

## **Announcement regarding completion of merger of Excel Crop Care Limited with Sumitomo Chemical India Limited**

Mumbai, India, August 31, 2019;

Sumitomo Chemical India Limited ('SCIL' or 'the Company'), a subsidiary of one of the leading global chemical companies Sumitomo Chemical Co., Ltd., Japan ('SCC Japan') and a leading player in Indian agro-chemical, household insecticides and animal nutrition sectors, announced the completion of the merger of Excel Crop Care Limited ('ECC') with itself (SCIL).

The aforementioned merger process has been successfully completed and Effective Date for the merger is August 31, 2019. The merged entity will be Sumitomo Chemical India Limited.

In light of a vigorous expansion of food demand spurred by a population growth in India, SCC Japan established SCIL in year 2000 as its manufacturing and marketing base for crop protection products in the country. Thereafter, SCC Japan constantly endeavored to fortify the foundation of its crop protection business in the country through various initiatives, including the acquisition of an agro-chemical company New Chemi Industries in 2010 and the acquisition of certain products from a leading MNC in 2006. In 2016, SCC Japan acquired majority stake in ECC, an agrochemical company with strong brands and multiple sales channels, which helped solidify SCC Japan's presence in India, the seventh-largest agrochemical market in the world, as of 2016, with high future growth prospects.

Given the similarity in businesses and high degree of operational complementarity, the merger is expected to usher in long term benefits by creating an enterprise of scale with comprehensive product offerings. SCIL will fully leverage the rich product portfolio and established sales network of erstwhile ECC and SCIL in a mutually complementary manner and also make more focused and efficient use of their management resources so the company should become a leading player in the India's crop protection market which holds the promise of a continued high growth. Some of the key operational synergies and process efficiencies that the merger is expected to create include the following:

- Highly complementary nature of both the businesses with ECC at 100% generics while SCIL's stronghold of 63% proprietary products; merged SCIL will have broader business segments and product portfolio;
- Opportunity to boost sales through co-selling and by leveraging the expanded distribution network of more than 13,000 distributors across India;
- Operational synergy to assist in research, development and launch of new products thereby de-risking of business through expansion of product portfolio and reduction in customer concentration;
- In the International business, ECC's products will gain further credibility by harnessing SCC Japan's global presence and stand to gain by having an innovation driven company SCC Japan as its parent company.

Through the aforesaid merger and other initiatives and with continued support of SCC Japan, SCIL will promote expanding activities further in the crop protection field, contributing to ensuring the stable supply of safer and secure food which is in growing demand globally and in India. Needless to say, such an endeavor to drive business growth and expansion will always be accompanied by concurrent and consistent efforts to strengthen management foundation such as legal and ethical compliance and proper internal control, among others.

ECC's shares have ceased to trade on BSE Limited ('BSE') and National Stock Exchange Limited ('NSE') from the Record Date i.e. August 31, 2019. As per the scheme of amalgamation, duly approved by Hon'ble National Company Law Tribunal, Mumbai Bench ('the Scheme'), ECC shareholders will receive 51 (fifty one) shares of SCIL of face value of ₹ 10 each fully paid-up for every 2 (two) shares of ECC of face value of ₹ 5 each fully paid; any resulting fractional shares due to any shareholder will be dealt with as per provisions of aforesaid the Scheme. Meanwhile, SCIL is in the process of listing of its equity shares on BSE and NSE. Subject to regulatory approvals, trading in SCIL shares is expected to start post completion of listing process. As per the aforesaid approved Scheme, the appointed date of merger is April 1, 2018 and effective date of the merger is August 31, 2019.

Board of SCIL post-merger comprises nine directors including three Independent Directors (ECC's existing independent directors will continue to be Independent Directors at SCIL's board), three non-executive non independent directors and three executive directors. Dr Mukul Asher, current Chairman of ECC's board of directors, has been appointed Chairman of the SCIL's Board; Mr. Chetan Shah, current Managing Director of ECC, has been appointed as Managing Director of SCIL from September 1, 2019.

On the occasion of completion of the merger, Dr Mukul Asher, existing Chairman of ECC's board of directors and newly appointed chairman of SCIL's board of directors said, "The merger is designed to better harness the strengths of ECC and SCIL in the dynamic global environment in which the business will need to be conducted. The merger will add capabilities to innovate, produce and market wide range of specialty and other chemicals, being a direct subsidiary of SCC Japan. Japanese practices in long term strategic planning culture, manufacturing proficiencies, work culture, focusing on team work will assist the new company to realize its aim of being a leading chemical company in India and globally. This in-turn will also contribute to India's ambitions to be an agricultural power"

Mr. Chetan Shah, existing Managing Director of ECC and newly appointed Managing Director of SCIL said "Merger of SCIL and ECC is an important step in the ongoing growth journey towards creating a leading agrochemical company in India. The merger shall create greater operational synergies, deliver maximum value for our shareholders and a superior experience for our customers. We expect synergies at multiple levels from the merger especially in expanded distribution reach and R&D capabilities and as it opens up possibilities to create novel combination products by combining specialty products and generic products.

The merger makes a lot of business sense because Excel's ability to economically manufacture active ingredients, its strong distribution network and long standing reputation with farmers combined with SCIL's proven 'go-to-market' strategy and strong brand-connect with farmers can bring ample amount of additional sales through cross selling. Together, it can serve the farmers through the complete value chain from sowing to post-harvest preservation of both Kharif and Rabi crops. SCC Japan Japan has positive outlook for India and has made several investments in last 2 decades for growth of business in India and remains committed to support future growth."

KPMG in India acted as project advisor to SCIL and ECC on tax and regulatory matters arising from the proposed consolidation. Pioneer Legal and DSK Legal acted as legal advisors to SCIL.

Kotak Investment Banking acted as a financial advisor to ECC. Kanga & Co. acted as a legal advisor to ECC.

### **About SCC Japan**

Headquartered in Tokyo, Japan, SCC Japan is a leading Japanese chemical company, offering a 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 Japan is a research driven diversified chemical company listed on Tokyo stock exchange. SCC Japan's consolidated sales revenue for year ended March 31, 2019 was USD 20.8 bn. For additional information, visit the company's website at [www.sumitomo-chem.co.jp/english](http://www.sumitomo-chem.co.jp/english).

### **About SCIL**

SCIL, a subsidiary of SCC Japan, Japan was established in year 2000 to drive the expansion of SCC Japan's Health & Crop Sciences sector in India. SCIL's business organization is divided into three different divisions: Agro-solutions, Animal Nutrition and Environmental Health Care. SCIL specializes into specialty chemicals which is backed by its parent company SCC Japan.

SCIL operates two manufacturing plants located at Vapi (Gujarat) and Tarapur (Maharashtra) – Vapi plant has formulation and packaging capabilities whereas Tarapur plant manufactures the company's Active Ingredients. More than three-fourth of its business is from sales of agro chemicals and the balance is from other allied businesses

### **About ECC**

ECC was primarily engaged into manufacturing and marketing of crop protection, soil nutrition, seed treatment and post-harvest products. In October 2016, SCC Japan together with SCIL acquired ~65% stake in ECC.

ECC was, inter alia, engaged in agro chemicals business and manufactures technical grade pesticides and formulations (ECC's agro chemicals business was started in year 1941). It also manufactured and marketed other agri-inputs like soil enrichers, bio-pesticides, plant growth regulators and soil and plant nutrition products. Its manufacturing facilities were located at Bhavnagar (Gujarat), Gajod (Gujarat) and Silvassa (Union Territory of Dadra and Nagar Haveli). These facilities were supported by its three R&D labs located at Mumbai, Bhavnagar and Gajod capable of synthesis, technical product development and formulation development. Pursuant to aforesaid Scheme, ECC has merged with SCIL.

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