

**Canegrass, LLC**  
**(A Limited Liability Company)**

**Report on Financial Statements**

**Year ended March 31, 2014**

**and**

**March 31, 2013**

*(All amounts in USD, unless otherwise stated)*



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## Report of Independent Auditors

To the Stockholders and Board of Directors  
Canegrass , LLC.

### Report on the Financial Statements

We have audited the accompanying financial statements of Canegrass, LLC, which comprise the balance sheets as of March 31, 2014 and 2013, and the related statements of income and comprehensive income, changes in stockholders' equity and cash flows for the years then ended and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Canegrass, LLC at March 31, 2014 and 2013 and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

*Ernst & Young Associates LLP*  
Ernst & Young Associate LLP

April 25, 2014

**CANEGRASS LLC**  
**BALANCE SHEETS AS AT**  
**MARCH 31, 2014 AND MARCH 31, 2013**  
(All amounts in USD, unless otherwise stated)

<b><u>ASSETS</u></b>	<b><u>March-14</u></b>	<b><u>March-13</u></b>
Current assets:		
Cash and cash equivalent	120,129	1,756,139
Accounts receivable - members	9,276,671	7,496,306
Other current Assets	467,931	-
<b>Total assets</b>	<b><u>9,864,731</u></b>	<b><u>9,252,445</u></b>
 <b><u>LIABILITIES AND MEMBERS' EQUITY</u></b>		
<b>Current liabilities:</b>		
Liability - due to related parties	3,796,200	3,402,840
Liability - others	8,000	8,000
Total liabilities	<u>3,804,200</u>	<u>3,410,840</u>
 Commitments and contingencies		
 Members' equity:		
Members' contribution	20,000	20,000
Accumulated Surplus	6,040,531	5,821,605
Total Members' equity	<u>6,060,531</u>	<u>5,841,605</u>
 <b>Total liabilities and and members' equity</b>	<b><u>9,864,731</u></b>	<b><u>9,252,445</u></b>

See accompanying notes to Financial Statements

**CANEGRASS LLC**  
**STATEMENT OF INCOME FOR THE**  
**YEAR ENDED MARCH 31, 2014 AND MARCH 31, 2013**  
(All amounts in USD, unless otherwise stated)

<b>Particulars</b>	<b>March-14</b>	<b>March-13</b>
Sales	12,523,641	11,966,945
Cost of sales	6,476,532	6,140,022
Gross Profit	6,047,109	5,826,923
Selling, general and administrative expenses	9,969	10,009
Income from Operations	6,037,140	5,816,914
Other Income	3,391	4,691
Net income attributable to Members	6,040,531	5,821,605

See accompanying notes to Financial Statements

**CANEGRASS LLC**  
**STATEMENT OF MEMBERS' EQUITY AND COMPREHENSIVE INCOME FOR**  
**YEAR ENDED MARCH 31, 2014 AND MARCH 31, 2013**

(All amounts in USD, unless otherwise stated)

	<b>Members' contribution</b>	<b>Retained earnings</b>	<b>Accumulated other comprehensive income / (loss)</b>	<b>Total Equity</b>
<b>Balances as at March 31, 2012</b>	20,000	5,713,451	-	5,733,451
Cash dividend	-	(5,713,451)	-	(5,713,451)
<u>Comprehensive income/(loss):</u>				
Net income		5,821,605		5,821,605
<b>Balances as at March 31, 2013</b>	20,000	5,821,605	-	5,841,605
Cash dividend	-	(5,821,605)		(5,821,605)
<u>Comprehensive income/(loss):</u>				
Net income		6,040,531		6,040,531
<b>Balances as at March 31, 2014</b>	20,000	6,040,531	-	6,060,531

See accompanying notes to Financial Statements

**CANEGRASS LLC**  
**STATEMENT OF CASH FLOWS FOR THE**  
**YEARS ENDED MARCH 31, 2014 AND MARCH 31, 2013**  
**(All amounts in USD, unless otherwise stated)**

<b>Particulars</b>	<b>March-14</b>	<b>March-13</b>
<b>A. Operating activities:</b>		
Net income	6,040,531	5,821,605
Adjustments to reconcile net income to net cash used in operating activities:		
Changes in operating assets - accounts receivable - members	(1,780,365)	1,232,592
Changes in operating assets - Other current assets	(467,931)	2,931
Changes in operating liabilities - accounts payable - other than members	-	2,000
Changes in due to related parties	393,360	(677,230)
Net cash provided by operating activities	<u>4,185,595</u>	<u>6,381,898</u>
<b>B. Financing activities:</b>		
Dividend paid to Members	(5,821,605)	(5,713,451)
Net cash used in financing activities	<u>(5,821,605)</u>	<u>(5,713,451)</u>
Net increase / (decrease) in cash (A+B)	(1,636,010)	668,447
Cash and cash equivalent at the beginning of year	1,756,139	1,087,692
Cash and cash equivalent at the end of year	<u>120,129</u>	<u>1,756,139</u>

See accompanying notes to Financial Statements

## CANEGRASS LLC

### NOTES TO FINANCIAL STATEMENTS

#### **Note 1 - Business and summary of significant accounting policies (continued):**

##### **Revenue recognition:**

Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the amount is fixed or determinable, and collectability is reasonably assured. Revenue is recognized when title and risk of loss has passed to the customer consistent with the related shipping and servicing terms, net of appropriate reserves for sales allowances, rebates and returns.

##### **Accounts Receivable:**

All the accounts receivable for the company are from its members. Refer related party schedule for details.

##### **Income taxes:**

The Company has elected to be treated as a partnership under applicable sections of the Internal Revenue Code and for Federal and state income tax purposes. Under these sections, corporate income or loss, in general, is allocated to the Members for inclusion in their income tax returns. Accordingly, there is no provision for income tax in the accompanying financial statements.

##### **Fair value of financial instruments and concentration of credit risk:**

The carrying amounts reported in the balance sheets for cash and cash equivalents, accounts receivable, other current assets, liabilities due to affiliates and other liabilities is at fair value due to the short-term maturity of these items.

##### **Litigation and other contingencies**

Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated.

##### **Dividend**

Dividends are recognized upon approval by the Members.

## CANEGRASS LLC

### NOTES TO FINANCIAL STATEMENTS

#### **Note 1 - Business and summary of significant accounting policies (concluded):**

##### ***Recent accounting pronouncements***

##### *Pronouncements issued by FASB and adopted by the Company*

In December 2011, the FASB issued ASU No. 2011-11, Topic 210 – Balance Sheet Offsetting. The new guidance requires disclosures about the offsetting of financial instruments on the balance sheet to enable users to reconcile the largest quantitative differences in balance sheets prepared under US GAAP and IFRS. In 2013, FASB issued Balance Sheet (Topic 210), Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities. The amendments provide a user of financial statements with comparable information as it relates to certain reconciling differences between financial statements prepared in accordance with U.S. GAAP and those financial statements prepared in accordance with International Financial Reporting Standards (IFRS). Both the above amendments are effective for fiscal years beginning on or after January 1, 2013. The adoption of this new guidance did not have a material impact to the Company's results of operations, financial condition or disclosures.

In 2013 FASB issued Financial Instruments (Topic 825), Clarifying the Scope and Applicability of a Particular Disclosure to Non-public Entities: The main objective of this Update is to clarify the scope and applicability of a particular disclosure to non-public entities that resulted from the issuance of Accounting Standards Update No. 2011-04. The amendments clarify that the requirement to disclose “the level of the fair value hierarchy within which the fair value measurements are categorized in their entirety (Level 1, 2, or 3)” does not apply to non-public entities for items that are not measured at fair value in the statement of financial position but for which fair value is disclosed. The clarification was effective immediately. The adoption of clarification did not have a material impact to the Company's results of operations, financial condition or disclosures.

##### *Pronouncements issued by FASB but not yet effective*

In February 2013 FASB issued ASU 2013-04: Liabilities (Topic 405), Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date: The adoption of this new guidance did not have a material impact to the Company's results of operations, financial condition or disclosures. The Company is the process of evaluating the impact of adoption of ASU 2013-04 on the Company's financial statements.

In October 2012 FASB issued ASU 2012-04 - Technical Corrections and Improvements: The amendments in this Update represent changes to clarify the Codification, correct unintended application of guidance, or make minor improvements to the Codification that are not expected to have a significant effect on current accounting practice or create a significant administrative cost to most entities. Additionally, the amendments will make the Codification easier to understand and the fair value measurement guidance easier to apply by eliminating inconsistencies and providing needed clarifications. It is effective upon issuance for amendments that do not have transition guidance. Amendments that are subject to transition guidance: effective for fiscal periods beginning after 15 December 2013. The Company is the process of evaluating the impact of adoption of ASU 2012-04 on the Company's financial statements.

**CANEGRASS LLC**

**NOTES TO FINANCIAL STATEMENTS**

**Note 2- Related party transactions:**

<b>Nature of Transactions</b>	<b>Name of Related party</b>	<b>2014</b>	<b>2013</b>
Sales to members	United Phosphorus Inc.	9,715,740	9,331,632
	Aceto Agricultural Chemicals Corp.	2,807,901	2,635,313
Purchases from fellow subsidiaries	Uniphos Limited – Gibraltar	4,995,300	4,788,580
Dividend paid to members	United Phosphorus Inc.	4,077,125	4,000,959
	Aceto Agricultural Chemicals Corp.	1,744,480	1,712,493
Bank Charges paid by member	United Phosphorus Inc.	1,969	1,758
Bank interest collected by member	United Phosphorus Inc.	3,391	4,691

As at March 31, 2014 and March 31, 2013, the Company had receivables from and payables due to the following :

<b>Name of Related party</b>	<b>2014</b>	<b>2013</b>
United Phosphorus Inc.	9,276,671	7,496,306
<b>Total due from Members.</b>	<b>9,276,671</b>	<b>7,496,306</b>
Uniphos Limited – Gibraltar	3,796,200	3,402,840
<b>Total due to fellow subsidiaries.</b>	<b>3,796,200</b>	<b>3,402,840</b>

## CANEGRASS LLC

### NOTES TO FINANCIAL STATEMENTS

**Note 3 - Segment disclosure:**

The Company operates in agrochemical industry. As the Company's business falls within a single business segment, there are no additional disclosures to be provided under FAS 131 "Disclosures about Segments of an Enterprise and Related Information" (ASC 280-10), other than those already provided in the financial statements.

**Note 4 - Subsequent events:**

The Company has evaluated subsequent events through the date of issuing the financial statements, which is April 25, 2014, and no event has occurred from the balance sheet date through that date that would impact the Financial Statements materially.