

# **UPL FRANCE**

Société par Actions Simplifiée

132 Boulevard de Verdun  
92400 Courbevoie

## **Statutory Auditor's report on the non- statutory financial statements**

For the year ended 31 march 2016

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### Statutory Auditor's report on the non-statutory financial statements

For the year ended 31 march 2016

To the President

As statutory auditors of UPL FRANCE and at your request, we have audited the accompanying non-statutory financial statements of the Company for the year ended 31 march 2016

These non-statutory financial statements have been prepared under your responsibility. Our role is to express an opinion on these non-statutory financial statements based on our audit.

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-statutory financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the non-statutory financial statements. An audit also includes evaluating the appropriateness of accounting policies used and significant accounting estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the non-statutory financial statements give a true and fair view of the assets and liabilities and of the financial position of the UPL FRANCE as at year end 31 march 2016 and of the results of its operations in accordance with IFRS as adopted by the European Union

Without qualifying our opinion, in respect with this matter, we draw your attention to the sections I of the statement of accounting policies for the non-financial statements and note 4 to the financial statements:

Section I describes the purposes and contents of the non-statutory financial statements

And Note 4 describes the calculation and accounting of the deferred taxation.

UPL FRANCE

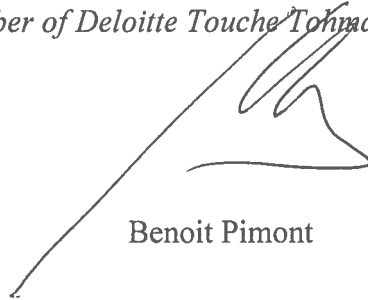
This report is governed by, and construed in accordance with, French law. The Courts of France shall have exclusive jurisdiction in relation to any claim, difference or dispute which may arise out of or in connection with our engagement letter or this report.

Neuilly-sur-Seine, 21 April 2016

The Statutory Auditors

Pierre-Henri Scacchi et Associés

*Member of Deloitte Touche Tohmatsu Limited*



Benoit Pimont

**UPL FRANCE**

A UPL Limited Group company

**Non-statutory financial statements**

**For the period ended 31 March 2016**

**PROFIT AND LOSS ACCOUNT**  
For the period ended 31 March 2016

	Notes	31/03/2016	31/03/2015
		K€	K€
Domestic & Export Sales	1	47 635	49 584
Intercompany Sales	1	16	882
<b>Total Sales</b>		<b>47 651</b>	<b>50 466</b>
Variable Cost of Sales		-39 250	-42 558
<b>Variable Margin</b>		<b>8 401</b>	<b>7 908</b>
Operating Expenses & other non-operating	3	-6 480	-7 095
<b>Gross Operating Result</b>		<b>1 921</b>	<b>813</b>
Asset Amortization		-95	-173
Change in Provisions	13	-4	-475
Unrealized Foreign exchange gain / loss net		0	-2
Excess provision written back / (Restructuring costs)	14	0	-446
<b>Operating Result</b>		<b>1 822</b>	<b>-283</b>
Interest & other Financial charge / income	2	114	-32
Income Tax		-157	0
Deferred Income Tax	4	344	691
<b>Net Result</b>		<b>2 124</b>	<b>376</b>

**BALANCE SHEET**  
For the period ended 31 March 2016

Assets	Notes	31/03/2016	31/03/2015
		K€	K€
Cash & Deposits		557	803
Intercompany Loans given		0	4 857
Receivables	11	14 704	11 993
Stocks	10	5 871	5 566
<b>Fixed Assets</b>			
Intangible Assets	7	2 318	1 362
Tangible Fixed Assets	8	59	72
Financial Assets	9	38	38
<b>Fixed Assets Total</b>		<b>2 415</b>	<b>1 472</b>
Deferred Tax Asset	4	1 035	691
<b>Total Net Assets</b>		<b>24 582</b>	<b>25 382</b>
<b>Liabilities</b>			
Intercompany Loans taken		(1 248)	0
Payables	12	(10 834)	(15 866)
Other Current Liabilities	12	(5 700)	(4 982)
Long Term liabilities	13	(655)	(650)
Income Tax		(138)	0
<b>Shareholders Total</b>	16	<b>(6 008)</b>	<b>(3 884)</b>
Capital		(3 508)	(3 508)
Reserves		(376)	0
Profit & Loss Account		(2 124)	(376)
<b>Total Net Liabilities</b>		<b>(24 582)</b>	<b>(25 382)</b>

Statement of accounting policies for the non-statutory financial statements  
For the period ended 31 March 2016

I. Purpose and contents of the non-statutory financial statements

The President presents the non-statutory financial statements for the period ended 31 March 2016.

These financial statements have been prepared for the purpose of filling the parent company's annual report. They are not statutory financial statements. The non-statutory financial statements have been prepared in accordance with the accounting policies set out on page 5 and on the basis of applicable International Financial Reporting Standards ("IFRS").

Judgements made by management in the application of IFRS that have significant effect on the financial statements are limited to the estimates used to calculate the value in use of various assets within impairment reviews and recognition of deferred tax assets.

The non-statutory financial statements will include the information required by the parent company to enable the filling of their annual report. There are disclosures which would be required by French company law, IFRS or French accounting standards for statutory financial statements which are not included in these non-statutory financial statements. The presentation of the balance sheet and of the profit and loss departs from IAS 1 requirements.

II. Significant events of the period

N/A

III. Comparative figures

Comparative figures correspond to the period ended 31 March 2015.

IV. Summary of significant accounting policies

A. Intangible fixed assets:

Intangible assets are shown at cost, net of depreciation.

B. Tangible fixed assets:

Tangible assets are shown at cost, net of depreciation and provision for impairment. Depreciation is provided on all tangible fixed assets except land.

Assets depreciation is calculated on a straight-line basis over the following expected useful life of the assets, which is as follows:

<b>Tangible Assets</b>	
Buildings	20 years
Plant and machinery	10 years
Motor vehicles	5 years
Office material	3 to 5 years
Capitalised leased assets	20 years
<b>Intangible Assets</b>	
Re-registration costs	5 years
Software	1 year

C. Financial fixed assets, participations, deposits and guarantees, loans:

Financial assets are recorded at the lower of cost and realisable value.

Statement of accounting policies for the non-statutory financial statements (continued)  
For the period ended 31 March 2016

D. Inventories stocks:

Stocks of finished goods are valued at standard cost. Raw material, packaging and trade goods are valued according to the method of the moving average prices. Manufactured products are stated at production cost.

Where the net realizable value, estimated on the basis of selling price less cost to be incurred to disposal is lower than cost, a provision is made.

E. Provisions for risks and charges:

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions for risks and charges consist of provisions for social plan, provisions for employee litigations, and other risks and losses.

F. Foreign currency operations:

Transactions denominated in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Euros at the exchange rates ruling at the balance sheet date. Foreign exchange differences arising on translation are recognised in the income statement.

G. Long term pensions reserves:

For defined benefit pension schemes, which are limited to retirement indemnities as applicable in France the cost of providing benefits is calculated using the projected unit credit method.

H. Investments:

Investments are shown at cost less provision for impairment.

I. Consolidation:

UPL FRANCE is a 100 % owned subsidiary of the CEREXAGRI (France), incorporated in UPL Limited an Indian group company. UPL India, as the ultimate parent company prepares the group financial statements. UPL FRANCE is fully integrated in the UPL's consolidated financial statements.



Notes to the financial statements  
For the period ended 31 March 2016

	31/03/2016 K€	31/03/2015 K€
<b>1 - Segment information</b>		
Sales to third parties	47 635	49 584
Sales to fellow group companies	16	882
<b>Total Sales</b>	<b>47 651</b>	<b>50 466</b>
No further segmental information has been provided as any disclosure would be prejudicial to the business.		
<b>2 - Interest payable and similar charges and profits</b>	<b>31/03/2016 K€</b>	<b>31/03/2015 K€</b>
On bank overdrafts	(1)	0
On lease	0	0
Financial rebates	(31)	(42)
Interest on intercompany loans and borrowings	146	8
Other profit	0	2
<b>Total Interest</b>	<b>114</b>	<b>-32</b>
<b>3 - Operating Expenses and Other non-Operating</b>	<b>31/03/2016 K€</b>	<b>31/03/2015 K€</b>
Including Employee costs :		
Wages and salaries	(2 329)	(2 242)
Social security taxes	(834)	(864)
Other pension costs	(309)	(334)
<b>Total Employee Costs</b>	<b>-3 472</b>	<b>-3 440</b>
Other and non-Operating	(3 008)	(3 656)
<b>Total Operating Expenses and Other non-Operating</b>	<b>-6 480</b>	<b>-7 095</b>
Average number of employees during the period	35	35
<b>4 - Income tax</b>	<b>31/03/2016 K€</b>	<b>31/03/2015 K€</b>
Pre-Tax earnings	1 937	(314)
Conversion to French Statutory Result	4	650
Permanent Differences:		
Add : non-deductibles expenses	92	114
Subtract : other deductible expenses	(92)	(11)
<b>Fiscal Result</b>	<b>1 941</b>	<b>440</b>
(carry-forward loss)	(1 471)	(440)
<b>Taxable Profit / (Loss)</b>	<b>470</b>	<b>0</b>
Corporate Tax (@33.33%)	(157)	(0)
<b>Effective Tax rate</b>	<b>8,1%</b>	<b>0,0%</b>

Income tax: The Company has accumulated carry-forward tax losses amounting to 4.87 million euros as at 31 March 2016. Cerexagri had transferred 6.78 m€ to UPL France with effect from 1st April 2015.

The corporate tax rate is 33.33%. Pre-Tax profits were 1 941k€ and after deduction of carryforward losses to the extent of 1 471k€, the effective tax rate for the current period is 8.1%

Notes to the financial statements (continued)  
For the period ended 31 March 2016

Based on the projections from the impairment review, and in accordance with the current legislation determining the use of carry-forward losses over the next three fiscal years, the estimated value of the deferred tax asset has been revised upwards by 344k€ :

- taxable profits of 3.106 million euros are expected
- a corresponding deferred tax asset of 1.035 million euros has been recognised.

However, given the uncertainties described in the review, management has considered inappropriate that projections beyond this horizon which may generate profits against which the unused tax losses or unused tax credits can be utilised should be recognised at this time.

5 - Borrowings

The company's outstanding Bank of America loan balance of (248k€) is part of a European cash pooling arrangement secured by Corporate Guarantee from UPL India Ltd.

Other intercompany loans total to a balance of (1000k€.) Previous year's intercompany loans have been restated.

6 - Dividends

The company has not declared any dividends over the periods covered by this report.

7 - Intangible fixed assets

	K€ R & D
Gross value at 31st March 2014	0
Net additions / deletions	6 818
Depreciation reserve	(5 456)
Net value at 31 March 2015	<u>1 362</u>
Gross value at 31st March 2015	6 818
Net additions / deletions	1 038
Depreciation reserve	(5 538)
Net value at 31 March 2016	<u>2 318</u>

8 - Tangible fixed assets

	K€ Freehold Land and Buildings	K€ Plant and machinery, fixtures, Motor veh.	K€ Total
Gross value at 31st March 2014	0	0	0
Net additions / deletions	85	138	223
Depreciation reserve	(21)	(130)	(151)
Net value at 31 March 2015	<u>64</u>	<u>8</u>	<u>72</u>
Gross value at 31st March 2015	85	138	223
Net additions / deletions	0	0	0
Depreciation reserve	(30)	(134)	(164)
Net value at 31 March 2016	<u>55</u>	<u>4</u>	<u>59</u>

9 - Other investments

	31/03/2016 K€	31/03/2015 K€
Deposits	38	38
At 31 March 2016	<u>38</u>	<u>38</u>

Notes to the financial statements (continued)  
For the period ended 31 March 2016

10 - Stocks gross value	31/03/2016 K€	31/03/2015 K€
Raw material and packaging	0	0
Depreciation reserve	0	0
Finished Goods and goods for resale	5 871	5 566
At 31 March 2016	<u>5 871</u>	<u>5 566</u>
11 - Debtors	31/03/2016 K€	31/03/2015 K€
Trade debtors	14 368	11 556
Inter-company receivables	289	408
Employee advances	7	1
Suppliers purchase advances	40	29
Prepaid interest	0	0
At 31 March 2016	<u>14 704</u>	<u>11 993</u>
12 - Creditors: Amounts falling due within one year	31/03/2016 K€	31/03/2015 K€
Trade creditors	(1 185)	(1 072)
Inter-company	(9 649)	(14 794)
Rebates to customers	(4 034)	(3 810)
Fiscal and social taxes and charges	(997)	(901)
VAT Payable	(669)	(271)
Other accruals	0	0
At 31 March 2016	<u>-16 534</u>	<u>-20 848</u>
13 - Creditors: Amounts falling due after more than one year	31/03/2016 K€	31/03/2015 K€
Unfunded pension reserve	(655)	(650)
At 31 March 2016	<u>-655</u>	<u>-650</u>
14 - Variation in provisions for liabilities and charges	31/03/2016 K€	31/03/2015 K€
Employee litigation provision	0	175
Unfunded pension provision	(4)	(650)
At 31 March 2016	<u>-4</u>	<u>-475</u>
15 - Excess provision written back / (Restructuring costs)	31/03/2016 K€	31/03/2015 K€
Employee redundancy expenses	0	(446)
At 31 March 2016	<u>0</u>	<u>-446</u>



Notes to the financial statements (continued)  
For the period ended 31 March 2016

16 – Shareholder's funds

At 31 March 2015	(3 508)
Result 2015 allocated in retained earnings	(376)
Result 2016 to be allocated	(2 124)
At 31 March 2016	<u>-6 008</u>

17 – Related party disclosure

1. Related party Disclosure for During the year transactions

Name of Related party/ company	Nature wise During the year transactions	2015-16 K€	2014-15 K€
1000 UPL Limited, India	Purchases	(232)	(1 161)
2000 UPL Europe Ltd.(Formerly known as United Phosphorus Limited, U.K.)	Purchases	(18 099)	(17 254)
2050 UPL Deutschland GmbH(Formerly Known as United Phosphorus GMBH – Germany)	Purchases	(54)	0
2100 UPL Benelux B.V.(Formerly Known as AgriChem B.V.)	Purchases	0	0
2200 Cerexagri B.V. – Netherlands	Purchases	(2 415)	(4 462)
2600 Cerexagri S.A.S.	Purchases	(14 559)	(18 538)
2630 Neo-Fog S.A.	Purchases	0	0
4600 UPL LIMITED,Gibraltar (Formerly Known as Uniphos Limited,Gibraltar)	Purchases	(520)	0
<b>Total Purchases</b>		<u>(35 879)</u>	<u>(41 415)</u>
2000 UPL Europe Ltd.(Formerly known as United Phosphorus Limited, U.K.)	Sales	9	182
2100 UPL Benelux B.V.(Formerly Known as AgriChem B.V.)	Sales	0	37
2400 UPL Italia S.R.L.( Formerly Known as Cerexagri Italia S.R.L.)	Sales	7	28
2500 UPL IBERIA, SOCIEDAD ANONIMA(formerly know asCompania Espanola Industrial Quimica de Productos Agricolas Y Domesticos, S.A.U.,Spain)	Sales	0	185
2630 Neo-Fog S.A.	Sales	0	452
<b>Total Sales</b>		<u>16</u>	<u>882</u>
2000 UPL Europe Ltd.(Formerly known as United Phosphorus Limited, U.K.)	Interest Exp.	(7)	0
2630 Neo-Fog S.A.		(2)	0
<b>Total Interest Expense</b>		<u>(9)</u>	<u>0</u>
2000 UPL Europe Ltd.(Formerly known as United Phosphorus Limited, U.K.)	Interest Inc.	135	0
2600 Cerexagri S.A.S.	Interest Inc.	20	8
<b>Total Interest Income</b>		<u>155</u>	<u>8</u>
2000 UPL Europe Ltd.(Formerly known as United Phosphorus Limited, U.K.)	Man. Fee Exp.	(612)	(510)
2400 UPL Italia S.R.L.( Formerly Known as Cerexagri Italia S.R.L.)	Man. Fee Exp.	(2)	0
2600 Cerexagri S.A.S.	Man. Fee Exp.	(43)	0
<b>Total Management Fee Expense</b>		<u>(657)</u>	<u>(510)</u>
2630 Neo-Fog S.A.	Product Registratio	(36)	0
<b>Total Product Registration Recharge</b>		<u>(36)</u>	<u>0</u>
2000 UPL Europe Ltd.(Formerly known as United Phosphorus Limited, U.K.)	Man. Fee Inc.	231	0
2600 Cerexagri S.A.S.	Man. Fee Inc.	7	0
<b>Total Management Fee Income</b>		<u>239</u>	<u>0</u>

Notes to the financial statements (continued)  
For the period ended 31 March 2016

2. Related party Disclosure for Outstanding Balances as on 31/03/2016

Name of Related party/ company	Category wise Outstanding balances as on closing date	2015-16 K€	2014-15 K€
2000 UPL Europe Ltd.(Formerly known as United Phosphorus Limited, U.K.)	Receivable	246	159
2400 UPL Italia S.R.L.( Formerly Known as Cerexagri Italia S.R.L.)	Receivable	1	28
2500 UPL IBERIA, SOCIEDAD ANONIMA(formerly know asCompania Espanola Industrial Quimica de Productos Agrícolas Y Domesticos, S.A.U.,Spain)	Receivable	0	185
2580 Decco Iberica Postcosecha, S.A.U., Spain (formerly Cerexagri Iberica)	Receivable	29	30
2600 Cerexagri S.A.S.	Receivable	7	4
2630 Neo-Fog S.A.	Receivable	5	3
<b>Total Receivables</b>		<b>289</b>	<b>408</b>
1000 UPL Limited, India	Payable	(232)	(171)
2000 UPL Europe Ltd.(Formerly known as United Phosphorus Limited, U.K.)	Payable	(3 634)	(8 458)
2050 UPL Deutschland GmbH(Formerly Known as United Phosphorus GMBH – Germany)	Payable	(54)	0
2100 UPL Benelux B.V.(Formerly Known as AgriChem B.V.)	Payable	(36)	(26)
2200 Cerexagri B.V. – Netherlands	Payable	(1 273)	(344)
2600 Cerexagri S.A.S.	Payable	(3 952)	(5 794)
2630 Neo-Fog S.A.	Payable	(1)	0
4600 UPL LIMITED,Gibraltar (Formerly Known as Uniphos Limited,Gibraltar)	Payable	(467)	0
<b>Total Payables</b>		<b>(9 649)</b>	<b>(14 794)</b>
2000 UPL Europe Ltd.(Formerly known as United Phosphorus Limited, U.K.)	Loan Given	0	1 377
2600 Cerexagri S.A.S.	Loan Given	0	3 480
<b>Total Loans Given</b>		<b>0</b>	<b>4 857</b>
2000 UPL Europe Ltd.(Formerly known as United Phosphorus Limited, U.K.)	Loan Taken (cash-p	(248)	0
2630 Neo-Fog S.A.	Loan Taken	(1 000)	0
<b>Total Loans Taken</b>		<b>(1 248)</b>	<b>0</b>