

UPL Limited

ACCUMULATE

Sector: Chemicals

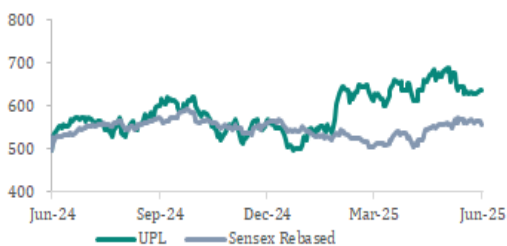
05th June, 2025

| | | | | | | | |
|--------------------|-----------------|-----------------|-------------------|---------------|----------------|---------------|----------------|
| Key Changes | Target ▲ | Rating ● | Earnings ▼ | Target | Rs. 736 | | |
| Stock Type | Bloomberg Code | Sensex | NSE Code | BSE Code | Time Frame | CMP | Rs. 642 |
| Mid Cap | UPLL:IN | 80,998 | UPL | 512070 | 12 Months | Return | +15% |

Data as of :04-06-2025

| Company Data | | | |
|---------------------------|-----------|---------|--------|
| Market Cap (Rs.cr) | 55,114 | | |
| 52 Week High — Low (Rs.) | 699 - 476 | | |
| Enterprise Value (Rs. cr) | 74,859 | | |
| Outstanding Shares (cr) | 84.4 | | |
| Free Float (%) | 67.2 | | |
| Dividend Yield (%) | 0.2 | | |
| 6m average volume (lacs) | 25.0 | | |
| Beta | 1.1 | | |
| Face value (Rs.) | 2.0 | | |
| Shareholding (%) | Q2FY25 | Q3FY25 | Q4FY25 |
| Promoters | 32.5 | 33.5 | 33.5 |
| FII's | 37.5 | 35.5 | 37.2 |
| MFs/Institutions | 17.7 | 18.9 | 18.6 |
| Public | 10.6 | 10.0 | 9.0 |
| Others | 1.7 | 2.2 | 1.7 |
| Total | 100.0 | 100.0 | 100.0 |
| Promoter Pledge | Nil | Nil | Nil |
| Price Performance | 3 Month | 6 Month | 1 Year |
| Absolute Return | 4.8% | 13.0% | 29.5% |
| Absolute Sensex | 11.0% | 0.1% | 12.4% |
| Relative Return | -6.2% | 13.0% | 17.2% |

*over or under performance to benchmark index



| Y.E March (cr) | FY25A | FY26E | FY27E |
|-------------------|--------|--------|--------|
| Sales | 46,637 | 50,490 | 54,742 |
| Growth (%) | 8.2 | 8.3 | 8.4 |
| EBITDA | 8,120 | 9,241 | 10,519 |
| EBITDA Margin (%) | 17.4 | 18.3 | 19.2 |
| PAT Adjusted | 1,305 | 2,574 | 3,655 |
| Growth (%) | - | 91.6 | 74.5 |
| Adjusted EPS | 15.5 | 30.5 | 43.3 |
| Growth (%) | - | 91.6 | 74.5 |
| P/E | 41.2 | 21.1 | 14.8 |
| P/B | 1.8 | 1.7 | 1.6 |
| EV/EBITDA | 9.5 | 8.1 | 7.0 |
| ROE (%) | 2.8 | 7.6 | 12.2 |
| D/E | 0.7 | 0.6 | 0.5 |

Volume strength and mix shift drive momentum

UPL Ltd is a global agriculture solutions company engaged in the agrochemicals and industrial chemicals business, with manufacturing sites globally. Through recent expansion, the company has become a leader in global food systems as well.

- UPL's consolidated revenue grew 10.6% YoY to Rs. 15,573cr in Q4FY25, driven by an 11.0% YoY increase in sales volumes and a 1.0% YoY price hike, partially offset by a 1.0% YoY negative impact from adverse currency fluctuations.
- By business segments, the agro division's revenue increased 10.2% YoY to Rs. 14,919cr, while its non-agro segment posted a 9.8% YoY revenue increase to Rs. 682cr, driven by robust sales volumes.
- EBITDA surged 67.5% YoY to Rs. 3,237cr, with the margin expanding a significant 710bps YoY to 20.8%, driven by a decline in cost of sales (-5.1% YoY), a favourable product mix and lower rebate expenses.
- As a result, UPL's reported profit after tax (PAT) stood at Rs. 1,079cr, benefitting from reduced depreciation and interest expenses.

Outlook & Valuation

Despite facing macroeconomic challenges, UPL demonstrated robust growth in Q4FY25 and is well-positioned for continued expansion, driven by strong volume growth in key markets. The company's prospects are further bolstered by a promising pipeline of new products, a shift towards higher-value differentiated and sustainable solutions, a robust portfolio of crop protection and sustainability offerings, and growth in the crop protection segment led by volume increases and modest price gains. Additionally, margins are expected to improve as prices of key active ingredients have stabilised, and internal costs for these are anticipated to remain flat in FY26, driven by operational efficiencies and optimised internal sourcing. Therefore, **we reiterate our ACCUMULATE rating on the stock with a revised target price of Rs. 736 based on 17x FY27E adjusted EPS.**

Quarterly Financials Consol.

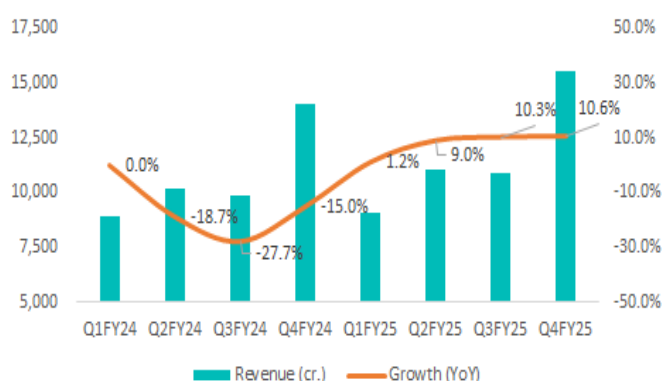
| Rs.cr | Q4FY25 | Q4FY24 | YoY (%) | Q3FY25 | QoQ (%) | FY25 | FY24 | YoY (%) |
|---------------|--------|--------|---------|--------|---------|--------|--------|---------|
| Sales | 15,573 | 14,078 | 10.6 | 10,907 | 42.8 | 46,637 | 43,098 | 8.2 |
| EBITDA | 3,237 | 1,932 | 67.5 | 2,162 | 49.7 | 8,120 | 5,515 | 47.2 |
| Margin (%) | 20.8 | 13.7 | 710bps | 19.8 | 100bps | 17.4 | 12.8 | 460bps |
| EBIT | 2,532 | 1,138 | 122.5 | 1,474 | 71.8 | 5,370 | 2,752 | 95.1 |
| PBT | 1,377 | 30 | 4490.0 | 354 | 289.0 | 829 | -2,087 | - |
| Rep. PAT | 1,079 | -80 | - | 853 | 26.5 | 820 | -1,878 | - |
| Adj PAT | 1,171 | 145 | 707.6 | 904 | 29.5 | 1,305 | -948 | - |
| Adj. EPS (Rs) | 13.9 | 1.9 | 617.9 | 10.7 | 29.5 | 15.5 | -12.6 | - |



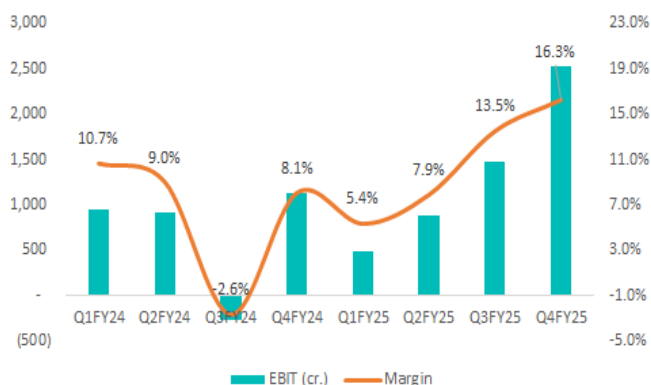
Key concall highlights

- UPL saw broad-based volume growth across various markets. The North American market stood out with a 77.0% YoY revenue surge to Rs. 2,700cr, driven by strong demand for herbicides and fungicides. Europe reported a modest 1.0% YoY increase to Rs. 3,110cr, fuelled by higher volumes. The Indian market saw a 17.0% YoY jump to Rs. 1,400cr, while Latin America posted a 2.0% YoY gain to Rs. 5,080cr, despite some price pressures. However, the rest of the world segment saw a 1.0% YoY decline to Rs. 3,280cr, due to price declines and unfavourable currency fluctuations.
- New product launches yielded approximately USD 100mn in revenue in FY25. With a 14% innovation rate in FY25, UPL expects to achieve a 17.5% innovation rate in FY26 and reach the mid-20s (24-25%) by the end of the decade, fuelled by its robust research and development pipeline.
- Management forecasts revenue growth of 4-8% and EBITDA growth of 10-14% for FY26, reflecting a positive outlook.
- With over 20 new products slated for release across North America, Latin America and Europe, UPL expects to generate revenue of over USD 130mn in FY26.

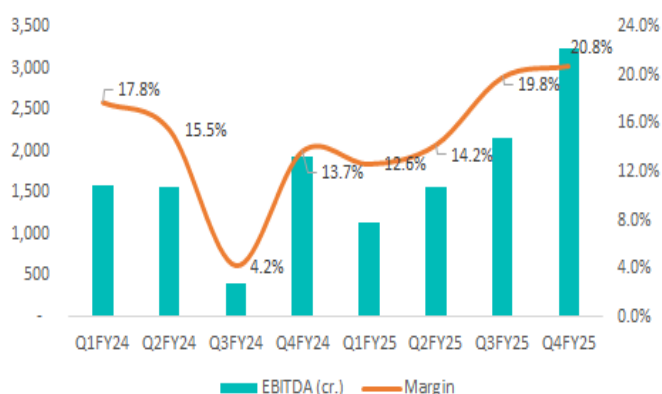
Revenue



EBIT



EBITDA



PAT



Change in Estimates

| Year / Rs cr | Old estimates | | New estimates | | Change -% | |
|--------------|---------------|-------|---------------|--------|-----------|-------|
| | FY26E | FY27E | FY26E | FY27E | FY26E | FY27E |
| Revenue | 49,930 | - | 50,490 | 54,742 | 1.1 | - |
| EBITDA | 9,884 | - | 9,241 | 10,519 | -6.5 | - |
| Margins (%) | 19.8 | - | 18.3 | 19.2 | -149bps | - |
| Adj. PAT | 3,098 | - | 2,574 | 3,655 | -16.9 | - |
| EPS | 41.3 | - | 30.5 | 43.3 | -26.2 | - |



Consolidated Financials

Profit & Loss

| Y.E March (Rs. Cr) | FY23A | FY24A | FY25A | FY26E | FY27E |
|--|---------------|---------------|---------------|---------------|---------------|
| Sales | 53,576 | 43,098 | 46,637 | 50,490 | 54,742 |
| % change | 15.9 | -19.6 | 8.2 | 8.3 | 8.4 |
| EBITDA | 11,160 | 5,515 | 8,120 | 9,241 | 10,519 |
| % change | 9.8 | -50.6 | 47.2 | 13.8 | 13.8 |
| Depreciation | 2,547 | 2,763 | 2,750 | 2,881 | 3,037 |
| EBIT | 8,613 | 2,752 | 5,370 | 6,360 | 7,481 |
| Interest | 2,963 | 3,852 | 3,627 | 3,446 | 2,757 |
| Other Income | -500 | -987 | -914 | -44 | 284 |
| PBT | 5,150 | -2,087 | 829 | 2,870 | 5,009 |
| % change | 3.7 | - | - | 246.2 | 74.5 |
| Tax | 736 | -209 | 9 | 517 | 902 |
| Tax Rate (%) | 14.3 | 10.0 | 1.1 | 18.0 | 18.0 |
| Reported PAT | 4,414 | -1,878 | 820 | 2,353 | 4,107 |
| PAT att. to common shareholders | 3,570 | -1,200 | 897 | 2,574 | 3,655 |
| Adj.* | 170 | 252 | 408 | - | - |
| Adj. PAT | 3,740 | -948 | 1,305 | 2,574 | 3,655 |
| % change | -3.7 | - | - | 91.6 | 74.5 |
| No. of shares (cr) | 78.0 | 75.1 | 84.4 | 84.4 | 84.4 |
| Adj EPS (Rs.) | 48.0 | -12.6 | 15.5 | 30.5 | 43.3 |
| % change | -2.4 | - | - | 91.6 | 74.5 |
| DPS (Rs.) | 10.0 | 1.0 | 6.0 | 8.4 | 11.9 |

Cashflow

| Y.E March (Rs. Cr) | FY23A | FY24A | FY25A | FY26E | FY27E |
|-------------------------|---------------|---------------|---------------|---------------|---------------|
| Net inc. + Depn. | 6,961 | 885 | 3,570 | 5,235 | 7,145 |
| Non-cash adj. | 3,677 | 2,330 | 2,961 | 973 | -2,068 |
| Other adjustments | | | | | |
| Changes in W.C | -2,887 | -894 | 3,620 | -894 | -1,057 |
| C.F. Operation | 7,751 | 2,321 | 10,151 | 5,314 | 4,020 |
| Capital exp. | -2,289 | -1,954 | -1,255 | -1,522 | -1,638 |
| Change in inv. | 432 | -970 | -922 | -100 | -100 |
| Other invest.CF | 367 | 446 | 337 | -50 | -50 |
| C.F - Investment | -1,490 | -2,478 | -1,840 | -1,672 | -1,788 |
| Issue of equity | 705 | - | 1,633 | - | - |
| Issue/repay debt | -4,595 | 4,805 | -5,354 | -1,282 | -769 |
| Dividends paid | -750 | -749 | -77 | -708 | -1,005 |
| Other finance.CF | -1,587 | -3,892 | -995 | | |
| C.F - Finance | -6,227 | 164 | -4,793 | -1,990 | -1,775 |
| Chg. in cash | 34 | 7 | 3,518 | 1,651 | 457 |
| Closing Cash | 6,097 | 6,036 | 9,537 | 11,188 | 11,645 |

Balance Sheet

| Y.E March (Rs. Cr) | FY23A | FY24A | FY25A | FY26E | FY27E |
|---------------------------|---------------|---------------|---------------|---------------|---------------|
| Cash | 6,097 | 6,036 | 9,537 | 11,188 | 11,645 |
| Accts. Receivable | 18,224 | 16,354 | 15,505 | 16,712 | 18,010 |
| Inventories | 13,985 | 12,776 | 10,316 | 10,696 | 11,481 |
| Other Cur. Assets | 3,722 | 4,162 | 4,303 | 3,653 | 3,433 |
| Investments | 1,569 | 1,893 | 2,008 | 2,247 | 2,501 |
| Gross Fixed Assets | 15,248 | 16,358 | 16,731 | 17,611 | 18,565 |
| Net Fixed Assets | 8,164 | 8,443 | 8,107 | 6,094 | 3,998 |
| CWIP | 1,197 | 1,106 | 615 | 627 | 640 |
| Intangible Assets | 32,170 | 32,472 | 32,908 | 33,550 | 34,234 |
| Def. Tax -Net | 2,661 | 3,595 | 3,322 | 2,066 | 3,606 |
| Other Assets | 788 | 709 | 1,381 | 1,331 | 1,281 |
| Total Assets | 88,577 | 87,546 | 88,002 | 88,165 | 90,829 |
| Current Liabilities | 26,182 | 22,433 | 23,118 | 22,854 | 23,116 |
| Provisions | 217 | 386 | 335 | 369 | 405 |
| Debt Funds | 24,287 | 29,615 | 24,733 | 23,401 | 22,581 |
| Other Liabilities | 2,462 | 2,406 | 1,990 | 2,070 | 2,152 |
| Equity Capital | 150 | 150 | 159 | 159 | 159 |
| Res. & Surplus | 26,708 | 24,657 | 29,054 | 30,920 | 33,571 |
| Shareholder Funds | 26,858 | 24,807 | 29,213 | 31,079 | 33,730 |
| Minority Interest | 8,571 | 7,899 | 8,613 | 8,392 | 8,844 |
| Total Liabilities | 88,577 | 87,546 | 88,002 | 88,165 | 90,829 |
| BVPS | 344 | 330 | 346 | 368 | 399 |

Ratios

| Y.E March | FY23A | FY24A | FY25A | FY26E | FY27E |
|--------------------------------|-------|-------|-------|-------|-------|
| Profitab. & Return | | | | | |
| EBITDA margin (%) | 20.8 | 12.8 | 17.4 | 18.3 | 19.2 |
| EBIT margin (%) | 16.1 | 6.4 | 11.5 | 12.6 | 13.7 |
| Net profit mgn.(%) | 8.2 | -4.4 | 1.8 | 4.7 | 7.5 |
| ROE (%) | 16.4 | -7.6 | 2.8 | 7.6 | 12.2 |
| ROCE (%) | 14.4 | 4.4 | 8.6 | 10.1 | 11.5 |
| W.C & Liquidity | | | | | |
| Receivables (days) | 124.2 | 138.5 | 121.3 | 120.8 | 120.1 |
| Inventory (days) | 187.1 | 190.4 | 155.4 | 152.2 | 151.6 |
| Payables (days) | 235.7 | 188.2 | 163.7 | 164.5 | 166.2 |
| Current ratio (x) | 1.4 | 1.5 | 1.4 | 1.5 | 1.6 |
| Quick ratio (x) | 0.8 | 0.8 | 0.9 | 1.0 | 1.0 |
| Turnover & Leverage | | | | | |
| Gross asset T.O (x) | 3.7 | 2.7 | 2.8 | 2.9 | 3.0 |
| Total asset T.O (x) | 0.6 | 0.5 | 0.5 | 0.6 | 0.6 |
| Int. covge. ratio (x) | 2.9 | 0.7 | 1.5 | 1.8 | 2.7 |
| Adj. debt/equity (x) | 0.7 | 0.9 | 0.7 | 0.6 | 0.5 |
| Valuation | | | | | |
| EV/Sales (x) | 1.5 | 1.5 | 1.7 | 1.5 | 1.4 |
| EV/EBITDA (x) | 7.4 | 11.9 | 9.5 | 8.1 | 7.0 |
| P/E (x) | 15.0 | -36.1 | 41.2 | 21.1 | 14.8 |
| P/BV (x) | 2.1 | 1.4 | 1.8 | 1.7 | 1.6 |



Recommendation Summary - (last 3 years)



| Dates | Rating | Target |
|-----------|------------|--------|
| 08-Nov-21 | BUY | 875 |
| 03-Feb-22 | BUY | 884 |
| 05-Aug-22 | BUY | 880 |
| 16-May-23 | HOLD | 739 |
| 05-Aug-23 | HOLD | 643 |
| 27-May-24 | HOLD | 555 |
| 21-Aug-24 | ACCUMULATE | 640 |
| 05-Jun-25 | ACCUMULATE | 736 |

Investment Rating Criteria

| Ratings | Large caps | Midcaps | Small Caps |
|-------------|----------------------------|---------------------------|---------------------------|
| Buy | Upside is above 10% | Upside is above 15% | Upside is above 20% |
| Accumulate | - | Upside is between 10%-15% | Upside is between 10%-20% |
| Hold | Upside is between 0% - 10% | Upside is between 0%-10% | Upside is between 0%-10% |
| Reduce/sell | Downside is more than 0% | Downside is more than 0% | Downside is more than 0% |

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:

▲ Upgrade

● No Change

▼ Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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