

Europe

Presence

| Year | Manufacturing units |
|------|---------------------|
| 2018 | 7 |

Revenues from operations

| Year | Revenues (H crore) | Growth over last year (%) |
|--------|--------------------|---------------------------|
| FY2015 | 2,032 | 0.8 |
| FY2016 | 1,925 | (5.3) |
| FY2017 | 2,148 | 11.6 |
| FY2018 | 2,305 | 7.3 |

Proportion of Global Revenues

| Year | Proportion (%) |
|------|----------------|
| FY13 | 19 |
| FY18 | 13 |

Overview

Europe is an important region for the global agricultural industry in terms of arable lands and crop output. The region has been affected by wet weather in the North, resulting in a diseased output of potatoes. Dry weather in the South reduced disease incidence (for vine and vegetable crops), impacting the consumption of fungicides.

Despite the market declining by 2%, UPL posted a steady growth of 7% in revenues. UPL diversified its presence across Europe to reduce dependence on a specific nation. The Company diversified its presence across crops – sugar beet, oilseeds, fruit (grapes and others) and vegetables – even as there is a gap related to cereals.

Europe is one of the most challenging markets from the perspective of registration approval (takes ~5 years to complete). UPL proactively aggregated registrations

expected to be registered over the next couple of years. The EU abolished the quota system for sugar from October 2017 to make European agriculture more market-oriented. To support European farmers and processors, the sugar sector was originally subject to production quotas and a minimum price. Most of the EU’s sugar beet is grown in Northern Europe, where the climate is more suited to growing sugar beet.

Sugar beet is a key crop for UPL. Hence, the policy change could drive UPL European revenues.

Highlights, FY2017-18

- Increased revenues by 7% to reach H2,305 crore despite market contraction of 2%
- Business in Germany rebounded to show good growth
- Launched 4 herbicides, 9 fungicides, 2 insecticides and 3 adjacent technology products

Growth drivers

- Herbicide portfolio on sugar beet – low opening inventories and increased area
- Abolished quota for sugar production and export
- Strong presence in major crops
- Launch of new products

Road ahead

The liberalisation of the sugar production policy and UPL’s strategic focus on sugar beet bodes well. The herbicide portfolio for sugar beet will be the growth driver in Europe, aided by a low opening inventory and increased acreage. The Company will focus on improving its market presence and introduce new products.

Key brands

Devrinol, Microthiol, Penncozeb, Cuprofix, Metafol, BeetUp