



DOING THINGS BETTER!

UPL LIMITED | ANNUAL REPORT 2014-15

Formerly known as United Phosphorus Limited

Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

INSIDE THE DOCUMENT

06	CORPORATE IDENTITY	10	HIGHLIGHTS 2014-15
12	MESSAGE FROM THE CHAIRMAN	26	REVIEW BY GLOBAL CEO
30	COMPETITIVE STRENGTHS	33	BUSINESS MODEL
34	MANAGEMENT DISCUSSION AND ANALYSIS	47	FINANCE REVIEW
50	RISK MANAGEMENT	52	NOTICE
60	DIRECTORS' REPORT	98	CORPORATE GOVERNANCE REPORT
109	STANDALONE ACCOUNTS	152	CONSOLIDATED ACCOUNTS

DOING THINGS BETTER

What do you do after you have posted a record performance in a difficult year?

What do you do after you have outperformed industry growth by 2.6x and emerged as the fastest growing generic agrochemical company in the world?

What do you do after you have established your position as possibly one of the most profitable generic agrochemical companies in the world?

Simple. You just do better.

DOING THINGS BETTER

NOT JUST A TAGLINE. BUT A DEMONSTRATED COMMITMENT.

IN A YEAR WHEN THE GLOBAL AGROCHEMICAL SECTOR REPORTED SLUGGISH GROWTH, UPL LIMITED REPORTED 11% GROWTH IN REVENUES. PLUS 25% PAT GROWTH. AN EBITDA MARGIN OF 19.5% IN 2014-15.

At UPL, 'Doing things better', a part of our DNA, comes with a simple understanding. Of driving our business beyond conventional frontiers.

- ▶ Improve continuously, be nimble and embrace change.
- ▶ Continue to learn and be efficient.
- ▶ Continue to strive for excellence.
- ▶ Extend beyond the traditional routes and emerge as a game changer.
- ▶ Challenge ourselves and introduce innovative products.
- ▶ Create a flexible business strategy customised to evolving business spaces.
- ▶ Create a forward-looking business model.

AT UPL, THIS IS HOW 'DOING THINGS BETTER' HELPED US QUESTION THE VERY PARADIGMS THAT WERE ONCE CONSIDERED SACRED.

WE PROGRESSIVELY CHURNED OUR PRODUCT PORTFOLIO, PHASING OUT THE OLD, INTRODUCING THE NEW.

WE WIDENED OUR PORTFOLIO TO A COVER BROADER RANGE OF CROPS ACROSS VARIED SOIL TYPES AND SEASONS.

WE EVOLVED AS A TOTAL CROP SOLUTIONS PROVIDER FROM BEING JUST ANOTHER SUPPLIER OF CROP PROTECTION CHEMICALS.

WE COVERED THE ENTIRE VALUE CHAIN OF THE BUSINESS – FROM RESEARCH TO MANUFACTURING TO MARKETING TO AFTER-SALES SUPPORT.

WE MANUFACTURED ACROSS 28 LOCATIONS (INDIAN AND INTERNATIONAL) WITH THE OBJECTIVE TO SERVE MARKETS QUICKER AND BETTER.

WE INVESTED EXTENSIVELY IN RESEARCH TO CREATE A PIPELINE OF GLOBALLY PATENTED PRODUCTS. THE RESULT: 388 PATENTS FILED; 124 PATENTS GRANTED.

WE FOCUSED ON SUSTAINABLE AND PROFITABLE GROWTH WITH THE OBJECTIVE TO ENHANCE OUR INVESTABLE SURPLUS AND STAKEHOLDER VALUE.

WE EMERGED AS AN AGROCHEMICAL MULTINATIONAL EMPLOYING PROFESSIONALS OF 25 NATIONALITIES.

THIS IS UPL LIMITED.

GLOBALLY THE 11TH LARGEST.
ONE OF THE FASTEST GROWING.
AMONGST THE MOST PROFITABLE.
AMONG THE MOST COMPETITIVE.
AMONG THE MOST DISPERSED.
DRIVEN BY THE PURSUIT OF DOING THINGS
BETTER.

OVERVIEW

UPL Limited is engaged in the business of not only manufacturing and marketing crop protection chemicals but also offering crop protection solutions.

UPL manufactures best-in-class crop protection chemicals and industrial chemicals across 28 manufacturing locations across the world.

The Company has invested in backward integration for most of its key molecules, reinforcing its identity as one of the most responsible low-cost generic agrochemical companies in the world.

The Company markets branded generics and proprietary branded products in all major agro-economies across the globe, reinforcing its identity as one of the most profitable agrochemicals companies in the world.

BACKGROUND

UPL Limited is a multinational company of Indian origin. The Company was founded in 1969 by Mr. R. D. Shroff, who is currently the Chairman.

The Company's market capitalisation as on 31st March, 2015 stood at ₹18,953 crore. The Company is listed on the National Stock Exchange and Bombay Stock Exchange in India.

PRESENCE

UPL Limited has entrenched its presence in 122 countries across six continents.

UPL operates 13 manufacturing units within India and 15 units outside India, enhancing its operational flexibility.

UPL has a team of 3,827 employees, each with specialised domain skills and experience.

All Indian units of UPL have been certified as compliant with OHSAS:18001 Occupational Health and Safety Assessment Series guidelines. The Company is engaged in the process to get itself ISO-certified by adopting IMS (Integrated Management System) across all operating sites.

PRODUCTS

UPL offers a comprehensive product portfolio of crop protection chemicals - fungicides, herbicides, insecticides, plant growth regulators, rodenticides, specialty chemicals, nutrifeeds and seeds (through associate company Advanta).

The Company has a registrations portfolio of more than 4,692 products, a reflection of its product development, documentation and regulatory compliance capabilities.

SUBSIDIARIES

UPL operates through 76 global subsidiaries in the agrochemical space, making it possible to enhance business focus and regulatory compliance.

AWARDS AND ACCOLADES

UPL is a respected industry statesman. The Company has won various awards for its culture of excellence.

► Awarded the CauseBecause Thought Leader 2014 award in the CSR and sustainability domain in India, recognized for inspiring people with innovative social ideas; turning these ideas into reality; and proving how commitment and effort can bring about meaningful change.

► The World CSR Congress Listed UPL among the "50 MOST CARING COMPANIES AWARD 2014".

► UPL CSR case study was meticulously reviewed/judged by esteemed jury and was bestowed the Best CSR Project for

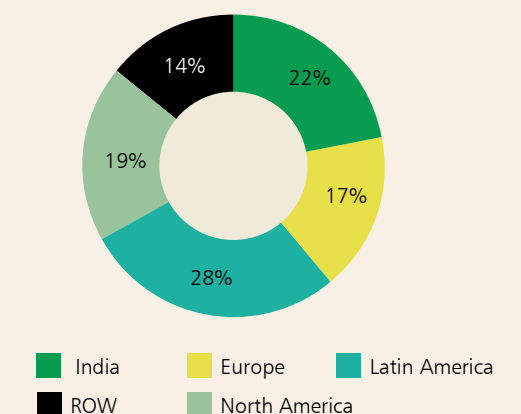
Sustainable Livelihood (Agriculture Development) Award by Indian CSR Community Initiative Awards, 2014.

► One of the manufacturing units (Unit 2 in Ankleshwar, Gujarat) received various awards including "Efficiency for water usage in chemicals" by FICCI (Federation of Indian Chambers of commerce and Industry), "Best steam managed system" by SteamTech 2015, and Green Manufacturing Excellence Award by Frost and Sullivan. (Challengers: Large business)

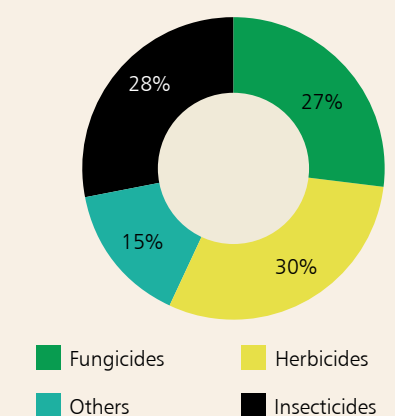
► One of the manufacturing units (Unit 1 in Ankleshwar, Gujarat) received a certificate of appreciation from the National Safety Council.

REVENUE BY GEOGRAPHY

Regionwise Revenue (Sales) FY 2014-15



Productwise Revenue (Sales) FY 2014-15



OUR PROMINENT PRODUCTS AND BRANDS

Agrochemicals

Fungicides	Herbicides	Insecticides
Manzate Prostick	Super Whan	Starthene
Vondozeb	Tricor	Lancer Gold
Saaf	Devrinol	Phoskill
Cuprofix	Ultra Blazer	Ulala
Blue Bordo	Dost Super	Disect
Microthiol	Lifeline	Cyrux
Uthane	Surflan	Akito
Unizeb Gold	Saathi	Tengard
Elixir	Eros Gold	Metasystox
Tebuzol	Jhatka	Doom
Zineb Nautech	Lagaam	Umet
Pencozeb	Fascinate	Viraat

Industrial and specialty chemicals

Red Phosphorus (RP)	Tri Ethyl Phosphite (TEPI)
Phosphorus Trichloride (PCL3)	Tri Iso Octyl Phosphite (TIOP)
Phosphorus Oxychloride (POCL3)	Di Phenyl Isodecyl Phosphite (DPDP)
Phosphorus Pentachloride (PCL5)	Phenyl Di Isodecyl Phosphite (PDDP)
Phosphorus Pentoxide (P2O5)	Tris Tri Decyl Phosphite (TTDP)
Tri Methyl Phosphite (TMP)	Tri Decyl Phosphite (TDP)
Tri Phenyl Phosphate (TPPA)	Phenyl Isocyanate (PI)
Meta Chloro Phenyl Isocyanate	Meta Chloro Phenyl Isocyanate (MCPI)

Seeds

Field crops	Vegetable crops
Rice – PAC 835, 87, 801, 832, Swarna	Peas – G3 10
Field corn – Pac 740	Cauliflower – Shigra, Sharad Satedi, Basanti, Garima, Rimjim
Forages – Nutrifeed, Sugar Grass, Makkhan Grass, Jumbo	Cabbage – G Ball 65, Bhima, Pramukh, Bobby Beetroot – Lalima
Grain sorghum – PAC 501, 537	Spinach – Shobha, Mulayam
Mustard/Canola – PAC 401, CORL 432, HYOLA 401	Bhendi OKRA – GS-123, 124
Sunflower – PAC 309, 336, 334, 3776	Eggplant – New Kiran, Jamuna 47, Kalia, Nishant, Sweekar
Maize – PAC 712, 740, Scorpio, PAC 746, 745, 781	
Cotton – Speed, Sumo, Unicot, Soorya	

OUR KEY PRODUCT PROFILE

ACEPHATE

Acephate is an organophosphate foliar insecticide with residual systemic activity. It is used primarily in the control of aphids, including resistant species, in cotton, sunflower and paddy. It is also used in control of leaf miners, caterpillars, sawflies and thrips.

PROPANIL

Propanil is an acetanilide post-emergence herbicide used widely in the control of numerous grasses and broad-leaved weeds in rice.

GLUFOSINATE

Glufosinate, or its ammonium salt DL phosphinothricin, is an active ingredient in several non-selective herbicides. Glufosinate is effective in the control of resilient weeds, especially those which have developed resistance to non-selective herbicides. It is used in the control of weeds in 'glufosinate-tolerant' crops. It is also used in weed control in plantation crops like oil palms in Malaysia. Being a non-selective herbicide, it is used in pre-harvest crop desiccation.

MANCOZEB

Mancozeb is a dithiocarbamate, contact fungicide with multi-site protective action. It controls fungal diseases across a range of field crops, fruit, nuts, vegetables and ornamentals. These diseases include the early and late blight of potatoes and tomatoes, downy mildew of grapevines, downy mildew of cucurbits, scabs, soyabean rust and black sigatoka of bananas and citrus black spot, among others.

METAMITRON

Metamitron is a systemic and selective herbicide. It controls pre-emergent and post-emergent weeds. It is used against grass and broad-leaved weeds in sugar and fodder beets.

DEVIRINOL

Devrinol is a selective systemic pre-emergence herbicide for controlling grass and broad-leaved weeds. Its long residual activity provides lasting control against weeds affecting brassicae, rapeseed, sunflower and safflower.

COPPER

This inorganic/downy mildew foliar fungicide with preventive action controls diseases like melanose, scabs, pink pitting, alternaria and phytophthora in citrus plants. It is also used in controlling diseases affecting fruits, nuts and vegetables.

SULPHUR

This non-systemic protective fungicide with contact and vapour action. It also serves as a secondary acaricide. It is used extensively against scabs in apple, pears and peaches; leaf spots and mites in vegetables and powdery mildew in grapes.

DOING THINGS BETTER.
AND HOW THIS HAS
REFLECTED ON OUR
FINANCIAL NUMBERS.

THIS IS
HOW WE
PERFORMED
IN 2014-15

FINANCIALS

- ▶ Grew revenues by 11% to ₹12,088 crore
- ▶ Grew EBITDA by 10% from ₹2,151 crore in 2013-14 to ₹2,360 crore
- ▶ Improved PAT by 25% from ₹935 crore in 2013-14 to ₹1,166 crore
- ▶ Strengthened ROCE by 68 basis points from 18.9% in 2013-14 to 19.6%

STRATEGIC

- ▶ Filed 475 new registrations across countries
- ▶ Commissioned a 50-MW equivalent coal fired boiler in November 2014
- ▶ Commissioned a new herbicide plant in Jhagadia
- ▶ Saved ₹104 crore through cost optimisation





MESSAGE FROM THE CHAIRMAN

Dear Shareholders,

I AM PLEASED TO REPORT THE PERFORMANCE OF UPL LIMITED DURING THE YEAR UNDER REVIEW FOR MORE REASONS THAN JUST AN INCREASE IN OUR REVENUES AND PROFITS.

The global agriculture industry encountered several climatic challenges during 2014-15; there was an erratic and uneven monsoon in India and one of the worst droughts encountered in parts of Brazil and the USA.

I am proud to report that even in such a challenging period, the Company reported another year of impressive growth in 2014-15. We reported a 11% increase in revenues, a 10% increase in EBITDA and a 25% growth in PAT. Profits grew higher than the revenues, validating the depth of our business model. I am also pleased to report that we strengthened our PAT margin by 107 basis points during the year under review. The fact that these improvements transpired when a number of other agrochemical companies reported a decline in their margins emphasises our differential business model ensuring profitable growth and industry performance.

THE DIFFERENTIATOR

So the big questions are: what makes UPL different? What makes it possible for the Company to keep outperforming the sector? What makes it possible for the Company to do better in challenging business environments?

Over the last few years, UPL focussed on creating a business model which enabled the Company to maximise on opportunities on the one hand and, continue de-risking the business on the other.

The result is that we widened our product portfolio to address multiple crops through label extensions for use across multiple geographies and across the value chain (seeds to pre-harvest to post-harvest solutions). This made it possible for us to protect ourselves from unexpected climatic patterns and market behaviours in different regions. Our marketing presence in more than 120 countries made us one of the most widely present agrochemical companies in the world, enabling us to source prudently from a complement of our international plants, resulting in quick responsiveness, attractive margins, enhanced customer satisfaction and increase ability to dig deeper into the markets of our presence.

We strengthened our competitiveness through the manufacture of technicals in India and formulations closer to key consuming markets (through 13 Indian plants and 15 international plants spread across 11 countries), making it possible for us to leverage our scale in at the back-end and enhance value closer to the markets, making us one of the most competitive responsible generic agrochemical manufacturers in the world.



25%

GROWTH RECORDED
BY THE COMPANY IN
PROFIT AFTER TAX
OVER 2013-14

There is a growing relevance of innovation-driven companies like ours as farm realisations have begun to soften across the world, affecting agricultural viability. The result is that farmers are now seeking options to rationalize costs and stay competitive. As a solutions-focused agrochemical company, we introduced innovative products with enhanced potency and price-value that increased farmer viability .

As a forward-looking company, we do not merely focus on sale; we focus on engaging with farmers to provide farming solutions and build a long-term farmer relationships. In line with this priority, we are investing continuously in farmers' interaction to understand their evolving needs and provide customised solutions. The Company provides training to farmers on its demonstration plot in product efficacy and progressive farming practices, transforming what could have been a one-off transaction into an enduring relationship.

The Company implemented 10 Unimart stores across India, providing farmers with one-stop-shop solutions for all their needs. Besides, these stores also serve as repositories of agricultural information where farmers can get their queries addressed. UPL's 'doctors' prescribe the use of agrochemicals across crops, sharing best practices on dosage and usage of crop protection chemicals across pests.

The Company engaged with technical institutes to enhance operational efficiency and improving overall productivity. We managed our waste better and recovered valuable byproducts, reducing waste generation and increasing surplus through byproduct sales.

The result is that UPL Limited is attractively placed in the global agrochemical industry. The Company enjoys a formidable global presence across more than 120 countries with 15 overseas manufacturing units, a number of them being present in key agricultural markets while not being excessively dependent on any select geography, ensuring sustainable revenue growth.

GROWING FOOD REQUIREMENTS

The macro environment related to our sector remains positive. The global population, which stands at 7 billion, is expected to touch 9 billion by 2050 with a proportionate increase in per capita income. The world's food production needs to double from current levels even as farm acreages are shrinking and fertile regions are getting adversely impacted on account of environmental degradation.

Even as this reality is challenging, it is estimated that 10-16% of global crop production is lost to pests (fungi, bacteria, viruses, insects, nematodes, viroids and oomycetes). The diversity of crop pests continues to expand; new strains are evolving and it is estimated that crop loss on account of fungal infestation would be equal to feed nearly nine per cent of the world's population; India's pest-induced annual crop loss is estimated at nearly ₹50,000 crore.

There lies an immense scope for a sector like ours. India accounts for less than two per cent of the global usage of crop protection chemicals even as the country accounts for nearly 16% of the global population. Besides, a fourth of India's 180 million hectares is considered to be arable, which represents a lucrative avenue and attractive potential for growth and enhanced agrochemical use.

CORPORATE SOCIAL RESPONSIBILITY

UPL is not only focusing on increasing its topline, but also believes in enhancing rural prosperity. Take the instance of its commitments in Daang (Gujarat) where UPL provided quality seeds and crop protection solutions to the underprivileged. The result is that over the years, Daang farm incomes have increased significantly, widening the prosperity and kick-starting a virtuous circle.

I am thankful to the shareholders for their trust in our business model.

Regards,

R D Shroff
Chairman



HOW WE HAVE EVOLVED OVER THE YEARS BY SIMPLY DOING THINGS BETTER...

Earlier	Now
Domestic player	Amongst the top 12 global players with a presence in more than 120 countries
Sales-oriented	Marketing-oriented
Technical sales	Branded formulations
Mainly generic products	Patented, proprietary and generic products
Crop protection	Crop protection, seeds and adjacent technologies



DOING THINGS BETTER... ENHANCING MANUFACTURING AND SUPPLY CHAIN EFFICIENCIES

AT UPL, 'DOING THINGS BETTER' IS NOT A ONE-TIME RESPONSE; IT IS AN ONGOING OBSESSION.

This commitment has been best tested during challenging sectoral downtrends. During such periods, the Company has responded with the following initiatives:

- ▶ Deployed multiple teams across its manufacturing plants to enhance cost optimisation, waste reduction and energy conservation
- ▶ Enunciated targets to be achieved within stipulated tenures
- ▶ Outlined collaborative engagements between the R&D and production teams to achieve process and product improvements
- ▶ Tied up with various academic institutes to enhance operational efficiency
- ▶ Invested in byproduct utilisation and value-addition to strengthen the bottomline
- ▶ Invested in a 50-MW equivalent coal-fired boiler to reduce electricity costs

