UPL Ltd

03 August 2026

Strategic Execution Supports Long-term Growth

RESULT UPDATE

Sector: Chemicals	**Rating: HOLD**
CMP: Rs 625	**Target Price: Rs 670**

Stock Info

Sensex/Nifty	78,639/ 24,774
Bloomberg	UPLL IN
Equity shares (mn)	844
52-wk High/Low	Rs 812/ 563
Face value	Rs 2
M-Cap	Rs 523.1bn/ USD 5.3bn
3-m Avg trading value	USD 15.1mn

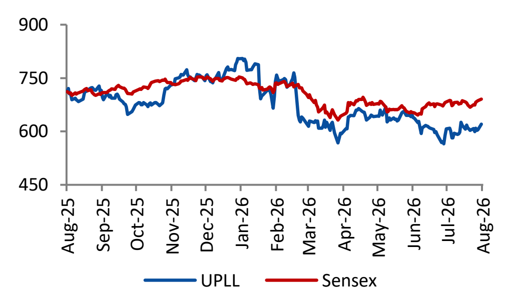
Financial Snapshot (Rs mn)

Y/E Mar	FY26	FY27E	FY28E
Net sales	518.4	562.7	610.7
EBITDA	92.7	104.1	116.0
PAT (adj.)	22.7	35.5	47.6
EPS (adj.) (Rs)	30.3	44.7	56.4
PE (x)	20.5	13.9	11.0
P/B (x)	1.5	1.4	1.6
EV/EBITDA (x)	8.2	6.5	5.7
RoE (%)	6.5	9.3	14.3
RoCE (%)	10.2	12.3	15.6
D/E (x)	0.4	0.3	0.3
OPM (%)	17.9	18.5	19.0
DPS (Rs)	10.0	10.0	10.0
Dividend payout (%)	33.0	22.4	17.7

Shareholding Pattern (%)

	Jun-26	Mar-26	Dec-25
Promoter	33.5	33.5	33.5
–Pledged	-	-	-
FII	42.4	41.8	38.8
DII	15.7	16.0	18.9
Others	8.4	8.7	8.8

Stock Performance (1-year)



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UPL delivered a resilient performance in 1QFY27, reporting its seventh consecutive quarter of revenue and EBITDA growth despite a challenging operating environment marked by weather disruptions and geopolitical uncertainties Revenue growth was supported by disciplined pricing actions, favorable currency movements and growth across segments, while profitability improved on the back of contribution margin expansion, better product mix and lower finance costs.

Result highlights: Revenue increased 10.5% YoY to Rs 101.8bn, broadly in line with our estimate of Rs 101.4bn, driven by 3% pricing growth and favourable currency movements, partly offset by a 3% decline in volumes. EBITDA increased 11.3% YoY to Rs 14.5bn, 5% above our estimate of Rs 14.2bn, The company reported a PAT of Rs 0.1bn, compared with a loss of Rs 0.9bn in 1QFY26, driven by EBITDA growth, lower net finance costs and favourable net exchange differences.

Regional Performance: Latin America revenue increased 5% YoY to Rs 22.7bn, driven by strong demand in Brazil for acephate and clethodim, partly offset by weaker performance in other LATAM markets and supported by favourable forex. North America revenue rose 11% YoY to Rs 13.0bn, led by robust herbicide (S-metolachlor) and fungicide volumes. Europe reported 2% YoY growth to Rs 14.3bn, with favourable currency partly offsetting adverse weather and lower sulphur volumes in the NPP business. Rest of the World revenue increased 8% YoY to Rs 12.9bn, supported by strong growth in Indonesia and the broader Asia-Pacific region, partially offset by weaker demand in Africa.

Growth across operating platforms supported earnings: 1) UPL Corp reported 7% YoY revenue growth to Rs 63.7bn, while EBITDA increased 38% YoY to Rs 5.3bn, supported by pricing, favourable product mix and currency benefits despite weather-led volume weakness. 2) UPL SAS revenue remained flat at Rs 11.4bn, as pricing gains offset lower monsoon-led volumes, while EBITDA increased 34% YoY to Rs 3.4bn on improved pricing and product mix. 3) Advanta delivered the strongest performance, with revenue increasing 26% YoY to Rs 17.5bn and EBITDA rising 24% YoY to Rs 3.6bn, driven by strong seed demand across key markets. 4) SUPERFORM reported 14% YoY revenue growth to Rs 29.2bn, led by specialty chemicals pricing, while EBITDA increased 7% YoY to Rs 3.6bn, partly offset by planned investments and higher operating overheads.

Strategic execution remained on track, with continued progress on the Advanta IPO, crop protection business reorganisation and deleveraging. Gross debt declined by US$111mn YoY to US$3.02bn, improving net debt-to-EBITDA to 2.4x (vs. 2.6x in 1QFY26) despite seasonal working capital expansion, planned Capex and strategic investments. The company reaffirmed its FY27 guidance of 7–11% revenue growth and 10–14% EBITDA growth, supported by its diversified global footprint, backward-integrated manufacturing base and innovation pipeline.

Valuation and view: UPL delivered a resilient start to FY27, with earnings broadly in line with expectations and continued improvement in profitability despite a challenging operating environment. However, near-term growth remains constrained by weather-related volume pressures, uncertain global demand and geopolitical risks. We maintain our Hold rating with updated price target of Rs 670 implying 5.7x FY28E EBITDA.

Investors are advised to refer disclosures made at the end of the research report.

Exhibit 1: Quarterly snapshot

(Rs mn)	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	QoQ (%)	YoY (%)
Net Sales	**1,10,900**	**1,09,070**	**1,55,730**	**92,160**	**1,20,190**	**1,22,690**	**1,83,350**	**1,01,810**	**(44.5)**	**10.5**
Raw material costs	58,230	53,290	85,510	41,690	57,530	58,460	1,01,230	43,150	(57.4)	3.5
% of sales	*52.5*	*48.9*	*54.9*	*45.2*	*47.9*	*47.6*	*55.2*	*42.4*		
Employee costs	13,370	11,840	14,510	13,220	14,660	13,790	16,400	15,270	(6.9)	15.5
% of sales	*12.1*	*10.9*	*9.3*	*14.3*	*12.2*	*11.2*	*8.9*	*15.0*		
Other expenses	23,550	22,320	23,340	24,220	25,950	26,110	29,250	28,390	(2.9)	17.2
% of sales	*21.2*	*20.5*	*15.0*	*26.3*	*21.6*	*21.3*	*16.0*	*27.9*		
EBITDA	**15,750**	**21,620**	**32,370**	**13,030**	**22,050**	**24,330**	**36,470**	**15,000**	(58.9)	15.1
EBITDA Margin (%)	*14.2*	*19.8*	*20.8*	*14.1*	*18.3*	*19.8*	*19.9*	*14.7*		
Other income	1,110	1,700	1,070	1,430	2,500	920	1,780	2,170	21.9	51.7
% of sales	*1.0*	*1.6*	*0.7*	*1.6*	*2.1*	*0.7*	*1.0*	*2.1*		
Depreciation	6,970	6,880	7,050	7,310	7,710	8,270	9,150	8,320	(9.1)	13.8
Finance costs	9,190	8,280	8,750	7,360	7,530	7,000	8,840	7,590	(14.1)	3.1
Exceptional Item	3,820	1,840	3,600	1,870	930	2,460	570	1,520		
PBT	**(3,120)**	**6,320**	**14,040**	**(2,080)**	**8,380**	**7,520**	**19,690**	**(260)**	(101.3)	(87.5)
% of sales	*(2.8)*	*5.8*	*9.0*	*(2.3)*	*7.0*	*6.1*	*10.7*	*(0.3)*		
Tax	1,380	(4,990)	2,980	(140)	1,720	1,810	5,980	(360)	(106.0)	157.1
Tax Rate (%)	*(44.2)*	*(79.0)*	*21.2*	*6.7*	*20.5*	*24.1*	*30.4*	*138.5*		
PAT before MI/Share of asso)	(4,500)	11,310	11,060	(1,940)	6,660	5,710	13,710	100	(99.3)	(105.2)
Minority	70	(3,030)	(2,100)	1,060	(1,130)	(1,750)	(3,100)	-		
PAT Reported	**(4,430)**	**8,280**	**8,960**	**(880)**	**5,530**	**3,960**	**10,610**	**100**	(99.1)	(111.4)
PAT (adj)	**(2,120)**	**11,100**	**12,170**	**(1,720)**	**6,150**	**5,680**	**11,660**	**690**	(94.1)	(140.1)
PAT Margin (%)	*(1.9)*	*10.2*	*7.8*	*(1.9)*	*5.1*	*4.6*	*6.4*	*0.7*		
EPS (Rs)	**(5.6)**	**10.4**	**11.3**	**(1.1)**	**6.5**	**4.7**	**12.6**	**0.1**		
EPS (adj)	**(2.7)**	**14.0**	**15.3**	**(2.2)**	**7.3**	**6.7**	**13.8**	**0.8**	(94.1)	(137.7)

Source: Company, Systematix Research

Exhibit 2: Segmental Performance

(Rs mn)	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	QoQ (%)/bps	YoY (%)/bps
Revenue										
Crop Protection	94,480	94,340	1,31,230	72,460	97,360	99,950	1,54,220	76,590	(0.5)	0.1
Seeds & Post Harvest	11,130	10,090	18,120	14,050	16,760	15,620	21,870	17,500	(0.2)	0.2
Non Agro	5,990	5,050	6,820	6,390	6,550	7,350	7,740	8,480	0.1	0.3
EBIT										
Crop Protection	7,160	14,170	23,930	6,420	11,130	15,600	24,230	6,770	(0.7)	0.1
Seeds & Post Harvest	1,950	1,640	4,420	2,260	3,410	2,380	6,200	2,880	(0.5)	0.3
Non Agro	580	270	630	1,170	1,110	870	290	1,459	4.0	0.2
EBIT Margins (%)										
Crop Protection	7.6	15.0	18.2	8.9	11.4	15.6	15.7	8.8	(687)	(2)
Seeds & Post Harvest	2.1	1.7	3.4	3.1	3.5	2.4	4.0	3.8	(26)	64
Non Agro	0.6	0.3	0.5	1.6	1.1	0.9	0.2	1.9	172	29

Source: Company, Systematix Research

Exhibit 3: Change in estimate

(Rs mn)	New Estimates		Old Estimates		Variance	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue	5,62,665	6,10,746	5,62,665	6,10,746	0.0%	0.0%
EBITDA	1,04,093	1,16,042	1,04,093	1,16,042	0.0%	0.0%
EBITDA Margin	18.50	19.00	18.50	19.00		
PAT	35,518	47,632	35,518	47,632	0.0%	0.0%
EPS	44.7	56.4	44.7	56.4	0.0%	0.0%

Source: Company, Systematix Research

Appendix: Key takeaways from the 1QFY27

- **Industry & Macro Environment:** The quarter was characterised by continued geopolitical volatility, weather disruptions and pressure on global farm economics. The West Asia conflict kept raw material costs and supply chains volatile, while El Niño-related planting delays across India, Europe and the US shifted demand into subsequent quarters. Diversified sourcing, backward integration and index-linked procurement contracts helped mitigate supply disruptions. The impact of the Russia–Ukraine conflict has largely stabilised, while the Middle East conflict remains the primary source of supply chain and input cost volatility.

- **Corporate Developments:** The company received SEBI approval for the Advanta IPO during the quarter, marking an important milestone in unlocking value from the seeds business, although further comments remain subject to regulatory timelines. It also obtained CCI approval and exchange clearances for the crop protection business reorganisation, keeping the formation of a single global crop protection platform on track. CARE Ratings upgraded UPL's long-term rating to CARE A+ (Stable), reflecting the strengthening credit profile.

- **Regional Performance: Growth remained broad-based across most regions despite weather-related challenges:** North America reported 18% revenue growth, supported by herbicides, fungicides and aquatics. India grew 15%, as stronger pricing offset delayed monsoon-related weakness in crop protection, while seeds and specialty chemicals delivered healthy growth. Latin America grew 8%, led by Brazil, although Argentina remained weak following the conscious exit from lower-quality business. Europe reported 4% growth, with pricing discipline and favourable currency offsetting weather-driven volume weakness. The Rest of the World grew 7%, driven by Indonesia and South Asia.

- **Global Crop Protection:** Volume softness primarily reflected delayed customer purchases and adverse weather rather than underlying demand weakness. Customers continue to adopt just-in-time inventory practices, with channel inventories remaining tightly managed following the industry-wide correction witnessed in FY24. Volume growth is expected to improve over the remainder of FY27, supported by seasonal demand recovery, market share gains achieved over the past two years and increasing contribution from new launches. Industry demand is expected to remain broadly flat to slightly positive during FY27.

- **Pricing & Margin Outlook:** Early pricing actions implemented following the escalation in Middle East-related raw material costs supported contribution margin expansion across businesses. Price increases were implemented ahead of peers, with competitors now gradually following similar pricing actions. Current price increases largely compensate for higher input costs rather than representing structural pricing gains, and no meaningful price reversals are expected during FY27. Margin expansion is expected to continue through favourable product mix, disciplined pricing, operational efficiency and improved portfolio quality.

- **India Crop Protection:** Revenue remained broadly stable as higher pricing offset delayed monsoon-related volume weakness. EBITDA increased driven by improved product mix, premium brand sales and pricing discipline. The exceptionally strong ~30% EBITDA margin in Q1 is not representative of the full year, as nearly 65% of annual revenues are generated during H1, while operating costs remain evenly distributed across the year. In addition, price increases were implemented before higher replacement costs fully flowed into inventory. Margins are therefore expected to normalise during subsequent quarters, although full-year profitability should remain materially above FY26 levels.

- **Advanta (Seeds):** Advanta growth supported by disciplined commercial execution, early-season channel placements and a diversified geographic portfolio. Growth was driven by corn across India, Latin America and Indonesia, rice in India, and a strong start to pumpkin and potato seeds in the US. The post-harvest business continued gaining market share despite El Niño-related disruptions. The seeds platform is expected to remain one of the key growth drivers during FY27.

- **Working Capital & Balance Sheet:** Gross debt reduced by over US$100mn during the quarter despite seasonal working capital build-up. Net debt in US dollar terms remained broadly stable due to planned CapEx and strategic investments, while the increase in reported rupee debt was entirely attributable to currency translation following rupee depreciation. Net debt-to-EBITDA improved to 2.4x from 2.6x a year ago, keeping the company on track towards its medium-term target of below 1.5x. Net working capital increased to 110 days, reflecting higher inventories due to seasonal stocking and elevated replacement costs, along with higher receivables following delayed seed sales and weather-related disruptions in Europe.

- **Inventory & Supply Chain:** Inventory management remains disciplined, with raw materials accounting for approximately 45% of total inventories, providing roughly 90 days of production cover. Channel inventory continues to be tightly managed, with customers encouraged to maintain lean inventory levels to avoid a repeat of the industry-wide destocking experienced during FY24. The just-in-time procurement model is expected to continue across key markets.

- **FY27 Outlook:** Growth over the remainder of FY27 is expected to be volume-led, supported by seasonal demand recovery, stronger order books, continued market share gains and increasing contribution from new product launches. Although weather, geopolitical developments and currency movements remain key variables, the diversified geographic footprint, backward-integrated manufacturing base, innovation pipeline and disciplined capital allocation provide confidence in achieving the company's FY27 guidance while continuing to improve margins and deleverage the balance sheet.

- **Guidance:** The company reiterated its FY27 guidance of 7–11% revenue growth and 10–14% EBITDA growth, while remaining cautious on geopolitical developments and weather-related uncertainties.

- **Latin America Outlook:** Brazil continues to remain the key growth engine for the international crop protection business, with order books for the upcoming soybean season progressing as expected despite customers delaying purchases until closer to the planting season. Argentina remained weak during the quarter, largely reflecting the company's conscious decision to exit lower-margin business and improve portfolio quality, while Colombia also witnessed softer demand. The company expects both Brazil and the broader Latin American business to improve over the coming quarters as seasonal demand strengthens, while industry pricing has also started moving upward following earlier price increases implemented by UPL.

- **Capital Allocation & Strategic Investments:** Capital allocation continues to prioritise deleveraging while selectively investing in strategic growth opportunities. During the quarter, the company invested additional capital in Sinova, its associate in Brazil, Despite these investments and seasonal working capital requirements, leverage continued to improve, reflecting disciplined cash management and a sustained focus on strengthening the balance sheet alongside funding long-term growth initiatives.

FINANCIALS

Profit & Loss Statement

YE: Mar (Rs mn)	FY24	FY25	FY26	FY27E	FY28E
Net revenues	**4,30,980**	**4,66,370**	**5,18,390**	**5,62,665**	**6,10,746**
Revenue growth (%)	(19.6)	8.2	11.2	8.5	8.5
- Op. expenses	3,74,920	3,82,770	4,25,670	4,58,572	4,94,705
EBITDA (Excl. OI)	**56,060**	**83,600**	**92,720**	**1,04,093**	**1,16,042**
EBITDA margins (%)	13.0	17.9	17.9	18.5	19.0
- Interest expenses	35,380	34,360	34,010	30,076	25,762
- depreciation	27,630	27,500	32,440	31,242	33,185
+ Other income	4,830	4,860	6,630	6,752	7,329
- tax	(2,090)	90	9,370	5,223	7,376
Effective tax rate (%)	11.3	0.7	16.0	16.0	16.0
Reported PAT	**(12,000)**	**8,970**	**19,220**	**21,338**	**32,241**
+/- Extraordinary items	16,330	13,590	(610)	16,880	18,322
+/- Minority interest	(6,780)	(770)	2,980	4,145	4,545
Adjusted PAT	**2,480**	**22,466**	**22,716**	**35,518**	**47,632**
EPS (Rs/share)	**3.3**	**30.0**	**30.3**	**44.7**	**56.4**

Source: Company, Systematix Research

Balance Sheet

YE: Mar (Rs mn)	FY24	FY25	FY26	FY27E	FY28E
Share capital	1,500	1,590	1,690	1,690	1,690
Reserves & Surplus	2,46,570	2,90,540	3,45,270	3,81,410	3,30,555
Networth	**2,48,070**	**2,92,130**	**3,46,960**	**3,83,100**	**3,32,245**
Minority interest	49,130	56,270	65,730	71,815	78,300
Total debt	**3,14,240**	**2,67,000**	**2,20,460**	**1,71,863**	**1,47,210**
Def. tax liab. (net)	24,060	19,900	21,790	21,790	21,790
Capital employed	**6,35,500**	**6,35,300**	**6,54,940**	**6,48,567**	**5,79,544**
Net fixed assets	1,88,720	1,84,090	1,91,990	1,66,711	1,60,519
Investments	12,380	13,940	12,620	12,620	12,620
Net working capital	1,34,460	1,49,540	1,85,320	1,61,862	1,17,129
Cash and bank balance	1,63,540	1,55,050	1,78,740	1,84,986	1,75,694
Capital deployed	**6,35,500**	**6,35,300**	**6,54,940**	**6,48,567**	**5,79,544**
Net debt	2,38,890	1,54,490	1,40,640	1,06,202	95,654
WC (days)	70	37	36	63	29
DE (x)	0.9	0.5	0.4	0.3	0.3

Source: Company, Systematix Research

Cash Flow

YE: Mar (Rs mn)	FY24	FY25	FY26	FY27E	FY28E
PAT	(16,360)	12,920	24,140	27,423	38,726
Non cash items	27,630	27,500	32,440	31,242	33,185
Cash profit	**11,270**	**40,420**	**56,580**	**58,666**	**71,910**
Incr/(Decr) in WC	(17,570)	28,880	(12,180)	(39,020)	48,726
Operating CF	(6,300)	69,300	44,400	19,646	1,20,637
Capex	(31,904)	(26,013)	(55,404)	(26,207)	(26,994)
Free cash flow	**(38,204)**	**43,287**	**(11,004)**	**(6,561)**	**93,643**
Dividend	(750)	(7,950)	(8,450)	(8,450)	(8,450)
Equity raised	-	-	(29,760)	-	(56,606)
Debt raised	54,390	(47,240)	(46,540)	(48,597)	(24,653)
Investments	2,510	(2,150)	(1,820)	-	-
Misc. items	(18,556)	49,063	5,000	1,07,514	(18,039)
Net Change	**(610)**	**35,010**	**(92,574)**	**43,905**	**(14,106)**
Opening Cash	60,970	60,360	95,370	2,796	46,701
Closing Cash	60,360	95,370	2,796	46,701	32,595

Source: Company, Systematix Research

Ratios

YE: Mar	FY24	FY25	FY26	FY27E	FY28E
P/E (x)	-	20.7	20.5	13.9	11.0
P/BV (x)	1.9	1.7	1.5	1.4	1.6
EV/EBITDA (x)	12.1	8.2	8.2	6.5	5.7
RoE (%)	0.9	7.0	6.5	9.3	14.3
RoCE (%)	5.2	9.6	10.2	12.3	15.6
Fixed asset turnover (x)	0.5	0.5	0.5	0.6	0.7
DPS (Rs)	750.0	7,950.0	8,450.0	8,450.0	8,450.0
Dividend (%)	50.0	500.0	500.0	500.0	500.0
Dividend yield (%)	0.2	1.6	1.6	1.6	1.6
Dividend payout (%)	30.2	33.4	33.0	22.4	17.7
Debtor days	139	121	126	120	105
Creditor days	193	183	198	155	174
Inventory days	124	98	109	98	99
Revenue growth (%)	(19.6)	8.2	11.2	8.5	8.5
EBITDA growth (%)	(50.3)	49.1	10.9	12.3	11.5
PAT growth (%)	(94.5)	805.8	1.1	56.4	34.1

Source: Company, Systematix Research

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Served as an officer, director or employee	No

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NOT RATED (NR): The analyst has no recommendation on the stock under review.

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