



UPL Ltd Q2FY26



UPL Ltd

Broad-based recovery and improving margins underscore a resilient H2 outlook for UPL.

CMP* INR 761	Target INR 813	Potential Upside 6.9%	Market Cap (INR Mn) INR 642,284	Recommendation ACCUMULATE	Sector Specialty Chemicals
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Result Highlights

Revenue:

UPL's consolidated revenue stood at INR 1,20,190 Mn, up 8.4% YoY (+30.4% QoQ), slightly above our estimates (+1.8%), led by improved traction across Latin America and North America, and stable performance in Europe. Growth was volume-driven, aided by normalization of channel inventory and a favorable product mix in key markets.

The India (UPL SAS) business was impacted by erratic monsoons and delayed sowing, but new product launches and improved pricing in herbicides cushioned the decline.

UPL Corp reported strong recovery in Brazil and North America, supported by higher off-take in fungicides and differentiated formulations.

Margins and Profitability:

EBITDA rose 34.3% YoY (+55.1% QoQ) to INR 23,190 Mn, with margins expanding 372 bps YoY to 19.3%, driven by cost efficiencies, operating leverage, and better realization in the high-margin specialty portfolio.

Adjusted PAT came in at INR 5,310 Mn, reflecting strong turnaround in operating performance and lower finance costs (down 26.7% YoY).

Gross margin improvement was led by easing raw material prices and higher contribution from Advanta and Superform segments.

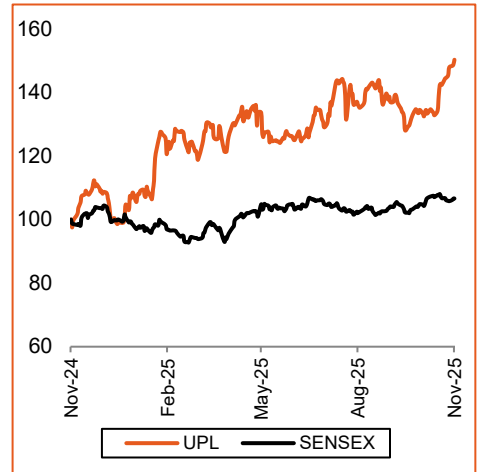
Guidance and Commentary: UPL reiterated its FY26E guidance, targeting 4–8% revenue growth and 10–14% EBITDA growth, with performance expected to be back-ended in H2FY26E. The company guided for a sustainable group-level effective tax rate of 15–17%, reflecting a balanced regional mix and improved profitability.

Management expects a stronger H2FY26E, driven by ~USD 130 Mn in incremental revenue from new product launches, normalization of LATAM channel inventory, and margin tailwinds from low-cost inventory, higher utilization, and favorable mix. Seasonally stronger demand, reduced exceptional items, and stable hedging outcomes are expected to support earnings acceleration and margin resilience through the second half.

Valuation and Outlook: UPL is well-positioned to deliver a stronger H2FY26, supported by normalization in LATAM demand, robust growth momentum in North America, and margin tailwinds from low-cost inventory and improved product mix. The India business is expected to recover with seasonal strength and traction from new launches, while continued focus on deleveraging and cost optimization should sustain profitability improvement through FY26E.

We value UPL Ltd at a 15.0x Sept'27 EPS, implying a target price of INR 813, as we roll forward our valuation to Q2FY28E. Accordingly, we maintain our "ACCUMULATE" rating on the shares of UPL Ltd.

SHARE PRICE PERFORMANCE



MARKET DATA

Shares outs (Mn.)	844
Mkt Cap (INR Mn.)	642,284
52-Week H/L (INR)	759/485

*Based on previous closing

Note: All the market data is as of previous closing

SHARE HOLDING PATTERN (%)

Particulars (%)	Sept-25	Jun-25	Mar-25
Promoters	33.5	33.5	33.5
FIIIs	37.0	34.9	34.2
DIIIs	17.2	18.1	18.6
Others	12.3	13.5	13.7
Total	100	100	100

9.0%

Revenue CAGR
between FY25-27E

63.6%

Adj PAT CAGR
between FY25-27E

KEY FINANCIALS

INR Millions	FY24	FY25	FY26E	FY27E	FY28E
Revenue	4,30,980	4,66,370	5,02,772	5,54,382	6,04,439
EBITDA	56,060	83,600	99,410	1,11,338	1,21,383
EBITDA Margin	13.0%	17.9%	19.8%	20.1%	20.1%
Adj PAT	(8,570)	15,450	31,131	41,364	51,970
Adj EPS	(10.1)	18.3	36.9	49.0	61.5

Source: Company, DevenChoksey Research

UPL Ltd

Key Concall Highlights:

Regional Performance

- Revenue from Latin America grew 12.9% YoY, driven by robust fungicide demand in Brazil and partial recovery in Argentina. Growth was led by brands such as Mancozeb and Feroci, offsetting pricing pressure in Sperto due to generic competition. Improved channel health and early planting momentum supported order book expansion (+20% YoY).
- Revenue from North America grew 62.5% YoY, benefiting from strong herbicide volumes, particularly in Metribuzin, Esmetolachlor, and Glufosinate. The post-patent portfolio gained share, supported by restocking and launch of differentiated and sustainable solutions.
- Revenue from Europe remained flat YoY, impacted by normalization of fungicide sales post an exceptionally wet FY25 season. Strength in core markets—Germany, Italy, Spain, and France—was offset by softness in Turkey. Growth is expected to resume in H2FY26.
- Revenue from India grew 5.7% YoY, impacted by erratic monsoon conditions that delayed sowing and lowered herbicide usage. However, EBITDA grew 2% YoY, aided by 270 bps margin expansion to 22.7% driven by better mix and new product launches. Products like Centurion EZ and Canora EZ gained early market traction and are expected to scale up in Rabi FY26. Channel inventory was managed prudently, with normal sales returns anticipated for the remainder of the year. Management emphasized ongoing mix improvement, margin focus, and synergies with Advanta's seed platform to strengthen India's crop protection franchise.

Advanta

- Revenue grew 29% YoY, led by 14% volume growth in the seeds business, particularly in Corn, Sunflower, and Sorghum across India, LATAM, and Indonesia.
- EBITDA grew 57% YoY, supported by robust performance in seed and post-harvest platforms. The integration of Decco (post-harvest business) is expected to yield synergies in operations, R&D, and distribution over the next few quarters.

UPL Corp

- The Global Crop Protection business (UPL Corp) delivered 27% YoY revenue growth, driven by strong volumes in North America and Latin America. Contribution margin expanded 400 bps YoY to 35.1%, led by improved mix, lower input costs, and higher plant utilization. EBITDA rose 69% YoY, with margins improving nearly 500 bps, reflecting operational leverage.
- The management highlighted that global channel inventories are now normalized, enabling restocking and volume-led recovery. For H2FY26, growth is expected to remain volume-driven, with pricing largely stable and contribution from new product launches likely to exceed USD 130 Mn.

Superform

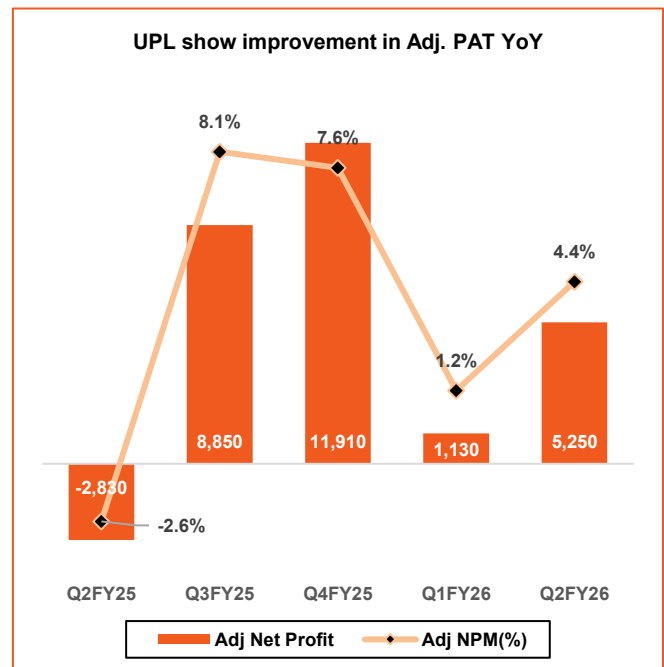
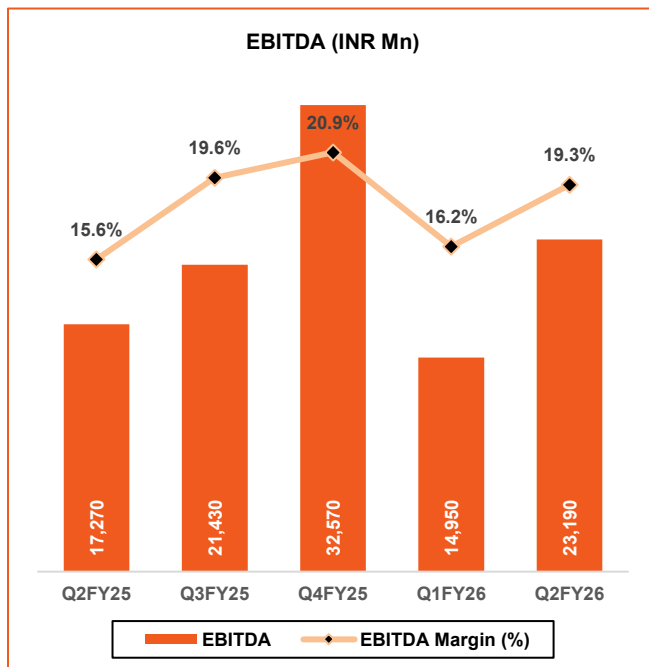
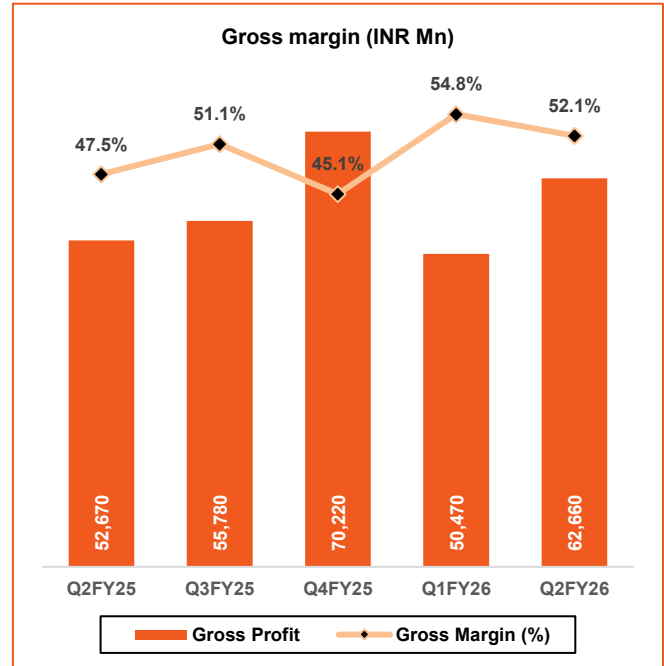
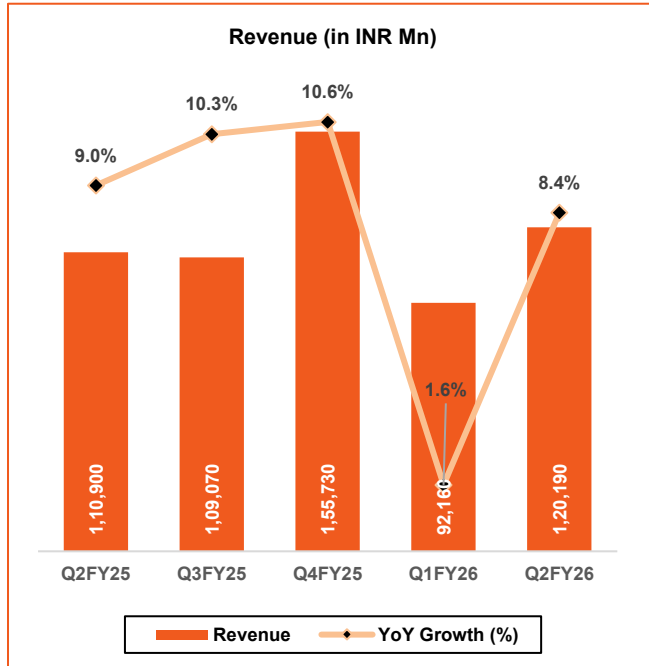
- Revenue remained steady YoY; however, the Super Specialty Chemicals (SSC) vertical grew 18% YoY, increasing its share to 25% of segment revenue (vs. 20% in Q2FY25). EBITDA rose 24% YoY, with 250 bps margin expansion driven by improved product mix and strong traction in contract manufacturing.
- The management targets 30–35% share from specialty chemicals over the next 2–3 years, backed by platform diversification and multi-technology growth (fluorination, phosphorus, sulfur, and H₂S chemistries).

Other Highlights

- Management upgraded FY26 EBITDA growth guidance to 12–16% (from 10–14%) while maintaining 4–8% revenue growth.
- Continued focus on debt reduction, with Net Debt/EBITDA targeted at 1.6–1.8x by FY26-end.
- UPL expects strong H2 momentum, aided by new product launches, margin expansion, and normalized global demand.
- Tariff headwinds in the U.S. are expected to have minimal impact, as most inventory is pre-tariff and mitigation plans (bonded warehouses, local formulation) are in place.
- Capex for FY26 guided at USD 200–225 Mn, split equally between tangible assets and product registrations.

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Story in Charts



Source: Company, DevenChoksey Research

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RESULT SNAPSHOT

Particulars (INR Mn)	Q2FY26	Q1FY26	Q2FY25	Q-o-Q	Y-o-Y
Revenue from operations	1,20,190	92,160	1,10,900	30.4%	8.4%
Total Expenditure	97,000	77,210	93,630	25.6%	3.6%
COGS	57,530	41,690	58,230	38.0%	-1.2%
Employee Cost	14,660	13,220	13,370	10.9%	9.6%
Other Expenses	24,810	22,300	22,030	11.3%	12.6%
EBITDA	23,190	14,950	17,270	55.1%	34.3%
EBITDA Margins (%)	19.3%	16.2%	15.6%	307 bps	372 bps
Depreciation & amortization	7,710	7,310	6,970	5.5%	10.6%
EBIT	15,480	7,640	10,300	102.6%	50.3%
EBIT Margin	12.9%	8.3%	9.3%	459 bps	359 bps
Other Income	2,500	1,430	1,110	74.8%	125.2%
Finance Cost	7,840	10,070	10,700	-22.1%	-26.7%
Impairment of non-current assets	1,140	1,920	1,520	-40.6%	-25.0%
Exchange Difference	2,040	-930	2,230	-319.4%	-8.5%
Exceptional items	-1,420	90	80	-1677.8%	-1875.0%
PBT	8,380	-2,080	-3,120	-502.9%	-368.6%
Tax expense/(credit)	1,720	-140	1,380	-1328.6%	24.6%
Share of Associates & JV	-540	180	-1,350	-400.0%	-60.0%
Minority interest	590	-880	-1,420	-167.0%	-141.5%
PAT	5,530	-880	-4,430	-728.4%	-224.8%
PAT Margin	4.6%	-1.0%	-4.0%	556 bps	860 bps
Adj PAT	5,250	1,130	-2,830	364.6%	-285.5%
Adj PAT Margin	4.4%	1.2%	-2.6%	314 bps	692 bps

Source: Company, DevenChoksey Research

UPL Ltd

Exhibit 1: Profit & Loss Statement

INR Mn	FY25	FY26E	FY27E	FY28E
Revenue	4,66,370	5,02,772	5,54,382	6,04,439
COGS	2,42,230	2,42,697	2,75,547	3,00,455
Gross profit	2,24,140	2,60,074	2,78,836	3,03,984
Employee cost	53,090	54,907	56,799	61,924
Other expenses	87,450	1,05,757	1,10,699	1,20,677
EBITDA	83,600	99,410	1,11,338	1,21,383
Depreciation	27,500	29,283	29,369	29,297
EBIT	56,100	70,127	81,969	92,086
Finance Costs	36,270	31,037	29,455	26,838
Other Income	4,860	8,328	4,989	5,440
PBT	13,010	40,648	54,732	67,666
Tax	90	7,565	9,852	12,180
PAT	8,970	26,341	41,364	51,970
EPS (INR)	10.6	31.2	49.0	61.5
Adj. PAT	15,450	31,131	41,364	51,970
Adj. EPS	18.3	36.9	49.0	61.5

Exhibit 3: Cash Flow Statement

INR Mn	FY25	FY26E	FY27E	FY28E
CFFO	1,01,510	30,976	73,532	95,662
CFFI	(18,400)	(28,030)	(27,530)	(27,030)
CFFF	(47,930)	(51,877)	(53,825)	(51,208)
Net Inc/Dec in cash	35,180	(48,931)	(7,823)	17,424
Opening Cash	59,430	94,780	45,849	38,027
Closing Cash	94,610	45,849	38,027	55,451

Exhibit 4: Key Ratio

INR Mn	FY25	FY26E	FY27E	FY28E
Gross Margin (%)	48.1%	51.7%	50.3%	50.3%
EBITDA Margin (%)	17.9%	19.8%	20.1%	20.1%
ROE%	2.4%	6.3%	9.1%	10.4%
ROCE%	9.1%	11.2%	12.7%	13.6%
Adj. Net Profit Margin (%)	3.3%	6.2%	7.5%	8.6%

Source: Company, DevenChoksey Research

Exhibit 2: Balance Sheet

INR Mn	FY25	FY26E	FY27E	FY28E
Equity				
Equity Capital	1,590	1,590	1,590	1,590
Other Equity	3,76,670	4,18,299	4,53,873	5,00,053
Total Equity	3,78,260	4,19,889	4,55,463	5,01,643
Non-Current Liabilities				
Long-term borrowings	1,82,630	1,62,630	1,45,750	1,28,870
Deferred tax liabilities (Net)	19,900	19,900	19,900	19,900
Other Non-Current Liabilities	13,540	14,123	15,573	16,979
Total Non-Current Liabilities	2,16,070	1,96,653	1,81,223	1,65,749
Current Liabilities				
Short-term borrowings	54,510	44,280	44,280	44,280
Trade Payables	1,08,670	1,51,520	1,51,886	1,65,600
Other current liabilities	1,22,510	73,225	80,742	88,032
Total Current Liabilities	2,85,690	2,69,025	2,76,907	2,97,912
Total Liabilities	5,01,760	4,65,679	4,58,130	4,63,661
Non-Current Assets				
Property Plants and Equipments	1,70,850	1,67,948	1,64,954	1,61,880
Capital work in progress	6,150	6,150	6,150	6,150
Other Non-current assets	3,06,410	3,03,252	3,05,330	3,07,035
Total Non-Current Assets	4,83,410	4,77,350	4,76,435	4,75,064
Current Assets				
Inventories	1,03,160	1,37,746	1,51,886	1,65,600
Trade Receivables	1,55,050	1,79,069	1,97,451	2,15,280
Cash and Bank	94,780	45,849	38,027	55,451
Other current assets	43,180	45,114	49,356	53,470
Total Current Assets	3,96,170	4,07,778	4,36,719	4,89,800
Total Assets	8,80,020	8,85,568	9,13,594	9,65,304

UPL Ltd

UPL Ltd.			
Date	CMP (INR)	TP (INR)	Recommendation
13-Nov-25	761	813	ACCUMULATE
14-May-25	637	718	ACCUMULATE
03-Feb-25	604	736	BUY
20-Nov-24	546	591	ACCUMULATE
12-Nov-24	515	527	HOLD
06-Aug-24	529	534	HOLD
22-May-24	512	534	HOLD

Rating Legend (Expected over a 12-month period)	
Our Rating	Upside
Buy	More than 15%
Accumulate	5% – 15%
Hold	0 – 5%
Reduce	-5% – 0
Sell	Less than – 5%

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