

RESULT UPDATE

KEY DATA

Rating	BUY
Sector relative	Outperformer
Price (INR)	677
12 month price target (INR)	781
52 Week High/Low	699/459
Market cap (INR bn/USD bn)	550/6.4
Free float (%)	72.1
Avg. daily value traded (INR mn)	1,488.1

SHAREHOLDING PATTERN

	Mar-25	Dec-24	Sep-24
Promoter	32.52%	32.52%	32.35%
FII	34.22%	34.51%	33.64%
DII	17.64%	15.74%	15.32%
Pledge	0.91%	0%	0%

FINANCIALS

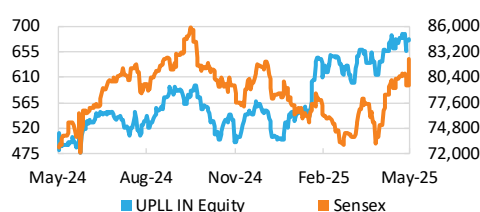
(INR mn)

Year to March	FY24A	FY25E	FY26E	FY27E
Revenue	430,990	466,370	501,084	542,559
EBITDA	55,160	81,200	92,410	113,719
Adjusted profit	290	18,250	31,018	47,781
Diluted EPS (INR)	0.4	23.0	39.0	60.1
EPS growth (%)	(99.4)	5,836.9	70.0	54.0
RoAE (%)	(4.2)	3.0	9.3	13.0
P/E (x)	1,750.9	29.5	17.4	11.3
EV/EBITDA (x)	13.8	8.4	8.0	6.1
Dividend yield (%)	0.1	0.9	1.4	2.2

CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
Revenue	501,084	542,559	-2.5	-4.0
EBITDA	92,410	113,719	-8.4	2.5
Adjusted profit	31,018	47,781	-8.9	11.3
Diluted EPS (INR)	39.0	60.1	-14	5.0

PRICE PERFORMANCE



Achieves growth and prudence

UPL in Q4FY25 and FY25 reported an industry-leading performance with a strong volume recovery. Improvement in working capital (by 33 days), astute debt reduction (~USD1bn) and EBITDA growth guidance of 10–14%, going into FY26, mark strong scalars and vectors for UPL.

We are moderating FY26 estimates marginally to factor in a gradual pickup in volumes and reckon FY27 shall log accelerated growth led by the NPP portfolio (USD1.5bn target by FY30), specialty chemicals business and global crop protection business. Maintain 'BUY'. We are reducing FY26E EPS by 14.0% and raising FY27E EPS by 5%, yielding a revised TP of INR781, valuing UPL at 13x Q4FY27E EPS.

Strong product pipeline and healthy innovation turnover

UPL's innovation strategy is driving its robust performance, with USD100mn revenue from new crop protection products and a 14% innovation rate. Approximately 38% of the portfolio is now differentiated and sustainable, with 45–50% targeted by FY27. In FY25, the NPP business logged more than 20% growth, and differentiated products such as Feroce and Evolution fuelled 21% volume growth, particularly in Brazil and North America. Superform (specialty chemicals) also delivered 24% revenue growth, backed by backward integration, platform investments, and new high-potential contract wins. The company expects to launch 20 more products in FY26 and is aiming for USD1.5bn in risk-adjusted annual sales by FY30.

EBITDA growth guidance of 10–14%

UPL expects growth to largely come from North America, Latam and RoW. It is mostly expecting volume-led growth of 4–8% in FY26. The differentiated offerings, new products from specialty chemicals and drive to achieve better sales from corn seeds can be potential margin drivers. Management expects the better part of its guidance to take shape in H2FY26 and H1FY26 could be rather muted.

Deleveraging and asset monetisation enhance balance sheet

UPL made significant progress in reducing net debt, bringing it down to INR138.6bn, with net debt/EBITDA falling to 1.7x from 4x a year ago. Key contributors included a INR33.7bn working capital release (driven by inventory and receivables efficiency), a USD200mn rights issue and partial monetisation of Advanta stake for USD350mn. The company also prepaid USD250mn of long-term loans. Given strong internal cash generation, improved working capital cycles and asset-light growth in seeds and specialty chemicals, UPL's balance sheet is well positioned.

Financials

Year to March	Q4FY25	Q4FY24	% Change	Q3FY25	% Change
Net Revenue	155,730	140,780	10.6	109,070	42.8
EBITDA	32,370	19,320	67.5	21,620	49.7
Adjusted Profit	10,304	394	2,515.4	7,667	34.4
Diluted EPS (INR)	13.3	0.5	2,431.0	9.9	34.4

Financial Statements

Income Statement (INR mn)

Year to March	FY24A	FY25E	FY26E	FY27E
Total operating income	430,990	466,370	501,084	542,559
Gross profit	186,050	224,140	250,542	282,131
Employee costs	46,820	53,090	58,399	62,195
Other expenses	84,070	89,850	99,734	106,216
EBITDA	55,160	81,200	92,410	113,719
Depreciation	27,630	27,500	28,158	29,186
Less: Interest expense	38,520	36,270	23,669	19,720
Add: Other income	4,830	4,860	5,103	5,562
Profit before tax	(20,860)	8,290	45,686	70,376
Prov for tax	(2,090)	90	7,767	11,964
Less: Other adj	0	0	0	0
Reported profit	(11,990)	8,970	31,018	47,781
Less: Excp.item (net)	12,280	9,280	0	0
Adjusted profit	290	18,250	31,018	47,781
Diluted shares o/s	750	795	795	795
Adjusted diluted EPS	0.4	23.0	39.0	60.1
DPS (INR)	1.0	6.0	9.5	14.7
Tax rate (%)	10.0	1.1	17.0	17.0

Important Ratios (%)

Year to March	FY24A	FY25E	FY26E	FY27E
India growth (%)	(0.2)	0.1	0.1	0.1
America growth (%)	(0.6)	0.5	0.1	0.1
Europe growth (%)	(0.1)	0.3	0.1	0.1
EBITDA margin (%)	12.8	17.4	18.4	21.0
Net profit margin (%)	0.1	3.9	6.2	8.8
Revenue growth (% YoY)	(19.6)	8.2	7.4	8.3
EBITDA growth (% YoY)	(50.6)	47.2	13.8	23.1
Adj. profit growth (%)	(99.4)	6,193.1	70.0	54.0

Assumptions (%)

Year to March	FY24A	FY25E	FY26E	FY27E
GDP (YoY %)	5.8	6.3	6.3	6.3
Repo rate (%)	5.5	5.0	5.0	5.0
USD/INR (average)	78.0	77.0	77.0	77.0
LATAM growth (%)	(0.2)	0	0.1	0.1
RoW growth (%)	0.1	(0.1)	0.1	0.1
Gross margin (%)	0.4	0.5	0.5	0.5
Net Debt/EBITDA (x)	4.1	1.7	2.2	1.3

Valuation Metrics

Year to March	FY24A	FY25E	FY26E	FY27E
Diluted P/E (x)	1,750.9	29.5	17.4	11.3
Price/BV (x)	1.8	1.7	1.5	1.4
EV/EBITDA (x)	13.8	8.4	8.0	6.1
Dividend yield (%)	0.1	0.9	1.4	2.2

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY24A	FY25E	FY26E	FY27E
Share capital	1,500	1,590	1,590	1,590
Reserves	276,430	320,400	346,648	386,845
Shareholders funds	277,930	321,990	348,238	388,435
Minority interest	49,130	56,270	64,612	77,463
Borrowings	284,380	237,140	212,140	192,140
Trade payables	156,840	108,670	116,531	126,176
Other liabs & prov	31,070	25,940	25,755	25,963
Total liabilities	875,460	880,020	829,454	878,435
Net block	84,430	81,070	74,062	66,026
Intangible assets	312,070	315,840	315,840	315,840
Capital WIP	11,060	6,150	6,150	6,150
Total fixed assets	407,560	403,060	396,052	388,016
Non current inv	18,930	20,080	20,080	20,080
Cash/cash equivalent	60,360	95,370	12,877	40,283
Sundry debtors	163,540	155,050	167,028	180,853
Loans & advances	430	460	1,228	787
Other assets	205,130	179,160	209,039	221,928
Total assets	875,460	880,020	829,454	878,435

Free Cash Flow (INR mn)

Year to March	FY24A	FY25E	FY26E	FY27E
Reported profit	(16,360)	12,920	37,919	58,412
Add: Depreciation	27,630	27,500	28,158	29,186
Interest (net of tax)	38,520	36,270	23,669	19,720
Others	(2,760)	(13,710)	3,674	(3,357)
Less: Changes in WC	(20,550)	41,410	(102,766)	(10,321)
Operating cash flow	26,480	104,390	(9,345)	93,640
Less: Capex	(28,940)	(23,000)	(21,150)	(21,150)
Free cash flow	(2,460)	81,390	(30,495)	72,490

Key Ratios

Year to March	FY24A	FY25E	FY26E	FY27E
RoE (%)	(4.2)	3.0	9.3	13.0
RoCE (%)	5.4	9.5	11.2	14.0
Inventory days	199	174	166	183
Receivable days	146	125	117	117
Payable days	248	200	164	170
Working cap (% sales)	48.2	50.1	52.9	52.5
Gross debt/equity (x)	0.9	0.6	0.5	0.4
Net debt/equity (x)	0.7	0.4	0.5	0.3
Interest coverage (x)	0.7	1.5	2.7	4.3

Valuation Drivers

Year to March	FY24A	FY25E	FY26E	FY27E
EPS growth (%)	(99.4)	5,836.9	70.0	54.0
RoE (%)	(4.2)	3.0	9.3	13.0
EBITDA growth (%)	(50.6)	47.2	13.8	23.1
Payout ratio (%)	nm	53.2	24.4	24.4

Exhibit 1: Quarterly financial snapshot (INR mn)

Year to March	4QFY25	4QFY24	% YOY	Q3FY25	% QoQ	FY25E	FY26E	FY27E
Revenues	155,730	140,780	10.6	109,070	42.8	466,313	513,692	565,062
Raw material	85,510	90,090	(5.1)	53,290	60.5	237,820	251,709	276,880
Staff costs	14,510	10,360	40.1	11,840	22.6	51,502	56,652	62,317
Other expenditure	23,340	21,010	11.1	22,320	4.6	94,999	104,499	114,949
Total expenditure	123,360	121,460	1.6	87,450	41.1	384,321	412,860	454,147
Check	0	0		0				
EBITDA	32,370	19,320	67.5	21,620	49.7	81,992	100,832	110,915
Depreciation	7,050	7,940	(11.2)	6,880	2.5	27,408	30,251	33,900
EBIT	25,320	11,380		14,740		54,585	70,581	77,016
Less: Interest Expense	9,140	10,900	(16.1)	7,300	25.2	35,309	24,924	18,382
Add: Other income	1,070	1,260	(15.1)	1,700	(37.1)	4,854	5,097	5,352
Profit Before Tax	17,250	1,740	891.4	9,140	88.7	24,130	50,754	63,986
Less: Provision for Tax	2,980	1,100	170.9	(4,990)		2,903	9,136	11,517
Less: Minority Interest	(1,830)	(1,200)	52.5	(250)	632.0	6,000	7,574	9,549
Add: Share of profit from associates	(270)	450		(2,780)		0	0	0
Add: Exceptional items (net of tax)	(2,316)	(6)		(1,113)		0	0	0
Reported Profit	8,960	400	2,140.0	8,280	8.2	15,226	34,043	42,919
Adjusted Profit	6,644	394	1,586.3	7,167	(7.3)	11,726	34,043	42,919
Equity capital (FV INR 2)	1,550	1,500		1,550		1,500	1,500	1,500
No. of Diluted shares outstanding (mn)	775	750		775		750	750	750
Adjusted Diluted EPS	8.6	0.5	1,531.9	9.2	(7.3)	15.6	45.4	57.2
As % of net revenues								
Raw material	54.9	64.0	(908.4)	48.9	605.1	51.0	49.0	49.0
Staff expenses	9.3	7.4		10.9		11.0	11.0	11.0
Other expenses	15.0	14.9		20.5		20.4	20.3	20.3
EBITDA	20.8	13.7	706.2	19.8	96.4	17.6	19.6	19.6
Net profit	4.3	0.3	398.6	6.6		2.5	6.6	7.6

Source: Company, Nuvama Research

Exhibit 2: Segment details

UPL Corporation															
INR mn	1QFY23	2QFY23	3QFY23	4QFY23	FY23	1QFY24	2QFY24	3QFY24	4QFY24	FY24	1QFY25	2QFY25	3QFY25	4QFY25	FY25
Revenue	76,580	92,880	113,100	137,000	419,560	58,550	74,150	74,130	101,900	308,730	61,400	76,760	84,970	120,700	343,830
YoY(%)	NA	NA	NA	NA	NA	-23.5%	-20.2%	-34.5%	-25.6%	-26.4%	4.9%	3.5%	14.6%	18.4%	11.4%
Contribution Profit	30,440	34,490	40,460	40,278	145,668	21,050	24,020	12,390	23,131	80,591	18,390	23,760	30,370	39,228	111,748
Contribution Margin	39.7	37.1	35.8	29%	29%	36.0	32.4	16.7	23%	29%	30.0	31.0	35.7	32.5	32.5
SG&A Expenses	14,310	16,040	17,050	16,400	63,800	15,410	15,840	14,540	13,900	59,690	15,260	16,310	13,830	16,100	61,500
EBITDA	16,130	18,450	23,410	23,878	81,868	5,640	8,180	(2,150)	9,231	20,901	3,130	7,450	16,540	23,128	50,248
EBITDA margins	21.1	19.9	20.7	17.4	19.5	9.6	11.0	-2.9	9.1	6.8	5.1	9.7	19.5	19.2	14.6
Revenue Variance															
Volume	NA	NA	NA	NA		-17.0	1.0	-5.0	-6.0	-7.0	25.0	13.0	14.0	16.0	16.0
Price	NA	NA	NA	NA		-10.0	-25.0	-24.0	-22.0	-22.0	20.0	-8.0	5.0	4.0	-3.0
Exchange	NA	NA	NA	NA		3.0	4.0	1.0	2.0	2.0	0.0	-1.0	-4.0	-2.0	-2.0
Geographies															
Latin America	31,890	54,620	55,830	62,100	204,440	27,080	43,820	38,900	45,800	155,600	24,520	44,470	43,800	45,800	158,590
YoY(%)	NA	NA	NA	NA	NA	-15.1%	-19.8%	-30.3%	-26.2%	-23.9%	-9.5%	1.5%	12.6%	0.0%	1.9%
North America	15,510	10,260	25,250	27,600	78,620	6,600	3,570	8,300	12,900	31,370	10,980	4,150	13,790	24,400	53,320
YoY(%)	NA	NA	NA	NA	NA	-57.4%	-65.2%	-67.1%	-53.3%	-60.1%	66.4%	16.2%	66.1%	89.1%	70.0%
Europe	15,710	12,000	9,990	26,300	64,000	12,280	11,067	5,350	22,900	51,597	13,370	12,580	10,530	29,400	65,880
YoY(%)	NA	NA	NA	NA	NA	-21.8%	-7.8%	-46.4%	-12.9%	-19.4%	8.9%	13.7%	96.8%	28.4%	27.7%
Rest of World	13,470	14,930	21,360	19,900	69,660	11,730	15,600	17,170	18,900	63,400	12,060	15,340	16,470	20,200	64,070
YoY(%)	NA	NA	NA	NA	NA	-12.9%	4.5%	-19.6%	-5.0%	-9.0%	2.8%	-1.7%	-4.1%	6.9%	1.1%
Total	76,580	91,810	112,430	135,900	416,720	57,690	74,057	69,720	100,500	301,967	60,930	76,540	84,590	119,800	341,860
UPL SAS															
Rs mn	1QFY23	2QFY23	3QFY23	4QFY23	FY23	1QFY24	2QFY24	3QFY24	4QFY24	FY24	1QFY25	2QFY25	3QFY25	4QFY25	FY25
Revenue	13,950	13,100	5,580	10,600	43,230	12,030	8,430	3,710	4,290	28,460	10,030	10,130	5,350	6,800	32,310
YoY(%)	NA	NA	NA	NA	NA	-13.8%	-35.6%	-33.5%	-59.5%	-34.2%	-16.6%	20.2%	44.2%	58.5%	13.5%
Contribution Profit	4,410	3680	920	2480	11,490	3,340	1,440	430	250	5,460	2,830	3,040	900	1,890	8,660
Contribution Margin	31.6	28.1	16.5	23.4	26.6	27.8	17.1	11.6	5.8	19.2	28.2	30.0	16.8	27.8	27.8
SG&A Expenses	1,250	1220	1400	1010	4,880	1,200	1,150	1,130	650	4,130	1,140	1,010	1,140	1,000	4,290
EBITDA	3,160	2,460	(480)	1,470	6,610	2,140	290	(700)	(400)	1,330	1,690	2,030	(240)	890	4,370
EBITDA margins	22.7	18.8	-8.6	13.9	15.3	17.9	3.4	-18.9	-9.3	4.7	16.8	20.0	-4.5	13.1	13.5
Advanta															
Rs mn	1QFY23	2QFY23	3QFY23	4QFY23	FY23	1QFY24	2QFY24	3QFY24	4QFY24	FY24	1QFY25	2QFY25	3QFY25	4QFY25	FY25
Revenue	8,420	9,720	9,100	8,350	35,590	10,610	10,700	8,980	11,190	41,480	9,850	11,110	9,990	15,400	46,350
YoY(%)	NA	NA	NA	NA	NA	26.0%	10.1%	-1.3%	34.0%	16.5%	-7.2%	3.8%	11.2%	37.6%	11.7%
Contribution Profit	4,820	5310	5260	4570	19,960	6,620	6,020	5,670	5,380	23,690	5,880	6,380	5,700	8,824	26,784
Contribution Margin	57.2	54.6	57.8	54.7	56.1	62.4	56.3	63.1	48.1	57.1	59.7	57.4	57.1	57.3	57.3
SG&A Expenses	2,450	2580	2650	2690	10,370	2,980	3,370	3,040	2,970	12,360	3,340	3,860	3,460	4,300	14,960
EBITDA	2,370	2,730	2,610	1,880	9,590	3,640	2,650	2,630	2,410	11,330	2,540	2,520	2,240	4,524	11,824
EBITDA margins	28.1	28.1	28.7	22.5	26.9	34.3	24.8	29.3	21.5	27.3	25.8	22.7	22.4	29.4	25.5

Source: Company, Nuvama Research

Exhibit 3: Yearly net debt/EBITDA (INR mn)

	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Gross debt	286,690	235,600	258,660	229,990	284,380	237,140	212,140	192,140
Perpetual Bonds	29,860	29,860	29,860	29,860	29,860	29,860	29,860	29,860
Total Debt	316,550	265,460	288,520	259,850	314,240	267,000	242,000	222,000
Cash	67,520	48,530	61,200	60,970	60,360	95,370	12,877	40,283
Net Debt including perpetual bonds	249,030	216,930	227,320	198,880	253,880	171,630	229,123	181,717
Net excluding perpetual bond	219,170	187,070	197,460	169,020	224,020	141,770	199,263	151,857
EBITDA	71,040	85,590	101,640	111,600	55,150	81,200	92,410	113,719
Net Debt/EBITDA including perpetual bonds	3.5	2.5	2.2	1.8	4.6	2.1	2.5	1.6
Net Debt/EBITDA excluding perpetual bonds	3.1	2.2	1.9	1.5	4.1	1.7	2.2	1.3

Source: Company, Nuvama Research

Company Description

UPL, incorporated in 1969, is a global player in the agro-chemicals industry with strong presence in off-patent market of US and Europe. UPL ranks among the Top five generic agro-chemical companies in the world. Historically, the company has managed to deliver high growth rates based on its strategy to acquire small agrochemical companies and tail-end brands of big players in US and Europe.

Investment theme

UPL is a direct proxy for increase in demand for food crops due to rising commodity prices, high population growth and high demand for bio-fuel. It has historically focused on acquisitions of smaller companies and brands to achieve higher growth than the market. Moreover large acquisitions like Mancozeb, RiceCo, SIB, DVA Agro, provide further upside. The recent acquisition of Arysta, will further increase UPL's global scale and make it the fifth largest agrochemical player globally.

Key Risks

Demand concerns due to cyclical and seasonal effects

The agro-chemical industry, in general, is cyclical with demands for some products seasonal in nature. Seasonal usage follows varying agricultural seasonal patterns, weather conditions and pest related pressures. This volatility impacts the overall demand for agro-chemicals. This seasonality risk is somewhat mitigated for UPL, given its geographic reach and non-dependence on any one geography for sales.

Volatility in input prices and company's limited ability to pass on costs

The company operates broadly under the concept of 'pass-through', where lower raw material costs benefits are passed on to consumers as lower prices and vice versa. High volatility in prices of raw materials for agro chemicals, leads to lower price realization and can cause margin pressures given that the average holding period of inventory is 3-4 months.

Increase in GM crops usage negative for agro chemicals

Growth in GM crops (biotech products) poses a structural risk to agro-chemicals usage, as GM crops have more resistance to pests and diseases relative to non-GM crops. This could typically lead to reduction in pesticide usage.

Forex Risk

UPL, like most companies with a large export interface, faces risks from an appreciating INR. Further at the operational level company has higher exposure to EUR (given the large exposure from Cerexagri operations) which has been recently been volatile. Most of the forex liabilities are in USD. However, the company has a natural hedge on its imports and on manufacturing done at its international locations.

Additional Data

Management

CEO	Jai Shroff
CFO	Anand Vora
COO	Carlos Pellicer
Chairman	Rajnikant Shroff
Auditor	B S R & Co. LLP

Holdings – Top 10*

	% Holding		% Holding
Massachusetts F	4.10	Dimensional Fun	1.03
Vanguard Group	4.03	Lazard	1.02
ICICI Prulife	3.99	Mirae asset	0.77
Blackrock	2.78	HDFC ANC	0.75
Seafarer capita	1.43	FlexShares Trus	0.70

*Latest public data

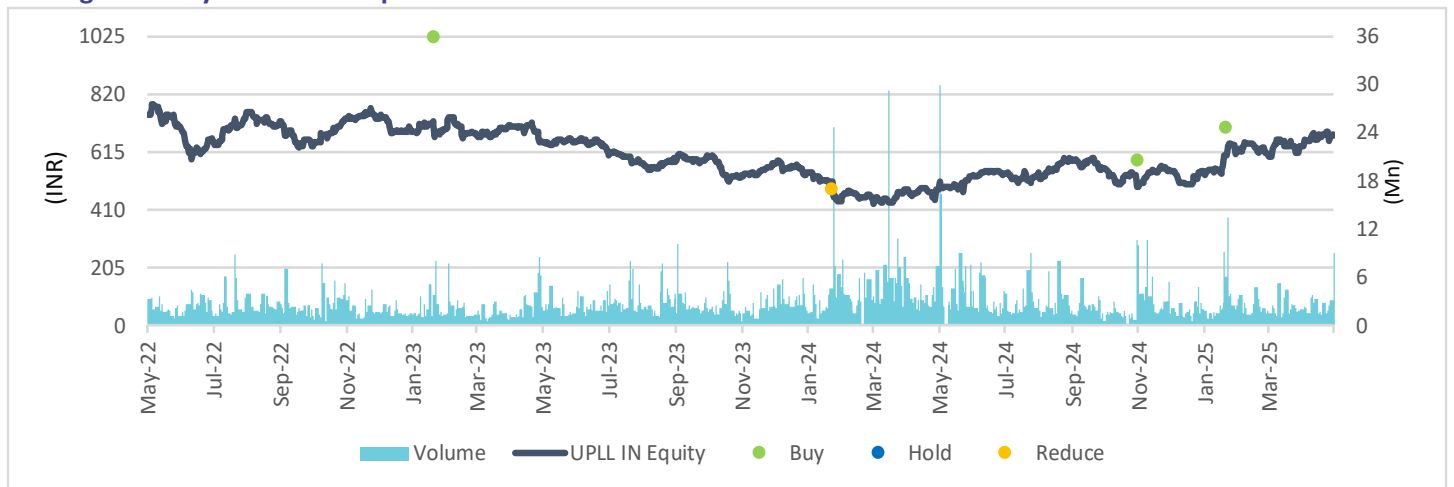
Recent Company Research

Date	Title	Price	Reco
31-Jan-25	Signs of revival; guidance maintained; <i>Result Update</i>	546	Buy
11-Nov-24	UPL (UPLL IN, INR 515, upgrade to BUY) -; <i>Result Update</i>	515	Buy
02-Aug-24	Margin woes persist; <i>Result Update</i>	537	Reduce

Recent Sector Research

Date	Name of Co./Sector	Title
02-May-25	Coromandel Int'l	Strong volume growth; <i>Result Update</i>
24-Apr-25	Rallis India	Deficiency of growth triggers; <i>Result Update</i>
09-Apr-25	Agri Inputs	Volume growth likely; margins to stabili; <i>Sector Update</i>

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	205
Hold	<15% and >-5%	63
Reduce	<-5%	34

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