

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 2017

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For the year ended 31 march 2017

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 2017.

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 2017 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.

Scacchi & Associés

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, 18 April 2017

The Statutory Auditors

Pierre-Henri Scacchi et Associés

Member of Deloitte Touche Tohmatsu Limited

A handwritten signature in black ink, appearing to read 'Benoit Pimont', is written over the printed name. The signature is stylized and somewhat abstract.

Benoit Pimont

UPL FRANCE

A UPL Limited Group company

Non-statutory financial statements

For the period ended 31 March 2017

PROFIT AND LOSS ACCOUNT
For the period ended 31 March 2017

	Notes	31/03/2017	31/03/2016
		K€	K€
Domestic & Export Sales	1	50 530	47 635
Intercompany Sales	1	123	16
Total Sales		50 652	47 651
Variable Cost of Sales		-37 983	-39 250
Variable Margin		12 670	8 401
Operating Expenses & other non-operating	3	-6 156	-6 480
Gross Operating Result		6 514	1 921
Asset Amortization		-56	-95
Change in Provisions	14	34	-4
Unrealized Foreign exchange gain / loss net		0	0
Excess provision written back / (Restructuring costs)	15	-32	0
Operating Result		6 460	1 822
Interest & other Financial charge / income	2	54	114
Income Tax		-917	-157
Deferred Income Tax	4	499	344
Net Result		6 097	2 124

BALANCE SHEET
For the period ended 31 March 2017

Assets	Notes	31/03/2017	31/03/2016
		K€	K€
Cash & Deposits		5 025	557
Intercompany Loans given		5 178	0
Receivables	11	7 757	14 704
Stocks	10	5 107	5 871
Fixed Assets			
Intangible Assets	7	3 301	2 318
Tangible Fixed Assets	8	47	59
Financial Assets	9	38	38
Fixed Assets Total		3 386	2 415
Deferred Tax Asset	4	1 534	1 035
Total Net Assets		27 987	24 582
Liabilities			
Intercompany Loans taken		0	(1 248)
Payables	12	(7 299)	(10 834)
Other Current Liabilities	12	(7 085)	(5 700)
Long Term liabilities	13	(590)	(655)
Income Tax		(908)	(138)
Shareholders Total	16	(12 105)	(6 008)
Capital		(3 508)	(3 508)
Reserves		(2 500)	(376)
Profit & Loss Account		(6 097)	(2 124)
Total Net Liabilities		(27 987)	(24 582)

**Statement of accounting policies for the non-statutory financial statements
For the period ended 31 March 2017**

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

The President presents the non-statutory financial statements for the period ended 31 March 2017.

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

There are no significant events during the year

III. Comparative figures

Comparative figures correspond to the period ended 31 March 2016.

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:

Tangible Assets

Buildings	20 years
Plant and machinery	10 years
Motor vehicles	5 years
Office material	3 to 5 years
Capitalised leased assets	20 years

Intangible Assets

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 2017

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.

J. Credit facility:

The Company is using a receivables purchase agreement on a non-recourse basis with Compagnie Générale d'Affacturage backed by a credit insurance policy. This agreement is regarded as qualifying for derecognising the related receivables in accordance with IAS 39.

Notes to the financial statements
For the period ended 31 March 2017

	31/03/2017 K€	31/03/2016 K€
1 – Segment information		
Sales to third parties	50 530	47 635
Sales to fellow group companies	123	16
Total Sales	50 652	47 651
No further segmental information has been provided as any disclosure would be prejudicial to the business.		
2 – Interest payable and similar charges and profits		
On bank overdrafts	(15)	(1)
Financial rebates	(31)	(31)
Interest on intercompany loans and borrowings	100	146
Other profit	0	0
Total Interest	54	114
3 – Operating Expenses and Other non-Operating		
Including Employee costs :		
Wages and salaries	(2 292)	(2 329)
Social security taxes	(748)	(834)
Other pension costs	(290)	(309)
Total Employee Costs	-3 330	-3 472
Other and non-Operating	(2 826)	(3 008)
Total Operating Expenses and Other non-Operating	-6 156	-6 480
Number of employees at financial year-end	32	35
4 – Income tax		
	31/03/2017 K€	31/03/2016 K€
Pre-Tax earnings	6 515	1 937
Conversion to French Statutory Result	(65)	4
Permanent Differences:		
Add : non-deductibles expenses	108	92
Subtract : other deductible expenses	(58)	(92)
Fiscal Result	6 500	1 941
(carry-forward loss)	(3 750)	(1 471)
Taxable Profit / (Loss)	2 750	470
Corporate Tax (@33.33%)	(917)	(157)
Effective Tax rate	14,1%	8,1%

Income tax: The Company has accumulated carry-forward tax losses amounting to 1.12 million euros as at 31 March 2017, after imputation of carryforward losses against the current year results.

The corporate tax rate is 33.33%. Pre-Tax profits were 6 500k€ and after deduction of carryforward losses to the extent of 3 750k€, the effective tax rate for the current period is 14.1%

Notes to the financial statements (continued)
For the period ended 31 March 2017

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 two fiscal years, the estimated value of the deferred tax asset has been revised upwards by 499k€ :

- taxable profits of 11.1 million euros are expected
- a corresponding deferred tax asset of 1.534 million euros has been recognised.

5 – Borrowings

The company's outstanding Bank of America loan positive balance of 5,178m€ is part of a European cash pooling arrangement secured by Corporate Gurantee from UPL India Ltd.

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 2015	6 818
Net additions / deletions	1 038
Depreciation reserve	(5 538)
Net value at 31 March 2016	2 318
Gross value at 31st March 2016	7 856
Net additions / deletions	1 026
Depreciation reserve	(5 581)
Net value at 31 March 2017	3 301

8 – Tangible fixed assets

	K€	K€	K€
	Freehold Land and Buildings	Plant and machinery, fixtures, Motor veh.	Total
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	55	4	59
Gross value at 31st March 2016	85	138	223
Net additions / deletions	0	0	0
Depreciation reserve	(38)	(138)	(176)
Net value at 31 March 2017	47	0	47

9 – Other investments

	31/03/2017	31/03/2016
	K€	K€
Deposits	38	38
At 31 March 2017	38	38

Notes to the financial statements (continued)
For the period ended 31 March 2017

10 – Stocks gross value

	31/03/2017	31/03/2016
	K€	K€
Raw material and packaging	0	0
Depreciation reserve	0	0
Finished Goods and goods for resale	5 107	5 871
At 31 March 2017	5 107	5 871

11 – Debtors

	31/03/2017	31/03/2016
	K€	K€
Trade debtors (1)	7 296	14 368
Inter-company receivables	405	288
Employee advances	2	7
Suppliers purchase advances	54	40
Prepaid interest	0	0
At 31 March 2017	7 757	14 703

(1) At 31 March 2017, the amount of trade receivables sold to the Compagnie Générale d'affacturage on a non-recourse basis in the framework of the receivables purchase agreement amounts to 6,586m€. These receivables are derecognised from the balance sheet.

12 – Creditors: Amounts falling due within one year

	31/03/2017	31/03/2016
	K€	K€
Trade creditors	(1 094)	(1 185)
Inter-company	(6 204)	(9 649)
Rebates to customers	(4 906)	(4 034)
Fiscal and social taxes and charges	(979)	(997)
VAT Payable	(1 170)	(669)
Other accruals	(30)	0
At 31 March 2017	-14 383	-16 534

13 – Creditors: Amounts falling due after more than one year

	31/03/2017	31/03/2016
	K€	K€
Unfunded pension reserve	(590)	(655)
At 31 March 2017	-590	-655

14 – Variation in provisions for liabilities and charges

	31/03/2017	31/03/2016
	K€	K€
Employee litigation provision	(30)	0
Unfunded pension provision	64	(4)
At 31 March 2017	34	-4

15 – Excess provision written back / (Restructuring costs)

	31/03/2017	31/03/2016
	K€	K€
Employee redundancy expenses	(32)	0
At 31 March 2017	-32	0

Notes to the financial statements (continued)
For the period ended 31 March 2017

16 – Shareholder’s funds

At 31 March 2016	(3 884)
Result 2016 allocated in retained earnings	(2 124)
Result 2017 to be allocated	(6 097)
At 31 March 2017	(12 105)

17 – Related party disclosure

1. Related party Disclosure for During the year transactions

Name of Related party/ company	Nature wise During the year transactions	2016-17 K€	2015-16 K€
1000 UPL Limited, India	Purchases	(79)	(232)
2000 UPL Europe Ltd	Purchases	(6 902)	(18 099)
2050 UPL Deutschland GmbH	Purchases		(54)
2100 UPL Benelux B.V.	Purchases	(11)	0
2200 Cerexagri B.V. – Netherlands	Purchases	(12 365)	(2 415)
2600 Cerexagri S.A.S.	Purchases	(12 590)	(14 559)
2630 Neo-Fog S.A.	Purchases	(0)	0
4600 UPL LIMITED,Gibraltar	Purchases	(282)	(520)
Total Purchases		(32 230)	(35 879)
2000 UPL Europe Ltd.	Sales	6	9
2050 UPL Deutschland GmbH	Sales	99	
2100 UPL Benelux B.V.	Sales	18	0
2400 UPL Italia S.R.L.	Sales		7
2500 UPL IBERIA, SOCIEDAD ANONIMA	Sales		0
2630 Neo-Fog S.A.	Sales		0
Total Sales		123	16
2000 UPL Europe Ltd.	Interest Exp.		(7)
2630 Neo-Fog S.A.		(4)	(2)
Total Interest Expense		(4)	(9)
2000 UPL Europe Ltd.	Interest Inc.	105	135
2600 Cerexagri S.A.S.	Interest Inc.		20
Total Interest Income		105	155
2000 UPL Europe Ltd.	Man. Fee Exp.	(517)	(612)
2400 UPL Italia S.R.L.	Man. Fee Exp.		(2)
2600 Cerexagri S.A.S.	Man. Fee Exp.	(22)	(43)
2630 Neo-Fog S.A.	Man. Fee Exp.	(3)	
Total Management Fee Expense		(539)	(657)
2100 UPL Benelux B.V.	Product Registration	(22)	
2630 Neo-Fog S.A.	Product Registration Recharge		(36)
Total Product Registration Recharge		(22)	(36)
2000 UPL Europe Ltd.	Man. Fee Inc.	260	231
2600 Cerexagri S.A.S.	Man. Fee Inc.		7
Total Management Fee Income		260	239

Notes to the financial statements (continued)
For the period ended 31 March 2017

2. Related party Disclosure for Outstanding Balances as on 31/03/2017

Name of Related party/ company	Category wise Outstanding balances as on closing date	2016-17 K€	2015-16 K€
2000 UPL Europe Ltd	Receivable	289	246
2050 UPL Deutschland GmbH	Receivable	40	
2200 Cerexagri B.V. – Netherlands	Receivable	1	
2320 Advanta Netherlands Holding	Receivable	1	
2400 UPL Italia S.R.L.	Receivable		1
2500 UPL IBERIA, SOCIEDAD ANONIM	Receivable		0
2580 Decco Iberica Postcosecha, S.A.U., Spain	Receivable	69	29
2600 Cerexagri S.A.S.	Receivable	2	7
2630 Neo-Fog S.A.	Receivable	4	5
Total Receivables		406	289
1000 UPL Limited, India	Payable		(232)
2000 UPL Europe Ltd.	Payable	(785)	(3 634)
2050 UPL Deutschland GmbH	Payable		(54)
2100 UPL Benelux B.V.	Payable	(11)	(36)
2200 Cerexagri B.V. – Netherlands	Payable	(3 035)	(1 273)
2320 Advanta Netherlands Holding	Payable	(6)	
2600 Cerexagri S.A.S.	Payable	(2 209)	(3 952)
2630 Neo-Fog S.A.	Payable	(1)	(1)
4600 UPL LIMITED,Gibraltar	Payable	(157)	(467)
Total Payables		(6 204)	(9 649)
2000 UPL Europe Ltd.	Loan Given	5 178	0
2600 Cerexagri S.A.S.	Loan Given	0	0
Total Loans Given		5 178	0
2000 UPL Europe Ltd.	Loan Taken (cash-pool)		(248)
2630 Neo-Fog S.A.	Loan Taken		(1 000)
Total Loans Taken		0	(1 248)