Dated: 7 Nov 2025

UPL (UPLL) - SELL

Q2FY26 Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.733	**Rs.580**

Rationale:

- Reported better-than-expected Q2FY26 results, aided by lower input costs, increased plant utilization and price increases in select products.
- Management raised its FY26 EBITDA growth guidance to 12-16%.
- We build in somewhat higher longer-term margins than we previously assumed.
- Estimates largely factor in higher numbers and remain little changed, while valuations seem expensive.
- Our revised FV implies a 16X December 2027E P/E and 7-8X EV/EBITDA, consistent with the valuations of UPL's global peers.
- Retain SELL with a revised FV of Rs580.

Positives:

- Consolidated revenues grew 8.4% yoy, with 7 ppt of volume growth & 3 ppt of currency benefits.
- Revenue growth driven largely by North America versus a low base and Latin America.
- Gross margins remained firm at 52.1% amid lower input costs.
- Advanta's revenues grew 29% yoy and Superform's third-party sales rose 18% yoy.

Negatives:

- Employee costs and other expenses grew faster than revenues.
- Europe revenues would be down yoy on a constant-currency basis.
- One would need to ascribe a holding company discount, which would likely eat away any valuation premium these businesses may fetch.

(EBITDA-Earnings before interest, tax, depreciation & amortization; P/E-Price to earnings ratio; EV – Enterprise Value)

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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