

**AUDITOR'S REPORT**

We have completed the analysis of the Financial Statements issued by JSC "United Phosphorus Limited" for the year ended 31st March, 2015. Our responsibility is to express an opinion, based on our audit.

Our examination was done in accordance with the generally accepted accounting standards, which are carried out in such a manner to allow a reasonable certainty that the Financial Statements do not contain serious errors. The auditing work is through test checks of the accounting data, which support the figures mentioned in the Financial Statements.

In our opinion the Financial Statementst show true and fair view of the financial position of JSC "United Phosphorus Limited" as on date of the Balance Sheet and the operation of the company during the year ended 31st March, 2015.

Mr Piyush Kumar  
**General Director**

E.A. Petrenko  
**Partner**  
000"Alfa Audit"



**DIRECTOR'S REPORT**

We hereby present the audited annual accounts of United Phosphorus Limited (Russia). Difficult market scenarios and adverse exchange rate movements have impacted the performance of the company. We expect that the company will improve its financial performance in future.

Mr Piyush Kumar  
**General Director**

**UNITED PHOSPHORUS LIMITED - RUSSIA**

**Income Statement for the year ended 31st March 2015**

| Particulars                         | 2015<br>Roubles     | 2014<br>Roubles    |
|-------------------------------------|---------------------|--------------------|
| Sales (Net)                         | 151 057 712         | 126 795 100        |
| Cost of Sales                       | 144 835 797         | 102 379 542        |
| <b>Gross Margin</b>                 | <b>6 221 916</b>    | <b>24 415 558</b>  |
| Other Income (Exchange Difference)  | 72 823 750          | 1 567 160          |
| Inventory Damage Loss               | -1 857 487          | 1 830 534          |
| Bad Debts                           | 12 288 100          | 0                  |
| Selling Expenses                    | 27 382 752          | 27 783 492         |
| <b>Profit before Interest / Tax</b> | <b>-104 415 200</b> | <b>-6 765 628</b>  |
| Ammortisation chgs                  | 13 521 124          | 9 536 334          |
| <b>Profit after Tax</b>             | <b>-117 936 324</b> | <b>-16 301 962</b> |
|                                     | 4%                  | 19%                |

Mr Piyush Kumar  
General Director

E.A. Petrenko  
Partner  
000"Alfa Audit"



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**UNITED PHOSPHORUS LIMITED - RUSSIA**

**Balance Sheet as at 31st March 2015**

| Particulars                         | 2015<br>Roubles     | 2014<br>Roubles    |
|-------------------------------------|---------------------|--------------------|
| <b>ASSETS</b>                       |                     |                    |
| Stocks                              | 20 844 057          | 33 578 367         |
| Banks                               | 26 693 907          | 78 228 134         |
| Account Receivables                 | 87 243 720          | 103 156 364        |
| Intangible Assets                   | 31 609 088          | 25 206 263         |
| Advance Taxes                       | 37 548 795          | 35 088 263         |
| <b>Total Assets</b>                 | <b>203 939 567</b>  | <b>275 257 391</b> |
| <b>LIABILITIES</b>                  |                     |                    |
| Payables Group                      | 293 520 244         | 244 325 953        |
| Taxes                               | 22 590 908          | 25 166 700         |
| <b>Total Liabilities</b>            | <b>316 111 152</b>  | <b>269 492 653</b> |
| <b>Net Assets</b>                   | <b>-112 171 586</b> | <b>5 764 738</b>   |
| Share Capital                       | 63 250              | 63 250             |
| Retained Profits                    | -112 234 836        | 5 701 488          |
| <b>Total Equity</b>                 | <b>-112 171 586</b> | <b>5 764 738</b>   |
| <b>Total Equity and Liabilities</b> | <b>203 939 567</b>  | <b>275 257 391</b> |

Mr Piyush Kumar  
General Director

E.A. Petrenko  
Partner  
000 "Alfa Audit"



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**UNITED PHOSPHORUS LIMITED - RUSSIA****Schedule 1  
Intangible Assets****Gross Block**

| <b>Particulars</b>                 | <b>2015<br/>Roubles</b> | <b>2014<br/>Roubles</b> |
|------------------------------------|-------------------------|-------------------------|
| Opening Balance                    | 61 224 735              | 57 080 553              |
| Add : Additions during the period  | 19 923 948              | 4 144 182               |
| Less : Deletions during the period |                         |                         |
| <b>Closing Balance</b>             | <b>81 148 683</b>       | <b>61 224 735</b>       |

**Provision for Amortisation**

| <b>Particulars</b>                 | <b>2015<br/>Roubles</b> | <b>2014<br/>Roubles</b> |
|------------------------------------|-------------------------|-------------------------|
| Opening Balance                    | 36 018 472              | 26 482 138              |
| Add : Additions during the period  | 13 521 124              | 9 536 334               |
| Less : Deletions during the period |                         |                         |
| <b>Closing Balance</b>             | <b>49 539 596</b>       | <b>36 018 472</b>       |
| <b>Net Closing Balance</b>         | <b>31 609 088</b>       | <b>25 206 263</b>       |

**Schedule 2  
Schedule for Selling expenses**

| <b>Particulars</b>            | <b>2015<br/>Roubles</b> | <b>2014<br/>Roubles</b> |
|-------------------------------|-------------------------|-------------------------|
| Warehousing Costs             | 3 245 977               | 4 565 735               |
| Registration, Licences        | 361 980                 | 4 301 586               |
| Audit , legal, services       | 6 652 212               | 2 119 492               |
| Advertisements & demos etc.   | 589 334                 | 2 314 534               |
| Salaries/consultancy          | 13 936 394              | 10 743 876              |
| Transport/Communication Costs | 1 168 730               | 2 055 823               |
| Miscellaneous expenses        | 1 428 126               | 1 682 445               |
| <b>Total Selling Expenses</b> | <b>27 382 752</b>       | <b>27 783 492</b>       |

## Accounting policies

The principle accounting policies adopted by the company are as under:

1. The accounts are prepared with the historical cost convention and in accordance with applicable accounting standard.
2. The transactions in foreign currency are revalued at the prevailing exchange as on the date of the balance sheet. Any difference arising on account of such revaluation is charged off to the profit and loss account as exchange rate difference.
3. Stocks are valued at cost or realizable value lower of the two.
4. Sales are accounted on accrual basis and are net of any taxes.
5. Intangible assets are stated at cost less accumulated amortisation
6. All other expenses are accounted as and when accrued.
7. Expenses on product development and registration incurred are amortised over period five years.

Mr Piyush Kumar  
**General Director**

E.A. Petrenko  
**Partner**  
000"Alfa Audit"



A handwritten signature in blue ink, appearing to read 'Piyush Kumar', written over the stamp.