



“UPL Limited Q1 FY17 Earnings Conference Call”

July 29, 2016



MANAGEMENT: **MR. RAJENDRA DARAK -- GROUP CHIEF FINANCIAL OFFICER, UPL LIMITED**
MR. SAGAR KAUSHIK – CHIEF OPERATING OFFICER, GLOBAL BUSINESS, UPL LIMITED
MR. BHUPEN DUBEY – CHIEF OPERATING OFFICER, SEEDS BUSINESS, UPL LIMITED
MR. ANAND VORA – CHIEF FINANCIAL OFFICER, UPL LIMITED
MR. NITIN A. KOLHATKAR – VICE PRESIDENT (FINANCE), UPL LIMITED
MR. ASHISH NARKAR – GENERAL MANAGER (FINANCE), UPL LIMITED

MODERATOR: **MR. VIJAYARAGHAVAN – IDFC SECURITIES**



*UPL Limited
July 29, 2016*

Moderator: Good Day, Ladies and Gentlemen. Welcome to the UPL Limited Q1 FY-'17 Earnings Conference Call hosted by IDFC Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Vijayaraghavan from IDFC Securities. Thank you and over to you, sir.

Vijayaraghavan : A Very Good Afternoon to Everyone. Thank you for joining us today. So first of all, I would like to welcome the management team of UPL Limited and I thank them for giving us this opportunity to host this call. So representing UPL management team, today, we have with us Mr. Rajendra Darak -- Group CFO; Mr. Sagar Kaushik – COO, Global Business; Mr. Bhupen Dubey – COO, Seeds Business; Mr. Anand Vora – CFO; Mr. Nitin Kolhatkar – VP, Finance; Mr. Ashish Narkar – GM, Finance. So as usual we will have initial remarks from the management team which will be followed up with Q&A. So over to you sir.

Anand Vora: Good Afternoon, Everyone. Welcome to the Q1 Financial Year 2017 Earning Call. With the changes in the regulation, I am happy to inform you that the Q1 Financial Year 2017 Financial Results have been reported as per the IndAS accounting standards. The figures for Q1 Financial Year 2016 have also been recast as per IndAS for a like-to-like comparison. We have also provided the reconciliation between the net profit quarter-ending 30th June 2015 as per iGAAP (the erstwhile Indian GAAP) and the IndAS and it forms a part of the published results.

I would also like to give an update on the Advanta Merger Status. As regards the merger, between Advanta and UPL, the Hon'ble High Court of Gujarat by its order dated June 23, 2016 has sanctioned the Scheme of Amalgamation of Advanta with UPL with an appointed date of April 1, 2015. The Scheme has become effective on July 20, 2016 pursuant to its filing with the Registrar of Companies. In accordance with the provisions of the aforesaid Scheme, the company shall allot and issue 78,313,422 equity shares of Rs.2 each at fair value and 10,86,28,440 preference shares of Rs.10 each to the shareholders of erstwhile Advanta Limited pursuant to the approved share swap ratio. In light of the same, the financial results for Q1FY2017 have been prepared after consolidating Advanta numbers.

I would also like to add here that the EPS shown in the published results for the quarter of Rs.7.89 is arrived at after considering full dilution arising out of the above issuance of shares.

Just as a matter of information, the issuance of shares will take place; however, the EPS of 7.89 which has been published is after complete dilution on account of issuance of the share as well as assuming there will be a complete conversion of all the preference shares.

With this background, we will take you through the Key Financial Numbers for the First Quarter: The gross revenues for the quarter ending June have grown by 7% from what was Rs.3275 crores to Rs.3510 crores. Of this Advanta Seeds revenues are Rs.228 crores which represents 7% of the

total revenues. While Crop Protection sales have gone up by 10%, Seeds sales are down by 20% as compared to that of the same quarter in the last year. The gross margin is at 42% as compared to 41% last year and in absolute value has grown by 10%. Gross margin of the Seeds business has improved by about 200 basis points from 59% to 61% and for the Crop Protection business has improved by 180 basis points to 40.8% from 39%. EBITDA has grown by 13% from what was Rs.621 crores last year to Rs.699 crores this year Q1 and the margin in percentage is around 20%. Net profit has grown by 24%. Last year first quarter the net profit was Rs.325 crores, this year it is Rs.402 crores.

The revenue breakdown in terms of geography is as follows: India has a marginal growth of 1% from Rs.1055 crores to Rs.1060 crores. Latin America has grown by 13% from Rs.618 crores to Rs.697 crores. Europe has grown by 12% for Rs.503 crores to Rs.562 crores. Rest of the world has grown by 13% from Rs.491 crores to Rs.553 crores. North America had a growth of 5% from Rs.608 crores to Rs.638 crores. If we analyze the sales growth and its components in the first quarter of the sales growth of 8%, exchange impact was beneficial by 2% and the balance 6% price variance was unfavorable by 2% whereas volume variance was favorable by 8%.

Going on to the Working Capital Performance for the Quarter June 2016: Inventories have gone up from 111-days to 114-days, a marginal increase of about 3-days. Receivables have decreased from 115-days to 109-days, a reduction of 6-days. Payables were at 124-days for the last year as compared to the current year is 133-days, increase of about 9-days, therefore the net working capital which was 102-days as of June 2015 has gone down to 90-days, a reduction of 12-days.

In terms of debt level, at the end of June 2016, the gross debt was Rs.5394 crores, March 2016 it was at Rs.5193 crores and the cash levels were at Rs.1467 crores as compared to March 2016 which was at Rs.1189 crores, thereby the net debt is at Rs.3927 crores as compared to Rs.4004 crores as of 31st March.

I would now request Mr. Sagar Kaushik to provide a Business Update Region Wise for the Quarter-ended June 2016. Over to you, Sagar.

Sagar Kaushik:

Thank you, Anand. My name is Sagar Kaushik and I would like to give you the business update a little bit more in detail with regard to our individual region. Altogether from the industry standpoint, we find that there are three areas which are concerning the industry – there is a market reduction which is still continuing in South America and that is on account of the impact on the Insecticides sales due to the launch of some of the GM Technologies which have been penetrating into the field crops like Soybean and there have been also quite a lot of Fungicides in the channel from the previous year and those have also restricted the new business to happen. The other reason is the poor infestation of insects and the diseases especially in North America. So overall that is also impacting the business and I must also highlight there have been plentiful rains in Europe which actually has not allowed the spraying windows to be available especially on the cereal crops. So I think these are three or four very important factors where the industry is struggling a bit and has affected the general growth for the industry.



*UPL Limited
July 29, 2016*

Now, talking about UPL, very specific to India, Anand already mentioned to you that on our quarter number we have a growth of 1% and basically there have been delays in monsoon for nearly two weeks, but now we have widespread rain and we are quite optimistic for our business in India excepting for some regions like Gujarat and some parts of Rajasthan which are still struggling, but overall rain situation has much more improved. So we expect that the Q2 will take care of these additional businesses.

Overall, we also faced some higher inventory level in the market coming from the last year. I think the good rains will also find some reasonable solution for the consumption of the inventories pertaining to the industry as a whole.

On India front, Cotton has been our regular crop for many years but this year especially in North of India there is a reduction of the Cotton area to the tune of between 15% to 20% and that is because there is a crop shift towards Pulses where farmers believe that they can have a better output and also there were some significant issues last year that the farmers were not able to control one important sucking insect called “White Fly” and therefore they were hesitating to grow cotton this year. So, the alternate crop for Cotton farmers are growing pulses and Corn. Corn Crop they are quite used in North of India but Pulses is a bit new crop in certain specific pockets in North of India.

So overall, we are happy to report that we have “Ulala”, our brand that is the answer for sucking insect problem which is quite a big issue in the North of India and we think that we can do pretty well in this growing brand which should further grow in the coming years. We have been able to launch another product under the brand “Wuxal” which is part of our Crop Nutrient portfolio which is coming as a part of our adjacent technologies which we have been sharing with you in the past.

From Advanta Seeds, the business is good in India for all the portfolio including Corn, Rice and Forage products.

Going to Latin America, we have a growth of 13% and our understanding is that Soyabean will continue to be a dominant crop in Brazil and we are very well prepared, as our two fungicide brands, Unizeb and Glory are very well positioned for the resistance management of Asian rust and we are expanding quite well as far as these two brands are concerned. In Brazil and more to say that even the alternate crops in Argentina and Mexico, there also we have received the market access as we got registrations for both these brands.

Mexico is a very important country. It's part of Latin America. Some of our new products are getting registration this year. The sales have already started in the first quarter in multiple crops especially for Herbicides and in future Fungicides would also be added.

Other good news has been that in the past several years there were import license requirement for bringing the product inside Argentina. With the change of the government they have done



*UPL Limited
July 29, 2016*

away with this condition. So now the import is much more free and that allows good products to enter the country and that is positive news for the industry and also for UPL.

Advanta Seeds: As far as Brazil is concerned, the business will happen more in the next quarter. There is just a shift of the business from first quarter to second quarter and there is an increase in the GM Corn Seeds from UPL and that is in Argentina.

North America: Increase in the acreage of Cotton. The sentiments are rolling up as far as Cotton is concerned. Also Corn and Wheat Planting area has increased. The planting has been pretty much on time as far as North America is concerned. We do believe that it is really a little bit before time and the season may also close earlier than normally, we expect the season to close sometime in September. There is a reduced insect and disease pressure on multiple crops in the US that affects the consumption of Crop Protection products. There is a positive outlook for the California region, the western part of the US and for us it is a very important region that covers the Horticulture Crops as well as Rice. So good news for UPL.

Non-Selective Herbicides: We are a young player and we are increasing our volumes in North America, especially with our two brands, which is dealing with the Glyphosate resistance issues. Of course, there is competition; there is sliding of the prices because of intense competition in the US.

We have been able to launch a new Miticide which controls the sucking insect called Mites. In the Horticulture Crops again, under the brand name "Banter" and this is quite a bit of success in the first year itself.

The availability of more water in California region and other regions of the US, that again revives our business as far as the water bodies and the water streams are concerned as we are quite an important player for the Aquatics business in the US.

Just one comment on the Seed business for Advanta: There have been lower sales for Sorghum and the Forage product, just the area reduction has taken place but I think it is a very important portfolio for us. The business continues.

I move on to Europe where we have a growth of 12%. I mentioned to you that overall the industry is struggling in Europe but UPL is very well entrenched into some of the high value crop which have not been affected and actually the Fungicide role has improved this year. Some of the niche crops like sugar beet, because of the season, the Herbicide application period has been extended. That allows a better coverage and more volumes for our brands to go there. That resulted into good business for us.

There is the Rice business, which has been delayed a month. So it will fall into second quarter. Otherwise, the good rains in Europe has affected Cereals, but we are not a big player in Cereals



*UPL Limited
July 29, 2016*

there. Overall, the registration guidelines are becoming even much more stringent which means more additional studies, more expensive to do business from the regulatory standpoint in Europe.

So coming to our last region, the Rest of the World which is ROW: We have a growth of 13%. Like India there is a strong recovery from the drought in the dry season in the markets of Southeast Asia -- Vietnam, Indonesia, Thailand -- and more particularly last nearly four seasons of drought in Australia. So, this is a big recovery which is happening in these markets and we are happy about it. The channel inventory for Fungicides and some of the Herbicides is getting liquidated. Like in the US, we also believe our brands for non-selective Herbicides will have geographical expansion with new registrations coming in Southeast Asian countries like Taiwan, Australia, etc., so we are in the good way there.

Overall, Australia markets is becoming better with the rains. On top of it, Pulses area is increasing, because they know they could export more Pulses to markets like India and Pulses business in Australia is important from the Fungicides point of view where our products are registered. So UPL will be benefited from that. So overall more registrations are coming in the Africa region which is the way to expand our role and our presence in select African countries. So, more new products are going there.

From the Advanta Seeds point of view, ROW is good news, and Thailand we have good rainfall, we are benefiting from additional corn planted area and we also have growth in some of our registered field corn sales. So Thailand we have a good performance as far as seed business is concerned. On the other hand, Australia, due to the commodity prices, more influenced by Canada and the US, therefore there is a shift towards the OP varieties compared to the hybrids. So these balances keep on shifting every two years, every three years. So nothing serious. But I thought I should just share this last piece of information.

Moderator: Thank you. Ladies and Gentlemen, we will now begin the Question-and-Answer Session. We will take the first question from the line of Girish Achhipali from Morgan Stanley. Please go ahead.

Girish Achhipali: Just a couple of questions: Firstly, on outlook, given we have consolidated the two businesses, how do we guide now for the year fiscal because earlier guidance was I believe only for Crop Protection? So, if you could just highlight what were you expecting now on revenues, margins, working capital days and tax rate?

Anand Vora: We continue to maintain our guidance. As we had mentioned at the time of merger also and I repeat, basically the Seeds business will constitute roughly about 10% in revenue terms of that of the overall Crop Protection business. So we would continue to maintain our guidance of about 12% to 15% growth in revenue and EBITDA margin improvement of 60 to 100 basis points.

Girish Achhipali: Sir, working capital days would also be the same?



*UPL Limited
July 29, 2016*

- Anand Vora:** Yes, we guided between 90 to 110 days. So we maintain that.
- Girish Achhipali:** What about the tax rate?
- Anand Vora:** Tax rate of course will come down because we would end up getting the benefits on account of amalgamation and as we have shared that in the note, we have sought opinions and we expect the overall tax rate to come down and it would be in the range of about 15% to 20%.
- Girish Achhipali:** Just a second question now on volume growth, you mentioned that Crop Protection had grown by 10% if I got the number right and Seeds did you say that the revenue had declined by 20%?
- Anand Vora:** Yes, for this quarter there was a decline in revenue vis-à-vis previous year same quarter; however, we maintain that, as guided at the time of merger, that we would grow the Seed business by about 11% over the next couple of years. So we maintain that and that pretty much fits within the band of 12% to 15% what we have announced for the Crop Protection.
- Girish Achhipali:** Is it possible to just share the volume growth for Crop Protection in the quarter?
- Anand Vora:** 10%.
- Girish Achhipali:** Exchange rate was a negative variance for you?
- Anand Vora:** The price was negative by (-2%) and we got compensated by 2% in exchange.
- Girish Achhipali:** Just as a follow-up question, Seeds has degrown, we mentioned LATAM I think it is more a seasonal thing as well. So how much of the 20% can be recovered in the next couple of quarters? Just wanted to understand from geographical perspective, we have had a miss in LATAM and I believe even in US. So if you could just throw some color around the Seeds business performance?
- Bhupen Dubey:** I think on the Seed perspective, Girish, just to give a couple of comments on the key crops where Advanta is positioned, important crop is Canola as Sagar indicated, Canola predominantly is Australia and there the Seed is causing some degrowth in the first quarter. Movement is towards the OP. We have the OP but margins are the issue. So, we have been restraining in terms of bulking up that part of it. So revenue compensation looks to be an easier challenge but OP margins versus hybrid margins differential forces to really balance this equation all the time. So there is a Canola part. Sorghum is another important crop for us. Sorghum is under pressure in US and Mexico from the pest called Sugarcane Yellow Aphid, because of that this has created a havoc and the area is down by anything between 20% to 25% in Border States like Texas and northern part of Mexico. So that is another negative point. Upside is India - Hybrid Rice, Corn, Forages. Thailand, similarly same crop range, sweet corn included. Brazil, we are very confident and Q3 and Q4 are important areas where we are geared up to take benefit of the overall economy of swing taking place there. So net-net, we are pretty confident to cover up the growth in the first quarter and coming two quarters.

Girish Achhipali: Final question to Mr. Sagar Kaushik. I believe South America is where you had GM technology where field crops faced issues on channel inventories. How are we positioned -- are we insulated with what is happening in the marketplace? Just a follow-up, you also mentioned that Non-selective Herbicides, you had some competition in the U.S. Have we taken reduction in the margins in the first quarter there -- how are we planning to ramp-up for the rest of the year?

Sagar Kaushik: As far as the Brazil GM technology is concerned, that is replacing the Lepidopterous Insecticide segment. So there are much more bigger products in Brazil which have been replaced and none of those products belong to us. So they are from competition, but I cannot really fully tell you about that. But there is an additional segment which is for what they call it the Bugs which are the sucking insects. So we are much predominantly present in this Sucking Insect segment which is not affected because actually the chances is that Sucking Insect will grow in the absence of the Lepidopterous Insects. So it does not happen always, but there are such indications. So therefore, we are not really significantly affected there. Your second question was with regard to the Glufosinate or non-selective Herbicides. I think the point is for us the completion is a way of life, this will happen, it can become even more intense, but there are other markets globally. We are launching our branded products and we are launching on reasonably good prices. So when it comes to the balance, I think we will have some impact but not so significant and we will be able to balance with the other geographies.

Girish Achhipali: If you can just throw some light around, is it just Bayer or is it more than Bayer who is competing here in the US?

Sagar Kaushik: There are others also who are competing with Bayer.

Moderator: Thank you. The next question is from the line of Sudarsan Padmanabhan from Sundaram Mutual Fund. Please go ahead.

S Padmanabhan: On Advanta again, last year if I am correct on 2Q you did something like around Rs.50 crores. So if I am actually looking at the drop, should we assume that in this quarter, the drop in terms of EBITDA should have been significantly higher in Advanta because if I simply take 10% growth or 15% growth in Advanta and something very similar to what we have been doing, we should end up something northwards of about Rs.725 crores whereas you have done something like about Rs.700 crores. So I just want to know probably what is the kind of drop that we are seeing in Advanta?

Anand Vora: Sudarshan, we did mention to you that contribution margin have improved by about 200 basis points. As far as below the contribution, items are there, which leads to EBITDA. At this juncture, as you know, we are merging the two entities and we have gone ahead and done several restructuring. So it is difficult at this juncture to allocate specifically what is going to be impacting Advanta and what is going to be impacting UPL. But overall we had indicated that there would be synergies coming on account of the merger especially on the four functions – Finance, Legal, IT and HR. These would be operating as one unit. So there would be savings

and that is what we had shared at the time of merger and we are pretty much on track. So at EBITDA level, we do not have specific details, but at the contribution level, as I mentioned there is an improvement and as Mr. Dubey explained, we are quite confident of delivering the 11% growth we had indicated during the time of merger over the next two years.

S Padmanabhan: Sir, then on the interest cost, if one adjusts for the foreign exchange impact which you had mentioned, it looks like the interest cost has gone up despite the fact that the debt has come down on a combined level?

Anand Vora: You should net off the other income, because some of the money has been raised, as interest rates are very benign at this juncture, and we have raised funds keeping in mind our growth strategy. So if you net it off with other income, then you will see that the interest rates are low. Also, I must say that some of the loans which Advanta had, they were at a slightly expensive rate than what UPL borrows. So we have already begun the process of restructuring, repaying some of these high cost loans and you will see a reduction as we move forward.

S Padmanabhan: On the tax, what is the accumulated benefit that we have post taking the impact in the first quarter benefit?

Anand Vora: I would urge you to read Note #6 which is at the bottom of the results where we have highlighted what is going to be the benefit of the merger on account of amortization of goodwill.

S Padmanabhan: Last year we have benefited quite a bit in the Latin America market, specifically Brazil with Mancozeb. If you can throw some light on how that product is doing for us and how do we see the entire year for Latin America and Brazil?

Sagar Kaushik: I think basically the market which UPL has created is the segment of Protectant. So you have heard about the Contact Fungicides, Systemic Fungicides, but the niche we have created is the Protectant segment, because as far as Unizeb is concerned, Unizeb induces resistance, it does not create any resistance and does not allow disease to develop resistance because it is falling into Protectant segment. This approach has been very successful across Brazil starting with Soyabean. So therefore, our expectation is that there will be more farmers using it and there are also good chances that it will go across other field crops as well. So I think this initiative of UPL has led it under a well-defined project and therefore I think this growth will continue.

Moderator: Thank you. The next question is from the line of Sonali Salgaonkar from YES Securities. Please go ahead.

Sonali Salgaonkar: Sir, firstly, I missed the figure of debt and cash which you gave earlier on the call, I joined a bit late. Could you please repeat that for me?

Anand Vora: The gross debt as of 30th June 2016 is Rs.5,394 crores, corresponding figure as of 31st March was Rs.5,193 crores. The cash level as of 30th June 2016 is Rs.1,467 crores and the corresponding

figure of cash as of 31st March was Rs.1,189 crores. Therefore, the net debt is Rs.3,927 crores as of 30th June as compared to Rs.4,004 crores as of 31st March, reduction of about Rs.100 crores.

Sonali Salgaonkar: My second question is you mentioned your guidance in terms of revenue margins, etc., Any particular guidance for CAPEX numbers?

Anand Vora: We had given at the beginning of the year guidance of about Rs.750-800 crores for CAPEX.

Sonali Salgaonkar: So we retain that?

Anand Vora: That is right.

Sonali Salgaonkar: My last question is regarding the interest rate. You mentioned that the rate of interest on Advanta borrowings is a little higher than UPL. So post amalgamation, what is the expected rate of borrowing that you would expect going ahead?

Anand Vora: It is a mix of which currency we borrow in, but I can only say that it would be pretty much at the levels of UPL's rate of borrowing which is anywhere in the range of 5.5-6%.

Moderator: Thank you. The next question is from the line of Alok Deshpande from HSBC Securities. Please go ahead.

Alok Deshpande: My first question is regarding the Crop Protection business. You mentioned that the Crop Protection business QoQ was about 10% higher. Is it possible to get a sense of how the India-specific Crop Protection business and the Latin American Crop Protection business did during the quarter?

Sagar Kaushik: There is no breakup which we can really share with you.

Alok Deshpande: But the group number is you said 10% year-on-year for Crop Protection. That is the correct number, right?

Anand Vora: Yes, that is right.

Alok Deshpande: Secondly, Sagar, you mentioned about Brazil products Unizeb and Glory. I just wanted to understand a little bit more on that in terms of the exclusivity, what we would have in terms of usage on field crops vis-à-vis our competitors. How do we look at that part -- is it something of an advantage that would continue for the remainder of the year or...?

Sagar Kaushik: We are not sharing our brands with anybody else. So therefore, our brands will continue in a pretty much exclusive position. There could be other companies trying, but our brands are very specific to certain formulations which have very high acceptance. So there are some alternate formulations which are much more sort of not that much of acceptance, etc., So, in terms of our

brands are very specific to the Formulations, which we still have the exclusive position for some more time.

Alok Deshpande: But are there any other companies who have filed this Mancozeb for the usage on field crop as of now?

Sagar Kaushik: I do not know the full details, but I also share what you are saying that some companies are trying and some companies maybe ahead of the others. But as far as Unizeb and Glory are concerned, not for these formulations as far as I know. We have the WDG formulation which is a very exclusive technology oriented formulations, not those dust and powders and those stuff.

Alok Deshpande: In the standalone numbers that you have reported, the other income is very high in this quarter. Any specific reason for this quarter?

Anand Vora: It is basically we did mention we are maintaining liquidity in the system as we expand our business pretty rapidly. So, it is because of that there will be some other income coming through interest and others.

Alok Deshpande: But is there any big one-time receipt there because it is almost Rs.200 crores plus other income there, it is in the standalone?

Anand Vora: ~~I think the decimal there is a small issue looks like, it is not Rs.200 crores for sure, in standalone it should be Rs.23.41 crores. Thanks for pointing out. I will get this sorted out.~~

CORRECTION: THE NUMBER OF ALMOST RS. 200 CRORE OF OTHER INCOME IS CORRECT. IT INCLUDES DIVIDEND RECEIVED FROM OVERSEAS SUBSIDIARY.

Moderator: Thank you. The next question is from the line of Amit Murarka from Deutsche Bank. Please go ahead.

Amit Murarka: What I understand is that the merger has led to a creation of about Rs.37 billion of goodwill which you are amortizing over 7-years and roughly if I work it out it comes to about quarterly amortization of about Rs.1.3 billion, but I cannot see it being reflected in the P&L, so I believe you are showing the tax benefit of that, but I could not see that number reflected in the depreciation line?

Anand Vora: You will see it in the standalone numbers, you would not see it in the consol numbers. It is a bit technical. We can talk offline, I will explain to you. Only thing is when you move to IndAS, there is no goodwill which comes in. You bring all your assets at the fair value. Therefore you do not find that in consol. But when you do the consolidation principles you will have to do a line-by-line addition of the tax ... So that is the reason why you see it in the tax statement, but you would not see it in the consol financial. But we can talk about it at length maybe offline.

- Amit Murarka:** On finance cost again I think it is related to IndAS, so IQ FY'16 restated numbers which you have reported with this quarter, shows that finance cost has been revised down compared to what you have reported earlier last year?
- Anand Vora:** That is because Amit, the IndAS requires us that the cash discount which is given on sales has to be reduced from the sale.
- Amit Murarka:** Yes, it would be above the line, so basically EBITDA will be net of that now?
- Anand Vora:** That is right, so now it goes above the line and therefore the finance cost has come down.
- Moderator:** Thank you. The next question is from the line of Nikhil Kothari from KR Choksey. Please go ahead.
- Nikhil Kothari:** Sir, I just wanted to know how is the response of Zeba product that we launched couple of weeks back?
- Sagar Kaushik:** Zeba, actually we are scaling up the development of that product. So there is very limited commercial at this stage, but we are open to do that, but I think the higher emphasis is expanding the development and scaling up the development in crops of our choice. So it is doing well; the response is very-very positive.
- Nikhil Kothari:** Sir, what would be the cost per hectare for this product for the farmers?
- Sagar Kaushik:** We have to still figure out the right proportion of it because it depends on the acceptance of the dose, whether it is between 5 to 7 Kgs or 7 to 10 Kgs, so those areas once they are fully qualifying results are there, then we will come to the level of the cost per hectare. So it is still under evaluation.
- Nikhil Kothari:** Any opportunity that you see for next three years for this product?
- Sagar Kaushik:** Yes, opportunity will scale up. We are positive.
- Nikhil Kothari:** Any number?
- Sagar Kaushik:** I think it is too premature and again very specific product details, generally we do not share.
- Nikhil Kothari:** Just wondering if it is possible to get FY'16 full year IndAS figures, just revenue, EBITDA, PAT if it is possible?
- Anand Vora:** It is under preparation, while we have more or less the numbers in place, but they are still under review by the auditors and others. We are happy to hear from SEBI that they have given us time till 31st march 2017 to give the balance sheet openings. Auditors are taking it easy, but as soon as we have it, we will share it.



*UPL Limited
July 29, 2016*

- Nikhil Kothari:** Has the interest expense dropped significantly QoQ, I just wanted to understand that and if so why?
- Anand Vora:** There is a slight increase because of the increase in debt, but overall still it is not something which has gone ...as I said earlier to some of the questions, there were debts which were at a slightly higher cost, which Advanta had taken. So we are restructuring those. So we only expect it to come down, but overall interest cost has marginally gone up.
- Nikhil Kothari:** So March quarter's interest expense has been revised downwards because the cash discount has gone into...?
- Anand Vora:** That is right.
- Moderator:** Thank you. The next question is from the line of Chetan Thakkar from ASK Investment. Please go ahead.
- Chetan Thakkar:** Just one question on the goodwill that has come because of Advanta. So on the consolidated as per IndAS we will be testing for the goodwill at the end of the year?
- Anand Vora:** There is no goodwill in the consol. Basically what happens is in the IndAS, there is no goodwill which gets created because there you bring assets at fair value.
- Moderator:** Thank you. The next question is from the line of Balwinder Singh from B&K Securities. Please go ahead.
- Balwinder Singh:** Firstly, your Q1 FY17 Results include Advanta and the last year figures of 1QFY16 has also been restated to include Advanta. Is that right reading?
- Anand Vora:** Absolutely right.
- Balwinder Singh:** Gross debt what you have given of Rs.5,400 crores roughly, that includes now Advanta?
- Anand Vora:** That is right.
- Balwinder Singh:** On the quarterly interest cost, I think now if that excludes your cash discounts, so roughly Rs.110 crores, what is the run rate this should be going ahead, right?
- Anand Vora:** As I said, one is we have reduced debt in this quarter by about Rs.100 crores; two is we will restructure the debt of Advanta and the interest cost will come down. So I think the run rate would be trending downwards.
- Balwinder Singh:** Your guidance for FY'17 consolidated tax rate is around 15% to 20%?
- Anand Vora:** That is right.



*UPL Limited
July 29, 2016*

- Moderator:** Thank you. The next question is from the line of Mohan Lal from Kotak Securities. Please go ahead.
- Mohan Lal:** I just wanted to get a sense on the volume growth side. Last quarter, we saw 25% growth and this quarter it has come down to 8% only. So is it just India market slowdown, which is getting reflected here or are you seeing slowdown in your LATAM portfolio as well?
- Anand Vora:** First of all, Mohan Lal, the growth in volume terms is 10%.
- Sagar Kaushik:** I think the volume growth part will pick up in the next quarter, there is bit of a shift, delay in the monsoons.
- Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Vijayaraghavan for his closing comments.
- Vijayaraghavan:** Hi! Thanks for logging into the call. Mr. Vora, would you like to offer any closing comments? With that we can conclude the call.
- Anand Vora:** No, thanks to the IDFC Securities team, thank you, Vijay, thank you, everyone for joining us on the call. Bye-bye.
- Moderator:** Thank you, members of the management team. Ladies and Gentlemen, on behalf of IDFC Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.