

Latin America

Presence

Year	Manufacturing units
2018	5

Revenues from operations

Year	Revenues (H crore)	Growth over last year (%)
FY2015	3,406	19.3
FY2016	4,273	25.4
FY2017	5,396	26.3
FY2018	5,692	5.5

Proportion of Global Revenues

Year	Proportion (%)
FY13	27
FY18	33

Overview

The Latin American region is an important net exporter of food and agricultural commodities, accounting for 16% of the global food and agriculture exports and 4% of the global food and agriculture imports.

Fruits such as avocado, pineapple, papaya and guava are also native to tropical South America. Brazil is the world’s largest exporter of coffee and the sixth-largest producer of cacao. Corn is produced throughout the temperate climates and soybeans have become an increasingly lucrative crop in the Pampas. Heavily irrigated crops, such as rice and cotton, are grown in desert oases.

UPL enjoys a large presence in Latin America, especially in soybeans, oil crops, corn, cotton, coffee, sugarcane and fruits and vegetables. The key countries in the region are Brazil, Argentina, Columbia and Mexico. UPL will launch its Glufosinate brands in Latin America, which has the potential to replace glyphosate that has developed weed resistance.

The largest revenue contributor from the geography is Brazil, with half the revenues in the country accounted for by the North and the other half by the South. Most farmers in the northern part of Brazil export their produce. Though crop protection chemical sales in the northern part of

Brazil are in Brazilian Real, they are pegged to the US dollar, creating a natural hedge. Sales in the Southern part of Brazil are in Brazilian Real. However, most of the materials are imported in Brazil in US dollar terms. Thus, 50% of UPL’s sales in Brazil are exposed to currency volatility. The Company uses a forward cover to mitigate this risk. UPL has collaborated with Bayer to promote fungicides targeting Asian Rust in Brazil. While UPL will cross-market Bayer’s Fox, Bayer will cross-market UPL’s Unizeb (Mancozeb). When applied together, these products will ensure greater protection. Although the demand for Unizeb had been good, limited distribution had constrained sales. The tie-up will allow UPL to gain access to Bayer’s robust distribution network and catalyse offtake.

Highlights, FY2017-18

- Increased revenues by 5% to reach H5,692 crore despite a market contraction of 4%
- Contributed 33% to UPL’s overall revenues, growing at a healthy CAGR of 18% between FY13 and FY18
- Launched 6 herbicides, 13 fungicides, 7 insecticides, 2 seed treatment products and an adjacent technology product
- Successfully launched Sperto (insecticide) in Brazil

Growth drivers

- Launch of new products
- Focus on fighting weed resistance
- Manufacturing soybean and oilseed-specific products
- Robust distribution network

Road ahead

Latin America is the largest contributor to UPL’s revenues, it will continue being a key market. The market is showing an increased preference for inexpensive branded generic products and the Company will deepen its presence in the region through the launch of new products. It will widen its customer reach by collaborating with Bayer.

Key brands

Manzate, Vondozeb, Unizeb, Lancer, Quickphos, Unizeb Gold, Clorin, Zartan, Danado, Imida Gold, Lancer Gold, Glory