



UPL Limited, Uniphos House,
C.D. Marg, 11th Road, Madhu Park,
Khar (West), Mumbai – 400052, India

w: www.upl-ltd.com
e: contact@upl-ltd.com
t: +91 22 6856 8000

June 04, 2025

BSE Limited
Mumbai

National Stock Exchange of India Ltd
Mumbai

SCRIP CODE: 512070/890209

SYMBOL: UPL/UPLPP1

Sub: Intimation of revision in credit rating outlook by Fitch for UPL Corporation Limited.

Dear Sir/ Madam,

Pursuant to Regulation 30(6), read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform you that Fitch Ratings (“Fitch”) vide its publication dated June 04, 2025, has communicated revision in the credit rating outlook of UPL Corporation Limited (“UPL Corp”), wholly owned subsidiary of UPL Limited.

Fitch has revised its Long-Term Issuer Default Rating (IDR) outlook on UPL Corp from “Negative” to “Stable”. Fitch affirmed the IDR at 'BB' of UPL Corp. Fitch also affirmed the senior unsecured rating and the ratings of its senior unsecured notes at 'BB'.

The said information was received by the Company on June 04, 2025 at 12:36 p.m.(IST).

We request you to take the above on record.

Thanking you,

Yours faithfully,
For **UPL Limited**

Sandeep Deshmukh
Company Secretary and
Compliance Officer
(ACS-10946)

Encl: As above

04 JUN 2025

Fitch Revises Outlook on UPL Corp to Stable from Negative; Affirms at 'BB'

Fitch Ratings - Singapore/Mumbai - 04 Jun 2025: Fitch Ratings has revised the Outlook on UPL Corporation Limited's (UPL Corp) Long-Term Issuer Default Rating (IDR) to Stable, from Negative, while affirming the IDR at 'BB'. The agency has also affirmed the senior unsecured rating and the ratings on its senior unsecured notes at 'BB'.

The rating of Mauritius-based UPL Corp is aligned with that of its parent, India-listed UPL Limited (UPL), under Fitch's Parent and Subsidiary Linkage Rating Criteria, and the Outlook revision on UPL Corp is driven by an improvement in UPL's financial profile.

We expect UPL's EBITDA leverage to decline further, after significant deleveraging in the financial year ended March 2025 (FY25), and for EBITDA interest coverage to improve. The EBITDA leverage fell sharply in FY25, helped by healthy EBITDA recovery, a shorter working-capital cycle, USD350 million from sale of a stake in the seeds business, and around USD200 million of rights issue proceeds.

The ratings incorporate the group's robust market position in the post-patent segment of crop-protection chemicals, healthy product and geographical diversification, and significant backward integration.

Key Rating Drivers

Stronger Financial Profile: We estimate FY26 UPL's EBITDA leverage will improve to 4.1x (FY25: 5.2x) and EBITDA interest coverage to rise to 2.8x (FY25: 2.1x). We expect UPL to use a portion of its end-FY25 cash balance to repay debt. We expect UPL's working-capital cycle to elongate in FY26, following a sharp contraction in FY25. We also forecast capex to be higher in FY26, after falling over FY23-FY25. However, leverage should improve on higher EBITDA and further rights issue proceeds.

We only incorporate equity proceeds of USD200 million in FY26 which is due under UPL's rights issue. Potential asset sales present an upside to our estimates. Simultaneously, large acquisitions are a risk to our forecast and UPL's financial profile.

EBITDA Growth: We forecast UPL's FY26 Fitch-adjusted EBITDA to grow by 13% to around INR82 billion, and the margin to expand to 16%-17% during FY26-27 (FY25: 15.5%). EBITDA growth should be driven by 7% revenue growth and an increase in the share of higher-margin products in the sales mix, despite limited prospects for a sharp rebound in product prices. UPL's FY25 EBITDA margin rose by 5pp to 15.5% due to improved product mix and lower production and purchase costs.

Rapid Price Recovery Unlikely: Fitch believes UPL's revenue growth and margin rebound in the next

three years will be constrained by slow product price recovery, due to prevailing manufacturing overcapacity in China. China's March 2025 pesticide price index was up 2% mom but still 7% lower yoy, based on China Pesticide Industry Association data. We see the EBITDA margin, which benefits from manufacturing assets, sustaining competitive pressure from China-based capacity, and unlikely to recover to pre-FY24 levels of 19-20% in the next three years.

Vertical Integration Benefit: UPL has large manufacturing operations which produce most of its active ingredient requirements. It curtailed manufacturing and boosted purchases from China-based suppliers during FY24-FY25, which resulted in lower production capacity utilisation.

We expect reliance on in-house manufacturing capacity and its utilisation to recover, albeit gradually, with growth in the product portfolio and further improvement in margins. UPL's backward integration results in higher EBITDA margin and better product availability than for peers that are more reliant on external suppliers.

Post-Patent Market Leadership: UPL is the world's largest company focused on the post-patent crop-protection market segment, based on 2024 revenue, with a well-diversified product portfolio. Its expertise in formulation R&D and products for specialty crops and usage supplements its strength as a low-cost product manufacturer for grain crops and large-scale applications. It is also geographically diversified, with an established presence in the developed markets of North America and Europe, in addition to Latin America, India and several others.

Rating Aligned with Parent: We believe that UPL's strategic and operational incentives to support UPL Corp are high. UPL relies on UPL Corp for overseas crop-protection product sales. We expect that UPL Corp will continue to contribute the majority of UPL's consolidated EBITDA over the next three years. Their decision-making is integrated, as UPL's CEO is a member of UPL Corp's board and oversees group strategy and operations. The parent also manages long-term fundraising operations.

Peer Analysis

UPL Corp is rated at the same level as post-patent segment peer Nufarm Limited (BB/Rating Watch Negative). Australia-based Nufarm has limited vertical integration, and purchases a majority of its raw material from manufacturers in China. Herbicides contribute around two-thirds of Nufarm's revenue, while UPL's product portfolio is more balanced. Nufarm's geographical diversification is limited by a lack of presence in Latin America. Consequently, UPL's EBITDA scale and margin are also better than those of Nufarm. However, Nufarm's weaker business profile could be offset by a potential stake sale in its seeds business to reduce its leverage below that of UPL.

The IDR of industry peer Syngenta AG (BBB/Stable), which has a Standalone Credit Profile (SCP) of 'bb+', incorporates a two-notch uplift. This is based on its linkage with its indirect parents, China National Chemical Corporation Limited (A-/Stable) and, ultimately, Sinochem Holdings Corporation Ltd. Switzerland-based Syngenta is the global leader in the crop-protection chemical market by sales and an innovator, with a large portfolio of patented crop-protection chemicals. Its 2024 EBITDA was 2x that of UPL in FY25.

Another peer, US-based FMC Corporation (BBB-/Stable), has a higher rating than UPL Corp as it benefits from a significant share of revenue from patented products that helped it earn a significantly wider EBITDA margin in 2024 than UPL's margin in FY25. FMC's leverage and coverage metrics in 2024 were also better than UPL's FY25 metrics.

Key Assumptions

Fitch's Key Assumptions Within the Rating Case for UPL:

- Revenue growth of 7% in FY26 and 8% in FY27;
- EBITDA margin, after incorporating Fitch's adjustments, to improve to 16.4% in FY26 and further to 16.9% in FY27, from 15.5% in FY25;
- Average annual capex, excluding capitalised R&D costs, of INR23 billion over FY26-FY27;
- Net days for Fitch-defined working capital to increase by 12 in FY26 and remain flat thereafter;
- Total outflow for acquisitions, net of divestments, of USD225 million over FY26-FY27;
- Total dividends paid to shareholders of UPL of INR12 billion during FY26-FY27;
- USD200 million of equity inflow in FY26 from the amount to be received under UPL's rights issue.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade:

- EBITDA leverage increasing to above 4.5x;
- EBITDA interest coverage remaining well below 3.0x;
- Negative FCF for two or more years.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade:

- EBITDA leverage improving to below 3.5x;
- Sustained positive FCF.

Liquidity and Debt Structure

UPL has adequate liquidity, based on our estimate of readily available cash of INR89 billion at FYE25, undrawn short-term bank facilities of INR159 billion, and over INR16 billion of rights issue proceeds likely to be received in FY26. UPL redeemed USD400 million (INR34 billion) of subordinated perpetual capital securities in May 2025, and we think it will be able to repay the INR43 billion of a term loan due in March 2026 in case market conditions deter refinancing.

UPL's short-term debt facilities, including those for factoring of receivables, are likely to be rolled over, supported by the improvement in the group's business and financial performance. Its borrowings, excluding factored receivables, which we include under debt, were almost entirely unsecured as of FYE25.

Issuer Profile

India-listed UPL is among the top crop-protection chemical-focused companies globally in terms of revenue, with a portfolio dominated by products whose patents have expired. It is listed in India. UPL's Mauritius-based subsidiary, UPL Corp, provides access to overseas crop-protection chemical markets. UPL's operations also include chemical manufacturing, and the sale of crop-protection products in India and of seeds globally.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

Public Ratings with Credit Linkage to other ratings

UPL Corp's ratings are aligned with the credit strength of its parent, UPL. Fitch deems UPL Corp to have a weaker credit profile than the parent's consolidated profile. We assess the parent's strategic and operational incentives to provide support to the subsidiary as high.

MACROECONOMIC ASSUMPTIONS AND SECTOR FORECASTS

[Click here](#) to access Fitch's latest quarterly Global Corporates Macro and Sector Forecasts data file which aggregates key data points used in our credit analysis. Fitch's macroeconomic forecasts, commodity price assumptions, default rate forecasts, sector key performance indicators and sector-level forecasts are among the data items included.

ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

Fitch Ratings Analysts

Akash Gupta

Director

Primary Rating Analyst

+65 6796 7242

Fitch Ratings Singapore Pte Ltd. 1 Wallich Street #19-01 Guoco Tower Singapore 078881

Mohit Soni

Director
 Secondary Rating Analyst
 +91 22 4035 6163

Nitin Soni

Senior Director
 Committee Chairperson
 +65 6796 7235



Media Contacts**Leslie Tan**

Singapore
 +65 6796 7234
 leslie.tan@thefitchgroup.com

Bindu Menon

Mumbai
 +91 22 4000 1727
 bindu.menon@fitchratings.com

Rating Actions

ENTITY/DEBT	RATING		RECOVERY	PRIOR
UPL Corporation Limited	LT IDR	BB 	Affirmed	BB 
• senior unsecured	LT	BB	Affirmed	BB

RATINGS KEY OUTLOOK WATCH

POSITIVE		
NEGATIVE		
EVOLVING		
STABLE		

Applicable Criteria

[Corporate Rating Criteria \(pub.06 Dec 2024\) \(including rating assumption sensitivity\)](#)

[Corporates Recovery Ratings and Instrument Ratings Criteria \(pub.02 Aug 2024\) \(including rating assumption sensitivity\)](#)

[Parent and Subsidiary Linkage Rating Criteria \(pub.16 Jun 2023\)](#)

[Sector Navigators – Addendum to the Corporate Rating Criteria \(pub.06 Dec 2024\)](#)

Applicable Models

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Corporate Monitoring & Forecasting Model (COMFORT Model), v8.1.0 [\(1\)](#)

Additional Disclosures

[Solicitation Status](#)

Endorsement Status

UPL Corporation Limited EU Endorsed, UK Endorsed

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The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Fitch also provides information on best-case rating upgrade scenarios and worst-case rating downgrade scenarios (defined as the 99th percentile of rating transitions, measured in each direction) for international credit ratings, based on historical performance. A simple average across asset classes presents best-case upgrades of 4 notches and worst-case downgrades of 8 notches at the 99th percentile. For more details on sector-specific best- and worst-case scenario credit ratings, please see [Best- and Worst-Case Measures](#) under the Rating Performance page on Fitch's website.

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