

**THE GLOBAL
AGROCHEMICAL
INDUSTRY GREW AT A
4% CAGR BETWEEN
2005 AND 2011.**

**UNITED PHOSPHORUS
GREW 26%.***



* As one of the many spin-offs of this consistent reality, United Phosphorus grew revenues 31.6% in 2011-12 over the previous year, even as the rest of the industry complained of various unexpected realities

**UNITED PHOSPHORUS
LIMITED.**

**THE WORLD'S THIRD-
LARGEST GENERIC
AGROCHEMICAL
COMPANY.**

**THE WORLD'S
SEVENTH-LARGEST
AGROCHEMICAL
COMPANY.**

**AND ONE OF THE
MOST PROFITABLE
GLOBAL
AGROCHEMICAL
COMPANIES.**

TRULY TRANS-NATIONAL.

22

Number of
nationalities in
Team UPL

106%

Revenue growth
between
2006 and 2011

24

Acquisitions in the
last ten years

10

UPL products with
global leadership

110

Chemistries with in-
house expertise

Lineage

- Part of a US\$ 1.6 bn group
- Established in 1969 by Mr. Rajju Shroff (Chairman)

Presence

- Headquartered in Mumbai, India
- Manufacturing presence across 23 international locations (nine in India, three in France, three in Argentina, and one each in Vietnam, Columbia, The Netherlands, Italy, Spain and China)

- Indian manufacturing location in Vapi, Ankaleshwar, Jhagadia, Halol, Jammu and Haldia. Captive power plant (48.5 MW) in Jhagadia (Gujarat)
- Global sales presence across 120 countries (through subsidiaries and associates)
- 88 subsidiaries globally

Products

The Company’s product range comprises fungicides, insecticides,

herbicides, rodenticides, fumigants, plant growth regulators, agrochemicals as well as industrial and speciality chemicals.

Registrations

The Company has more than 1,000 product registrations which, represent marketing permissions by statutory authorities to market agrochemicals in respective geographies.

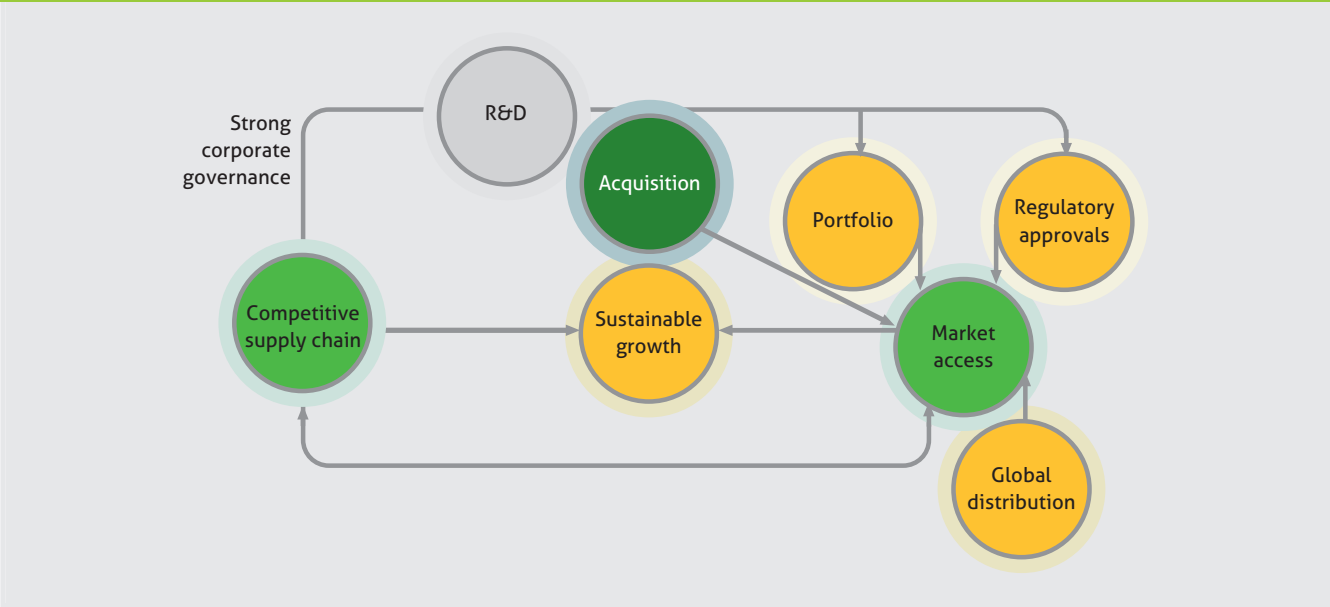
Five-year consolidated financial summary

(Rs. in Crores)

Accounting year	2007-08	2008-09	2009-10	2010-11	2011-12
Total Sales	3516	4802	5290	5650	7534
Total Income	3762	4974	5493	5898	7764
Earnings before Depreciation, Interest, Amortisation and Tax (EBDITA)	737	987	1034	1204	1476
Profit after tax & minority interest	258	456	526	558	556
Gross fixed assets	2497	2742	2737	2905	1605**
Net fixed assets	1280	1507	1508	1594	1395**
Net worth	2238	2673	2992	3726	4173
Earning per share Rs.	11.64	9.88*	11.40	12.45	12.03
Book value per share Rs.	101.87	60.81*	68.06	80.68	90.36
Debt equity ratio	0.70:1	0.77:1*	0.80:1	0.67:1	0.68:1
Net profit/sales (%)	7.36	9.69	9.70	10.46	7.98
Dividend on equity shares (%)	100	75*	100	100	125
Return on net worth (%)	11.57	17.40*	17.15	15.86	14.40

* After 1:1 Bonus, **excl. goodwill

UPL’s business model



CHALLENGING YEAR. ENCOURAGING RESULTS.

This is what we achieved in 2011-12

Financial

- Revenue increased 31.6% from Rs. 5,898 crore in 2010-11 to Rs. 7,764 crore
- EBIDTA increased 22.3% from Rs. 1,207 crore in 2010-11 to Rs. 1,476 crore
- Post-tax profit increased 1.6% from Rs. 591 crore in 2010-11 to Rs. 601 crore
- EBIDTA margin reduced 150 basis points from 20.5% in 2010-11 to 19%
- Post-tax profit margin reduced 230 basis points from 10.0% in 2010-11 to 7.7%

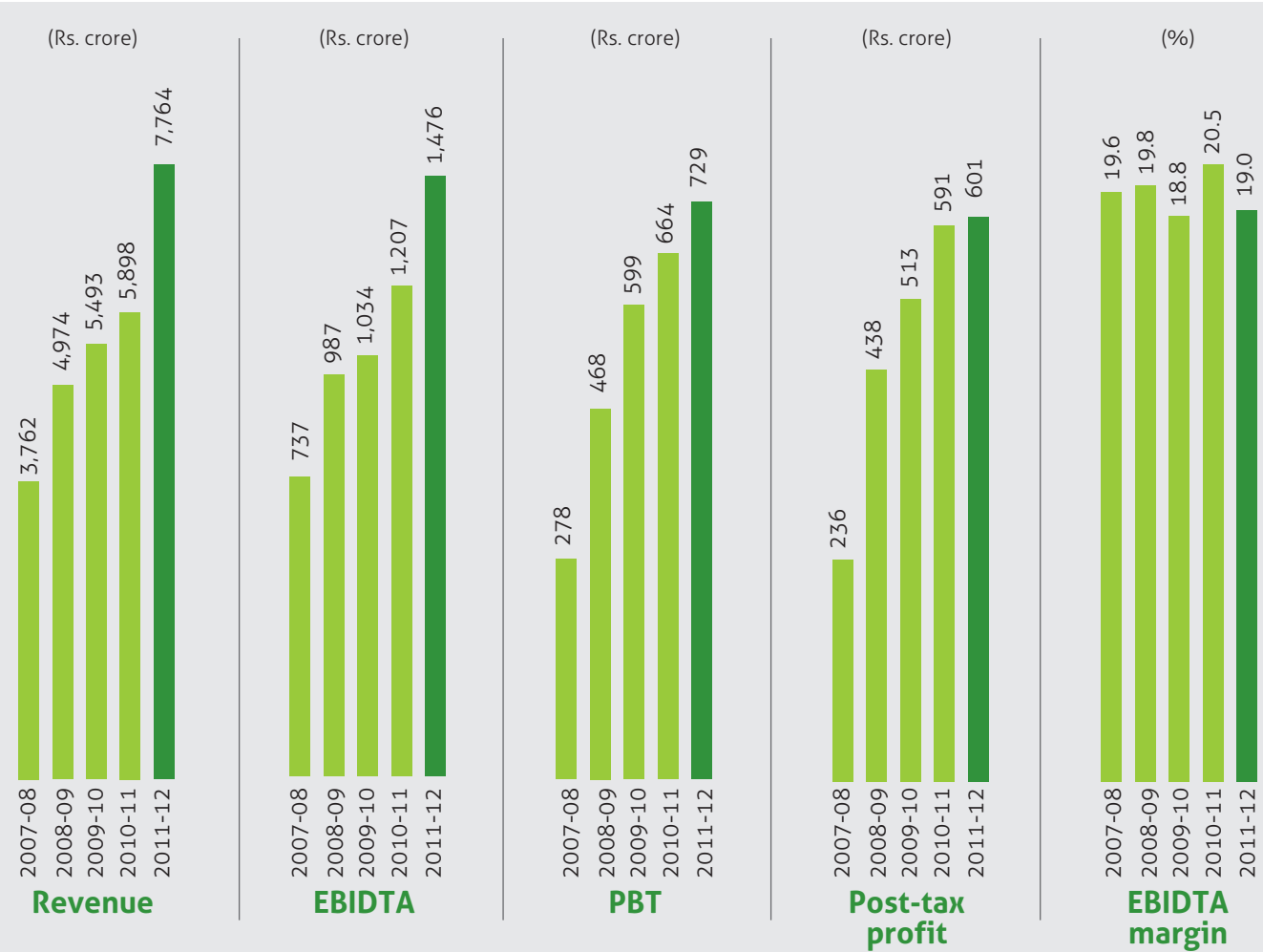
- Return on capital employed declined 80 basis points from 15.3% in 2010-11 to 14.5%

Marketing

- Introduced more than 60 formulations and technical products

Strategic

- Acquired 51% stake in DVA Agro, Brazil, for US\$ 185 mn to strengthen its local presence. This was the largest acquisition in the global agrochemical industry in 2011



MILESTONES

2007	<ul style="list-style-type: none">○ Acquired ICONA○ Received National Award for Environmental Cause, AGROW Award, Trishul Award - for Excellence Performance in Exports of Chemicals, Greentech Environmental Excellence Award 2007 and Outstanding Exporter of the Year at the first-ever International Trade Award		
2008	<ul style="list-style-type: none">○ Acquired EVO FARMS Group○ Received Rolta Corporate Award 2008	2009	Received Lifetime Achievement Award from CHEMXCIL
2010	Received Finalist Nomination Award of Ernst & Young Entrepreneur of the Year	2011	Acquired DVA Agro, Brazil



OVERVIEW

"OUR COMPANY IS AT AN INFLECTION POINT; WE EXPECT TO DOUBLE OUR REVENUES IN JUST FIVE YEARS."

Chairman Mr. Rajju Shroff outlines the strategic direction of United Phosphorus

Dear shareholders,

The year 2011-12 can be described as the worst of years and the best of years.

The year under review was one of the most challenging in memory, marked by a global economic slowdown, currency volatility and some prominent countries encountering severe liquidity issues.

In this fluid reality, United Phosphorus reported a 31.6% growth in revenues to Rs. 7,764 cr; EBIDTA grew 22.3% to Rs. 1,476 cr and PAT grew 1% to Rs. 601 cr over the previous financial year. We strengthened our competitive position in a challenging business environment. The more difficult it got, the better we responded.

This performance is not one-off but indicative of a deep and enduring reality, which, among various things, makes United Phosphorus the world's seventh-largest and the fastest-growing agrochemical company.

Global character

United Phosphorus is Indian by origin, but global by presence and mindset.

This is visible across the Company's landscape: of the Group's 3,613 employees, 39% are non-Indian; we started the Company with employees from one country; today we employ professionals from 22 nationalities; until 1994, we manufactured products out of India; today, we manufacture products out of 14 non-Indian locations.

This internationalisation of United Phosphorus is most visible in its financials: international revenues grew 78% in the last five years. Our overall revenues grew 106% in the five years leading to 2011-12; our international revenues grew 104% during the same period.

In 2011-12, we took this internationalisation a step ahead by acquiring DVA Agro, Brazil. Brazil is an important part of the global agrochemical space; the country accounts for 15% of the global

agricultural industry; the country has, over the last few decades, demonstrated a respect for advanced farm inputs and technologies, translating into yields higher than the global average.

DVA Agro (part of a German group) is an attractive proxy of the Brazil agrochemical play. The Company formulates and markets crop protection products in Brazil (revenues around US\$130m in CY 10). Our Company acquired a 51% stake in DVA Agro Brasil for US\$ 185 million to widen our presence in that country. The acquisition helped us access DVA Agro's broad product portfolio while helping us leverage our longstanding manufacturing competencies to enhance the acquired Company's efficiency.

United Phosphorus also acquired a 50% stake in Sipcam Isagro, a manufacturer and distributor of formulations in Brazil. Both acquisitions will provide us with a significant presence in Latin America.

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Industry prospects

The relevance of our business continues to deepen. The world’s population is growing steadily; experts indicate that today’s global population of 7 bn is expected to grow to 9 bn by 2050. Global incomes are also rising. We expect both these developments to converge into three-fold food consumption growth by 2050 [Source: GIA report].

A number of countries are extensively under-consumed for agrochemicals: even in a country like India with a deep agrarian tradition, pesticide consumption is a low 600 gms per hectare compared with the global average of around 3-10 kg per hectare. These realities indicate that the market for our products will continue to expand over the foreseeable future.

Global climate change is opening up an interesting opportunity. As weather patterns become increasingly unpredictable, the brunt has to be borne by crops and farmers. As a proactive manufacturer, we are studying these changing patterns,

inspiring farmers to shift their cropping. Even as the goalpost keeps shifting continuously, our objective is to keep enriching our product basket with more relevant products and solutions.

I also see a progressive decline in the registration arbitrage window, marked by a slack detection of agrochemical consignment origin in global trade. As the world becomes progressively more stringent, the global transfer of material will need to be more precisely traced to credible manufacturing locations. When this happens, an industry shakeout will benefit companies like United Phosphorus with environmentally-compliant showpiece assets.

Our strengths

At United Phosphorus, our focus is not only to address the sustained growth coming out of this global market, but carve out a progressively larger slice of it.

We find ourselves at a sweet spot for some good reasons: we acquired a price-creating capability across a

number of products through low cost-high quality manufacture, our business acquired global scale, demonstrated the ability to integrate across cultures, nursed an adequate cash pool at a time when most companies are cash-strapped, widened our presence across 90% of the world’s agrochemical market and an ability to generate far more cash than is consumed by our ongoing capital investments.

The time has come to consistently outperform our industry growth through the next few years through the following initiatives:

- We possess scientists and engineers who are at par with those in the best companies in the world; we need to continuously enrich this intellectual pool – through selective recruitment and alliances with universities and research agencies -- with the objective to widen our product basket, graduate to superior purity and reduce process costs
- We are a restless Company; we would like to push the envelope all the

Up to 40% of the world's potential crop production is lost annually because of the effects of weeds, pests and disease. These crop losses could double if existing pesticide use is abandoned [Source: CropLife America]

time and graduate to superior product characteristics. For instance, we were working on enhancing productivity on one of our lines when our output was affected by industrial action in 2011-12; we sustained our initiative and through training-cum-innovation, we broke production records in a few months

- We demonstrated a deep respect for the environment and communities through our investments in plants, people, processes and philanthropy; the time has come to scale this and emerge as a case study

- We have been in the forefront of presenting a responsible face of our industry globally; we will continue to play a proactive role in presenting credible evidence about the efficacy and safety of our products

Overview

The 40 leading global companies account for 90% of the global agrochemical industry. United Phosphorus is the world’s seventh-largest agrochemical company, one of the largest generic agrochemical companies, the fastest-growing and

one of the most profitable.

We expect that the interplay of our existing competencies and a proactive response to emerging developments will translate into a larger size and quicker growth: it took us 40 years to become a Rs. 7,700 cr company; we expect to replicate these revenues in the next five years.

I am optimistic that this will translate into even bigger value in the hands of our shareholders over the foreseeable future.

Sincerely,
Rajju Shroff, Chairman

Industry characteristics

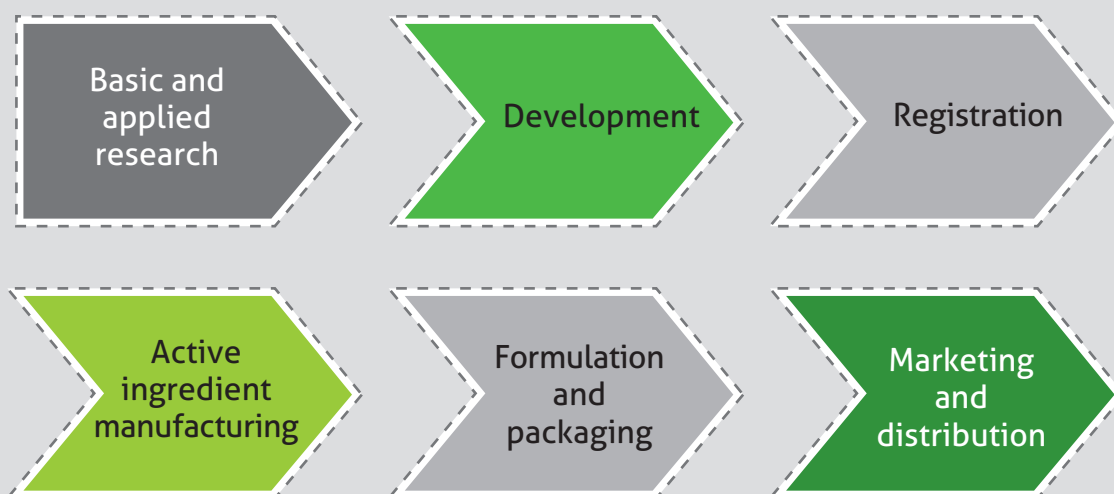
Industry characteristics	Implication and opportunities
Highly consolidated (85% controlled by large players)	Increased focus on big molecules & seeds/bio-technology among major players resulting in attractive acquisition opportunities for smaller molecules by generic companies
Off-patent market is 75%, proprietary off-patent market is ~25%	<ul style="list-style-type: none">○ Share of off-patent products growing -- own registrations holds the key to success○ Generics market expected to grow significantly, resulting in organic growth opportunities
Largely controlled by distributors	Leverage existing relationships in existing and new regions
Highly regulated entry barriers	<ul style="list-style-type: none">○ Significant upfront investment in product registration and manufacturing facilities with a long gestation period○ Barriers to entry support consolidation

SUCCESS IN THE GLOBAL AGROCHEMICAL INDUSTRY IS DERIVED FROM FIVE CAPABILITIES.

- THE ABILITY TO MANUFACTURE HIGH-QUALITY PRODUCTS AT THE LOWEST COST.
- THE ABILITY TO GET REGISTRATIONS/APPROVALS TO MARKET PRODUCTS IN SELECT COUNTRIES.
- THE ABILITY TO ENGAGE DISTRIBUTORS WITHIN MARKETS.
- THE ABILITY TO CREATE A LARGE PRODUCT BASKET.
- THE ABILITY TO FURTHER ENRICH THAT PRODUCT BASKET.

UNITED PHOSPHORUS IS UNIQUE.
THE COMPANY POSSESSES DEEP COMPETENCIES IN EACH OF THESE AREAS.

UPL's integrated business model



What makes United Phosphorus the world's fastest-growing agrochemical company?

COMPETITIVE MANUFACTURE

In the competitive business of agrochemicals, the foundation of all competence is an ability to manufacture at competitive cost.

Case study

Trimethyl Phosphite is an important intermediate used in manufacturing pesticides.

When the Company commenced the manufacture of this product, there was a problem related to the disposal of ammonium chloride with toxic residue. Following extensive laboratory research, the Company arrived at a solution: it recovered ammonia while the by-product calcium chloride was sold. This approach resolved the effluent problem on the one hand and rationalised cost (through ammonia recycling) on the other.

The competence to manufacture at competitive cost is not as facile as it appears. Manufacturing agrochemicals requires an ability to commission plants at a competitive cost, run plants at the highest capacity, switch from one product to another with speed within the same plant and derive better ways – shortest processes, superior quality – of manufacturing the same product.

Over the decades, United Phosphorus emerged as one of the world's lowest cost agrochemical manufacturers through the following initiatives:

- **India advantage:** The majority of UPL's production (estimated at 52% in 2011-12) is routed from India, leveraging a strong chemical industrial base and extensive ancillary industry presence

- **Economies of scale:** Some of the plants – mancozeb, aluminium phosphide, devrrinol, cypermethrin, and monocrotophos – of the Company are among the largest in the world in their respective product spaces, and competitive raw material cost due to forward and backward integration, resulting in lower per unit cost of manufacture.

- **Integration:** The Company's manufacturing excellence is built around the captive manufacture of building blocks (phosphorus, chloralkali and power generation); the Company's value chain is longer than among global peer companies

- **Multi-purpose:** Some 32% of the Company's plants possess the ability to move from manufacturing one product to another based on emerging demand patterns

- **Asset age:** Nearly 45% of the Company's production capacity was established in the last five years, now enjoying a corresponding capacity utilisation of 68%; the older capacities were progressively refurbished to deliver high efficiencies

- **Clean:** The Company employs clean processes with emissions and effluents generation lower than the prescribed limits set by regulatory agencies

- **Team:** The Company's dedicated process engineering team continuously monitors operations with the objective to improve manufacturing processes.