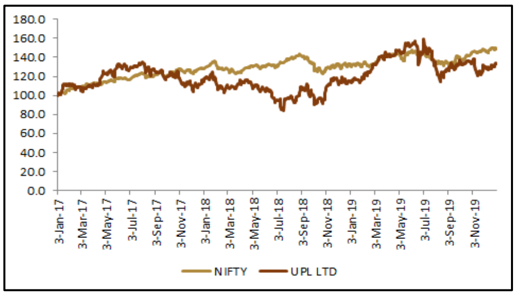
Market statistics as on Dec 31, 2019

Current stock price	578.2
Shares O/S (Bn.)	0.76
Market Cap (Bn)	441.7
Free Float (%)	72.1
P/E (x)	30.51
52W H	709.3
52W L	480.7
Price/Book	3.02

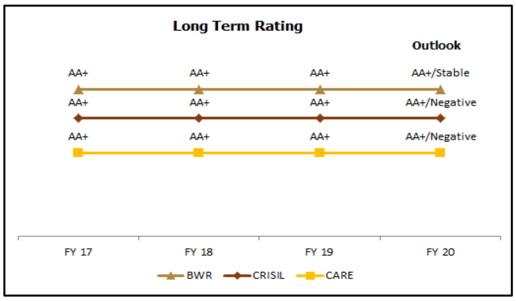
Shareholding pattern as on Sept 30, 2019

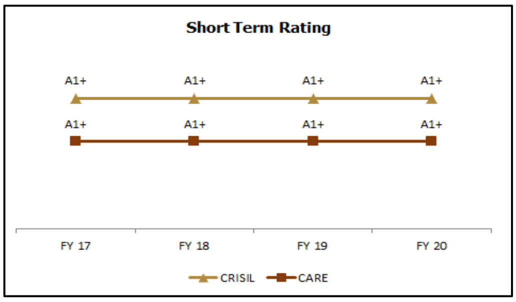
Promoter & Promoter Group	30.4%
Financial Institutions	46.8%
Domestic Institutions	15.1%
Others	6.7%
Total	***100%***

UPL Limited vs. NIFTY



Credit Rating History





Financial Performance — Rs. Bn

Particulars	H1FY20	H1FY19	% chg
Total Income	78.2	42.6	84%
EBITDA	15.4	8.4	83%
PAT	1.0	2.8	-63%
Networth	176.5	91.2	94%
Total Debt	306.1	80.8	279%
Debt/Equity (x)	1.7	0.9	
EBITDA Margins (%)	19.7	19.7	
PAT Margins (%)	1.3	6.5	
Current Ratio	0.6	0.8	

Source: Ace Equity;
As per INDAS wherever applicable

Credit Drivers:

- Highly Experienced management team: UPL Limited (UPL) is promoted by Mr. R. D. Shroff) having more than 50 years of experience in the same field. Mr. R. D. Shroff is supported by other family members including Mrs. S. R. Shroff, Mr. J.R. Shroff and Mr. V.R. Shroff.
- Large scale of operations: UPL group is amongst top 5 players in global agrochemicals industry. UPL's business risk profile is aided by a portfolio of 12,400+ registrations, over 200 active ingredients & 1023 patents.
- Healthy profitability matrix: Backward integration and supply-chain management have strengthened operating efficiencies. As a sizeable portion of raw material and power requirement is met in-house, the group is assured a steady supply, with lesser price volatility.
- Moderate risk profile: The UPL group's financial risk profile is supported by strong annual operational cash flows and healthy net worth of Rs 176.5 bn as on Sept 30, 2019.
- Increasing working capital requirement: The crop protection business is seasonal in nature. Sales occur at the start of the season, but payment is realised post-harvest, thus resulting in large receivables. The large credit required by customers in key Latin American markets also leads to a stretch in working capital cycle.
- Regulatory risk in business: The crop-protection sector remains susceptible to specific and separate registration processes in different countries, and various environmental rules and regulations. Change in regulatory requirements, such as export and import policies, and environmental and safety requirements in countries where the company has significant exposure, weakens growth prospects.
- Adequate Liquidity: Cash and cash equivalents stood at Rs. 19.77 bn as on Sept 30, 2019 (Rs. 28.29 bn on March 31, 2019). Utilization of fund based limits has been moderate at about 42% (of drawing power) for past twelve months ending July 2019.
- Synergy from acquisition of Arysta LifeScience Inc.: UPL has acquired Arysta Lifesciences Inc. and its subsidiaries (collectively Arysta), a global provider of innovative crop protection solutions, for approximately US$4.2 billion in cash. The acquisition has been funded through a substantial debt component. Further, UPL has strong presence in certain Latin American countries, Western Europe, USA whereas, Arysta has strong presence in Africa, Middle East, Eastern Europe, Russia, which is complementary to UPL and derives synergistic benefits.

About the Company:

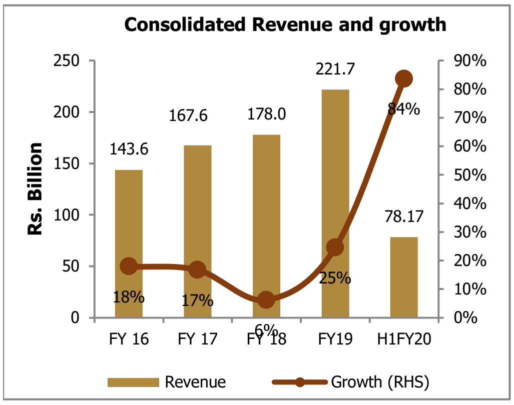
UPL Limited (UPL, erstwhile known as United Phosphorus Limited) is the flagship company of the UPL group, which has emerged as one of the leading agrochemical companies in the world with a widespread presence across the globe through various subsidiaries/associates. Incorporated in 1969 and promoted by Mr Rajnikant Shroff, UPL manufactures, markets, and distributes crop protection products, intermediates, specialty chemicals, and other industrial chemicals, and undertakes research in these segments. Over time, UPL has made several acquisitions, and entered into strategic alliances to diversify its product profile and increase its geographical reach. The UPL group now includes 96 entities. The group has manufacturing units in India, France, the Netherlands, Argentina, the UK, Vietnam, Turkey, Brazil, USA, China, Thailand, Italy, Australia and Columbia.

Industry Outlook:

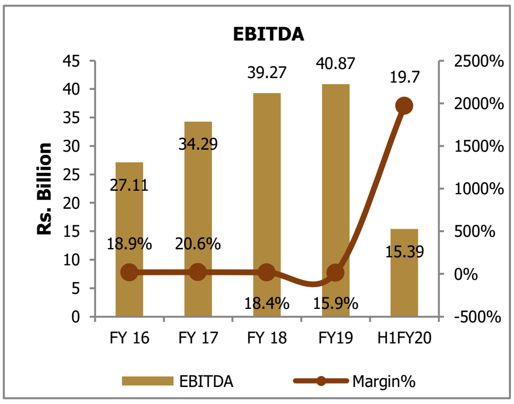
India is expected to achieve the ambitious goal of doubling farm income by 2022. The agriculture sector in India is expected to generate better momentum in the next few years due to increased investments in agricultural infrastructure such as irrigation facilities, warehousing and cold storage. Furthermore, the growing use of genetically modified crops will likely improve the yield for Indian farmers. India is expected to be self-sufficient in pulses in the coming few years due to concerted efforts of scientists to get early-maturing varieties of pulses and the increase in minimum support price. India is the second largest fruit producer in the world. Production of horticulture crops is estimated at record 314.7 million tonnes (mt) in 2018-19 as per third advance estimates.

Key Credit Drivers:

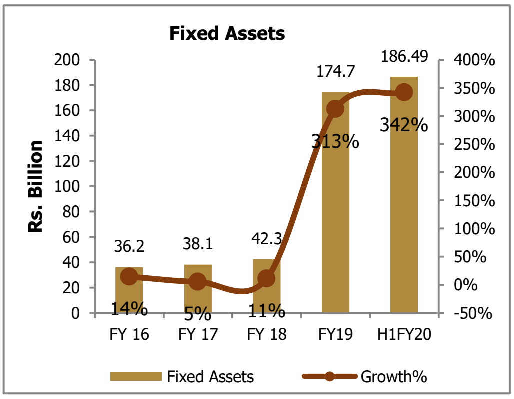
Highly Experienced management team: UPL was incorporated in 1969 and has a successful track record of more than 50 years in the industry. UPL is promoted by Mr. R. D. Shroff (Chairman & Managing Director) having more than 50 years of experience in the same field. Mr. R. D. Shroff is supported by other family members including Mrs. S. R. Shroff (Vice Chairman), Mr. J.R. Shroff (Global CEO of the group) and Mr. V.R. Shroff (Executive Director) all of them have experience in the industry. The top management is ably supported by a professional senior management team managing the day-to-day operations of the company.



Large and diversified scale of operations: The UPL group is amongst the top 5 players in the global agrochemicals industry. The revenue base is well diversified, with 83% generated from markets such as Latin America, Europe, and the US, in fiscal 2019. Wider geographic reach reduces susceptibility to cyclicality in demand from any one region. The group is also present across the crop lifecycle, from seeds, seed-treatment products, pre- and post-harvest products, to storage-treatment products. UPL's business risk profile remains healthy, also aided by a combined portfolio of 12,400+ registrations, over 200 active ingredients and 1023 patents. UPL group's business risk profile has improved by the acquisition of Arysta (details on page 3), propelling it to the 5th largest player in the global agrochemical space and 4th largest seed manufacturer.

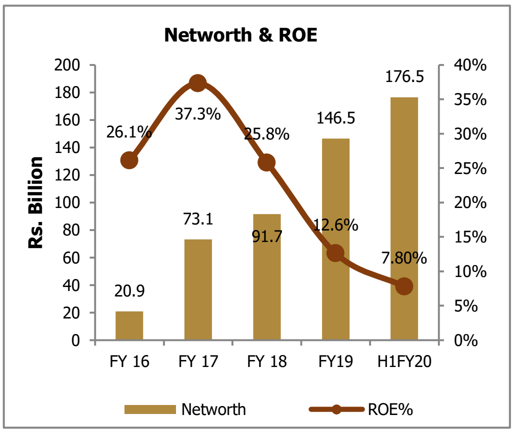


Healthy profitability matrix: Backward integration and supply-chain management have strengthened operating efficiencies. As a sizeable portion of raw material and power requirement is met in-house, the group is assured a steady supply, with lesser price volatility. Flexible and multi-product manufacturing facilities and the robust supply chain and distribution network have kept operating margin healthy at 16-20% over the five fiscals through March 2019. The operating margins were briefly impacted in Q4-FY19 and Q1-FY20 due to Purchase Power Agreement (PPA) adjustment on Arysta inventory on acquisition. Since this adjustment is non-recurring, profitability is not expected to be impacted adversely from FY21. Synergistic cost savings in excess of USD 100 million are expected in FY19 on account of acquisition due to better backward integration and personnel and non-personnel cost savings, and various other geographical and logistical cost benefits.



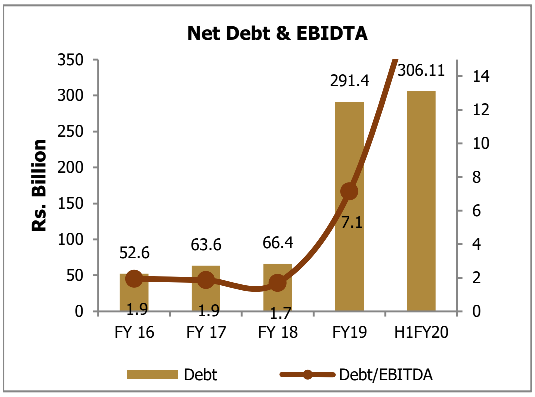
Moderate risk profile: The UPL group's financial risk profile is supported by strong annual operational cash flows and healthy adjusted net worth of Rs 176.5 bn as on Sept 30, 2019. Interest coverage was moderate at 4.1 times as on Sept, 30 2019. Even though this metrics was lower than 4.79 times in fiscal 2018, fiscal 2019 includes only 2 months of Arysta's performance. The acquisition has been funded through a substantial debt component (~ USD 3 billion), which has resulted in moderation in credit metrics over the medium term. The management is however, committed to reducing debt levels over the medium to long term.

High working capital requirement: The crop protection business is seasonal in nature. Sales occur at the start of the season, but payment is realised post-harvest, thus resulting in large receivables. Further, as goods are manufactured at one place and distributed to other locations, sizeable stock of finished goods needs to be maintained. The large credit required by customers in key Latin American markets also leads to a stretch in the working capital cycle. The company contains the exposure to markets with long credit cycle to less than one-third of its revenue, thereby mitigating impact of a stretched cycle on the overall credit profile.

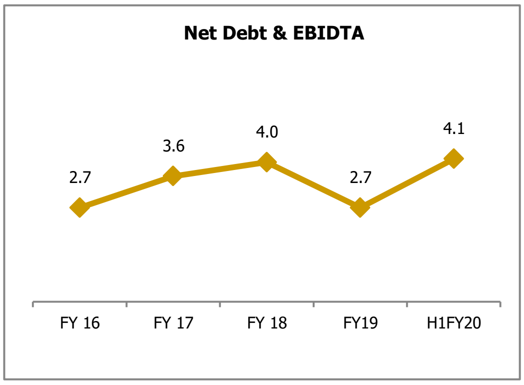


Risky Business Profile: The crop-protection sector remains susceptible to specific and separate registration processes in different countries, and various environmental rules and regulations. Change in regulatory requirements, such as export and import policies, and environmental and safety requirements in countries where the company has significant exposure, weakens growth prospects. Further, the sector is also highly dependent on monsoon and level of farm income. Hence, timing and distribution of rainfall during a year, plays a crucial role. UPL sells its products in more than 130 countries across the world (through more than 90 subsidiaries) and it has production units spread in 35 locations.

Adequate Liquidity: Cash and cash equivalents stood at Rs. 19.77 bn as on Sept 30, 2019 (Rs. 28.29 bn on March 31, 2019). Utilization of fund based limits has been moderate at about 42% (of drawing power) for past twelve months ending July 2019. The liquidity position remains adequate, supported by healthy cash generation, notwithstanding higher working capital requirements. Annual capex estimated at about Rs 20 bn will be funded largely from internal accruals. Moreover, there are no scheduled debt repayments, as the debt raised for acquisition has a scheduled bullet maturity at the end.

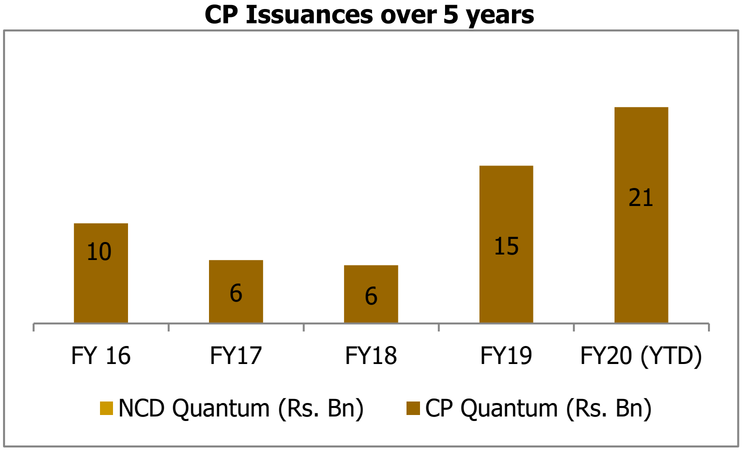


Synergy from acquisition of ArystaLifeScience Inc.: UPL has acquired Arysta Lifesciences Inc. and its subsidiaries (collectively Arysta) for approximately US$4.2 billion in cash. The acquisition has been funded through a substantial debt component.UPL's wholly owned subsidiary in Mauritius, UPL Corporation Limited (UPL Corp), signed a definitive agreement with U.S.A based Platform Specialty Products Corporation to acquire its agrochemical business i.e. Arysta, a global provider of innovative crop protection solutions, including BioSolutions and Seed Treatment. This transaction is backed by equity investment of USD 1.2 billion from Abu Dhabi Investment Authority and TPG Capital, wherein they both will invest 600 million each for a combined stake of 22% in UPL Corp and debt financing of USD 3 billion through a 5 year bullet maturity loan from Rabo Bank and MUFG Bank. Post the acquisition of ArystaLifeScience Inc., UPL has a more varied product portfolio, with combined product registrations reaching more than 13,000 and minimal product overlap, also some of the products offered by the Arysta fills the gaps where UPL does not have significant presence. Further, UPL has strong presence in certain Latin American countries, Western Europe, USA whereas, Arysta has strong presence in Africa, Middle East, Eastern Europe, Russia, which is complementary to UPL and derives synergistic benefits.



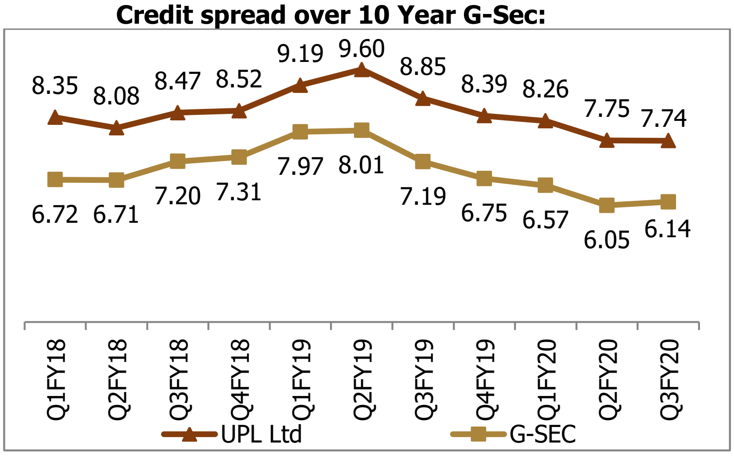
Company Management			
Name	**Designation**	**Name**	**Designation**
R D Shroff	Chairman & Managing Director	Reena Ramachandran	Director
V R Shroff	Executive Director	Vasant P Gandhi	Director
S R Shroff	Vice Chairman	Pradeep Goyal	Director
J R Shroff	Director & Global CEO	Hardeep Singh	Director
A C Ashar	Director - Finance		

CP Issuances over 5 years



Source: NSDL, Prime Database

Credit spread over 10 Year G-Sec:



Source: Thomson Reuters

Other Information:

Auditors	BSR & Co. LLP

Financials: (Consolidated as per IND-AS)

FY 17 as per I-GAAP

Profit & Loss Statement

Particulars (in Rs. Bn)	FY17	FY18	FY19
INCOME :			
Gross Sales	166.80	213.10	257.77
Net Sales	163.12	173.78	218.37
EXPENDITURE :	0.00	0.00	0.00
Increase/Decrease in Stock	-3.62	-2.65	-32.38
Raw Material Consumed	81.78	83.77	141.42
Power & Fuel Cost	3.39	2.91	4.02
Employee Cost	16.27	17.13	20.95
Other Manufacturing Expenses	17.95	21.04	24.62
General and Administration Expenses	10.36	11.03	13.79
Selling and Distribution Expenses	4.06	4.42	4.67
Miscellaneous Expenses	3.12	1.08	3.69
Less: Expenses Capitalised	0.00	0.00	0.00
Total Expenditure	133.31	138.73	180.78
Operating Profit (Excl OI)	29.81	35.05	37.59
Other Income	4.48	4.22	3.28
Operating Profit	34.29	39.27	40.87
Interest	7.35	7.91	9.98
PBDT	26.94	31.36	30.89
Depreciation	6.72	6.75	9.69
Profit Before Taxation & Exceptional Items	20.22	24.61	21.20
Profit Before Tax	19.41	23.98	16.70
Provision for Tax	1.89	2.75	1.65
Profit After Tax	17.52	21.23	15.05

Key Ratios

Particulars	FY17	FY18	FY19
Operational & Financial Ratios			
Earnings Per Share (Rs)	34.14	39.65	28.37
DPS(Rs)	7.00	8.00	8.00
Book Value (Rs)	144.81	179.78	287.16
Margin Ratios			
PBIDTM (%)	20.56	18.43	15.86
PATM (%)	10.50	9.96	5.84
Performance Ratios			
ROA (%)	9.68	10.06	3.55
ROE (%)	37.26	25.76	12.64
ROCE (%)	21.49	21.57	8.95
Efficiency Ratios			
Receivable days	117.68	100.30	126.50
Inventory Days	86.91	74.46	97.76
Payable days	123.97	141.01	134.82
Growth Ratio			
Net Sales Growth(%)	16.12	6.54	25.66
Core EBITDA Growth(%)	26.48	14.52	4.07
PAT Growth(%)	68.95	21.18	-29.11
Financial Stability Ratios			
Total Debt/Equity(x)	0.86	0.72	1.99
Current Ratio(x)	1.95	1.97	1.73
Quick Ratio(x)	1.36	1.37	1.14
Interest Coverage Ratio	3.64	4.03	2.67

Peer Comparison as on March 31, 2019

Particulars (in Rs. Bn)	UPL Ltd	Fine Organics	BASF
Total Income	221.65	10.84	61.35
PAT	15.05	1.36	0.82
Equity	146.45	5	14.1
Debt	291.4	1.28	9.12
EBITDA margin (%)	15.9	24	4.3
ROE (%)	12.6	30.4	5.9
ROA (%)	3.5	22.2	2.1
Leverage (times)	2	0.3	0.6

Balance Sheet

Particulars (in Rs. Bn)	FY17	FY18	FY19
EQUITY AND LIABILITIES			
Share Capital	1.83	1.02	1.02
Shareholder's Funds	73.97	91.69	146.45
Long-Term Borrowings	53.50	58.73	263.83
Other Non-current liabilities	-0.97	-1.89	23.67
Total Non-Current Liabilities	52.53	56.84	287.50
Current Liabilities	0.00	0.00	0.00
Trade Payables	48.75	56.75	94.23
Other Current Liabilities	12.16	11.12	22.23
Short Term Borrowings	7.08	6.34	24.78
Short Term Provisions	2.29	2.21	14.40
Total Current Liabilities	70.28	76.42	155.64
Total Liabilities	197.11	225.14	623.17
ASSETS	0.00	0.00	0.00
Non-Current Assets	0.00	0.00	0.00
Net Block	40.71	44.37	319.01
Capital Work in Progress	6.33	10.90	11.66
Other Fixed Assets	1.59	2.29	6.17
Non Current Investments	3.78	10.34	7.06
Long Term Loans & Advances	4.75	4.46	5.62
Other Non Current Assets	2.97	2.54	3.73
Total Non-Current Assets	60.13	74.90	353.25
Current Assets - Loans & Advances	0.00	0.00	0.00
Currents Investments	0.00	0.00	0.02
Inventories	41.56	45.38	92.70
Sundry Debtors	56.56	60.56	118.12
Cash and Bank	28.95	28.94	28.51
Other Current Assets	5.81	11.02	19.36
Short Term Loans and Advances	4.10	4.34	11.21
Total Current Assets	136.98	150.24	269.92
Miscellaneous Expenses not written off	0.00	0.00	0.00
Total Assets	197.11	225.14	623.17
Total Debt (Long Term Plus Short Term)	63.61	66.38	291.40

Cash flow Statement

Particulars (in Rs. Bn)	FY17	FY18	FY19
Profit Before Tax	20.22	24.61	21.21
Adjustment	9.23	10.10	16.04
Changes In working Capital	0.44	-3.22	-5.64
Cash Flow after changes in Working Capital	29.89	31.49	31.61
Interest Paid	0.00	0.00	0.00
Tax Paid	-3.41	-2.49	-3.54
Other Direct Expenses paid	0.00	0.00	0.00
Extra & Other Item	-0.63	-0.61	-4.51
Cash From Operating Activities	25.85	28.39	23.56
Cash Flow from Investing Activities	-9.99	-20.93	-319.68
Cash from Financing Activities	1.40	-8.01	288.93
Net Cash Inflow / Outflow	17.26	-0.55	-7.19
Opening Cash & Cash Equivalents	11.77	28.77	28.59
Cash & Cash Equivalent on Amalgamation / Take over / Merger	0.00	0.00	10.48
Cash & Cash Equivalent of Subsidiaries under liquidations	0.00	0.00	0.00
Translation adj. on reserves / op cash balances frgn subsidiaries	0.00	0.00	0.00
Effect of Foreign Exchange Fluctuations	-0.23	0.37	-3.62
Closing Cash & Cash Equivalent	28.80	28.59	28.26

Information Source: Ace Equity, Company Reports, IBEF, NSDL, Prime Database, Bloomberg, Thomson Reuters, Rating Agencies, CRISIL