

RESULT UPDATE

KEY DATA

Rating	BUY
Sector relative	Outperformer
Price (INR)	665
12 month price target (INR)	808
52 Week High/Low	736/484
Market cap (INR bn/USD bn)	565/6.4
Free float (%)	72.1
Avg. daily value traded (INR mn)	1,620.3

SHAREHOLDING PATTERN

	Jun-25	Mar-25	Dec-24
Promoter	33.49%	33.50%	33.50%
FII	34.90%	32.22%	34.52%
DII	18.09%	18.56%	18.89%
Pledge	0%	0%	0.91%

FINANCIALS

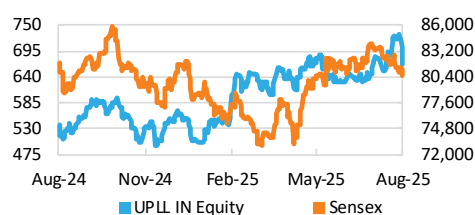
(INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	4,66,370	5,01,084	5,42,559	5,87,526
EBITDA	81,200	92,410	1,13,719	1,20,314
Adjusted profit	18,250	31,645	48,475	52,135
Diluted EPS (INR)	23.0	39.8	61.0	65.6
EPS growth (%)	5,836.9	73.4	53.2	7.5
RoAE (%)	3.0	9.4	13.0	12.6
P/E (x)	29.5	17.0	11.1	10.3
EV/EBITDA (x)	8.4	7.7	5.9	5.2
Dividend yield (%)	0.9	1.4	2.2	2.4

CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
Revenue	5,01,084	5,42,559	0.0%	0.0%
EBITDA	92,410	1,13,719	0.0%	0.0%
Adjusted profit	31,645	48,475	0.0%	0.0%
Diluted EPS (INR)	39.8	61.0	2.0%	1.5%

PRICE PERFORMANCE



Good start in a challenging environment

UPL delivered 1.6% YoY revenue growth in Q1FY26 aided by 1% pricing gain and 2% FX benefit, while volumes edged down 1% YoY. Growth was led by UPL SAS (+13%) and Advanta (+20%) on robust herbicide and seed sales, with India and Europe contributing meaningfully. UPL Corp dragged performance due to Brazil insecticide volume drop, though margin expanded on better mix and lower input costs. EBITDA grew 13.7% YoY to INR13bn.

We believe UPL's reaffirmation of its FY26 guidance is credible, with better recovery in 2HFY26. The worst of the inventory and pricing pressure is behind. Reiterating 'BUY', valuing the stock at 13x Q1FY28E as present FY28 estimates, yielding a TP of INR808.

Deleveraging advances

UPL's net debt position improved meaningfully compared to Q1FY25, primarily due to a reduction of about USD430mn in gross debt, the prepayment of a USD250mn loan, and a stronger cash position supported by two capital transactions. As a result, key leverage metrics improved—net debt to EBITDA came down from 5.4x to 2.6x, and net debt to equity improved from 0.9x to 0.6x, despite the repayment of USD400mn perpetual bonds in May 2025. Additionally, lower net working capital versus last year further supported balance sheet strength. Going ahead, UPL will receive USD200mn from a rights issue towards the end of Sep-25, thereby improving the balance sheet.

Growth guidance unchanged

UPL's EBITDA growth of 13.7% YoY came off a lower base. While Q1 and Q2 could be soft due to seasonality, we expect 2HFY26 to be stronger given inventories stabilising. Stress in LATAM is expected to alleviate gradually as near-term challenges at farm-gate and distributor level continue to weigh heavy on both volume and prices. In Q1FY26, UPL reported a steady performance in both North America and Europe, with each region delivering 8% YoY revenue growth. In North America, the growth was largely price-led driven by a recovery in key active ingredients and improved product positioning. Europe saw volume-led growth, mainly for herbicides and a positive contribution from Natural Plant Protection (NPP) products. Advanta continues to report healthy performance given strong acreages seen in corn (India, Thailand), grain sorghum and sunflower (both in Argentina). EBITDA in Advanta grew 5% YoY despite higher spends related to new market entry and new product launches. EBITDA of India business grew 50% YoY due to new launches, strong sowing season which helped in a volume growth of 9%), with elevated inventory.

Financials

Year to March	Q1FY26	Q1FY25	% Change	Q4FY25	% Change
Net Revenue	92,160	90,670	1.6	1,55,730	(40.8)
EBITDA	13,030	11,460	13.7	32,370	(59.7)
Adjusted Profit	(1,033)	(4,611)	(77.6)	6,644	(115.6)
Diluted EPS (INR)	(1.3)	(6.1)	(78.9)	8.4	(115.6)

Financial Statements

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	4,66,370	5,01,084	5,42,559	5,87,526
Gross profit	2,24,140	2,50,542	2,82,131	3,05,514
Employee costs	53,090	58,399	62,195	66,238
Other expenses	89,850	99,734	1,06,216	1,18,962
EBITDA	81,200	92,410	1,13,719	1,20,314
Depreciation	27,500	28,158	29,851	33,994
Less: Interest expense	36,270	22,745	18,032	15,371
Add: Other income	4,860	5,103	5,562	5,840
Profit before tax	8,290	46,610	71,399	76,789
Prov for tax	90	7,924	12,138	13,054
Less: Other adj	0	0	0	0
Reported profit	8,970	31,645	48,475	52,135
Less: Excp.item (net)	9,280	0	0	0
Adjusted profit	18,250	31,645	48,475	52,135
Diluted shares o/s	795	795	795	795
Adjusted diluted EPS	23.0	39.8	61.0	65.6
DPS (INR)	6.0	9.7	14.9	16.0
Tax rate (%)	1.1	17.0	17.0	17.0

Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
India growth (%)	0.1	0.1	0.1	0.1
America growth (%)	0.6	0.1	0.1	0.1
Europe growth (%)	0.1	0.1	0.1	0.1
EBITDA margin (%)	17.4	18.4	21.0	20.5
Net profit margin (%)	3.9	6.3	8.9	8.9
Revenue growth (% YoY)	8.2	7.4	8.3	8.3
EBITDA growth (% YoY)	47.2	13.8	23.1	5.8
Adj. profit growth (%)	6,193.1	73.4	53.2	7.5

Assumptions (%)

Year to March	FY25A	FY26E	FY27E	FY28E
GDP (YoY %)	6.5	6.0	6.5	7.0
Repo rate (%)	6.3	5.0	5.0	5.5
USD/INR (average)	84.6	86.5	86.0	85.5
LATAM growth (%)	0	0.1	0.1	0.1
RoW growth (%)	0	0.1	0.1	0.1
Gross margin (%)	0.5	0.5	0.5	0.5
Net Debt/EBITDA (x)	1.7	1.8	1.1	0.7

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	29.5	17.0	11.1	10.3
Price/BV (x)	1.7	1.5	1.4	1.2
EV/EBITDA (x)	8.4	7.7	5.9	5.2
Dividend yield (%)	0.9	1.4	2.2	2.4

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	1,590	1,590	1,590	1,590
Reserves	3,20,400	3,51,415	3,92,153	4,32,436
Shareholders funds	3,21,990	3,53,005	3,93,743	4,34,026
Minority interest	56,270	64,781	77,818	91,840
Borrowings	2,37,140	2,22,140	2,02,140	1,82,140
Trade payables	1,08,670	1,16,531	1,26,176	1,36,634
Other liabs & prov	25,940	25,755	25,963	26,188
Total liabilities	8,80,020	8,44,468	8,94,185	9,43,947
Net block	81,070	74,062	75,361	72,517
Intangible assets	3,15,840	3,15,840	3,15,840	3,15,840
Capital WIP	6,150	6,150	6,150	6,150
Total fixed assets	4,03,060	3,96,052	3,97,351	3,94,507
Non current inv	20,080	20,080	20,080	20,080
Cash/cash equivalent	95,370	53,300	71,497	93,340
Sundry debtors	1,55,050	1,56,589	1,69,550	1,83,602
Loans & advances	460	1,228	787	852
Other assets	1,79,160	1,94,007	2,08,364	2,22,843
Total assets	8,80,020	8,44,468	8,94,185	9,43,947

Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	12,920	38,686	59,261	63,735
Add: Depreciation	27,500	28,158	29,851	33,994
Interest (net of tax)	36,270	22,745	18,032	15,371
Others	(13,710)	3,612	(3,363)	(2,185)
Less: Changes in WC	41,410	(77,215)	(10,917)	(13,119)
Operating cash flow	1,04,390	15,985	92,864	97,795
Less: Capex	(23,000)	(21,150)	(31,150)	(31,150)
Free cash flow	81,390	(5,165)	61,714	66,645

Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	3.0	9.4	13.0	12.6
RoCE (%)	9.5	11.0	13.6	13.3
Inventory days	174	166	183	183
Receivable days	125	114	110	110
Payable days	200	164	170	170
Working cap (% sales)	50.1	47.8	47.9	47.7
Gross debt/equity (x)	0.6	0.5	0.4	0.3
Net debt/equity (x)	0.4	0.4	0.3	0.2
Interest coverage (x)	1.5	2.8	4.7	5.6

Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	5,836.9	73.4	53.2	7.5
RoE (%)	3.0	9.4	13.0	12.6
EBITDA growth (%)	47.2	13.8	23.1	5.8
Payout ratio (%)	53.2	24.4	24.4	24.4

Exhibit 1: Quarterly financial snapshot

Financial snapshot - (Consolidated)								(INR mn)
Year to March	1QFY26	1QFY25	% YOY	4QFY25	% QoQ	FY26E	FY27E	FY28E
Revenues	92,160	90,670	1.6	1,55,730	(40.8)	5,01,084	5,42,559	5,87,526
Raw material	41,690	45,200	(7.8)	85,510	(51.2)	2,50,542	2,60,428	2,82,013
Staff costs	13,220	13,370	(1.1)	14,510	(8.9)	58,399	62,195	66,238
Other expenditure	24,220	20,640	17.3	23,340	3.8	99,734	1,06,216	1,18,962
Total expenditure	79,130	79,210	(0.1)	1,23,360	(35.9)	4,08,675	4,28,839	4,67,212
EBITDA	13,030	11,460	13.7	32,370	(59.7)	92,410	1,13,719	1,20,314
Depreciation	7,310	6,600	10.8	7,050	3.7	28,158	29,851	33,994
EBIT	5,720	4,860		25,320		64,252	83,868	86,320
Less: Interest Expense	10,070	9,130	10.3	9,140	10.2	22,745	18,032	15,371
Add: Other income	1,430	980	45.9	1,070	33.6	5,103	5,562	5,840
Profit Before Tax	-2,920	-3,290	(11.2)	17,250	(116.9)	46,610	71,399	76,789
Less: Provision for Tax	-140	720	(119.4)	2,980		7,924	12,138	13,054
Less: Minority Interest	-880	-1,430	(38.5)	1,830	(148.1)	7,041	10,785	11,600
Add: Share of profit from associates	180	-320		-270		0	0	0
Add: Exceptional items (net of tax)	840	-940		-3,210		0	0	0
Reported Profit	-880	-3,840	(77.1)	8,960	(109.8)	31,645	48,475	52,135
Adjusted Profit	-1,033	-4,611	(77.6)	6,644	(115.6)	31,645	48,475	52,135
Equity capital (FV INR 2)	1,590	1,500		1,590		1,590	1,590	1,590
No. of Diluted shares outstanding (mn)	795	750		795		795	795	795
Adjusted Diluted EPS	(1.3)	(6.1)	(78.9)	8.4	(115.6)	39.8	61.0	65.6
As % of net revenues								
Raw material	45.2	49.9	(461.5)	54.9	(967.3)	50.0	48.0	48.0
Staff expenses	14.3	14.7		9.3		11.7	11.5	11.3
Other expenses	26.3	22.8		15.0		19.9	19.6	20.2
EBITDA	14.1	12.6	149.9	20.8	(664.8)	18.4	21.0	20.5
Net profit	(1.1)	(5.1)	396.5	4.3		6.3	8.9	8.9

Source: Company, Nuvama Research

Q1FY26 conference call takeaways

UPL Corp

- Revenue declined ~3% YoY as volumes dropped ~4% and price fell ~1%, partially offset by a ~2% FX tailwind.
- Brazil insecticide business (e.g. Sperto®, Yellow Insecticide) faced seasonal and pricing pressures, impacting performance.
- North America and Europe delivered resilient growth supported by improved mix, higher utilisation and reduced input costs.

UPL SAS

- Revenue grew ~13% with ~9% volume growth and ~4% pricing gain.
- Herbicide demand strong buoyed by Centurion® EZ, Canora® EZ launches and favourable seasonality.
- Margin uplift driven by mix benefits and steady pricing.

Advanta

- Revenue rose ~20% with ~12% volume and ~7% price gains, and ~1% FX tailwind.
- Corn demand strong in India and Thailand; grain sorghum and sunflower robust in Argentina.
- Higher contribution supported despite one-time new market investments; seed pipeline remains promising.
- UPL is not averse to inorganic growth. Nufarms seed business is currently going through litigations regarding intellectual property. Management refrained from commenting about their intent to acquire those assets.

Global and Regional Commentary

- Consolidated revenue grew ~2% YoY led by India (+17%), North America and Europe (+8%), offset by Latin America (-10%) and RoW (-21%).
- Pricing gains (~1%) and FX (~2%) supported the slight top-line growth; volume edged down ~1% YoY due to Latin America softness.
- Contribution margin expanded ~390bp to ~43%, fuelled by product mix, utilisation and lower raw-material costs.

Balance sheet

- Net Working Capital improved from 121 to 86 days, with inventory at 110 days, receivables at 129 days, payables at 152 days, and NWC reduced by ~INR33bn.
- Receivables factoring reduced slightly to ~USD693mn (INR59.4bn); used non-recourse to mitigate risk.
- Net debt down to INR213.7bn (~USD2.49bn), a YoY reduction of ~INR61.3bn, although QoQ higher due to bond redemption and seasonal WC. Debt/equity improved to ~0.6x; debt/EBITDA to ~2.6x.
- No formal debt guidance, but the company's confident of reduction trajectory.
- Repaid USD400mn (INR33.2bn) perpetual bonds in May 2025.

- Prepaid USD250mn (INR ~20.8bn) loan obligation due in Sep 2025.
- Will raise ~INR16.88bn (INR16.88bn) via a second and final call on the rights issue.
- Represents 50% of issue price of INR360/share.
- Of this, INR180 face value + INR379 share premium.
- Record date set for today (Aug 1, 2025).
- Company expects to receive funds by end of September.
- Cash position remains comfortable, even after bond repayment.
- Net debt expected to be lower YoY despite the Q1 seasonal increase.
- Clear focus on deleveraging balance sheet over one–two years.
- Current leverage (net debt/EBITDA at 2.6x) seen as sustainable.
- Will continue exploring inorganic acquisitions, without compromising leverage

Guidance and capex

- No fresh guidance issued; reaffirmed FY26 targets: Revenue growth 4–8% and EBITDA growth 10–14%.
- Full-year effective tax rate guided at 15–17%, subject to mix.
- Capex ramping toward new molecules (USD130mn incremental revenue expected in H2); acquisitions under evaluation, with focus on deleveraging.

Others

- FX & Hedging: Brazil incurred higher hedging costs; strategy remains fully hedged with impact passed through. Short-term FX policy robust.
- SG&A elevated in Q1 due to Brazil restructuring; expected normalisation in H2.
- Commodity Markets: China oversupply continues to pressure AI prices, though some pricing gains on mancozeb, metribuzin and S-Metalachlor observed.
- Macro Outlook: U.S. and Brazil crop economics improving; mixed weather in Europe impacting fungicide demand; overall cautious optimism.

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 realisation 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	
Vanguard Group	4.32	Pzena investmen	1.25
Massachusetts F	3.63	Lazard	1.24
ICICI Prulife	3.17	Franklin Resour	1.09
Blackrock	2.67	Dimensional Fun	1.09
Seafarer capita	1.26	Mirae Asset fin	1.04

*Latest public data

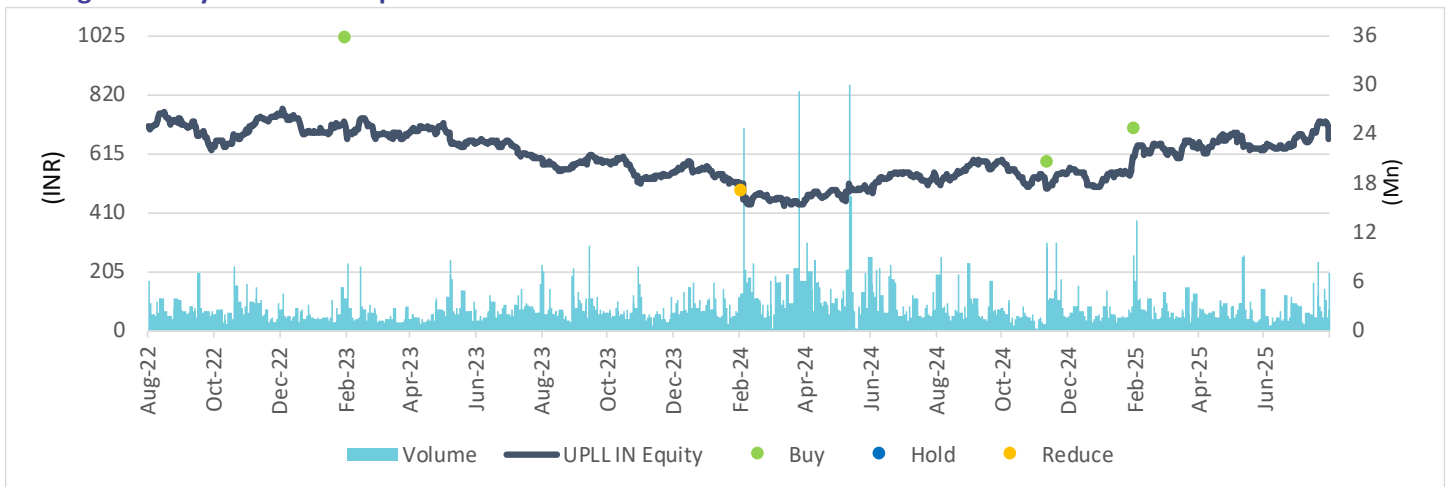
Recent Company Research

Date	Title	Price	Reco
12-May-25	Achieves growth and prudence; <i>Result Update</i>	676	Buy
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

Recent Sector Research

Date	Name of Co./Sector	Title
01-Aug-25	Dhanuka Agritech	Modest showing; <i>Result Update</i>
26-Jul-25	Coromandel Int'l	Solid quarter beats expectation; <i>Result Update</i>
25-Jul-25	Sharda Cropchem	Promising yet unsustainable start; <i>Result 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%	202
Hold	<15% and >-5%	66
Reduce	<-5%	36

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