



Annual Report 2016-2017 **UPL Limited**



Doing things
better!

UPL Limited. Farmers. Prosperity.

At UPL Limited, we are driven by two objectives.



Inside the document

001	Doing things better	016	Chairman's overview	064	Directors report
004	Corporate identity	020	Global CEO's review	081	Annexures
006	Milestones	022	Key performance indicators	118	Corporate governance
008	Evolving value chain and financial performance	036	Business model	130	Business responsibility report
010	Global outperformer	039	Management discussion and analysis	149	Standalone financial statements
013	Champion UPL brands	052	Corporate information	228	Consolidated financials
014	Integrated solutions	053	Notice		

Caution regarding forward-looking statements

This document contains statements about expected future events and financial and operating results of UPL, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the UPL Annual Report 2016-17.

Prosperity across 130+ countries.

UPL's overarching objective has generated heartening results. In FY2017, even as the global crop protection chemical industry contracted 2.5%, UPL Limited grew revenues 17%. What's good for farmers is good for shareholders.

-2.5%

Growth of global agrochemicals sector, CY2016

+17%

Growth in UPL revenues, FY2017

Doing thing better.

UPL could have been happy cloning products of innovators.

We chose to innovate off-patent products.

UPL could have been happy making generic products.

We selected to make branded generics instead.

UPL could have been content marketing products in India.

We ventured to market products in more than 130 countries (six continents) instead.

UPL could have manufactured products in its Indian plants.

We established a manufacturing footprint in 33 locations across the world instead.

UPL could have outsourced research and focused on marketing.

We invested in research to provide complete crop solutions instead.

UPL could have developed me-too products.

We invested in developing unique combinations, mixtures and formulations.

UPL could have focused on a handful of products.

We created a diversified portfolio of products for a wide range of crops.

UPL Limited.

More than just an agrochemical product manufacturer.

A one-stop crop protection solutions provider.

More than just a company matching global sectoral growth.

A company that has created value for its customers and all stakeholders.

Vision

To be a world-class organisation by enhancing value for customers and other stakeholders, by caring for employees to inspire their engagement as a motivated team in an open and learning environment, by setting new performance standards and by focusing on total quality control, innovation and responsive care towards the environment.

Mission

Manufacturing and supplying crop protection and specialty chemicals worldwide, by providing solutions to optimise farm productivity for the farmer through innovative and cost-effective products, to provide the customer with better value for money.



Solutions-driven
UPL's large basket of crop protection chemical products safeguards crops against pest infestations. Over the years, UPL has extended beyond crop protection chemicals; the company has diversified its portfolio across seeds, seed treatment solutions, post-harvest solutions and industrial chemicals.



Widening value chain
UPL has extended across the sectoral value-chain: R&D, registrations, manufacture, packaging and marketing. The result is that the company has emerged as one of the most comprehensive crop protection chemical companies in the world.



Entrenched presence
UPL has established its footprint across more than 40 countries and six continents; the company enjoys a visible presence in key agro-based economies (India and Brazil for instance). This 'glocal' approach has helped mitigate the risk of an excessive dependence on a single country or region.

Core values			
Changing the game	Fostering a passion for excellence	Nurturing the environment	Energising employees
<ul style="list-style-type: none">Challenge the status quo	<ul style="list-style-type: none">Set high standards in everything we do	<ul style="list-style-type: none">Ensure high standards of compliance and safety	<ul style="list-style-type: none">Provide a stimulating environment to help employees learn and grow
<ul style="list-style-type: none">Anticipate the future and be adaptive to change	<ul style="list-style-type: none">Strive to achieve qualitative excellence	<ul style="list-style-type: none">Follow sustainable environment practices	<ul style="list-style-type: none">Promote teamwork
<ul style="list-style-type: none">Develop innovative solutions for customers	<ul style="list-style-type: none">Maximise productivity through efficient processes		<ul style="list-style-type: none">Focus on competence development and career growth
<ul style="list-style-type: none">Ensure lowest-cost manufacturing operations across the globe	<ul style="list-style-type: none">Respond promptly to customer needs		<ul style="list-style-type: none">Respect people and care for them

Awards and achievements

2012

Agriculture Leadership Award for Mr. Rajju Shroff and Mr. Vikram Shroff

2013

Ernst & Young 'Entrepreneur of the Year' award

2015

Lifetime Achievement Award by AGROW for Mr. Rajju Shroff

2016

First position in the agrochemical Sector for UPL (Dun & Bradstreet's Top 500 Companies in 2016)

2017


IIRIM – India Green Manufacturing Challenge 2016 – Silver and Special award (Unit 2)


Milestones

 **1969**
Started manufacturing red phosphorus

 **1976**

- Entered the agrochemicals sector
- Started exporting products


 **1980**
Started production of yellow phosphorus at Ankleshwar

 **1994**


- Acquired the UK-based MTM Agrochemicals to gain access into the European herbicides market
- Commenced operations at the Jhagadia plant, UPL's largest manufacturing site with a cumulative capacity of 240,000 metric tonnes per annum

 **1996**


- Acquired Devrinol to gain access into the American, Japanese and RoW markets
- Operationalised a caustic chlorine manufacturing plant


 **2005**

- Acquired SWAL to bolster scale and distribution efficiency in India
- Registered the first EMR (SAAF)

 **2006**

- Acquired Reposo to access the Argentine market
- Acquired Advanta to foray into the seeds business

 **2007**
Acquired Cerexagri to enhance global revenues

 **2010**

- Leveraged the global sales and marketing network of RiceCo
- Diversified into the Manzate fungicide business via dedicated manufacturing facilities


 **2012**
Acquired DVA Agro and SIB in Brazil to access the Brazilian market

 **2014**

- Crossed ₹100 billion in revenues
- Introduced Unizeb Gold

 **2016**

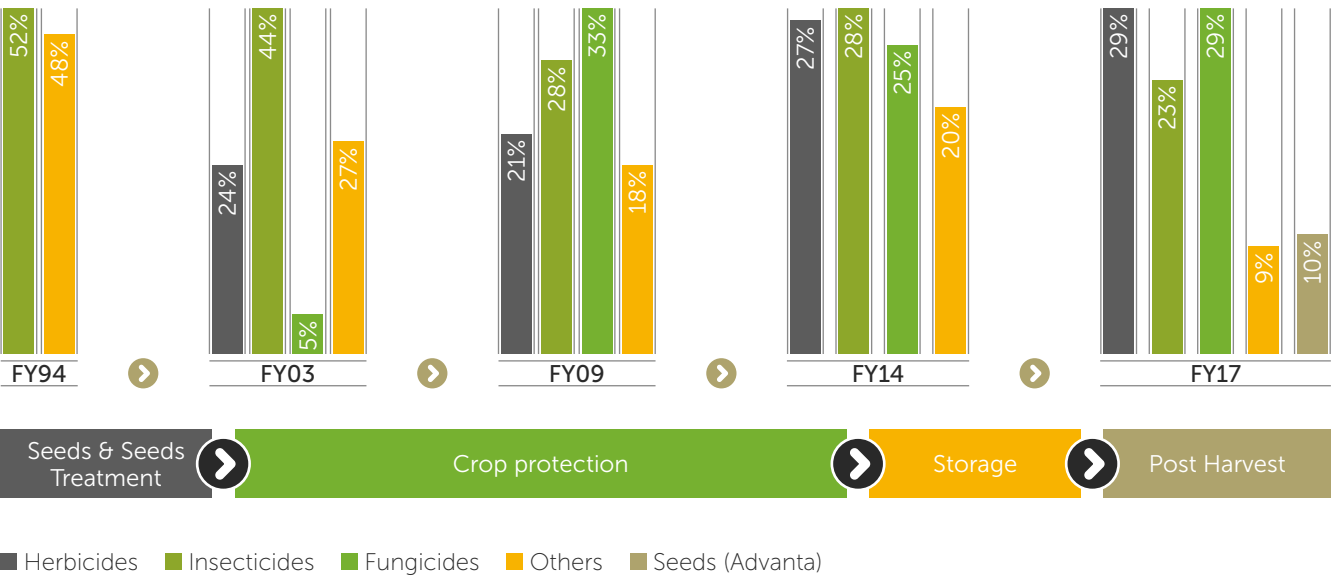
- Crossed US\$ 2 bn in revenues
- Crossed 5,000 mark in registrations
- Merged with Advanta

 **2017**
Issuance of USD 500 mn bonds, through overseas subsidiary – UPL Corporation, as per 144A / Reg. S, with an Investment Grade rating from Moody's / S&P / Fitch



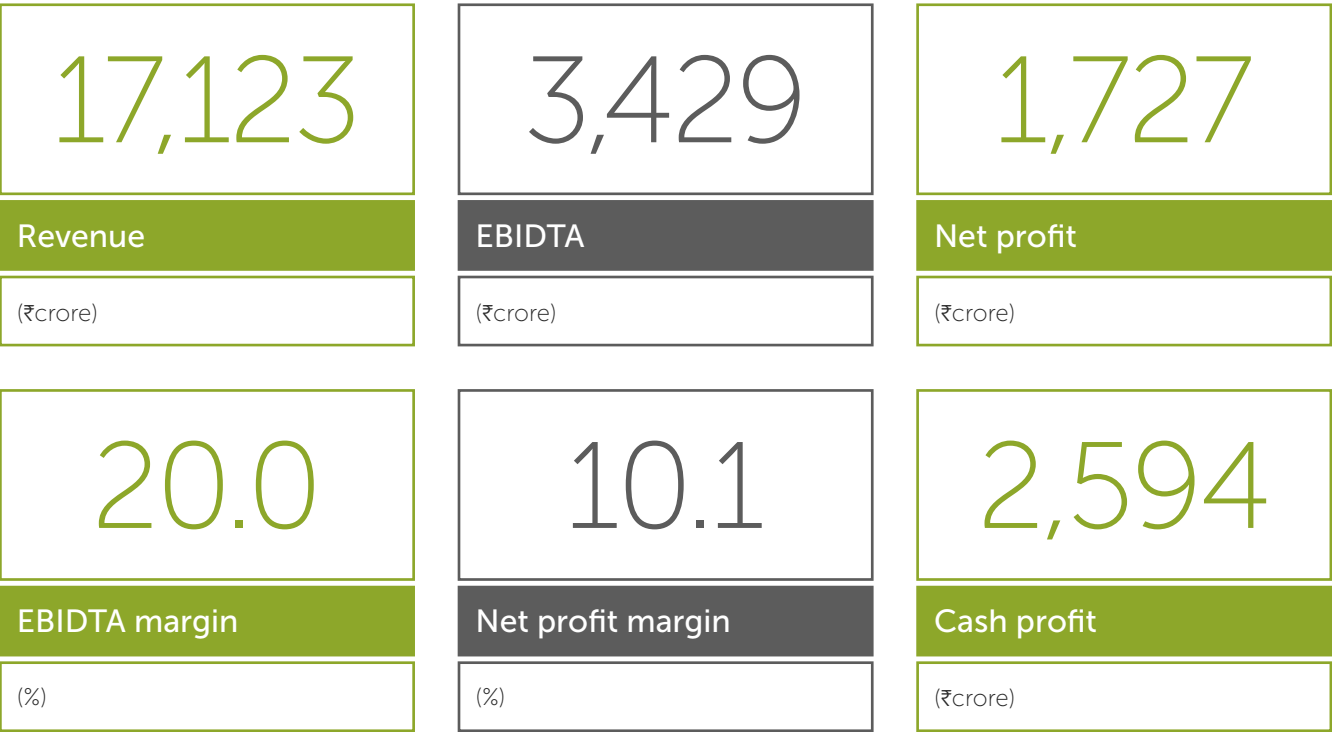
UPL in numbers	3rd Global status as a post-patent crop protection chemicals company	130+ Number of countries of the company's presence	33 Number of manufacturing facilities	5,714 Number of global employees	25+ Acquisitions in more than two decades	200 Number of patents awarded to the company	5,934 Number of product registrations across countries	9 UPL's status among the largest global agrochemical countries
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Evolving value chain

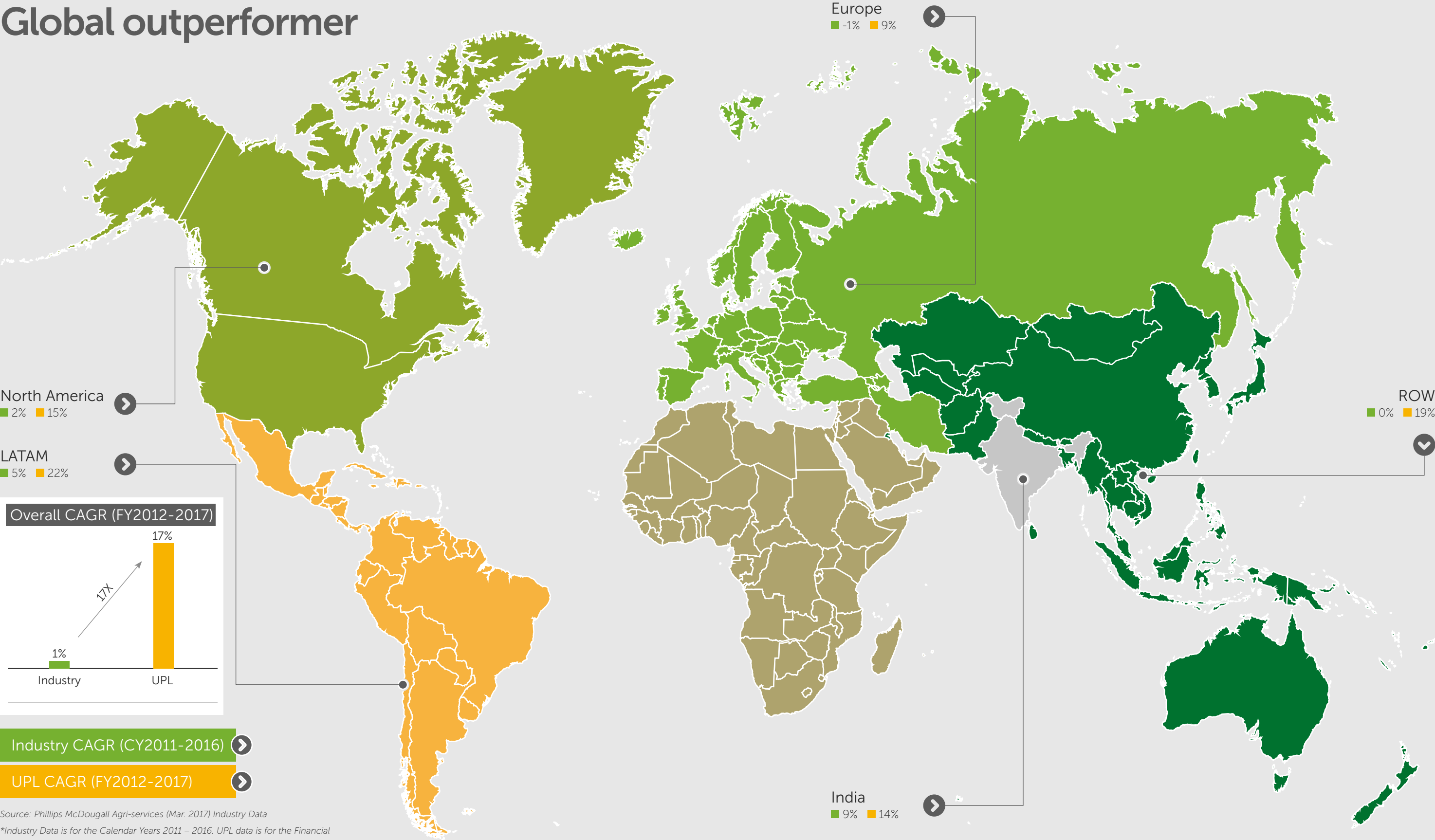


Complete crop solutions						
	Seeds	Herbicides	Insecticide	Fungicide	Fumigant and storage	Specialty post-harvest
Primary use	Provide added value to farmers through superior genetics	Prevent or reduce weeds which hamper crop growth and harvest	Control insect pests which reduce crop yields and quality	Prevent and cure fungal plant diseases	Pest control in warehouses	Technical applications like special coatings
Key products	Sorghum, Corn, Canola, Sunflower, Vegetables	Propanil, Metribuzin, Glufosinate, Pendimethalin, S-Metolachlor	Acephate, Imidacloprid, Bifenozate, Flonicamid	Mancozeb, Copper, Sulphur	Aluminum Phosphide (ALP), Magnesium Phosphide	Natural coatings CIPC
Key brands	Advanta, Alta, Pacific, Golden, Nutrisun	Stam, Devrinol, Tricor, Fascinate, Lifeline, Satellite, Lagaam, Saathi, Mocasin	Lancer Gold, Ulala, Phoskill, Batus Gold, Banter	Manzate, Vondozeb, Microthial, Unizeb Gold, Glory, BB20, TBCS40, Saaf	Weevilcide, Quickphos	Oorja

Financial performance, 2016-17



UPL Limited. Global outperformer



Source: Phillips McDougall Agri-services (Mar. 2017) Industry Data
*Industry Data is for the Calendar Years 2011 – 2016. UPL data is for the Financial Year-end from March 2012 to March 2017

UPL. Consistent outperformance

Region-wise analysis

Country	Market	UPL	Growth enablers
India	Grew by ~9%	Grew y-o-y revenues by 11%	<ul style="list-style-type: none">• Significant increase in pulses and oilseeds planting area• Reduction in cotton acreage – especially in Northern India• Ulala, Saaf and Phoskill brands joined the ₹100 crore club• Greater customer engagement• Introduction of biological and nutritional products• Strategic focus on vegetable and fruit crops
Latin America	Contracted 6.6%	Grew y-o-y revenues 26%	<ul style="list-style-type: none">• Successful launch of eight new products (six herbicides, fungicide and insecticide)• Grew sales in all key LATAM countries• Growing need to address weed resistance• Significant currency volatility
Europe	Contracted 1.9%	Grew y-o-y revenues 12%	<ul style="list-style-type: none">• Sugar beet area increased 15%• Wet North Europe led to high disease pressure on potatoes
Rest of world	Contracted 1.5%	Grew y-o-y revenues 15%	<ul style="list-style-type: none">• Good rice crop recovery• Expansion into China• Established distribution partnership in Nigeria• Created a regional base in Kenya
North America	Grew 1.1%	Grew y-o-y revenues 11%	<ul style="list-style-type: none">• Launched three products (two herbicides and a fungicide)• Significantly higher harvest in 2016• Launched two aquatic business products; grew 15%



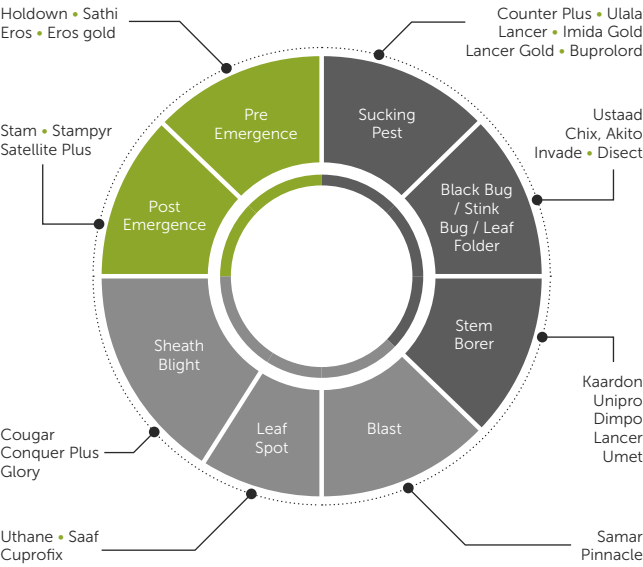
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UPL. Integrated solutions provider

Rice

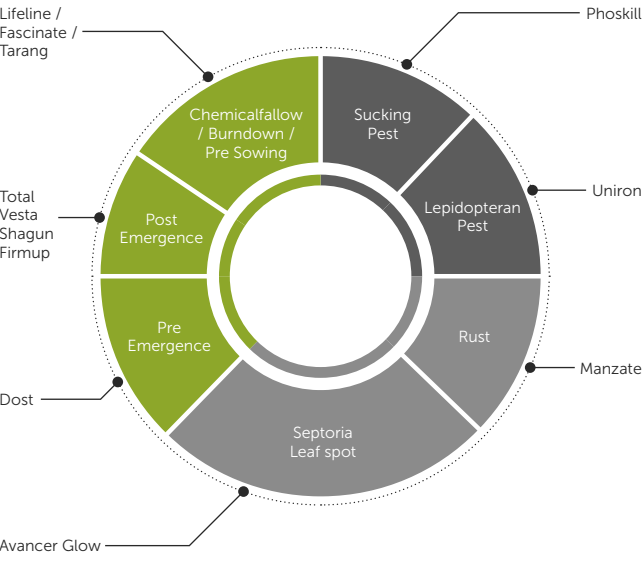
A US\$4.8 bn global opportunity



■ Insecticide ■ Fungicide ■ Herbicide

Wheat

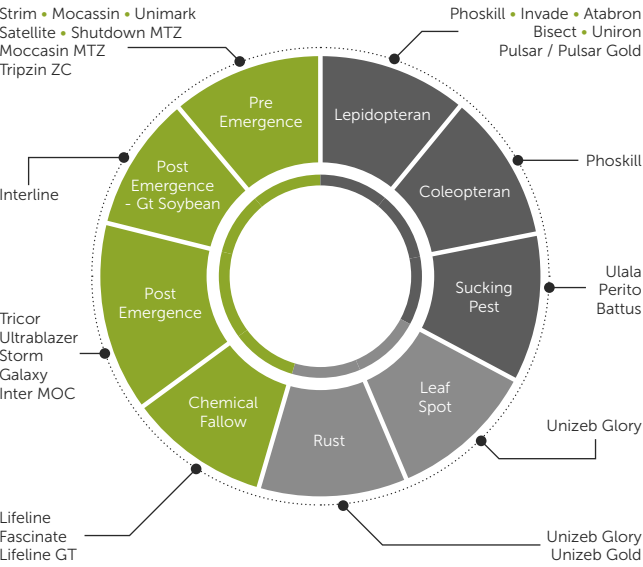
A US\$6 bn global opportunity



■ Insecticide ■ Fungicide ■ Herbicide

Soybean

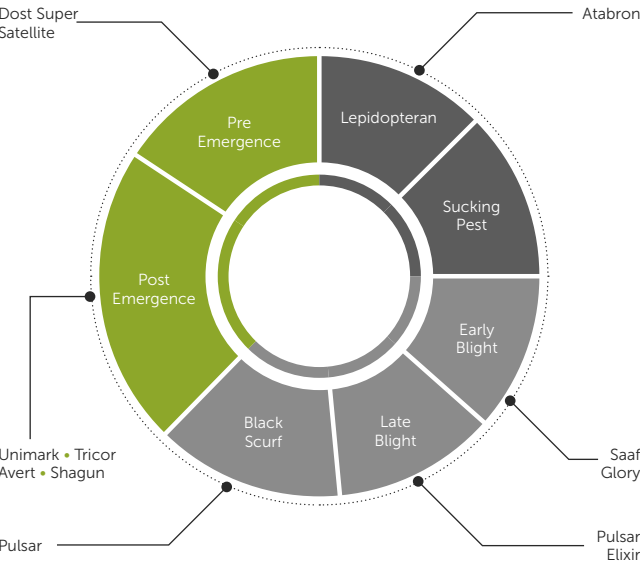
A US\$8.3 bn global opportunity



■ Insecticide ■ Fungicide ■ Herbicide

Potato

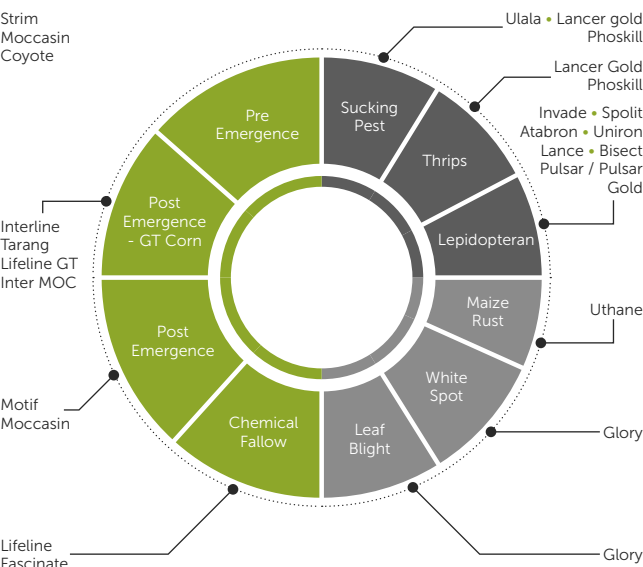
A US\$1.2 bn global opportunity



■ Insecticide ■ Fungicide ■ Herbicide

Corn

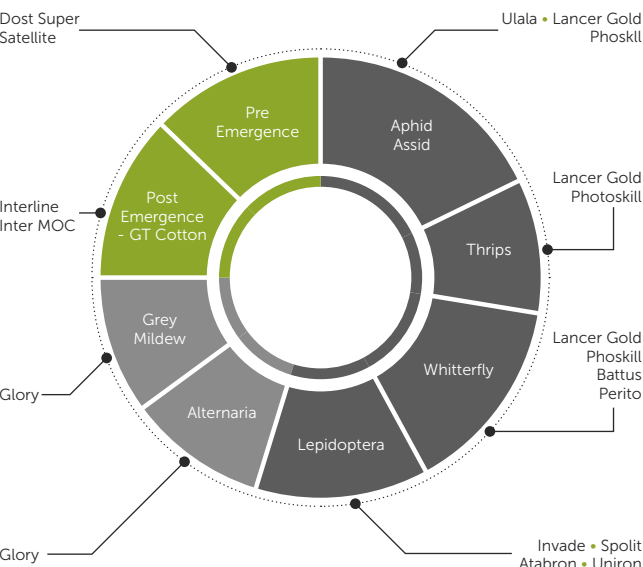
A US\$5.7 bn global opportunity



■ Insecticide ■ Fungicide ■ Herbicide

Cotton

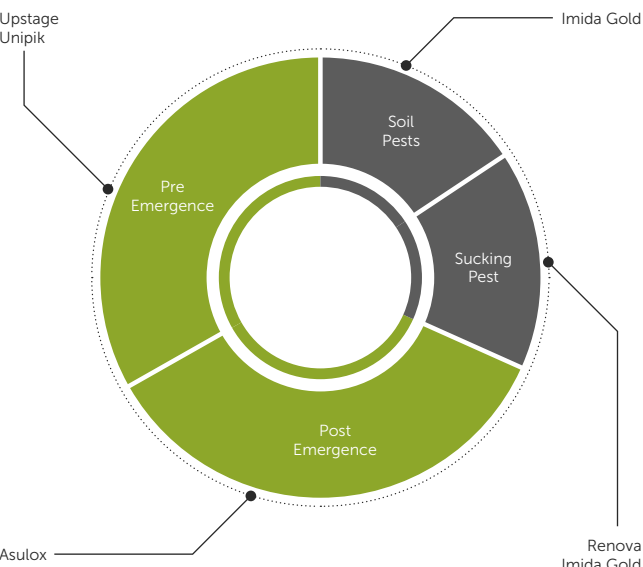
A US\$2.5 bn global opportunity



■ Insecticide ■ Fungicide ■ Herbicide

Sugarcane

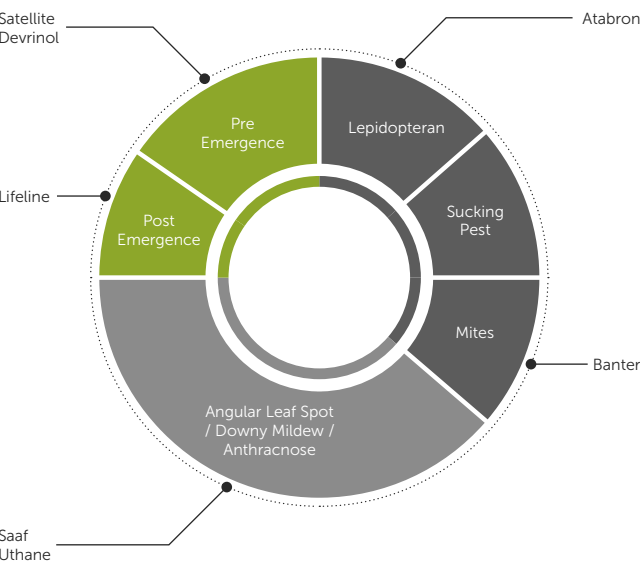
A US\$8.4 bn global opportunity



■ Insecticide ■ Herbicide

Vine

A US\$1.7 bn global opportunity



■ Insecticide ■ Fungicide ■ Herbicide

Chairman's overview

Dear shareholders,

I am pleased to report that FY2016-17 proved to be yet another successful year at UPL for a number of reasons.

UPL continued to outperform the global crop protection chemical industry by reporting revenue growth of 17% against the broad sector's *degrowth* of 2.5%. This outperformance is remarkable considering that the overall sector posted its second consecutive de-growth year. The weaker the performance of the overall global sector, the stronger was UPL's response.

UPL did not merely grow; EBIDTA and PAT grew 26.5% and 83.8% respectively, indicating qualitative profitable growth, which is the hallmark of outperforming companies.

At UPL, we believe that this sustained outperformance is the result of a focus on the development of innovative farm solutions. We do not just manufacture products; we address marketplace gaps. We do not just launch new products that we think will succeed; we speak extensively with farmers the world over who tell us just what kind of products would make the biggest difference to their viability.

In view of this, UPL's competitiveness is principally derived from a sense of humility. Even as we market products in more than 130 countries, we believe that we need to know more about what is transpiring in farms in real time. We believe the words 'real time' are critical; as climates evolve and pests actions mutate, there is a growing need to reconcile corporate discipline with organisational flexibility.

At UPL, we pick data faster than

most companies from across the countries of our presence. We pool this information to be able to deduce and dissect. We draw our principal learnings from emerging realities. We integrate the head and tail of our decision-making to respond with speed. We fuse new product development, marketing, distribution and brand building to respond to unmet farm needs. And we do all this around a price-value proposition that attracts new customers on the one hand and enhances our share of the customer wallet on the other.

The key then to our sustainability is not that we maximise revenues, margins and profits; it is that we empower the farmer to do so in the first place. Our solutions are customised around specific terrains, pests and crops, enhancing farmer effectiveness. During the last number of years, we have helped a number of farmers in South America virtually transform their farm viability towards robust growth; we have helped a number of European farmers protect their crops more



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effectively; we have helped a number of Asian farmers reduce crop shrinkage through timely crop protection chemical intervention; we have helped a number of farmers in Africa with the right seed quality, enhancing their viability.

We believe that this ability to enhance farmer competitiveness boosted a growing preference for our products, making it possible to enhance market share at a time when farmers remained cautious about additional investments in agri-inputs.

Year in review, FY2016-17

At UPL, we are never satisfied; there is always an obsession to make the good better.

We strengthened our business across a number of fronts during the year under review.

We continued to service key agriculture markets like India, Brazil and North America through the development of specialised products in line with emerging farmer needs.

We deepened our presence in

geographies - Asia, Africa, Turkey and China - where we did not enjoy a pervasive presence.

We launched new products in Latin America, which helped moderate farming costs.

We built a pipeline of products that will be launched over three to four years.

We prioritised the manufacture and marketing of branded products.

We reinforced our product basket comprising seeds on the one hand and pre- and post-harvest chemicals on the other.

We offered farmers spraying services; we commissioned a advisory call centre to forge stronger farmer relationships.

We continued to file patents and register products across countries, strengthening our marketing footprint (filed 253 patents and registered 1,862 products in the five years ending 2016-17).

We improved process efficiencies to emerge as one of the most margins-accretive companies within the global



Prime Minister Narendra Modi on improving India's farm income

"Our land resources are limited while our population and demand for food is rising. We need a mix of scientific and traditional knowledge to improve soil fertility. We need more crop in less time.

Normally a farmer is doubtful about a new technology. But progressive farmers are ready to take the risk. Agricultural universities in the country should prepare a list of young and educated progressive farmers in their area and use this network to disseminate scientific knowledge. Agriculture colleges can start their own radio stations. Farmers are keen listeners of radio and students can give localised solutions to problems like less rainfall and pest attacks."