



## "UPL Limited Q1 FY 2026 Earnings Conference Call"

**August 01, 2025**



### **Management:**

**Mr. Jai Shroff** – Chairman and Group Chief Executive Officer, UPL Limited

**Mr. Bikash Prasad** – Group Chief Financial Officer, UPL Limited

**Mr. Mike Frank** – Chief Executive Officer, UPL Corporation, our Global Crop Protection platform

**Mr. Ashish Dobhal** – Chief Executive Officer, UPL SAS, our India Crop Protection Platform

**Mr. Bhupen Dubey** – Chief Executive Officer, Advanta Enterprises, our Seeds platform

**Mr. Raj Tiwari** – Chief Executive Officer, Specialty Chemistry Platform, SUPERFORM

**Mr. Anurag Gupta** – Head, Investor Relations, UPL Limited



*UPL Limited  
August 01, 2025*

**Moderator:** Ladies and gentlemen, good day, and welcome to the UPL Limited Q1 FY '26 Earnings Conference Call.

As a reminder, all participants' 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 "\*", then "0" on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Anurag Gupta, Head of Investor Relations. Thank you, and over to you, sir.

**Anurag Gupta:** Thank you, Yusuf. Good evening, everyone. On behalf of the UPL Management Team, I thank you for joining us today for discussing the Financial Performance for Q1 FY '26. The Investor Presentation, Press Release, and the Financial Statements have been made available on our website, and we take it that you have read the Safe Harbor Statement.

From the Management Team, we have with us today Chairman and Group CEO – Jai Shroff; Group Chief Financial Officer – Bikash Prasad; CEO of Global Crop Protection Business – Mike Frank; CEO of India Crop Protection Platform – Ashish Dobhal; CEO of Seeds Business Advanta– Bhupen Dubey; CEO of Specialty Chemistries Platform (SUPERFORM) – Raj Tiwari, and other members of the Leadership Team.

Before we begin, I would like to introduce you all to Bikash – our new Group Chief Financial Officer. Bikash has joined UPL earlier this year in January, and officially took over on June 1, 2025. Bikash will be taking us through the overall performance for UPL Limited for the quarter. This will be followed by Mike, who will share his detailed remarks on UPL Corporation, followed again by Bikash who will cover the other platforms in brief. We will have the Q&A session post that.

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

**Bikash Prasad:** Thank you, Anurag. Good evening, everyone, and a very warm welcome to UPL's Q1 FY '26 earnings call. Thank you for joining us today.

Before presenting the financial highlights, I'd like to express my sincere gratitude for the opportunity to serve as the Group CFO of UPL. It is a privilege to join a company with such a distinguished legacy of growth, transformation and innovation, and I am committed to advancing UPL's mission of sustainable value creation for all stakeholders.

Q1 presented a challenging macroeconomic landscape, particularly across Brazil and broader Latin American markets, where lower commodity prices led to farm income stress, higher interest rates, and volatile currencies continued to impact distributor performance. Additionally, ongoing geopolitical uncertainties, including concerns around US tariffs continue to influence market sentiments and trade flows. Further, China oversupply related AI pricing pressure continues to exacerbate overall business climate.

Before we delve deeper into the 'Financial Performance', I'd like to share key updates on our liquidity and ratings developments.

- The first being pre-payment of scheduled \$250 million long-term loan due in September 2025, paid with strong liquidity generation in Q4 FY 2025.
- Second, we exercised redemption of perpetual bonds at the first call, totaling \$400 million in May 2025 earlier this year.
- The third update is the Rights Issue Committee approving payment of the second and final call of Rs. 180 per partly paid equity share aggregating to Rs. 1,688 crores, or \$200 million. This amount represents 50% of the total issue price of Rs. 360 per share, comprising Rs. 1 towards face value, and Rs. 179 towards share premium. The record date has been set as today, i.e. Friday,

August 1, 2025. We expect the proceeds to come in by the end of September, subject to regulatory clearance.

- The final update is on the recent outlook upgrade by two global ratings agencies, Fitch and S&P, from “Negative” to “Stable”. I am pleased to add, this is a strong endorsement of our financial resilience, strategic clarity, and commitment to sustainable value creation. Our actions reflect our continued focus on capital efficiency, de-leveraging and long-term stakeholder confidence.

Starting with the **Q1 FY '26 "Performance Overview"**:

We had a strong start to this financial year 2026, delivering a robust first quarter. Our EBITDA reported double-digit growth led by significant improvement in contribution margins. Additionally, we also improved on our leverage ratios while lowering our working capital, underscoring our financial discipline and relentless execution towards operational excellence.

In Q1 FY '26, we reported revenue of Rs. 9,216 crores, around 2% higher versus last year. This was driven by 1% increase in pricing and favorably supported by exchange impact. At the platform level, we reported double-digit growth in UPL SAS, our India crop protection business, which grew by 13% versus last year, and Advanta, which rose by 20%. I am pleased to share that the growth in both these platforms was driven by a mix of volume and pricing, indicating our strong market presence and good acceptability of our products.

Supporting this growth was SUPERFORM, our newly rebranded super specialty chemicals platform, which rose by a robust 9% led by volume. Our global crop protection business, UPL Corp, had some seasonality-related challenges in Brazil, mainly in the insecticide volume, resulting in an overall decline in revenue by 3% versus last year. My colleague Mike will cover this in detail in his remarks.

Among key reasons, growth was driven by India, up 21%, and was supported by North America and Europe, both of which grew by 8% each versus the previous year. This was partially offset by a decline in Latin America, mainly Brazil, as highlighted earlier, and the rest of the world, where we faced some challenges on seed and crop protection. Both these regions declined by 10% versus last year.

Our contribution increased to Rs. 4,001 crores, a significant 12% increase versus last year. The margin was over 43%, an improvement of around 390 basis points versus previous year. This performance was driven by improved product mix, favorable pricing, apart from higher capacity utilization and lower input costs, mainly in the Crop Protection segment. This also reinforces our commitment to operational efficiency and strategic sourcing, leading to a favorable cost position.

The SG&A expenses amounted to Rs. 2,698 crores, an 11% increase year-on-year. This was mainly due to one of Brazil's distributors restructuring impact. It is to be noted that this is non-cash in nature and will subsequently unwind over the period of recovery horizon. Despite increase in SG&A, we delivered a strong EBITDA of Rs. 1,303 crores, up 14% year-on-year. I am also pleased to share that EBITDA margin stood at over 14%, improved by 150 basis points versus last year, driven by improved contribution margins.

Profit before tax, or PBT, at a loss of Rs. 190 crores, significantly lower versus a loss of Rs. 455 crores last year. This movement was driven by EBITDA at Rs. 1,303 crores, up from Rs. 1,145 crores last year. Depreciation and amortization expenses increased from Rs. 660 crores to Rs. 731 crores as planned. Significant reduction in net finance costs, down from Rs. 740 crores to Rs. 631 crores this year, mainly driven by lower working capital requirements and debt prepayment. Increase in net exchange losses, from Rs. 143 crores to Rs. 178 crores, mainly from higher cost of hedging in Brazil, as a result of increase in local interest rates. Our hedging

strategy continues to provide a risk mitigation tool against extreme currency fluctuations in key markets.

Shares from associates and joint ventures increased from a loss of Rs. 32 crores to a gain of Rs. 18 crores in this period. Additionally, the exceptional items declined to Rs. 9 crores from Rs. 49 crores previous year. Profit after tax, or PAT, narrowed to a loss of Rs. 176 crores, a significant improvement from a loss of Rs. 528 crores last year. Reported PATMI, or Profit After Tax and Minority Interest, stood at a loss of Rs. 88 crores, an improvement of around Rs. 300 crores versus last year, driven mainly by improved EBITDA, lower net finance costs, and exceptional items.

Moving on to Key Balance Sheet Items.

Our net working capital in June 2025 was Rs. 11,025 crores, a significant Rs. 3,300 crores lower versus the previous year same period. This positive development was supported by a continuous focus on inventory management and tighter credit controls led improved collections.

In terms of days, net working capital was at 86 days, lower from 121 days in the previous year, a reduction of 35 days. Inventory days stood at 110 days, a reduction of seven days, while payables were at 152 days, up from 131 days the previous year. The receivables were at 129 days, lower by six days versus the previous year. We also saw a reduction in non-recourse factoring by around \$45 million on year-on-year basis, equivalent to about three days lower in U.S. dollar terms.

Moving on to the Net Debt

As of June 2025, net debt stood at Rs. 21,371 crores, or \$2,492 million, reflecting a reduction of Rs. 6,129 crores or \$806 million, compared to Rs. 27,500 crores or \$3,298 million in June 2024. However, net debt increased sequentially versus March 2025, largely due to the impact of perpetual



*UPL Limited  
August 01, 2025*

bond redemption, Rs. 3,409 crores or \$400 million, and higher working capital requirements in line with business seasonality.

I am also happy to share that our key gearing ratios, i.e. net debt-to-EBITDA and net debt-to-equity, have shown remarkable improvement compared to Q1 last year. The net debt-to-EBITDA improved from 5.4x last year to 2.6x, driven by strong operational performance and capital efficiency. This ratio was at 1.7x in March 2025 due to seasonality-led higher collections in that period. Simultaneously, the net debt-to-equity ratio improved from 0.9x to 0.6x versus last year.

As I hand over to my colleague, Mike, who will take you through the performance of our Global Crop Protection Business, or UPL Corp, I would like to highlight that our business has shown remarkable resilience in this quarter, underpinned by improved operational efficiency and prudent financial management. Further, our effective capital management, significant reduction in net debt, and improved gearing ratios reflect our continued focus on strengthening the balance sheet and creating long-term sustainable value.

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

**Mike Frank:**

Yes. Thank you, Bikash. And hello, everyone, and welcome to our first quarter Earnings Call.

Before we review the quarter, I would like to start by providing some color on the global crop protection market.

We continue to see strong agrochem demand at the farm gate level, despite low commodity prices for row crops. Farmer margins are under pressure in most markets, and this is creating more demand on the post-patent side of our business.



*UPL Limited  
August 01, 2025*

The financial health of our dealers and retailers is generally steady, with the exception of parts of Brazil where a few retailers continue to have liquidity challenges. As we have previously indicated, channel inventory levels for UPL stock have returned to normal levels, and we are seeing restocking occur as expected and positively to meet growing demand. As a positive indicator, we currently have a stronger order book compared to this time last year.

So, turning to our Q1 performance:

In the 1st Quarter, we posted slightly lower revenue compared to a similar period last year. However, our contribution margin and EBITDA growth showcase our resilience of our business model and the value of the productivity initiatives that we have implemented.

While our Q1 revenue was down by approximately 3%, I am pleased to report a 13% increase in our contribution margin versus Q1 of last year, expanding our margins by almost 500 basis points. We also posted 23% growth in EBITDA compared to Q1 of last year, reflecting a margin expansion of more than 135 basis points.

Overall, margin expansion was a result of COGS improvement and higher capacity utilization, a proof point that our efforts focused on supply chain efficiency are paying off. The lower revenue versus last year is primarily due to product phasing, along with pricing pressure in the insecticide segment, specifically in the LATAM region.

Other major segments, such as fungicides, posted both volume and robust revenue growth led by mancozeb in Brazil and North America.

Herbicides benefited from volume and revenue growth, resulting from strong in-season demand for key products such as clethodim and metribuzin in Brazil, Europe, and North America.



Our insecticides portfolio in the first quarter faced seasonal headwinds due to pricing pressures, particularly in Brazil, and some product phasing closer to use, as I mentioned earlier.

Our NPP business benefited from a mix of improved pricing as well as higher volumes, led by biocontrol volumes in Europe.

Turning to our SG&A, we continue our strong discipline on discretionary spend. However, as mentioned by Bikash, we had a key distributor in Brazil phase their payment plan as part of an extrajudicial process, which created a \$13 million ECL accrual impacting this quarter's result. This is a non-cash impact, and we do expect it to unwind over the recovery period.

Let's now review the Q1 performance for our regions.

In Latin America, our revenue declined by approximately 12%. As already indicated, Brazil was impacted by pricing pressure on some molecules as well as a shift in phasing of some of our products from Q1 to Q2.

We are optimistic that our focus on operational efficiencies through strong execution and adoption of a sell-out model, coupled with our increased customer focus and strong product portfolio we will see a recovery in Q2 in LATAM with good growth in the second half of the year.

In North America, we grew by 6% versus last year. This region continues to experience strong in-season demand for our products with normal to low levels of channel inventories. Our growth was driven by a robust herbicide portfolio with molecules like metribuzin, clethodim and s-metolachlor exceeding last year's Q1 sales. We also posted higher revenue from key molecules such as mancozeb and acephate.

Turning to Europe, our quarterly performance was 5% up over the previous year. Revenue growth was driven by higher volumes in key herbicides such as flufenacet, and supported by fungicides such as



*UPL Limited  
August 01, 2025*

captan, as well as growth in Thiopron®, which is a biofungicide product that sits within our NPP portfolio. We continue to see high growth specifically in Germany, Italy, Belgium, and Spain.

In Africa and Asia-Pacific, we posted commendable growth in markets such as Indonesia, Japan, and both Eastern and Western Africa. However, this was offset with headwinds primarily related to pricing in China and a few other markets resulting in a net 2% lower revenue compared to the same quarter last year.

Turning to our outlook for the second quarter and the full year. We remain confident in our growth targets for FY '26. And as we indicated in our Capital Markets Day presentation in May, the growth this year will be weighted towards the second half of the year. From an SG&A perspective, we are continually leveraging tools and technology to transform how we operate across all functions, improving our operating model and driving efficiency throughout the enterprise. Our focus on cash generation continues, and we are optimizing our inventories and driving best-in-class working capital management as you can see in the results.

On the marketing excellence front, we continue to strengthen our new product pipeline, positioning ourselves firmly to deliver on our commitment of \$130 million of new revenue from product launches this year, mostly coming in the second half of the year.

In closing, I want to thank our team for their unwavering dedication, and our value channel partners for this quarter's performance. I am confident that we will achieve robust growth in both revenue and margin as the year progresses.

With that, I will now hand it back to Bikash, who will take you through the performance of our other platforms.



*UPL Limited  
August 01, 2025*

**Bikash Prasad:** Thank you, Mike.

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

At UPL SAS, we posted a strong quarter with revenue growing by a robust 13% versus last year, led by a strong 9% growth in volume, and supported by 4% improved pricing. This was driven by herbicides and supported by favorable season. Further, our successful new launches such as, Centurion® EZ and Canora® EZ, also supported improvement in product mix.

Our contribution margin was 32.7%, up by around 450 basis points and led by a favorable mix. This also drove EBITDA margin to 22.3%, an improvement of 540 basis points.

Advanta, our seeds platform, delivered double-digit revenue growth year-on-year, fueled by a robust volume expansion of 12%. Key contributors to this growth included corn in India and Thailand, as well as grain sorghum and sunflower in Argentina.

A strong price increase helped mitigate the impact of higher production costs and lower recoveries in Thailand. Despite overall margin pressure and increased investments for new market entries and product launches, our platform EBITDA rose by 5%.

SUPERFORM's growth was primarily driven by higher volume. Our Super Specialty Chemicals, or SSC segment grew by a strong 21% versus last year. The platform reported 50 basis point improvement in contribution margin at 24.9%, driving its EBITDA up by a strong 7% versus last year.

I would also like to take this opportunity to highlight that our robust financial and business performance have been enabled by our continued focus on sustainable initiatives and actions. We have strongly delivered on our five-year ESG commitments for FY '25, helping create long-term stakeholder value.

Further, we are now setting up an ambitious target for FY '30, in which we target to reduce water consumption, carbon dioxide, and waste generation by 60%. We also remain committed to empower our communities through institutions of excellence built over the decades and create sustainable livelihood in rural areas. Whether it is endangered species conservation, forestry initiatives, or water savings, we remain committed to protect and uphold our biodiversity.

UPL takes pride in its exemplary governance, driven by a strong and experienced Board, both at group level as well as platforms, and heavily supplemented by an enthusiastic and experienced global leadership team. I am also pleased to share that this is reflected in creating an initiative-taking and productive workforce as evident from our superior engagement score well above the industry benchmark. Our strong practices have also led to several international accolades including global accreditation by FTSE and DJSI and other awards and recognition.

To summarize, Q1 has been a positive quarter, with broad-based improvement in the overall quality of earnings. On the P&L front, our revenue grew by 2%, a strong contribution margin at over 43%, an improvement by 390 basis points. Double-digit EBITDA growth with margin improvement of 150 basis points, and lower interest expense and exceptional cost led reported profit after tax and monetary interest improvement of Rs. 300 crores. Similarly, on the balance sheet, our working capital days improved by 35, from 121 days to 86 days with a reduction of Rs. 3,300 crores. Improved net debt with a reduction of over

\$800 million, post-redemption of perpetual bonds in May 2025 amounting to \$400 million.

To conclude, we remain cautiously optimistic on Q2, and for the rest of the year, which we broadly expect to be margin accretion-led growth. We maintain FY '26 guidance as already shared during our Capital Markets Day earlier this year at 4% to 8% growth in revenue, and 10% to 14% EBITDA growth versus last year.

Finally, I would like to thank our team for their efforts, and our valuable stakeholders around the world for their trust and support. I am confident on delivering our financial commitment in FY '26.

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

**Moderator:** Thank you, sir. We will now begin the question-and-answer session. First question is from the line of Saurabh Jain from HSBC. Please go ahead.

**Saurabh Jain:** Yes. Thank you, gentlemen, for the opportunity. Good performance, I would say, in most of the businesses. I have a few questions relating to the recent industry developments. The first thing, recently, China has kind of been looking to introduce certain measures in terms of trying to support the chemical prices, wherein they wish to take some old capacities out of the system. Given that you also have a fair presence in China, what would be your take on the situation? How do you see these measures - can they create a meaningful impact on the pricing? Any views on that would be helpful.

**Mike Frank:** Yes. Hello, Saurabh. Thank you for the question. It's Mike here. Look, as we are continuing to experience overcapacity from China, and the pricing that we have seen over the last 18 months is also quite similar. There are a few products where we are starting to see, I would say, some green shoots, where either there's been some reduction in capacity or some

consolidation. And so, we are seeing a few products, where prices are starting to increase.

But generally speaking, at this point in time, we are not seeing a significant movement in pricing. Our base plan this year assumes that pricing remains consistent out of China. Obviously, if there are further actions, that would be upside to our business case. As you can see from the growth in our contribution margins, we are very competitive with our manufacturing capability to compete even at these low prices. And if there is any improvement going forward, that will be constructive to our margins.

**Saurabh Jain:** Can you share some more details over here, which products you are noticing price increase? And if possible, have you taken any price increases in any of your key molecules in China or globally?

**Mike Frank:** Yes, I would say there are a couple of key molecules in our portfolio where we've seen some increase in price. One example is clethodim, and another is mancozeb, where we're starting to see some prices increase out of China. This is giving us the opportunity to review our pricing globally, which we are actively doing. So, those would be a couple of examples that are important to our portfolio. A third example would be S-metolachlor, which is also a significant product for us. We're seeing price increases from China in S-metolachlor as well. So, these are a few examples where we're noticing what I would call 'green shoots'—early signs of positive market movement coming out of China.

**Saurabh Jain:** Okay. So, the price increases, is it already a part of your 1Q results, or it has been more of a recent action? It will be reflected in 2Q.

**Mike Frank:** Yes, I would say a little bit of both. Obviously, Q1 for our global crop protection is a small quarter. It only represents about 15% or 16% of our full year. So, that is one aspect to consider. I would say throughout Q1,

specifically with S-metolachlor and with mancozeb, the prices have strengthened as we have gone through Q1. So, I would say, the opportunity on pricing is presenting itself as we go through the rest of the year, more so than Q1.

**Saurabh Jain:**

Understood. My second question is regarding your seed business. So, in the last transaction, the Advanta transaction, we had raised about \$100 million which was supposed to be funding the future growth of Advanta. So, keeping that in mind, and also thinking about some of the recent news reports wherein one of the global ag major Nufarm, they have explicitly highlighted they are looking to divest their seed business, which is branded as Nuseed. So, can you give some color, because there was some chatter that UPL has shown interest in terms of looking to acquire the seed business of Nufarm? So, any clarity on that side would be very helpful.

**Anurag Gupta:**

Bhupen, would you want to answer that question?

**Bhupen Dubey:**

Sure. Thank you so much. Thank you for the question. We also heard the same, the chatter on the media. Advanta, very similar to our parent UPL, continues to explore inorganic options as part of our core strategy. You are very much aware about it. Hence, we diligently scout for assets that are a great fit for our portfolio as a routine part of our business. Now that you mention it, Nuseed is an interesting asset, given its geographic spread and portfolio offering. Moreover, it also fits well with Advanta in terms of revenue and cost synergies. However, there is significant litigation ongoing between two companies, which centers around the enforcement of the license agreement and some critical intellectual property.

Advanta remains committed to protecting its IP and commercial rights and are pursuing all necessary legal avenues to protect its assets. The matter is ultimately set for trial, scheduled for next year in the Federal Court of Australia. Lastly, since the matter is currently sub judice, we are

restricted in terms of sharing our further information in this regard. What we can confirm is that we are – *(Audio Disconnect)*

**Moderator:** Sorry to interrupt sir, your voice is not coming. You are not audible sir. We have lost the connection for Bhupen sir.

**Anurag Gupta:** Bikash, can you provide some color to that as Bhupen was mentioning. Could you conclude that with your thoughts?

**Bikash Prasad:** Sure, Anurag. As Bhupen was saying, the matter is ultimately set for trial. It is scheduled for next year in the Federal Court of Australia. Since the matter is currently sub judice, we are restricted in terms of sharing any further information in this regard. What we can confirm is that we are unable to explore this specific opportunity until the litigation is finalized. Over to you, Anurag.

**Anurag Gupta:** Next question please.

**Saurabh Jain:** So, I had a follow up over here. So, what is the future growth track of Advanta? How should we see this business growing? And the \$100 million, where you see an appropriate use of that money?

**Bikash Prasad:** Bhupen, are you there?

**Moderator:** No sir, his line is not connected.

**Saurabh Jain:** No problem, I will take it later then. Thank you so much, and I will join back in the queue.

**Anurag Gupta:** Thanks, Saurabh.

**Moderator:** Thank you. Next question is from the line of Aditya Jhawar from Investec. Please go ahead.



- Aditya Jhawar:** Hi, thanks for the opportunity. I just wanted some sense on the recent tariff announcement. That how is UPL positioned from exporting from India to the US market? Which are the categories of our product which would be exempted? And for which category, what percentage of revenue would be impacted? And how is our competition placed, whether in China or in the domestic US manufacturing, on specifically on those products where we are exposed to tariffs?
- Anurag Gupta:** Mike, could you answer that please?
- Mike Frank:** Yes, sure. Thanks, Aditya. So, firstly I would say, obviously this is pretty fresh news, the 25% tariff. If you go back to April timeframe, the original announcement was 26% tariffs on India. And so, this was definitely part of our planning scenario. I would say, firstly and most importantly, we do not expect it to have a material impact on our business, either positive or negative. We continue to have, at this point in time, a beneficial comparative tariff rate versus the Chinese competitors and producers, at 25% in India versus, roughly 55% from China. The other thing to take into consideration, as you mentioned, is -- *(Audio Disconnect)*
- Moderator:** The line for Mr. Mike got disconnected.
- Anurag Gupta:** Bikash, I think Mike got disconnected. Could you share your thoughts on this, please?
- Bikash Prasad:** Yes, so what Mike explained before he got disconnected was that last year the duty differential was 25% between China and India. And after the new duty announcement, the duty differential is 30%. So, still we are better off compared to last year. However, as an organization, we have always anticipated and planned for this scenario. And therefore, this recent announcement doesn't change our financial outcome expectations for this year. For the market, the new crop year prices will be announced in

the coming weeks. And this tariff will be a consideration in our pricing decisions.

**Aditya Jhawar:** Yes. Bikash, just what percentage of our portfolio of North America is exposed to tariffs, and is there competition outside China where possibly there is a lower tariff whether it's Vietnam or the domestic supply?

**Bikash Prasad:** I think our exposure will be less than 10%.

**Aditya Jhawar:** Out of total North America?

**Bikash Prasad:** Yes, total North America. If you look at our turnover, it's between \$600 million to \$700 million. And out of that, what is getting exposed to this tariff will be less than 10%.

**Aditya Jhawar:** Fair enough, I will take a follow-up offline. Second question is on impairment on Brazil. So, we have taken an impairment of about Rs. 112 crores in this quarter. So, looking into the subsequent quarters, how is the situation? Should we anticipate more impairment that could potentially come in subsequent quarters as well?

**Bikash Prasad:** As I spoke during my initial briefing that this impairment was a non-cash transaction and this will get reversed over the recovery horizon. There was a restructuring, that was done for a distributor in Brazil, and many lenders and major suppliers including UPL were involved. UPL remains a preferred partner for this distributor. Various actions have been planned to recover the outstanding amount. There are some discussions and some agreements we have agreed into with this distributor which we will not be able to share as it is very commercially sensitive information, but what we can tell you is that our exposure compared to what was earlier has reduced. Only from accounting standard perspective, we had to recognize this. But overall, our net credit exposure has been reduced. We have taken this impact, an accounting non-cash impact but we feel that over the period of recovery, this entire amount will get reversed.

- Mike Frank:** And maybe Bikash, if I can just add another comment on top of that with respect to any other issues. Firstly, from a concentration standpoint, there isn't a significant concentration of customers. So, when we look at the financial strength of the rest of our customers in Brazil, we wouldn't anticipate any further ECL issues as we go through the rest of this year.
- Aditya Jhawar:** That is very encouraging to hear. That is it for my side. All the best. Thank you.
- Mike Frank:** Thank you.
- Moderator:** Thank you. Next question is from the line of Tarang Agrawal from Old Bridge. Please go ahead.
- Tarang Agrawal:** Hi. Good evening. Quite a few questions. First on the financials, Bikash, we have been consistently seeing a reduction in debt, but it is not translating into reduction in interest cost. So, I understand there are multiple factors. Historically, you used to give us a more granular disclosure. So, if you could please comment, how should we see the interest cost number moving from here on? And a follow-up on that, if you could just give us some sense on how is your costing when it comes to your payables versus your cost of factoring?
- Bikash Prasad:** Sure. So, as I discussed earlier that we have done the prepayment of our September maturity and the tightening of working capital has led to a reduction in net finance costs. If you just look at the finance cost which is on the borrowings on the different limits on the working capital and adjusted for the financial income. In dollar terms, our finance cost has gone down by 17% from \$89 million during the last year to \$74 million during the current year. What you see in our published financials, that includes some impact of the exchange losses as well. But the right way to look at it would be to just look at the interest cost excluding the impact

from the exchange losses. The interest cost on borrowing has gone down by 17% compared to the same period last year.

**Tarang Agrawal:** So, Bikash, I mean because we do not have these disclosures, right, it's difficult for us to probably evaluate what portion of interest cost is on borrowings, and what portion is otherwise. So, I would request you to properly disclose this going forward. That will be very helpful. Second, the number was ballpark of about Rs. 1,000 crores, okay? \$74 million translates to roughly Rs. 650 crores. So, what is this balance Rs. 350 crores?

**Bikash Prasad:** Yes. So, I can say that the net interest cost was \$74 million. In INR terms its Rs. 631 crores. In addition to that we incurred an exchange loss of Rs. 271 crores. Bringing the total to Rs. 1,007 crores after adjusting for the interest income of Rs. 105 crores.

**Tarang Agrawal:** Got it. And we have seen a sharp rise in payables, and we have seen a reasonable reduction in factoring. So, from a financial lens standpoint, which is better and how do you decide when to increase payables and when to take more factoring?

**Bikash Prasad:** Sure, thanks for the question. That's a very pertinent question in the current economic environment. So, first I will talk on the factoring part, considering the market volatility like soft commodity prices, geopolitical conflicts, tariff uncertainties, elevated interest costs and continued credit concerns. We consider factoring to be a strong risk mitigation tool, as it is on a non-recourse basis. We expect our factoring numbers to be in a similar range like last year subject to seasonality, which should be in the range of \$1 billion that we have guided earlier.

This quarter the securitization number or the factoring number has gone down by \$45 million. But it is in line with the seasonality. What happens is, the number goes up during Q4, and then from Q4, the reduction starts

happening. So, once we get into Q3 and Q4, you will see that this number will start increasing and from Q1, the numbers will start going down. So, this quarter, you will see on a like-to-like basis, \$45 million reduction. Compared to March, you will see a reduction of about \$350 million. That's on our securitization program.

Secondly, regarding your question on payables, specifically how we manage pricing and terms, given our strong performance over the past few quarters and continued strength in Q1, suppliers are now offering us better terms. This includes longer payment periods and more favorable pricing. Therefore, we don't see any additional impact from extended payable days. It's more a result of commercial negotiations and the confidence suppliers have in our balance sheet.

**Tarang Agrawal:** Got it. That helps. Mike, in your opening address, you did call out that you are looking at a stronger order book at this time of the year versus the same time last year. Was it specifically for your Latin America business or is it pervasive across other geographies?

**Mike Frank:** Yes, good question. So, yes, primarily the order book concept is a Latin America concept. Specifically in Brazil, where typically the dealers and retailers at this point and time of the year are negotiating terms for the upcoming season and then placing orders. So, that's where we carry a significant order book. And so, yes, it would be geared towards that specific region.

**Tarang Agrawal:** Okay. In Europe, Mike, if I adjust for the currency depreciation because rupees depreciated materially this quarter, the European business in Euro terms has been broadly flattish. What I understand, Q4 of financial year and Q1 of financial year, these are really the March quarter and the June quarter are the bigger quarters. But if I just look at the June quarter in Euro terms, it's broadly flat. So, how should I look at it? Should I just look

at the June quarter or is it more prudent to look at it on those two quarters together?

**Mike Frank:** Yes. I think when considering the crop year in Europe, it's more aligned with the calendar year, i.e. products are serving the crop year that's currently being grown. Overall, again, we feel good about our performance in Europe this quarter, and our Q1 in U.S. dollars, we are up slightly. And, as you may know, there's been a lot of hot weather across many parts of Europe, which has had some impact on the fungicide business. But our portfolio performed very strong. And so, I think, on balance, our performance in Europe, both in Q4 of last year and Q1 of this year, has been really good.

**Tarang Agrawal:** Sure. Just a couple of more on Advanta. Were there any exceptional spends done this year? Because the clip from the gross profit to EBITDA has been relatively narrow. So, just wanted to get a sense on that. And one on SUPERFORM, just wanted to understand what proportion of SUPERFORM revenues are within UPL and what proportion are outside of UPL? Thanks.

**Anurag Gupta:** Bhupen, are you there?

**Bhupen Dubey:** Very much here.

**Anurag Gupta:** Thanks, Bhupen. Could you take the first question, please?

**Bhupen Dubey:** Yes, sure. Thank you for your question. There are two important elements that contributed to this phenomenon. First, the cost of procuring raw seed has increased. You may have noticed this in a few countries, particularly in the non-GM tropical yellow corn segment, where corn prices have remained quite stable.

Second, the recovery rate from raw corn to fresh packed corn has declined. During harvest, some countries experienced rainfall, which

impacted our yield recovery. This phenomenon is reflected in the difference. Going forward, I think things are likely to improve significantly in Q2.

**Tarang Agrawal:** Yes. Bhupen, that gets captured in gross margin, right? But if you see your gross profit increased by 15%, but your EBITDA growth has been about 5%. So, to give some numbers, your gross profit increased by about Rs. 90 crores, EBITDA increased by about Rs. 12 crores. So, there's about Rs. 78 crores that got spent in between, which is what I was coming to.

**Bhupen Dubey:** These are the two major elements, the third would be overhead, If you look at that line item, for the new year, recruitment has started. So, that is the third element which comes to my mind.

**Tarang Agrawal:** Okay. So, would it be more one-time in nature in your view? I mean, how should we see it for the full year, if one were to look at it?

**Bhupen Dubey:** Okay, the element which I indicated is one time in nature because, that's already taken care of in terms of the finished good inventory, that is ready in our factory. The overhead part of it has two components, permanent employees and seasonal employees. Since the permanent employees are part of our capacity building for the next 3-4 quarters, which is a regular activity which happens in Q1. On the other hand, seasonal employees, who are involved during harvesting, packaging, and other plant operations, will now come down in a month or so.

**Tarang Agrawal:** Sure. Thanks. Thanks, Bhupen. Last on SUPERFORM.

**Anurag Gupta:** Raj, could you please take that question?

**Raj Tiwari:** Yes, sure. So, on SUPERFORM, your question was related to how much the UPL share of the business is. So, our anchor customer business share as a part of the total business is about 75% and 25% is all Super Specialty.



*UPL Limited  
August 01, 2025*

**Tarang Agrawal:** Okay. Super. Thanks, Raj. That's it from me.

**Moderator:** Thank you, sir. Next question is from the line of Siddharth Gadekar from Equirus. Please go ahead.

**Siddharth Gadekar:** Hi, sir. Good evening. My question is for Ashish first. Yesterday, one of the larger competitors in India have decided to exit the Indian market. Can you throw some color in terms of what kind of opportunities this could open for the Indian market? And how do we see growth going into next year because FMC was one of the largest players in the insecticide markets in India?

**Anurag Gupta:** May I request Mike if you could take that question instead?

**Mike Frank:** Sure. No, happy to. Yes. So, obviously, we read the same information just yesterday. So, it's early days. Look, there's a couple of ways to think about it. Obviously, it indicates how highly competitive the Indian market is, and when you look at our results this quarter, and over time, it really shows the durability of our business model and portfolio and team. So, that's kind of one takeaway.

Specifically, with respect to this asset, like any development in the industry, we will evaluate, I would say purely on its merits. We will look at our strategic priorities in terms of deleveraging, as well as opportunities in terms of asset additions, in terms of how it would impact on the long term of our shareholders. And so, I would just say it's so early that we do not have a specific point of view. But it's something, of course, that we are going to look at and see how it unfolds.

**Siddharth Gadekar:** So, the second question is on the pricing side. We had at the last two-three calls, alluded that the pricing decline would start getting restricted in UPL Corp. But going ahead now, how should we see that in the next two, three quarters? Will it entirely be volume growth or will we have some positive pricing impact also going ahead?



**Mike Frank:** Yes. That's a great question. Look, I think in this quarter, as you saw in our results, we did have a 1% decline in pricing, which is quite modest. Specifically, as we think about growth in Q2 through Q4, we are expecting growth to come almost exclusively from volume. Again, there's going to be some parts of our portfolio where we will see some price and margin expansion, as I talked about earlier. But for the most part, I think on a blended average basis, the price is going to be relatively flat to pricing that we experienced last year.

**Siddharth Gadekar:** Just one last question on this quarter and the pricing impact, was it largely to do with the product mix or are you guys seeing a substantial decline in any of the product pricing?

**Mike Frank:** Yes. Again, the pricing decline was quite modest at negative 1%. And yes, when we look at where the pricing was impacted, there were a couple of products in China and the Philippines that had some impact from pricing. But primarily, it was in the insecticide portfolio in Brazil, where there's a couple of categories of products that have gotten a bit more competitive. And retailers and dealers are negotiating very hard on those products. And so, we did adjust some pricing specifically in our insecticide portfolio in Brazil. We are going to wait and see how that unfolds through the year, but it did have some negative impact in Q1 on us.

**Siddharth Gadekar:** Okay, sir. Thank you so much.

**Moderator:** Thank you. Next question is from the line of S. Ramesh from Nirmal Bang Equities. Please go ahead.

**S. Ramesh:** Good evening and thank you very much. Sir, if you look at the UPL Corp P&L, your COGS has come down. So, how do you explain that? Is that something which is sustainable over the next two quarters?

**Mike Frank:** Yes. Very much so. One of the benefits that we have seen is by reducing our inventory and maintaining relatively lean holding, as we think about

it now, about a three-month forward look in terms of inventory, we came into the year with fresh inventories. Our replacement inventory is at a lower cost than the inventory that we came into last year with. So, with the benefit that we experienced in Q1, we would expect it to carry over through the rest of the year. And so, this margin expansion that we saw in Q1, largely on COGS reduction, will carry as we go into the rest of the year.

**S. Ramesh:** Okay, so in terms of the utilization rate, can you share what is the benefit you have got in terms of the operating leverage on EBITDA margin and is that also something that will sustain over the next three quarters this year?

**Mike Frank:** Yes, so the specific benefit of the COGS improvement in Q1 in U.S. dollars was about \$58 million. Approximately \$30 million of that was a result of lower cost of goods. Again, being a new or fresh inventory. The rest of it, approximately \$20 million, was as a result of utilization rates. Again, if you think about last year, as we really managed our inventory down, we were reducing our production throughout the year, but especially in the first half of the year. And so, as we have now started to ramp up our production and our plants back to normal levels, we are seeing the benefits of that come through the income statement.

**S. Ramesh:** And now on the housekeeping, if you look at the reversal of the mark-to-market on receivables and payables, that's a positive of Rs. 93 crores or Rs. 930 million. So, is that something which is sustainable or will it again go back to a negative number? What is the trend there?

**Mike Frank:** Bikash, I will turn that to you.

**Bikash Prasad:** Yes, sure. So, the FX has two components. The first is a revaluation of the balance sheet, which is mainly the trade receivables, trade payables we have to revalue at the end of each month and each quarter.

The second component is the realized and unrealized losses on all our borrowings or any other loans or inter-company loans. So, there are two components, from the number's perspective, what appears in the P&L is split. Part of it, the balance sheet revaluation, can be seen on the face of the P&L, which is minus Rs. 93 crores, compared to Rs. 45 crores last year.

The second component, which is the realized and unrealized losses on borrowings and loans, is included under finance cost. Almost ₹271 crores is included under finance cost.

So, to understand the net impact, we need to combine the two. While the Rs. 271 crores is included under finance cost, Rs. 93 crores credit is sitting on a separate line item. So, my recommendation would be that we should look at it by combining the two.

From an FX policy point of view, we clearly said that we have a very robust FX policy in place. And we cover our short-term FX exposure, the working capital exposure, regularly through the various structures that we have created either foreign exchange covers, or NDFs where direct covers are not available in a country.

The cost of hedging is part of doing business in these geographies and is effectively passed on to the market. So, one leg sits on the FX line, and the corresponding leg or adjustment happens through pricing. However, under Indian accounting standards, we have to report these two separately. From a presentation point of view, most other organizations align FX impact with turnover and EBITDA.

But just to answer your question, there is a debit balance sitting under the finance cost amounting to Rs. 271 crores. And this is always going to be there. So, FX impact will always be there, it's not just one-time. When you operate in different jurisdictions, depending upon the jurisdictions, the volatility can be different. So, we are, say, present in all the francophone

countries in Africa, the local currency CFA is pegged to Euro, there is no volatility between the local currency and Euro, and Euro, dollar we cover separately.

If you go to Europe, again it's very stable, and we do take cover between Euro and dollar. And when it comes to some of the emerging markets, like LATAM or the anglophone part of Africa or some of the countries in Southeast Africa, when we export stocks to those markets, we create inter-company or third-party dollar payables.

And when we sell, suppose during this period if the currency has moved from the historical rate to, say, a new rate, that will go to the FX line item. However, as a business, we always look at what is the currency appreciation or depreciation that has happened, and that corresponding impact ideally should be passed on to the market through the sales price. There might be a lag, and we might not be able to sometimes fully pass on the impact to the market. But then we will look at it between how we do our pricing decisions, and what is the impact coming at the FX line item. Just looking at the FX line item will not give you a true picture because the corresponding impact is also hitting it through the increased EBITDA line item.

And if you just combine the two line items of FX cost in this particular quarter, it has slightly gone up compared to last year from \$17 million to \$21 million. And this cost has gone up because, the cost of borrowing in Brazil has slightly gone up, and similarly in some of the other emerging markets, the local borrowing costs have gone up considering the volatility and still higher inflation rate in some of these markets.

This is nothing but reflecting the local cost of financing. Today when we export our products to those countries, the payables are in dollars. Now we have two options, either we continue our exposure in dollars at say, 6%-7% dollar rate or we move to the local borrowing rate. And different

countries will have different rates, like say, Brazil will have now 15%-16%. There is always a choice between your interest arbitrage between the dollar rate and the local financing rate and the currency devaluation.

In these emerging markets, we do not want to take any exposure, and hence we remain fully hedged. And for remaining fully hedged, we have to pay for the cost of hedging, which is nothing but the interest rate differential between the dollar financing rate and the local financing rate. And then obviously it's consideration while taking the pricing decisions which will reflect in the EBITDA.

I know it's a complex topic, but probably we can take it offline, and we can discuss it much more in detail.

**Moderator:** Thank you, sir. The line for the current participant has disconnected, so we will move to the next participant. The next question is from the line of Abhijit Akella from Kotak Securities. Please go ahead.

**Abhijit Akella:** Yes. Good evening. Thank you so much. Just a couple from my side. One is within the cost of goods sold line, it seems like there's been a significant increase in the inventory built up, it seems to be about Rs. 2,200 crores, Footnote #8, I am looking at. So, yes, just what exactly was the thought process there and then should we expect that the production rate at our plants will actually, come down a little bit, slow down a little bit in the next quarter or two, have you digested this inventory?

**Mike Frank:** Raj, do you want to take our question?

**Raj Tiwari:** Yes, Mike. So, Raj here. If you look at our business, Q1, Q2, and part of Q3 are typically the periods when we build up inventory. Then, during December, January, February, and March, you'll find that inventory gets sold, as those months coincide with the seasons in some of our larger geographies.

So, nothing unusual is part of our normal business cycle. Also, if you look at our capacity utilization, from our perspective, the best utilization happens in Q1, Q2, and Q3. In Q4, we generally adjust our plant output depending on demand at that time. So again, this is nothing unusual.

And we do not have a very large inventory build-up like we used to have earlier. Our forward cover is only about 90 days.

**Abhijit Akella:** Got it. Thank you. The second thing was just on the impairment loss item, so Rs. 192 crores is shown on the face of the P&L. We have described this Rs. 112 crores item pertaining to the Brazilian distributor, but what will the remaining Rs. 80 crores have been attributable to?

**Bikash Prasad:** Yes. So, \$13 million or ₹112 crores, as we explained, was related to a distributor in Brazil. The remaining amount is, I would say, broadly similar to what we had last year. We had some ECL provisions in Africa and LATAM.

**Abhijit Akella:** Okay. Understood. Thank you. And just one last thing, on the debt balance, is there any guidance that you can sort of hold out? I know last quarter we did not for this year, but any thoughts on that front?

**Bikash Prasad:** No, just to clarify, last year we did not provide any guidance on cash flow, net debt, or leverage ratio because those metrics were quite comfortable. A year ago, the market was concerned about our liquidity ratios when we exceeded 4x. However, after all the initiatives taken last year, our leverage ratio reduced to 1.7x. So, we felt we were within a comfortable range and therefore did not give any specific guidance to the market.

But as you look at it now, here's what we've done: we have repaid \$400 million from the strong cash position we had at the beginning of the year. Second, \$250 million of the September obligation has also been prepaid. Additionally, we are going to receive \$200 million from the rights issue by the end of September. We continue to drive cash generation from

operations, supported by our disciplined working capital management, which is evident in our Q1 financial results. You can clearly see that. So, considering these factors for the current year, we are quite comfortable with our cash position, and definitely see that our gearings will be at a lower level than last year, even after the repayment of the perpetual bond.

However, as we continue to evaluate various strategic options to unlock value across the platform, our focus will be to significantly deleverage our balance sheet over the next year or two. So, while we are currently comfortable with the levels on a business-as-usual basis, we are extremely focused on further deleveraging and are actively evaluating various strategic options.

At this point in time, we do not have anything material to share with you, but as and when there is something significant, we will definitely share it with you.

**Abhijit Akella:** Got it. Thank you so much. All the best.

**Moderator:** Thank you. Next question is from the line of Nitin Agarwal from DAM Capital. Please go ahead.

**Nitin Agarwal:** Hi, sir. Thanks, just taking off from the point that you mentioned, I was just referring back to the press release comments from Mr. Jai Shroff regarding the restructuring that the firm is looking to pursue. If you can share some thoughts around the option that you are considering on that account?

**Bikash Prasad:** This is too early. As you would have read in the press release, we are now engaging advisors, and various discussions and options will be evaluated. So, as of now, there is no firm decision on any structure. The idea behind engaging advisors is to explore unlocking value across all platforms. And,

as I said earlier, whenever there is any material development, we will let all of you know.

**Nitin Agarwal:** Is there a time frame in your assessment right now by when we have some clarity on this way forward on this account?

**Bikash Prasad:** Well, it depends on how the advisors guide us and which options we choose. The timeline will depend on the choices we make. I think it would be too early for us to comment on this.

**Nitin Agarwal:** Okay. Thank you so much.

**Moderator:** Thank you. Next question is from the line of Somaiah V from Avendus Spark. Please go ahead.

**Somaiah V:** Thanks for the opportunity, sir. Mike, just wanted to understand, in terms of the season progress, both in the US and LATAM, your thoughts on that, how it's kind of progressing? That's one.

And the second question is on the farm economics. So, this has been a bit subdued almost now, almost a year after CY '22 to CY '23 coming off. Is it because the produce is so high, the supply have been doing well? Or is it because of demand? What is our expectation, maybe six months out, can this reverse a bit, can farm economics start getting better, particularly because of a bit of a pricing problem?

**Mike Frank:** Yes. Thank you for the question. In terms of crop progress in Latin America and the U.S., I would say, for the most part, as you may know, in Brazil, the crops have already been harvested for this year. Both the soybean and corn crops were strong. So, from a supply-demand standpoint, the additional supply has impacted some of the pricing we're currently seeing in the marketplace.



In the U.S., the corn and soybean crops are also looking quite strong, and the anticipation is for a very large corn crop. Currently, prices on the Chicago Board of Trade for corn, soybeans, and wheat are subdued. It's a bit of a mixed signal, ending stocks are high for soybeans, but relatively short for both corn and wheat. In fact, this is the lowest stocks-to-use ratio we've seen in over a decade.

That being said, the overall segment is currently soft. Looking ahead six months, we're seeing some strengthening in future prices, but still within a range that would keep growers somewhat cautious in terms of investment, well below the peaks seen a few years ago in commodity prices. So, unless there's a major catalyst in the next six months, we expect current crop prices and future indications to remain close to what we're experiencing now as the year progresses.

**Somaiah V:**

Thanks, Mike. Just one follow-up. I think we did mention that there is a bit of a movement from Q1 to Q2 in Brazil. I mean, what would be the reason, I mean, for the shift from Q1 to Q2?

**Mike Frank:**

Yes. Again, as we've discussed, for us, it's not about destocking. For the most part, our channel partners have the right amount of stock. I would say in Brazil, there's ongoing negotiation, specifically in the insecticide portfolio. If you think about the upcoming season, it's the soybean season, which will begin in about 45 to 60 days.

So, a lot of the herbicides have already been committed. The insecticides, which are used later in the season, are still being negotiated, whereas this time last year, there was less, I would say, delay in being able to fill that demand. So, that is part of it. I would say that's kind of a market-backed perspective.

The other aspect is the phasing of when we are shipping some of our inventory into the channel. We have got a strong order book, particular in

Brazil. And so, we are purposely phasing just to manage our working capital. We are phasing some of the business into Q2.

That's what gives us a lot of confidence as we look forward to Q2 and beyond where we can see good growth opportunity in some of these markets that had a little bit of de-growth in Q1, specifically in Latin America.

**Somaiah V:** Thanks, Mike. That's all from my end.

**Mike Frank:** Very good, thank you.

**Moderator:** Thank you. Next follow-up question is from the line of S. Ramesh from Nirmal Bang Equities. Please go ahead.

**S. Ramesh:** Thank you for the follow-up. So, if you look at your segment numbers across the various platforms, EBITDA adds up to a number which is lower than the consolidated EBITDA of Rs. 1,303 crores. I get a number of Rs. 1,238 crores versus the consolidated reported EBITDA of Rs. 1,303 crores. So, if you can reconcile that, that will be useful so that if somebody wants to do a valuation across these verticals, it helps them.

And secondly, if you look at your segment numbers, there is a non-accrual revenue of Rs. 639 crores. Is that part of the external business that you do in SUPERFORM? What exactly is that?

**Bikash Prasad:** Yes. So, yes, it's SUPERFORM. Coming back to your first question on reconciling the EBITDA number, you would have noticed that in the press release and other documents also we have given, we have tried to reconcile that and whatever the other part or the corporate eliminations, we have clearly called out and reconciled with the final turnover for the group plus each platform.

Second, in terms of EBITDA, we provided the EBITDA number for the four pure-play platforms. However, in addition to these four pure play platforms, we also have other businesses. One is like, say, UPL Limited as a standalone company, which also has some plants. So, there are certain EBITDA numbers that is booked under UPL Limited. We have DECCO business, which is our post-harvest business. So, those numbers are also consolidated.

Since the focus was primarily on the four pure-play platforms, we have highlighted those and clearly called them out. The 'Others' numbers, after adjusting for any corporate eliminations, are already included in the group-level figures.

**S. Ramesh:** Okay. So, that Rs. 639 crores difference is mainly coming from the UPL standalone, right?

**Bikash Prasad:** UPL standalone, yes, which includes UPL standalone plus other businesses under UPL. The majority of that, you could say, is the DECCO business, which is also included under 'Others'

**S. Ramesh:** Yes. So, one last thought on the deferred tax credit, you have been showing that for some time now. So, how much of deferred tax credit you have still left with you for the next two quarters and when does that end?

**Bikash Prasad:** No, it's not that it will end. It will be a regular process. New DTAs will continue to be created, and deferred tax liabilities (DTLs) will get unwound. So, this will be ongoing. We cannot say that this balance will become zero. The old balances will be cleared, new balances will come up, but these balances will never be zero.

**S. Ramesh:** So, how does it work?

**Bikash Prasad:** Just to call out the major DTAs, adjusted for DTLs, compared to last year—these numbers have come down for Brazil and for the USA. So, in the key regions where we hold these balances, the numbers have decreased.

Another difference that can arise, and I think it's important to understand this from an accounting perspective, is that if inventory levels are higher due to business growth, especially in cases involving intercompany transactions, unrealized margins are eliminated. When these unrealized margins are eliminated, a deferred tax asset (DTA) is created in the books, which will unwind once the inventory is sold.

So, while these balances appear in the accounts, they don't have a direct commercial impact. I'll have a separate conversation on this and take you through it in more detail. In Q1, our inventory balance was significantly higher, by almost ₹4,000 crores compared to March. Due to this higher inventory balance, around ₹120 crores of DTA were created, largely driven by unrealized margins on the additional inventory.

**S. Ramesh:** So, what would be the effective tax rate when you start generating or moving towards more profitable operations?

**Bikash Prasad:** Yes. So, the effective tax rate for the group, if you look at it, is influenced by multiple factors. The first is the geographical mix. There are geographies where we have a zero to low single-digit tax rate, and others where the tax rate can go up to 40%. So, the geographical mix is an important factor to consider.

This mix can change slightly each quarter or each year, and accordingly, our profit and effective tax rate may also vary. However, our consistent guidance to the market has been that, on a sustainable basis, the effective tax rate for the group should be between 15% to 17%. When modeling, we recommend using a range of 15% to 17% for the group.



*UPL Limited  
August 01, 2025*

These numbers can change quarter-on-quarter, but unless there are anomalies in the market, we should look at it within the 15% to 17% range.

**S. Ramesh:** Thank you very much and wish you all the best.

**Bikash Prasad:** Thank you.

**Anurag Gupta:** Yusuf, do we have anybody else in the queue? I think we had all the participants who had to ask their questions. So, thank you very much. And on behalf of UPL Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines. Thank you.

**Bikash Prasad:** Thank you, everyone.

**Moderator:** Thank you, sir. On behalf of UPL Limited, that concludes this conference. Thank you for joining us, ladies and gentlemen. You may now disconnect your lines.