under Development	3.8	4.9
Financial Assets		
(i) Investments	0.1	0.1
(ii) Loans	5.3	7.6
Non-Current tax Assets (net)	20.2	18.8
Deferred tax Asset (net)	1.1	-
Other non-current Assets	4.1	4.4
Current Assets (B)	1,745.6	1,541.7
Inventories	588.0	680.6
Financial Assets		
(i) Investments	86.0	-
(ii) Trade receivables	849.8	671.0
(iii) Cash and cash equivalents	92.6	50.5
(iv) Bank balances other than (iii) above	0.9	0.9
(v) Loans	7.9	5.1
(vi) Other financial assets	21.8	15.8
Other Current Assets	98.6	117.8
Total Assets (A+B)	2,106.2	1,860.0

Equity & Liabilities (Rs. Crs)	Mar-20	Mar-19
EQUITY (A)	1,221.8	1,048.4
Equity Share Capital	499.1	274.6
Other Equity	722.6	773.8
Non-current liabilities (B)	44.5	30.2
Financial liabilities		
Lease Liabilities	19.4	-
Provisions	25.1	15.6
Deferred tax liabilities (net)	-	14.6
Current liabilities (C)	839.9	781.3
Financial liabilities		
(i) Borrowings	-	19.7
(ii) Trade Payables	490.9	480.8
(iii) Lease Liabilities	16.2	-
(iii) Other financial liabilities	235.4	179.2
Other current liabilities	80.2	87.2
Provisions	9.7	2.5
Current tax liabilities	7.4	12.0
Total Equity & Liabilities	2,106.2	1,860.0

NIL borrowings with Cash, Cash Equivalents & Investments of ~Rs. 180 Crs as on 31st March 2020

<sup>1.</sup> Given the seasonality in the business, it is best monitored on an annual basis since a significant portion of revenue & PAT is recorded in the first half of the year

<sup>2.</sup> Appointed date for merger of ECC and SCIL is 1st Apr'18

# Consolidated Working Capital Movement



Particulars (Rs. Cr)	Mar-20	Mar-19	Change
Inventory (A)	588.0	680.6	-92.6
Inventory Days (Inventories/ COGS*365) (i)	133	170	
Trade Receivables (B)	849.8	671.0	178.8
Trade Receivables Days (Trade Receivables / Revenue*365) (ii)	128	110	
Trade Payables (C)	490.9	480.8	10.2
Trade Payables Days (Trade Payables/ COGS*365) (iii)	111	120	
Other Current Liabilities (D)	235.4	179.2	56.3
Other Current Liabilities Days (Other Current Liabilities / Revenue*365) (iv)	35	29	
Net Working Capital (A+B-C-D)	711.4	691.6	19.7
Net Working Capital Days (i + ii – iii – iv)	115	131	

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### Key Developments



### Update on COVID-19

- ✓ Global pandemic Covid-19 caused severe impact globally and in India. India announced country-wide strict lockdown since last week of March 2020 and such measures continue to be in force till date in gradually relaxed form
- ✓ The Company's operations have been classified as 'essential' and the Company has been permitted to operate under the lock-down guidelines
- ✓ Due to the Company's priority towards safety and several practical difficulties faced at local level, operations were impacted initially and resumed gradually over the period
- ✓ Production of subsequent period is expected to be marginally lower due to precautions taken in line with restrictions imposed on account of Covid-19
- ✓ Currently, most functions including sales & distribution, procurement, supply chain, logistics and corporate functions, continue to be operational, duly following safety guidelines, without any material adverse impact
- ✓ Overall Production resumed from mid-April 2020 and capacity utilization of plants has been improving gradually since then
  - April 2020: Capacity utilization was 20-25%
  - May 2020: Capacity utilization was 60-65%
- Favourable weather conditions expected as per IMD

### Safety measures undertaken by the Company











### Key Developments



### Impact of Draft order banning 27 Insecticides by Government of India

- ✓ Recently the Government of India released a draft notification for public comments regarding proposed ban of some agro-chemical products
- ✓ The matter is being discussed at various forums such as various industry associations and farmers associations
- ✓ Such forums and the Company are expected to take necessary actions to defend these products such as filing suitable explanations and technical justifications with authorities for favorable technical assessment and if necessary, other legal recourse
- ✓ Based on the management understanding and expectations, the matter is not likely to have material adverse impact on the Company's operations as restrictions, if any, are not expected to be applicable to exports
- ✓ The list of products proposed to be banned includes some of the Company's products
  - Two technical grade products manufactured by the Company: Chlorpyriphos and Quinalphos
  - Some other products wherein Technical Grade is purchased by the Company and then it undertakes formulations and distribution

# Company Overview

Formidable Player in the Indian Agrochemicals Space

Journey to 10x Growth in India

Merger of Excel Crop Care Unlocking Value

Autonomous Board with Vast Industry Experience

To Benefit from Strong Parentage of SCC Japan

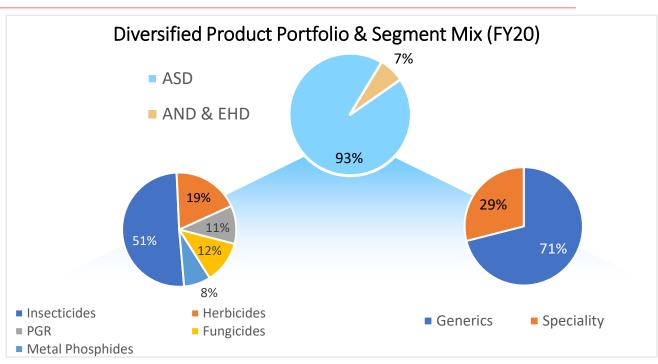
# Leading Agrochemicals Player in India



#### Overview

- Incorporated in 2000 as a wholly owned subsidiary of SCC, Japan to drive expansion of its Health & Crop Sciences business in India
- Primarily engaged in manufacture and sale of speciality and generic products under Agrosolutions Division (ASD), Environmental Health Division (EHD) and Animal Nutrition Division (AND)
- Strong R&D capabilities with dedicated pool of **75+** engineers and scientists capable of creating new combinations process developments and improvements
- Recently Excel Crop Care, a leading player engaged in the manufacturing and marketing of Crop Protection, Soil Nutrition, Seed Treatment and Post Harvest products merged with Sumitomo Chemical India Ltd.
- Strong track record of driving growth (11% CAGR over FY11-20 on pro-forma numbers) with strong return ratios (FY20 ROCE of 27%)





	Product Name	Product Category	Indicative Use
	Glyphosate	Herbicide	Tea Gardens, non-cropped
	Profenophos	Insecticide	Cotton, Soya bean
	Dantotsu	Insecticides	Vegetables
	Tebuconazole	Fungicides	Wheat, Soya bean, Chilli
Key Pr	Progibb	Plant Growth Regulator	Citrus Fruits
× e	Aluminum Phosphide	Fumigant	Warehousing of Food Grains
	Chlorpyriphos	Insecticide	Paddy, Beans, Gram
	DL-Methionine	Animal Nutrition	Poultry

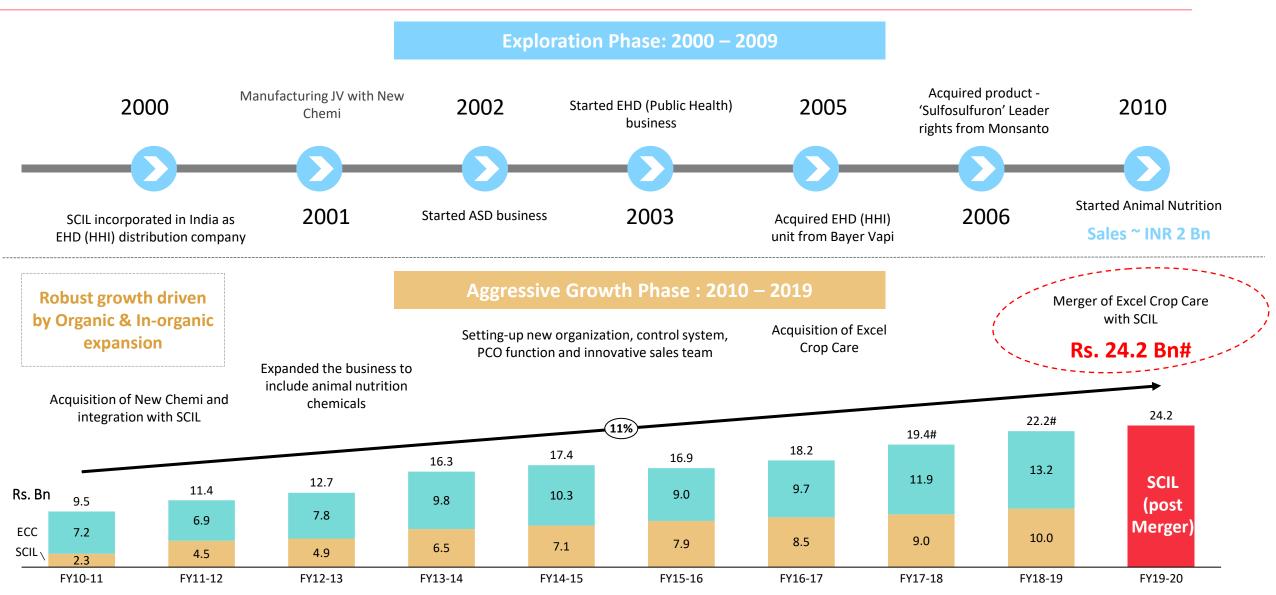
# Formidable Player in the Indian Agrochemicals Space





### Journey to 10x Growth in India

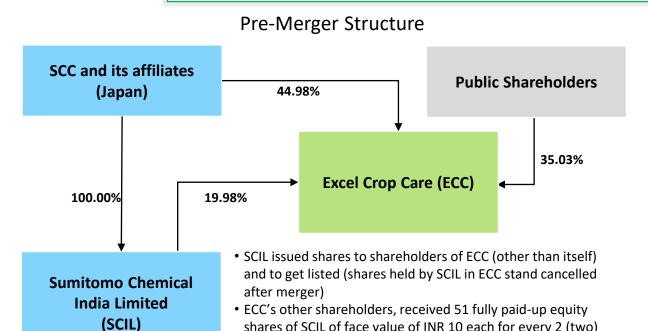




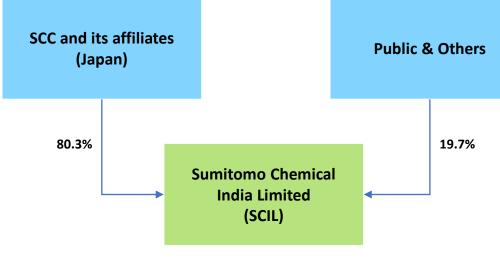
## Merger of Excel Crop Care to Unlock Value



### Successfully and smoothly completed the merger



### Post-Merger Structure



- Equity shares of SCIL listed on the Stock Exchanges from 27<sup>th</sup> Jan'20
- Public shareholding to increase to 25% within a period of one year from the date of listing

### "Long term Commitment from SCC, Japan"

#### De-risked Portfolio

Presence in both technical & formulation manufacturing and across complete range of products

### **Highly Complementary Offerings**

shares of SCIL of face value of INR 10 each for every 2 (two)

fully paid-up equity shares of face value of INR 5 held in ECC

Spread across generics & speciality and to leverage dual brands for offerings across the price spectrum

#### **Distribution Scale**

Well-entrenched pan-India network and synergies in product marketing

#### **Operational Synergies**

Continuous improvement in manufacturing efficiencies, location realignment and process efficiencies to lead to margin expansion

#### **Undivided Parent Focus**

Backing of a well-established parent company with single focused entity of scale to drive India expansion

# Well-diversified Platform of Scale (1/2)



Parameter	ECCL	4	SCIL (Pre-Merger)	SCIL (Post-Merger)
Manufacturing Facilities	Plants in Gujarat (2) and Dadar & Nagar Haveli (1)		Plant in Maharashtra (1) and Gujarat (1)	5 plants in West India
Manufacturing Capability	Predominantly a formulation company with facilities for both formulation & technical		Manufacturing of formulations	Presence in both technical & formulation manufacturing
Distribution Capability	4,700+ distributors located across India		9,000+ distributors concentrated in few regions	Improved depth and breadth of the distributors
R&D Capability	3 fully equipped R&D facilities for synthesis and formulation of chemicals		Outsources R&D requirements	Creating new combinations using SCIL's chemistries
Industry Sub-segments	Insecticides (44%), Herbicides (27%), Fungicides (11%), Metal Phosphides (13%), Others* (5%)		Insecticides (63%), Fungicide (8%), Herbicide (7%) & Others*(22%)	Insecticides (52%), Herbicides (19%), Fungicides (9%), Metal Phosphides (8%), Others* (12%)

\*Others - Soil Nutrition, Biological, PGR etc.

# Well-diversified Platform of Scale (2/2)



Parameter	ECCL	SCIL (Pre-Merger)	SCIL (Post-Merger)
Product Capability	Major focus on Generics; nascent presence in Biopesticides	Major focus on Speciality Products	Presence across complete range of products
Business Segments	Presence only in agrochemical segment	Presence in ASD, AND and EHD segments^	ASD focused with presence in AND & EHD^
Range of Crops Served	Staple crops with major presence in Kharif season	Fruits and vegetable crops covering both Kharif and Rabi season	Well diversified product range covering Kharif & Rabi crops
Customer Concentration	Top 5 customers contributes to ~12% of sales	Top 5 customers contributes to ~15% of sales	Top 5 customers contribute ~12% of sales
S&M Capability	Strong wide-spread presence with the distributors / retailers	High degree of engagement with the farmers	Strong presence with both the retailers and farmers

<sup>^</sup>ASD – Agro-solutions Division; AND – Animal Nutrition Division; EHD – Environmental health Division

### Autonomous Board with Vast Industry Experience





Dr. Mukul Govindji Asher

#### **Chairman and Independent Director**

- Professorial Fellow at Lee Kuan Yew School of Public Policy at the National University of Singapore
- Advisor to Govts in Asia on tax policy & pension reforms; and to multi-lateral institutions including IMF, Asian Development Bank, PFRDA of India, Govt of Gujarat, & World Bank
- Member of the panel to review Crawford School of Public Policy at Australian National University



**Chetan Shantilal Shah** 

#### **Managing Director**

- Commerce graduate from the University of Mumbai and holds a master's degree in Business Administration from North Rope University in the USA
- Over 43 years of industry experience in various leadership and senior management roles



**Sushil Champaklal Marfatia** 

#### **Executive Director**

- Chartered Accountant with over 42 years of industry experience
- Worked with New Chemi Industries Limited for 33 years which was later merged with the Company



### **Ninad Dwarkanath Gupte**

#### Non-executive Director

- Experience of 43 years in management of companies operating in fine chemicals, performance chemicals, industrial chemicals & agrochemicals
- Held senior positions at Excel Industries, BASF India, Herdillia Chemicals and worked as MD of Cheminova India and Agrocel Industries and as Joint MD of Excel Crop Care

### Autonomous Board with Vast Industry Experience





**Bhupendranath Bhargava** 

#### **Independent Non-executive Director**

- Experience of over 50 years in areas including banking, project financing and credit rating
- Held directorship in several leading corporates and was on the advisory board of an independent regulatory body set up by the Government of India to work on reforms in telecommunications sector



Preeti Gautam Mehta
Independent Non-executive Director

 30 years of experience in corporate laws, foreign investment and collaborations, mergers and acquisitions and private equity investments, banking, franchising and hospitality



Hiroyoshi Mukai Non-executive Director

- Associated with Sumitomo Chemical Group for over 30 years
- Holds a bachelor's degree from the University of Osaka, Japan



Tadashi Katayama Non-executive Director

- MBA from Vanderbilt University, U.S.A. and a Master's degree from Kyoto University in Japan
- Associated with Sumitomo Chemical, Japan since 1992 in the Health and Crop Science business unit in various positions

Board is supported by Strong and experienced management team associated with Company since long

## To Benefit from Strong Parentage of SCC Japan

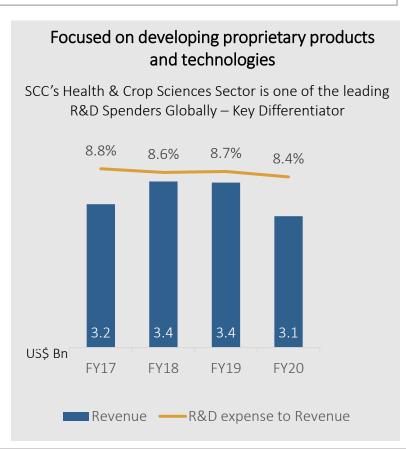


### About SCC, Japan

- ✓ SCC is a leading Japanese research driven diversified chemical company listed on the Tokyo Stock Exchange with consolidated sales revenue for FY20 of US\$ 20.3 bn and Health & Crop Sciences Sector of US\$ 3.1 bn
- ✓ Offers diverse range of products globally in the fields of petrochemicals, energy and functional materials, IT-related chemicals and materials, health and crop sciences products and pharmaceuticals

### SCC's Health and Crop Science Sector - Undivided Focus for Leadership in India

- ✓ SCC's Health & Crop Sciences Sector manufactures specialized solutions as crop protection and enhancement products, agricultural materials, and methionine
- ✓ SCC holds 12,600+ Patents of which ~34% are in Health & Crop Science
- ✓ Strong pipeline of Agro-Solutions and Environmental Health products with business potential of ~US\$1.4 -\$1.8 bn
- ✓ **Current ownership in SCIL: 80.3%** (to reduce to 75% within a period of one year from listing date as prescribed under the applicable regulations)
- ✓ Benefits from Global presence of SCC Japan to boost exports due to global distribution channels and presence across 40 countries
- ✓ SCC, Japan recently acquired Nufram's distribution in Latin America thereby gaining leadership position in Latin America Generics Market Segment
- ✓ Technical expertise, financial strength and market reach to witness strong improvement
- ✓ Inculcate Japanese practices in long term strategic planning, manufacturing proficiencies, work culture, focusing on teamwork
- ✓ Development of active ingredients and broad range of formulation research
- ✓ Introduction of products manufactured globally and which are not currently present in Indian market
- ✓ Access to new active ingredients without additional capex, keeping existing SCIL facilities available for manufacture of other molecules



### Sustainable Drivers for Growth

Diversified & De-risked Portfolio Across the Agro-Chem Value Chain

Strategically Located Manufacturing Facilities Strong Focus on R&D and Process Innovation

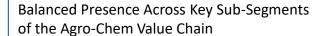
Strong Brand and Well-Entrenched Distribution Network Expanding Brand Visibility and Connect using Innovative Initiatives

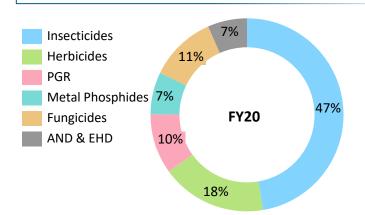
Well placed to benefit from Sector Tailwinds

Thrust on Safety, Health and Environment (SHE)

# Diversified & De-risked Portfolio Across the Agro-Chem Value Chain

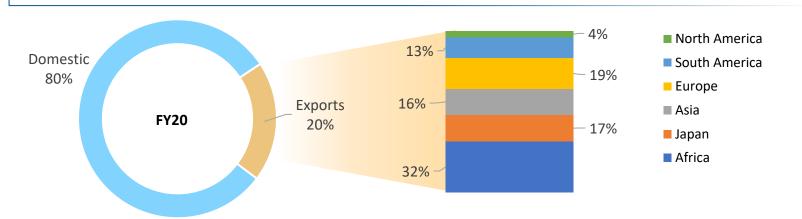






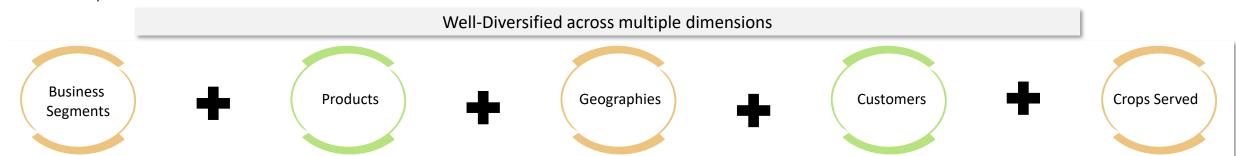
- ✓ Greater focus on high growth, stable and high profitable segments such as Herbicides, PGR, Bio-rational products
- ✓ Concentrated efforts now on fruits & vegetables, paddy and other high growth segments
- ✓ Increasing contribution from PGR segment and offerings for both Kharif and Rabi crops to reduce seasonality in the business
- ✓ One of the highest proportion of environmentally-friendly products in the Industry

### Geographic Diversification with Exports to over 60 countries



Diversified Product Portfolio with low Dependence on Individual Products

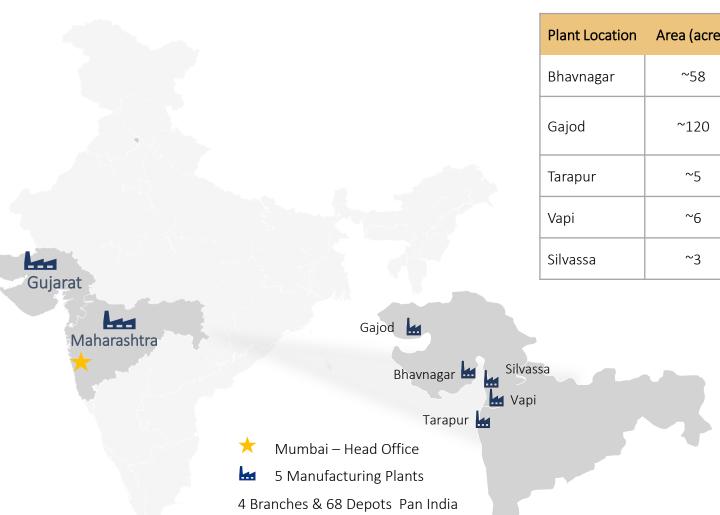
- ✓ Top 10 products contributes less than 50% of Total Revenue
- ✓ No product / molecule contributes more than 15% of Total Revenue



# Strategically Located Manufacturing Facilities



### Connectivity to Major Cities and Proximity to Main Highways, Ports Reduces Logistic Time and Costs



Plant Location	Area (acres)	Segment Served	Product Manufactured
Bhavnagar	~58	Manufacturing of Technical Grade Pesticides and Formulation Development	
Gajod	~120	Production and manufacturing of Metal Phosphides, Sulphur WDG and other WDG formulations	Chlorpyriphos, Profenophos, Glyphosate, Tebuconazole Tech, Quinalphos,
Tarapur	~5	Production and manufacturing of Active Ingredients	Imidacloprid, Thiacloprid, Acetamiprid, Byspyribac
Vapi	~6	Formulation & Packaging	Sodium, Aluminium Phosphide, Zinc Phosphide, Sulphur WDG, Fenpropathrin
Silvassa	~3	Formulation of Glyphosate and Other Speciality Products	Saiphar WDS, relipropatifili

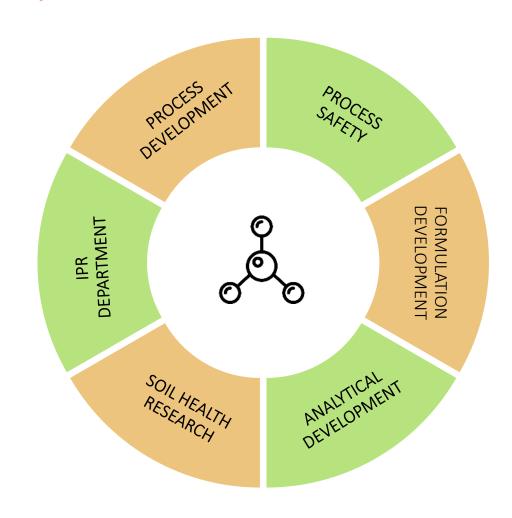
- Overall Optimal capacity utilization
- Continues investments to enhance capacity as per the forecasted demand (similar to the trends followed in past)

### Strong Focus on R&D and Process Innovation



### **End-to-End Product Development Capabilities**

- ✓ 3 fully equipped, DSIR approved R&D labs located at Mumbai, Bhavnagar and Gajod capable of synthesis, technical product and formulation development
- ✓ R&D Team comprises of 75+ qualified and dedicated engineers & scientists of which 10+ are PhDs with more than 15 years of Experience
- ✓ 25+ patents granted across various geographies; 9 applications filed
- ✓ Pipeline of 9 new combination products /pre-mixtures currently under development (5 insecticides, 2 fungicides, 2 PGR) and 2 Technical products (1 Insecticide & 1 Herbicide) for manufacturing in India
- ✓ R&D facilities to gain capability for creating new processes and new combinations using SCC Japan's chemistries which would help improve production processes and efficiency
- ✓ Feasibility of SCC Japan's new molecule pipeline being studied and evaluated in an Indian context



### Strong Brand and Well-Entrenched Distribution Network



- ✓ Strong brand with market leading position across various product categories
- Dual brand portfolio can offer products at all price points serving multiple customer sub-segments
- ✓ In-depth knowledge of own research products, proven go-to-market strategy and deep farmer connect facilitates launch of Speciality products
- ✓ On-field demonstration of products, training of farmers in using the products, building awareness among stakeholders in relation to the products
- ✓ Pan-India distribution network ensures strong presence with both retailers and farmers and on-time feedback mechanism
- Scale and diversity of product offerings lead to superior bargaining power with distributors and provides one-stop solution for farmers



23 States



13,000+

**Distributors** 



1 million+

Farmer Connect through

1,400+

Field / Market Development Officers



**68** Depots



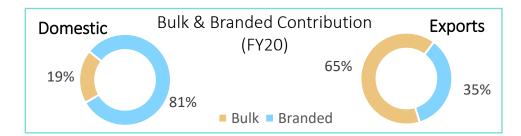
~40,000

**Dealers** 



~600

Sales Team



## **Expanding Brand Visibility and Connect**







- ✓ Wide range of generics and speciality products for Increased crop presence and providing crop
  protection solutions
- ✓ More than 1,400+ Relationship managers connecting to 1 million+ farmers throughout crop cycle
- ✓ Over **100 brands** covering maximum of crops and pest segments
- ✓ 13,000+ distributors, 70,000+ dealers and 68 Depots help in expanding brand visibility and connect
- ✓ More than 500+ Qualified and skilled managers in Sales, Marketing and customer support
- ✓ Company with 20+ mega brands with high brand recall
- ✓ Healthy geographical Brand coverage throughout India including North East and J&K
- ✓ Optimum use of **advertising media** with increased Digital Platforms presence







### Digital Marketing Initiatives



### Develop "Digital Marketing" as a parallel support to Traditional marketing system leading to improved sales.

✓ Our Digital Assets: 21 websites, currently driving about 8,648 visitors everyday.

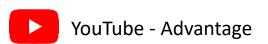








- ✓ Successful campaign to introduce the QR codes of <a href="http://www.sumitomoproducts.com/">http://www.sumitomoproducts.com/</a> to the retailers and farmers.
- $\checkmark$  The campaign drove 44.44% of the website visitors through QR codes.







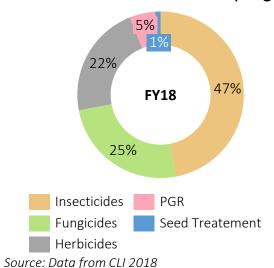
Informative Video on Fall armyworm in Maize 58,856 views (since Jun 2019) and counting Youtube Link Informative and Testimonial
Combined Video on Pink Bollworm
in Cotton and Danitol as Remedy
66,828 views (since May 2019) and
counting
Youtube Link

- √ Videos in 9 major regional languages
- 10 channels on YouTube with informative and testimonial videos

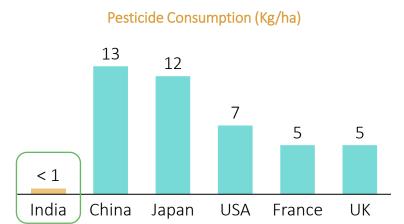
### Well Placed to Benefit from Sector Tailwinds



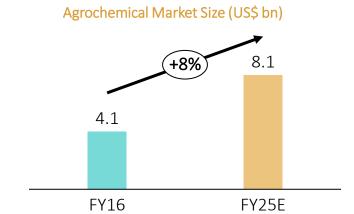
#### Pesticides: Market Share by Segment



#### Highly Underpenetrated Market



### Significant growth opportunity for Indian Players



Yield improvement is critical for increasing food production to feed growing population and hence crop protection products are critical to reduce crop losses

### Advantage India

- ✓ Technically Trained Manpower
- ✓ Supportive Government Policies
- ✓ Strong Safety, Health & Environment
- ✓ Legal & Regulatory Compliance
- ✓ Strong R&D
- ✓ Customer Relations Management
- ✓ Operating Efficiencies

- ✓ Rising Population
- ✓ Increasing Food Demand
- ✓ Increasing demand of
  Horticulture & Floriculture

### Policy Initiatives

- ✓ Increasing MSP's
- ✓ Water management and rain-water harvesting
- ✓ Enhancing exports of rice and wheat
- ✓ M-Kisan
- ✓ National e-Governance Plan
- ✓ Pradhan Mantri Fasal Bima Yojana
- ✓ Amending the Insecticides Act, 1968, to be replaced by Pesticides Management Act
- ✓ Government's plan to double farmer's Income



### China's Competitiveness Eroding

- ✓ Increased Capital Costs
- ✓ Currency Appreciation
- ✓ Stricter Environment Regulations
- ✓ Reduction in government subsidies
- ✓ Global players diversifying supplier risk

# Thrust on Safety, Health and Environment (SHE)



# Quality Certifications Ensure Consistent product quality and healthy working environment at manufacturing sites



ISO:9001:2015, ISO-14001:2015 and OHSAS18001:2007 for the manufacturing sites at Bhavnagar, Gajod, Tarapur and Silvassa; ISO:9001:2015 at Vapi



A8000 Certification for Social Accountability in Bhavnagar and Gajod



Efforts focused on reducing effluent load and effluent treatment cost, for staying innovative and competitive in the market



The quality of the products is maintained and upgraded to the applicable national and international standards through rigorous pursuit of Six Sigma initiative



Focused on energy conservation and energy cost reduction: 50% of total power requirement through wind and solar power generation plants



Expanding solar power plant capacity in line with towards green energy would also help in reducing dependence on outsourced power as well as in energy cost reduction



3R Principle: Recovery – Recycle – Reuse



Safety audit, training programmes and other safety management processes and programmes are carried out/conducted at regular intervals



All the manufacturing and warehousing sites of the Company are covered by safety audit



### **Abiding by SCC Japan's EHS Policies**



Dr. Vikram Sarabhai award for developing green technology from department of Science and Technology, Government of Gujarat



Certificates of appreciation received ten times from jointly by Gujarat Safety Council and Dish



Government of Gujarat for achieving 10 lakh accident free man-hours



Certificates of merits received from jointly by Gujarat Safety Council and Dish Government of Gujarat for achieving 20 lakh accident free man-hours



Certificates of honour received two times jointly by Gujarat Safety Council and Dish Government of Gujarat for achieving 30 lakh accident free manhours

### Focus on purity, quality and timely delivery of products to the customer

Growth Strategies

Performance Highlights

Profit & Loss Account

Balance Sheet

Cash Flow

Growth Strategies & Financial Performance

### Vision & Mission



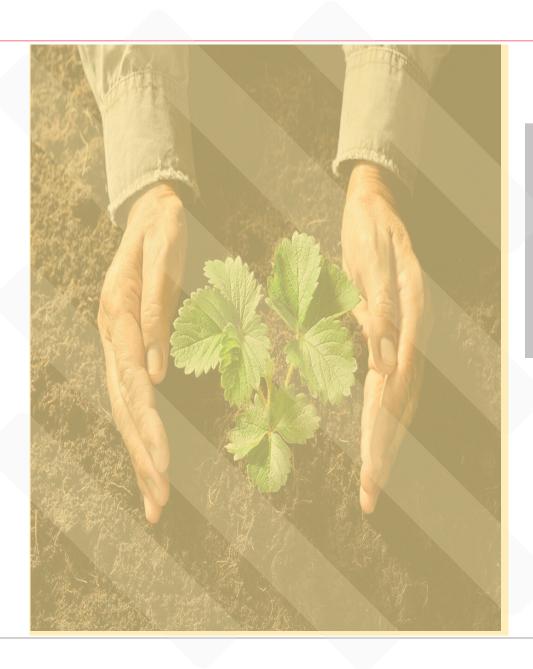


#### Vision:

- To be a trusted market leader in Indian cropprotection sector
- To develop a vibrant corporate culture
- Endeavor to achieve success and sustainability through innovation & excellence

#### **Core Values:**

- Innovation
- Excellence
- Integrity
- Respect & value all stakeholders
- Customer focus
- People focus
- Sustainability





### Mission

#### **Marketing and Sales:**

### Further penetration into Indian market & take leadership; expand exports

- Strengthen Sales Force, Distribution and Product Portfolio
- Strengthen Procurement Power
- Expand Manufacturing Functions
- Develop administrative efficiency while ensuring internal controls
- Full & Strict Compliances
- Value Creation for all stakeholders

#### **Manufacturing:**

Supplying the most competitive products with safe and stable operation and meet demand

#### **Management Support:**

 Establishing the most efficient organization to support business growth and alignment with SCC

### **Growth Strategies**





#### Continued Investment in R&D and Pipeline

- Aim to invest in seamless integration of R&D between SCIL and SCC units which would help improve our production processes, enhancing yields and efficiency
- Introduce new products as per market demand



#### **Capacity Expansion**

- Driving operational efficiencies maintaining highest safety standards and Responsible Care compliances
- Invest ~15% of consolidated EBITDA every year for upgradation of manufacturing facilities and capacity expansion to cater to strong domestic/global demand



#### **Further Brand Development**

- Investments for marketing of new and existing products and brands
- On-field demonstrations, training of farmers for building ground-level demand generation supported by digital marketing
- Focus on high margin brands
- 11 products registration in process to further improve capacity utilization including product level expansion



#### **Development of Combination Products**

- Pipeline of **9 new** combination products / pre-mixtures currently under development (5 insecticides, 2 fungicides, 2 PGR) & **2 Technical products** (1 Insecticide & 1 Herbicide) for manufacturing in India
- Introduction of new molecules in speciality segment leveraging SCC's support



#### **Expand Export Business**

- Enhance exports in regions like Africa and Europe
- Leverage SCC's Global supply chain and marketing network to drive exports



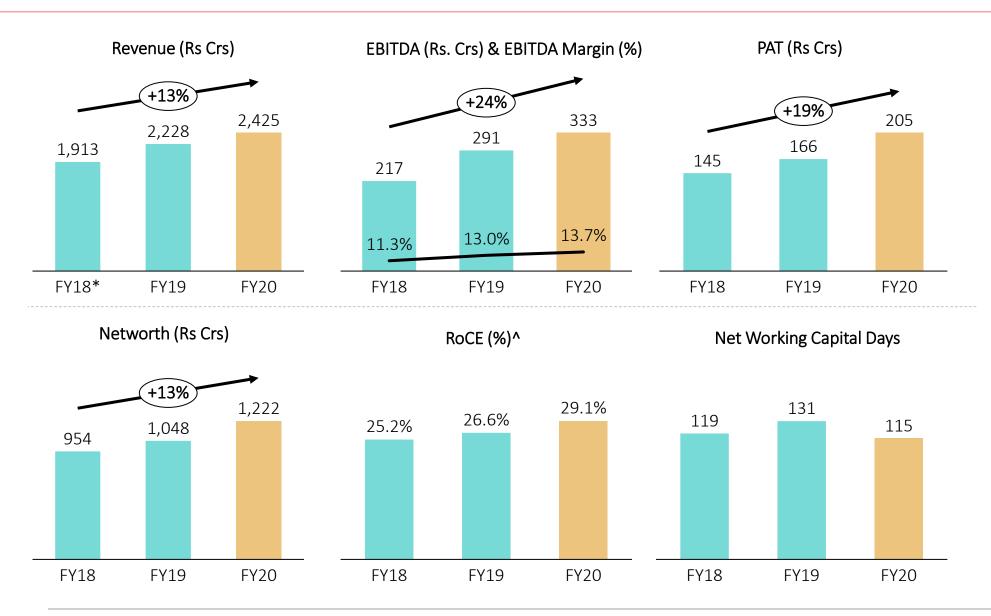
- Balanced portfolio of generic and speciality products
- Consolidate position as best agro-chemical marketer in India
- Strive for manufacturing excellence
- Set-up a strong management & team
- Lay the foundation for next generation leadership

Leverage expertise in successful product launches and capacity expansions to fuel future growth



## Performance Highlights





- Combined entity ~2x in size
- Net debt free balance sheet
- Strong margin profile maintained
- Additional upside to be realized on account of synergies

<sup>1.</sup> Given the seasonality in the business, it is best monitored on an annual basis since a significate portion of revenue & PAT is recorded in the first half of the year

<sup>2.</sup> Appointed date for merger of ECC and SCIL is 1st Apr'18

<sup>\*</sup>Revenue is Net of Excise Duty.

<sup>^</sup> ROCE – {EBIT/ (Net Worth + Borrowings – Cash and Cash Equivalent)}

# Consolidated Profit & Loss Account Statement



Particulars (Rs. Crs)	FY20	FY19	FY18
Net Revenue from Operations	2,424.8	2,228.4	1,912.9*
COGS	1,607.7	1,458.9	1,238.7
Gross Profit	817.1	769.6	674.2
Gross Profit %	33.7%	34.5%	35.2%
Employee Expenses	179.3	158.4	147.5
Other Operating Expenses	304.7	320.5	309.6
Operating EBITDA	333.1	290.7	217.1
EBITDA Margin	13.7%	13.0%	11.3%
Other Income	10.7	7.6	23.7
Depreciation	41.0	27.8	30.5
EBIT	302.8	270.5	223.8
EBIT Margin	12.5%	12.1%	11.7%
Interest	5.5	3.7	2.8
Profit Before Tax	266.4	259.8	221.0
PBT Margin	11.0%	11.7%	11.6%
Тах	61.8	94.0	75.8
Net Profit	204.7	165.8	145.1
Net Profit Margin	8.4%	7.4%	7.6%
Other Comprehensive Income	-5.1	0.1	5.1
Total Comprehensive income for the period	199.5	165.9	150.2
EPS	4.1	3.3	2.9

<sup>1.</sup> Given the seasonality in the business, it is best monitored on an annual basis since a significant portion of revenue & PAT is recorded in the first half of the year

<sup>2.</sup> Appointed date for merger of ECC and SCIL is 1st Apr'18

<sup>\*</sup> Revenue net of Excise Duty

### Consolidated Balance Sheet



Assets (Rs. Crs)	Mar-20	Mar-19	Mar-18
Non-Current Assets	360.6	318.3	312.7
Property, Plant and Equipment	282.9	277.2	264.8
Capital work-in-progress	6.5	3.2	4.5
Right to use an Asset	34.9	-	-
Other Intangible Assets	1.7	2.1	1.9
Intangible Assets under Development	3.8	4.9	4.3
Financial Assets			
(i) Investments	0.1	0.1	0.1
(ii) Loans	5.3	7.6	7.3
Non-Current tax Assets (net)	20.2	18.8	24.8
Deferred tax Asset (net)	1.1	-	-
Other non-current Assets	4.2	4.4	5.1
Current Assets	1,745.6	1,541.7	1,345.7
Inventories	588.0	680.6	609.3
Financial Assets			
(i) Investments	86.0	-	-
(ii) Trade receivables	849.8	671.0	551.8
(iii) Cash and cash equivalents	92.6	50.5	73.5
(iv) Bank balances other than (iii) above	0.9	0.9	0.8
(v) Loans	7.9	5.1	3.7
(vi) Other financial assets	21.8	15.8	10.4
Other Current Assets	98.6	117.8	96.3
Total Assets	2,106.2	1,860.0	1,658.4

Equity & Liabilities (Rs. Crs)	Mar-20	Mar-19	Mar-18
EQUITY	1,221.8	1,048.4	954.0
Equity Share Capital	499.1	274.6	274.6
Other Equity	722.6	773.8	679.4
Non-current liabilities	44.5	30.2	32.5
Financial liabilities			
Lease Liabilites	19.4	-	-
Provisions	25.1	15.6	12.7
Deferred tax liabilities (net)	-	14.6	18.1
Non-current Tax Liabilities	-	-	1.7
Current liabilities	839.9	781.3	671.9
Financial liabilities			
(i) Borrowings	-	19.7	10.1
(ii) Trade Payables	490.9	480.8	527.3
(iii) Lease Liabilites	16.2	-	-
(iii) Other financial liabilities	235.4	179.2	55.6
Other current liabilities	80.2	87.2	70.1
Provisions	9.7	2.5	2.3
Current tax liabilities	7.4	12.0	6.6
Total Equity & Liabilities	2,106.2	1,860.0	1,658.4

<sup>1.</sup> Given the seasonality in the business, it is best monitored on an annual basis since a significant portion of revenue & PAT is recorded in the first half of the year

<sup>2.</sup> Appointed date for merger of ECC and SCIL is 1st Apr'18

### Consolidated Cash Flow Statement



Cash Flow Statement (Rs. Cr)	Mar-20	Mar-19	Mar-18
Net Profit Before Tax	266.5	259.8	221.0
Adjustments for: Non-Cash Items / Other Investment or Financial Items	45.7	18.6	9.6
Operating profit before working capital changes	312.2	278.5	230.6
Changes in working capital	-9.4	-112.7	-100.0
Cash generated from Operations	302.8	165.8	130.6
Direct taxes paid (net of refund)	81.4	88.1	83.1
Net Cash from Operating Activities	221.4	77.7	47.4
Net Cash from Investing Activities	-117.9	-35.3	-39.6
Net Cash from Financing Activities	-61.4	-65.4	7.2
Net Increase /(Decrease) in Cash and Cash equivalents	42.2	-23.1	15.0
Add: Cash & Cash equivalents at the beginning of the period	50.5	73.5	58.6
Cash & Cash equivalents at the end of the period	92.6	50.5	73.6

<sup>1.</sup> Given the seasonality in the business, it is best monitored on an annual basis since a significant portion of revenue & PAT is recorded in the first half of the year

<sup>2.</sup> Appointed date for merger of ECC and SCIL is 1st Apr'18

### Awards & Accolades





Jamnalal Bajaj Award for "Fair Business and Practices"



First ever president's gold shield for import substitution



First award for export of organic and inorganic chemicals



ICMA award for innovation and purposeful programs for social progress



First Sir P.C. Ray award for development of products and process with indigenous technology



Punjab Haryana Delhi Chamber of Commerce and Industries award for ethical business



Winner active ingredient trophy and certificate from M/s. Bayer



Trishul award for the excellent performance for exports in international markets



Shramveer award for improvement of product efficiency received from national level Delhi



Vishwakarma Rashtriya Puraskar received for process development



National Safety Award by Labour Ministry, Government of India for safety performance



Shramveer Award to employees from Labour Ministry, state level received six times



Shram Bhushan Award to employees received five times



Shram Ratna to employees, received seven times



Shram Shri award to employees received three times



Gujarat State Safety Certificate for safety commitment

### Key Takeaways



# Formidable Player in the Indian Agro-chem Space

- Strong / leadership position across products and processes
- Ability to develop new combination products (9 under registrations and additional under development)

# Experienced Management Team and Board of Directors

- Strong management and autonomous Board with vast experience and domain expertise
- Localized experience enables better understanding of market needs to drive growth

### Well-diversified Product Portfolio Across Agro-Chem Value Chain

- Multi-product, multi-geography, multi-customer de-risking
- Access to an impressive range of own actives along with significant exposure towards speciality products resulting in product offerings at all price points serving multiple customers sub-segment

# Strong Brand and Well-Entrenched Distribution Network

- 23 states, 68 depots, 13,000+ distributors, 40,000+ dealer network
- High credibility and brand recall amongst famers and the trade on account of transparent and ethical business dealings

# To Benefit from Strong Parentage of SCC Japan

- Benefits from international standing of SCC Japan; most well revered brand renowned for its quality
- Access to SCC's global supply chain and global R&D activities (one of the largest spenders) resulting in development of actives and broad range of formulation research

# State-of-the-art Manufacturing and R&D Facilities

- Operates five manufacturing facilities with state-of-the-art plants at strategic location which helps reduce logistic time and costs
- Capacity not a constraint allowing for significant growth on existing investments
- Holds 27 patents and further 9 applications filed

# Strong Track Record of Driving Growth

- Grown 10X over FY11-19 driven by organic and inorganic expansion; 11% CAGR for merged entity (including Excel Crop Care) over the same period
- Debt free balance sheet with strong return ratios

