

Healthy revenue growth in UPL SAS and Advanta driven by volumes

CMP: INR 726

Rating: Under Review

Stock Info

BSE	512070
NSE	UPL
Bloomberg	UPLL:IN
Sector	Agrochemicals
Face Value (INR)	2
Equity Capital (INR Bn)	169
Mkt Cap (INR Bn)	625.45
52w H/L (INR)	812 / 580
Avg Yearly Volume (in 000')	2,605

Shareholding Pattern %

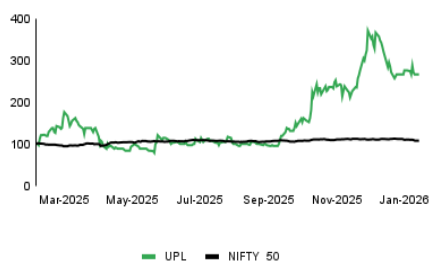
(As on Sept, 2025)

Promoters	33.50
FII's	38.80
DII's	16.7
Public & Others	10.90

Stock Performance (%)

	1m	6m	12m
UPL	-7.93	4.15	17.61
NIFTY	-1.69	4.38	10.47

UPL vs Nifty



UPL Ltd sustained robust momentum in Q3FY26, delivering record quarterly revenue of INR 122.69 bn (up 12.5% YoY) and EBITDA of INR 23.2 bn (up 18% YoY at 19% margins), underpinned by broad-based volume growth (8%) across regions and platforms despite pricing pressures and tariff uncertainties. Management reiterated FY26 guidance of 4–8% revenue growth and 12–16% EBITDA growth, with confidence in Q4 outperformance driven by in-season demand, new launches, and supply chain readiness. Key monitorables include Advanta IPO progress (DRHP filed 19 Jan 2026), US tariff mitigation strategies, and sustained margin expansion via mix optimization and operational excellence, positioning UPL for multi-year value creation amid a gradual global crop protection recovery.

Investment Rationales:

Broad-Based Recovery in Global Crop Protection:

The Global Crop Protection business posted 8% YoY revenue growth led by herbicides and fungicides with broad based growth from all geographies. Contribution margins expanded 200 bps to 37.7%, and EBITDA grew 6% YoY to INR 17.5 bn, supported by lower input cost, higher capacity utilization. With global pricing now largely stabilized, volume expansion is expected to be the primary growth driver going ahead, supporting sustained margin strength across key markets.

India Platform Margins Strengthen Despite Volume Pressure:

The India Crop Protection platform reported a 4% YoY revenue growth led by volume growth and lower product returns amid benign pricing. EBITDA margin expanded 750 bps to 2.9%, aided by product mix optimization and successful new launches such as Centurion Easy and Canora Easy.

Advanta Driving Growth and Market Share Gains:

Advanta Seeds delivered 22% revenue growth and 22% EBITDA growth, driven by higher seed volumes in corn and sorghum across India, Latin America, Asia and Brazil. Continued R&D investments in proprietary germplasm are enhancing competitiveness and market share.

Specialty Chemicals Platform Scaling Rapidly:

Superform revenue declined 11% YoY revenue growth, while Super Specialty Chemicals up 45% YoY. Despite topline decline EBITDA margin expanded by 120bps YoY to 11.3% leading to EBITDA coming in flat at INR 3bn driven. Strong contract manufacturing traction and improved mix have expanded margins; specialty contribution is targeted to rise to 30–35% within 2–3 years.

Strengthened Balance Sheet and Upgraded Guidance

Net debt reduced by INR 26 bn YoY to INR 233 bn led by debt prepayment of USD 250mn and higher cash. Management maintained EBITDA growth guidance at 12–16% and revenue growth at 4–8%, supported by volume-led expansion, working capital efficiency and a robust new product pipeline.

Outlook:

UPL's management adopts a cautiously optimistic stance for FY26, highlighting challenges from softer commodity prices, geopolitical tensions, and currency volatility, especially in Latin American markets. Growth is expected to be multi-phased, driven by a robust pipeline of new product launches, price normalization, and recovery in key markets like Latin America. The company remains committed to deleveraging, focusing on capital allocation discipline and operational excellence to deliver sustainable long-term value. Management maintains guidance for FY26 revenue growth of 4–8% and EBITDA growth of 12–16%, emphasizing margin expansion backed by operational efficiencies and sourcing optimization.

Financial Performance

Valuation summary (Rs Bn)	FY21	FY22	FY23	FY24	FY25
Net Sales	387	462	536	431	466
EBIDTA	86	102	112	55	81
Net Profit	35	43	43	(16)	13
PAT Adj	33	46	47	0	18
Diluted EPS	43.3	59.9	62.7	0.4	24.3
P/E (x)	12.4	9.0	11.4	1,914.5	29.4
EV/EBIDTA (x)	7.0	6.0	6.3	13.8	8.3
P/BV (x)	2.0	1.7	1.8	1.9	1.7
RoE (%)	16.5	20.1	17.3	0.1	6.1
Debt/Equity (x)	1.0	0.9	0.6	0.9	0.6

Abhishek Jain
abhishek.jain@arihantcapital.com
022-422548871

Ayush Chaturvedi
ayush.chaturvedi@arihantcapital.com
022-67114834

Heli Shah
heli.shah@arihantcapital.com

Particulars (Consolidated)(In INR Mn)			Y-o-Y		
	Q3FY26	Q3FY25		Q2FY26	Q-o-Q
Revenue from Operations	122,690	109,070	12.5%	120,190	2.1%
Raw Material Costs	58,460	53,290	9.7%	57,530	1.6%
Gross Profit	64,230	55,780	15.1%	62,660	2.5%
Gross Margin (%)	52.4%	51.1%	2.4%	52.1%	0.4%
Employee Cost	13,790	11,840	16.5%	14,660	-5.9%
Other Exp	27,270	24,380	11.9%	27,990	-2.6%
EBITDA	23,170	19,560	18.5%	20,010	15.8%
EBITDA Margin %	18.9%	17.9%	95bps	16.6%	223bps
Depreciation	8,270	6,880	20.2%	7,710	7.3%
EBIT	14,900	12,680	17.5%	12,300	21.1%
Other Income	920	1,700	-45.9%	2,500	-63.2%
Finance costs	7,740	7,300	6.0%	7,840	-1.3%
PBT	8,080	7,080	14.1%	6,960	16.1%
Share of (loss)/profit from JV	(810)	(2,780)	-70.9%	(540)	50.0%
Exceptional Items	560	760	-26.3%	(1,420)	-139.4%
Total taxes	1,810	-4,990	-136.3%	1,720	5.2%
PAT	4,900	8,530	-42.6%	6,120	-19.9%
PAT Margin (%)	4.0%	7.8%	-48.9%	5.1%	-21.6%

Source: Arianth Research, Company Filings

Q3FY26 Concall Highlights**Financial Performance**

UPL Ltd sustained execution momentum with record Q3FY26 group revenue of INR 122.69 bn (up 12% YoY, volumes +8%, pricing partially offset by FX tailwinds), driven by broad-based regional outperformance—Latin America +6% (Brazil herbicides/Argentina recovery), North America +3% (resilient despite ~USD 30 mn tariff-related deferral), Europe +21% (herbicides/NPP bio-solutions), India +4% (seeds-led), and RoW +32% (Africa/China Mancozeb). Contribution margins expanded 160 bps YoY to 43% (absolute +17% to INR 52.27 bn) via richer mix, higher utilization, and benign input costs; SG&A rose 21% YoY to INR 27.92 bn in line with growth investments. EBITDA grew 13% to INR 24.34 bn at stable ~20% margins; PBT surged 90% YoY to INR 6.71 bn, boosted by lower net finance costs (INR 6.39 bn vs. INR 7.04 bn: USD 250 mn prepay, 70 bps rate softening, ratings upgrade), reduced JV/associate losses (INR 0.81 bn vs. INR 2.78 bn), and contained exceptional items (INR 0.56 bn for new labor code). Operating PATMI climbed 45% YoY to INR 4.52 bn (adj. for prior tax reversal). 9MFY26: revenue +8%, EBITDA +22% to INR 59.41 bn (+200 bps to 18%), PATMI ~INR 120 bn.

Platform Highlights

Global Crop Protection (UPL Cop): Revenue +8% YoY; CM +200 bps to 37.7%; EBITDA +6% at ~19% margins. Herbicides resilient (Clethodim/Flufenacet/Glufosinate across regions); fungicides strong (Mancozeb mixtures globally); Brazil sucking pest insecticides faced Spurto pricing erosion (offset by Ferose traction, new launches Propose/Constel doubling forecasts); sustainable solutions +11% at premium margins.

India Crop Protection (UPL SAS): Revenue +4% (mix/new launches/lower returns); CM +800 bps, EBITDA margin +750 bps—clear business hygiene turnaround; 9M revenue growth positive despite Q2 softness.

Seeds & Post-Harvest (Advanta): Revenue +22% YoY (seed volumes +14%: field corn India/LatAm/SE Asia, grain sorghum Brazil, canola Australia); contribution ~55%; EBITDA +22%; 9MFY26 +23% revenue/+28% EBITDA.

Specialty Chemicals (Superform): Revenue -11% YoY (phasing, monocrotofos discontinuation, lower input costs); emerging super specialties +42% (contract mfg/cyanide derivatives); specialty mix to 27% (vs. 18%); CM +470 bps, EBITDA flat (+120 bps margins).

Balance Sheet & Strategic Updates

Net working capital at INR 156.25 bn (116 days, +9 YoY: inventory +18 days for Q4 seasonality/crop shifts, receivables +15 days LatAm pressure, payables +24 days); FY26-end target ~70 days. Net debt INR 233.17 bn (USD 2.59 bn, -USD 427 mn YoY; up QoQ ex-perpetual redemption USD 400 mn Q1); gearing strengthened—net debt/EBITDA 2.5x (vs. 3.8x YoY; adj. perpetuals 2.5x vs. 4.2x), net debt/equity 0.6x (vs. 0.8x). 9MFY26 FCFE (adj. WC) ~INR 24 bn. Advanta IPO: DRHP filed 19 Jan 2026 (OFS: UPL 87.8%, KKR 2.2%; proceeds for group deleveraging, no fresh capital). ESG: #1 global ag solutions DJSI (score 77, +YoY); CDP 'A' climate/'A-' water. Pipeline: NPP >USD 130 mn FY26 revenue (recent LatAm launches outperforming).

Outlook

Global crop protection in gradual volume recovery amid China overcapacity, commodity price softness, geopolitics/tariffs; UPL resilient via portfolio diversification/ops excellence. FY26 Guidance Retained: Revenue +4–8%, EBITDA +12–16%; Q4 volume-led across regions (in-season demand, N. America deferral release), US prepaids +25% YoY signaling CY26 strength. US tariffs (50%): Pricing pass-through, technical imports for exemptions, US formulation shift (FY27 tail); LatAm ECL ~USD 5 mn Q3. Q&A: Cautious guidance reflects strong Q4FY25 base/US-LatAm risks; Superform revenue dip from cost-plus/raw mat correction; post-patent pricing stable, Q4 pricing headwinds persist; Advanta OFS unlocks value via market pricing/deleveraging.

Financial Statements

Income Statement (INR Mn)	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Net sales	386,940	462,390	535,750	430,980	466,370
<i>Growth (%)</i>	8.2	19.5	15.9	(19.6)	8.2
Operating expenses	(301,350)	(360,750)	(424,160)	(375,830)	(385,170)
EBITDA	85,590	101,640	111,590	55,150	81,200
EBITDA Margin %	22.1%	22.0%	20.8%	12.8%	17.4%
<i>Growth (%)</i>	20.5	18.8	9.8	(50.6)	47.2
Depreciation	(21,730)	(23,590)	(25,470)	(27,630)	(27,500)
Other income	2,580	2,810	4,770	4,830	4,860
EBIT	66,440	80,860	90,890	32,350	58,560
Finance cost	(20,600)	(22,950)	(29,630)	(38,520)	(36,270)
Exceptional & extraordinary	(4,450)	(9,600)	(11,340)	(12,280)	(9,280)
Profit before tax	41,390	48,310	49,920	(18,450)	13,010
Tax (current + deferred)	(6,860)	(5,290)	(7,360)	2,090	(90)
P / L form discontinuing operations	0	0	0	0	0
Profit / (Loss) for the period	34,530	43,020	42,560	(16,360)	12,920
PAT Margin %	8.9%	9.3%	7.9%	-3.8%	2.8%
P/L of Associates, Min Int, Pref Div	(5,820)	(6,770)	(6,870)	4,360	(3,970)
Reported Profit / (Loss)	28,710	36,250	35,690	(12,000)	8,950
Adjusted net profit	33,160	45,850	47,030	280	18,230

Balance Sheet (INR Mn)	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Share capital	1,530	1,530	1,500	1,500	1,590
Reserves & surplus	207,340	245,080	296,940	276,430	320,400
Shareholders' funds	208,870	246,610	298,440	277,930	321,990
Minority Interests and others	36,930	46,470	55,850	49,130	56,270
Non-current liabilities	262,240	251,750	241,110	279,790	216,070
Long-term borrowings	221,460	216,050	201,440	240,100	182,630
Other non-current liabilities	40,780	35,700	39,670	39,690	33,440
Current liabilities	196,270	281,960	290,370	268,610	285,690
ST borrowings, Curr maturity	14,140	42,610	28,550	44,280	54,510
Other current liabilities	182,130	239,350	261,820	224,330	231,180
Total (Equity and Liabilities)	704,310	826,790	885,770	875,460	880,020
Non-current assets	404,160	429,990	465,890	482,470	483,850
Fixed assets (Net block)	184,980	195,380	207,270	205,720	196,310
Non-current Investments	6,360	11,300	16,180	19,220	20,520
Long-term loans and advances	1,810	670	570	230	210
Other non-current assets	211,010	222,640	241,870	257,300	266,810
Current assets	300,150	396,800	419,880	392,990	396,170
Cash & current investment	48,900	61,200	60,970	60,360	95,370
Other current assets	251,250	335,600	358,910	332,630	300,800
Total (Assets)	704,310	826,790	885,770	875,460	880,020
Total debt	235,600	258,660	229,990	284,380	237,140
Capital employed	522,180	587,440	623,950	651,130	648,840

Financial Statements

Cash Flow Statement (INR Mn)	Mar-21	Mar-22	Mar-23	Mar-24	Mar 25E
Profit before tax	41,390	48,310	49,920	(18,450)	13,010
Depreciation	21,730	23,590	25,470	27,630	27,500
Change in working capital	1,280	(25,850)	910	(9,180)	38,190
Total tax paid	(8,120)	(11,260)	(13,340)	(7,810)	(1,520)
Others	7,230	18,020	20,140	24,860	33,690
Cash flow from oper. (a)	74,300	54,930	87,820	25,880	108,590
Capital expenditure	(21,600)	(33,990)	(37,360)	(26,080)	(18,090)
Change in investments	(640)	(4,570)	(4,880)	(3,040)	(1,300)
Others	2,320	2,030	6,730	1,600	(2,470)
Cash flow from inv. (b)	(19,920)	(36,530)	(35,510)	(27,520)	(21,860)
Free cash flow (a+b)	54,380	18,400	52,310	(1,640)	86,730
Equity raised/(repaid)	0	0	(30)	0	90
Debt raised/(repaid)	(51,090)	23,060	(28,670)	54,390	(47,240)
Dividend (incl. tax)	(8,961)	(10,067)	(9,959)	3,828	(3,023)
Others	(13,319)	(18,723)	(13,881)	(57,188)	(1,547)
Cash flow from fin. (c)	(73,370)	(5,730)	(52,540)	1,030	(51,720)
Net chg in cash (a+b+c)	(18,990)	12,670	(230)	(610)	35,010

Key ratios

Key Ratios (%)	Mar-21	Mar-22	Mar-23	Mar-24	Mar 25E
Adjusted EPS (Rs)	43.3	59.9	62.7	0.4	24.3
<i>Growth</i>	21.5	38.3	4.6	(99.4)	6,410.7
CEPS (Rs)	71.8	90.8	96.7	37.2	61.0
Book NAV/share (Rs)	273.0	322.4	397.9	370.6	429.3
Dividend/share (Rs)	10.0	10.0	10.0	10.0	11.0
Dividend payout ratio	31.2	27.8	27.9	31.9	33.8
EBITDA margin	22.1	22.0	20.8	12.8	17.4
Tax rate	15.0	9.1	12.0	33.9	0.4
RoCE	12.4	14.6	15.0	5.1	9.0
Total debt/Equity (x)	1.0	0.9	0.6	0.9	0.6
Net debt/EBITDA (x)	2.2	1.9	1.5	4.1	1.7
Net debt/Equity (x)	0.8	0.7	0.5	0.7	0.4
Du Pont Analysis - ROE					
Net margin	8.6	9.9	8.8	0.1	3.9
Asset turnover (x)	0.6	0.6	0.6	0.5	0.5
Leverage factor (x)	3.5	3.4	3.1	3.1	2.9
Return on equity	16.5	20.1	17.3	0.1	6.1

Valuations

Valuations (x)	Mar-21	Mar-22	Mar-23	Mar-24	Mar 25E
PER	12.4	9.0	11.4	1,914.5	29.4
PCE	7.5	5.9	7.4	19.2	11.7
Price/Book	2.0	1.7	1.8	1.9	1.7
Yield (%)	1.9	2.1	1.6	(0.6)	0.5
EV/EBITDA	7.0	6.0	6.3	13.8	8.3

Arihant Research DeskEmail: instresearch@arihantcapital.com

Tel. : 022-42254800

Head Office

#1011, Solitaire Corporate Park
 Building No. 10, 1st Floor
 Andheri Ghatkopar Link Road
 Chakala, Andheri (E)
 Mumbai – 400093
 Tel: (91-22) 42254800

Registered Office

6 Lad Colony,
 Y.N. Road,
 Indore - 452003, (M.P.)
 Tel: (91-731) 4217100/101
 CIN: L66120MP1992PLC007182

Stock Rating Scale

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

Absolute Return**Research Analyst
Registration No.****Contact****Website****Email Id**

INH000002764

SMS: 'Arihant' to 56677

www.arihantcapital.cominstresearch@arihantcapital.com**Arihant Capital Markets Ltd.**

1011, Solitaire Corporate park, Building No. 10, 1st Floor,
 Andheri Ghatkopar Link Road, Chakala, Andheri (E)
 Tel. 022-42254800

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Arihant Capital Markets Ltd.

1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800