Management Discussion

Astitva Chauhan - Head of Investor Relations, UPL Limited
Hello. Good evening, everyone. I am Astitva Chauhan from UPL Investor Relations. On behalf of the UPL management team, thank you for joining us today to discuss our financial performance for the second quarter and first half of FY 2027. The investor presentation, press release, and financial statements are 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 Bikash Prasad, Group Chief Financial Officer, Raj Tiwari, CEO SUPERFORM, our manufacturing and specialty chemicals platform, Bhupen, CEO Advanta, our seeds and post-harvest platform, Ravi Shankar Cherukuri, CEO of our India Crop Protection business. I would also like to introduce two new members of our senior management team who join us today, Sameer Tandon, Division President APAC, Africa, and Europe for UPL Corp, and Ashish Dobhal, Division President Americas for UPL Corp. On this call, Bikash will take us through the performance of UPL Limited and each of its platforms for Q2 and H1 FY 2027. I hand over to Bikash. Bikash, over to you.

Bikash Prasad - Group Chief Financial Officer, UPL Limited
Thank you, Astitva. Good evening, everyone, and a very warm welcome to UPL's second quarter and first half FY 2027 earnings call. Thank you for taking the time to join us today. Before I turn to the numbers, I would like to express my appreciation for your continued engagement and constructive feedback. Your inputs continue to sharpen the quality, consistency, and quality of our reporting, and several of the changes you will see in this quarter's presentation reflect that feedback.

Operator
Sorry to interrupt, boardroom. Sir, your audio is coming from a lot distance right now.

Bikash Prasad - Group Chief Financial Officer, UPL Limited
To set the context for our business performance, it is important to highlight that this quarter tested the resilience of our model. Agricultural markets faced an exceptionally difficult season across key geographies, and we made a conscious choice not to compromise on quality of the business. I am pleased to share that UPL delivered its eighth consecutive quarter of improvement in margins and EBITDA. EBITDA grew 5% in the quarter and 9% in the first half, with margins expanding by 120 and 80 basis points respectively, despite higher input, freight, and energy costs. That, to us, is the strongest validation of our resilient business model and structural improvements in quality of the business in --

Operator
Sorry to interrupt, Bikash sir, your audio is still modulating. Just give me one moment. I will just disconnect and reconnect this line. Ladies and gentlemen, please stay connected while we reconnect the management. Ladies and gentlemen, thank you for patiently holding. We have the line for the management reconnected. Yes, sir, please go ahead.

Bikash Prasad - Group Chief Financial Officer, UPL Limited
Yeah. Just to set the context for our business performance, it is important to highlight that this quarter tested the resilience of our model. Agricultural markets faced an exceptionally difficult season across key geographies, and we made a conscious choice not to compromise on the quality of the business. I am pleased to share that UPL delivered its eighth consecutive quarter of

improvement in margins and EBITDA. EBITDA grew 5% in the quarter and 9% in the first half, with margins expanding by 120 and 80 basis points respectively, despite higher input, freight, and energy costs. That, to us, is the strongest validation of our resilient business model and structural improvements in quality of business in the last few years. Equally important, our diversified and resilient core did what it is designed to do. Advanta and SUPERFORM delivered a strong double-digit growth. UPL SAS continued to expand margins, and together, they cushioned a softer quarter in global crop protection, where volumes have partly been phased into the second half. Let me take you through the macro backdrop, a few corporate updates, our consolidated and platform-wise performance, the balance sheet, and our outlook for the rest of FY 2027. To start with the macroeconomic overview, the second quarter played out against intense and persistent volatility. Geopolitical tensions, particularly in West Asia, kept freight, energy-linked inputs, and active ingredient costs elevated, while the U.S. tariff-related uncertainties continued to weigh on trade flows. At the same time, generic supply and competitive intensity limited the industry's ability to pass these costs onto the market. Weather conditions added another layer of complexity. El Nino affected plantings and application windows across several geographies. Europe went through a severe dry and hot summer, and India saw prolonged dry spells through the Kharif season. In Brazil and the wider Southern Cone, tight channel liquidity and restricted credit led to cautious just-in-time purchasing that has pushed demand later into the season. However, encouraging signals are there. Crop commodity prices have recovered meaningfully, with soybean, wheat, corn, cotton up roughly between 25%-35% over the last 12 months. Together with channel inventories that are broadly at normal levels, this sets the stage for a gradual improvement in grower sentiment and farm economics as we move into the second half. Before delving deeper into financial performance, I would like to share some key corporate updates for the quarter. First, Advanta, our seeds and post-harvest platform, has agreed to acquire 99.98% of Misr Hytech Seed International in Egypt for approximately $110 million, subject to the closing conditions. This strengthens Advanta's presence in field corn across Egypt and the wider Middle East and Africa region. Second, on credit ratings, S&P revised the outlook on UPL Corp to positive from a stable, affirming its BB rating, and CRISIL revised the outlook on UPL Limited to a stable, affirming its AA+ and A1+ ratings. Both actions recognize the progress we have made on margins, growth, profitability, and the balance sheet strength, including deleveraging. On debt obligation of the $500 million term loan maturing in December 2026, we have refinanced $400 million to FY 2032, well ahead of the schedule. Now, coming to the performance for the quarter. We reported revenue of INR11,860 crore, broadly stable at 1% lower than last year. Volumes declined by 10%, pricing was flat, and currency contributed a positive 9%. The decline was concentrated in global crop protection, while Advanta and SUPERFORM delivered a strong growth. For first half, revenue grew 4% to INR22,041 crore, led by a strong growth of 18% in Advanta and 21% in SUPERFORM, which offset a 2% decline in UPL Corp. For the quarter, contribution grew 1% to INR5,087 crore, and contribution margin expanded 100 basis points to 42.9%, driven by a better product and platform mix, a strong brand equity, new product launches, geographical diversification, and strong global distribution capabilities, despite higher input and freight costs. For the first half, contribution grew a healthy 7%, with margins expanding a notable 140 basis points to 44%. SG&A in Q2 was 2% lower at INR2,775 crore, led by operational excellence and cost optimization initiatives. As a result, EBITDA grew 5% to INR2,312 crore, with margin up 120 basis points to a very solid 19.5%. For the first half, EBITDA increased by 9% to INR3,812 crore, with margin expanding 80 basis points to 17.3%, despite a higher cost and uncertain environment.Moving down the P&L, our operational PATMI for the quarter was INR422 crore, INR11 crore ahead of last year, as the

improvement in operating performance carried through to the bottom line. For the first half, operational PATMI, adjusting for exceptional items, grew a robust 33% to INR441 crore, driven by margin-led EBITDA growth and a lower effective tax rate. This steady improvement in net profit reflects our sharpened focus on profitability and the quality of our earnings.Coming now to the balance sheet. Net debt stood at approximately $3 billion at the end of September, $312 million higher than last year. This is mainly led by working capital, planned CapEx, and investment in our JVs and associates. Net working capital stood at 145 days, 27 days higher than last September, driven mainly by two factors. First, inventory days increased by 16 days, reflecting higher input costs, lower crop protection volumes, a deliberate buildup ahead of seasonally larger second half, longer transit time for shipments, and the effect of currency translation. Second, receivable days were four days higher, while payable days were six days lower. On a trailing 12-month basis, net debt to EBITDA stood at 2.9 times compared with 2.7 times last year. On cash flows, free cash flow to equity, adjusted for seasonal working capital, was INR508 crore for the first half compared with INR1,733 crore last year. The year-on-year comparison reflects two factors: higher planned CapEx and investment of INR703 crore as we continue to invest for growth, and a one-time tax refund of INR742 crore in the base quarter of last year.Before I close on the balance sheet, a word on how we look at leverage. Our reported net debt includes the debt that funds our seasonal working capital cycle. To give a clearer view of underlying leverage, we also look at structural debt, which is net debt adjusted for net working capital, that is inventory and receivable net of payables. This is, in some aspects, comparable to the net debt less readily marketable inventory and secured receivable measure reported by leading global agricultural commodity companies. On this basis, structural debt stood at around $800 million as of 30th September 2026, against a reported net debt of approximately $3 billion, which translates to a healthy 0.7x gearing, flat versus March. We should be clear that this is a supplementary analytical view for investors. It is not a substitute for our reported leverage metrics or for the covenants agreed with our lenders, which remain unchanged. We will continue to refine this metric and enhance its disclosure in the coming quarters. Our focus is still on reducing reported net debt through better cash generation and working capital discipline.Let me now take you through our platforms, starting with SUPERFORM. SUPERFORM is our global manufacturing and specialty chemistries platform with over 50 years of experience in complex and hazardous chemistries, deep backward integration, and leadership position in India in key high-growth chemistries. In the quarter, SUPERFORM grew revenue by an outstanding 28% to INR3,579 crore, with pricing up 26% and volumes up 2%. Our active ingredients business grew 21%, led by price pass-through, while our specialty chemicals business grew a strong 50%, with volumes up 33% and pricing up 17%, driven by contract manufacturing in lubricant additives and the commercialization of new products. Driven by this strong growth, specialty chemicals share accounted for 29% of the platform revenue, up from 25% a year ago.For a capital-intensive manufacturing business of this nature, we would guide you to look at EBIT when assessing performance. SUPERFORM EBIT for Q2 grew by 39% to INR323 crore, with margin improvement of 70 basis points to 9%, led by a strong growth in pricing, improved share of specialty chemicals, and a strong growth in lubricant contract manufacturing. For the first half, the momentum is stronger, with EBIT growth of 30%, led by 62% growth in super specialty chemicals and 13% in active ingredients manufacturing.Coming now to UPL Corp. The global crop protection market faced several headwinds in this season. Grower economies were soft because of higher input costs, credit was constrained, channel purchasing was cautious, and competitive pricing persisted across most major products. Against this backdrop, UPL Corp revenue for the quarter was INR7,972 crore, 8%

lower than last year. Volumes were 16% lower and pricing 2% lower, partly offset by a 10% currency effect. North America delivered a strong volume growth from new products in our differentiated and sustainable portfolio, such as Sonic Boom and Elevate. In Brazil and LATAM, a renewed weight on demand with a decline in our fungicide portfolio in Brazil and softer herbicide demand elsewhere in the region. Volumes were also held back by grower liquidity constraints and restricted credit, and we chose to hold price discipline and tighter credit.In Europe, the severe heat wave dampened volumes, mainly in fungicides. We responded by focusing on our differentiated portfolio and taking selective price actions. Rest of the world grew on resilient brands and more favorable weather led by APAC region and South Africa. For quarter two, contribution was INR2,705 crore with contribution margin at 33.9%, 120 basis points lower, mainly reflecting higher input cost of manufacturing and pricing pressure. We partly mitigated this through disciplined cost management. EBITDA for the quarter came in at INR1,083 crore at a margin of 13.6%. For the first half, UPL Corp revenue was INR14,345 crore, 2% lower than last year. Despite this, contribution margin improvement by a meaningful 90 basis points to 35.8%. EBITDA stood at INR1,615 crore, and despite the headwinds of a difficult season, EBITDA margin remained flat year-on-year at 11.3%.Looking ahead, the second half is seasonally the larger half for UPL Corp. Our strategy is profitable volume growth, leveraging in-season demand, accelerating NPP and new product launches, and holding pricing discipline, supported by tight credit management and continued focus on working capital. UPL SAS, our India crop protection business, delivered a resilient industry-leading performance in a challenging market. The quarter was marked by deficient and uneven rainfall, delayed sowing, compressed application windows, lower pest and disease incidence, and cautious channel procurement. Against this backdrop, quarter two revenue grew 1% to INR921 crore. Volumes were 8% lower as prolonged dry spells slowed channel offtake, but our calibrated pricing actions contributed a healthy 9% improvement. Contribution margin improved 60 basis points to 35.6% on better price realization and a favorable product mix, and EBITDA grew 3% to INR214 crore at a margin of 23.2%.For the first half, EBITDA grew a sharp 20% to INR553 crore, with margin expanding 430 basis points to 26.8%. This is a clear reflection of the sharper business hygiene we have built in this platform, backed by disciplined pricing and operational excellence. It is noteworthy that in the first half, our focused hyperscale portfolio strategy continued to gain momentum with high-potential hyperscale brands, including Centurion, Canora EZ, Brucia, Harmetry, delivered a strong 80% year-on-year growth and supporting both pricing and mix. This reflects the strength of our differentiated portfolio, farmer-centric value propositions, and new product pipeline. Turning to Advanta, we have built a global seeds business that ranks among the world's top 10 by revenue, with distribution across 74 countries and a reach of 27 million farmers. Our strength lies in combining this scale with locally adapted products and leading positions in several crop markets, including field corn, sorghum, canola, sunflower, and vegetables. More than 50 years of proprietary germplasm research, a portfolio of over 900 hybrid seed varieties, and 39 R&D facilities underpin our ability to innovate with products launched in the preceding four years, contributing approximately 20% of FY 2026 seed revenue.DECCO complements this platform as the world's second-largest provider of post-harvest solutions. In the second quarter, Advanta continued to build on its momentum. Revenue grew 12% to INR1,875 crore, led by field corn in Argentina, the rest of Latin America, and Indonesia, as well as sunflower and grain sorghum in Argentina, with robust growth in our post-harvest business. Contribution margin expanded 110 basis points to a solid 58.8%, driven by accretion from corn and sunflower.EBITDA grew an impressive 19% to INR510 crore, with margin up 150 basis points to 27.2%. Over the first half, Advanta's performance has been both consistent and remarkable, with

revenue up 18% to INR3,629 crore and EBITDA up 21% to INR868 crore, with an EBITDA margin expansion of 50 basis points. To conclude, our first half performance reinforces the progress we are making in improving the quality and resilience of the business. Despite a challenging operating environment, we delivered our eighth consecutive quarter of margin improvement and EBITDA growth. In closing, I would like to highlight four key messages from this quarter's performance. First, continued margin expansion. EBITDA grew 5% in the quarter and 9% in the first half, with margins expanding by 120 basis points to 19.5% in Q2 and by 80 basis points to 17.3% in H1. This performance, driven by an improved product and platform mix, together with disciplined cost management, reinforces the structurally stronger quality of the business we have built. Second, impressive growth in operational PATMI, or net income. Operational PATMI stood at INR422 crore for the quarter ahead of last year and grew a robust 33% to INR441 crore in the first half. This was supported by margin-led EBITDA growth and a lower effective tax rate, demonstrating the consistent translation of operating performance into earnings. Third, disciplined cash generation while investing for growth. Free cash flow to equity, adjusted for seasonal working capital, was INR508 crore for the first half. This was achieved while continuing to fund planned CapEx and growth investments, and against a prior year base that benefited from one-time tax refund. Fourth, a stronger or more resilient balance sheet. The improvement is reflected in the ratings action, with S&P revising its outlook to positive and CRISIL revising its outlook to stable. We also refinanced $400 million of our December 2026 term loan maturity to FY 2032, well ahead of the schedule, further strengthening our liquidity profile and financial flexibility. Additionally, I am pleased to announce that on the recommendation of NRC, the board has approved the appointment of Mr. Shatmanyu Shrivastava as an additional director, non-executive, non-independent, with effect from November 2, 2026. Mr. Shrivastava has been nominated by Life Insurance Corporation of India, and his appointment remains subject to the approval of our shareholders. He brings over 36 years of experience across senior positions at LIC, predominantly heading its finance and risk management functions. His appointment will strengthen stakeholder representation on our board and further enhance board diversity, and we look forward to his contribution.I would like to thank my teams across all four platforms for their resilience and commitment through a challenging quarter, and our customers, partners, and shareholders for their continued trust and support. Thank you. With this, we are now open for Q&A.

Questions & Answers

Operator
Thank you very much. We will now begin with the question-and-answer session. [Operator Instructions] Your first question comes from the line of Saurabh Jain with HSBC. Please go ahead.

Saurabh Jain - Analyst, HSBC
Hi, thank you for the opportunity. My first question is if you can update on the progress of the reorganization that you announced for some months back. What all approvals are pending now, and if you can also highlight the timeline of the shareholder voting that will go underway?

Bikash Prasad - Group Chief Financial Officer, UPL Limited
Yeah, thanks, Saurabh, for the question. We had updated the market in terms of the various approvals that we had got from the regulators, lenders, Competition Commission of India. We will make appropriate disclosures in accordance with applicable regulatory requirements as and when

there are any material developments.

Saurabh Jain - Analyst, HSBC
Why I am asking is because the stock has seen a steep decline, right, since the announcement that happened in the month of February, indicating that it has been negatively viewed by the street. I wanted to understand, are you still open to considering any reworking of the proposed transaction? What were your thoughts over there?

Bikash Prasad - Group Chief Financial Officer, UPL Limited
Well, as we had discussed during the capital market day, that we continuously engage with the market, and we do share the feedback with the board. As appropriate, board can take decisions or they will make decisions. If there are any further developments, material developments, we will update the market in line with our listing obligations.

Saurabh Jain - Analyst, HSBC
At this point in time, are you going ahead with this transaction? What is the official stand?

Bikash Prasad - Group Chief Financial Officer, UPL Limited
No, Saurabh, we will not be able to comment on this in this call. But as I said, if there are any material developments, we will update the market as appropriate.

Saurabh Jain - Analyst, HSBC
Okay, sure. That is useful. Secondly, if I may ask, and you may choose to answer this question, was curious why there is a nomination of LIC on the board now. You explained some reasons to it, but then I am a bit confused around the timing.

Bikash Prasad - Group Chief Financial Officer, UPL Limited
LIC has been our long-term shareholder, and we always look at how do we strengthen our governance. It is also ongoing practice for us where the NRC looks at composition of the board, diversity of the board, and all the steps to be taken to strengthen the governance. NRC felt that bringing somebody from LIC of this seniority, experience, and stature will help our business performance through their governance. I think we should not read too much about the timing of his appointment.

Saurabh Jain - Analyst, HSBC
Okay, sure. Secondly, you also made an announcement of the auditor changes. Is it being on the all group entities or only some entities this would be applicable? Please, if you can give us more understanding over here.

Bikash Prasad - Group Chief Financial Officer, UPL Limited
Sure. The KPMG or BSR team is completing its 10 years term, and after that, reappointment is not allowed. We went through the RFP process. We invited bid from all the other options that we had, and we run a process. Audit committee was part of it, and eventually audit committee along with the board decided to appoint EY, and post shareholders' approval, they will be onboarded. They will be for the group as well as all the platforms.

Saurabh Jain - Analyst, HSBC
Okay, there will be one single auditor which has been changed, and this change will be applicable to covering all your entities at the global level.

Bikash Prasad - Group Chief Financial Officer, UPL Limited
Absolutely.

Saurabh Jain - Analyst, HSBC
Okay, thank you. One last question, if I may squeeze in. When I look at the financials, there is an other income reversal that has happened, about INR75 crores, and then there is also some adjustment that has happened on the revenues, right? Should they not form a part of your exceptional line item? Because we also had a similar kind of a other income reversal, I think, which happened in the previous quarter as well. These are one-offs or these are recurring in nature? If they are one-offs, then should they be part of the exceptions?

Bikash Prasad - Group Chief Financial Officer, UPL Limited
If you are referring to the VAT reversal that had happened earlier and which we had taken into exceptional items, when we created the provision, because it was created, the provisions were created against a court order, while we had clearly not agreed with the decision and we went to the higher court. When we created the provision also, we had taken it as exceptional. When the reversal also happened, it went to the reversals. It was like to like. It is not that we are doing a different treatment. The current balance that you see, it was always part of the operational working capital, and hence the reversal of this provision also is going into the operational item.

Saurabh Jain - Analyst, HSBC
This you are referring for what? I mean, there is a INR55 crores. Sorry, there is a INR75 crores of reversal.

Bikash Prasad - Group Chief Financial Officer, UPL Limited
Yes. So 142, I am referring to the exceptional items that you can look at for the previous year. That gain was booked. It was gain was booked because when the provision was taken, it was also taken as exceptional item, and hence the reversal also came as exceptional item. But the current reversal that you say, it was part of the operational working capital, and hence the reversal also happened as part of the same line item.

Saurabh Jain - Analyst, HSBC
Like 75 of the number that is sitting in other income, and then there is a INR57 crore that is sitting in the revenues, right, in this quarter, which altogether would make about INR130 crores, which compared to --

Bikash Prasad - Group Chief Financial Officer, UPL Limited
No, no. So I think the other income that you are saying is the INR57 crore is the settlement that we got from one of the global corporate. And again, it is a part of our operations. Like, say, we do sign lot of tolling arrangement on a take-or-pay basis, and we set up some capacity for them. If for any reason they have to exit, they have to pay. So it is a very much part of the operational performance.

Saurabh Jain - Analyst, HSBC
Okay, so these two items total about INR130 crores.

Operator
Sorry to interrupt. Saurabh sir, we request you to rejoin the queue for any further follow-up questions, please, as there are several participants waiting for their turn.

Saurabh Jain - Analyst, HSBC
Sure, I'll just complete this. This almost like is INR130 odd crores in total of the benefit that is flowing in Q2. It compares to about INR420 crores of the group PAT. So it's forming a significant part of your PAT, in my understanding. But going forward, do you expect similar one-offs also happening, or how would you kind of visualize things at this point in time?

Bikash Prasad - Group Chief Financial Officer, UPL Limited
Whether it's in a gain or a cost, we had clarified to the market earlier that unless and until it is something which is, one, in line with the accounting standards, second, it's purely exceptional, like say any other law changes related or anything related to closure of our business, we do not see any other exceptional item. But yeah, as part of it, something comes from the auditor or any other changes happens in our balance sheet, which some item has to move to P&L, those things will happen. And the first one you talked about, the settlement, it's a very much part of our operational activity.

Saurabh Jain - Analyst, HSBC
Okay, sure. Thank you so much and all the best.

Bikash Prasad - Group Chief Financial Officer, UPL Limited
Thanks, Saurabh.

Operator
Thank you. The next question comes from the line of Siddharth Gadekar with Equirus. Please go ahead.

Siddharth Gadekar - Analyst, Equirus
Hi, sir. Good evening. My first question is for Raj and Ashish. We have seen a very sharp increase in glufosinate prices in the last three months, even with raw material prices not moving up that much, so spreads also have increased. First on the manufacturing side, when should we start seeing the benefits of these higher pricing on glufosinate? Second, mainly for the U.S. market, would we be able to absorb these prices and pass it on to the end customer?

Raj Tiwari - CEO, SUPERFORM, UPL Limited
I will just quickly answer from a manufacturing point of view, and then maybe Ashish, you can take it up for UPL Corp. Yeah, so of course, glufosinate prices from China has gone up. That certainly helps. Remember that we did not had a level playing field, and now I think with that, we have some parity, and therefore, it certainly helps in terms of global competitiveness for glufosinate. Ashish, can you answer for the part?

Ashish Dobhal - Division President, Americas, UPL Limited
Yeah, no, thanks, Raj. I think it is a great question. In glufosinate, what has happened is that in last year, February, March, preempting this conflict, a lot of buying was done at lower prices. What is happening right now is that once that material liquidates in the market, then the higher prices will start to get accepted. Today, we do have a lower cost inventory in the market, especially Latin America market and the U.S. market. As in the current season, the current season is on, the liquidation happens, then slowly the new increased prices will start to take effect, which already has started to take effect in some places in Asia. But the bigger volumes unlock will happen once the older cost material starts to liquidate in the Latin America and the Americas.

Siddharth Gadekar - Analyst, Equirus
And sir, that is just a follow-up on this. What is driving this price increase, and are we seeing this across the board, or it is only some to some specific molecule?

Ashish Dobhal - Division President, Americas, UPL Limited
You asked about a particular product or possible times? Can you just repeat the question?

Siddharth Gadekar - Analyst, Equirus
Is this only specific to glufosinate, the price increase, or are we seeing this across the board and across products?

Ashish Dobhal - Division President, Americas, UPL Limited
I think the price increase is happening across, and it is not just glufosinate, because the Chinese companies are losing money for quite some quarters. There is a very concerted effort in the Chinese ag chem ecosystem is to increase the pricing. The second piece is the environmental compliance also is getting stricter. They have one company, one brand policy. There is a much more capacity discipline which is there in the market. I think some of these things are very structural in China. I think essentially, what we have seen in glufosinate will happen with a lot of other products also in the market, which come out of China.

Siddharth Gadekar - Analyst, Equirus
Okay. Second question is on the India business. Despite the softness on volumes, in the first half, we have almost seen like a 20% kind of EBITDA growth. Can you explain what is driving this EBITDA growth, and how sustainable is this going ahead?

Ravi Cherukuri - CEO, UPL SAS, UPL Limited
Again, good question, and thank you for asking it. The softness is very obviously related to the El Nino effect, and the fact that in many parts of the country, crops either could not be planted or they have suffered even after planting. Farmers have not used agri inputs as much as they wanted to. Despite that larger macro effect, we had specifically picked up some brands or some products of ours which were relatively new launches, which had a differentiation, and we had set ourselves stiff targets to scale them up and had done the appropriate work exposing farmers to them, et cetera. Even though they could not scale up as much as we wanted, those products have scaled up. Those products bring in greater margins, and they have helped us to expand the EBITDA margin. In addition, I think we said it last time, the last investor call, the timely pricing increases in response to the cost increases that we could see around the corner also helped us. The price impact is obviously going to fade as the costs catch up, but the portfolio impact will remain, and we expect to be able to see a healthy EBITDA increase by the end of the year. I won't comment about specific numbers.

Siddharth Gadekar - Analyst, Equirus
Okay. Just lastly, one last question on the balance sheet. What was the factoring amount this quarter, and any guidance on the net debt and CapEx for the full year?

Bikash Prasad - Group Chief Financial Officer, UPL Limited
Yeah, sure. The factoring at the end of H1 was approximately $70 million lower than the last year. On the CapEx, we had guided the market already that between CapEx and investment, it's about $425 million. This year, considering that we are quite comfortable now with the level of debt and the gearing that we had, we had committed higher for the growth investment and the growth CapEx, and

we do see a lot of opportunity in terms of capacity expansion, backward integration, getting into biofuel complex. We have many opportunities, and that's why we committed higher CapEx and investment. It was communicated to the market. That we will continue. With that, last year we had ended around 1.6x, and in the medium term, we have guided the market that we want to be at 1.5x so that we do not compromise with our growth investment as well as do not dilute our return on equity. So 1.5x is what in the medium term we want to be.From now to next five to six months, there are a lot of uncertainty and volatility depending upon how the situation will evolve, and this also we had clearly called out in the guidance that we had shared with the market, that depending upon, like the raw material prices are going up, it started to soften by end of May and June, but again, post the escalation, prices again started to go up from mid-July, and now post that, we have not seen any softening in the price. Depending upon how the situation will evolve and the raw material prices, we will have to look at it. Q3 is important for us. Let's see that how the grower demand comes in the key markets, and that will determine the working capital that we will have at the end of the year, and that will determine the net debt. I think for the understanding of the market this time, we have also introduced a slide on the correlation between net debt and the working capital.So you can refer to the slide number 23 in the earnings IR presentation, where we have clearly shown you that net debt and working capital moats in tandem. You can see the last four years' data that when working capital goes down, net debt goes down, it goes up, net debt goes up. If the prices are lower, my working capital and net debt will go down. If the prices are higher, my working capital and net debt will go up. Working capital is like a cash alike. It is converted into cash within the same operating cycle. So I think we should not be unduly worried about the level of working capital and hence the net debt. What you need to understand is the difference between net debt and the working capital, which is the structural debt.That is the debt which is funding part of the long-term assets, and this we have to see that how going forward we keep on minimizing that. I think as a group, we have reduced this balance, the structural debt, significantly over the last four years, and this will be our endeavor going forward.Coming back to your question, a specific question on the net debt and the gearing guidance, I think it is extremely difficult to comment on that, but it all depends upon the macro situation, how it unfolds. Otherwise, our midterm guidance has been, and we are retaining the same guidance, we still are focused on our deleveraging plan, but because of some of the macro uncertainties, net debt and gearing can be decided. It can be lower depending upon the price movement, or it can be slightly higher depending upon how the situation unfolds. We will not be able to guide exactly, but our medium-term guidance remains 1.5x.

Siddharth Gadekar - Analyst, Equirus
Okay sir. Thank you so much.

Operator
Thank you. The next question comes from the line of Surya Narayan Patra with PhillipCapital India Private Limited. Please go ahead.

Surya Narayan Patra - Analyst, PhillipCapital (India) Private Limited
Yeah, thanks for the opportunity, sir. My first question is on the H2 dynamics. Basically, what I am saying that H1 heavy regions like Europe as well as India has seen some impact of the Latin America, this El Nino effect. Latin America is also kind of seen some kind of a single-digit decline in the first half. So how should one consider El Nino as a kind of concern for Latin America and North America in the second half? Any sense that you are reading currently?

Astitva Chauhan - Head of Investor Relations, UPL Limited
I will request Ashish and Sameer to shed some light on each of the regions, please.

Ashish Dobhal - Division President, Americas, UPL Limited
I think El Nino definitely is a concern, especially for the Latin America, Australia markets, and Brazil market. Europe, it is a totally different phenomena. Europe, it is more of a heat wave that we faced in the planting season. But definitely it is a concern, because the moment you have less moist conditions, it is always a challenge for agriculture. Less water is always a challenge for agriculture, and I think we are looking at it very closely. However, what we have seen is that whenever there is an El Nino effect, there are also pockets where we do very well. For example, Central America, Chile, western part of Africa, there are some pockets, certain part of U.S., and even certain part of Brazil, there are areas where you also get decent rainfall.We are very selectively looking at areas where we can maximize, and at the same time looking at areas where the weather is dry and trying to push some of the biosolutions there, because this is also a tailor-made situation for biosolutions, where the stress is high, that is the time when these products also gets introduced and they get adopted. While it is a concern, but we are also trying to see the opportunities of pockets of opportunity, we should say, rather.

Sameer Tandon - Division President, APAC, Africa and Europe, UPL Limited
Yes, just this, that El Nino is not uniform across. It specifies that there are pockets of sufficient precipitation, pockets of extreme dryness. Focusing on the crops and the areas where you could get it, and that is something which is important. One very important thing what we are focusing on right now is the mix of the products. We want to focus more on differentiated and sustainable solutions, which should be able to add value. Of course, it is the right time to promote the biosolutions coming out of our NPP platform, which could help in terms of fighting or making the crop little more resilient in the adverse weather.

Surya Narayan Patra - Analyst, PhillipCapital (India) Private Limited
Got it. So, if you can also kind of explain that, given the situation concern as well as the kind of a cautious stance, do you think having delivered better kind of a margin performance over the last consecutive eight quarters over the corresponding previous year, in the upcoming second half, you can do the similar kind of performance going ahead?

Bikash Prasad - Group Chief Financial Officer, UPL Limited
Yeah, as of now, we feel comfortable with the guidance that we have given. It was a cautionary guidance that we had given. When we had given the guidance, that time also, if you recall, we had clearly called out, and you can refer those slides, that our revenue growth of 7% to 11%, and EBITDA growth of 10% to 14%. The key assumption is that we had taken that point in time that there are no further adverse weather conditions, including El Nino. You all know that El Nino is becoming super El Nino. So far in the H1, we have navigated it much better than any other industry players. You look at any of the businesses, you look at it whether it's a SUPERFORM, a specialty business, or India SAS business, or Advanta business, or even global crop protection business, in each of the platforms, we have had the industry-leading performance. Second key assumption was that there are no major escalation in the West Asia conflict. Again, this depending upon how it unfolds. As of now, I think on our business performance, what forecast that we are seeing, we feel comfortable with the guidance that we have given.

Surya Narayan Patra - Analyst, PhillipCapital (India) Private Limited
Sure, sir. Just one question on the SUPERFORM specialty chemical business. The absolute EBIT growth, what we are seeing in the first half is really superb. What is driving this and how sustainable is this going ahead?

Raj Tiwari - CEO, SUPERFORM, UPL Limited
Thank you for the question, Surya. This is Raj Tiwari. Of course, the quarter two and the first half has been an excellent performance. Primarily, the growth, if you look at the growth, it is actually volume-led growth. So the new product introduction, our key account business, our contract manufacturing business, that is trending well. It is basically the new product and the key accounts, which is driving the volume growth. If the macroeconomic situation remains what it is today, then I think for the next two quarters, we will have the same tailwind. I think we will I mean, we see a lot of momentum, and the momentum would continue. So this revenue growth and EBIT growth will continue for next two quarters.

Surya Narayan Patra - Analyst, PhillipCapital (India) Private Limited
Sure, sir. Yeah. Thank you. Wish you all the best.

Operator
Thank you. The next question comes from the line of Abhijit Akella with KIE. Please go ahead.

Abhijit Akella - Analyst, KIE
Yeah. Good afternoon. Thank you for taking my questions. First one is, the employee cost seems to be down about 15% year-on-year. Could you just help us understand what that might be due to? Is it lower headcount in any of the businesses, or is it lower compensation per employee?

Bikash Prasad - Group Chief Financial Officer, UPL Limited
Yeah. There are multiple reasons to that. First is that, you know that we are leveraging our GBS center. Over the last two years, we have worked to transition a lot of work to GBS, and the GBS structure in the last two years, the headcount has gone up by almost three times. But we have been able to transition those jobs from the high-paid jurisdiction to Pune and Mauritius. The second is that we also have some tailwinds of the FX impact in certain jurisdictions where the currency has devalued. Third is, you are aware that we had worked with an advisor and we relooked at our target operating model, and we made a lot of changes. Last year, we had taken costs, we booked those costs, or the employee costs were higher last year, but the benefits of all that we are getting during the current year.

Abhijit Akella - Analyst, KIE
Okay. So just to clarify, this 1,240 crore number that we have seen this quarter, this represents a sustainable run rate for coming quarters?

Bikash Prasad - Group Chief Financial Officer, UPL Limited
So part of it, but as I said, that part was also the FX-related impact. But going forward, we will see only the tightening of the cost, and we are driving not just the employee cost, but various other initiatives even during the current year, which will drive the cost further down.

Abhijit Akella - Analyst, KIE
Okay. The other one I had was on the Advanta acquisition. So Misr in Egypt, the $110 million

consideration that we are paying. Could you just share the EBITDA accretion that we expect from this acquisition? What sort of transaction multiple are we paying for this?

Bikash Prasad - Group Chief Financial Officer, UPL Limited
Yeah, so it still is under the regulatory approval process, and the seller was very categorical in that considering till the time it is completed, they did not want to share the EBITDA number. Obviously, there are commercial sensitivities, so they just wanted a certainty on completion of the transaction. Since we have now signed that agreement, we will not be able to share any further details on that. But it is very value accretive, that we can say, and it opens up our presence in Middle East and wider Africa.

Abhijit Akella - Analyst, KIE
Yeah. Just on the loss income from associates, so INR130 crore impact this quarter. We have been talking about bringing that number down. How do things stand right now in terms of the associates and reducing this number for the full year?

Bikash Prasad - Group Chief Financial Officer, UPL Limited
Clearly, I think it is our focus, and last year we had significantly reduced it. Last year, we reduced the number from $58 million loss a year ago to $22 million in the last year. This year, we had addressed the Sinova, one of the subsidiaries where we had invested. There are still some, I think, underperformance in two subsidiaries that we are working on fixing that. As you know that while these subsidiaries are, associates are there, but these are all strategic JVs and associates for us. We make our margins in our subsidiary book when we sell from our subsidiary, say, in Brazil, because some of these JVs and associates are in Brazil. When they sell to the JV associate, they make their own margins there. They make material significant margins. These entities are only distributors, so we expect them to make, say, 4% to 5% normal distribution margins. They will never be hugely profitable. As long as they are break-even to, say, up to $10 million loss, this is what we expect. We are focused and we will continue to see that how do we drive the losses down.

Abhijit Akella - Analyst, KIE
Yeah. Final question, just refinancing for the remaining amount that is coming due in the next 12 months. How much is required to be refinanced and what are the timelines you expect for that? Thank you.

Bikash Prasad - Group Chief Financial Officer, UPL Limited
For this FY 2027, we had $900 million of refinancing. The times are uncertain. So out of $400 million, which was due in September 2026, we refinanced that in March itself last year. We got the fantastic pricing and then we refinanced it for next three years. So that is now due in FY 2029. There was an additional $500 million which was falling due in December. That also we have prepaid. And against that $500 million, we have now raised additional $400 million of refinancing, which will now mature in FY 2032. So till March 2027, we do not have any other obligation. The next obligation will come in only FY 2028. Total will be about $776 million. $500 million will be term loan and approximately $276 million will be bonds. This is what in the next, I will say, 18 months will be our debt obligations.

Abhijit Akella - Analyst, KIE
Okay. Thank you. Wish you all the best.

Operator
Thank you. Your next question comes from the line of Imtiaz Shefuddin with Barclays. Please go ahead.

Imtiaz Shefuddin - Analyst, Barclays
Thank you. Thank you very much for the opportunity. First of all, congrats on your excellent Q2 performance, given the challenging environment. You almost answered my question I had with your previous questionnaire. Can I just clarify again? You had $500 million coming due in December, and you mentioned that you have refinanced $400 million. Is that accurate? Because that is what I see.

Bikash Prasad - Group Chief Financial Officer, UPL Limited
Yes, $500 million has been refinanced. $400 million is the refinancing, and additional $100 million we have used our existing lines and other facilities that we have. Yeah, prepaid.

Imtiaz Shefuddin - Analyst, Barclays
Okay. Can I just ask, the $400 million, the terms for that, it is due in, you said FY 2032. I assume it is a three-year extension. Are you able to just give us an indication of the rates that you got for that new loan?

Bikash Prasad - Group Chief Financial Officer, UPL Limited
Obviously, it is a commercially sensitive information. I would have loved to share that because we really got an excellent pricing in the current environment. But because it is a commercially sensitive information, we will not be able to share that. But I wish I could have shared that with you.

Imtiaz Shefuddin - Analyst, Barclays
No worries. I know it is a bit too early to talk about your bond maturity, but are you able to share what your thought process with regards to the bond that matures, the $278 million that matures in 2028?

Bikash Prasad - Group Chief Financial Officer, UPL Limited
I think it's too early. We are still 18 months away, depending upon the market conditions, and we'll look at what is the right capital tool for us to look at, whether it's term loans or it's bonds, or there are other options as well we have. I think it's too early for us to comment on, but I think all the options are open for us. Whatever works the best in the interest of the company, we will take those decisions.

Imtiaz Shefuddin - Analyst, Barclays
Okay, good. Good stuff. Thank you very much.

Operator
Thank you. The next question comes from the line of Tarang Agrawal with Old Bridge. Please go ahead.

Tarang Agrawal - Analyst, Old Bridge Asset Management
Hi, good evening. Congrats for a strong show. Just a couple of questions on the GBS, the employee cost reduction that we've seen. Just wanted to get a sense, what's the annualized savings that you're looking at from the GBS, and what would be your potential headcount today?

Bikash Prasad - Group Chief Financial Officer, UPL Limited
Yeah. Overall, we have three GBS centers, one in Pune, which is the largest one. We have one in Colombia, which caters to LaTam region, and we have one in Mauritius, which handles Africa and European region. Exact cost-saving number, we would not like to share in this call. Some information we have already given in the annual report, whatever we could have provided, that we have given that. But we are looking at GBS not just for cost reduction initiative, but also to enhance significantly controls and building the center of excellence.

Tarang Agrawal - Analyst, Old Bridge Asset Management
Got it. On Advanta, if you could walk us through the thought process behind the acquisition and also the inventory situation for Advanta, specifically in India, given the weather challenges that we faced here.

Bikash Prasad - Group Chief Financial Officer, UPL Limited
Bhupen, I would request you to answer that question, please.

Bhupen Dubey - CEO, Advanta, UPL Limited
Sure. Thank you. Bhupen here from Dubai. Regarding thought process regarding this Hytech acquisition in Egypt, multifold. Primarily, if you have heard, Advanta has been growing in organic way, 13.9% or 14% last many years, and that is our key thrust area. Having said that, in a vicinity of our core competencies and core identified crops, we find some opportunity as kind of a tuck-in type of opportunity. We keep evaluating, and we felt that Egypt business, Hytech, is a very high-value genetics, primarily in our area of tropical corn and sorghum. These are the areas which adds to straightaway our germplasm for the R&D purpose. Team is very happy because we get diversity for future further research and also straightaway add to our revenue and the EBITDA P&L gets strengthened. Point number one.Point number two, as you are aware, Africa as a continent, right now it is around a billion-dollar seed market organized commercial. Going forward, probably 10, 20 years down the line, only continent where the population growth likely to continue. In that scenario, this complements with our existing organic business in where you are focusing right now in eastern and southern part of Africa. This opens up for us, business platform for in northern part of it, and combined entity becomes a really scale platform from where we would like to bounce further in our growth in Africa. So there are the thought process behind this acquisition. Another point regarding India part inventory, primarily in India, our strategy of multi-crop is paying us a very rich dividend at this point in time. In India, we operate in a tropical vegetable seed.We are into this hybrid mustard, hybrid rice, and tropical corn and sorghum. All crops are doing good, positive single-digit to double-digit growth is happening at this point in time by volume. In corn, industry has been impacted, and there are reports by our own team that the market returns are coming in excess of 10% to 30%, depending on the hybrids and the competitor, et cetera. We are on the low single-digit side of return coming up that part. What I understand, the commodity price of corn has gone up nearly double actually when compared to year opening, INR1,600 a quintal to INR3,000 a quintal. That is something encouraging farmers wherever you find some patches of rain or clouds, they are seeing it, and especially southern hemisphere in coastal Andhra and Tamil Nadu, et cetera. So, at this point in time, it has impacted our business. Probably we are at most flat in our reported period. Going forward, especially quarter 4 onward, we believe that we will pick up the growth.

Tarang Agrawal - Analyst, Old Bridge Asset Management
All right, that's helpful. Last question on crop protection. If I look at H1, the global crop protection

volume degrowth has been about 12%. If I look at SAS, similar, somewhere about 8%, and it sort of bodes with the climate that we're operating in, and it sort of dovetails into how SUPERFORM also delivered almost 6.5% to 7% decline in its agriculture intermediates business. But the inventory position is also in stock reasonably as on 30th September. So how should we look at volumes given the uncertain environment that we're operating in and in context of how H1's played out? Just if you could give us a sense on how volumes or at least what your outlook on volumes is for H2 across each of your businesses.

Bikash Prasad - Group Chief Financial Officer, UPL Limited
Ashish, would you please answer that question?

Ashish Dobhal - Division President, Americas, UPL Limited
Yeah. Sameer, we are definitely looking at volume increase now that the seasons have started in H2. But those volume increases will be softened by the cost, which is not coming down anytime right now. Definitely we are looking at volume increases across our businesses, whether it is America or whether it is Europe and Africa. Sameer, you want to add on to that?

Sameer Tandon - Division President, APAC, Africa and Europe, UPL Limited
The headwinds on the market continue. I think those headwinds are a lot of time not controllable or influenced by us. I think we are right now focused around seeing that wherever the patches are good and they will keep reviving, we will keep pushing on there. Our whole focus on brand and demand generation, the market where we could get a higher market share, and that would continue. We will keep focusing on our biosolutions from our NPP platform, which is very, very good. Plus, we have been very successful in doing value pricing so far, and I think that is the focus will continue. And I think combination of these things, we are still very optimistic that we should be able to set through the plans which we have right now forecasted.

Ashish Dobhal - Division President, Americas, UPL Limited
Well, Tarang, the idea is to, Ashish here, the idea is to double down on the areas where we are doing good, where we have favorable conditions, and be very selective and cautious on the areas where we are facing headwinds.

Tarang Agrawal - Analyst, Old Bridge Asset Management
All right. Okay, thank you.

Operator
Thank you. The next question comes from the line of Viraj Shah with Helios Financial Services. Please go ahead.

Viraj Shah - Analyst, Helios Financial Services
Hello. I just wanted to ask about if you could provide some guidance for FY 2027 and 2028, and till when do you think that the effects of El Nino kind of get not normalized into your financials? Because the concern is rising and doesn't seem to stop, at least for the next year or so. Any comments on these two questions?

Bikash Prasad - Group Chief Financial Officer, UPL Limited
I talked about FY 2027 guidance from the financial perspective. The revenue growth guidance we had given in Q1 was 7% to 11%, and EBITDA was 10% to 14%. If you look at it now, at the end of H1,

we are 4% revenue up and 9% EBITDA up. H1 is relatively smaller first half for us, 40% of approximately revenue comes in H1 and 60% comes during H2. As of now, subject to how the macro situations will unfold, as of now, we feel comfortable with the guidance that we have given. It's very difficult. I will request Ashish or Sameer to talk about it, but what we are reading and understanding from the people on the ground that El Nino is going to become, super El Nino is only strengthening it, and between November to March, it will only increase. FY 2028, I think it is difficult to give a guidance at this point in time, surely. But what you should look at it is that irrespective of the global headwinds, UPL will do better than the other players in all the platforms.

Viraj Shah - Analyst, Helios Financial Services
Okay, got it. Thank you. All the best.

Bikash Prasad - Group Chief Financial Officer, UPL Limited
I will also encourage you to look at our slides in the investor deck, as we have talked about our differentiation and the moats that we have built over the last several decades, and that will give you comfort about resilience of our performance going forward.

Viraj Shah - Analyst, Helios Financial Services
Yeah, sure. Thank you.

Operator
Thank you. Ladies and gentlemen, we will take that as the last question for today. I now hand the conference back to Mr. Astitva Chauhan for closing remarks. Over to you, sir.

Astitva Chauhan - Head of Investor Relations, UPL Limited
Thank you. On behalf of UPL Limited, that concludes today's call. Thank you all for joining us. For any further questions or clarifications, please contact me. You may now disconnect your calls.

Operator
[Operator Closing Remarks]