

Global agrochem headwinds persist

Consecutively for the third quarter, UPL reported dismal performance with YoY Revenue/ EBITDA decline of 18.7%/ 45.8% while reporting loss of Rs1.9bn. Performance remained muted across the verticals with relatively lower impact from Advanta. In Q2FY24, Differentiated and sustainable solutions revenues grew by 9% YoY, led by 17% volume growth supported by new products. Management cited UPL's increased market share globally amidst the challenging times suggested by YoY volume growth of 1% in Q2. Except Brazil all the other markets largely witnessed volume growth. On debt front, UPL is expected to pare off USD500mn net debt by end-FY24E through lower capex, WC release, operating cash flows, and utilisation of cash reserves. Its cost reduction initiative is expected to yield USD50mn saving in FY24E and USD100mn in FY25E. Management guided 2H to be substantially better than 1H led by volume growth despite pricing pressure. UPL's FY24E guidance remains quite optimistic with flat revenue growth and EBITDA growth of -5% to 0%. Amidst the current global agrochemical environment, achieving the guidance is likely to be a tall task and hence we have considered YoY revenue/ EBITDA decline of 5%/ 14% for FY24E. Purely based on valuations, we maintain Buy with a TP of Rs771 (earlier Rs949).

Except ROW, decline across markets

During Q2, UPL's topline declined 19% YoY impacted by 7% decline in volumes, sizable 15% decline in pricing, while forex benefit of 3%. Destocking continues along with pricing pressure across the markets. Nonetheless, UPL's global platform, UPL Corporation delivered 1% YoY volume growth amidst these challenging time although pricing declined by 25% YoY.

Advanta delivers good performance

Advanta reported good performance with top-line growth of 10% YoY supported by 1% volume growth, 5% pricing, and 4% forex benefit. UPL SAS (India business) reported dismal performance with revenue decline of 36% YoY owing to 27% volume degrowth and 9% decline in pricing. UPL Specialty Chemicals too reported subdued performance with revenue/ EBITDA decline by 24%/ 6% YoY.

Optimistic guidance, seems difficult to achieve

Management guided for substantial volume growth in 2H supporting flattish YoY FY24E revenues growth however margin pressure to keep EBITDA lower than revenue growth. USD500mn net debt reduction target is continued for FY24E. We believe under the current global agrochemical environment, the guidance seems quite difficult to achieve. Based on 1H performance, we have lowered our FY24E/ FY25E EBITDA estimates by 15%/ 16% while introducing FY26E estimates. We have also lowered our EV/ EBITDA multiple for UPL SAS from 15x to 12x and UPL Corporation from 6.0x to 5.5x considering the current market conditions. We maintain Buy rating on UPL with SOTP-based revised TP of Rs771 (earlier Rs949). Demerger of UPL's four platforms remains a medium term trigger for the stock.

Risk – Lower than expected volume growth in FY24E, continued pricing pressure

Financial and valuation summary

YE Mar (Rs mn)	2QFY24A	2QFY23A	YoY (%)	1QFY24A	QoQ (%)	FY24E	FY25E	FY26E
Revenues	1,01,700	1,25,070	(18.7)	89,630	13.5	5,09,230	5,42,939	5,79,032
EBITDA	13,250	24,440	(45.8)	12,730	4.1	87,816	92,327	97,030
EBITDA margin (%)	13.0	19.5	(650bps)	14.2	(120bps)	17.2	17.0	16.8
Adj. Net profit	(1,020)	8,570	-	2,090	-	22,351	29,664	36,553
Adj. EPS (Rs)	(1.4)	11.4	-	2.8	-	30.7	40.6	49.9
EPS growth (%)						(35.6)	32.3	23.0
PE (x)						17.6	13.3	10.8
EV/EBITDA (x)						6.4	5.9	5.1
PBV (x)						1.3	1.2	1.1
RoE (%)						7.3	9.0	10.3
RoCE (%)						9.2	9.3	9.3

Source: Company, Centrum Broking

Please see Disclaimer for analyst certifications and all other important disclosures.

Result Update

India I Chemicals

31 October, 2023

BUY

Price: Rs539

Target Price: Rs771

Forecast return: 43%

Institutional Research

Market Data

Bloomberg:	UPLL IN
52 week H/L:	807/532
Market cap:	Rs404.3bn
Shares Outstanding:	750.6mn
Free float:	63.2%
Avg. daily vol. 3mth:	28,64,745

Source: Bloomberg

Changes in the report

Rating:	BUY, Unchanged
Target price:	Rs771; Down 18.8% from Rs949
EPS:	FY24E: Rs30.7; Down 32.8% FY25E: Rs40.6; Down 25.8%

Source: Centrum Broking

Shareholding pattern

	Sep-23	Jun-23	Mar-23	Dec-22
Promoter	32.4	32.4	32.4	30.7
FIIIs	33.6	38.0	38.7	37.2
DIIIs	16.6	14.0	13.1	15.3
Public/other	17.5	15.7	15.9	16.8

Source: BSE

Centrum estimates vs Actual results

YE Mar (Rs mn)	Centrum Q2FY24	Actual Q2FY24	Variance (%)
Revenue	1,03,261	101,700	(1.5)
EBITDA	14,697	13,250	(9.8)
EBITDA margin %	14.2	13.0	(120bps)
Adj. PAT	581	(1,890)	-

Source: Bloomberg, Centrum Broking



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Chemicals

Thesis Snapshot

Estimate revision

YE Mar (Rs mn)	FY24E New	FY24E Old	% chg.	FY25E New	FY25E Old	% chg
Revenue	5,09,230	5,30,749	(4.1)	5,42,939	5,62,718	(3.5)
EBITDA	87,816	1,03,439	(15.1)	92,327	1,09,741	(15.9)
EBITDA margin %	17.2	19.5	(230bps)	17.0	19.5	(250bps)
Adj. PAT	22,351	34,266	(34.8)	29,664	41,007	(27.7)
Diluted EPS (Rs)	30.7	45.6	(32.8)	40.6	54.7	(25.8)

Source: Centrum Broking

UPL Limited versus NIFTY 50

	1m	6m	1 year
UPLL IN	(12.6)	(27.2)	(24.5)
NIFTY 50	(2.5)	6.0	7.6

Source: Bloomberg, NSE

Key assumptions

Y/E Mar	FY24E	FY25E	FY26E
Gross margins (%)	48.6	48.7	48.8
EBITDA margins (%)	17.2	17.0	16.8

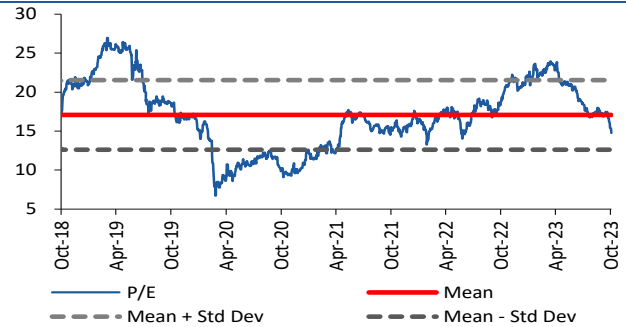
Source: Centrum Broking

Valuations

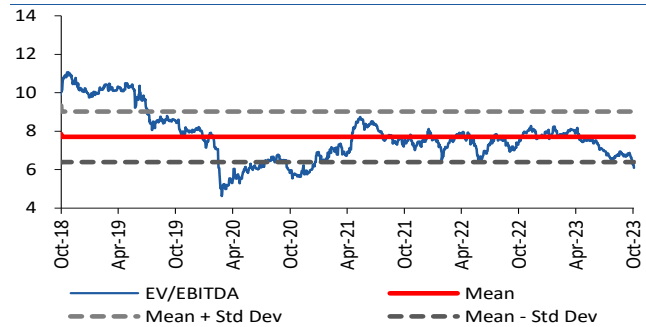
We believe under the current global agrochemical environment, the guidance seems quite difficult to achieve. Based on 1H performance, we have lowered our FY24E/ FY25E EBITDA estimates by 15%/ 16% while introducing FY26E estimates. We have also lowered our EV/ EBITDA multiple for UPL SAS from 15x to 12x and UPL Corporation from 6.0x to 5.5x considering the current market conditions. We maintain Buy rating on UPL with SOTP-based revised TP of Rs771 (earlier Rs949). Demerger of UPL's four platforms remains a medium term trigger for the stock.

SOTP – 1HFY26E EBITDA	EBITDA	EV/ EBITDA	Value (Rs bn)
UPL SAS (Sustainable Agri Solutions)	5.9	12.0	70.5
Global Crop Protection platform	70.6	5.5	388.4
Advanta	14.3	15.0	214.2
UPL Speciality Chemicals	4.5	8.0	36.1
Total EV			709
Debt 1-yr fwd			186.4
Cash 1-yr fwd			55.5
Market cap			578.2
No. of shares			750
TP			771
CMP			539
Upside/ (downside)			43.1

P/E mean and standard deviation



EV/EBITDA mean and standard deviation



Source: Bloomberg, Centrum Broking

Peer comparison

Company	Mkt Cap (Rs bn)	CAGR (FY23A-25E)			P/E (x)			EV/EBITDA (x)			ROE (%)		
		Sales	EBITDA	EPS	FY23A	FY24E	FY25E	FY23A	FY24E	FY25E	FY23A	FY24E	FY25E
Aarti Industries	166.0	3.8	19.3	20.8	30.4	32.4	20.8	17.7	17.7	12.8	11.6	9.9	13.8
Anupam Rasayan	94.8	22.7	22.7	27.9	52.2	43.2	31.9	22.4	19.4	15.5	8.8	8.8	10.9
Atul	184.5	4.7	12.5	6.0	35.9	43.9	31.9	23.8	25.4	18.9	11.3	8.7	10.9
Deepak Nitrite	270.5	10.6	28.2	29.2	31.9	34.9	19.0	21.1	22.7	12.7	22.9	17.5	26.4
Dhanuka Agritech	36.9	11.7	14.9	7.9	15.8	15.4	13.6	13.3	11.4	9.6	23.1	20.7	19.9
Galaxy Surfactants	92.0	(0.9)	0.4	(0.1)	24.3	26.6	24.3	16.3	16.7	15.3	22	17.2	16.4
Gujarat Fluorochemicals	301.0	7.6	1.5	(2.2)	22.7	31.0	23.7	15.3	18.9	14.9	27.2	16.2	18
Navin Fluorine	170.2	30.0	35.5	31.9	45.2	37.4	26.0	32.3	24.2	17.8	18.6	19	22.7
PI Industries	509.6	21.2	22.8	20.1	41.7	34.2	28.8	31.6	25.9	20.9	18.4	19	19.1
SRF	648.0	4.2	2.4	(2.3)	29.9	42.2	31.3	19.4	23.6	18.8	22.9	13.9	16.3
UPL	400.1	0.7	(4.8)	(7.7)	11.3	17.6	13.3	5.6	6.4	5.9	13.1	7.3	9.0
Vinati Organics	178.8	9.2	4.4	5.1	39.0	44.2	35.3	30.0	34.7	27.4	22.6	16.9	18.2

Source: Company, Centrum Broking

Q2FY24 Concall Highlights

Expect volume led growth in 2H, USD50mn benefit from cost reduction initiative, USD500mn gross debt reduction by end-

Financial Performance – Volume growth in international crop protection, impact from pricing

- Positive volume growth in international crop protection
- Contribution from differentiated and sustainable solutions in crop protection – Up at 38% vs 8% YoY
- Fixed overheads – Down 3% YoY due to cost reduction initiative
- Higher interest costs – Rising benchmark rates by 400bps YoY, 7% cost of debt
- Q2 Forex loss – Rs2.3bn
- Sinagro, Brazil – Significant impact due to industry issues
- 1H WC – 149 days, sharp drop in payables and reduction in factoring
- Net debt – Increased, due to decline in factoring and payables down by USD526mn YoY
- NPP BioSolutions – Up 12% YoY

UPL SAS – 2H better than 1H

- Impacted by high channel inventories, erratic weather conditions
- Higher than usual sales returns in 1H
- Lower acreage of cotton and pulses where UPL is strongly positioned
- H2 expected to be much better than 1H
- B2C market
- In some post-patent products, UPL sets prices

Advanta – Continues to showcase good performance

- Healthy revenue growth of 10% in Q2 and 17% in H1
- Expansion in contribution margins YoY, both QoQ and YoY

Business performance – Expect overall good performance in 2H

- High margin differentiated and sustainable solutions revenue growth of 9% – 17% volume growth, growth primarily from newer products
- Increased market share globally with higher volumes
- Outside Brazil, volume growth across all the other markets
- Glufosinate – Prices down significantly, costs also down, North America UPL has taken prices down, expect business to improve next year
- USD100mn cost reduction initiative – USD50mn cost reduction expected in FY24, USD9mn achieved in Q1, bulk in 2H starting October, entire benefit in FY25
- Still liquidating some high cost inventories
- Market access – Except China have superior market access across markets compared to Chinese competitors
- UPL slowing down on M&A activity
- Cash flow from operations/ WC release – USD200-250mn
- Brazil – Expect good demand in 2H for herbicides, insecticides, optimistic on Brazil market

- Destocking – Largely over in ROW, most markets in LATAM except Brazil, Europe over by now
- Inventories – North America impact for next 6-8 months, Brazil impact till end-FY24

Outlook/ FY24 guidance

- Expect USD500mn debt reduction by end-FY24 – Through slowing down capex by USD50mn YoY, using existing cash of USD200mn, improve cash generation from operations
- Q3 to remain weaker YoY due to Brazil destocking and pricing pressure
- Expect better 2H than 1H, EBITDA growth in 2H
- WC – Expect WC to normalise by end-FY24 at 65 days, factoring expected at USD1.4bn
- 2H – Expect growth across regions except North America

Exhibit 1: Net debt reduction by USD197mn in Q2

Gross & Net Debt Position – Sep 2023 vs Sep 2022

All figures are in US\$ Mn and ₹ Crore

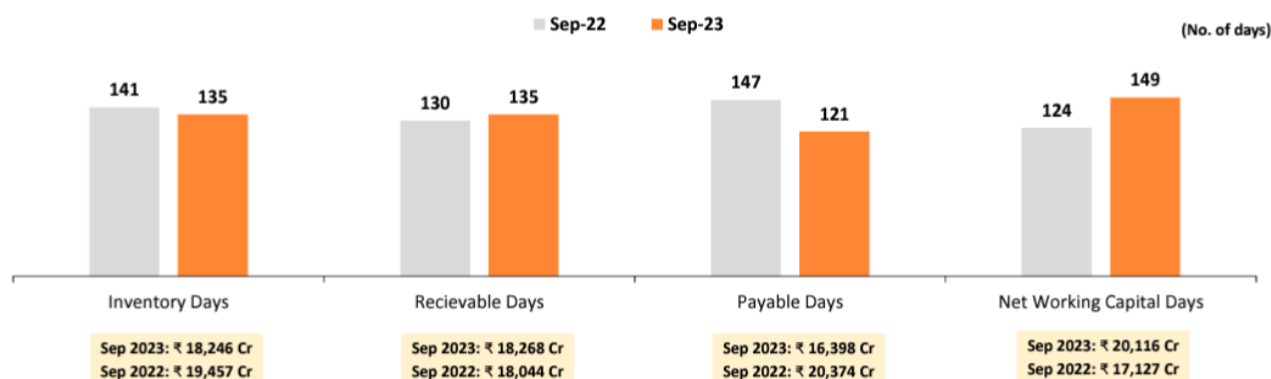
Particulars	Sep'23	Sep'22	Change
Gross Debt	\$4,086 ₹ 33,934	\$3,995 ₹ 32,550	\$91 ₹ 1,384
Cash and cash equivalent	\$390 ₹ 3,237 ²	\$496 ₹ 4,038	(\$106) (₹ 801)
Reported Net Debt	\$3,696 ₹ 30,697	\$3,499 ₹ 28,512	\$197 ₹ 2,185
Net Debt Adjusted for Currency Impact	₹ 30,116¹	₹ 28,512	₹ 1,604

- In USD terms, net debt at \$3.7 Bn as of Sep'23. Adjusted for lower factoring, net debt higher by \$111 Mn vs Sep'22.
- Net Debt higher vs LY on account of sharp decline in payables (lower by ₹ 3,975 crore YoY) given lower procurement amid reduced manufacturing activity in H1
- Cash generated by business before WC was ₹ 363 crore in H1FY24
- Target to bring down gross debt by \$500 Mn by March 2024 vs. LY

Note: ¹USD /INR depreciated from 81.47 as on 30 Sep 2022 to 83.05 as on 30 Sep 2023. ²Includes liquid investment of INR 68 crore as of Sep'23
*Operating CF before WC less interest, tax and other cash expenses

Source: Company Data

Exhibit 2: Working Capital days rose YoY in Q2



- Working capital days increased by 25 days YoY as on Sep 2023 primarily due to –
 - Payable days lower by 26 days due to sharp decline in procurement given the reduced manufacturing activity in H1.
 - Reduction in non-recourse factoring by ₹ 580 crore on a YoY basis
- Working capital days at FY24-end expected to be ~65 days in-line with last year

Source: Company Data

Exhibit 3: Platforms to unlock value in future

Platforms	International Crop Protection Platform	India Crop Protection Platform	Global Seeds Platform	Manufacturing & Specialty Chemicals
	UPL Corporation Ltd., Cayman	UPL Sustainable Agri Solutions Ltd.	Advanta Enterprises Ltd.	UPL Ltd.
UPL Ltd. Holding %	78%	91%	87%	100%
Partners	ADIA TPG	ADIA TPG Brookfield	KKR	
Growth Ambition	To be the fastest growing large crop protection player by offering innovative crop care solutions	Transform Indian agriculture with outcome-oriented solutions, enhancing economic resilience of >100 Mn growers	Establish leadership position in specialty crops through a combination of organic growth initiatives and bolt-on acquisitions	Continue scaling-up the platform rapidly, capitalizing on the strong sector tailwinds and enormous market potential

Creation of Separate Platforms Enhances Operational Freedom to Pursue Independent Objectives

Source: Company Data

UPL Corporation

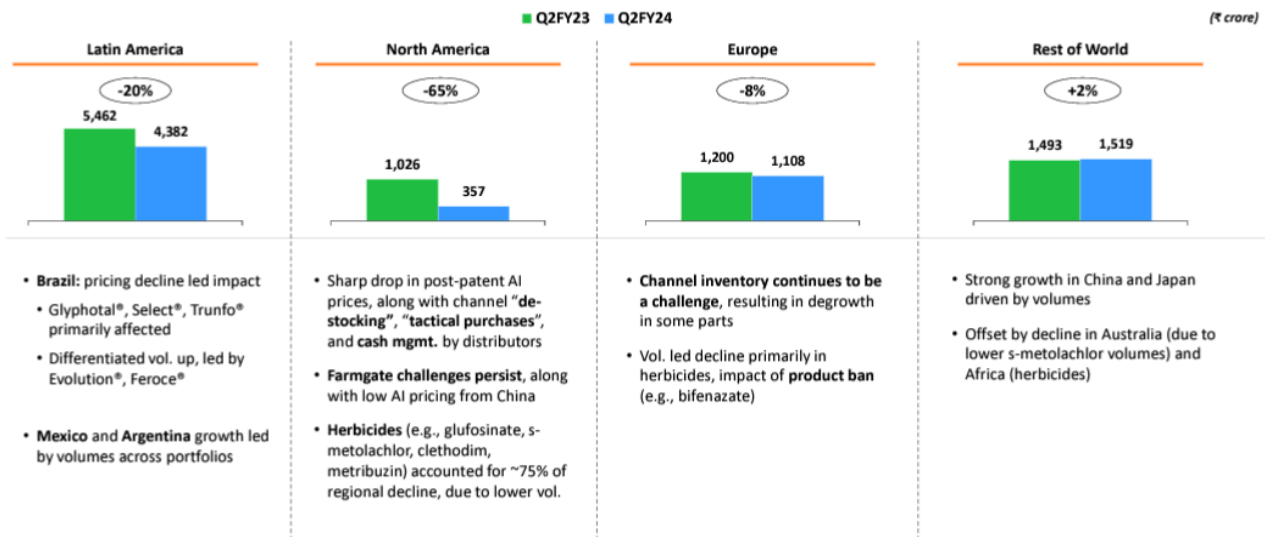
Exhibit 4: UPL Corporation financial summary

Global Crop Protection (Rs mn)	Q2FY24	Q2FY23	YoY (%)
Revenue	74,150	92,880	(20.2)
EBITDA	8,180	18,440	(55.6)
EBITDA Margin%	11.0	19.9	(890bps)

Source: Centrum Broking, Company Data

- Revenue Variance – Volume: 1%, Price: -25%, FX: +4%
- Revenue impacted primarily by price erosion in key herbicides in Americas; Europe impacted by herbicides, product bans.
- High-cost inventory liquidation, higher sales returns and rebates to channel partners impacted contribution margin
- Europe, Asia, and LATAM (ex-Brazil)channel inventory largely normalized, NAM and Brazil scenario continues to gradually improve
- Expect to deliver better profitability in H2FY24 vs. H1FY24 due to seasonally higher sales, stable prices and favourable costing
- Undertaking cost reduction initiative of USD100mn over a period of next 24 months; with at least 50% being realized in FY24

Exhibit 5: UPL Corporation regional mix



Source: Company Data

UPL Sustainable Agrisolutions (SAS)

Exhibit 6: UPL SAS financial summary

UPL SAS (Rs mn)	Q2FY24	Q2FY23	YoY (%)
Revenue	8,430	13,100	(35.7)
EBITDA	300	2,460	(87.8)
EBITDA Margin%	3.6	18.8	(1,520bps)

Source: Centrum Broking, Company Data

- Revenue Variance – Volume: -27% YoY, Price: -9% YoY
- Revenue impacted by lower acreages for key crops, exceptionally high sales return due to elevated channel stocks and erratic monsoon in Aug and Sept
- High-cost inventory liquidation, higher sales returns and rebates to channel partners impacted contribution margin
- New launches and collaboration led traction in paddy, sugarcane and vegetables portfolio
- Expect significantly improved performance in H2 led by new launches, higher grower demand
- Novel pipeline range (e.g., Spruce, Feego, Fascinate Flash, Argyle) to drive portfolio diversification and expansion

Advanta

Exhibit 7: Advanta financial summary

ADVANTA (Rs mn)	Q2FY24	Q2FY23	YoY (%)
Revenue	10,700	9,720	10.1
EBITDA	2,650	2,730	(2.9)
EBITDA Margin%	24.8	28.1	(330bps)

Source: Centrum Broking, Company Data

- Revenue growth – Volume: +1%, Price: +5%, FX: +4%
- Revenue Growth driven by robust traction in following portfolios -
 - Sunflower, Corn, Canola, Sorghum & Vegetables portfolios
- Revenue growth offset by Volume reductions -
 - Brazil Soya, Australia Sorghum & Ecuador Corn portfolios

- Contribution margins expanded by 159bps YoY driven by – Improved Mix: Strong growth in high-margin portfolios, good recovery in India Vegetable business
- On-track to deliver on FY24 guidance
- Q3 to watch out due to El-Nino impact in major geographies

Manufacturing and specialty chemicals

Exhibit 8: Specialty Chemicals Manufacturing financial summary

Specialty Chemicals Manufacturing (Rs mn)	Q2FY24	Q2FY23	% chg.
Revenue	35,000	45,800	(23.6)
EBITDA	4,970	5,270	(5.7)
EBITDA Margin%	14.2	11.5	270bps

Source: Centrum Broking, Company Data

- Lower demand from AgChem business
- Domestic business performed better vs. LY
- Weak demand in US, Europe; and in lubricants market drove down exports
- EBITDA margins up 269 bps YoY to 14.2% driven by raw material procurement at lower prices and manufacturing efficiencies
- Commencement of plant at Kudos expected by early FY25
- Expect to deliver improved performance in H2FY24 vs H1FY24 in line with the recovery in-group's Agchembusiness.
- Green shoots emerging in Non-Agchemspecialty chemical business

Exhibit 9: UPL – Quarterly Review (Cons.)

Y/E March (Rs mn)	Q2FY24	Q2FY23	YoY (%)	Q1FY24	QoQ (%)	H1FY24	H1FY23	% chg.
Net sales	1,01,700	1,25,070	(18.7)	89,630	13.5	1,91,330	2,33,280	(18.0)
Cost of Goods	52,320	59,190	(11.6)	39,300	33.1	91,620	1,05,830	(13.4)
% of sales	51.4	47.3		43.8		47.9	45.4	
Employee benefit expenses	12,510	12,330	1.5	12,400	0.9	24,910	24,770	0.6
% of sales	12.3	9.9		13.8		13.0	10.6	
Other expenditure	23,620	29,110	(18.9)	25,200	(6.3)	48,820	56,780	(14.0)
% of sales	23.2	23.3		28.1		25.5	24.3	
Operating profit	13,250	24,440	(45.8)	12,730	4.1	25,980	45,900	(43.4)
OPM (%)	13.0	19.5		14.2		13.6	19.7	
Dep. and amor.	6,570	6,080	8.1	6,360	3.3	12,930	11,960	8.1
EBIT	6,680	18,360	(63.6)	6,370	4.9	13,050	33,940	(61.5)
Interest	8,710	6,440	35.2	7,000	24.4	15,710	11,630	35.1
Other income	1,050	780	34.6	1,010	4.0	2,060	1,510	36.4
Excp. Item	-870	-430	102.3	-430	102.3	-1,300	-1,210	7.4
PBT	-1,850	12,270	-	-50	-	-1,900	22,610	-
Provision for tax	-960	2,310	-	-1,640	-	-2,600	2,900	-
eff. tax rate	51.9	18.8		3,280.0		136.8	12.8	
PAT	-890	9,960	-	1,590	-	700	19,710	(96.4)
Minority Interest	-1,040	1,550	-	-640	62.5	-1,680	2,830	-
Share of Profit/(Loss) from Asso.	-2,040	-270	655.6	-570	257.9	-2,610	30	-
PAT (rep.)	-1,890	8,140	-	1,660	-	-230	16,910	-
NPM (%)	(1.8)	6.5		1.8		(0.1)	7.2	
EPS (Rs)	(2.5)	10.9	-	2.2	-	(0.3)	22.5	-

Source: Company, Centrum Broking

Exhibit 10: Quarterly Financials

Quarterly (Rs mn)	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	YoY (%)	QoQ (%)
Revenues	1,05,670	1,12,970	1,58,610	1,08,210	1,25,070	1,36,790	1,65,690	89,630.0	1,01,700.0	(18.7)	13.5
Q-o-Q gr. (%)	24.1	6.9	40.4	-31.8	15.6	9.4	21.1	-45.9	13.5		
Raw Mat. Cons.	52,210	51,540	79,940	46,640	59,190	66,220	98,210	39,300.0	52,320.0	(11.6)	33.1
% of net sales	49	46	50	43	47	48	59	43.8	51.4		
Exchange difference	1,140	2,210	2,120	1,970	3,240	1,500	2,930	3,190.0	2,500.0	(22.8)	(21.6)
% of net sales	2	4	3	4	5	2	3	8.1	4.8		
Exchange difference	0	0	0	0	500	0	0	630.0	380.0	(24.0)	(39.7)
% of net sales	0.0	0.0	0.0	0.0	0.4	0.0	0.0	0.7	0.4		
Employee Costs	10,790	11,660	13,470	12,440	12,330	13,210	12,580	12,400.0	12,510.0	1.5	0.9
% of net sales	10	10	8	11	10	10	8	13.8	12.3		
Others	22,220	23,120	29,280	25,700	25,370	27,020	24,750	21,380.0	20,740.0	(18.2)	(3.0)
% of net sales	21	20	18	24	20	20	15	23.9	20.4		
EBITDA	19,310.0	24,440.0	33,800.0	21,460.0	24,440.0	28,840.0	27,220.0	12,730.0	13,250.0	(45.8)	4.1
Q-o-Q growth (%)	9	27	38	-37	14	18	-6	-53.2	4.1		
EBITDA Margin (%)	18	22	21	20	20	21	16	14.2	13.0		
Dep. & Amor.	5,660	6,000	6,420	5,880	6,080	6,240	7,270	6,360.0	6,570.0	8.1	3.3
EBIT	13,650	18,440	27,380	15,580	18,360	22,600	19,950	6,370.0	6,680.0	(63.6)	4.9
Interest exp.	3,590	5,290	8,000	5,190	6,440	8,940	9,060	7,000.0	8,710.0	35.2	24.4
Other Income	470	700	1,160	730	780	1,150	2,110	1,010.0	1,050.0	34.6	4.0
EBT before expc.	10,530	13,850	20,540	11,120	12,700	14,810	13,000	380.0	(980.0)	-	-
Exceptional Items	400	530	1,680	780	430	200	290	430.0	870.0		
EBT	10,130	13,320	18,860	10,340	12,270	14,610	12,710	-50.0	(1,850.0)		
Provision for tax	2,490	1,670	2,650	590	2,310	1,350	3,110	-1,640.0	(960.0)	-	(41.5)
Eff. tax rate (%)	24	12	13	5	18	9	24	-	98.0		
PAT	7,640	11,650	16,210	9,750	9,960	13,260	9,600	1,590.0	(890.0)	-	-
Minority Interest	1,400	2,430	3,560	1,280	1,550	2,730	2,880	-640.0	(1,040.0)	-	62.5
Share of Profit/(Loss) from Asso.	100	140	1,140	300	-270	340	1,200	-570.0	(2,040.0)	655.6	257.9
Rep. PAT	6,340	9,360	13,790	8,770	8,140	10,870	7,920	1,660.0	(1,890.0)	-	-
Q-o-Q gr. (%)	-6	48	47	-36	-7	34	-27	-79.0	-		
PAT Margin (%)	6.0	8.2	8.6	8.1	6.5	7.9	4.7	1.8	(1.8)		

Source: Company, Centrum Broking

P&L					
YE Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenues	4,62,400	5,35,760	5,09,230	5,42,939	5,79,032
Operating Expense	2,20,720	2,72,810	2,61,847	2,78,637	2,96,581
Employee cost	46,220	50,560	54,605	60,065	66,072
Others	1,00,170	1,10,430	1,04,962	1,11,910	1,19,349
EBITDA	95,290	1,01,960	87,816	92,327	97,030
Depreciation & Amortisation	23,590	25,470	26,746	28,325	29,946
EBIT	71,700	76,490	61,071	64,002	67,083
Interest expenses	22,950	29,630	30,029	22,079	14,959
Other income	2,810	4,770	3,578	3,613	3,649
PBT	51,560	51,630	34,620	45,536	55,774
Taxes	5,290	7,360	5,468	8,336	10,767
Effective tax rate (%)	10.3	14.3	15.8	18.3	19.3
PAT	46,270	44,270	29,152	37,201	45,006
Minority/Associates	(8,110)	(8,440)	(6,801)	(7,537)	(8,453)
Recurring PAT	38,160	35,830	22,351	29,664	36,553
Extraordinary items	(1,900)	(130)	655	773	896
Reported PAT	36,260	35,700	23,006	30,436	37,450

Ratios					
YE Mar	FY22A	FY23A	FY24E	FY25E	FY26E
Growth (%)					
Revenue	19.5	15.9	(5.0)	6.6	6.6
EBITDA	14.1	7.0	(13.9)	5.1	5.1
Adj. EPS	26.3	(1.5)	(35.6)	32.3	23.0
Margins (%)					
Gross	52.3	49.1	48.6	48.7	48.8
EBITDA	20.6	19.0	17.2	17.0	16.8
EBIT	15.5	14.3	12.0	11.8	11.6
Adjusted PAT	8.3	6.7	4.4	5.5	6.3
Returns (%)					
ROE	16.8	13.1	7.3	9.0	10.3
ROCE	12.9	12.3	9.2	9.3	9.3
ROIC	12.2	11.6	8.9	8.9	9.3
Turnover (days)					
Gross block turnover ratio (x)	3.5	3.5	3.2	3.2	3.3
Debtors	108	114	127	119	115
Inventory	186	181	191	177	173
Creditors	242	229	239	223	221
Net working capital	125	108	125	123	140
Solvency (x)					
Net debt-equity	0.7	0.5	0.4	0.3	0.2
Interest coverage ratio	4.2	3.4	2.9	4.2	6.5
Net debt/EBITDA	2.1	1.7	1.8	1.5	1.0
Per share (Rs)					
Adjusted EPS	48.3	47.6	30.7	40.6	49.9
BVPS	328.8	397.9	422.5	454.9	494.9
CEPS	80.7	81.7	65.5	77.3	88.7
DPS	10.0	10.0	6.1	8.1	10.0
Dividend payout (%)	21.1	21.0	20.0	20.0	20.0
Valuation (x)					
P/E	11.1	11.3	17.6	13.3	10.8
P/BV	1.6	1.4	1.3	1.2	1.1
EV/EBITDA	6.3	5.6	6.4	5.9	5.1
Dividend yield (%)	1.9	1.9	1.1	1.5	1.9

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Equity share capital	1,530	1,500	1,500	1,500	1,500
Reserves & surplus	2,45,080	2,96,940	3,15,345	3,39,694	3,69,654
Shareholders fund	2,46,610	2,98,440	3,16,845	3,41,194	3,71,154
Minority Interest	46,470	55,850	62,651	70,188	78,640
Total debt	2,58,660	2,29,990	2,14,990	1,84,990	1,77,490
Non Current Liabilities	10,950	15,050	15,050	15,050	15,050
Def tax liab. (net)	24,750	24,620	24,620	24,620	24,620
Total liabilities	5,87,440	6,23,950	6,34,156	6,36,042	6,66,955
Gross block	1,33,890	1,52,500	1,60,700	1,69,310	1,78,092
Less: acc. Depreciation	(61,030)	(70,860)	(84,641)	(99,161)	(1,14,447)
Net block	72,860	81,640	76,059	70,149	63,645
Capital WIP	19,760	21,030	21,030	21,030	21,030
Net fixed assets	3,92,540	4,25,040	4,18,794	4,11,995	4,04,004
Non Current Assets	10,990	7,790	7,790	7,790	7,790
Investments	5,220	6,050	6,050	6,050	6,050
Inventories	1,30,780	1,39,850	1,34,380	1,35,735	1,44,758
Sundry debtors	1,53,280	1,82,240	1,72,572	1,80,980	1,84,969
Cash & Cash Equivalents	61,200	60,970	56,833	47,282	84,703
Loans & advances	160	250	250	250	250
Other current assets	51,860	36,970	53,470	58,470	58,470
Trade payables	1,65,520	1,76,140	1,66,914	1,73,439	1,84,969
Other current liab.	66,350	80,650	70,650	60,650	60,650
Provisions	7,480	5,030	5,030	5,030	5,030
Net current assets	1,57,930	1,58,460	1,74,911	1,83,597	2,22,501
Total assets	5,87,440	6,23,950	6,34,156	6,36,042	6,66,955

Cashflow					
YE Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Profit Before Tax	49,660	51,500	35,275	46,309	56,670
Depreciation & Amortisation	23,590	25,470	26,746	28,325	29,946
Net Interest	22,950	29,630	30,029	22,079	14,959
Net Change – WC	(30,960)	4,700	(20,588)	(18,237)	(1,482)
Direct taxes	(10,960)	(15,060)	(5,468)	(8,336)	(10,767)
Net cash from operations	51,470	91,470	62,416	66,526	85,676
Capital expenditure	(24,160)	(35,940)	(20,500)	(21,525)	(21,956)
Acquisitions, net	0	0	0	0	0
Investments	(11,240)	7,110	0	0	0
Others	2,810	4,770	3,578	3,613	3,649
Net cash from investing	(32,590)	(24,060)	(16,923)	(17,912)	(18,306)
FCF	18,880	67,410	45,493	48,615	67,370
Issue of share capital	0	(30)	0	0	0
Increase/(decrease) in debt	20,970	(28,670)	(15,000)	(30,000)	(7,500)
Dividend paid	(7,640)	(7,510)	(4,601)	(6,087)	(7,490)
Interest paid	(22,950)	(29,630)	(30,029)	(22,079)	(14,959)
Others	740	130	0	0	0
Net cash from financing	(8,880)	(65,710)	(49,630)	(58,166)	(29,949)
Net change in Cash	10,000	1,700	(4,137)	(9,551)	37,421

Source: Company, Centrum Broking

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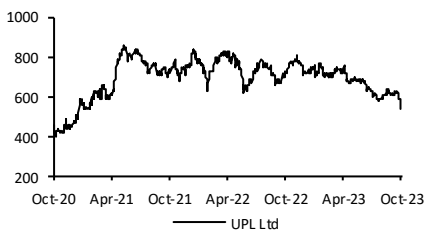
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UPL Limited



Source: Bloomberg

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