



“UPL Limited — Q2 and H1 FY26 Earnings Conference Call”

November 06, 2025



Management Team		
Mr. Toshan Tamhane	Group Chief Operating Officer	UPL Limited
Mr. Bikash Prasad	Group Chief Financial Officer	UPL Limited
Mr. Mike Frank	Chief Executive Officer, Global Crop Protection	UPL Corp
Mr. Ravishankar Cherukuri	Chief Executive Officer, India Crop Protection	UPL SAS
Mr. Bhupen Dubey	Chief Executive Officer	Advanta
Mr. Raj Tiwari	Chief Executive Officer	SUPERFORM



UPL Limited
November 06, 2025

Moderator: Ladies and gentlemen, good day, and welcome to UPL Limited Q2 FY 2026 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Anurag Gupta. Thank you, and over to you, Mr. Gupta.

Anurag Gupta: Thank you, Renju. Good evening, everyone. I am Anurag Gupta, Head of Investor Relations at UPL. On behalf of the UPL management team, I thank you for joining us today for discussing the financial performance for Q2 and H1 FY26. The investor presentation, press release and the financial statements have been made available on our website, and we take it that you have read the Safe Harbor statement.

From the management team, we have with us today, Group Chief Operating Officer, Toshan Tamhane; Group Chief Financial Officer, Bikash Prasad; CEO of Global Crop Protection Business, Mike Frank; CEO of India Crop Protection Platform, Ravi Cherukuri; CEO of Seeds Business Advanta, Bhupen Dubey; CEO of Specialty Chemicals Platform, SUPERFORM, Raj Tiwari; and other members of the leadership team.

Before we begin, I would like to introduce you all to Ravi, our new CEO for the UPL SAS platform. Ravi joined UPL in February 2025 and has taken over this leadership role in October. His predecessor, Ashish Dobhal, has transitioned into his new role as the Global Sales Head for UPL Corp. We thank Ashish for his outstanding leadership at UPL SAS, where he has played a pivotal role in strengthening the business, building high-performing teams and positioning us for future growth.

In this earnings call, Bikash will take us through the overall performance for UPL Limited for the quarter and half year. This will be followed by Mike, who will share his detailed remarks on UPL Corporation, followed again by Bikash, who will cover the other platforms in brief. We will have the Q&A session post that.

With that, I now hand it over to Bikash. Bikash, over to you.

Bikash Prasad: Thank you, Anurag. Good evening, everyone, and a very warm welcome to UPL's second quarter and half yearly FY26 earnings call. Thank you for taking the time to join us today. Before presenting the financial highlights for Q2, I want to start by expressing my appreciation and gratitude for your continued interest and support.

Since stepping into this role as Group CFO in June, I have had the opportunity to meet and interact with several of you from the investor and analyst community, who have shared their extremely valuable inputs and feedback in terms of market expectations and insights. This has helped us in looking at the business from an outside-in perspective, giving us a better view for evaluating and reporting our performance.

Also internally, we have been working closely, and I'm proud of the momentum we have built together. We delivered a strong first quarter, and I'm thrilled to report an even stronger second quarter, reflecting robust execution, disciplined financial management and the resilience of our business model. In today's call, we'll walk you through the key financial highlights of the quarter,

provide some context on the drivers behind our performance and share our outlook for the full year FY26.

The second quarter continued to witness a stable demand at farm gate level for crop protection products and seeds. Ongoing geopolitical uncertainties, including U.S. tariff-related concerns, continue to affect market conditions and trade flows. Further, lower commodity prices led farm income stress continue to influence overall agrochemical value chain. Additionally, there were some weather-related challenges in India crop protection business. On a positive side, reduction in SOFR rates have had a favorable impact on finance costs.

Before delving deeper into the financial performance, I would like to share key corporate updates from Q2. The first one is related to our corporate realignment. In September, we integrated our post-harvest business DECCO with our seeds business, Advanta. Both businesses share a strong service-led culture and a commitment to delivering sustainable science-based solutions to farmers and food producers worldwide.

The move is expected to bring potential upside driven by synergies in adjacent focus areas, guidance from experienced and proven Advanta leadership team, shared back-end infrastructure, overlapping presence in emerging markets and enhanced digitization.

The second update is on rights issue. Our final call of ₹180 per partly paid-up equity share aggregating to around ₹1,685 crore or \$200 million was called for in September. This amount was 50% of the total issue price of ₹360 per share, comprising ₹1 towards face value and ₹179 towards share premium. I'm pleased to share that the proceeds from the same have been received in September.

The final update is on the recent outlook upgrade. As shared during our Q1 earnings call, two global ratings agencies, Fitch and S&P had upgraded their outlook from 'negative' to a 'stable'. I'm pleased to add that in August, Moody's upgraded their outlook as well from negative to a stable. This is a strong endorsement of our financial resilience, strategic clarity and commitment to sustainable value creation. Our actions reflect our continued focus on capital efficiency and long-term stakeholder confidence.

Now coming to Q2 FY26 performance overview. We continued with our strong performance and improved further in this quarter. In Q2 FY26, we reported revenue of ₹12,019 crore, a strong 8% growth versus last year. This was driven by 7% increase in volume and favorably supported by 3% exchange impact, partially offset by some pricing pressure. At the platform level, UPL Corp, our global crop protection business was up by 12%, supported by an even stronger 26% increase in Advanta.

I'm pleased to share that both these platforms were driven by volumes, indicating our strong market presence and good acceptability of our products. This also indicates a recovery in our global crop protection business from Q1. My colleague, Mike, will cover this at length in his remarks.

While our SUPERFORM business remained largely steady, the Super Specialty Chemicals segment within it showed a remarkable 18% jump versus last year. This is a testimony of our focus on growing this emerging segment in strong collaboration with global partners.

Our India crop protection business, or UPL SAS, was impacted by unfavorable weather conditions in the quarter with its revenue declining by 10%. Among key regions, growth was led mainly by the

Americas. Latin America grew by 13%, driven by fungicides in Brazil and Argentinian recovery, while North America was up by 63%, led by herbicide volumes. Among others, India was up by 6%, led by seeds and Super Specialty Chemicals, offset by crop protection decline. Europe was steady, while there was some decline in Rest of the World.

Our contribution increased to ₹5,041 crore, a significant 21% jump versus last year. The margin was around 42%, an improvement of 420 basis points. This was driven by improved product mix, higher capacity utilization and lower input costs, mainly in crop protection. This also reinforces our commitment to operational efficiency and strategic sourcing, leading to favorable cost position.

The SG&A expenses amounted to ₹2,836 crore, a 9% increase year-on-year, in line with our expectations. I would like to add here that the Q1 non-cash provision related to distributor restructuring for around \$13 million in Brazil was reduced by around \$4.2 million in Q2, facilitated by the recovery plan. As highlighted in Q1, this will subsequently unwind over the period of recovery horizon.

Higher revenue and improvement in contribution margin led to a strong growth in EBITDA to ₹2,205 crore, up by 40% versus last year. I'm pleased to share that EBITDA margin stood at 18.3%, up by 410 basis points versus last year. Profit before tax or PBT stood at ₹784 crore, up by over ₹1,200 crore versus last year. This movement was driven by:

- EBITDA at ₹2,205 crore, up from ₹1,576 crore last year;
- Depreciation and amortization expenses increased from ₹697 crore to ₹771 crore;
- Significant reduction in net finance costs down from ₹847 crore to ₹518 crore this year. This was driven by several factors, including debt pre-payment of \$250 million in March 2025, favorable SOFR-linked interest rates, which have declined by around 125 basis points since last year, and ratings upgrade-related interest rate reduction and our focused capital management.

Additionally, other factors that impacted PBT were

- lower net exchange losses, down from ₹375 crore to ₹235 crore,
- lower losses from associates and joint ventures from ₹135 crore to ₹54 crore in this period as they have had improved performance during the current year. We'll continue to monitor the performance of these entities closely.
- Finally, the exceptional items improved from a negative ₹8 crore to a positive ₹142 crore. This was as a result of favorable verdict from Brazilian Supreme Court on a VAT litigation. The gain was partially offset by the restructuring cost for one of our European manufacturing plants. We have also provided a detailed management P&L to better explain the numbers, including net interest and FX costs as discussed during the last Q1 earnings call. We have also included a management balance sheet, which is Slide 20, and the management cash flow on Slide 23 for better reference.

Profit after tax, or PAT, significantly improved from a loss of ₹585 crore last year to a profit of ₹612 crore this quarter. I'm pleased to share that our PATMI stood at ₹553 crore, up significantly by around ₹1,000 crore versus last year, driven by factors as explained earlier. Correspondingly, our operational PATMI i.e., adjusted for exceptional items rose from negative ₹434 crore to a positive ₹411 crore, up by ₹845 crore. For H1, PATMI was up by around a significant ₹1,300 crore.

Moving on to the key balance sheet items. Our net working capital in September '25 stood at ₹15,463 crore or around 118 days, lower by around 5 days versus an already tightened last year. The amount is higher versus previous year due to improved sales in H1, especially in our seeds business and overall inventory buildup in anticipation of our H2 plans.

Inventory days stood at 124 days, up by around 7 days, while payables were at 151 days, up from 127 days last year. Our receivables stood at 146 days, up from 133 days in the previous year. We also saw a flat non-recourse factoring at around \$553 million versus \$558 million in the previous year.

On the net debt, as of September 2025, it stood at ₹23,802 crore, that is approximately \$2.7 billion, reflecting a reduction of ₹3,729 crore or \$605 million compared to ₹27,531 crore, that is \$3.3 billion in September 2024. However, the net debt increased versus March 2025 largely due to the impact of perpetual bond redemption of about \$400 million in Q1 and higher working capital requirement in line with the historical seasonality.

I'm also happy to share that our key gearing ratios, that is net debt to EBITDA and net debt to equity have shown remarkable improvement compared to September last year. The net debt-to-EBITDA improved from 5.4x last year to 2.7x, driven by strong operational performance and capital efficiency. This ratio was at 1.7x in March '25 due to seasonality led higher collections in that period. Adjusted to perpetual bonds, this ratio last year March end would have stood at around 2.1x. Additionally, net debt to equity improved from 0.9x last year to 0.6x this year.

On H1, let me summarize the highlights briefly. Our revenue is up by 5% versus last year, with growth led by all platforms, mainly Advanta and UPL Corp. The total contribution grew by 16% at over ₹9,000 crore, driven by broad-based margin improvement of over 400 basis points versus last year. EBITDA is up by 29% at over ₹3,500 crore with robust performance across all platforms and led by contribution margin improvement.

PATMI improved by around ₹1,300 crore, up from a negative ₹827 crore last year to a positive ₹465 crore in H1 this year. Similarly, our operational PATMI improved by approximately ₹1,100 crore, up from a negative of ₹769 crore to ₹331 crore this time.

I will now hand over to Mike, who will take you through the details of UPL Corp. Mike, over to you.

Mike Frank:

Thank you, Bikash. Hello, everyone, and welcome to our second quarter FY26 earnings call. Before we review the quarter, I would like to start by providing some insights and my thoughts on the current market landscape. The global crop protection market has stabilized. Channel inventories in all major countries are back to normalized levels. Global demand growth is in the low-single digits and prices have largely stabilized.

With this backdrop, we are well placed to compete. We are sitting on fresh inventory that is at the right level and at a competitive cost, giving us the opportunity to compete aggressively to grow our market share and to expand margins simultaneously. Grower prices for row crops continue to remain low, pressuring farm margins, which in turn creates liquidity stress on retailers and distributors in some regions, especially in Latin America.

The breadth of our portfolio gives us optionality to serve farmers with post-patent, differentiated and biological solutions. The current environment in relation to farmer margins is driving greater interest

in post-patent solutions within our portfolio. Looking ahead, we expect this trend to persist into 2025, creating opportunities to strengthen our position in the value-driven segments.

Turning to our Q2 performance. The quarterly performance of our business reflects the strength of our portfolio and the operational advantage of our supply chain. In Q2, our revenue grew 12% year-on-year, supported by strong volumes in North America and Latin America. Looking at the performance of our portfolio, herbicides delivered strong results across North America and Latin America, driven by s-metolachlor, metribuzin and triclopyr. Fungicides led by mancozeb continue to see strong demand in all regions.

Our insecticides portfolio was mainly impacted by increased competitive pressure, leading to price erosion of our premium Sperto® brand in Brazil, as well as lower volumes of acephate, also in Brazil. However, this segment is showing a solid recovery driven primarily by our growing Feroce® brand sales whose superior agronomic performance has strengthened its brand presence and demand with growers in Brazil.

Our sustainable solutions portfolio in Q2 saw slightly lower volumes. However, total contribution margin grew on the strength of improved mix. Impressively, our contribution margins overall expanded to 35.1%, growing by over 400 basis points year-on-year. This was mainly driven by improved mix, lower input costs and higher capacity utilization.

Turning to SG&A, we continue to demonstrate a disciplined SG&A approach while investing strategically in growth and transformation initiatives. Nevertheless, ECLs totalling approximately \$9 million impacted our results, but to a lesser degree than Q2 last year. These impacts were mainly in Latin America. Finally, EBITDA for the quarter increased by 69% year-on-year, a margin expansion of nearly 500 basis points, demonstrating our ability and agility to compete and drive profitability in this market.

Let's now review the Q2 performance of our regions. In Latin America, we posted 10% higher revenues year-on-year. This growth is attributed mainly to Brazil's robust performance and partial recovery of our business in Argentina. As highlighted during our last investor call, the combination of disciplined execution, a resilient business model, enhanced customer focus and a robust portfolio has driven a strong revenue recovery in this region. We are confident that this positive momentum will continue through the second half of the year as farmers across much of the region are in the midst of planting their first crops for the first season.

In North America, we grew by an impressive 79% versus last year. While Q2 is a smaller quarter in North America, our performance demonstrates the momentum we are building in both Canada and the U.S. Growth in North America was boosted by a strong herbicide portfolio with notable upsides coming from the demand for our post-patent portfolio of key molecules such as metribuzin, s-metolachlor and glufosinate, which delivered significant year-on-year gains in both volume and revenue.

This performance was complemented by key fungicides such as mancozeb. While our post-patent portfolio is performing well in North America, we're also in the midst of launching and scaling several new products, primarily in the differentiated and sustainable categories of our portfolio. This all positions us well for sustained growth in the North America region.

In Europe, we recorded near flat revenues, which declined 1% compared to the same quarter last year. This was primarily due to fungicide sales normalizing after an exceptionally wet season last year. I'm pleased to highlight that we continue to see sustained growth across key markets such as in Germany, Italy, Spain and France.

Unfortunately, the market in Turkey has been impacted negatively by an early season frost, resulting in lower sales, especially in the fruits and vegetables market. We are confident of strong volumes and revenue performance in Europe during the second half with overall growth projected for the full year.

In Africa and Asia Pacific geographies, we delivered good growth across key markets, especially in South Africa, Western Africa and Indonesia, resulting in an overall 12% revenue growth for this region compared to the same quarter last year.

Lastly, on our Q2 results, our commitment to disciplined cash management and operational efficiency remains strong. We continue to optimize our inventories, receivables and payables to achieve sustained and best-in-class working capital efficiency. To this end, I'm pleased to report that we've achieved a strong reduction in net working capital days compared to the same quarter last year.

Turning to our outlook for the third quarter and full year of FY26. Based on our momentum, we are confident in accelerating our growth in the second half of the year. From an SG&A standpoint, we continue to leverage advanced tools and technologies to optimize operations across all functions, enhancing our operating model and driving an enterprise-wide transformation. At the same time, we're strategically focusing our SG&A investments to accelerate growth in key priority areas.

On the marketing excellence front, we continue to strengthen our new product pipeline, positioning ourselves to firmly surpass our target of \$130 million revenue from new product launches this year. We are already seeing excellent results from products launched in the first half of the year, especially in Latin America, underscoring the growing acceptance and differentiation of our portfolio in the market. Looking ahead, we expect this momentum to accelerate in the coming quarters, further strengthening our market position and driving sustained growth.

In closing, I'd like to thank our team for their outstanding dedication and our channel customers for their continued partnership, which drove this quarter's successful results. With this solid momentum, I am confident we will deliver robust revenue and margin growth through the remainder of this year.

Thank you. And with that, I'll hand over to Bikash, who will take you through the performance of our other platforms.

Bikash Prasad:

Thank you, Mike. Let me now also provide a quick update on our other three platforms, which are our India crop protection business, or UPL SAS; Advanta, our seeds platform, and our specialty chemicals focused platform, SUPERFORM.

UPL SAS revenue declined by around 10% due to lower volumes led by unfavorable weather conditions that prevailed in most parts of the country. Herbicides was the segment that was particularly impacted. However, despite the above challenges, we improved our contribution margin by approximately 500 basis points, driven mainly by improved product mix and recent launches such as Centurion EZ® and Canora EZ®. The EBITDA margins improved from around 20% last year to

22.7%, an increase of nearly 270 basis points. This led to an absolute EBITDA growth of 2% despite revenue decline.

Advanta, now integrated between our seeds and post-harvest platform delivered a strong 26% growth year-on-year, fuelled by a robust volume expansion of 14% in the seeds segment. Key contributors to this growth included corn in India, Latin American countries and Indonesia as well as sunflower in Argentina. Our platform EBITDA rose by a strong 57% driven by higher volumes.

SUPERFORM had a steady revenue versus last year. I'm happy to share that our Super Specialty business or SSC was up by 18%, driven mainly by volumes led by contract manufacturing. This strong growth has also helped us improve our non-agchem revenue share to around 25% compared to 20% in Q2 last year. The platform reported a contribution margin of around 25%, up by a strong 370 basis points. This was driven by improved mix and increased share of Super Specialty segment. EBITDA is up by a strong 24% versus last year with 250 basis points improvement led by increase in contribution.

Now on some non-financial updates that I would like to talk about. In line with the previous quarter where we presented our ESG commitments, I'm pleased to add here that our robust financial and business performance are also enabled by our state-of-the-art backward integrated manufacturing and world-class R&D capabilities.

Our global manufacturing facilities spread across major continents enable effective catering to growers and customers' unique needs, offering bespoke solutions, enhancing agricultural results. Our strategically located facilities backed by advanced synthesis capabilities, and skillful and inspired team provide a favorable cost position versus most of our global peers. Our world-class R&D centers distributed across the globe fuel innovation for our customers, whether through synthesis and formulation or creating process IPs, quality improvement or otherwise. With a strong team within this function comprising PhDs and experienced professionals, we have received over 3,000 patents.

Now to summarize, Q2 has been an extremely positive quarter with several achievements. This quarter has been much stronger versus an already robust Q1 with broad-based EBITDA improvement and focus on overall quality of earnings led by financial discipline. Through this, our first half of the year looks strong as well on almost all indicators.

On the P&L front, in Q2, our revenue grew by a robust 8% versus last year, a strong contribution margin at around 42%, an improvement of 420 basis points, a strong EBITDA growth of 40% with margin improvement of 410 basis points, and PATMI improvement of around ₹1,000 crore.

Similarly, on the balance sheet, our working capital days improved by 5 days from 123 days to 118 days. Improved net debt with a reduction of over \$600 million. Adjusting for redemption of perpetual bonds of \$400 million, the net debt reduction is \$1 billion. This also resulted in further de-gearing our balance sheet.

Considering our strong H1 and positive outlook for H2, I'm pleased to share our upgraded FY26 guidance as follows: 4% to 8% growth in revenues, on similar lines to what we presented in Capital Markets Day in May, and 12% to 16% EBITDA growth versus last year, up from 10% to 14% as indicated earlier.

Finally, I would like to thank our team for their efforts and our valuable stakeholders for their trust and support. I'm confident of delivering our financial commitments in FY26.

Thank you, and I look forward to your questions. With this, we are now open for Q&A.

Moderator: The first question comes from the line of Saurabh Jain with HSBC.

Saurabh Jain: Congratulations on a stupendous set of results. First thing I wanted to clarify on your ECL in Brazil. So how much is the total ECL in first half? Because there was some commentary about 1Q, you booked 13 million and then some of it got reversed. What is the total ECL in the first half for you?

Mike Frank: Saurabh, maybe I'll take that from a UPL Corp standpoint. And Bikash, you can add any commentary you want from an overall UPL perspective. In UPL Corp, our ECL in the first half was \$30 million, and that compares to \$23 million last year, so up \$7 million versus the same half last year. And you mentioned Brazil, that's total. So that's not only Brazil, that's our global ECL for the half.

Saurabh Jain: So can you split it out into the first quarter and second quarter also? Just trying to understand how much was the amount in the second half because you also mentioned about some reversal that is where I'm coming from.

Mike Frank: Yes. So, the net in Q2 is \$9 million. And the total in H1 is \$30 million. So you can say net in the first quarter of \$21 million.

Saurabh Jain: Yes. Okay. Also, there has been a bit of pricing decline in the second quarter amid some reports suggesting some of the products have seen price increases. What would be your assumptions and expectations in the second half? Whatever growth that you're going to deliver, can you split it out in terms of how much would be volume, pricing and forex?

Mike Frank: Yes. So, as I mentioned, for the most part, we're seeing prices have stabilized. So now on the price side, it's primarily a mix impact. Now we did see, as I mentioned, with Sperto®, which is one of our high-value branded insecticides in Brazil. This year, we have seen some clones and generics come into the marketplace. And so, we have seen some price declines specifically on that product, which is a large product for us. But on the rest of our portfolio, we've seen very consistent pricing.

So, as we think about the H2, our growth in H2 will be almost exclusively volume-driven. We expect prices to be roughly flat, maybe down like, again, 1% or so in Q3. But overall, in the second half, we expect pricing to be very flat, but volumes to lead the growth for our second half business.

Saurabh Jain: Okay. That is useful. One last question I would ask, and then I'll join back the queue. Given already we have seen 2 quarters and there is good debt repayment that UPL has delivered, there is also a debt repayment obligation, which is coming up in March 2026. I think it would be about \$0.5 billion or so. Can you also explain to us what is your potential expectations of your debt by when you end this year?

Bikash Prasad: Yes, sure, Saurabh. Thanks for the question. And as you know that we have an opening cash balance of about \$550 million as on 1st of October. We also have unutilized working capital lines of about \$1.7 billion. And significant cash release happens during H2. And the last 2 years, if you look at it, the cash release has been in the range of \$900 million to \$1.1 billion. So, we feel very comfortable with our opening cash that we have. And during H2, the cash release that will happen. So, we are confident to meet any repayment obligations for this year. So, I think that is not a challenge.

The second question is about what is our expectations for rest of the year and the end of the year. Like last year, we had ended at 1.7x net debt-to-EBITDA ratio and adjusting for perp it was about 2.1x. Post repayment of the perpetual bond, we had made the second and final call on the rights issue for the balance amount of approximately \$200 million, which is also received in September. And our focus is to continue to drive cash generation from operations which is supported by disciplined working capital management, as you can see it in our H1 results as well.

So, we will be significantly lower than the last year at 2.1x on a business as usual basis. And our short to medium-term priority is to deleverage our balance sheet, probably, I would say, between 18 to 24 months' time. So compared to last year of 2.1x, we are expecting somewhere between 1.6x to 1.8x of gearing. But still, we have H2 to deliver, and we'll see how things evolve. But as of now, we are quite comfortable with our cash position, quite comfortable on our net debt and the leverage ratios.

Saurabh Jain: So does that imply a net debt reduction of about ₹1,500 crore to ₹2,000-odd crore? Is that the way we should look at it?

Bikash Prasad: Yes. So, we'll see how the working capital pans out in Q4. Q4 is our key quarter from working capital cash flows and net debt perspective. But as of now, we are planning somewhere between 1.6x to 1.8x.

Saurabh Jain: Yes. So, a related question is that the working capital on a Y-o-Y basis has seen an increase, right? There is a drawdown on the working capital. Would you still believe for the full year basis, there would still be some release in working capital or you would believe that there would be some cash absorption in your working capital needs?

Bikash Prasad: So last year, we had really squeezed on the working capital. And you know that from 86 days, we had reduced our working capital to 53 days. And during Capital Market Day, Mike and others have also commented that our cycle time between, say, 65 to 70 days is what probably is sustainable. And we will be comfortable with that.

So, there might be some increase, although as of now, we are trying our best to see how do we keep optimizing our working capital. But the season is starting now in Americas, and we'll see how does it go. And still there are many global uncertainties and challenges we have to navigate. And then probably Q3 will be a better quarter to give a better update on this.

Moderator: Next question comes from the line of Siddharth Gadekar with Equirus.

Siddharth Gadekar: So my first question is on the strong performance on the EBITDA side in 2Q and the guidance increase. So, what do we attribute the guidance increase to? And also, for the 2Q, the beat on EBITDA, the strong growth that we have seen, is it largely driven by the differentiated products? Or there is something else also that is driving our EBITDA and the guidance for the full year?

Mike Frank: Yes, Siddharth, maybe I'll take that first just from a Global Crop Protection standpoint. Look, so I would say the tailwinds that were experienced in the first half are going to persist, we believe, into the second half is, again, inventory levels are normalized. And so, we're able to restock.

Secondly, because we have such a broad portfolio of post-patent, differentiated and biological products, depending on the country and the farmer economics, we are seeing - while we're still seeing strong demand for our high-value differentiated and sustainable products, we're also seeing really

strong demand and accelerated demand with low grower margins for our post-patent products. So, I would say that's giving us the opportunity to simultaneously grow market share and expand margins.

Maybe lastly, our supply chain is really performing well. As we're running with lower levels of inventory as we manage working capital, we're also able to replace inventory with fresh inventory at the markets lowest cost. And we're seeing as the year plays out, because we're running the plants harder, we're absorbing fixed costs through a larger volume, and that is also helping our cost of goods, which is expanding our margins. So, there's - I'd say there's multiple pieces that are driving both our volume gains and our margin expansion.

Bikash Prasad: And let me just add it from other three businesses also. Advanta also, we have a strong FY26 outlook, which will be volume-led growth with EBITDA accretion. SUPERFORM with continued with strong prospect for our Super Specialty Chemicals segment with margin expansion. And our India crop protection business with our improved product mix will also drive the outlook for the second half.

Siddharth Gadekar: Got it. Sir secondly, on the India business, how should we think about the inventory levels? And do we expect any large sales return in 2H?

Ravishankar Cherukuri: Yes. I hope you can hear me. This is Ravi. So normal sales and returns is a feature of the business, and you know this very well. Last year, we had abnormally large returns because like we were turning a corner from very high sales to a more subdued sales environment. But this year, we have been very calibrated in placement of inventories into the channel.

Other than for early season herbicides, which we have to place, you cannot see what the season will be like, where we went ahead and placed, and we had -- we took back most of the returns already in Q2. We have been extremely calibrated in placement of other stock, other inventories based on the season. So, we do not expect returns to be very high in the future. However, there will be some returns, and they will be well within our normal estimates.

Siddharth Gadekar: Lastly, just on SUPERFORM. This quarter, we have seen the share of non-agchem going up to 25%. How should we think about the share over the next 2-3 years? And where do we see SUPERFORM eventually being by FY29, FY30 in terms of non-agchem and agchem share?

Raj Tiwari: This is Raj Tiwari. So of course, our ag business will also grow, but the growth of our Specialty Chemicals business will be far higher than our ag growth. And therefore, this overall share of business of super specialty will keep on growing.

How next couple of years pan out would be a matter of estimates. But at the pace at which we are going now, if we just look at that, then in next 24 to 36 months, around 30% to 35% of our overall business share should be super specialty.

Siddharth Gadekar: Sir, any color you want to give that incrementally, what are we doing to increase the share in the super specialty products?

Raj Tiwari: Well, we have 4 or 5 key technology platforms. We have cynation, phosgenation, phosphorus, and sulfur-based chemistries. Those would anyway excel the growth. But apart from that, our contract manufacturing business will propel the growth in next 36 months' time.

Moderator: Next question comes from the line of Ankur Periwal with Axis Capital.

- Ankur Periwal:** Congratulations on a good set of numbers. Mike, first question for you. You did allude towards Brazil market wherein there is some bit of pricing pressure in specific products. Your thoughts on the overall competitive intensity and especially given the weakening farm economics, is there a shift from branded or premium products to more on the generic side? Your thoughts there, please?
- Mike Frank:** Yes. Thanks Ankur for the question. Look, I mean, over the last week or so, most of our peers have reported. And so, you can see from the industry-wide results that the industry is still very competitive. And volume growth is still in the low single digits. Obviously, we're outperforming that, which we're pleased about. And we think it's largely based on our broad portfolio and on our operational excellence in terms of how we're managing inventory and managing our supply chain.
- The pricing pressure in Brazil is mostly focused on our one large brand, which is Sperto®. Outside of that, we're seeing some price opportunity on some of our portfolio, but most of the portfolio is remaining flat on prices, while our cost of goods continue to improve, which is giving us the margin expansion. So, I would say that's how it's playing out, not just in Brazil, but in the rest of the markets.
- And then finally, to your point just on grower margins, as I mentioned, I do think we are seeing some additional demand in what we would call the value segment of our portfolio as farmers are looking for high-quality, low-cost products to solve their pain points. And so, I think that's giving us some additional momentum because of the breadth of our portfolio.
- Ankur Periwal:** Sure. That's helpful and clear. And second question to Bikash, on the losses from associates. We have seen a sharp decline there. So just wanted to understand how should one look at these numbers? Is this ₹54-odd crore loss sustainable now? Because we were at ₹130-odd crore last year. Q1 was a profit and now there is again a loss. So how should one look at this number on a sustainable basis?
- Bikash Prasad:** Yes. Thanks for the question. I think during this year, we have seen that our associates and JVs have improved their performance. They are still not there where we want to see them. But nine out of our ten associates and joint ventures have improved their performance in Q2. There is one where there is still an issue, and we are trying to turn it around as well. But going forward, I do see that at least on the nine out of ten JV/ associates that we have, will have the steady performance.
- Ankur Periwal:** Sure. Just a follow-up here. So, if I look at from a full year perspective, this year, this number should still be negative and possibly positive next year onwards or probably the turnaround will take slightly higher time?
- Bikash Prasad:** So next year, our target will be that it should be positive. This is how we are planning and working.
- Moderator:** Next question comes from the line of Tarang Agrawal with Old Bridge.
- Tarang Agrawal:** Congrats on a strong set of numbers. I would just like to take this forum to basically call out that considering how UPL was one of the first ones to call out the stress in the environment, taking the write-offs, I think life seems to have come to full circle, especially given the context in which some of the global peers have reported.
- Also sincerely appreciate the improvement in the financial reporting quality and the earnings quality. We really hope this momentum both on reporting as well as business, continues.
- Now coming on to the questions, I actually have three. Firstly, on UPL Corp, what should be the steady-state contribution margins for this business? And where I'm coming from is I'm not trying to

look at it on a quarterly basis, but say, what is the target that you are hoping to achieve, say, in FY27, maybe '28?

And secondly, what's the share of D&S business? I think these disclosures used to be given out. I think for the last two quarters, these disclosures are missing. So, it will help if you could incorporate it going forward. And the rest are relating to Bikash and SUPERFORM.

Mike Frank:

Tarang, it's Mike here. Firstly, thank you for the comments on the overall performance. So, the way I would think about kind of what you're calling steady-state contribution margins at least in the near term, it would be in that mid-30s. And so there will be quarterly deviations from that, probably up and down a little bit. But on a full year basis, we would expect our margins to be in that mid-30 range.

Obviously, in the post-patent segment, and this kind of gets to your second question, in the post-patent segment, the margins are lower than they are in our differentiated and sustainable segment. We will disclose those numbers at the end of the year. So, we'll continue to report them. We think it makes more sense to report them on an annual basis just because there can be quarterly variations that I think will send maybe not the right message if we report them quarter-by-quarter.

For the year, we would expect that we'll be somewhere in the range give or take a little bit of 60%-40%. So, 60% of our revenue will be from the post-patent segment, about 40% from the differentiated and sustainable segment. Over time, that will continue to move towards more and more share in the differentiated and sustainable segment. About 80% of our new products that we're launching are in that high-value segment.

And as I mentioned earlier, we've got a strong class that we're launching this year with what we've guided to be at least \$130 million of revenue. And now it looks like we're going to be able to over-deliver on that target. And we have another really strong class coming in front of us. And so those are the things that are going to continue to drive the growth of our high value differentiated and sustainable segment. And again, we'll disclose that specifically at the end of the year.

Tarang Agrawal:

Bikash, how confident are you in continuing to yield the supply payment terms that you're currently yielding?

Bikash Prasad:

No, I think with our strong performance, it is giving much more comfort to our suppliers. It should continue. I do not see any concerns as of now on getting the similar terms.

Tarang Agrawal:

Okay. And last one on SUPERFORM. We've seen a stark expansion in margins for the business. What's driven this? I mean, quite stark?

Raj Tiwari:

Yes, Tarang, Raj here. Of course, this is because the Super Specialty business growth has been phenomenal. And there, the margin expansion has been there. And it's a mix -- naturally, when the super specialty growth is much higher as compared to ag, the margin expansions will keep on happening. So, it's a mix issue.

Tarang Agrawal:

Got it. So as long as the mix keeps improving, that's the trend that we should look at. There's nothing out of the ordinary. I mean, just to get a sense, whether it's your Super Specialty business or your ag business, there isn't anything out of the ordinary in terms of the margins that you've reported for this quarter?

- Raj Tiwari:** No, it is. And that will keep on happening because super specialty will keep on growing upwards of, let's say, 20% and ag will anyways grow 10%. So, till the time super specialty growth is more than the ag, the margin expansion will keep on happening.
- Moderator:** Next question comes from the line of Love Sharma with JPMorgan.
- Love Sharma:** Just a couple of questions from me. I think, Bikash, you mentioned earlier in the call about your net leverage target of about 1.6x- 1.8x by end of this year. Just wanted to understand given where we are currently and the rating improvement we have seen, and I know that the company has come a little bit of a long way from the IG ratings previously, is it fair to say that you would like to achieve those IG ratings back given these deleveraging targets?
- And secondly, I think you also talked about this the \$500 million loan coming due next year in March. Also, then there is, I guess, a September payment due as well next year. Any thoughts on refinancing them or are you looking to just repay them, reduce debt overall using cash flows?
- Bikash Prasad:** So definitely, first on the \$500 million, I think, is immediate now in the next couple of months. We are quite comfortable with our opening cash flows. There's cash release that happens during H2. As I indicated earlier, \$900 million to \$1 billion. So, if you are sitting with \$1.5 billion, meeting this \$500 million repayment obligation is not an issue.
- Now your second question is on about Q3 and Q4 next year obligations of about \$900 million. I think we still have some distance to cover. But we will first focus on how we look at generating operational cash flow. We had indicated during Q1 earnings call and press release that we are looking at various options to unlock shareholders' value. And if some of those we decide to take, that would also help in terms of deleveraging the balance sheet.
- So, we'll see that how things are progressing in the next 3 to 6 months' time. But as of now, on the immediate repayment obligation of \$500 million, we are well prepared and planned. There are no concerns on that. But we'll update on the Q3, Q4 next year repayment probably in the subsequent earnings calls.
- Love Sharma:** Sure. And on the rating side, if you could just share any views? I know you have improved a lot. We have seen some decent improvement on the rating side. Are we looking to have more of those coming along?
- Bikash Prasad:** I think our first focus is to deliver a strong performance this year. Once we have a strong result, we have a better chance. And we have been in discussion with the rating agencies. We are continuously engaged with them. But besides our financial performance and liquidity, you know that the rating agency also considers overall industry outlook and other factors, which also influence the rating action.
- So, what we have in our control, definitely we will try to deliver that, but there are markets conditions as well, which will impact the rating action. But we are focusing on delivering strong financials, enhance our capital productivity, operational efficiencies, cash flow and strengthen our balance sheet.
- Moderator:** Next question comes from the line of Naushad Irfan Chaudhary with Aditya Birla Mutual Fund.

- Naushad Chaudhary:** A few clarifications. Firstly, congrats on a very good set of numbers. On the seed business side, we have done wonderfully great if I look at the global peers versus us, I was just wondering if you can be very specific and share what great we have done in the past that is yielding this kind of growth to us? And what are we doing currently to keep that growth and market share momentum?
- Anurag Gupta:** Thanks, Naushad. I'll request Bhupen to respond to that question.
- Bhupen Dubey:** Thank you so much for this question and this observation. As you may know, seed business is a very long-term business. So normal really good product from our R&D takes 8 to 10 years to come out of it. So that is a long pipeline. So, your question is right, what good we did in the past is yielding results. We have done a very strategic identification of the segment and subsegment within the global seed market where we believe we have very strong germplasm. That is the starting point. So, wherever you have a strong germplasm, marry with the crop and the geography, and start investing in those areas, from R&D, technology development, marketing and testing, and then GTM. So that is how it goes. So, if you see in last one decade, year-on-year on quality and health of business, quality of the portfolio, the contribution of our innovation is going up. Of course, there are internal things which is under our control, but that has to marry with the market opportunities, which reflects in QoQ, YoY, but broadly, it's a robust movement. Going forward, same will continue for us - the market which we need to enter in through in-house development, or acquiring the germplasm. That is our first area - whichever segment we want to see ourselves growing in 8 to 10 years' time. We are strengthening our germplasm at this point in time, putting our R&D resources because that gives us the moat, seeking ability and sustainability.
- Naushad Chaudhary:** But on a lower base when we started competing with the global giant who has this multibillion-dollar size in terms of the seed business, their germplasm inventory versus our germplasm how it got us differentiation that led to this market share gain. They would also be sitting on a similar kind of germplasm inventory.
- Bhupen Dubey:** So, the beauty of our business is -- we have a lot of IP capability. Germplasm is a unique proprietary asset of a company who are R&D-based. So for big organizations, they have 130-140 years of history. Advanta is also more than 65 - 70-year-old. So that kind of big germplasm we have, which is our proprietary, and nobody has that in the marketplace. We keep innovating with facilities and branches, with unique combination of our genomics, marrying with the environment we want to target. So that is the beauty of the seed business based on the R&D compared to the rest of chemical business, which we see here.
- Naushad Chaudhary:** Okay. And last, on this Super Specialty business, what exactly is this business? And how much -- in terms of value, do we do the business through external sales in this piece? And how much capital we have deployed so far here? And what is the capital deployment plan in this business?
- Raj Tiwari:** This is basically the manufacturing part of the business, wherein we serve ag and we have two anchor customers, UPL Corporation and UPL SAS, that contributes almost like 75% of our revenue, wherein we manufacture active ingredients for these two anchor customers.

Apart from that, we have the Super Specialty business, wherein we do contract manufacturing, but we also have products which goes into pharma intermediates, lubricant space, personal care, flame retardants and mainly five key technology platforms: phosgenation, cyanation, sulfur, Na₂S chemistry, phosphorus chemistries and others. We are backward integrated, and that's where we drive value for our customers, and that's where we are able to also drive growth. So that's the basic outlook, how the business is structured.

Naushad Chaudhary: What is the size of this business in terms of absolute number through external sales only?

Raj Tiwari: Last year, the number would be around ₹10,000 crore. Out of that, last year, 80% of the revenue came from ag and about 20% came from super specialty. So that's the size of the company.

Naushad Chaudhary: I'm asking external sales, sir. You eliminate the...

Bikash Prasad: Rest is all -- so let's say, about ₹2,500 crore of sales comes from external customers.

Naushad Chaudhary: Okay. And any capital deployment plan, if you want to share here, how you want to take this forward?

Raj Tiwari: It all depends on the opportunity what we see. Of course, we keep on investing. I mean, last year, if you see at UPL level on the tangible assets, our investment would have been about \$140 - 150 million. And that's the range which we keep on investing for growing the business.

Bikash Prasad: I may also add here. Now if you look at the SUPERFORM business, fantastic from a working capital deployment or productivity perspective. Whatever credit terms that SUPERFORM offers to its customer, whether it's a third party or our crop protection business, we get similar credit terms from our suppliers. So, largely, it is a working capital neutral business.

On the fixed capital side, it will be between, say, \$500 million to \$600 million between specialty and ag. So, it's a very working capital efficient business and fixed capital will be in the range of \$500 million to \$600 million.

Moderator: Next question comes from the line of Somaiah V. with Avendus Spark.

Somaiah V.: A few questions for Mike. First, in terms of low-cost inventory replacement, is the cycle -- you have come to the full cycle there or there is further headroom based on current raw material prices or utilization levels for second half of this year?

Mike Frank: Yes. So, I'd say we've come full cycle. There's no further headroom. Obviously, as our volumes grow and we continue to run our plants and utilize them at a higher rate, I mean, there is a marginal benefit from fixed cost absorption. But we've liquidated what we've previously referred to as high-cost inventory. We came into the year with about 100 days of forward coverage. So that got liquidated for the most part in the first quarter. And so we are really now selling refreshed inventory.

Somaiah V.: That's helpful. Second question is on Brazil. Considering the growth rate that we have had last quarter, would it be right to think that we have gained market share? That's the first part. Second, in terms of the season, current season in terms of rainfall being in terms of planting, the progress there? And also, any concerns in terms of farm economics that can impact offtake at the later part of the quarter?

Mike Frank: Yes. So, look, obviously, market share is measured on the annual cycle. So, I would say it's too early to declare any market share gains in Brazil on a year-to-date basis. The farmers are in the field right

now, planting. For the most part, they finished planting their first season corn, but there's still lots of soybeans to be planted and cotton.

But we are pleased with the revenue we've achieved this last quarter. Our order book in Brazil right now is up about 20% versus this time last year. And again, I think the market in Brazil is going to likely be up in the low single digits. And so, indications are strong that we're poised to gain market share. Obviously, as I said though, there's a long season to play out there.

From a weather standpoint, it's been a good start to the season. It was unusually wet in the early spring, which is really good. So, farmers were planting into moist soils, which always gets the crop off to a good start. So, I would say that's good for farmers. Also, kind of tees up well for the products that we're selling there in terms of herbicides and insecticides and fungicides. We're expecting strong demand. And so, I would say it's setting up well for a good market.

Lastly, on your question with respect to farmer liquidity. Last year, the way I think about it is farmers in most of Brazil grew a very strong crop. So even though prices were down, they commercialized it at lower prices, but at higher volumes. And so most farmers have liquidity coming into this year.

Again, you can't say that for every single farmer. But generally speaking, farmers, I would say, there are optimistic about this season. It's off to a good start. Prices are where they're at. And so, we'll see how this unfolds.

Again, the Chicago Board of Trade price just in the last 10 days has increased by about 10% on soybeans. And so that will also put a little wind into the sales of soybean growers in terms of how they're looking at future prices.

Somaiah V.:

Got it. One last question on the tariff part. I just want to understand in terms of value chain, how is this getting addressed, whether it's the producer who's taking it or the retailer distributor. It doesn't seem like there is a price increase at the end consumer. If you could just help us understand that part.

And second, also what it means for us, whether we benefit because there used to be a price differential or tariff differential that used to help us maybe ten percentage points. Does that still exist?

Mike Frank:

Yes. Thank you for that question. Look, at the start of the year, we probably had about a 20% lower tariff of India imports into the U.S. versus Chinese. And that now has turned around where there's a small disadvantage where there's a higher tariff on imports coming from India. Obviously, as you all know, the tariff rates for imports into the U.S. have been incredibly dynamic like since April. They've gone up 10%, then to 25% and now to 50% on India.

And so, we're not going to give a specific dollar amount because it's still dynamic, and we do expect that the rates could still shift as the year plays out. But our supply chain, our global supply chain team and our local U.S. team have been playing through a lot of scenarios to really determine how do we best operate in this environment.

So, the way I think about it in the first half of the year, most of our U.S. sales were made with inventory that was already in the country prior to the increase in tariff rates. So, there was a small impact from higher tariffs in H1, and that would be approximately a negative \$3 million at the EBITDA line.

But in H2, our imports into the U.S. since the higher tariff rates started, obviously, that will have some negative impact on H2 results, just as you said. That being said, all of that impact is figured into our increase in guidance that Bikash talked about earlier on the call today.

So maybe lastly, just on your point in terms of what are we doing with pricing and supply chain. So, I would say there's probably three areas that we're focused on. Firstly, we're holding inventory that we're currently shipping to the U.S. in bonded warehouses, and we're holding it there as long as we can until we have to release it and pay the tariffs.

And so, for the most part, right now in the U.S., there's not a lot of products going on the ground. And so, we still have, I would say, a month to two months in most of the U.S. before we need to start shipping products to our retail and distribution channel. So, we're staging that product in bonded warehouses in anticipation that there could be a change in the tariff rate between now and when we need to ship it. So that would be number one.

Secondly, our product prices for the new crop year do reflect some of the additional tariff costs. Obviously, this is unfortunate for farmers as they're going to be paying higher prices for inputs at the same time that their margins are being squeezed. But of course, it's on an active-by-active basis in terms of what our pricing approach has been.

And then lastly, we are exploring all options to minimize the tariff impact through alternative supply options as well as formulating more products in the U.S. and adding more value there before we ship the products to our customers. So that's kind of the overall picture right now and the scenario that we're working through with tariffs in the U.S.

Anurag Gupta:

Thanks, Mike. Bikash, would you want to add some color with respect to other businesses as well?

Bikash Prasad:

So, I think other businesses are not very material, whether it's Advanta or our post-harvest business from the U.S. tariff perspective, it's not material. Our Corp business is material, and Mike has given a detailed response on that. And from the finance and from the year-end guidance perspective, I will also say that the discussions are ongoing between U.S. and India.

And some of those outcomes are still uncertain, unclear. But as an organization, we are better prepared and plan for this scenario, including like onshore manufacturing, strategic partnership or supply chain optimization, pricing action that we can take.

And therefore, I will say that this doesn't materially change our financial outcome expectation for the rest of the year. And I will say that as of now, as the duty stands, it doesn't change our financial outcome expectations. And those things have been baked into our numbers and the plan.

Somaiah V.:

Just one small clarification, if I can. So, we did mention \$3 million was the impact in H1, and we did also say that we have factored that into our full year number. Would it be possible to quantify this number, a very ballpark number what we have considered in the second half?

Mike Frank:

Yes. Look, I think it's too dynamic to put a number out there. I mean it will be larger than the impact in H1 if things don't change. Obviously, again, it's super dynamic. And so, if things change, then the impact will change. Again, from a pricing perspective, we're currently pricing our products based on the current tariff rate and replacement cost.

But if that changes, whether it's from competitors in China or from our own imports from India, then the whole dynamic in the market changes. So, it's very fluid, which I think we want to be cautious about putting a number out there.

Moderator: Next question comes from the line of Imtiaz with Barclays.

Imtiaz: I just have two quick questions. One is with regards to your capex. If you could provide some guidance in terms of what you think capex for the current FY26 might be and also for FY27? And how will you be using those numbers? And secondly, if you have had any further thoughts on IPO listing of Advanta and other platforms, if you could just share some thoughts on that?

Bikash Prasad: Yes. So, I think from the group perspective, if you look at it, usually our organic capex is in the range of say, \$200 million to \$225 million and which is largely split equally between our tangible capex and intangible capex, mainly the product registration. So that is our plan for this year. On the IP for Advanta, probably, I will request Bhupen to add further.

Bikash Prasad: Okay. I think the question was on the IPO. I think we had indicated in our Q1 press release and subsequently also during the earnings call that UPL continues to evaluate various strategic opportunities to unlock shareholders' value across platforms, including restructuring or strategic fundraising, potential liquidity events like IPO.

And you have seen that recently, we have integrated our post-harvest business with Advanta. And if there is something material to share, we will do so in line with our disclosure obligations. But as of now, we don't have anything to share.

Anurag Gupta: I think Bikash has responded to the question which Imtiaz had on the potential liquidity event. So, I think this was the last query that we had. Thank you all. And on behalf of UPL Limited, that concludes this conference. Thank you for joining us, and now you can please disconnect.