BP Wealth | STOXBOX

Result Update

Q1 FY26

UPL Ltd.

Institutional Research

UPL Ltd.

Chemical | Q1FY26 Result Update **05th August 2025**

Steady operational performance despite challenging environment

Result Highlights

The company posted a revenue increase of 1.6% YoY / down 40.8% QoQ to Rs. 92,160 mn, below market expectations of Rs. 106,060 mn. The Revenue growth was modest for the quarter, driven by a 1% price increase and favourable forex impact. UPL reported an annual revenue increase in international geographies such as North America (+24%) and India (+21%), which had a strong performance. However, Latin America (-10%), Europe (-6%) and ROW (-10%) regions declined during the quarter. EBITDA increased 26.8% YoY / down 56.3% QoQ to Rs. 13,960 mn, while EBITDA margin stood at 15.1% (up 300bps YoY) in Q1FY26, owing to improved product mix, better pricing, higher capacity utilisation, and lower input costs. The company reported a financial loss for Q1FY26, at Rs. 176 crores, marking a sharp improvement from losses of Rs. 528 crores, respectively, in the prior year. The loss was driven by specific cost and market factors, partially offset by higher EBITDA and lower finance costs.

Valuation and Outlook

UPL Ltd has reported steady operational performance during the quarter, driven by revenue growth and improved operational performance. The company has reiterated its FY26 guidance of 4–8% revenue growth and 10–14% EBITDA growth, with management indicating that growth will be margin-led and skewed towards the second half of the year. The company expects to benefit from a strong order book, especially in Latin America, for Q2 onwards, improved product mix, higher capacity utilisation, and cost efficiencies, which should sustain the contribution margin gains seen during the quarter. New product launches remain a key growth lever, with ~$130 million in additional revenues targeted for FY26, primarily in H2FY26. Regional performance is expected to improve, led by a recovery in LATAM, continued robust demand in North America and Europe, and healthy traction in India crop protection, seeds (Advanta), and specialty chemicals (SUPERFORM). Management remains cautiously optimistic for Q2FY26, maintaining focus on deleveraging, disciplined working capital, and operational excellence. Strategic reviews are underway to explore unlocking value across platforms, with an emphasis on sustaining long-term growth visibility.

Key Highlights

Particulars (Rs. Mn.)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)
Net Sales	92,160	90,670	1.6%	155,730	-40.8%
Gross Profit	50,470	45,470	11.0%	70,220	-28.1%
Gross Margin (%)	54.8%	50.1%	461bps	45.1%	967bps
EBITDA	13,960	11,010	26.8%	31,910	-56.3%
OPM (%)	15.1%	12.1%	300bps	20.5%	-534bps
Net Profit	-1,760	-5,270	NA	10,790	-116.3%
Net Profit Margin (%)	-1.9%	-5.8%	NA	6.9%	-884bps

Source: Company, BP Equities Research

Sector Outlook	Neutral

Stock

CMP (Rs.)	720
BSE code	512070
NSE Symbol	UPL
Bloomberg	UPLL IN
Reuters	UPLL. BO

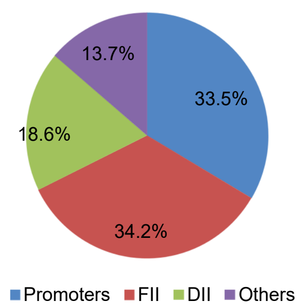
Key Data

Nifty	24,650
52 Week H/L (Rs,)	735/485
O/s Shares (Mn)	844
Market Cap (Rs. bn)	540
Face Value (Rs.)	2

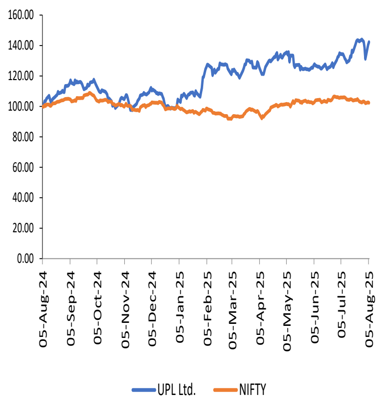
Average Volume

3 months	2,509,160
6 months	2,546,370
1 year	2,542,480

Share Holding Pattern (%)



Relative Price Chart



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Key Concall Highlights

Latin America Business Outlook:

UPL expects its Latin America business to recover from the Q1FY26 revenue decline, which was impacted by insecticide pricing pressure in Brazil and product phasing shifts from Q1 to Q2. The company is optimistic about Q2 and H2 performance, supported by a strong order book, improved operational efficiencies, adoption of a sell-out model, enhanced customer engagement, and a robust product portfolio. Management anticipates good growth in the region in the second half of the year as seasonal demand picks up and product mix improves.

North America Business Outlook:

In North America, UPL expects continued growth momentum after revenue increases in Q1FY26, driven by strong in-season demand and normal-to-low channel inventories. The outlook remains positive, supported by robust herbicide sales and higher revenue from key fungicides and insecticides such as mancozeb and acephate. Management anticipates steady demand through the year, underpinned by a well-positioned portfolio and favourable market conditions.

Europe Business Outlook:

UPL maintains a positive outlook for its Europe business following Q1FY26 growth driven by higher volumes in key herbicides and strong performance in fungicides such as captan and the biofungicide. The company continues to see robust demand in markets including Germany, Italy, Belgium, and Spain. Despite weather-related headwinds in parts of Europe, management expects steady performance through the year, supported by a diversified portfolio and healthy in-season demand across core product categories.

"UPL has several new products in the pipeline that are expected to be launched in the coming quarters and would contribute to revenue in FY26."

UPL Sustainable Agri Solutions:

Sustainable Agri Solutions (SAS) delivered a strong performance, driven by a 9% increase in volumes and a 4% improvement in pricing. The growth was supported by robust demand in the domestic crop protection market, successful new product launches and a favourable product mix. Management expects the positive momentum to continue through FY26, aided by further launches in the herbicide, fungicide, and insecticide categories, expansion of farmer engagement initiatives, and higher adoption of sustainable agri practices. SAS is positioned to benefit from improving rural demand, normal monsoon forecasts, and increasing penetration in high-value segments, which should support margin expansion. The business remains a key pillar in UPL's strategy for profitable growth in India.

Advanta Enterprises:

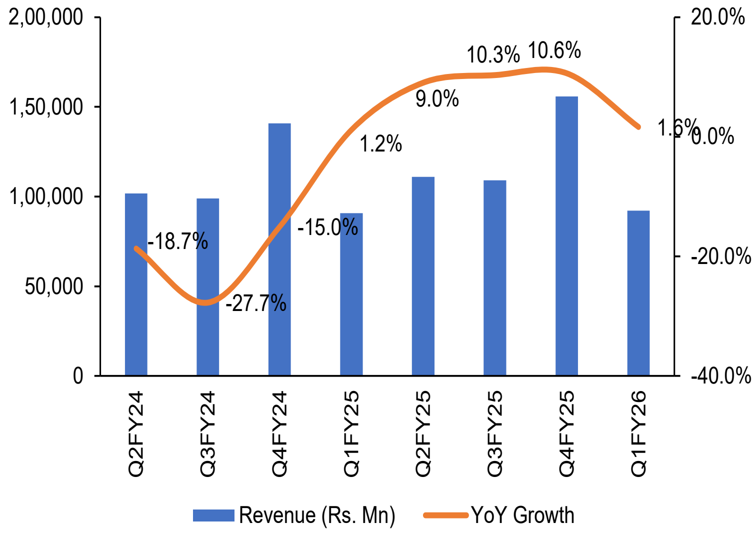
Advanta Enterprises delivered a strong Q1FY26 performance, driven by 12% higher volumes in key crops such as corn (India, Thailand), grain sorghum, and sunflower (Argentina). Management expects the momentum to continue, supported by robust demand, price increases to offset higher production costs, and new market entries and product launches. While Q1 margins were impacted by elevated raw seed procurement costs and lower recovery in some geographies, these are expected to normalise from Q2, aided by improved finished goods inventory and seasonal cost reduction. The outlook remains positive, with Advanta positioned to capture growth in both existing and new markets.

Guidance:

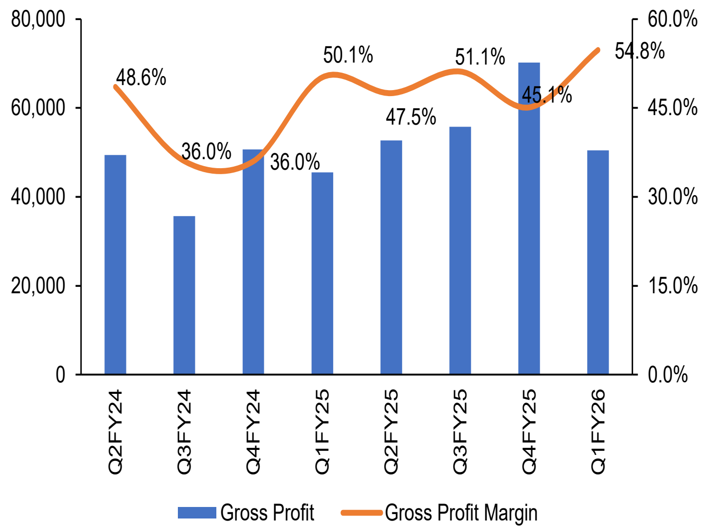
UPL maintained its FY26 guidance of 4–8% revenue growth and 10–14% EBITDA growth over last year, with performance expected to be margin-led and weighted toward the second half of the year. Management anticipates H2 momentum from a strong Latin America order book, ~$130 million in new product launches, recovery in insecticide demand, and sustained cost efficiencies. The company also expects continued working capital discipline and further balance sheet deleveraging to support long-term growth.

Quarterly Snapshots

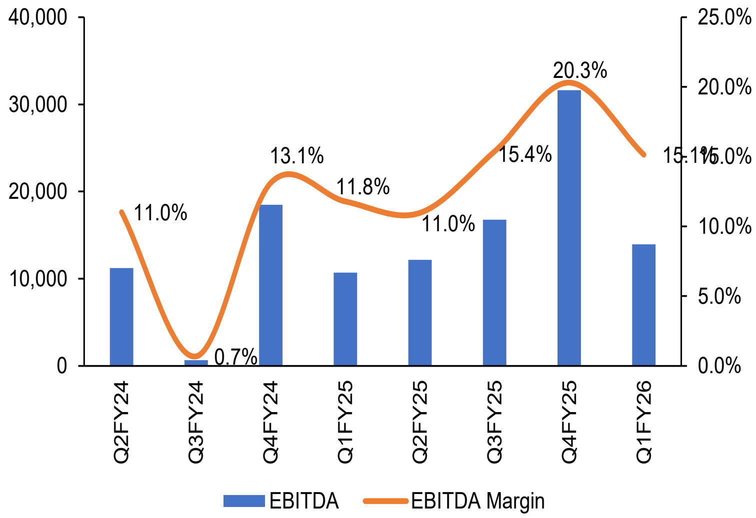
Revenues to Grow at a steady Pace



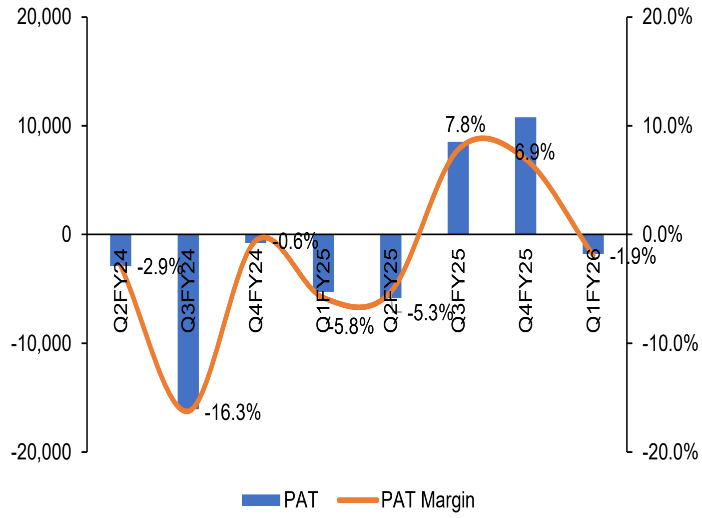
Gross Margin to Remains Stable



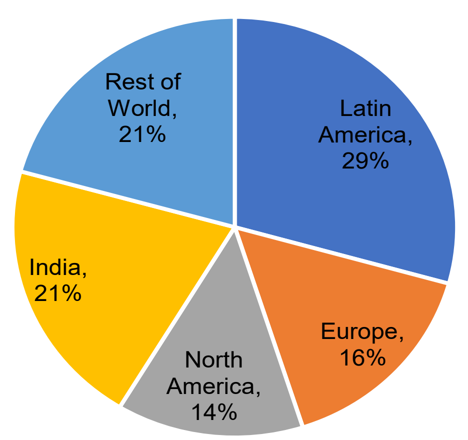
Operating Margin sustain



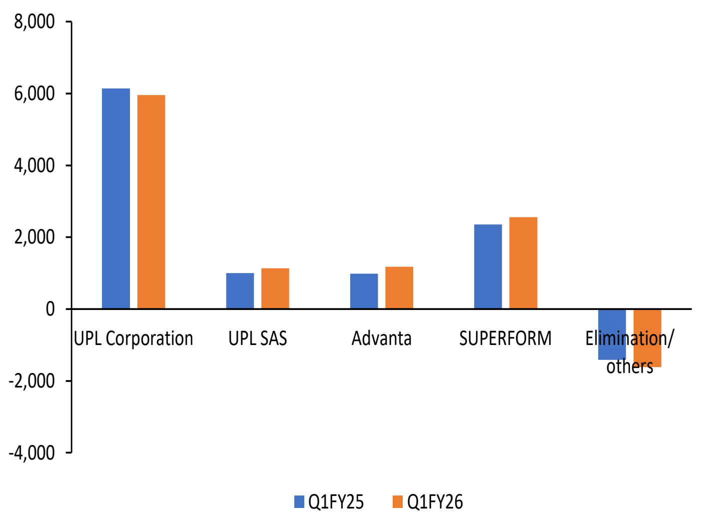
Loss likely to narrow going ahead



Quarterly Regional revenue mix (%)



Revenue Performance by Platforms



Source: Company, Bpwealth Research

Key Financials						
YE March (Rs. Mn.)	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**
Net Sales	462,400	535,760	430,980	466,370	5,00,535	5,42,477
Growth %	19.5%	15.9%	-19.6%	8.2%	7.3%	8.4%
EBIDTA	95,290	101,960	42,970	71,280	82,340	96,196
Growth%	14.1%	7.0%	-57.9%	65.9%	15.5%	16.8%
Net Profit	44,370	44,140	-18,780	8,200	14,810	26,160
Growth %	27.0%	-0.5%	-142.5%	-143.7%	80.6%	76.6%
Diluted EPS	52.6	52.3	-22.3	9.7	17.5	31.0
Key Ratios						
EBIDTA (%)	20.6%	19.0%	10.0%	15.3%	16.5%	17.7%
NPM (%)	9.6%	8.2%	-4.4%	1.8%	3.0%	4.8%
ROE (%)	18.0%	16.4%	-7.6%	2.8%	4.8%	7.9%
ROCE (%)	13.9%	15.1%	2.8%	8.1%	9.8%	12.1%
P/E (x)	13.7	13.8	-32.3	74.2	41.1	23.2
EV/EBITDA (x)	7.7	6.9	17.7	9.5	9.1	7.6
Net Debt/ EBITDA (x)	2.1	1.7	5.5	3.3	2.9	2.2

Source: Company, Bloomberg Estimates

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Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

Analyst (s) Certification:

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