Quarterly Result Update

UPL LIMITED

February 05, 2024

UPL

Current Price: ₹ 533.50

STOCK DATA

BSE Code	512070
NSE Symbol	UPL
Reuters	UPLL.BO
Bloomberg	UPLL IN

VALUE PARAMETERS

52 W H/L(Rs)	780.00/526.60
Mkt. Cap.(Rs Cr)	40044.92
Latest Equity(Subscribed)	150.12
Latest Reserve (cons.)	28713.00
Latest EPS (cons.) -Unit Curr.	23.8
Latest P/E Ratio -cons	22.42
Latest Bookvalue (cons.) -Unit Curr.	384.53
Latest P/BV - cons	1.39
Dividend Yield -%	1.87
Face Value	2.00

SHARE HOLDING PATTERN (%)

Description as on	% of Holding 31/12/2023
Foreign	35.30
Institutions	20.12
Non Promoter Corp. Hold.	1.14
Promoters	32.35
Public & Others	11.09

Consolidated Financials Results

In Cr.

Particulars	Qtr Ending Dec. 23	Qtr Ending Dec. 22	Var. (%)
Total Income	9,887.00	13,679.00	-28
OPM (%)	0.51	20.94	-2043bps
OP	50.00	2,864.00	-98
Other income	151.00	149.00	1
PBIDT	201.00	3,013.00	-93
Net Finance Charges	1,191.00	894.00	33
PBDT	-990.00	2,119.00	LP
Depreciation	676.00	624.00	8
PBT before EO	-1,666.00	1,495.00	LP
EO	-16.13	-15.33	
PBT after EO	-1,649.87	1,510.33	LP
Tax expense	-59.00	135.00	
PAT	-1,590.87	1,375.33	Loss
Minority Interest	-390.00	273.00	
Profit after Minority Interest and Share of profit of Associates	-1,216.95	1,087.05	Loss
EPS (Rs)	-ve	14.7	

UPL Q3FY24 results: Margins reduced, below estimates

Revenue from operations declined 27.72% YoY to Rs 9,887 crore in the quarter ended 31 December 2023. Revenue and EBITDA for Q3 continued to be impacted by global channel destocking and ongoing pricing pressure in post patent space exacerbated by higher rebates.

Loss after exceptional items and tax was at Rs 1,649 crore as against profit before exceptional items of Rs 1,510 crore reported in the same quarter a year ago. Exceptional items stood at Rs 17 crore in Q3 FY24, mainly includes cost related to losses due to fire, restructuring in Europe, litigation and severance related expenses. EBITDA margin dropped to 0.51% in Q3 FY24 as compared to 20.94% recorded in the corresponding quarter previous year. UPL said that the revenue and EBITDA for Q3 continued to be impacted by global channel destocking and ongoing pricing pressure in post patent space exacerbated by higher rebates.

Other highlights

- The company's revenue from crop protection was at Rs 8,495 crore (down 30.68% YoY) and non agro came in at Rs 520 crore (down 9.25% YoY). However, income from seeds business was at Rs 931 crore (up 2.08% YoY)
- UPL's income from North American tumbled 64% YoY, revenue from Europe declined by 30% YoY, followed by Latin America (down 28% YoY) and India (down 20% YoY) and rest of the world shed by 12% YoY during the period under review.
- Net debt stood at Rs $3,767 million during the quarter. Despite lower payables (down by $568 million), net debt is largely in-line with December 2022 adjusted for reduced factoring.

Management Comment

Mike Frank, CEO, UPL Corporation, said, "Destocking continued to weigh down the global agrochemical market. Overall, prices remained stable QoQ in the crop protection business but came off significantly as against with the high base of previous year amid intense postpatent price competition. However, we did see a pick-up in volumes in Latin America, and a double-digit growth in revenue in the RoW region. Our high margin differentiated and sustainable portfolio continued to outperform as revenue 2 share of this portfolio increased to 37% of crop protection revenue (ex-India) vs 28% last year. Contribution margins too were down only marginally versus last year adjusted for the short-term impact of high-cost inventory liquidation and higher rebates to channel partners. We continued to implement cost optimization initiatives to align our operations with the new reality, reducing SG&A expenses by 19% YoY in Q3. We are well on track to reduce our SG&A by $100 million in FY25 (from the base of FY23). Going forward, while we are optimistic of a progressively improved performance in Q4FY24 and Q1FY25, we expect normalized business performance from Q2FY25. Our foremost priority is reducing debt. In-line with this, we have also recently announced a rights issue of upto $500 million and are exploring capital raise opportunities at platforms in addition to operational cash flows."

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