CEO's business review

Q&A

How do you assess the Company's performance in FY2018?

FY 2018 was one of the most challenging years for the global crop protection chemicals industry with industry revenues remaining practically flat over FY 2017. Commodity realisations continued to decline that led farmers to move towards post-patent products.

Given this reality, when most players either reported lower growth at best or contracted in line with the prevailing sectoral average, the Company's performance was striking: consolidated revenues improved 5% from H17,124 crore in FY17 to H17,920 crore in FY18, EBIDTA reported a 14% growth from H3,429 crore in FY17 to H3,920 crore in FY18 and PAT grew 17% from H1,727 crore in FY17 to H2,022 crore in FY18 profitable growth for the Company.

I am pleased to report that the Company continued to strengthen margins: EBIDTA margin strengthened 185 bps over FY17 and net profit margin improved 121 bps over FY17.

The result was complete outperformance: UPL's revenue growth was 5% while the global crop protection chemicals industry growth was practically flat.

What were the reasons that translated into this outperformance?

UPL continued to do things better in various ways.

One, we enhanced operational efficiency that made it possible to moderate costs. During the year under review, we saved close to H65 crore through various initiatives.

Two, we saw our key global markets stage a much-awaited recovery during the course of the year. We reported good traction for our products in North America, Latin America and Europe following the removal of quotas on sugar production.

Three, the Company mobilised USD300 million by offering US dollar-denominated bonds to international investors at 4.5% (173 bps spread over the US benchmark treasury yields). Around three-fourths of this mobilisation will be used to refinance high-cost and long-term overseas loans while the rest will help

At UPL, we are attractively positioned to capitalise on sectoral realities:

- We have a deep on-field marketing presence in most of markets while in other areas we rely on dedicated marketing agents
- We possess ample capacities to address demand surges
- We are focusing on branded generics to fetch better returns
- Our new launches have already shown promising growth in key markets
- We provide a one-stop solution in a world marked by a growing need for convenience
- Our value-added services enhance farm productivity and farmer incomes