

UPL'S ADVANTAGE LIES IN ITS DEEP PRODUCT CHEMISTRY COMPETENCE.



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7.5 billion to 9.8 billion by 2050, requiring the world to produce at least 70% more food, when one factors the plugging of prevailing and prospective gaps.

Even as this reality is by itself daunting, there are concerns of finite arable area, plateauing yields and climate change impacting agricultural productivity. With emerging economies entering an era of unprecedented economic prosperity, there is a gradual shift in dietary preferences. More people are consuming dairy and poultry products, increasing fodder demand.

Even as this is already placing a larger pressure on arable land, the reality is that the world is losing a substantial crop quantity in pre-harvest and post-harvest losses owing to pest attacks. In India, ~15-25% of the potential crop output is lost on this count.

UPL optimism

UPL is the right company at the right time.

The Company continues to work in the pre-harvest and post-harvest spaces, helping protect a sizeable crop output. The Company's wide products range covers the entire crop cycle, protecting farm viability. The Company extended its business model beyond core products to solutions, providing customers allied services (crop protection chemicals spraying, price trends and ancillary products supply). The Company also offers innovative products that help conserve ground water, particularly relevant in

drought conditions.

UPL's advantage lies in its deep product chemistry competence. The Company invested proactively to build expertise, resulting in timely product launches. The Company emerged as one of the largest players in the post-patent space. The Company strengthened its position as a cost leader.

Five-pronged strategy

Going ahead, UPL intends to leverage a five-pronged strategy to grow its business:

- UPL's sustained R&D investment will empower it to alter formulations and launch new products capable of overcoming pest resistance more effectively
- UPL's revenue from branded products increased from 25% of overall sales in FY2014 to 87% in FY2018. The Company will strengthen its branding, generating significant shares in branded sales in the geographies of its presence, especially Latin America and North America.
- UPL filed 378 patents (58 patents granted) over FY2014-18. The revenue from innovative products in three years increased from 5% of revenues in FY2015 to 19% in FY2018. Going ahead, UPL will leverage its in-depth knowledge of registration requirements to enter new markets and introduce new products, strengthening revenues.
- UPL aims to make the most of the impending opportunity in the generics space, as a number of

products (~USD 3 billion) are going off-patent over CY2017-20. Despite the dominance of existing MNCs in Latin America, Europe and North America, UPL has been able to make significant inroads in these markets on the back of its distinctive products and robust distribution network, an initiative that will be sustained.

- The Company will continue to improve profits by optimising product mix, rationalising costs and enhancing operational efficiency.

Outlook

The global crop protection chemicals sector passed through two consecutive years of contraction and one year of flat growth. The scenario is gradually improving with crop protection chemical inventories declining and realisations stabilising. UPL's range of products and deep distribution bandwidth should address a growing demand for cost-effective generic crop protection chemicals.

In the last five decades, the Company invested proactively and the foreseeable future now appears more exciting than ever.

R.D. Shroff

Chairman