



**United Phosphorus Limited**

**A Global Crop Protection Chemicals**

**&**

**Seeds Company**

*December 2009*

**Strictly Private and Confidential**

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# Overview



**United Phosphorus  
Limited**

49.9%  
→  
(Stake held by UPL)

**Advanta India  
Limited**

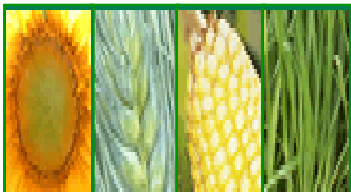




Ticker:	UNTP IN	ADV IN
Market Capitalization:	US \$1460mm	US \$204mm
FY09 Revenues:	US \$1086mm	US \$140mm *
FY09 EBITDA:	US \$217mm	US \$27mm *
FY09 EBITDA Margin:	20%	19% *
Employees:	3,400	900

Note: Market Capitalization as on October 23, 2009

\* CY 2008

# Presence Across Value added Agri Inputs



	Seeds (Advanta)	Crop Protection (UPL)	Non-Crop Applications (UPL)	Specialty Chemicals (UPL)	Post Harvesting (UPL)
					
Products & Services	Hybrid Seeds GM Seeds	Herbicides Fungicides Insecticides Others	Turf & Ornamentals Lawn & Nursery Dom.& Indsl. Pest Mgnt. Vegetation Mgnt.	Chlor-Alkali Chemicals Phosphorus Halides Phosphonates Flame Retardants Antioxidants	Decco Alp CIPC
Brands / Crops	➤ Sorghum, Corn, Rice, Sunflower, Canola, Mustard	➤ Devrinol ➤ Lancer ➤ Ultra Blazer ➤ Surflan Orange ➤ Quickphos	➤ Tengard ➤ Surflan Green ➤ Devrinol	n.a.	➤ Shellac ➤ Ethoxyquine ➤ Carnauba

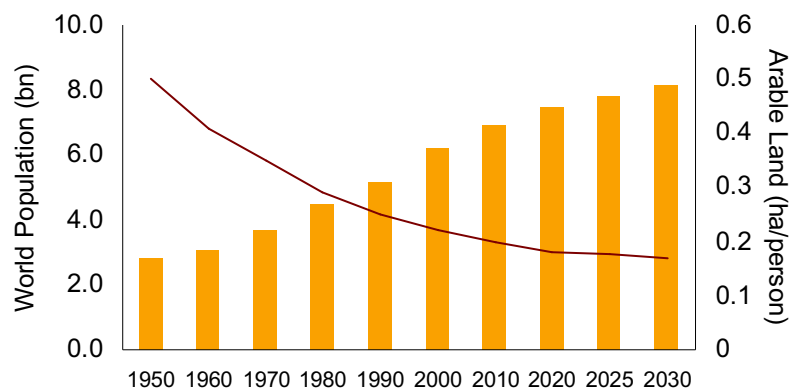
# Agriculture - Strong Medium Term Outlook



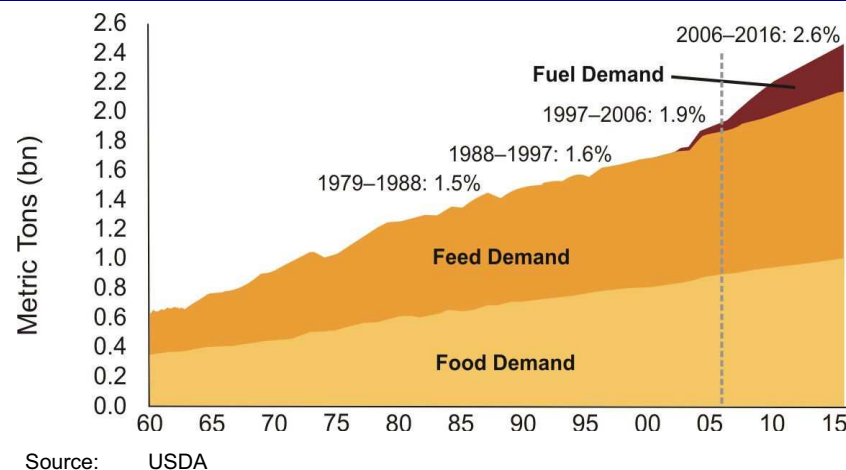
## Agricultural Key Drivers of Demand

- Increasing population
- Declining arable land per person
- Income growth in developing countries
- Changing diets
- Increasing demands for higher quality foods
- Biofuel potential

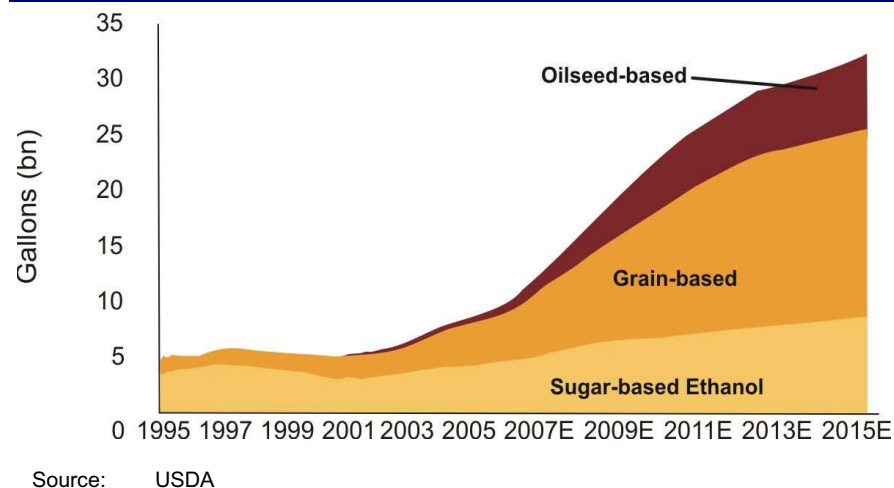
## Constrained Arable Land



## Food, Feed and Fuel Driving Agriculture Commodity Demand



## Global Biofuel Output to Double

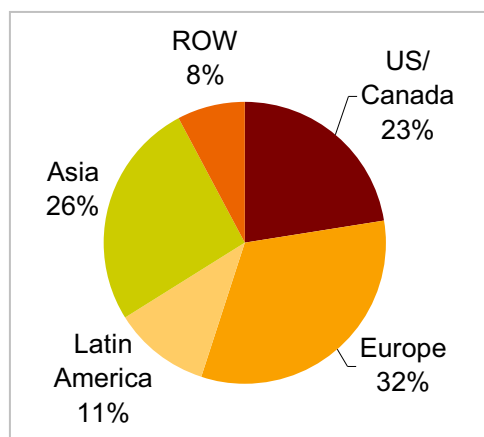


# Large, Stable, Addressable Market for Agri Inputs

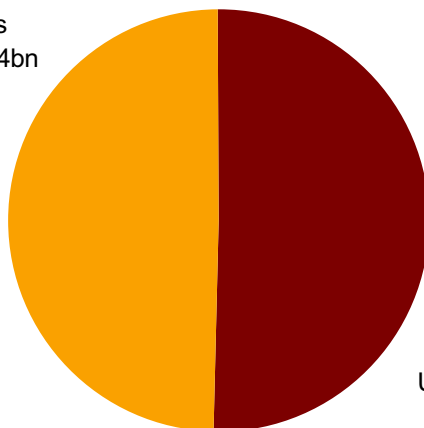


Global market size is ~US \$71bn

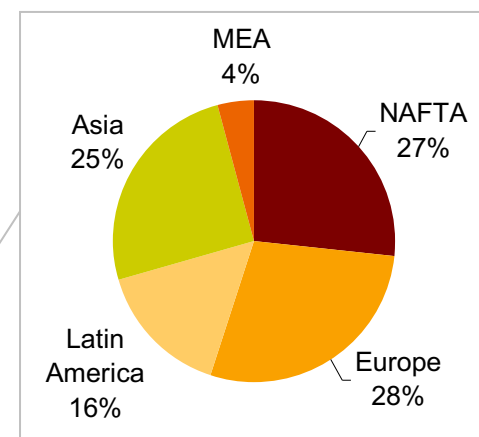
## Seed Market



Seeds  
US \$35.4bn  
50%



## Agro Chemical Market



Agro  
Chemical  
US \$35.6bn  
50%

Product	Market Trend	Growth Dynamics	Market Size	CAGR <sup>1</sup>
Fungicides	+	High demand for innovations due to resistance	US \$5.8bn	1.7%
Insecticides	+	High demand for new products due to resistance and product phase-out	US \$6.7bn	1.1%
Herbicides	-	Reduced demand for innovations, few unmet needs	US \$13.2bn	0.9%





Geography	Market Trend
North America	-
Europe	+
Latin America	+
Asia Pacific	+
India	+

Source: Wall Street Research, Phillips McDougall Agriservices

Note: <sup>1</sup> 5-year CAGR (2002-2007)

# Attractive Industry Characteristics



Industry Characteristics	Implication & Opportunities
<b>Highly Consolidated</b> (80% Controlled by Bayer, Syngenta, Monsanto, BASF, DuPont and Dow)	 <ul style="list-style-type: none"><li>➤ Increased focus on big molecules &amp; seeds/bio-technology among major players resulting in attractive acquisition opportunities for smaller molecules by generic companies</li></ul>
<b>Half of the 70% off-patent market is still proprietary</b>	 <ul style="list-style-type: none"><li>➤ Share of off-patent growing - own registrations key to success</li><li>➤ Generics market expected to grow significantly resulting in organic growth opportunities</li></ul>
<b>Distributor Controlled</b>	 <ul style="list-style-type: none"><li>➤ Leverage existing relationship for future growth in existing and new regions</li></ul>
<b>Barriers to Entry Highly Regulated</b>	 <ul style="list-style-type: none"><li>➤ Significant &amp; upfront investment in product registration and manufacturing facilities with long gestation period</li><li>➤ Barriers to entry support consolidation</li></ul>

# UPL's presence across Industry Value Chain



	Basic Research	Development	Registration	Active Ingredient Manufacturing	Formulation & Packaging	Marketing & Distribution
Characteristics	<ul style="list-style-type: none"> <li>Search for new active ingredients</li> <li>Minimum 10 years to market – higher risk profile</li> </ul>	<ul style="list-style-type: none"> <li>Developing products for commercial purposes</li> <li>3-5 years to market – lower risk profile</li> </ul>	<ul style="list-style-type: none"> <li>Registering new and existing products in individual markets</li> </ul>	<ul style="list-style-type: none"> <li>Manufacturing of active ingredients to formulate chemicals</li> </ul>	<ul style="list-style-type: none"> <li>Formulation of products from active ingredients and packaging them for distribution</li> </ul>	<ul style="list-style-type: none"> <li>Sale of products to wholesalers &amp; retailers through cooperative route or commercial route</li> </ul>
UPL Presence	No presence	✓	✓✓✓	✓✓✓✓	✓✓✓	✓✓✓✓

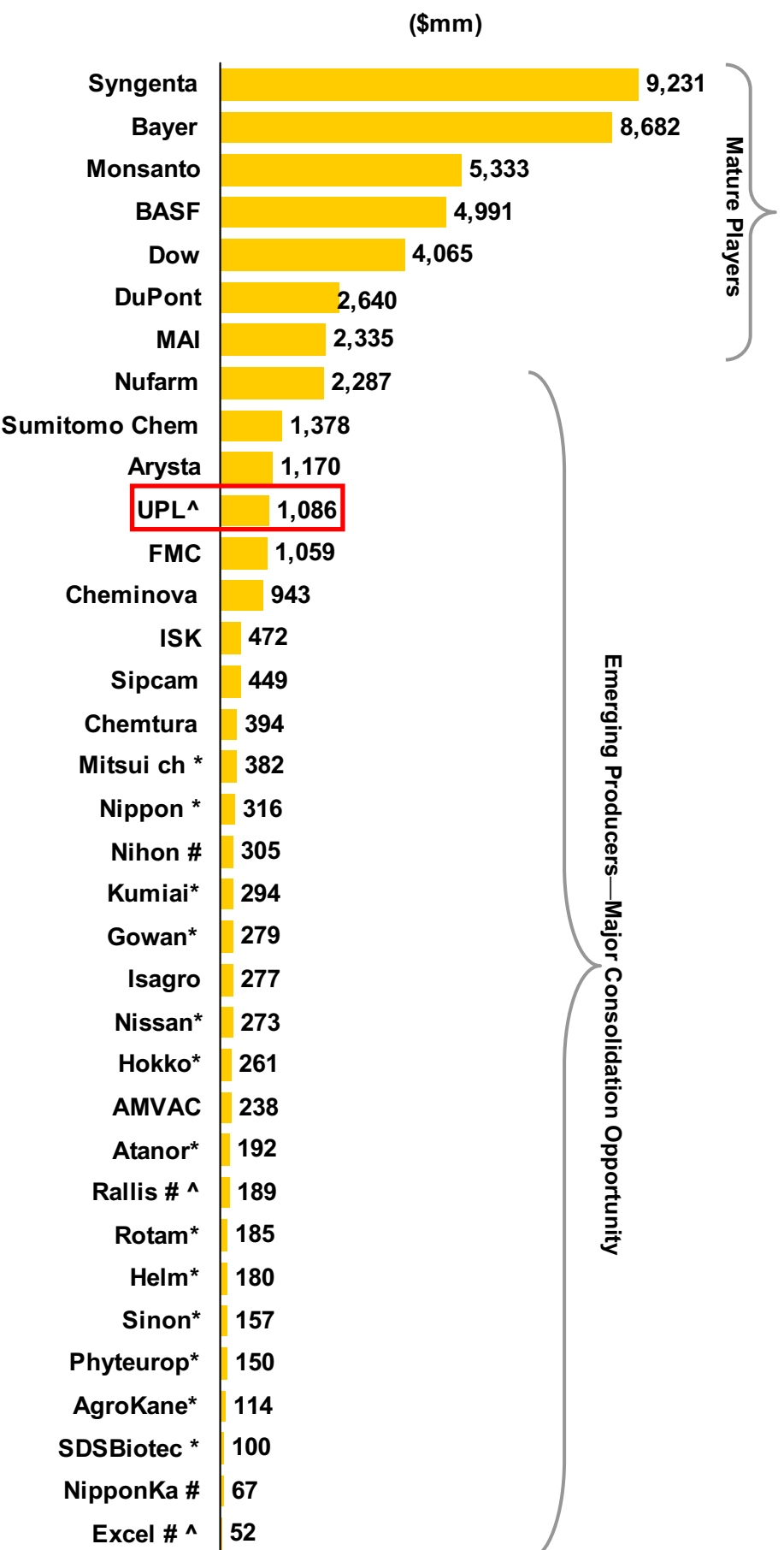
✓ Low presence    ✓✓✓✓ Strong presence



# Generic Producers Have Emerged



Market share of top six players has grown to around 80%...



... from 45% in 1995, due to rapid industry consolidation

Source: Phillips McDougall 2008 review for top 35 companies,

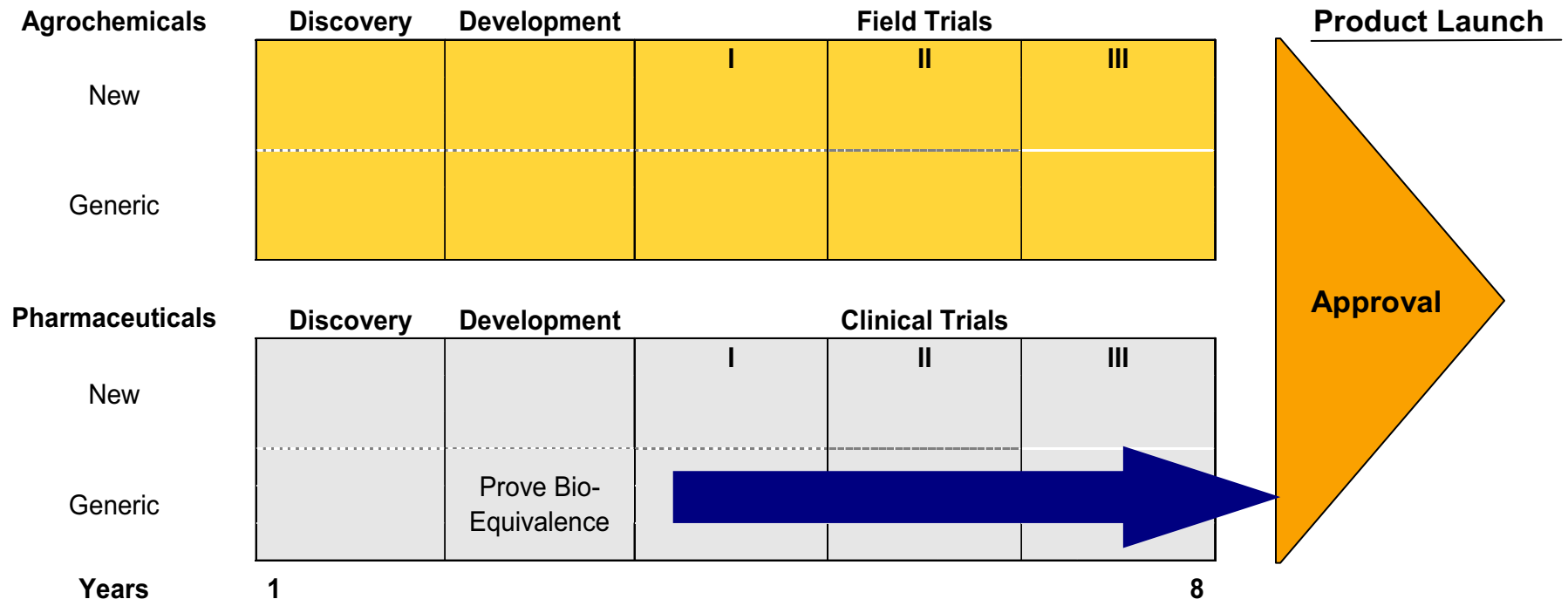
^ Turnover as on 31st March 2009

\* Data of 2007, # Data extracted from respective Cos. website

# Barriers to Entry



**Lengthy and expensive registration process acts as an entry barrier**



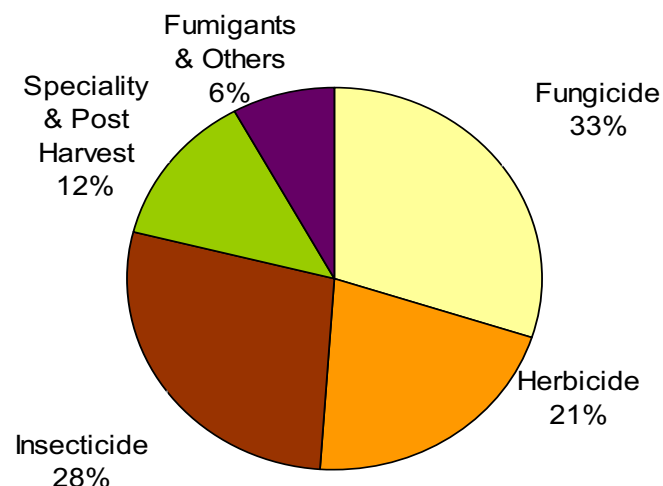
**Unlike Generic Pharmaceutical Companies, Generic Agrochemical Companies must go through separate field trials and registration processes for each country and each application**

# Key Value Drivers for UPL

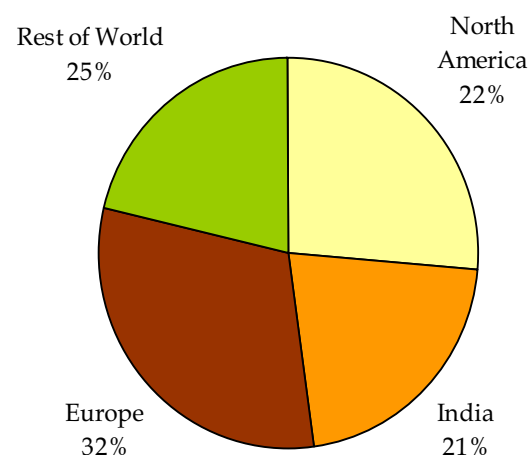


- ✓ Efficient product development and registration
- ✓ Global distribution platform
- ✓ Competitive manufacturing and formulation
- ✓ Diverse product offering and end markets
- ✓ Successful record of acquisition / integration
- ✓ Attractive growth opportunities
- ✓ Significant cash flow generation
- ✓ Proven management team
- ✓ Relatively Derisked business model

## Revenue by Product Segments FY09



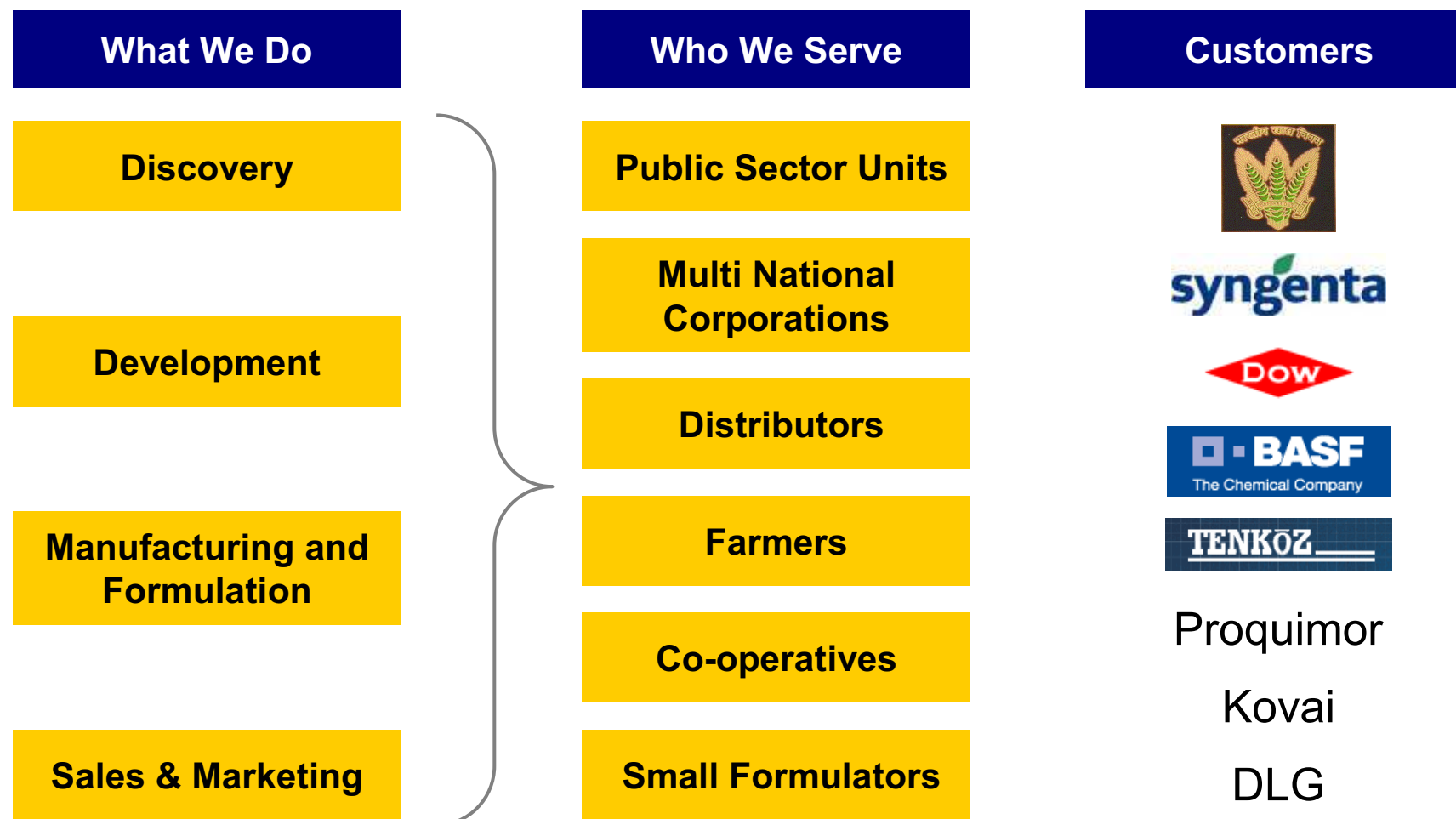
## Revenue by Geography FY 09



# High Quality Customer Base



- The top 10 customers accounted for ~14% of sales in 2009
- No single customer accounted for more than 3% of sales in 2009



# UPL's Global marketing foot print



# UPL's Global Manufacturing Network



# Acquisitions– An Integral Part of Business Strategy



**UPL has successfully integrated acquisitions in the past...**

<b>Acquisition</b>	<b>Country</b>	<b>Year</b>
MTM Agrochemicals Limited	UK	1994
Agrodan A/s	Denmark	1996
Devrinol	USA	1996
Devrinol ROW	ROW (Excl Japan/US)	1997
Devrinol Japan	Japan	2000
Surflan	USA	2004
Ultra Brazer	Worldwide	2004
Lenacil, Cloradizon	Europe	2004
Ag Value Inc.	USA	2005
Cequisa	Europe	2006
SWAL Corporation*	India	2006
Reposo S.A.	Argentina	2006
Advanta B.V.	Netherlands	2006
Cropserve (Pty) Limited	South Africa	2006
Asulam, Trichlorfon & ODM	Worldwide with exceptions	2006
Bensulfuron-methyl	Worldwide (Excl Asia Pacific)	2006
Propanil	Worldwide	2006
Cerexagri	Worldwide	2007
Supertin, Vendex	Worldwide	2007
Icona	Argentina	2007
Evo farms	Colombia	2008

\*Formerly Shaw Wallace Agrochemicals Ltd.

**....and continues to look for selective,  
cash accretive acquisitions which meet stringent return criteria**

# UPL's unique acquisition platform

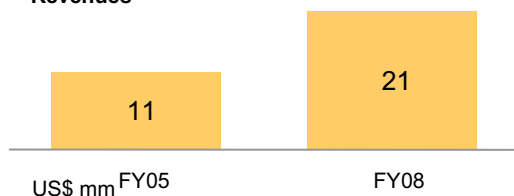


A whole range of value propositions have been achieved

## Revenues & Volume Growth

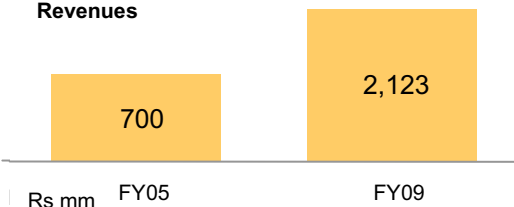
### Reposo

Revenues



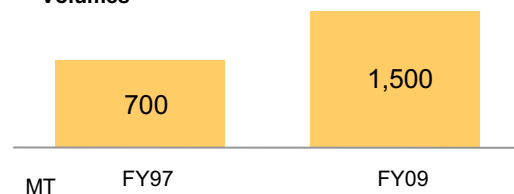
### SWAL

Revenues



### Global Brand N

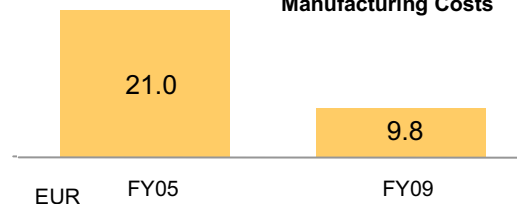
Volumes



## Cost Synergies

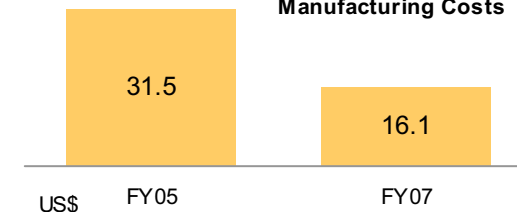
### Global Brand S

Manufacturing Costs



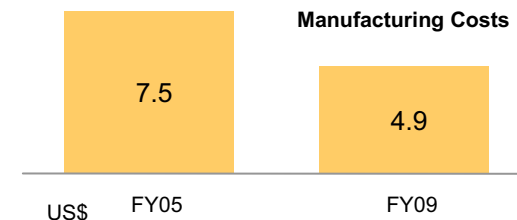
### Global Brand B

Manufacturing Costs



### Global Brand D

Manufacturing Costs



## Restructuring

### Cerexagri

- ◆ Maximize Revenues
- ◆ Reduce SG&A Costs
- ◆ Restructure Manufacturing

### Advanta

- ◆ Restructure Business
- ◆ Eliminate HQ Infrastructure
- ◆ Capture Global Business value in Advanta India
- ◆ IPO Listing

### Sunsat

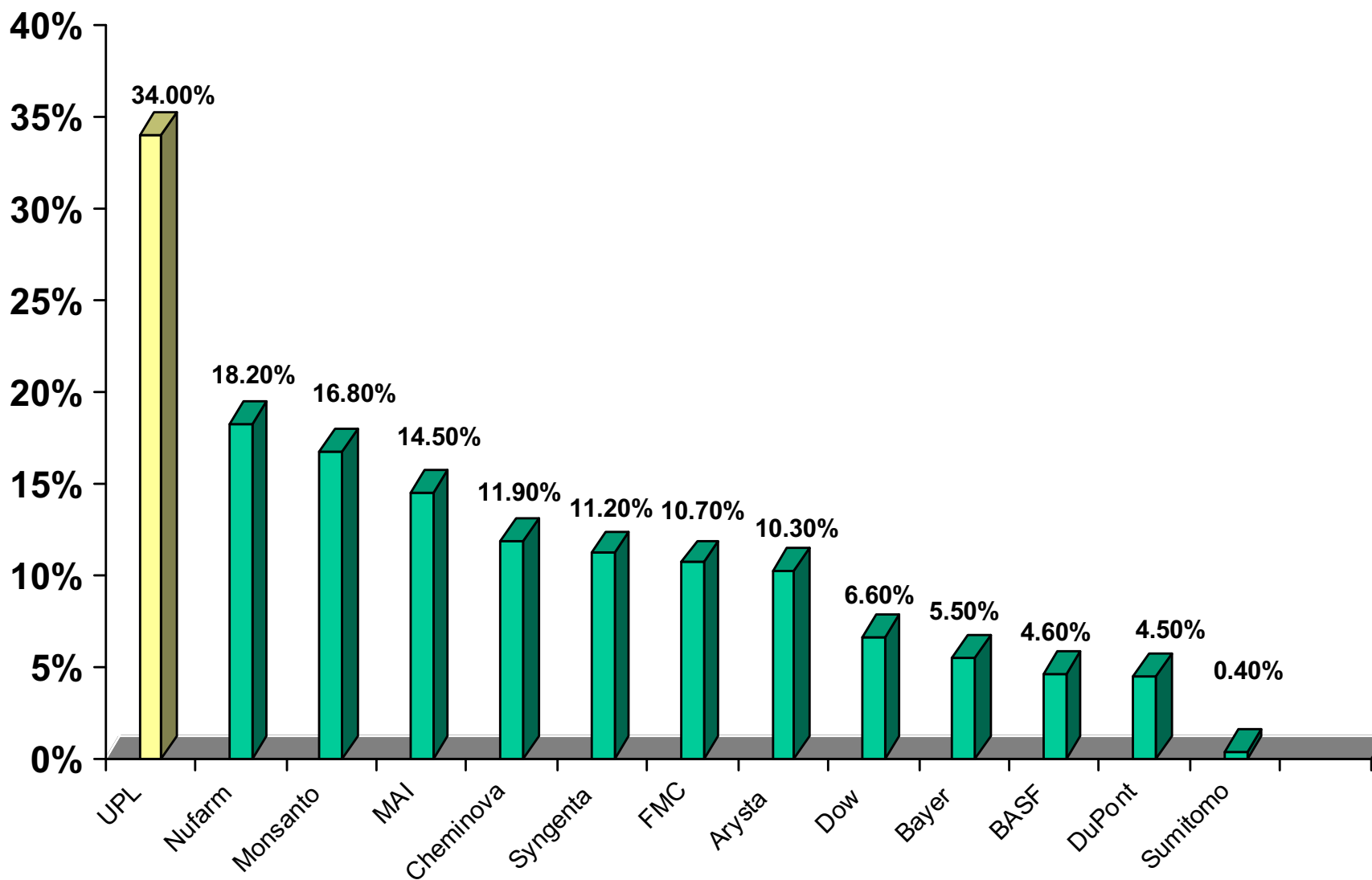
- ◆ Research Project lacking focus, support
- ◆ Increased Investment & accelerated schedules
- ◆ Launch preponed from 2017 to 2009
- ◆ Extended end use to different and high value applications



## One of the Fastest Growing Company in the Industry



### 2004 - 2008 Sales CAGR



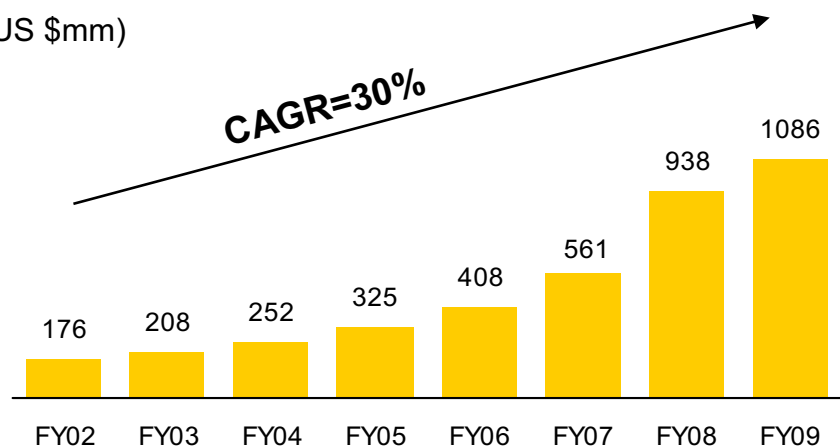
# Demonstrated Ability to Consistently Deliver Growth



Figures for year ending 31<sup>st</sup> March

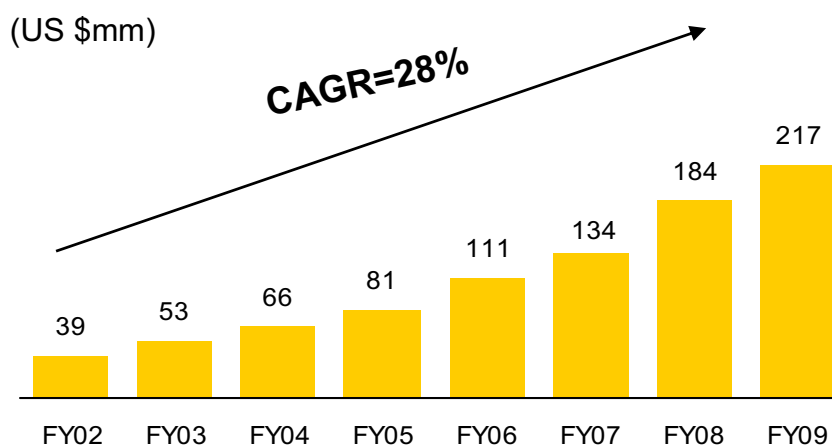
## Revenues

(US \$mm)



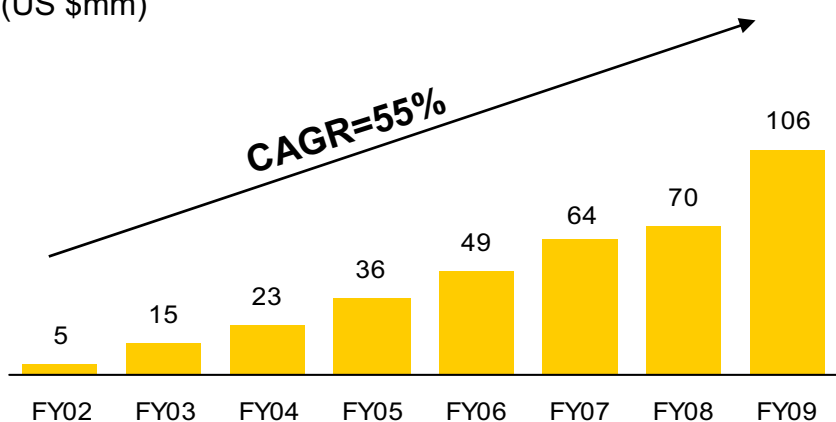
## EBITDA

(US \$mm)



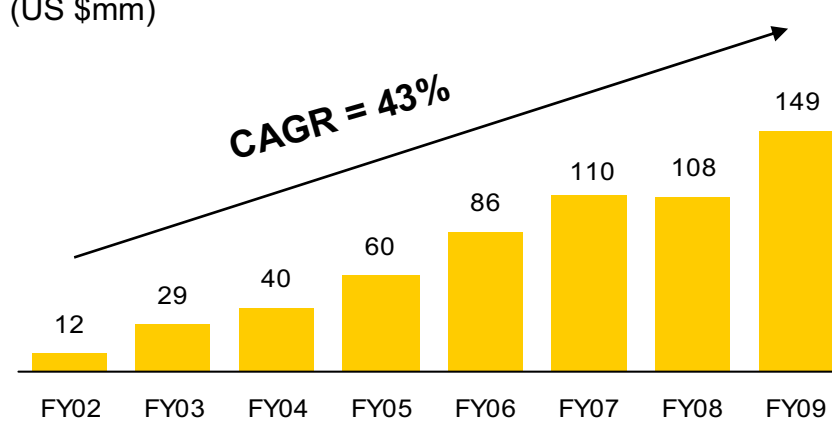
## Net Income

(US \$mm)



## Cash Flows

(US \$mm)



Note: 7-year CAGR (2002-2009)

# Comparative Results of 1st Half of 2009-10



Particulars	Half Year Ending September 09			Half Year Ending September 08			Growth
	Lacs	Lacs	%	Lacs	Lacs	%	
<b>Gross Revenues</b>		<b>280,522</b>	<b>100%</b>		<b>247,889</b>	<b>100%</b>	<b>13%</b>
Domestic Revenues	68,123		24%	58,614		24%	16%
International Revenues	212,399		76%	189,275		76%	12%
Cost of Goods Sold		178,706	64%		151,192	61%	18%
Gross Margin		101,816	36%		96,697	39%	5%
Overheads		50,413	18%		47,714	19%	6%
<b>EBDITA</b>		<b>51,403</b>	<b>18%</b>		<b>48,983</b>	<b>20%</b>	<b>5%</b>
Depreciation & Amorisation		10,483	4%		8,324	3%	26%
Interest & Finance Charges		9,824	4%		12,338	5%	-20%
Income From Associates		1,092	0%		1,352	1%	-19%
Profit Before Tax		32,188	11%		29,673	12%	8%
Provision for Tax - Current		2,302	1%		1,433	1%	61%
Provision for Tax - Deferred		2,021	1%		1,123	0%	80%
Provision for Tax - FBT		3	0%		145	0%	-98%
<b>Profit After Tax</b>		<b>27,862</b>	<b>10%</b>		<b>26,972</b>	<b>11%</b>	<b>3%</b>

**Questions?**

**Thank You**