UPL Limited

Q1 FY2027 Earnings Conference Call

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Name	Designation	Company
Mr. Bikash Prasad	Group Chief Financial Officer	UPL Ltd
Mr. Mike Frank	Chief Executive Officer	UPL Corp
Mr. Ravishankar Cherukuri	Chief Executive Officer	UPL SAS
Mr. Bhupen	Chief Executive Officer	Advanta
Mr. Raj Tiwari	Chief Executive Officer	SUPERFORM
Mr. Anurag Gupta	Head, Investor Relations	UPL Ltd

Moderator: Ladies and gentlemen, good day, and welcome to the UPL Limited Q1 FY 2027 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 this 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, sir.

Anurag Gupta: Thank you, Avirat. Good afternoon, everyone. On behalf of the UPL management team, I thank you for joining us today for discussing the financial performance for the first quarter of FY27. The investor presentation, press release and the financial statements have been made available on the exchanges and 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 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; CEO of Specialty Chemistries Platform, SUPERFORM, Raj Tiwari; and other members of the leadership team.

In this earnings call, Bikash will take us through the overall performance for UPL Limited for the first quarter FY27. This will be followed by Mike, who will share his detailed remarks on UPL Corporation, followed by Bikash again. We will have a Q&A session post that. We would also like to share a brief update with you upon conclusion of the Q&A session and would be grateful if you could stay connected for a few more minutes thereafter.

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 first quarter FY27 earnings call. Thank you for taking the time to join us today. I'm pleased to share that UPL has delivered on its quarterly guidance with a resilient performance despite a demanding macro environment. This marks our seventh consecutive quarter of revenue and EBITDA growth.

Further, this is also our strongest and positive first quarter in terms of net income that is PATMI in the past 3 years. It was a quarter of disciplined high-quality execution that extends our track record of profitable growth into FY27 and does so with further improvement in our gearing ratios.

As a team, we have stayed focused on the fundamentals that is executing with discipline, maintaining robust governance and building momentum for sustainable value creation over the medium to long term. Over the past year, we have sharpened our focus on the quality of business, bottom line and on returns. That discipline is further evident in this quarter's results. In today's call, we'll take you through the key financial and strategic highlights of the quarter, offer some context on the drivers behind our performance and share our outlook for FY27.

Before I turn to the numbers, let me first touch upon the macro backdrop we navigated through during the quarter and a few important corporate updates. Coming first to the macroeconomic

backdrop, the quarter played out against continued volatility and geopolitical uncertainties, including the ongoing conflict in West Asia.

We navigated through the weather-led planting delays across India, U.S. and Europe and persistent farm income stress in several key geographies. Yet, the structural need for food security keeps seed and crop protection firmly at the heart of agriculture. Encouragingly, demand for global crop protection remained resilient at the farmgate level as reflected in the continued stable grower consumption, while a stable SOFR eased our financing cost through the quarter.

On the geopolitical front, the conflict in West Asia kept input cost and supply chain volatility elevated. We managed this proactively through diversified sourcing and index-linked contracts and saw no material impact on availability. On weather, El Niño led delays affected planting in parts of India and Europe, phasing some demand into the latter quarters. My colleague, Mike, will speak on the crop protection impact in greater details.

Moving on to a few important corporate updates for the quarter. I'm pleased to share the following. First, on the Advanta IPO, we received SEBI approval on the 3rd of June. This is a significant milestone in the value unlocking of our seeds and post-harvest business. As the process remains subject to regulatory timelines, we would like to restrict our comments on this matter.

Second, on the reorganization of our Crop Protection business, I'm pleased to share that we received CCI approval on the 2nd of June and no adverse observation letters from BSE and NSE on 29th of July. The reorganization process is firmly on track towards a single focused global crop protection platform. This will leverage the synergies of our shared manufacturing, R&D and innovation capabilities.

Third, on the ratings, CareEdge upgraded UPL Limited's long-term rating to CARE AA+ with a stable outlook from CARE AA. This is a strong endorsement of our strengthened credit profile, and it builds on the outlook upgrades we received from the 3 global rating agencies in FY26.

And finally, on sustainability, I'm excited to announce that we have retained our inclusion in the FTSE4Good Index with an improved ESG score of 4.4. This reaffirms our standing amongst the leading sustainability performers in our sector. Coming now to our Q1 FY27 performance overview. Revenue was ₹10,181 crores, up a robust 10%, led by 3% positive pricing and a favourable exchange impact, partially offset by a 3% decline in volumes.

The volume softness was largely a function of severe weather-led delays and heat wave conditions in Europe, along with overall volume pressure in Latin America. This was, however, offset by a strong volume growth in our Seeds and Super Specialty Chemicals business. Overall, our growth was broad-based across all platforms and all regions.

Contribution rose 15% to ₹4,607 crores with margin expanding 100 bps to 45.2%. Our focus on profitable growth is evident in these expanding margins, underpinned by decisive pricing actions and a favourable portfolio mix. Our Q1 EBITDA grew by 15% to ₹1,500 crores, broad-based across all platforms with EBITDA margin improving by 60 bps to 14.7%.

Profit before tax improved by around ₹80 crores versus last year. PATMI turned positive at ₹10 crores, up from a negative ₹88 crores. And operational PATMI turned positive at ₹19 crores, up from a negative ₹78 crores.

This turnaround is the first in 3 years. Key drivers for this improvement include a lower net finance cost and a favourable net exchange difference. These gains were partially offset by planned higher depreciation and higher losses in our joint ventures and associates this quarter. Importantly, as we have consistently demonstrated over the past year, this improvement is structural rather than one-off. It is anchored in sustainable contribution and EBITDA margin expansion and supported by focused financial discipline.

Let me now walk you through the results summary. Overall, our growth was broad-based across all regions, wherein North America grew 18%, led by herbicide volumes such s-metolachlor alongside fungicides volume, solid post-harvest growth and aquatics business, a niche but consistently well-performing asset for us in this region.

India grew 15% as higher pricing offset delayed monsoon-related volume challenges in crop protection. This was complemented by strong volumes in seeds, notably field corn and in super specialty chemicals. Latin America was up 8%, led by Brazil. Argentina witnessed crop protection challenges that were partially offset by sunflower seeds.

Europe was up by 4% with favourable currency and disciplined pricing, cushioning weather-led volume softness, most notably in herbicides. And finally, rest of the world grew 7%, led by a robust performance in Indonesia across crop protection and field corn and supported by South Asia.

Turning now to platform-wise performance. UPL Corp, our global crop protection business, grew revenue by 7% to ₹6,374 crores. EBITDA was up by a strong 38% to ₹532 crores, and EBITDA margin expanded by 190 bps. This was led by an improved product and regional mix, lower ECL and favourable currency movement. My colleague, Mike, will cover this in detail shortly.

UPL SAS, our India Crop Protection business had slight revenue growth with a strong pricing offset by delayed monsoon led lower volumes. I'm, however, pleased with the significant improvement in the platform's profitability. EBITDA was up 34% and margin expanded by around 750 basis points, driven by improved product mix and a sharper focus on business quality, including a higher focus on our new brands such as Centurion® EZ, Canora® EZ, Brucia® and Harmetry®.

Advanta, our seeds and post-harvest platform delivered a strong start to FY27 with 26% revenue growth in Q1 and 24% EBITDA growth, underpinned by disciplined commercial execution, early season channel placements and our diversified global portfolio. Growth was led by corn in India, Latin America and Indonesia, supported by rice in India and a strong start to the pome and potato in the U.S. post-harvest business. We continue to gain market share in strategic geographies despite the challenging El Niño environment.

And SUPERFORM, a 100% owned subsidiary of UPL Limited and manufacturing and super specialty chemicals arm grew 14% with our specialty chemicals business, up a striking 51%, driven by 17% volume growth and 34% price growth. This was primarily led by the lubricants segment, among others. EBITDA was up by 7% with the margin reflecting our planned future growth-related spending.

In short, as you can see, our businesses remained resilient in this quarter despite multiple challenges from West Asia conflict-led disruptions and inflated cost challenges impacting our SUPERFORM, the specialty chemical business to El Niño-related impact on seeds and part of global crop protection to delayed and unfavourable weather conditions in India and Europe, we have overcome all.

This was through our agile response that is diversified sourcing and renegotiated supplier terms, backward integration capability and ability to push up pricing in key markets, leading to our delivering on our guidance in a strong manner.

Coming now to the balance sheet and liquidity. On debt, I would like to provide you all with comfort by sharing that the significant improvement in our gearing ratios from last year has continued into this quarter, and we remain firmly on track towards our medium-term target of less than 1.5x net debt to EBITDA.

In Q1, we reduced our gross debt by over $100 million from $3.1 billion to $3.0 billion despite absorbing a large seasonal working capital buildup. This reduction is a direct outcome of our disciplined capital management and sustained focus on deleveraging. Net debt in U.S. dollar terms, however, was flat year-on-year due to our planned additional capex and strategic investments.

The reported rupee increase in debt figures are entirely due to currency translation effect with the rupee depreciating from around ₹86 to nearly ₹95 against the dollar Q1 versus Q1. Since exchange rates have not moved materially since March, we have not presented a separate dollar balance sheet this quarter.

Net working capital stood at 110 days, up around 24 days versus last June. Within this, inventory rose around 13 days, reflecting lower Q1 volumes, higher replacement input costs and buildup ahead of the Q2 season in seeds and agchem. Receivable days rose by around 12 days on lower crop protection sales in Europe and delayed India seed season. Our payable days were broadly flat.

Our gearing ratios remain comfortably within our target range with net debt-to-EBITDA improving to 2.4x from 2.6x and net debt to equity broadly stable at 0.6x. Our deleveraging trajectory remains fully intact.

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

Mike Frank: Thank you, Bikash, and hello, everyone, and welcome to our FY27 first quarter earnings call. Before we review the quarter, I'd like to start by providing my thoughts on the global crop

protection market. Over the past several quarters, the agchem industry has faced a complex and rapidly changing landscape with heightened volatility across global agricultural markets, driven by shifting geopolitics, changing trade flows, weather-related uncertainty and ongoing pressure on farm economics.

Although commodity prices have shown signs of stabilization and even some recovery lately, underlying grower profitability remains under pressure with expenses continuing to rise relative to farm income. So growers are operating cautiously and taking a disciplined and value-focused approach to all their purchasing decisions. Geopolitical developments and evolving trade dynamics continue to reshape global supply chains.

As markets become more complex, supply chain resilience, sourcing flexibility and regulatory efficiency are becoming increasingly important drivers of sustainable long-term growth. And at the same time, changing crop patterns, growing biofuel demand and continued innovation in crop protection, seeds and biologicals are creating new opportunities and reshaping the industry.

While the current environment presents some near-term challenges, the market continues to reward innovation, sustainability and strong customer partnerships, areas where we believe UPL is well positioned. Our Q1 performance reflects these strengths, highlighting the resilience of our portfolio, the benefits of our diversified regional footprint and the value created through our continued focus on operational excellence.

So turning to our Q1 performance for UPL Corp., our international Crop Protection business. Despite a challenging macroeconomic backdrop in Q1, our revenue grew by 7% compared to the same quarter last year. While certain markets continue to face weather-related disruption, pricing pressure and softer demand, these headwinds were offset by growth in key markets and strong demand for our products.

Our business model continues to help mitigate external volatility and positions us well to capture growth opportunities as market conditions improve. So looking at the performance of our portfolio, our herbicide portfolio was impacted by reduction in sugar beet area in Europe by approximately 7% as well as increased weather stress across Europe and parts of Southeast Asia during the quarter, which affected application timing and demand.

Despite these headwinds, key molecules such as s-metolachlor and propanil delivered stable performance, particularly in North America. Our fungicides business delivered a resilient and stable performance during the quarter with strong growth in mancozeb across North America and Asia Pacific geographies, supported by tebuconazole in Europe.

While dry weather conditions in Europe limited fungicide applications and impacted market demand, the strength of our core portfolio helped sustain overall performance. Our insecticides portfolio continued to perform strongly, led by our acephate based brands, Feroce® and Perito® in Brazil's sucking pest segment. Together, these brands reinforce our leadership in this segment and support growers with a comprehensive portfolio throughout the crop cycle.

We also saw strong demand in the chewing pest segment, where recent product launches of new technologies, brands such as Propose® and Constel® in Brazil have achieved rapid adoption by

growers, outperforming our initial expectations. Their continued success supports our long-term growth strategy, strengthens our portfolio differentiation and reinforces our commitment to empowering growers with innovation and effective solutions.

Our sustainable solutions portfolio delivered a mixed performance this quarter with strong growth in several strategic segments and geographies that were partially offset by the record dry and hot conditions in Europe, which impacted our sales in that region.

From a regional perspective, our natural plant protection business recorded growth in Latin America, Asia Pacific and the Africa regions. We continue to see growing adoption of biologicals and differentiated natural solutions among growers who are increasingly seeking sustainable and effective crop management tools.

Our recent successful launches of NPP brands, Nutreo® and Nuvita® across most geographies gives us confidence that we will deliver on our commitment of generating approximately $700 million in revenue for the full year from our sustainable solutions portfolio.

Overall, our contribution margins expanded to 38.2%, growing nearly 350 basis points compared to the same quarter last year. This was mainly driven by better mix, strategic pricing, lower input costs and higher capacity utilization. While most of the industry is reporting lower pricing, our proactive pricing approach in response to the Middle East conflict made us an outlier this quarter.

Turning to SG&A. We continue to maintain disciplined approach to our discretionary spend while investing in strategic initiatives. We are leveraging advanced technologies and digital tools to streamline operations and strengthen our operating model while advancing our enterprise-wide transformation.

Finally, our EBITDA grew 38% in the quarter with margins expanding nearly 200 basis points compared to the same period last year. This encouraging result that marks our seventh consecutive quarter of EBITDA growth, highlighting the resilience of our business model and our ability to drive growth despite a challenging market environment.

Let us now review the performance of our regions. Our regional performance this quarter demonstrates the value of our diversified geographic footprint, enabling us to capture growth opportunities across markets while navigating regional headwinds.

Latam posted 5% higher revenue this quarter. This growth was primarily driven by strong performance in Brazil, particularly in herbicides and insecticides and was partially offset by softer market conditions, specifically in Colombia and Argentina. Positive currency movements helped mitigate the impact of pricing pressure in this region.

Our business in North America delivered a strong quarter with 11% revenue growth. This performance was driven by disciplined commercial execution and strong demand for our herbicide and fungicide portfolio. Growth was led by products such as s-metolachlor, mancozeb and propanil.

Europe recorded a 2% growth in revenue. Our European business remained resilient despite challenging heat wave conditions that affected timing and demand in certain markets. Portfolio strength, pricing discipline and commercial excellence enabled us to maintain stable performance during the quarter. The region benefited from growth in key products such as clethodim, Fazor®, tebuconazole alongside favourable currency impacts. Focused market engagement helped mitigate weather-related disruptions, supporting overall stability.

In Africa and Asia Pacific geographies, they continue to deliver solid growth across key markets such as Indonesia and South Africa, overall posting 8% revenue growth in these regions. The strong performance in these geographies was primarily driven by our fungicide portfolio.

Finally, for our working capital, we remain firmly committed to disciplined cash management and operational efficiency. We continue to actively optimize inventories, receivables and payables to maintain industry-leading working capital efficiency.

Finally, turning to our full year outlook. Building on our Q1 momentum, we remain fully confident in delivering a strong second quarter and meeting our full year commitments. We expect a strong volume-led quarter supported by in-season demand for our products in key markets and higher revenues from our new product launches.

We will continue to drive our operational excellence agenda across the business. During the quarter, we made further progress on our “Advanced Planning System” initiative, which is focused on enhancing our demand planning capabilities and helping us deliver better service levels and responsiveness to our customers. On the marketing excellence front, we will continue to accelerate the commercialization of new products and innovation-led growth opportunities.

I'm pleased to report that we are on track to achieve our $115 million in revenue from new product launches this year. These priorities remain fully aligned with our FY27 strategy and position us for both near-term performance and long-term value creation for our stakeholders.

In closing, I'd like to thank our team for their commitment and our channel customers for their partnership. With this momentum, I'm confident we will deliver another strong year and create long-term value for all of our stakeholders.

Thank you. And with that, I'll now hand over to Bikash, who will summarize the group's performance before we open for Q&A.

Bikash Prasad: Thank you, Mike. Before I close, let me summarize the quarter. UPL has delivered on its guidance with a strong performance despite challenging environment. As I stated earlier, this is our seventh consecutive quarter of revenue and EBITDA growth and our strongest first quarter net income in past 3 years.

Further, we also improved on gearing ratios on a year-on-year basis. Overall, this reflects the resilience of our integrated platforms, the discipline in our execution and improving quality of our earnings. This is the foundation that underpins our confidence for the rest of the year. We are, therefore, guiding for a full year revenue growth of 7% to 11% and EBITDA growth of 10%

to 14% for FY 2027. With a proven track record of meeting and often beating our guidance targets, we fully expect this to continue in this year.

However, given the continued uncertainties driven by West Asia war and volatile weather conditions, including El Niño impact in key regions, we remain cautious on the outlook of the agrochemicals segment, and we'll continue to closely monitor the same.

We are confident of our resilient core led by our diversified geographical presence, backward integrated manufacturing facilities and focused innovation to help us navigate through the macro risks, including geopolitical uncertainties, weather trends, currency volatility and pricing pressure. Our priorities remain clear: accelerating profitable growth while continuing to deleverage.

Finally, I would like to thank our team for their efforts and our valuable stakeholders for their continued trust and support. I'm confident of delivering our commitments in FY 2027.

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

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Saurabh Jain from HSBC.

Saurabh Jain: Congrats for a good set of performance in very challenging conditions. First question on the guidance. At the midpoint of your full year guidance, the implied 9-month revenue and EBITDA growth stand at 9% to 12%. And if I look at the Q1, a large part of the delivery is because of the forex, which you gained about 10%.

Now second half for FY27, I would assume, if currency remains here where it is today, there would be limited opportunities from a forex gain. So for the remainder of the 9 months of FY27, can you split out your guidance in terms of how you're looking at volumes and pricing in particular?

Bikash Prasad: Yes. Thanks, Saurabh, for the question. You know that usually Q1 is our small quarter, almost 18%-19% of revenue of the full year revenue comes in Q1. This year, in Q1, despite all these macro challenges and volume growth has been decent in our seeds platform, our super specialty platform, with softness in India Crop Protection and the Global Crop Protection, although pricing variance was positive.

Now when we share the outlook for the rest of the year, it's very difficult to predict FX. So for the rest of the quarters, we have considered constant currency. So whatever the currency rate is there for end of June, the same has been considered. We have not considered any appreciation or depreciation in the currency and basis that we have come up with the guidance.

Now for the rest of the year, if you look at it, our seeds business will continue to grow. Our super specialty business, which has been growing not just for this quarter but for several quarters and will continue to grow for several years. We do not see a challenge in terms of the volume and the growth in super specialty.

The India business, obviously, the weather is uncertain. But if the rain is good, I think our Q2 will be strong, and the full year performance also for the India business will be strong. If not, if the weather is uncertain and we might not have a strong volume growth, because of our focus on hyperscale brands, our innovation, our product mix, our margins will be much better in the India business.

Our global crop protection business, as Mike alluded to, for the rest of the year, our growth will be led by volume. So overall, I think we feel comfortable in giving this guidance of 7% to 11% for revenue and 10% to 14% for EBITDA. And you know that these are currently the uncertain times. We have also been very, very cautious while giving this guidance.

Saurabh Jain: Yes, that is helpful. But what is giving you the confidence in terms of volume recovery on the global CP business because I think that is the piece of your overall business, which is going to drive in a major way, your guidance. So Q1 was a bit of a disappointment in terms of volume for UPL. What is giving you the confidence in terms of volume recovery that you are foreseeing for the global CP business? And also, what would be your pricing assumptions for the full year?

Bikash Prasad: Yes. Saurabh, I will just take the first, and then I will hand it over to Mike. A few points I just want to tell you now, the India business, we said that we don't want to compromise with our quality of the business. We want to remain focused on retaining and improving our margins. You have seen in the last 7 quarters, our contribution margins have improved. Our EBITDA margins have improved. We want to ensure that our margins are protected. So even in the India business, we have protected the margins by doing the necessary pricing actions. The seeds and specialty business are on similar trajectory.

In the crop protection business, I think one of the things that we have done is that we don't want a repeat of FY24 when the global prices reduced due to oversupply and channel have a higher level of inventory. So, we are also guiding our channel to be very cautious on building the inventory. So, they are taking the inventory when needed in the farm.

That is the guidance that we have also been giving to the channel. So that's how you are seeing that the volume is lower, but I think it's also been very cautious. And overall, it will help us going forward.

But with this, I will hand it over to Mike.

Mike Frank: Yes. Thanks, Bikash. And Saurabh, thank you for the question. So, as we talked about earlier, we've been quite proactive in our pricing approach. As we saw the conflict in the Middle East increase our cost of goods, especially on energy-intensive products, we were proactive in pricing that into the marketplace, which, of course, resulted in strong margin expansion in Q1.

As Bikash mentioned, Q1 is a very small quarter for us in our Global Crop Protection business. It's about 15% of our revenue. So we ramp up as the year unfolds. And while we do see both the channel and growers buying really close to the use season, I think, again, because of the conflict in the Middle East, because of some potential concerns about weather and El Niño, we are seeing the channel buy just in time.

We do though fully expect, as the year unfolds, the growers are going to use the crop protection products they need to produce a crop, and so we will see the global demand for the crop protection products that we're in the business of, flat to slightly up on a year-over-year basis.

And as you know, over the last 24 months, we've been gaining market share in this market. And so we are driving to beat the market. And once again, for the year, drive for market share growth, which is what gives us confidence we will see volume growth on the year.

And on the pricing and margin side, we've already adjusted our prices. We're now seeing many of our competitors also adjust up as they get into their mid-season. And so again, I think we're very competitive going into the rest of the year, which gives us confidence that our momentum will continue.

Saurabh Jain: Okay. Great. That was useful. My second question is on the India SAS business. The EBITDA margins have been at about 30%, which seems to be quite in contrast with how the other domestic players in India delivered in terms of their margin range for the quarter. So, is 30% kind of a margin range? Do you think it's sustainable for rest of the year? Is it like a structural shift of margin that is happening? Or is it just like a temporary one-off kind of margins?

Anurag Gupta: I'll request Ravi, if he's there on the line, to kindly take this question.

Ravi Cherukuri: Guys, can you hear me?

Moderator: Yes, Mr. Ravi. You may go ahead.

Ravi Cherukuri: Yes. So no, so it's a great question. 29% growth in EBITDA is not structural. A part of it is structural. A part of it is because the price increases, we took were not immediately - because the cost flows in over time, but the price increase we take only happens at the beginning of the quarter, you cannot take it mid-season once you place some product already.

So, I would say a part of that EBITDA growth is structural because of the group improvement in portfolio and the improvement in profitability. But maybe about 8% to 10% of it is something which will normalize over time.

Saurabh Jain: No, my question was on EBITDA margin. So are you saying this 30% margin will normalize to about 21%-22% kind of a margin range on a structural basis? The margins have been reported at 30%.

Ravi Cherukuri: I was talking about the EBITDA growth, but even the margins will normalize, but may not be by as much as you said.

I would ask, Bikash, if he has a calculation to share the normalization expected in the margin. My response was to the EBITDA growth percentage.

Saurabh Jain: Sure.

Bikash Prasad: Yes. So Saurabh, if you look at the India Crop Protection business, so we have a seasonality in this business. Almost 65% of the revenue comes in the first half and 35% comes in the second

half. However, the period cost flows through uniformly. So typically, you will see that in H1 basis, you will have a higher EBITDA, you will have a higher profitability. And in the H2, you will see a lower EBITDA, lower profitability.

On a portfolio basis, if you look at it, last year, I think we had ended at around, say, 17%* of EBITDA margin for the India business. This year will be much higher than the last year, but 30% is clearly is due to the seasonality.

So, 2 factors. One is the seasonality because in Q1, our highest revenue comes in.

Second, the pricing action that we took, while the inventories were all sitting at an older cost for Q1 and the pricing business took the pricing action ahead of the market, that really helped us to improve our margin in Q1. But this will normalize in Q2 and rest of the year.

Saurabh Jain: Got it. I'll just complete by asking one question that, on the EBITDA margins for India business, FY26 was about 17%. Now would you expect a 7% to 8% delta of margin improvement for the full year FY27? Coming to about 25-odd percent or can it be lower?

Bikash Prasad: I think it will be better than the last year, but it's difficult to comment now. We'll get back to you. But definitely, it will be higher than the last year largely because of our excellent performance on the hyperscale brands and the branding initiatives that we have taken.

So, it will be higher, materially higher than the last year.

Moderator: The next question is from the line of Rohit Nagraj from 360 ONE Capital.

Rohit Nagraj: So, first question is in terms of Latam. So there are indications that because of the earlier low-cost inventory, there has been a good amount of channel filling which has happened. So what is your perspective for the upcoming planting season for the same? And I'll just squeeze in a second one as well. We have increased the prices, but again, crude has elevated, input costs have elevated. So are there any indications that the price reversal may happen in the times to come?

Anurag Gupta: Mike, I'll request you to take that question, please.

Mike Frank: Yes. Very good. So yes, thank you for the question. Look, I think depending on what part of the Latam you're talking about, right now in Brazil, there's not a lot of planting going on. They're finalizing the harvest of their second corn season. And of course, planting season will begin in September, October for the new soybean crop. So, this is the time of the year where the channel is starting to load for this upcoming season.

Again, that gives us a lot of confidence. We know exactly kind of where our customers are at in terms of loading up for the next season. They've been, I would say, later to load this year. Again, I think everyone was watching what was happening in the Middle East from a conflict and a pricing standpoint. We are well positioned from an order book standpoint. So we are taking orders with our channel. And we're confident, again, that in Brazil, we'll see strong volume in Q2, Q3 and Q4 for us.

And so that market is looking strong. As we talked about a little bit, Colombia and Argentina were off. Part of the Argentina situation for us, we're also focused on making sure that we're improving the quality of our business, and so we've slowed and stopped doing some low-margin business in Argentina. So that part was intentional.

We think the Colombia business will come back as the year unfolds. And so, from a Latam perspective, again, I think a little bit of Q1 was a timing. But again, it's a very small quarter for us and so we've got a lot to play for as year unfolds.

From a pricing perspective. Again, we're actually seeing now the rest of the industry kind of catch up to the pricing moves that we started in late March, early April. And so if anything, we think that the industry is pushing prices up a little bit, again, in anticipation of the cost that every company is now seeing.

And so I think there's a very low probability that prices are going to decline. Again, we're talking about minor low single to mid-single-digit price increases. And so these are quite modest price increases, something that we would normally see in this industry on an annual basis. And so we're seeing those prices rise at this point in time. I don't think they're going to pull back as the year unfolds.

Moderator: The next question is from the line of Surya Narayan Patra from PhillipCapital India Private Limited.

Surya Narayan Patra: My first question is on the macro aspect. If you can talk about the likely implication that you would be thinking for your business because of the escalating Russia-Ukraine war. You addressed the other two, but if you can address this one also, that would be helpful.

Anurag Gupta: Mike, I request you to kindly answer this question.

Mike Frank: Yes. Well, look, I think when the Russia-Ukraine war first started, there was a significant impact on supply chains, on commodity prices, which have now, I think, abated to kind of a normal situation. So, I believe even if the war were to end sometime soon, I wouldn't anticipate a significant impact on the global grain trade or commodity prices.

And I think the more recent impact of the Middle East war is what we're now dealing with from a supply chain reliability standpoint and from a cost of goods standpoint. So the ripples of the Iran war are now going through the industry.

I think the Ukraine-Russia impact has really stabilized. And however, it unfolds or whenever it unfolds, I don't see a large impact on our business in the global crop protection industry.

Surya Narayan Patra: Sure. Just if I can ask one more on the SUPERFORM business. Can you just give for the quarter, let's say, what is the split now between the captive and the other? And what is the growth that we would have seen for the non-captive SUPERFORM business?

Raj Tiwari: Yes. Thank you for the question. I mean it's not captive, it's what we call it as ag and super specialty. So ag this quarter is 71% of the total revenue, whereas super specialty is 29%. And if

you remember end of the last quarter one*, ag was 74% and super specialty was the rest, right? The super specialty has further strengthened because of hyper growth in our super specialty business in this quarter.

Bikash Prasad: And going forward, the next 3 to 4 years, we expect this mix to further change and move towards, like, say, 55%:45%, 55% ag and 45% super specialty.

Surya Narayan Patra: Okay. If you can just extend your thought process about the non-ag business, sir. What is likely to drive this kind of change?

Raj Tiwari: So we have been investing in a very niche technology platforms. And those platforms are the ones which are driving the growth because as we go upstream, more value-added product in those platforms. For example, cynation, phosgenation or also on some of the key applications, whether in paint or in lubricant space or in flame retardants backed with contracts are the ones which would keep on driving the revenues.

Moderator: The next question is from the line of Abhijit Akella from Kotak Institutional Equities.

Abhijit Akella: The gross margins seem to have increased by almost 300 bps year-on-year this quarter. And you did speak about the fact that the India business benefited from lower cost inventories. Would it be just possible to share some color on how much, at the consolidated level, the benefit may have been because of lower cost inventories this quarter?

Bikash Prasad: Overall, if you look at the contribution margin level, it has expanded by approximately 180 bps. And this improvement is coming from all the platforms. India business is a smaller portion of the total, but the maximum impact we have seen is in the India business, where the price variance is around 8% to 9%.

Our seeds business also has a 10%* price variance. The specialty has about 34% to 35% price variance. And the overall group* is about 3%. This is a total on the price impact on the sales, which is also driving the contribution margin expansion.

Ravi Cherukuri: If I may add, Bikash, I'd like to clarify that when we say, it's lower cost inventory, it's lower cost versus expected cost because we took price increases based on the replacement cost of those raw materials coming in. But because we also have some amount of existing inventory, the cost blends in over time. But you have an opportunity to take the price increase only at the beginning of the season. So it's not truly a low-cost benefit as it is a timing difference between price increase versus cost increase. Hope that clarifies things.

Abhijit Akella: Sure. No, that's very clear. The other thing I was just hoping to understand was the cash flow statement shows a fairly significant increase in investments, which you have called out. So, Slide 19, ₹669 crores worth of investments. What exactly might these be?

Bikash Prasad: Abhijit, if you recall in the Capital Markets Day, we had discussed about it over this investment. It is mainly the investment in Sinova, one of our associates in Brazil.

Abhijit Akella: Okay. So this is the same $87 million that was alluded to last? I see, okay. Understood. And just a couple of others. One is the increase in other income this quarter. What might that be because of? And then depreciation seems a little bit lower. What's going on there?

Bikash Prasad: Depreciation is not lower. It is higher.

Abhijit Akella: Sorry, I was referring to sequentially, yes.

Bikash Prasad: So, what is the question, Abhijit, sorry?

Abhijit Akella: So sequentially, depreciation is down about 9%. Is that just a normal seasonal factor or something specific this quarter? And then on the other income?

Bikash Prasad: I think it will even out during the subsequent quarter.

Abhijit Akella: Got it. And just one last thing from my side. The guidance for EBITDA for this year, if I'm doing my math correctly, it seems to imply a slight -- maybe flattish to slight decline in EBITDA margin for the full year. Last year, I think we did 18.5%. Maybe this year is flattish or slightly down. *(it is 50bps up)* So is that correct? And if so, what exactly are you expecting the drivers behind that?

Bikash Prasad: Last 7 quarters, it has only improved, and we'll continue to remain focused on expanding our margins for all our businesses. This is just the EBITDA range that we have shared between 10% to 14%. There are various assumptions we have taken especially on the FX. But broadly, I think EBITDA margin, we do not see the margins to go down. It will improve.

Moderator: The next question is from the line of Imtiaz Shefuddin from Barclays.

Imtiaz Shefuddin: I just have one question with regards to your debt. I noticed on your Slide 18, you have a $500 million debt coming due in this current FY27, sustainable-linked loan. Can you just give us some details in terms of when it's maturing and how are you looking to refinance that? And also, you have another $500 million due in FY28. If you could just provide us some color on those?

Bikash Prasad: Yes, sure. If you recall last year in March, we had a repayment obligation of $500 million. We had another obligation of $400 million in September of this year, with additional $500 million in December. So, we had a total obligation of about $1.4 billion in March. We repaid first $500 million using our internal cash accruals. The next $400 million, which was due in September, we refinanced it and extended it for an additional 3 years.

At the same time, we also had 3 years of committed RCF that we put in place. The next obligation for us is in December 2026 of $500 million. So, in this financial year, the remaining obligation is only $500 million. We have a committed RCF line of $300 million. We have about $2 billion of uncommitted working capital lines. I think it's early.

But depending upon the market, if needed, it can also be refinanced. So we'll make the assessment in the next couple of months, and we'll update the market accordingly. But we don't see any concerns in terms of meeting our obligations in December. We are quite comfortable

with our internal cash flows, the liquidity, the lines that we have in place, we will meet this obligation comfortably.

Imtiaz Shefuddin: Just one more question, if I may. How many days of inventory do you carry for your raw materials right now?

Anurag Gupta: I'll request Raj to kindly respond to that. Raj, please go ahead.

Raj Tiwari: Yes. So, this is the total inventory is what we have in the presentation. But generally, it is 40%-60% or 45%-55%. So, 45% is the raw material and balance is finished good lying in the market. So that's what I can say in terms of inventory.

Imtiaz Shefuddin: Sorry, 45 as in 45 days?

Raj Tiwari: 45% of the total inventory is raw material and balance business, finished goods.

Imtiaz Shefuddin: Okay. But this 45% of your inventories, you say, is raw material. What is that good for? How many months of production?

Raj Tiwari: We have generally 90 days of cover for raw materials.

Imtiaz Shefuddin: So right now, your raw material inventory covers you for about 90 days of production?

Raj Tiwari: Yes, that's right.

Moderator: Ladies and gentlemen, due to time constraints, we take that as the last question of the day. And now I would like to hand over the conference to Mr. Anurag Gupta.

Anurag Gupta: Thank you all for the questions and the responses provided by the UPL management team. As I mentioned earlier, we have an update for all of you. I request Bikash to please share the same.

Bikash Prasad: Yes. So before we conclude today's call, I would like to share an update on change in leadership. After many years of dedicated service to the company, Mike Frank has decided to step down from his role as the CEO of UPL Corp, our global crop protection business, with an intention to relocate back to the United States in view of his personal commitments after completing a successful tenure of 4.5 years.

On behalf of the Board, the management team and all our colleagues, I would like to sincerely thank Mike for his invaluable contributions over the years. His leadership, commitment and passion have played a significant role in advancing UPL's transformation journey through a sharper focus on innovation, customer centricity, operational excellence and sustainability.

His leadership has strengthened the company's global crop protection business and further reinforced UPL's commitment to delivering differentiated solutions that create long-term value for farmers, customers and other stakeholders worldwide. We are grateful for his many contributions and wish him every success in his future endeavours.

The business remains well positioned, supported by a strong leadership team and a clear strategic direction, and we remain fully focused on executing our priorities and delivering value to all stakeholders. But before we close today's call, I would like to invite Mike to share a few words on this.

Mike Frank: Well, thank you, Bikash, for those kind words. Look, UPL is an amazing company, and it's really been an honor to lead UPL Corporation over the past almost 5 years. I do feel positive that the business has strong momentum, and the organization is set for continued growth.

But most importantly, the leadership team and the people across UPL are set to successfully drive UPL Corp. into the future. I want to thank the Board of Directors, Jai and Vikram, and the entire organization for their support, and I wish everyone all the best. Thank you very much.

Anurag Gupta: Thank you, Mike. On behalf of UPL Limited, that concludes this conference. Thank you all for joining us.

For further queries and clarifications, please feel free to contact me. You may now please disconnect your lines. Thank you.

**Reinstated numbers or commentary*