



20<sup>th</sup> December, 2018

The Corporate Relationship Department BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, MUMBAI - 400 001  <b>SECURITY ID - 512070</b>	Listing Department National Stock Exchange of India Ltd. Exchange Plaza, C/1, Block G, Bandra Kurla Complex, Bandra (East) MUMBAI 400 051  <b>SYMBOL : UPL</b>
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Sir/Madam,

**Sub: News Article in Economic Times issue dated December 19, 2018 titled “Europe Drought Negative for Agrochem Co UPL”**

We write in reference to the news article in Economic Times issue dated December 19, 2018 titled “Europe Drought Negative for Agrochem Co UPL”. The news article quotes the source as the CGS-CIMB Company Note (“Note”) dated December 17, 2018 on UPL Limited. In our opinion, the said Note carries certain inaccuracies that we would like to highlight. It has led to erroneous inferences being drawn in certain quarters. It has created avoidable anxiety amongst the investor / analyst community.

There are three key matters in the Note that we would like to address and comment upon:

- European drought negative for UPL
- UPL faces volume as well as pricing risk for Mancozeb
- Increased adoption of Intacta

Below, we have addressed each of the points and highlighted why any concerns are misplaced.

**European drought negative for UPL**

The Note refers to Bayer’s conference call wherein they ‘had highlighted that the European drought will likely impact fungicide and insecticide sales in the region’. These comments were made in the context of their Q3 2018 earnings call and hence were related to the European season that had already elapsed. Bayer was clearly referring to how drought has impacted their fungicide business in Europe in the period that has already went by. The Note further refers to NASA’s website article (titled ‘Prolonged hot, dry conditions affect European crop prices’). This article too comments on how heatwave in northern Europe created havoc in the summer of 2018. ~~Nowhere does the article provide any forecast or guidance on European drought going forward.~~

Based on Bayer’s comments and NASA’s news article, the Note has drawn an inference that dry weather in Europe will be negative for UPL and Arysta going forward. We would like to stress that UPL revenues in Europe have grown by 7% during H1 FY 2019. This is despite dry weather conditions in North Europe. Unlike Bayer, UPL’s cereals fungicide portfolio is very small which meant it was not as severely impacted as Bayer. UPL’s strength lies in Copper and Sulphur fungicides, that are more prevalent in Southern Europe, which had good rainfall. Going forward, for UPL, as far as FY 2019 is concerned, Europe would be of relevance in Q4 (i.e. January to March 2019).

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