UPL – FY23 CAPITAL MARKETS DAY

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SPEAKERS: **MR. JAI SHROFF, CHAIRMAN, UPL LIMITED**

MR. MIKE FRANK, CEO, UPL CORPORATION LTD.

MR. ANAND VORA, GLOBAL CFO, UPL LIMITED

MR. RAJ TIWARI, GLOBAL CHIEF SUPPLY CHAIN OFFICER, UPL LIMITED

MR. BHUPEN DUBEY, CEO, ADVANTA ENTERPRISES

MR. ASHISH DOBHAL, INDIA HEAD

MS. RADHIKA ARORA, HEAD OF INVESTOR RELATIONS, UPL LIMITED

Radhika Arora:

Good evening, everyone, I am Radhika Arora, the head of investor relations at UPL. On behalf of the management team and all the other people who have worked tirelessly to make this event possible, it is my great pleasure to welcome you all to our FY2023 Capital markets day. Whether you are in the room or joining us via the webcast I do believe the hours spent with us today will be very valuable in understanding the Strategic direction of the company. You'll get the chance to hear from and interact with a deep bench of Business Leaders, the ones who build the systems and engage in working towards our ambition to change the game. A few of these examples you would have already seen at the experience center created outside. So, with that in mind I will get off the stage in just a bit but before that a few logistical pointers.

First in Q&A, there's a lot of information in today's presentation and we want to make sure that you hear it all before we open for questions. The session will start with a presentation by our chairman and group CEO Jay Shroff followed by global CFO Anand Vora; CEO of UPL Corporation our international crop protection platform Mike Frank; India head Ashish Dobhal for UPL SAS, our India crop protection platform; Bhupen Dubey, CEO of Advanta, our Global seeds platform and Raj Tiwari Chief Supply Chain Officer for our manufacturing and Specialty Chemicals.

Lastly please make sure to check out the Safe Harbor statement about the forward-looking statements. With that let me welcome on stage now, Jai Shroff, Chairman, UPL Group.

Jai Shroff, Chairman, UPL Group:

Thank you, Radhika. Thank you and welcome everyone to our 2023 Capital Markets Day. In challenging times, UPL once again has performed very well. I'm very pleased to share that all the divisions of the business are agile and to be honest probably some of the best performing businesses in each of their sectors. This year, the Consolidated Revenue for the group crossed INR 50 000 crores and we had an EBITDA of almost INR 11,200 crores. Our net debt now is just little over $2 billion. We've also paid out $250 million to shareholders. We've restructured our businesses. We've also had a debt reduction of almost $440 million and invested almost $350 million in capex for future growth of the business.

UPL continues to perform well and in very challenging times, as we are going through a post Covid resurgence of production in China.

UPL is working towards unlocking shareholder value and to unlock the true potential of our different business lines. UPL has built within the group, some of the leading businesses within different spaces of food systems, and today we have a leading global crop protection business. We have the UPL Sustainable Agri Solutions, UPL SAS we call it, which is the leading company in India in crop protection. We have the global seed platform 'Advanta' and we have the specialty and manufacturing platform which is also in India.

All these platforms, are leaders in their own spaces across different sectors. We were also able to get marquee shareholders to invest in these companies and demonstrate the true value of these separate business units. So, we have also been able to get a proper governance set-up with different board members in each of these business units. We have a huge, I mean beyond compliance, we have a huge amount of experience with board members, who add tremendous value in at the management level of the companies. UPL has been focusing on really improving its market share globally. We are today leaders in agriculture transition. We believe the future of agriculture and food security is in being sustainable. The whole world has talked about energy transition. The whole world is talking about mobility transition, and I believe the future is about agriculture transition and with our whole platform of technologies, we are moving towards a more sustainable agriculture future, without losing focus on ROCE and strengthening our cash flows. As I said this year, we have generated more than $800 million of net cash. Invested some in capex, bought back shares, paid out dividends, and we believe that it just shows the confidence in our business.

Food security is also one of the key challenges for the world. With our initiatives such as the Gigaton challenge in partnership with FIFA foundation, our partnership with Zero Summit and other initiatives with the World Bank and the UN organizations, we are the leaders in developing technologies towards sustainable agriculture systems, and we believe that agriculture transition is the only way. We cannot leave the whole agriculture community, the food systems out of this transition towards more sustainable outcomes and we believe that almost from 25-30% of greenhouse gases are generated by agriculture and that can definitely be reduced by more than 10% with the right incentive structure, the right technologies and the right support from the governments as they are doing with the other Industries. UPL has a huge portfolio of what we call climate smart technologies which can reduce CO2 emissions, reduce heat and water stress on agriculture, and I'm sure that you have had or you should take some time to see our small exhibition here to demonstrate some of the things which we are doing across the world in various platforms, and not to say the least but to really create a farmer hero concept, where we are recognizing farmers who are willing to transition from traditional practices to more sustainable practices.

Some of the initiatives in the sugar industry in India or the avocado industry in Mexico or towards in the soyabean markets in Brazil and vegetable farming and projects in Africa, all these are our amazing pilot projects, which we believe are platforms to really transition sustainable agriculture. I believe these will not only help UPL to increase its market share in these markets but also promise farmers a more resilient future and better output.

UPL is also committed to as I mentioned briefly to various science-based targets for our CO2 emissions. We are also one of the three global companies to sign up to the water partnership at WBCSD. We are part of the compact CEO water mandate and so many other initiatives which are creating commitments and a consensus among industry to move towards a more sustainable future. At UPL, we have invested hundreds of millions of dollars over the last 10 years to develop technologies to really be able to mitigate some of these things and we are very fortunate that the world has become so much more aware about that, and I believe that our company will benefit with all these initiatives or requirements or standards by food companies. As food security becomes a bigger and bigger issue around the world, and in all my travels in almost every country, the number one or number two issue for all the presidents of these countries and governments at large is food security, and even more so in the face of climate change and such erratic weather patterns there is a lot of anxiety about that.

Overall, we believe that the tailwinds for the industry are huge in the future, just because food security is going to be one of the critical factors which decides whether governments get re-elected or not. So, we are very well placed with a platform to deliver a product to almost every farmer. Today, I believe, almost every farmer uses some of UPL products, even if one or two of UPL products, and we believe that platform gives us the ability to help transition agriculture to a more sustainable future.

I will hand over to Anand now, thank you very much.

Anand Vora, Global CFO

Thanks Jai. A warm welcome to all of you for joining us today at this Capital Markets Day. Before I get into the slides, I just will share with you some highlights regarding the financial performance of the company.

At the outset I want to start with an admission that our performance for Q4 is well below the market expectations, and indeed it is below our own expectations.

However, it's worth pointing out that this was a very unusual quarter for us, and in fact in the last 10 years that I have been here, this is the first quarter wherein our EBITDA has declined as against the corresponding quarter of preceding year. So, while back in January, when we shared our performance for the first nine months, we were very confident of delivering on our guidance but the drop in profitability due to challenging market conditions in Quarter 4 led us to miss out on EBITDA and ROCE guidance for the year. There were several factors which resulted in strong headwinds in quarter 4, particularly in the latter half of the quarter which had an impact on our profitability. Some of these factors were decline in prices in the post patent products with post covid surge in volumes from China leading to distributors adapting a wait and watch approach. This impacted the sales in some of our key markets. Further, the contribution margins were impacted due to idle capacity costs, as we took a conscious decision to curb our production in light of the falling raw material prices. The above two factors combined with liquidating of high-cost inventory, led to the decline in contribution margin in Q4 and that flowed down to the EBITDA as well. Despite a subdued Quarter 4, we successfully achieved our Revenue guidance for the full year as we delivered a 16% growth versus a guidance of 12-15 percent. Further, we improved our working capital cycle by 5 days to 64 days which combined with a double-digit growth in EBITDA helped us to generate significantly higher cash flows from the business. This helped us to reduce our gross debt by $617 million and are net debt by $440 million.

Now, let me get into the details of the financial results. I'll start with the Quarter 4 numbers. In Quarter 4, our Revenue stood at INR 16,569 crores, reflecting a growth of 4%. The contribution margin declined by 290 basis point due to the reasons mentioned earlier, leading to a 16% drop in EBITDA despite the fixed overheads remaining largely flat. The net finance cost of INR 840 crores showed an increase of 45% over that of the previous year. This increase was primary on account of rise in the base interest costs. The tax rate for the quarter 4 was higher at 24% versus 13% last year on account of the timing difference, however for the full year tax rate was 14% which was close to the guidance that we had given of 15 to 18%.

The Consolidated results for Q4 include the performance of our two platforms which Jai alluded upon that is the UPL SAS platform, the domestic crop protection platform, and it also includes the performance of our AgTech nurture platform and the seeds platform which is Advanta Enterprises. In fact, in quarter four, the UPL SAS crop protection platform delivered a 16% growth in revenue and a 31% growth in EBITDA, on the back of strong traction in key herbicides and insecticide portfolios, and the biosolutions portfolio. Our Global seeds platform, Advanta Enterprises, reported a revenue of INR 849 crores, 12% higher than last year, however EBITDA was marginally lower due to higher overheads and R&D spends.

Moving on to full year performance. In the full year, as you can see, it gives a good reflection of the resilient operating performance of the company. The full year revenues stood at INR 53,576 crores showing a 16% growth over that of the previous year. Contribution margin at 40.3% and EBITDA margin at 20.9%, showed a decline of 79 basis point and 112 basis points respectively. Net profit and earning per share were largely flat year on year as net finance costs increased by 56%, again 65 % of this increase in finance costs came from the increase in base rates in most of the geographies. The rest was largely on account of FX.

UPL SAS reported INR 4,326 crores in revenues, a 10 % increase over that of the previous year and EBITDA of INR 736 crores, showing a 13% increase over that of the previous year.

Our seed platform, Advanta Enterprises, for the full year performed extremely well and delivered a revenue growth of 26% over that of the previous year. Revenue for the year stood at INR 3,558 crores and the EBITDA grew by 29% over that of the previous year. EBITDA for the year was INR 921 crores. Going forward, we would also be reporting the performance of our manufacturing and specialty chemicals business as a separate platform.

As regards the working capital, the overall working capital saw a reduction of 5 days and it stood at 64 days as against 69 days in the previous year. We saw a reduction in receivable days by 12 days on account of robust collection. As for inventory and payables, inventory days were down by 9 days on the back of better inventory planning and reduced procurement especially in quarter four, considering the rapid drop in the raw material prices.
This is also reflected in the reduction in payable days by 16 days.

Moving on to cash flow, as I mentioned earlier, higher EBITDA coupled with leaner working capital, helped us to generate cash flow of close to INR 4,000 crores, an increase of 131% over that of the last year, and this helped us to reduce our net debt by $440 million and gross debt by $617 million. During the year, with the realignment of India crop protection business into UPL SAS, and the India and international seed business into Advanta Enterprises, saw a net capital infusion of about $250 million. Further, we also returned close to $260 Million worth of cash to the shareholders through the buyback of shares and dividend payout.

I particularly wanted to share this slide, which talks about the shareholder value creation over the last four years. The reason for selecting last four years is, as you know, in June 2019, we announced the acquisition of Arysta Life Science which was almost a similar size company that we bought for $4.2 billion. As you would see, over the last four years, since the acquisition, the company has maintained growth momentum, both in terms of Revenue and EBITDA, with revenues growing at a compounded annual growth rate of 14 % over the last four years and EBITDA growing at a compounded annual growth rate of 15%. But what is more heartening to state here is that we were able to reduce the debt in terms of dollar terms by $1.8 billion over this period of four years after returning $550 million to shareholders either through buyback or by way of dividend. Further, our net Debt-to-EBITDA has come down from 4.2x at the time of acquisition to 1.5x as of 31st March 2023.

Just to share about the debt profile of the company, it is a reflection of the low risk that we have despite having the debt which we have on our books. The long tenure, most of our debt is long tenure debt, the low cost of our debt, average cost is roughly about 6%, and most of the debt is unsecured and aligned to our earning which as you know is largely in USD dollars. The profile clearly reflects the low risk of debt that we carry on our balance sheet.

With this I'll hand over to the business heads to share with you the a detailed update on their respective businesses.

I would invite Mike to take over for you thank you

Mike Frank, CEO, UPL Corporation Ltd.

Thank you, Anand, and great to see everyone again this year. So, over the next 20 minutes or so I'll hit on four topics – first, cover the FY23 performance, both Q4 and full year; followed by our outlook and strategy for FY24. Then I'll talk about our mid to long term plan; last year, we introduced the path and a plan to FY27, so I'll give an update on where we're at against our FY27 plan with a real in-depth look at our R&D pipeline in a way that we haven't shown before, and then finally we'll conclude with guidance for FY24 for the UPL Global crop protection business. As highlighted by Jai and Anand, we demonstrated resilience and agility in FY23, and we made several advancements on our overall UPL strategic objectives.

So, starting with Q4, our Revenue grew by 4% despite the rapid decline in prices of key post patent products in what I would call a very unusual quarter. This rapid decline was precipitated by the sudden increase in China post-patent AI production following the covid policy changes in China, but that really occurred mid-quarter in Q4. This rapid price decline in post-patent pricing really froze distribution and their buying decisions as they waited to see where prices were going to land, and they didn't want to take inventory positions in a market that had uncertain pricing. Additionally, we were impacted in the U.S. specifically as the spring season was delayed, and the field work didn't really begin until after the Q4. Thus, distribution there also took a wait and watch approach on their inventory position.

So, as this situation evolved, we made the necessary adjustments on post-patent product pricing which did lead to a compression in contribution margins. We also made a conscious decision to clear off high-cost inventory and idle some plant capacity to ensure that we didn't bloat inventory and working capital. These actions while compressing margins in Q4 have also set us up to compete aggressively in the new year as we are in a much-improved inventory position relative to our industry peers.

So, moving over to the quarterly regional performance, except for North America, all our regions posted moderate to strong growth in the quarter. North America, as you could see was down 13% due to the rapid decline specifically in glufosinate prices, which is one of our leading products in that market, and as I mentioned, just the overall low on ground movement of product that I talked about earlier.

Among other regions, Latin America posted a strong growth of 13% driven by volumes of key insecticides such as perito and feroce, as well as from our new three-way fungicide mixture evolution. Europe, as you can see had moderate growth of 7% despite macroeconomic challenges, unfavorable weather in southern Europe specifically, and bans on key products such as Mancozeb Propanol and Bifenazate.

The rest of the world, comprising of Asia and Africa ,grew by 8% driven primarily by herbicides but partially offset by insecticides. So, for the full year FY23, our Revenue has grown by a strong 16% versus last year driven primarily by herbicide performance. Contribution margins were 31.5%, which comprised of strong expansion in the first nine months and then impacted of course as we talked about with the Q4 situation.

Overall, the EBITDA had a growth of 9%, driven by lower contribution margins from investments to strengthen customer relationships and capability building for our differentiated and sustainable product portfolio. All regions, except for Europe, grew in double digits with Latin America growth leading the way at 22%.

This last year was also a very strong year of new product launches including what we believe will be future blockbuster products for us. Over 2% of our Revenue came from new launches, and around two-thirds of this revenue came from our differentiated and sustainable portfolio. As we've talked about in the past, our path on these differentiated & sustainable portfolio to get to 50% by FY 27 was really demonstrated with the growth of these new products that we launched in FY23.

In differentiated and sustainable solutions, our growth was lower in the first nine months as compared to post patent segment, as you can see on the left side of this chart. This was really due to the positive pricing actions on the latter during this period. However, as you can see from the chart in Q4, the rate of growth for differentiated and sustainable products was higher, and this trend is expected to continue in FY24.

I'd also like to mention here that the differentiated and sustainable growth was driven by volumes indicating strong demand at the grower level for these products. So, to summarize FY23, our Revenue growth was impressive at 16%. We did have moderate EBITDA growth versus our expectations as Anand mentioned earlier. However, despite these adverse conditions, our agile business models supported us in rapidly adapting to the challenging market conditions. In the first half of the year, we quickly leveraged on the pricing opportunity to improve our business quality and margins along with higher cash generation, while in the second half our focus was on securing shelf space for our products and improving working capital through faster collections and clearance of higher cost inventory which led to improved receivables and inventory days. Further, we had a strong

year in terms of new product launches which are expected to ramp up in the near future.
I'd like to congratulate our regional teams, some of them who are here with us today, for this performance and driving traction across markets, and I'm confident that we will maintain this agility in capturing volume driven growth and improving our working capital going forward.

So ,let me switch to our outlook and our strategy for FY24. Fundamentally, we see continued strong farm gate demand for our products. Farm margins are generally very strong globally in most crops. Fertilizer prices have come down giving farmers the opportunity to maximize yields, maximize their sustainability outcomes and drive margins for them, and that's really where UPL sits and how we add value to our grower customers. So, considering this backdrop, we will continue to see new product revenue from additional new products that we're going to be launching in FY24. Last year we generated about $140 million of revenue from new product launches.

This year we expect to generate again over $120 million dollars from new product launches. We'll also accelerate growth in our differentiated and sustainable product portfolio through targeted promotion and margin accretive replacements with superior blockbuster offerings such as feroce. We're going to continue to focus on gaining shelf space for our key post patent products in targeted markets specifically in soybean and corn crops by leveraging our strong supply chain and manufacturing base here in India, and finally we'll continue to improve our profitability through focus on optimization in overheads, higher productivity in our plants, focusing on working capital through both receivables and inventory management.

So, to support our medium-term growth, our three pillars are firstly smart R&D. Smart R&D for us is our robust and infrastructure of over 30 facilities globally and over a thousand employees that are developing new innovations, protecting those innovations with intellectual property, and ultimately launching these products to create value for our grower customers.

The potential in our new product introductions, just as we shared last year between FY 22 and FY27 is valued at $2.5 billion. We will also accelerate our growth in key emerging markets where UPL is well positioned to outperform and ramp up our differentiate and sustainable products. We'll leverage our reliable, sustainable, and low-cost manufacturing capability here in India and our footprint around the world

Looking at our crop protection and NPP biosolutions through the lens of grower pain points, our efforts are to introduce newer solutions either through new mixtures of conventional crop protection products; Pronutiva, which is when you combine NPP products along with conventional crop protection products in a unique way to help growers both maximize productivity but also create other attributes whether they be zero residues or carbon outcomes, and of course directly through our NPP offerings as standalone products

So, on a risk-adjusted basis, our current pipeline is estimated to be $8.5 billion dollars per annum of which $2.5 billion is expected to coming within FY27. We currently have 25 molecules in the development pipeline, and 16 new solution platforms that are under development. Additionally, we also see that nearly 80% of this pipeline is in the category of differentiated and sustainable products, which is clearly our focus area, and lastly with several products going off patent in the next five years we see a strong growth opportunity in the post patent segment as well

So, over the next two slides, I'll take you through our robust R&D pipeline. This is a level of detail that has not been shared with you earlier, so I'm really pleased to share this with you today. Looking at this table it's evident that we have a strong pipeline under each major portfolio at various stages of development and spanning across every region and virtually every crop combination. On this page you can see our new products in weed management, disease control and insect management. All of these products have been either been just launched or will be launched within the medium term. We also have several new products and technologies that we're developing in the carbon and bio nutrient segment, as you can see these are also to be launched in the near to mid-term time frame, and we'll also show some of our new AIs and new technologies at the bottom of this chart that we believe will bring significant value to growers in the more mid to long term.

I'd also like to add that for several of these offerings, we are excited about the potential peak revenue and are confident of converting some of these into blockbusters over the next few years.

So, to summarize we'll continue to have leadership positions in post-patent AIs, and will continue to expand our offerings in the sustainable and differentiated segment. Basis on the pipeline that I just showed you, I'm confident of increasing our innovation rate from 14% today to 24% by FY27 along with our commitment to increase differentiated and sustainable revenue to 50% within the same period. For our go-to-market strategy, we'll continue to really leverage on these four areas. Firstly, we'll expand geographically, our reach to growers and distribution. This is how we go-to-market in every region through distributors, retailers and in many markets direct to growers, and we're going to increase our proximity to the growers through branding initiatives and unique go-to-market strategies, where we really have an opportunity to manage the demand for our products and really pull through distribution of the products that we're placing into retail. In addition, we'll increase product mix and portfolio expansion through cross-selling and pronutiva expansion, and the final element of our go to market strategy is to focus on strategic alliances and partnerships, all to tap new markets and increase technology access through our OpenAg collaboration.

With the support of digital tools and technologies across regions and operational effectiveness, we will continue to build and grow our B2B Partnerships for increased volume sales and improved working capital management, as well as, increase our B2C sales for improved margin mix, and even greater access to growers for a better demand generation and wider offerings of our complete solutions. Finally, biologicals, bio controls and biostimulants, will continue to remain the fastest growing segment we believe over the next decade, and therefore will continue to be a key focus for us.

While the industry segment is pegged to grow at 11% CAGR over the next five years, we are confident and well placed to exceed this growth. We are among the leading players in this segment globally, which is still largely fragmented, and hence will continue to drive our organic growth strategy.

Last year, we achieved a revenue of $409 million in this segment and have made significant Investments including in technology with feet on the ground to create demand and to make sure that growers understand the benefits that accrue to them and to the environment. Going forward we'll continue to expand our portfolio of hero products in which are NPP big products such as Thiopron®, Microthiol®, Yukon®, amongst others through geographical expansion, innovation, licensing and promoting through our pronutiva approach.

So, as we look at our FY24 Outlook, we see a 4-8% Revenue growth opportunity with the midpoint being at 6%, while EBITDA is expected to grow in the range of 6-10%. We're confident of this growth despite the specific headwinds that we discussed earlier. We are well placed to take advantage of strong farm gate demand higher expected growth of Biosolutions offerings, and the ramp up of our Innovative products. So, the key takeaways, I just want to emphasize that we have a strong growth path not just through FY24, but really through FY27 and beyond. As I shared with you, with the R&D pipeline, we are on a path to achieve 50% of our revenues from the differentiated and sustainable portfolio, which is margin accretive and has less risk overall. We really believe that UPL Global Crop Protection will become the fastest growing and remain the fastest growing global crop protection company in the industry.

With that let me invite Ashish Dobhal up to talk about UPL SAS, thank you.

Ashish Dobhal, India Head :

Thank you, so much Mike. A very warm welcome and good afternoon to everybody. I am Ashish Dobhal, and I'll be introducing UPL SAS. Before I start, many times people ask me what exactly is UPL SAS, so SAS actually stands for UPL Sustainable Agri Solutions and the reason why we've kept this name, UPL SAS, so that every time we take our name we are reminded of our core purpose to make farming sustainable and profitable and also resilient for almost 100 million farmers in India. We are trying to transform Indian agriculture by a very unique outcome driven approach, and there are four main pillars to it.

The first main pillar of course to drive such a big transformation, you would need somebody very credible, and I think there's no bigger more credible name in the Indian market than UPL. We have a 13% market share which makes us the largest player in the Indian market. Whatever we do is supposed to be very trustworthy. I think it's very easy for the local farmers to buy into whatever we are doing.

The second piece, of course, is the quality crop protection. We have some of the biggest brands in the Indian market. We've added biosolutions to it, and we have added now crop establishment products to it. We are one of the biggest in the post-harvest space also, and all these have to be delivered through very wide network of distribution across India. So, we have a very highly penetrated pan-India market presence. Adding to that for millions of farmers and distributors and the retailers, to empower them, we have also launched an AgTech platform. How this story unfolds we will see in next few slides.

The first thing is our broad portfolio, most of you know that we usually used to have insecticide as our major segment but what we've seen is because of the labor shortage and some of the amazing innovative introductions that we've done in last three to four years, herbicide segment has gone on to become our largest segment with 36% of our CP revenue.

We also have still the insecticide segment as one of our primary portfolios with over 26% of our CP revenue. Add to that the fungicide portfolio which has been a pillar for so many years with 20% of our CP revenue. What is really moving the needle for us and something which is very exciting, is the climate smart solutions.

These are the products which are so important in these times when there's a huge disruption in terms of climate change. So, for this we have the biosolutions which we also call sustainable solutions. You add to that the post-harvest solutions, not many people would know but for most of the grains in India, the potatoes in India, we have a huge market share, dominant position of 90% plus in storage of these crops. We also have fruit coatings.

This whole thing sort of then combines into a universe, which we call Pronutiva. Pronutiva is protection plus nutrition. These are packages designed for specific crops and specific areas.
India is such a big country you need to have specific packages for specific areas

If you dice it in a different way, about 65% of our CP revenue is from post patent but make no mistake even in the post patent side, we have some of the biggest brands in the local market. ~35% of our CP revenue is from differentiated and sustainable portfolio. What we mean by differentiated is that we have a proprietary formulation. For example, we have proprietary formulation in some of the leading cotton insecticide, in a soyabean herbicide which we launched last year, and some of the wheat herbicides.

Add to that the sustainable portfolio, which I just discussed, the climate smart portfolio. Now what exactly is this portfolio, this portfolio goes right from the draught mitigation technology like Zeba, which holds water and nutrients for a crop. We also have a range of biofertilizers, biostimulants and silica-based products; and also insects and disease resistance products in this segment.

So, you can have all these fancy solutions, but what’s the use if you don't have the reach. India has 28 States, and I think each state is like a different country. So, if you want to reach every nook and corner, you really need a strong presence, which we have built over the years.

We have a very unique approach to reach the entire Indian market. We have two Brands one by the name of UPL, the other by the name of SWAL, which are selling the branded products into the local market. We have about 72 Depots or the warehouses as we call them. In addition to that we have 5,000 people, agriculture is applied science; you need people in the field to demonstrate it to the farmers and explain it to the farmers and these guys essentially then cater to the 25,000 big wholesalers. These distributors are the guys who literally control the Indian Market, who then in-turn provide the products to almost three lakh plus small retailers.

To add to this, we have two very interesting approaches. One is called Unimart. Unimart is our experience centers, you know a good analogy would be Apple Stores, where people come go in the villages, see the product experience. different technologies and then they take a call.

They can buy the product from there or they can buy from anywhere else. What we've seen is wherever we've put Unimarts, we have 600 of them, we have seen the business grow in that in that entire area. These are physical stores just selling UPL, SWAL and Advanta products.

To add to that we also have about 340 business partners. These are the B2B players. We supply the product to them, they also at the end of the day are serving a hundred million plus farmers in India and the most fantastic thing is that with this network we are covering 90% of the agriculture districts in India and 90% of the crops which are grown in India.

But that's not enough, India is a country with 100 million plus farmers, and almost 3 lakhs plus agri input retailers. In order to be present with them and give them real-time solutions, you have to leverage technology, so we have two AgTech platforms.

One of them is nurture.farm, this is a platform with almost 3 million farmers transacting on the app. This gives farmers real-time information and farm advisory 24*7. Further, if they want to book services like spraying, harvesting, soil testing, or if they want to get harvesters, it's all available on the app. The most interesting feature, of course, is counterfeit is a big problem, the farmers can just take the app and scan the product. 100% of our products are with QR codes and barcodes, and then you know you could immediately know whether the product is a counterfeit or original. So that's all about the nurture.farm app.

Further, we also have the nurture.retail app. With nurture.retail, what we are trying to do is empower the local agri input retailers who can come on to our marketplace, and they'll not just get the crop protection chemicals but also the seeds and feeds, plus machinery and other equipment. Today, we have about 85,000 retailers on the platform, which makes it one of the biggest platforms in India.

We also have 9,000 about SKUs which are being offered on the platform. This gives an amazing choice selection to the local retailers, and also provides complete price transparency, among other benefits.

Coming to the next slide, this is my favorite slide, as this shows that all the good work we've been doing in last three to four years has yielded us tremendous benefits in the field. We have grown revenue by 18% CAGR to reach to INR 4,326 crores of revenue this year.

This is the first year where we crossed INR 4000 crores of sale. The more interesting piece is that in terms of EBITDA, we've been growing at 25% CAGR. So, this is the first year, where we crossed

INR 700 crores of EBITDA, and this is primarily led by the strong growth in sustainable and the differentiated products.

Coming to the fourth quarter performance, Q4 normally is a strong quarter for the India team. We have grown revenue by 16% and EBITDA by 31% . This is primarily driven by increase in differentiated and sustainable products, that we sold in Q4. India is the first country to get into season, so it is naturally a good time for us to place the products for kharif. The share of the differentiated and sustainable portfolio went up from 18% to 24% in Q4.

Coming to the full year performance, it was a tough year. We started with the whole Ukraine war and the whole disruption in the food grains, and then there was a Covid in China last year and unfortunately India, which is the first country to get into season got impacted by the upward movement of the prices.

However, we do have some of the strongest brands in the market, and the entire 10% growth almost has come from the price increase as we were able to push prices in the market. Then of course, we had a very tough season in terms of first it didn't rain and then when it rained it just didn't stop. But we still managed a 17% growth in contribution profit, however this was partially offset because of our some of our very ambitious plans of opening-up the UP market and the Andhra Market. We wanted to expand in these markets. Further, we also invested in some new products, for example, Flupyrimin in Paddy, and we also had another product in soyabean, both of them are doing very well. We had 3-4 big launches.

Our AgTech platform ‘Nurture’ reported revenue of INR 72 crores and EBITDA of INR 284 crores. In last three years, we have invested almost INR 800 crores to scale up and build the platform, and we've done the most difficult job which is there in AgTech that is of customer acquisition.

Coming now to the outlook for FY24, we are looking at 12-16% growth in Revenue, and a 14-18% growth in EBITDA, primarily driven by launch of new products such as Sperto, one of the biggest selling products in Brazil which makes an entry into India market this year. We also have products like Fascinate Flash, Larviron, which is supposed to be one of the best on the larvae side. Another new launch, Spruce, sort of complements our portfolio in in the wheat segment.

We continue to increase our differentiated and sustainable portfolio this year, that's going to be our major thrust. We also benefit this year from some of the launches of last year that didn't get a full year, for example, Tridium, which is a three-way fungicide; Apache, an insecticide mixture for cotton; and Viola, an insecticide for paddy. Unimarts, as I said earlier, we started them as experience stores but we realized that they also bring in good revenue, so we are increasing Unimarts, from 600 to 800 stores. We want to do it carefully because we don't want to forget our core purpose of positioning Unimarts as the experience stores, and the technology dissemination stores.

For nurture, the plan is to reduce EBITDA loss by about 50% this year, and then in 24 months achieve break even at the EBITDA level. The plan this year is to also increase the farmer reach to 5 million and retailers on-boards to 120,000 retailers. We are confident that we will be able to achieve our targets.
Thank you so much.

Bhupen Dubey, CEO, Advanta Enterprises Ltd.

Thank you, Ashish, the agrochemical parties over now. We are coming now to the seeds business actually, in reverse order you know without planting the seed you can't start with the agrochemical business.

So welcome to Advanta. We're very pleased to walk you through our business.

There are four key points on this slide from Advanta perspective, we have a superior product portfolio backed by the proprietary technology. As you are aware the seed industry is basically based on innovation, that is how the sustainable results can come in. So, fundamentally our core is our R&D engine and superior innovation capability.

If you have a great product but in terms of GTM if you are not really aligned then you are unable to capture the values. But here our team has been able to do that very well. I will share a couple of examples with you as we go ahead

We have a strong production presence and distribution capabilities. Probably in the last 12 months, we added highest production and processing capabilities compared to last past few years. In fact, the way growth is happening in Advanta, we may have to go for creating additional capacities in the next 12 to 24 months.

Robust financial performance is just a byproduct of all the things which we are doing right for a number of years.

In terms of revenue contribution by key crop. The number one crop is a field corn. As you know in the $50-55 billion global seeds market, the number one crop by market share is corn. Corn has broadly two categories - temperate corn and the tropical, subtropical form. Advanta is predominantly in tropical corn, here we are a leader in number of geographies. Corn contributes to ~45 percent of our Revenue .

Number two crop is grain and forage sorghum. Now, this is a very interesting crop. Globally, corn is covering about 200 million hectares, while sorghum is about to 45-50 million hectares. We talk about the climate change, sustainability, all these big words ultimately boils down to what does it mean in terms of input consumption, how can we get more output using less input in terms of water, fertilizer, etc. In that category, sorghum is one of the best crops, which requires ~60% less water to produce the same biofuel output compared to the common or any other crop.

There are certain very interesting challenges, our R&D team is working on.

We believe that the 45 million hectares of sorghum, which we have right now, the way things are evolving, I think this area will go up to maybe 75-80 million going forward, and that also throws a lot of opportunity in terms of business expansion, new countries are opening up, at the same time this also throws up some of the challenges for our R&D team. For example, sorghum requires more let's say digestibility, so we have R&D projects, which are we are funding to increase the digestibility for various applications. Human consumption is very common in Africa and Asia, but not very common in Americas for example right, so how do we identify the features of this crop which can really enhance the adoption in the human consumption in America as one example

Second example is that sorghum is predominantly very high on the carbohydrate side, and low on the on the protein side, maybe ~9-10% protein content. So, then can we have a sorghum which can have 15-20% protein content. So, these are the fascinating exciting

R&D projects we are working on, and these are the innovations which are going to take us forward in this crop

We have one of the widest variability in the world, in terms of germplasm in sorghum, be it grain sorghum, forage sorghum, sorghum for the biofuel etc. and that gene bank which we have is a very precious asset, and our team is highly excited to work on those projects. Going forward, contribution from this crop is likely to go up more and more

Third domain is vegetables and fresh corn, this is another area which we started with a small acquisition six, seven years ago, Golden seed, unicorn seed, etc. And those genetics, we are spreading beyond India to some of the Asian countries, and African countries. Also, this is the fastest growing segment for us historically speaking

Sunflower and canola, this is an oil seed category, volatility is very high as you are aware because of the European War. I mean Ukraine supplies to the globe about of the 50% of sunflower edible oil, and India is one of the biggest importers from this country. But because of the war, the supply chain was disrupted, and therefore many other countries picked up acreages, for example, Argentina, southern part of the Brazil, India and some of the other countries, and that is reflected in our numbers.

So, these are primarily the four crop segments we are operating in, and this is the revenue distribution coming out of it.

Differentiation comes with the technology, so what are some of the technologies that we have. 'igrowth’ for example, unlike in Sunflower, in Corn, Sorghum so far didn’t have this trait of herbicide tolerance, and so we decided to invest in technology for herbicide tolerance via the non-GM route which is expensive and long duration.

Our team started this project in 2007, and after 10 years, we got first product called igrowth, and that we launched in Argentina, and in last four years' time, I think Advanta has captured 50% incremental market share in Argentina's sorghum market, increasing from about 14-15% markets share to nearly 65% market share. Now, this is one we want to replicate in other countries as well more so given the fact that the market is preferring non-GM, so we are the only one in this segment with herbicide tolerance trait coming via non-GM, and so the adoption is very fast. We are unable to ramp-up the supply in terms of parent seed production to meet current demand, and so this one of the areas we will be investing in going forward to ramp up the capacity.

But the trade is not a single trait game, therefore our team started working on other projects. So, igrowth, provides herbicide tolerance trait in Sorghum, similarly, we have started working on delivering another category of resistance, and there are promising results coming in. So, we believe that in next four to five years' time, we will have another trait that we can release. In other words, sorghum is something, where we are adding more and more features from multiple angles, from a consumer angle or as well as from the grower angle.

As a result of that, this crop is becoming more and more attractive, and of course from climate point of view it requires 60-70% less water than corn, and therefore we believe that it is a future smart crop, sustainable crop, and your company, Advanta, is very well positioned in this area.

Similarly, we have other trait technologies as well, such as vertix and aphix. But inspite of all the trait technologies that we have, unless we have a on ground technology transfer center, we won't succeed. So, therefore we have the Advanta Innovation Center in key markets, where we demonstrate these technologies whereby the key stakeholder can come and have a feel of it.

Coming to the next slide, as I mentioned earlier, one of our key strengths is having a superior product portfolio backed by proprietary technology. So here, the key crops are tropical corn, sorghum, and sunflower; in these crops, we are leaders in some of the key markets.

In Vegetables, in Okra, we are globally number one. In fact, we are transforming the okra landscape. It is a tropical vegetable but its adoption is very high. Sweet corn is another interesting crop, here also we are we are very well positioned, and that genetics has a good demand across Asia, Africa and Central America, and hence that portfolio is really expanding very well.

Coming to the next slide. Overall, as I indicated earlier, our superior R&D capabilities come from a world-class research and development team. We have nearly 45 years of experience in plant genetics. We have 32 R&D facilities across 11 countries, and this is something we are augmenting through investments. We have more than 70 scientists with a very rich experience, qualifications and we are upgrading the skills all the time. So, in the innovation pipeline, we have nearly 60,000 hybrids per year. We do nearly half a million testing plots per year, and for any plant science company this is a key indicator. We are increasing the base now, as a result of that we are trying to maximize the funnel at stage 1 & 2, so that we can shrink the number of years for advancement of any product from about eight to ten years to about five to six years. The company which is able to do that will really be a leader in this market going forward. So, these are the some of the data points on the R&D side.

Coming now the next slide, to discuss our strong presence, production and distribution capabilities. On the map on the left, you can see green colors indicate the countries where we have production centers. Right now, we have 24 centers, and I see in next three- or four-years' time we will be adding another 10-15 centers.

We have presence in nearly 84 countries, key countries are about 15 to 20, but we have capability to ramp up as and when we want to be aggressive in terms of our market position. But at the same time, it throws a challenge for the leadership to manage multi-crop in multi-country.

We have market-facing brands, such as Advanta, Pacific Seeds, Pacific Seeds Thailand and Australia, and Alta Seeds. There are reasons for maintaining the legacy brands. One prime reason is that farmers are associated with these brands so much, we don't want to change it and therefore we are continuing with that.

One important point in distribution, we are making changes, in some of the countries we used to have B2B, so we have a national Distributors and then they will distribute down the line. We realized that this model has maxed out and is becoming an obstacle in terms of further growth. For example, in Indonesia, the entire business we were doing in B2B, we realized that we are not growing for last couple of years. So, we decided to go from a single distributor B2B to multiple distributor B2C model in last two years; we have been working on it and are very happy to report to you here that this initiative has been a huge success.

You are aware Indonesia is likely to be one of top five fastest growing economies in the world in agriculture. Base is quite strong, and we are building a position there very strongly.

In terms of historical performance, Advanta grew revenue at the rate of 21% CAGR and at the same time EBITDA level CAGR is very impressive at 32%. I would like to take this opportunity to thank growers of the world, our distribution partners, dealers; our own employees who are very dedicated, and last but not the least the trust of the investors in this organization. As a result of that we have been able to deliver this kind of results, and we do hope that this performance is going to accelerate further going forward.

Quarter four results, I think while the numbers are good compared to previous year, but lower than what we had budgeted because of external market dynamics which are changing not only for agrochemicals but as such for the agriculture ecosystem. Everybody is impacted or likely to be impacted, the degree may vary based on the portfolio, etc.

Our Revenue growth was 12% and EBITDA de-grew by 5%. Here there is another element important to highlight, for canola in Australia, we have a very strong brands and markets start asking for the inventory sometime in January and February, but they start to buy only in March and April and May.

Therefore, this year we also had a just-in-time kind of situation. The seed was coming from the market being processed and unless quality department clears it, we can't sell it. So, if you see the calendarized number, these numbers are very impressive but it's only that this will be reflected in the in the first quarter of the coming financial year. So, in terms of total complete picture for the financial year, Revenue for the year grew by 26 %, contribution profit by 28%, and EBITDA grew by 32%.
In terms of regions, we have we have our divided business into four. One is Asia, Africa and Middle East, Australia, Americas, and Europe. For each region, I'll make a couple of comments. Very proud to share with you that Australia we had a highest ever

revenue as we crossed $50 million for the first time, a new product which we launched in sorghum as well as in in canola are clearly reflected there. The farmer is getting a good price compared to last few years for Canola and that is reflected in our performance. Coming to Asia, Africa and Middle East; India is doing very well. India, we have divided into three domains. Field crop dominated by sorghum and corn etc. Another domain is forages, and third domain is vegetable.

Our field crop domain is doing very well, in about 3-4 states, we are #1 or #2. Forages, were muted, we are into the super-premium category, I think in marketing here, we need to really pay a little more attention, positioning has to be right and by and large, the forage segment is dominated by the commodities, so the super specialty category is taking more time than we expected, but our team is working on this and I think in a couple of years' time, we should have a turnaround there.

In vegetables also performance was muted, it is not doing well for last two years'. I think Covid impacted the vegetable segment around the world in a big way, as the seasonal labor migration which used to happen is not happening in the same way post Covid for multiple reasons in different countries and regions. But this segment requires high amount of labor for plucking and planting and transplanting etc. So while mechanization is happening, but the pace is slow coupled with the fact that for these field crops like corn etc. the price was the farmer was getting was very good. So, it was easy for farmers to switch from vegetable to soyabean or corn or any other crops. But we do believe that the acreages should come back in a year's time or so, and I think next six months are crucial for us to see how really it works out.

Africa is a super marathon project whereby you take three steps forward and two steps backward because of a variety of reasons in terms of political stability, exchange rate, etc. We believe in that market because of the macro factors, large growing and young population. In next five to ten years' time, we believe is going to really give us a reward. We believe in that market, and we'll continue to invest in that market.

Middle East, for example, we were hardly there but Middle East countries are realizing that they import maybe 50-60% of the food from outside. They have a lot of money and they are now serious about investing back into R&D, and that is where they are inviting us, and we are partnering with them because of the expertise of being able to do agriculture in desert areas, that expertise will definitely be helpful in other countries which are likely to face that kind of adverse situation going forward, and therefore that is how we are looking at that market.

Americas, I think our team in Argentina is doing great. We have a turnaround this year in Brazil, we renewed our portfolio after five to six years. igrowth, we have launched in Brazil, and the reception is quite good. 40,000-45,000 bags we have sold, and in the next 12 months, we are looking to increase that by 3-4x.

In U.S., we have been suffering a lot in terms of our operation there. Not very happy with the way results are coming in but we have put our house in order in terms of, we were dependent on tolling arrangement last two years' time. We believed that arrangement will help us, but it did not help us and as a result of that we could not service the market with the speed that we wanted. Therefore, last year, we decided to invest about $12 million to upgrade our plant there and now that plant is ramping up. I do believe that we will record growth going forward in next 12 months' time.

In Europe, our focus is eastern part of Europe, and in sunflower, we have invested in R&D from 2016 onwards. For the first time, we crossed the EBITDA break even, and going forward we will have accelerated growth coming from this region.

So broadly I think overall geography wise, crop wise, a very balanced growth is happening right now. Revenue growth by region, Asia/AME is about 23%, America is 27%, Australia is 36% and Europe 13%. So, all geographies are firing with a good robust growth.

Coming to the outlook part, we do believe that this momentum in Advanta will continue based on the current market scenario. Of course, the commodity prices are coming down, but even with that downward trend, the farmer profitability is good enough for the farmers to continue to buy the good products, premium products.

We believe that and as result, revenue growth is likely to be 11-15%, and EBITDA growth will exceed that at 14-18%. In terms of key drivers, tropical yellow corn growth is driven by market share gain in India and Indonesia. In canola, we see Australia and South Africa, accelerating it further going forward. In sunflower portfolio, growth will be led by renewed portfolio in Argentina and a couple of other geographies like Ukraine and Romania. In grain sorghum, growth will be driven by Brazil and North America. We do believe that we have debottlenecked our supply chain, and therefore market demand is very good and therefore we will be able to service them. The Vegetable and fresh corn portfolio, we expect will do better this year.

In few other countries, we will also now be converting B2B to B2C, like we did in Indoensia. We will have to make some investments and risk will be there but at the same time the margin we are likely to gain because of the B2C transformation, will offset our risk.

With this, I would like to thank you for your patience and support. Thank you so much

Raj Tiwari, Chief Supply Chain Officer

Thank you, Bhupen. I'll be covering the specialty chemical manufacturing platform, wherein I'll be throwing some color on the current specialty chemicals market in India and how UPL is uniquely positioned to capture on those opportunities. Then I'll cover how we have performed in last few years on this platform and the performance for this year, the guidance for FY24, and then of course I'll be covering the performance of UPL as a group on safety and environmental sustainability for FY23.

So, if you look at Indian Specialty Chemicals Market, it has grown by 10% CAGR from $53 billion in 2015 to $87 billion in 2020. If we see the growth going forward, the Indian specialty chemical Market is expected to grow in double digits at around 11% CAGR as compared to China, which is expected to grow at 7% CAGR and any other geography which are expected to grow in lower single digit. This provides an immense opportunity to India. One is that of course coming out of China plus one policy framework, many companies are looking at India as one additional source to China. This whole make in India policy of government of India has also given a boost to the specialty chemical market. Going forward, more than 20% of the incremental demand or incremental chemical consumption worldwide will come from India and that actually is a big number which will catapult into investments in India in specialty chemical market, and finally of course the changing consumer preferences towards biofriendly products will also be good for India.

So, how are we as UPL uniquely positioned to capitalize on these opportunities. Today, we are the number one specialty chemical company in India with revenue of over INR 15,000 crores. We are among the very few deeply and vertically integrated specialty chemical manufacturing companies in India which gives us cost competitiveness. We have a legacy of 50 plus years of manufacturing hazardous chemicals and handling complicated chemistries with the best in class ESG metrics. What I also see is that we have immense opportunity on B2B side going forward, now if you have China plus one, we have new chemistries, we have the vertical integration, which will give us immense opportunity in B2B segment, and of course we have the UPL group companies where the AgChem business will grow in double digits. This will also give us the opportunity to cater to those requirements.

So, moving on, this slide shows how we have performed in last three years. In FY23, our Revenue, was more than INR 17,000 crores and our EBITDA over 1,800 crores, which is around 10% margin. The compounded annual growth rate for Revenue has been 33% and EBITDA has been more than 40% over FY21-FY23. So, basically this platform serves our global crop protection business and of course the UPL SAS. It also serves more than 600 other B2B customers not only in India but across the globe, right from pharma to paints intermediates and of course Agchem among other sectors. Further, we have been handling complex chemistry for 50+ years. We recently also commissioned our new Phosgene plant. So Phosgenation, we were always there for last 25 years, but now we have our own Phosgene plant and therefore we have now entered that chemistry as well. We have more than 15 plants in India, which makes not only agro chemical but also intermediates and basic chemicals and specialty Chemicals.
So, the outlook for FY24, we expect that our Revenue would grow in the range of 10-14% and our EBITDA will grow at 12-16%. Of course, we are entering new chemistries and looking to expand B2B business. We will keep on sweating our current assets and expanding capacities.

Lastly, I'll now cover the safety and the sustainability performance for the company. So, you can see that our process safety incidents over last few years have come down dramatically, and this year TRFR has been 0.29 as compared to 0.21 last year. Three major areas where we have focused last year include people and process safety, what we did here is that we identified key critical process safety operations and we mitigate risks there with the layer of protection analysis and also with the BowTie. We used digital as a tool for not only people safety but also asset safety. For example, we used artificial intelligence and robotics to a great level to be able to mitigate some of the risk emanating out of PPEs and also man machine interfaces. We also on boarded external consultant for the safety transformation journey which commenced from last year

On hazardous chemical transportation management, which we focused on last year. Now all our hazardous chemical transportation is managed through a central control room, which is out of Baroda, and all our trucks and tankers are GPS controlled and their speeds and where they stop everything gets monitored. Lastly, we also focused last year on the warehouse management from a safety point of view, and we completed the baseline audit for our all global warehouses. We have on boarded excellent consultant to help us on the safety process management on our warehousing assessments, and we have also rolled out the crisis management plan for India and we are at an advanced stage for rolling out the crisis management plan for North America and LATAM.

On environmental sustainability, this is our performance over last four years, our CO_2 emissions have gone down by 22%, our fresh water consumption has gone down by 41% and our waste water discharge has gone down by almost 60%. Our science-based targets has been approved, and we have targeted to reduce 63% of CO_2 by

2035. We have commenced tracking the scope 3 emissions and we target to reduce them by 42 % by 2035. We have partnered with clean max and we have invested in green energy. This year we should be able to take our green energy share from 8% to more than 30%. One of the significant numbers is that we have been able to recycle more than one-million-meter cube of wastewater back into our process which is almost equivalent to 90% of our total freshwater requirement in our operations.

So, that's it from my side. Thank you.

Anand Vora, Global CFO

Thanks everyone for your patience, and I'll come now to the last slide, which is the guidance for the company. Before I go there, I think I would like to thank the Business Heads Mike, Ashish, Bhupen and Raj for providing us excellent insight into the their financial performance for the year and at the same time the financial outlook for the following year. And of course, thanks to Jai for giving us a good overview of where the industry is headed and his vision of where he sees UPL.

Giving the guidance for the full year based on what we have seen as guidance given by each of the platforms. We believe that for FY24, we should be having a revenue growth of about 6-10%, EBITDA growth of about 8-12% and we see our ROCE improving by about 125 to 175 bps to about 16.5-17%. However, I would also like to state here some of the headwinds which Mike talked about, and Ashish also spoke about, in terms of post patent products we do see some challenges in the initial first two quarters, but we remain confident of delivering the guidance for the full year. And of course, as Jai mentioned, we also look at generating higher cash flows as we see that's the key especially when we are seeing very volatile environment.

Thank you very much once again for joining us today, and please join us for high tea after the Q&A session.

Q&A Session

Participant: Tarang Agarwal, Old Bridge Capital

Hi good evening and thank you for this opportunity. I'm Tarang Agrawal from Old Bridge Capital. A couple of questions from me. One if I look at Q4, it seems like there's some sort for the lack of a better word, probably a bloodbath out there because you know seeing gross margins going down to about 40% gives a sense that there was almost a 20 to 25% hit on realizations. So, if you could give us some insight.

Management: Mike Frank, CEO, UPL Corporation Ltd.

So, I'll start from a global crop protection standpoint, when you look at the margins there were several factors that went into the margin compression in Q4.

Firstly, we did overall sell at a lower average selling price. Price was down about 3% in the quarter, so there was some compression due to selling price. Now on a go forward basis, we also expect our cost of goods to get adjusted and so while we'll see price compression in the post patent segment, we shouldn't necessarily other than in glufosinate see very much margin compression. Now compounding the impact in Q4, was the fact that we did idle capacity to manage working capital, so there was some cost that we took through the income statement as a result of lowering our production and managing down our inventory, and then finally we also liquidated some high-cost inventory.

So, we really looked at the end of the year to make sure that we could take all of those actions to set up for FY24, so that we could really compete going forward. So, a lot of those actions won't repeat. We're going to run our plants. We're going to compete very hard in the post patent segment. We will see some price compression, but we won't see some of the other one-time costs that we took in margins in Q4.

Participant : Ramesh, Nirmal Bang

I'm Ramesh from Nirmal Bang. Thank you for the detailed presentation. So following up on the question, he asked. Typically, in Commodities, you have this problem in the top-down, the revenue falls and your margin falls and you have a problem. So, if can you break it into how much of inventory loss you have taken and what is the reduction in production which you refer to in terms of having to incorporate fixed costs. And then if you look at the next six months. what is the inventory you are still carrying, and a later thought would be now if you say China has come back vociferously in the second half of the fourth quarter and if you see the kind of numbers, we see in terms of Chinese capacity addition. Do we see the issue of Chinese competition genuinely abating sometime in FY24?

Management: Mike Frank, CEO, UPL Corporation Ltd.

One of the questions was, what was the specific cost of idling capacity, that cost was in the range of INR 200 to 250 crores, and again we wouldn't expect that to repeat going forward. The Chinese production, look I would say on certain active ingredients including glufosinate which is one of our top five active ingredients today, there's probably over capacity for that for that active ingredient, and so we believe they're liquidating at less than their fully loaded cost of goods, so that won't persist into the mid to long term. But we could see this take I would say a quarter or two to flush out until we get to you know a more normal operating margin. So, it's hard for us to predict exactly the margins that are going to come out of China, but the current prices won't persist into the mid-long term because they're not even covering their fully loaded costs at this point

Participant : Ramesh, Nirmal Bang

What about the excess inventory carried over?

Management: Mike Frank, CEO, UPL Corporation Ltd. :

Yeah, so again from an idling standpoint the cost was INR 250 crores. I would say the variance based on selling out the high-cost inventory and other variances in in the quarter was probably about half of that. So, you know in the range of say to INR 350 cores in total.

Management: Jai Shroff, Chairman, UPL Group:

Now, I think in the industry, we are in a in a good position and the reason was the raw material prices were coming down a lot. All the raw material prices have come down substantially, just the natural gas prices are down about 60-70% in India. So, a lot of the raw material prices are coming down. So, we are in a good position now, because we are probably at the same level of inventory as last year, so this is probably the lowest we can get to.

Participant: Vishnu, Spark Capital

Hi this is Vishnu from Spark Capital. I have a few questions. On the guidance slide, we probably were anticipating one more line item. Any thoughts on the debt reduction that we can get in FY24?

Management: Anand Vora, Global CFO

At this stage with net debt to EBITDA of 1.5x, which we brought it down to from almost four, I think we feel fairly comfortable. However, whatever cash we generate during the year, we will use that to repay the debt besides of course investing in working capital as well as capex. Our capex guidance is roughly about $350 million for this year and the rest whatever cash we generate we will use it to repay the debt

Participant : Vishnu, Spark Capital

In general, over the next three years, I mean if there's a number that you want to kind of get on the debt side, beyond which probably you look at again investing back into the business. What is the number that we feel that okay we have kind of reached a very good number, so we start investing back a lot into the business again where would that number be?

Management: Anand Vora, Global CFO

As I said at these levels also we are comfortable. Net debt to EBITDA of 1x is something which we would strive to reach towards, but we will continue to invest. As you know we grow at much faster pace and for that we continue to invest. Our cost of debt is fairly low, as you see most of our debt is unsecured, so the risk profile is extremely low, and most of debt is long tenured with a complete flexibility of prepaying whenever we wish to except for the bonds of course. The bank loans we can repay them by giving a one-month notice.

Participant : Vishnu, Spark Capital

Understood. In one of the slides you mentioned, eight and a half billion dollar opportunity by FY 27. We think we can address two and a half billion dollars' worth of opportunity. How much of this is something that we can capture, is 10-15% of this $2.5 billion something that we can capture or what percentage that we can realistically achieve and also what is it that we are doing differently to get this opportunity versus the other players who are also competing for this.

Management: Mike Frank, CEO, UPL Corporation Ltd. :

Yeah, so as we mentioned in the presentation. Through FY27 we would anticipate $2.5 billion of new product revenue based on the pipeline over $8 billion. Those numbers are risk adjusted for I'd say technical risk but not necessarily for market risk. Now 80% of our pipeline both in the near term and long term is in the differentiated and sustainable segment which traditionally has higher margins, so that should be the value capture on the differentiated and sustainable products within that portfolio. What are we doing different, look today about 85% of all of the active ingredients that are sold globally are post patent and what growers have realized is if they only use a single mode of action whether it's for wheat or disease or insects it doesn't take long for resistance to build up and so what we're doing uniquely through our R&D where we're I think the world leaders in developing new formulations of double or triple mixed products. We are innovating with high quality formulations. We're using our IP team to ensure that we've got patents on new mixtures that we can bring into the marketplace and we're doing that at scale and speed and we're testing it through our global testing network, so that when we launch those products like we did this year and we saw $140 million of new revenue from our new products is because we've prepared the market, we've worked closely with farmers, we've tested the formulations and so when we get full approvals, we can ramp up quickly. So that's our strategy, and I would say we're executing it very well.

Participant : Vishnu, Spark Capital

So, if I get it right by FY27, and if everything goes right for you, then $2.5 billion will be the incremental revenue for us. It is not as an opportunity, but that is actual revenue we think we will get

Management: Mike Frank, CEO, UPL Corporation Ltd.

Yeah, so not a 100% of it will be incremental. Some of it will be mixtures with glufosinate, s-metolachlor, clethodim and with some of our other products today. So, some of it will be truly incremental, but some of it will cannibalize our current portfolio of straight goods as well

Participant : Rohit Nagraj, Centrum Broking

Thanks this is Rohit Nagraj from Central Brooking.
Two questions one is in terms of retrospective, so what did China do in the last four months after opening up, that we being the largest post patent player were also not able to anticipate it and there was a serious issue for the global market. Why do we think that it will not recur in future?

Management: Jai Shroff, Chairman, UPL Group

I think there are two, three things. One particularly in the U.S, the season was a bit late so there is a delay in the season, it was a very cold long winter. Planting is delayed so that's one. The end of December, a lot of the companies stocked because that's the year-end for most, they stocked up the market, so the channels are quite fully loaded. In the meantime, all the raw material prices started coming down, so then distributors are delaying buying decisions. This is not unusual, this happens every now and then, that they delay buying decisions, when they see further price reduction they postpone it a little bit. Commodity prices are strong. We have good market reach, we don't think we'll lose market share as a company. We believe some of the products are being sold below cost and so how long will that last is anybody's guess, but it shouldn't last too long

Participant : Rohit Nagraj, Centrum

Sure, second question is on the manufacturing platform. So, this is right now only catering to the global crop protection manufacturing and the UPL SAS or is it also catering to any external customers and given that it is a specialty Chemical Company. Why the margins are so low at say 9-10%? thank you

Management: Jai Shroff, Chairman, UPL Group

Yeah so of course we cater to everyone. So, we manufacture for UPL on the crop protection side of the business and that's majority of the business. We also cater to the other global agchem players, we have a contract to supply at cost plus basis and so it's at a fixed margin. The other industrial businesses we supply at normal 20-25% EBITDA margin. As it is growing, you will see the impact of that. It's a small business, still probably 15% of the current revenue. But as it grows the margin will change.

Participant : Rohit Nagraj, Centrum

Just one clarification, so 100% of manufacturing for our group is housed in the manufacturing or specialty Chemicals platform

Management: Jai Shroff, Chairman, UPL Group

Whatever we make is sold globally through that platform if it's a crop protection product.

Participant: Krishan Parwani, JM Financial

Yeah, hi this is Krishan from JM Financial. So, I have a couple of clarifications. So first is on the growth guidance that you have given for the UPL group is around 8-12% in EBITDA growth, but if I look at the UPL Corp EBITDA growth guidance is around 6-10%, so we understand that UPL Corp is about 80-85% of the UPL group EBITDA right? So, what am I missing, that's question number one

Management: Anand Vora, Global CFO

Well, we have done the math and that's why we've given the range. So, we're quite confident of delivering on the EBITDA side.

Participant : Krishan Parwani, JM Financial

Okay thank you. So, I think Rohit asked about the spec chem margins. But I just want to understand like how you are trying to reduce that 85% kind of a revenue share which you derive from supplying specialty chemicals to UPL SAS and UPL Corp? What’s the strategy there?

Management: Jai Shroff, Chairman, UPL Group

Yeah. So, that external business was non-existent three years ago and it's growing much faster than the usual regular business. So all the investments we have made in the last 24 months, will start giving results. So, that segment over the next five years will be much bigger than it is now, probably ~35-40% of the business.

Participant: Krishan Parwani, JM Financial

Understood, thank you. And one clarification on the inventory days or rather the trade receivables number that I look at the results release and then I look in the PPT, so there's some difference. If I just can give you the number trade receivables in the results release is about INR 182 billion and in the presentation it is INR 149 billion with a note that receivable sold were INR 153 billion so just want to understand where is the difference coming from?

Management: Anand Vora, Global CFO:

We'll take it offline if you don't mind.

Participant : Krishan Parwani, JM Financial

No worries. thank you so much for the opportunity and best of luck

Participant : Rahul Veera, Abakkus

Hi Anand, Rahul Veera from Abakkus. Just trying to understand in terms of the hierarchy of ROCEs between UPL corp, UPL SAS, Advanta and Specialty Manufacturing. Who will be with the leading segments within your view?

Management: Jai Shroff, Chairman, UPL Group

Ballpark, I think primarily because of the long payment cycles in Brazil, UPL Corp, the global crop protection business has probably the lowest ROCE. Advanta, UPL SAS and the Specialty Chemicals is much higher in the in the late 20 or early 30%

Participant: Rahul Veera, Abakkus

Sure, and lastly also the net debt of $2 billion, it would be sitting in UPL corp?

Management: Jai Shroff, Chairman, UPL Group

Yes, all of it is there

Participant: Viraj, SIMPL

Hi I'm Viraj from SIMPL. I just have two three specific questions. First is you know, so we have kind of realigned the structure and now we have four different platforms, and each seems to be going quite good in terms of you know the momentum in the business or positioning. If I have to look at the next three to four years, how are you looking at in terms of monetization or the structure there of you know for each of those businesses and then overall?

Management: Jai Shroff, Chairman, UPL Group

There are two main purposes of separating the businesses out. All the businesses are leaders in their own sectors, so if you look at Advanta, the Specialty Chemicals or the India SAS business, all of them are number one in their own ways and all have a very good opportunities to grow. The idea was to really test the hypothesis through value discovery and so we talked to some of the leading private equity brands to come in and there was a lot of interest, so we brought in the first level of investment primarily to bring value discovery. These businesses will continue to outpace growth of the their sectors and right now we are just focusing on growing those businesses at the best possible rate and then when the time comes obviously we will figure out what to do. But the obvious opportunities will be there.

Participant: Viraj, SIMPL

The reason I ask because some of those businesses, say the India business or the seed platform they're inherently a very high return businesses, so the business itself will keep on throwing us quite a sizable amount of cash. So, do we have any exit arrangement with any of those PE investors?

Management: Jai Shroff, Chairman, UPL Group

No written agreement. It's a plain vanilla equity investment. But we'll use the cash appropriately to grow those businesses

Participant: Viraj, SIMPL

Okay, and second question is on the specialty chemical manufacturing platform. So, the 85% of the business where we cater to the group entities, if I look at individual B2B manufacturing companies, they make somewhere between 18 to 20% EBITDA margins, but when we look at our business, you supply to these individual entities what I understand there's a fixed cost plus a certain margin. But how are we arriving at that particular margin structure?

Management: Jai Shroff, Chairman, UPL Group

It's cost plus formula based.

Participant: Prashant, Elara Capital

This is Prashant from Elara Capital. So, innovation rate has declined to around 14% this year despite such a good product pipeline that we have been highlighting over the last two three years and for future also. So, what has caused this sharp decline?

Management: Mike Frank, CEO, UPL Corporation Ltd.

Yeah, so if you go back a couple years, our innovation rate was in the low 20s. We had a really good class back in 2018, I believe it was of several products, and one in particular. So when that class graduated, because the way we measure innovation rate, it's products that have been commercialized in the last five years and so we had a specific strong class in 2018 and when that dropped, our innovation rate dropped too. Right now, as we shared in the presentation today, we believe we're going to get back into the lower to mid-20s with the pipeline that we've got coming

Participant: Prashant, Elara Capital

Secondly, so volume on the inventory side, while the absolute number is up 7% year-on-year, but we are in a falling price market, so volume wise we are still way higher than last year in terms of inventory. Is the understanding correct?

Management: Mike Frank, CEO, UPL Corporation Ltd.

Yeah, so if you look at FY23, our growth was due to pricing not to volume. We would expect in FY24 for that to flip and our growth next year will come from volume at least in the global crop protection business. We won't get growth from a pricing standpoint

Participant: Tejas, Nippon India MF

Tejas here from Nippon India MF. My question is more on the industry side, this AI enabled robotics as a service is kind of gaining huge traction in last 12 months and their claim to fame is that it will reduce the pesticide usage by to 60-90% and these companies are getting very well capitalized in last 12 months. So, I just wanted to understand if that precision spraying really picks up what is your take on the pesticide usage at the farm level?

Management: Jai Shroff, Chairman, UPL Group

So yeah, I think there's a lot of technology coming in precision spraying. Cost of that is right now is very very high, the number of acres being treated is still very very small. So, when we look at our portfolio, we consider that, and all our biosolution products and our soil health products and our climate smart technology, all these are agnostic towards just pesticide use, and when you look at that it, we don't see a material impact happening as such because until the cost comes down dramatically, I think it's zero use in India right now.

Management: Ashish Dobhal, India Head

I think a very valid question. But the thing is that there are all kinds of technologies which are being tested in India. There are about 730 Agtechs where they're trying to disrupt at the retail level, farm level, less usage of chemicals, etc. So, I think what we have done is that we have think in terms of mechanization we are by far ahead of anybody else, So, I talked about pronutiva, if you use both of them then any way your overall chemical use comes down. But like

Jai said, I think none of technologies seems to be economically viable right now

Participant: Tejas, Nippon India MF

I was talking more from the global point of view because obviously India will be the last market to adopt to that technology considering that the farmers in India are very marginalized. But more from the U.S point of view on the cost side it is becoming more as a robotics as a service rather than they buying robots and implementing it at the large farm level and if that as a service really picks up then the cost of putting up that at the farm level, it comes down dramatically and if they save those cost on the pesticide usage side, as an industry, don't you think that it becomes a very big threat?

Management: Mike Frank, CEO, UPL Corporation Ltd.

Yeah, so one of the technologies that is developing is what they call see and spray technology, where they have sensors on a traditional sprayer where you try and spot the weed or the problem and then just spray it. I think where the technology is today, it works in what you would call a pre-plant burn down, so if you're just going into a field and you only want to spray everything that's weed and you don't have weeds in the whole field that technology is working today. It still needs to be developed, they still can't drive very fast but that technology could have an impact on the overall demand for say non-selective herbicides that get sprayed in a pre-plant situation. I think once you get into a crop situation, whether you're spraying weeds or insects or diseases, none of the technology is close right now in terms of being able to go out there and precisely target the pest. I would say the other technology that we're doing a lot of work in, and that we see developing quite rapidly is drone spraying and drone formulations particularly in smallholder agriculture. But I think it could also expand to a large holder agriculture, so with all of our formulations, we're doing a lot of testing with how we can be the leaders in having unique formulations that really work well for drone spraying. We see that as a as a trend that's coming

Participant : S Ramesh, Nirmal Bang

As a follow-up question, in the press release, you have mentioned that the increase in LATAM sales has also been one of the factors leading to the decline in margins. So, it'd be useful if you give us some idea about the difference in the spreads between LATAM and because LATAM is one of the fastest growing regions for you obviously in the last many quarters.

Management: Mike Frank, CEO, UPL Corporation Ltd.

Yeah so, I would say we have a very good position across Latin America. In most of the countries including the large countries like Brazil and Argentina and Mexico, but also a lot of the smaller countries where we have very good relationships with Growers and with Distributors and we saw even in the fourth quarter when we look at our peer reporting where most of them struggled in Latin America we actually had a very strong quarter in Latin America both from a volume standpoint and prices were okay. We did have a very challenging quarter in North America specifically in the U.S., Canada performed quite well, as Jai mentioned the U.S situation was partially exaggerated because of the delay in Spring season but there is also more pressure there on the on the post patent segment and distribution is very consolidated, and so unlike in Latin America where we have relationships and connection points across a very broad industry, in the U.S., in particular there's a handful of

Distributors that control most of the marketplace and so we have good relationships there and we're working on building our business with them. We've seen good growth in the last two years in North America and we expect another year of growth ahead of us, but we were certainly challenged in Q4, and so we're diagnosing that, but we also know that some of it was temporary based on the weather season itself

Participant: S Ramesh, Nirmal Bang

So can you throw some color on the difference in the spreads between LATAM and U.S., because you specifically mentioned the margin pressure was from the increase in LATAM.

Management: Mike Frank, CEO, UPL Corporation Ltd.

I think if you look over the next five-year period, we will likely continue to grow at a faster rate in Latin America, in most of Asia, in Africa and Middle East. Those regions will likely outgrow the mature markets which are North America and Europe, so that would be our expectation. Now again as you saw in our pipeline, we have a lot of technologies coming that are going to fit in Europe and North America, so we do have an expectation that our business will grow there as well.

Participant: S Ramesh

And as a follow-up to the question on ROCE. So, if you're looking at your FY24 guidance, you see the ROCE also improving in line with your expectation?

Management: Mike Frank, CEO, UPL Corporation Ltd.

That is our objective, we have a strong focus on cash flow, on EBITDA growth. So, we look at how we can continue to grow ROCE, that's one of our KPIs that we focus on

Participant: S Ramesh

okay thank you very much

Participant: Rohan, Nuvama

Yeah, hi sir good evening Rohan here from Nuvama. First is once again a clarification required on the inventory losses. You mentioned that probably the impact of loss of production was close INR 200 to 250 crores and inventory lead loss purely was close to INR 300 to 350 crores and overall impact was roughly INR 1200 crore as mentioned in your presentation. So, that explains only some around INR 600 crore, it means that balance INR 600 crore is because of the deterioration in the product mix. Is that assumption, right ?

Management: Anand Vora, Global CFO

The balance is basically the product mix and some increase in cost which we had with the high-cost inventory, so it was towards the cost of production basically.

Participant: Rohan, Nuvama

So, if you look at if you look at your guidance roughly 6-10% Revenue growth. We are sure that the way the prices has fallen, and you mentioned that the China Impact may continue, the prices may fall more. So, in 6-10% kind of growth which we are building in the current year, the volume growth will be more than 6-10%? Why are we assuming that the global market will grow more than double digit to meet this to give us these numbers?

Management: Mike Frank, CEO, UPL Corporation Ltd.

So, we have a number of growth drivers, obviously we talked about the headwind from a post patent pricing standpoint.
Our sustainable and differentiated portfolio again with the strengths of the products that we launched last year, those products are going to continue to ramp up, so we see significant growth opportunity in those products. We're going to be bringing a whole new class of products that we believe will generate in excess of $120 million of new revenue and so that'll be the growth segment for our business. Now we're also going to drive growth in volumes within our post patent segment, so again we're not anticipating idling capacity next year we're anticipating running our plants and competing aggressively in the marketplace with our post patent business both in the B2C markets but also in the B2B markets, and so we'll find a spot and we'll make sure that that volume growth is a part of our profile next year within the post patent segment

Participant: Rohan, Nuvama

Second is once again a clarification on China. So, though China has opened up significantly in a last three to four months, but we also know that the production capacities were never going offline, the market was still served by China very well in global market. We are definitely giving the reason that the fall in the raw material prices or inventory led losses is primarily coming due to huge supplies coming from China, but is it really so or was China sitting on a huge inventory in the market and they have dumped in a current scenario that has led to huge losses. Otherwise, we are a manufacturing company as well and if China continues to dump at the current pricing. How we are going to see the margin expansion?

Management: Bhupen Dubey, CEO, Advanta Enterprises

Oh yeah so China currently definitely have an over capacity. Post covid when China completely opened up, those capacities completely came online, and so supply side which was a constraint is no more constraint and the prices have started falling down, more so in last eight to ten weeks, and this is also coupled with the commodity chemicals prices which has come down, cooled off from the peaks in July- September. So that has also helped in terms of bringing the costs down in terms of margin.

Management: Mike Frank, CEO, UPL Corporation Ltd.

Well yeah on margins I think as Jai said it's hard to predict China supply and prices going forward. So, I mean right now we don't anticipate they can sell at these prices, on some of the AIs again it's not across the board, there's certain AIs that they're trying to liquidate right now and so I think once they liquidate those supplies and they're building new inventory. They'll only build inventories I think if they believe that they can cover all their costs

Participant: Rohan, Nuvama

So, this 8-10% EBITDA growth which we are guiding for, are we building any further inventory losses in Q1 or Q2 in this year or we are expecting the scenario to normalize just from this quarter itself?

Management: Mike Frank, CEO, UPL Corporation Ltd.
Look from a from a global crop protection standpoint on a year over year basis, Q1 will be a challenging quarter we don't guide at

the quarter level, but I would just say the pricing pressure that we're going to face and we're facing right now in Q1 will be intense and so I think the contribution margin within global crop protection in the first quarter will be challenging one

Participant: Rohan, Nuvama

So, just lastly from my side, our DNA is of a manufacturing company but we also have a nurture which is more like a startup right now incurring roughly INR 280 crore rupees loss at a EBITDA on a turnover of just only INR 80 crore, though you are guiding that you are going to be a bit of positive in this company. How we are expecting these numbers to grow, how we are expecting our top line to grow and what is our thought process behind it, I mean do we just only want to participate in a Global race right now or we want to make some meaningful platform out of this. So, just some more understanding on this platform

Management: Jai Shroff, Chairman, UPL Group

Yeah so, I mean we continue to invest in this disruption. We are more focused now, we have tested lots of platforms within Nurture and now we are focused on three or four areas where we believe that we can break even on those in the next 24 months. By far it is probably the most active and aggressive platform in the market, and you know it's something which is about to happen at certain point and we have a lot of other nice features going to be launched. So, we are comfortable that it's going to be a leading platform not only in India but in other parts of the world also

Participant: Aditya Jhawar, Investec

Hi this is Aditya from Investec, looking at the current weakness in the crude oil prices, is there a likelihood of decline in the energy source from ethanol which could have a bearing on acreages of corn in the U.S and sugarcane in Brazil. Do you anticipate a decline in acreages of the weakness in the crude continues?

Management: Jai Shroff, Chairman, UPL Group

I can't predict that, but I think the mandates are mandates. So, in many parts of the world particularly in India, ethanol is going to be short for at least next 10 years, so I don't see decline in acreages unless government changes their mind. At $10 crude, not many things will work, but at $50 crude it is very different. '

Participant: Aditya Jhawar, Investec

So, we don't anticipate a decline in acreages?

Management: Jai Shroff, Chairman, UPL Group

No, I don't see that because these are government mandates which I don't think they will change very easily.

Participant: Shreeya Shah, ICICI Prudential MF

Hi good evening. So, my question is regarding S&P global credit rating. So, with the net debt reduction, do you expect any upgrades in the credit rating or if not, then what would be the debt reduction amount at which one can expect the credit ratings to upgrade now?

Management: Anand Vora, Global CFO

We will engage with S&P now that the results are announced. We'll share the results with them, we do believe that this debt reduction is positive. We are meeting some of their criteria as per the financial model, but it's their decision on the rating upgrade, and typically what we have seen in the past with regard to some other companies is they would not as quickly give an upgrade. But we will keep pushing for it.

Participant: Girish, Morgan Stanley

Actually we had almost a 20% decline in U.S. in constant currency in this quarter, so just wanted to understand the impact of Glufosinate. What was the kind of degrowth in Q4?

Management: Mike Frank, CEO, UPL Corporation Ltd.

Yeah so, we don't break our product sales by quarter but just to give you the shape of it, I mean glufosinate by far was the leading impact on a year over year decline that we saw. So, there was a few other products that were caught up in it but glufosinate would make up the vast majority of it.

Participant: Girish, Morgan Stanley

Then the payable days are down quite sharply. can you throw some light why exactly this has happened?

Management: Anand Vora, Global CFO

There are two reasons largely, as I mentioned, we slowed down on our procurement as we saw the raw material prices dropping and at the same time the demand was low, so we reduced our procurement in Q4 and that resulted in reduction in the payable days.

Participant: Girish, Morgan Stanley
Do you remember the losses for nurture for FY22. Was it similar or higher? Because when I just reconcile your guidance to 14 to 18%

growth for UPL SAS, the range of EBITDA comes to INR 840-870 crores. But when I consider out this halving of losses at Nurture, it doesn't add up because then you're actually saying India business will be flat, I'm not sure of the guidance here

Management: Anand Vora, Global CFO

14-18% growth in EBITDA is the guidance for crop protection business, and for nurture we said that we would reduce the losses by half.

Participant: Girish, Morgan Stanley

Now on capex, can you break it up in terms of various businesses. How much you intend to spend the larger parts there of the $350 million?

Management: Anand Vora, Global CFO

So largely about $160 million is for manufacturing, and then the rest is intangible which will be largely in the global crop protection business, and we have some capex also in Advanta roughly about $20 million.

Participant: Girish, Morgan Stanley

Last question was on channel inventory as we see it across regions right now and if you can comment on where your peers are right now on inventory to the extent that they've declared results

Management: Mike Frank, CEO, UPL Corporation Ltd.

Yeah so, I'll make two comments on channel inventory. First, for UPL products, as we talked about, we didn't increase our volume into the channel globally last year and so our inventories are sitting in a good position. We worked very closely with our distributors and our retailers. We planned production, we helped with forecasting their business and that's what we sold in. Now I would say if you look at their inventories in total you know partly because of the supply chain concerns during covid and then the Ukraine war, there was some increase in overall supply into the channel and now with high interest rates, I would say globally there's a desire for most distributors to de-inventory. So, I would say again our inventory levels in the channel are well positioned. Generally, the distributors have a desire to de-inventory this year, which I think will impact others more than us just because we didn't load up our products into their inventories.

Management: Jai Shroff, Chairman, UPL Group

I think that's the last question. We can continue over High Tea. So, thank you all very much and please join us for High Tea.