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UPL exits loss-making Brazilian joint venture in strategic portfolio reshuffle

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UPL's Brazilian subsidiary divests its entire stake in Bioplanta for a nominal $ 20, signaling a sharper focus on profitable operations and balance sheet optimization

UPL Limited has taken another step in streamlining its global business portfolio by approving the divestment of its entire stake in Bioplanta Nutrição Vegetal Indústria e Comércio S.A., a Brazilian joint venture that has struggled financially in recent years. The transaction, executed through UPL's subsidiary UPL do Brasil Indústria e Comércio de Insumos Agropecuários S.A., reflects the company's broader strategy of exiting underperforming assets and concentrating resources on businesses capable of delivering sustainable returns.

The sale, completed for a nominal consideration of USD 20, received all required regulatory approvals on July 29, 2026, with the transaction expected to close by July 31, 2026. The buyers are Brazilian businessmen Marino Jose Franz and Miguel Vaz Ribeiro, neither of whom is associated with UPL's promoter group or related-party entities.

The divestment is less about generating proceeds and more about removing a financially distressed asset from UPL's investment portfolio. Although Bioplanta continued to generate business activity, the company remained under significant financial pressure during the last fiscal year. For FY2025, the Brazilian fertilizer and crop input manufacturer reported revenue of USD 7.10 million, but posted a net loss of USD 3.10 million, leaving it with a negative net worth of USD 8.20 million.

Because Bioplanta was accounted for as an associate company, it did not contribute to UPL's consolidated revenue under Indian Accounting Standards (Ind AS). Nevertheless, its continued losses and deteriorating financial position represented an underperforming investment that no longer aligned with the group's capital allocation priorities.

Bioplanta operates in the manufacture, import, export, and distribution of fertilizers, agrochemicals, adjuvants, and other agricultural inputs. Despite operating in one of the world's largest agricultural markets, the company was unable to translate revenues into sustainable profitability, highlighting the competitive and operational challenges facing parts of Brazil's agricultural input sector.

By exiting the venture at a symbolic valuation, UPL effectively removes a negative-net-worth asset from its portfolio without undertaking a lengthy restructuring process or injecting additional capital into the business. The move simplifies the company's corporate structure while allowing management to redirect attention and resources toward businesses with stronger earnings potential.

The transaction also reinforces UPL's ongoing efforts to optimize its global operations following several years of strategic portfolio reviews aimed at improving profitability, reducing complexity, and strengthening cash generation. Investors have increasingly focused on how multinational agrochemical companies are rationalizing non-core assets amid higher financing costs, volatile commodity markets, and evolving demand across global agriculture.

UPL disclosed the transaction in accordance with Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, confirming that the sale is neither a related-party transaction nor part of any scheme of arrangement. The company also clarified that the divestment complies with applicable disclosure requirements for listed entities.

While the financial value of the transaction is negligible, its strategic significance is more meaningful. The disposal underscores UPL's willingness to exit businesses that dilute shareholder value and reflects a disciplined approach to portfolio management. Rather than pursuing scale for its own sake, the company appears increasingly focused on strengthening operational efficiency, improving capital allocation, and concentrating on businesses that can deliver long-term profitable growth.

For investors, the Bioplanta exit is another indication that UPL's transformation strategy extends beyond revenue expansion and is equally centered on improving the quality of its earnings by eliminating structurally underperforming assets from its global footprint.