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May 22, 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 S&P 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 S&P Global Ratings (“S&P”) vide its publication dated May 21, 2025, has communicated revision in the credit rating outlook of UPL Corporation Limited’s (“UPL Corp”), wholly owned subsidiary of UPL Limited.

S&P has revised its rating outlook on UPL Corp from “Negative” to “Stable”. S&P affirmed 'BB' long-term issuer credit rating of UPL Corp. S&P also affirmed 'BB' issue rating of its senior unsecured notes and 'B+' issue rating of its subordinated perpetual securities.

The publication by S&P is enclosed.

The intimation was received today i.e May 22, 2025.

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

Research Update:

UPL Corp. Outlook Revised To Stable On Improving Leverage; 'BB' Rating Affirmed

May 21, 2025

Rating Action Overview

- We expect a gradual recovery in the global agrochemical industry will boost India-based UPL Corp.'s sales and earnings.
- This combined with debt repayment will strengthen UPL's credit ratios over the next 12-24 months.
- On May 22, 2025, S&P Global Ratings revised its rating outlook on UPL Corp. to stable from negative. At the same time, we affirmed our 'BB' long-term issuer credit rating on the company. We also affirmed our 'BB' issue rating on its senior unsecured notes and 'B+' issue rating on its subordinated perpetual securities.
- The stable outlook on UPL Corp. reflects our expectation that earnings growth, proactive management of upcoming maturities, and prudent working capital management will likely improve its funds from operations (FFO)-to-debt ratio over the next two years.

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Rating Action Rationale

UPL Corp. is paying down debt. The company has raised significant funds over the past six months. This includes the sale of a minority stake in Advanta Enterprises Ltd. for US\$350 million. Additionally, the company has received half of the money from its US\$400 million rights issue and is likely to receive the rest by September 2025.

We believe UPL Corp. will use a large part of the US\$750 million in total proceeds from these initiatives to repay debt. It has already prepaid a US\$250 million term loan maturing in September 2025. This ongoing debt reduction will improve UPL Corp.'s FFO-to-debt ratio to about 18% in fiscal 2026 (year ending March 31) from 13% in fiscal 2025. We expect this ratio to reach 20% by fiscal 2027 as earnings recover further.

A gradual recovery in the agrochemical industry will strengthen UPL Corp.'s earnings. We see signs of improvement in the fundamentals of the agrochemical industry. With inventory

UPL Corp. Outlook Revised To Stable On Improving Leverage; 'BB' Rating Affirmed

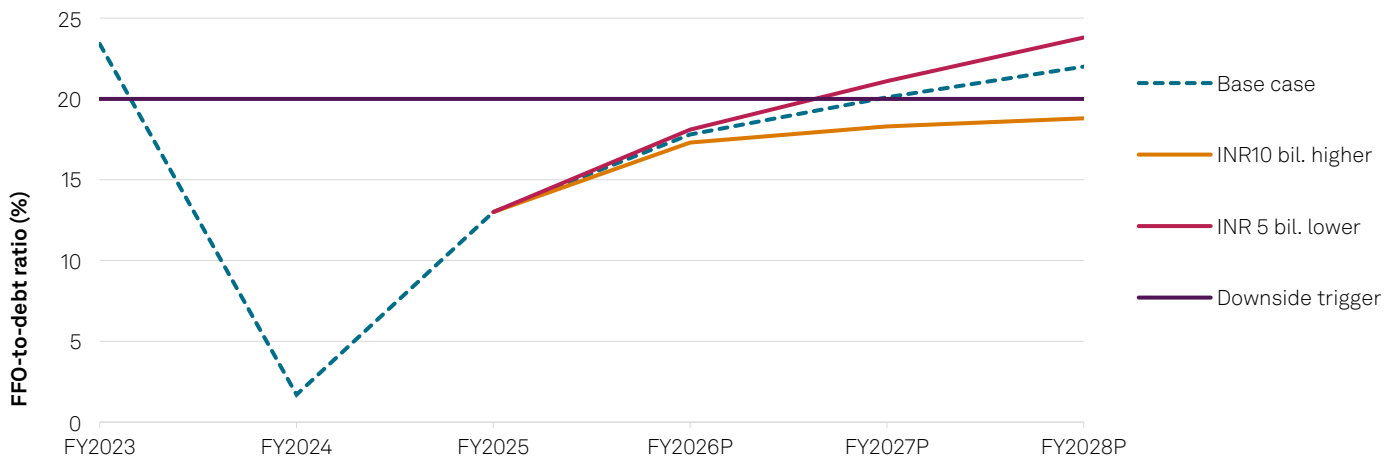
destocking largely complete, increased demand for restocking crop protection products will support UPL Corp.'s earnings.

UPL Corp.'s results for fiscal 2025 exceeded our expectations, with EBITDA 13% higher than our estimate. We expect this positive momentum to continue, supported by the likely turnaround in industry conditions.

UPL Corp.'s credit ratios are sensitive to large swings in working capital. UPL Corp. has experienced considerable volatility in cash flows in the past due to large movements in working capital. The company's substantial business in Latin America results in its receivables being higher than the industry average. This weighs on how quickly it can turn sales into cash.

We expect working capital requirements in fiscal 2026 to rise by Indian rupee (INR) 16 billion-INR18 billion. This is largely because increasing sales require a higher buildup of inventory. The working capital usage is likely to normalize to INR5 billion-INR8 billion in subsequent years. While our base case is for UPL Corp.'s FFO-to-debt to approach 20%, an additional INR10 billion in working capital requirement could slow the improvement of this ratio.

Elevated working capital could weigh on UPL Corp.'s FFO-to-debt ratio



The scenarios above indicate incremental working capital usage compared with our base case. Source: S&P Global Ratings.

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UPL Corp. will weather the tariff storm. UPL Corp.'s U.S. business vertical has enough supplies of active ingredients and formulations secured until September 2025. Beyond that, the company should be able to pass on rising costs due to tariffs to distributors since crop protection products are essential.

Tariffs would likely benefit UPL Corp.'s India business. This is because the U.S. has imposed a lower tariff of 10% on Indian imports compared with a 30% tariff on Chinese imports. This difference in tariffs will make Indian supplies more attractive to U.S. customers.

S&P Global Ratings believes there is a high degree of unpredictability around policy implementation by the U.S. administration and possible responses--specifically in regard to tariffs--and the potential effect on economies, supply chains, and credit conditions around the world. As a result, our baseline forecasts carry a significant amount of uncertainty. As situations

evolve, we will gauge the macro and credit materiality of potential and actual policy shifts and reassess our guidance accordingly (see our research here: spglobal.com/ratings).

We have changed our assessment of the equity content of UPL Corp.'s US\$400 million subordinated perpetual securities to minimal from intermediate. As a result, we add the full amount to our adjusted debt calculation. This follows the company's announcement of its plan to repurchase the hybrid instrument on its first reset date on May 27, 2025. Nonetheless, the revision will have minimal impact on our overall assessment of the company's creditworthiness.

We believe UPL Corp. will fund the transaction with proceeds from its recent rights issue, stake sale, and cash flows from operations. Should the company seek to pursue a future hybrid issuance, we would look to reassess the issuer's intent toward hybrid capital at that time, including the intention to replace such instruments.

Outlook

The stable outlook on UPL Corp. reflects our expectation that growth of the company's earnings, proactive management of upcoming maturities, and prudent working capital management will likely improve its credit profile over the next two years. We expect its ratio of operating cash flow to debt to remain comfortably above 10% and its FFO-to-debt ratio to improve above 20% over the next 24 months, driven by steady growth in earnings and stable EBITDA margins.

Downside scenario

We may lower the rating on UPL Corp. if a recovery in demand for crop protection products takes longer than we expect, resulting in stagnant volumes and low margins. In such a scenario, UPL Corp.'s FFO-to-debt ratio could remain sustainably below 20%. We may also downgrade UPL Corp. in the event of a material increase in debt, potentially due to an extended working capital cycle, debt-funded acquisitions, or higher shareholder distributions.

Upside scenario

We could raise the rating on UPL Corp. if resilient earnings and cash flow lead to a sustained improvement in the company's credit quality. In such a scenario, we would expect liquidity to improve further and the company's FFO-to-debt ratio to be comfortably above 20%.

Company Description

UPL Corp. is a wholly owned subsidiary of India-listed UPL, the world's fifth-largest agriculture solutions company. UPL Corp. owns 78% of UPL Corp. Ltd. Cayman, a subsidiary focused on global crop protection business (outside of India). UPL Ltd.'s offerings cover the entire agricultural value chain, including seeds, seed treatment, crop protection, storage of agricultural products, and solutions for after the harvest. In fiscal 2025, the company had INR466 billion of revenue and INR82.4 billion of adjusted EBITDA.

Our Base-Case Scenario

Assumptions

- India's GDP growth to be 6.3% in fiscal 2026 and 6.5% in fiscal 2027, compared to 6.5% in fiscal 2025.
- Brazil's GDP growth to be 1.8% in 2025 and 1.7% in 2026, down from 2.9% in 2024.
- We anticipate a gradual recovery in the global agrichemical industry in fiscal 2026, supported by increased demand for restocking.
- UPL Corp.'s revenue to rise 5.1% in fiscal 2026, as the industry's recovery spurs a gradual increase in volume across all regions. We expect this trend to continue through fiscal 2027 with 5.3% revenue growth.
- Annual capital expenditure (capex) of INR17 billion-INR20 billion in fiscal 2026 and fiscal 2027.

Key metrics

UPL Corp. Ltd.--Forecast summary

Period ending	Mar-31-2023	Mar-31-2024	Mar-31-2025	Mar-31-2026	Mar-31-2027
(Mil. INR)	2022a	2023a	2024a	2025e	2026f
Revenue	535,200	429,150	466,100	489,699	515,521
EBITDA	113,350	52,810	82,390	85,404	87,310
Funds from operations (FFO)	76,016	6,016	37,712	47,437	50,928
Debt	325,117	349,532	289,367	265,818	253,629
Capex (reported)	23,600	19,950	16,950	17,459	19,204
Cash and short-term investments (reported)	61,430	62,970	98,570	41,468	20,000
Adjusted ratios					
Debt/EBITDA (x)	2.9	6.6	3.5	3.1	2.9
FFO/debt (%)	23.4	1.7	13.0	17.8	20.1
EBITDA margin (%)	21.2	12.3	17.7	17.4	16.9

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast. INR--Indian rupee.

Liquidity

We assess UPL Corp.'s liquidity as less than adequate. We estimate it will have a ratio of sources of liquidity to uses of less than 1.2x for the 12 months ending March 31, 2026. This is primarily because seasonal swings in working capital weigh down the company's liquidity.

Although UPL Corp.'s long-standing relationships with banks and high standing in credit markets are reflected in its domestic and global bond issuances over past years, we question its ability to absorb high-impact and low-probability events without having to refinance. Pronounced downward pressure on its earnings from a downturn in the crop protection industry illustrates this point.

UPL Corp.'s upcoming debt maturities comprise a term loan repayment of US\$500 million in March 2026. Besides that, the company will redeem its outstanding perpetual securities of

US\$400 million in May 2025. It plans to address these obligations using cash on hand of US\$1 billion and the remaining US\$200 million proceeds from the last year's rights issuance.

Principal liquidity sources

- Cash and cash equivalents of about INR98.6 billion as of March 31, 2025.
- Cash funds from operations of about INR38 billion over the next 12 months, ending March 31, 2026.
- Expected proceeds of about INR17 billion in rights issuance.

Principal liquidity uses

- Short-term debt maturities of INR54.5 billion over the 12-months ending March 31, 2026.
- A seasonal working capital swing of about INR50 billion for the fiscal year.
- Minimum capex of about INR10 billion over the 12 months ending March 31, 2026.
- Redemption of outstanding perpetual securities of US\$400 million.
- Dividends of about INR5 billion in the same period.

Environmental, Social, And Governance

Social factors are a moderately negative consideration in our credit rating analysis of UPL Corp. Herbicide products constitute about one third of the company's total revenue. This segment--including crop-protection chemicals and seeds and traits--is facing greater focus and growing public scrutiny about the impact on human health and the environment.

Governance factors are also a moderately negative consideration in our credit rating analysis. Accidents at the company's Ankleshwar and Jhagadia plants in India resulted in a number of casualties, while chemical spills in South Africa stirred controversy with government entities in Durban. Since the incidents, UPL has implemented and strengthened revised protocols for storage of hazardous chemicals while enhancing safety training across all its manufacturing sites globally.

Issue Ratings--Subordination Risk Analysis

Capital structure

As of March 31, 2025, UPL Corp. had US\$3.2 billion in debt on its consolidated balance sheet, of which US\$23 million was secured and the remaining was unsecured.

Analytical conclusions

We equalize the rating on UPL Corp.'s U.S. dollar-denominated senior unsecured notes with the 'BB' issuer credit rating on the company. This is because we believe bondholders are subject to limited subordination, given the small proportion of secured debt.

We rate the perpetual securities two notches below the issuer credit rating. This is to reflect contractual subordination and the option to defer payments on the bonds.

Rating Component Scores

Rating Component Scores

Rating Component Scores	
Component	
Foreign currency issuer credit rating	BB/STABLE/--
Local currency issuer credit rating	BB/STABLE/--
Business risk	3 - Satisfactory
Country risk	3 - Intermediate Risk
Industry risk	4 - Moderately High Risk
Competitive position	3 - Satisfactory
Financial risk	5 - Aggressive
Cash flow/leverage	5 - Aggressive
Anchor	bb
Diversification/portfolio effect	3 - Neutral/Undiversified
Capital structure	Neutral
Financial policy	Neutral
Liquidity	Less than adequate
Management and governance	Moderately Negative
Comparable rating analysis	Positive
Stand-alone credit profile	bb

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, Feb. 10, 2025
- Criteria | Corporates | General: Sector-Specific Corporate Methodology, April 4, 2024
- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- Criteria | Corporates | Recovery: Methodology: Jurisdiction Ranking Assessments, Jan. 20, 2016
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013

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- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- UPL Corp. Ltd., Sept. 26, 2024

Ratings List

Ratings list

Ratings Affirmed; Outlook Action

	To	From
UPL Corp. Ltd.		
Issuer Credit Rating	BB/Stable/--	BB/Negative/--
Foreign Currency	BB/Stable/--	BB/Negative/--

Ratings Affirmed

UPL Corp. Ltd.

Senior Unsecured	BB
Subordinated	B+

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourcelid/504352>. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

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