

SUMITOMO CHEMICAL INDIA LIMITED

ANNUAL REPORT 2018-19

SUBSIDIARIES OF SUMITOMO CHEMICAL INDIA LIMITED

**SUMITOMO CHEMICAL INDIA LIMITED
SUBSIDIARY COMPANIES
2018-19**

C O N T E N T S

EXCEL CROP CARE (AFRICA) LIMITED	01-18
EXCEL CROP CARE (EUROPE) N.V.	19-27

EXCEL CROP CARE (AFRICA) LIMITED

REPORT OF DIRECTORS

The Directors present their report together with the audited financial statements for the year ended 31st March 2019, which disclose the state of affairs of the Company as at 31st March 2019 and the results of operation for the year ended on that date.

1. INCORPORATION AND NATURE OF BUSINESS

The Company was incorporated on 15th June 2010. The main activities of the Company are principally to sell agricultural chemicals. The Company obtained all the licenses and Permissions to start and carry on business in Tanzania. The Company commenced its business operations in the financial year 2011-2012.

2. DIRECTORS

The list of Directors who served the Company during the financial year ended 31st March 2019 was the following:-

Name of the Director	Position	Nationality	Appointment (w.e.f.)
Mr. Mukul Chandra Asher	Non-Executive	Indian	15th June 2010
Mr. Ravi Sursinh Bhatia	Non-Executive	Indian	15th June 2010
Mr. Chetan Shantilal Shah	Non-Executive	Indian	26th October 2016
Mr. Ninad Dwarkanath Gupte	Non-Executive	Indian	26th October 2016
Mr. Tadashi Katayama	Non-Executive	Japanese	26th October 2016

There is no requirement for director's rotation in accordance with the Company's Articles of Association.

3. CORPORATE GOVERNANCE

The Board of directors consists of five Directors. The Board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering material financial matters, and reviewing the performance of management business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

4. SHAREHOLDERS

The shareholders of the Company as at 31st March 2019 were:

Name of the shareholder	Number of Shares	(Amount in Tshs.)
Excel Crop Care Limited (India)	1,699	169,900,000
Sumitomo Chemicals Agro Europe SAS	1	100,000
Total	1,700	170,000,000

5. PERFORMANCE FOR THE YEAR

The results for the year ending on 31st March 2019 and the appropriation thereof are as set out on page no. 8-21.

The sales turnover of the Company during the year ended 31st March, 2019 is lower than the turnover in the preceding year. This is owing to the change in the Company's business model. In the course of the previous financial year the Company has changed from 'Trading' to 'Commission agency' business mode for some businesses. This has resulted in lower turnover; however the Company earned commission on such businesses which is has been reflected in its revenue under the head 'commission received'. The change in business model has resulted in lower credit risks, lower bank charges and lower requirement for working capital. But at the same time its profits are not negatively impacted but have gone up during the year. The profit before Tax during the year ended 31st March, 2019 are higher at TZS 88,463,959 as compared to TZS in the previous financial year.

EXCEL CROP CARE (AFRICA) LIMITED

6. DIVIDEND

The Directors of your Company are pleased to declare a dividend of 25% (Tzs 25,000 per share) subject to the approval of shareholders.

7. SOLVENCY

The state of affairs of the Company as at 31st March 2019 is set out on page 8 of these financial statements.

The directors consider the Company to be solvent within the meaning ascribed by the Companies Act 2002. No matters have come to the attention of the directors to indicate that the Company will not remain a going concern for the next 12 months from the date of this report.

The holding Company and will provide the necessary financial support to enable the Company to continue its future operations. The Board of directors confirms that applicable accounting standards have been followed and are of opinion that the Company will be a going concern in years ahead. Accordingly, the financial statements have been prepared on a going concern basis.

8. EMPLOYEES

The relationship between management and employees of the Company during the year was good and cordial.

9. RELATED PARTY TRANSACTIONS

Related party transactions are disclosed in the notes to financial statements page no. 21 and those transactions are all at arm's length price.

10. DISABLED PERSONS

The Company's policy is to continue with engagement of employees who become disabled while in the services of the Company.

11. STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The Board accepts final responsibility for the risk management and internal control systems of the Company. It is the task of management to ensure that adequate internal financial and operations control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:-

- The efficiency and effectiveness of operations;
- The safeguarding of Company's Assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions and;
- Responsible behavior towards all stake holders

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Company's internal control system is designed to provide the Board with reasonable assurance that the procedures in place are operating efficiently.

The Board assessed the internal control systems throughout the period ended 31st March 2019 and is of the opinion that they met accepted criteria.

The Board carries risk and internal control assessment through Board Meetings on regular basis.

12. POLITICAL AND CHARITABLE DONATIONS

As a policy the Company does not make any political donations.

EXCEL CROP CARE (AFRICA) LIMITED

13. FUTURE PLAN

Annual strategic plans are developed and revised as needed to provide operating management with the guidance and direction for assuring business goals and targets are met.

14. INDEPENDENT AUDITOR

M/s. Baker Tilly DGP & Co. have expressed their willingness to continue in office and are eligible for re-appointment. A resolution proposing their reappointment as Auditors of the Company for the year 2019-20 will be put to the Annual General Meeting.

15. ACKNOWLEDGEMENT

Your directors wish to place on records, their sincere thanks and deep sense of appreciation for the overwhelming co-operation and assistance received from the Government of Tanzania, the Tanzania Revenue Authority, Tanzania Port Authority, various other Government and Semi Government organizations, the bankers of the Company and last but not the least the employees of the Company. The management looks forward for the continued support from all for the coming future.

Approved by the Board of Directors on 21.05.2019 and signed on its behalf by.

Date:
21st May, 2019

Chetan S. Shah
Director

Ninad D. Gupte
Director

Ravi S. Bhatia
Director

DECLARATION OF THE HEAD OF ACCOUNTING AND FINANCE

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance/Accounting responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors/Governing Body/Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements.

Full legal responsibility for the preparation of financial statements rests with the Board of Directors/Governing Body as under paragraph of Responsibilities of the Authorized Representatives on an earlier page.

I, Sibtain Hashim being the Accountant of Excel Crop Care (Africa) Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31st March 2019 have been prepared in compliance with applicable accounting standards and statutory requirements. I thus confirm that the financial statements give a true and fair view position of Excel Crop Care (Africa) Limited as on that date and that they have been prepared based on properly maintained financial records.

Signed by: Sibtain Hashim
Position: Accountant
NBAA Membership No. ACPA 3245
Date: 21st May, 2019

EXCEL CROP CARE (AFRICA) LIMITED

INDEPENDENT AUDITOR'S REPORT

To
The Members of Excel Crop Care (Africa) Limited

Opinion

We have audited the financial statements of Excel Crop Care (Africa) Limited, which comprise the Statement of Financial Position as at 31st March 2019, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st March 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the Companies Act, 2002.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with The National Board of Accountants and Auditors (Code of Ethics) By - Laws, 2013, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the Director's Report as required by the Companies Act, 2002, which we obtained prior to the date of this report. Other information does not include the Financial Statements and our auditor's report thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Partners:

K. S. Bhattbhatt (Tanzanian)
Kailas K. Bhattbhatt (Tanzanian)
Vishwanshu H. Trivedi (Indian)

EXCEL CROP CARE (AFRICA) LIMITED

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosure made by the directors.

Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

As required by the Companies Act, 2002, we report to you, based on our audit, that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books;
- iii) the director's report is consistent with the financial statements;
- iv) information specified by the law regarding director's remuneration and transactions with the Company is disclosed; and
- v) The Company's Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income are in agreement with the books of accounts.

For Baker Tilly DGP & Co.
Certified Public Accountants,

Kailas K. Bhattbhatt
Partner

*Place : Dar es Salaam
Dated : 21st May 2019*

EXCEL CROP CARE (AFRICA) LIMITED

STATEMENT OF FINANCIAL POSITION AS ON 31st MARCH, 2019

Particulars	NOTE	31st March, 2019 Tzs	31st March, 2018 Tzs
Non-current assets			
Property, plant and equipment	21	3,97,53,753	15,73,563
Deferred tax assets	12	78,87,522	—
		4,76,41,275	15,73,563
Current assets			
Inventories	13	7,49,87,640	70,35,89,524
Trade and other receivables	14	1,38,30,77,530	1,30,48,49,213
Cash and cash equivalents	15	8,39,95,659	80,33,33,035
Tax receivable	19A	97,71,29,372	73,63,76,957
		2,51,91,90,201	3,54,81,48,729
Total assets		2,56,68,31,476	3,54,97,22,292
Equity			
Share capital	16	17,00,00,000	17,00,00,000
Retained earnings		80,17,45,877	1,41,76,57,054
		97,17,45,877	1,58,76,57,054
Non-current liabilities			
Deferred tax liabilities	12	36,19,430	2,94,67,080
		36,19,430	2,94,67,080
Current liabilities			
Trade and other payables	17	65,91,93,559	1,87,32,68,258
Provisions	18	89,75,32,888	5,93,29,900
Current tax	19B	3,47,39,722	—
		1,59,14,66,169	1,93,25,98,158
Total equity and liabilities		2,56,68,31,476	3,54,97,22,292

The significant accounting policies on pages 12 to 16 and the notes on pages 17 to 21 form an integral part of these financial statements.
 Report of the Independent Auditor's on page 6 & 7.
 The financial statements on Pages 8 to 21 were approved by the Board of Directors and signed on behalf by:

Date: 21st May, 2019	Chetan S. Shah Director	Ninad D. Gupte Director	Ravi S. Bhatia Director
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EXCEL CROP CARE (AFRICA) LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST MARCH 2019

Particulars	NOTE	2018-19 Tzs	2017-18 Tzs
Revenue		2,05,95,07,890	5,58,36,46,589
Cost of sales	6	95,10,66,875	4,56,10,77,779
		1,10,84,41,015	1,02,25,68,810
Gross profit		1,10,84,41,015	1,02,25,68,810
Other income	7	81,23,132	—
		1,11,65,64,147	1,02,25,68,810
Less: Expenses			
Staff costs	8	(37,24,89,451)	(32,90,85,006)
Administrative Expenses	9	(18,63,05,720)	(22,11,19,905)
Selling and distribution expenses	10	(3,67,71,957)	(7,20,59,783)
Financial expenses	11	(4,77,41,737)	(1,55,12,793)
		(64,33,08,865)	(63,77,77,487)
Profit/(Loss) before tax		47,32,55,282	38,47,91,323
Less: Tax expense/credit	12	(15,80,04,550)	(11,54,37,397)
Profit/(Loss) after tax		31,52,50,732	26,93,53,926

The significant accounting policies on pages 12 to 16 and the notes on pages 17 to 21 form an integral part of these financial statements.

Report of the Independent Auditor's on page 6 & 7.

The financial statements on Pages 8 to 21 were approved by the Board of Directors and signed on behalf by:

Date:
21st May, 2019

Chetan S. Shah
Director

Ninad D. Gupte
Director

Ravi S. Bhatia
Director

EXCEL CROP CARE (AFRICA) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH 2019

Particulars	Share Capital Tzs	Retained Earnings Tzs	Total Tzs
<u>Year ended 31st March 2018</u>			
As at start of the year	17,00,00,000	1,17,38,03,128	1,34,38,03,128
Dividend Paid	—	(2,55,00,000)	(2,55,00,000)
	17,00,00,000	1,14,83,03,128	1,31,83,03,128
Net profit/(loss)	—	26,93,53,926	26,93,53,926
At the end of the year	17,00,00,000	1,41,76,57,054	1,58,76,57,054
<u>Year ended 31st March 2019</u>			
As at start of the year	17,00,00,000	1,41,76,57,054	1,58,76,57,054
Dividend paid	—	(8,50,00,000)	(8,50,00,000)
Prior year corporate tax liability as per assessment	—	(12,30,39,289)	(12,30,39,289)
Deemed capital gain 2016-17	—	(71,74,75,691)	(71,74,75,691)
Prior year adjustments	—	(56,46,929)	(56,46,929)
	17,00,00,000	48,64,95,145	65,64,95,145
Net profit/(loss)	—	31,52,50,732	31,52,50,732
At the end of the year	17,00,00,000	80,17,45,877	97,17,45,877
<p>The significant accounting policies on pages 12 to 16 and the notes on pages 17 to 21 form an integral part of these financial statements. Report of the Independent Auditor's on page 6 & 7. The financial statements on Pages 8 to 21 were approved by the Board of Directors and signed on behalf by:</p>			
<p><i>Date:</i> 21st May, 2019</p>	<p>Chetan S. Shah <i>Director</i></p>	<p>Ninad D. Gupte <i>Director</i></p>	<p>Ravi S. Bhatia <i>Director</i></p>

EXCEL CROP CARE (AFRICA) LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2019

Particulars	2018-19 Tzs	2017-18 Tzs
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	47,32,55,282	38,47,91,323
Adjustments for:		
Depreciation and amortisation	43,35,952	9,44,137
Profit / loss on sale of fixed assets	(81,23,132)	—
Prior period adjustment	(84,61,61,909)	—
Unrealised forex exchange gain / loss	—	(9,82,23,599)
	<u>(37,66,93,807)</u>	<u>28,75,11,861</u>
Movements in working capital:		
(Increase)/decrease in inventories	62,86,01,884	(70,35,89,524)
(Increase)/decrease in trade and other receivables	(7,82,28,317)	2,21,85,80,281
Increase/(decrease) in trade and other payables	(37,58,71,711)	(2,57,11,12,366)
Cash generated from operations	<u>(20,21,91,951)</u>	<u>(76,86,09,748)</u>
Less: Taxes paid	(39,77,52,415)	(9,37,06,476)
Net cash generated by operating activities (A)	<u>(59,99,44,366)</u>	<u>(86,23,16,224)</u>
Cash flow from investing activities		
Payments of purchase of property, plant and equipment	(4,38,93,010)	—
Proceed from disposal of property, plant and equipment	95,00,000	—
Net cash (used in)/generated by investing activities (B)	<u>(3,43,93,010)</u>	<u>—</u>
Cash flow from financing activities		
Dividend paid	(8,50,00,000)	(2,55,00,000)
Net cash (used in)/generated by financing activities (C)	<u>(8,50,00,000)</u>	<u>(2,55,00,000)</u>
Net increase in cash and cash equivalents (A+B+C)	<u>(71,93,37,376)</u>	<u>(88,78,16,224)</u>
Cash and Cash equivalent at the beginning of the year	80,33,33,035	1,69,46,40,520
Effect of exchange rate changes on the cash and cash equivalents held in foreign currencies	—	(34,91,261)
Cash and Cash equivalent at the end of the year	<u><u>8,39,95,659</u></u>	<u><u>80,33,33,035</u></u>

The significant accounting policies on pages 12 to 16 and the notes on pages 17 to 21 form an integral part of these financial statements.

Report of the Independent Auditor's on page 6 & 7.

The financial statements on Pages 8 to 21 were approved by the Board of Directors and signed on behalf by:

Date:
21st May, 2019

Chetan S. Shah
Director

Ninad D. Gupte
Director

Ravi S. Bhatia
Director

EXCEL CROP CARE (AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

SIGNIFICANT ACCOUNTING POLICY AND NOTES TO FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Excel Crop Care (Africa) Limited is a limited liability company incorporated and domiciled in the United Republic of Tanzania. These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of shareholders of the company.

2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

a) Standards, Amendments to the standards and Interpretations effective in the year 2018

The following standards, amendments and new interpretations issued by the IFRIC and are mandatory for the accounting periods beginning on or after 1st January 2018:

- IFRS 9 - Financial Instruments
- IFRS 15 - Revenue from Contracts with Customers
- IFRIC Interpretation 22 - Foreign Currency Transactions and Advance Consideration
- Amendments to IAS 40 - Transfers of Investment Property
- Amendments to IFRS 2 - Classification and Measurement of Share-based Payment Transactions
- Amendments to IFRS 4 - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
- Amendments to IAS 28 - Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice
- Amendments to IFRS 1 - First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters

The adoption of these standards, amendments and interpretations has not led to any change in the accounting policies of the Company.

b) Standards, Amendments and Interpretations issued, but not yet effective

A number of new standards, amendments to standards and interpretations are effective for forthcoming periods and the Company had not adopted any of these Standards, Amendments of interpretations from an early date. The management does not foresee any major change in the accounting policies of the Company due to such amendments.

- IFRS 16 - Leases (effective from 1st January 2019)
- IFRS 17- Insurance Contracts (effective from 1st January 2021)
- Amendments to IFRS 9 - Prepayment Features with Negative Compensation (effective from 1st January 2019)
- Amendments to IAS 28 - Long-term Interests in Associates and Joint Ventures (effective from 1st January 2019)
- Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs (*Part of Annual Improvements to IFRS Standards 2015 - 2017 Cycle*) (effective from 1st January 2019)
- Amendments to IAS 19 - Plan Amendment, Curtailment or Settlement (effective from 1st January 2019)
- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate of Joint Venture (effective period yet to be determined)
- IFRIC 23 - Uncertainty over Income Tax Treatments (effective from 1st January 2019)

EXCEL CROP CARE (AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

3. SUMMARY OF ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

A. BASIS OF PREPARATION

The financial statements of Excel Crop Care (Africa) Limited comply with the Tanzanian Companies Act 2002 and have been prepared in accordance with International Financial Reporting Standards (IFRS). Where necessary, comparative figures have been amended to confirm with changes in presentation in the current year. The financial statements are prepared under the historical cost convention.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

B. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the company's balance sheet when the company has become a party to the contractual provisions of the instrument. The accounting policies in respect of the main financial instruments are set out below:

(i) Cash and cash equivalents

Cash and cash equivalents comprise, balances with banks, cash on hand, demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(ii) Trade debtors and other receivables

Trade debtors and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade debtors and other receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognised in the income statement. Bad debts are written off after all steps to recover them have failed.

(iii) Financial liabilities and trade payables

Financial liabilities are recognised initially at fair value, net of transaction costs incurred. Financial liabilities are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the financial liability using the effective interest method.

Trade payables are initially measured at cost, which is the fair value of the amount payable in future, and are subsequently measured at amortised cost, using the effective interest rate method.

(iv) Fair values

Except where stated elsewhere, the carrying amounts of the financial instruments approximate their fair values because they carry market rates of interest.

EXCEL CROP CARE (AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

C. FOREIGN CURRENCIES

(i) Functional and presentation currency

Items included in the financial statements of the company are measured using Tanzanian Shillings, the currency of the primary economic environment in which the entity operates (“functional currency”).

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. They are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

D. DEFERRED INCOME TAXES

Income tax expense is the aggregate of the charge to the income statement in respect of current income tax and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with Tanzania Income Tax Act 2004.

Deferred income tax is provided in full using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Under this method the company is required to make provision for deferred income taxes on the revaluation of certain non-current assets and, in relation to an acquisition, on the difference between the fair values of the net assets acquired and their tax base.

The principal temporary differences arise from depreciation on property, plant and equipment, and tax losses carried forward.

Deferred income tax is determined using tax rates (and laws) that have been enacted or subsequently enacted to the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is recognised as income tax benefit or expense in the year in which it arises.

E. REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent of the expenses incurred that are recoverable.

F. PROVISION

Provisions are recognised when the company has a present or constructive obligation as a result of past events; it is probable that an outflow of resources, that can be reliably estimated, will be required to settle the obligation.

G. RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party making financial or operational decisions.

EXCEL CROP CARE (AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax asset that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(ii) Assets useful lives

The useful lives of plant and equipment have been estimated to be in line with the rate at which they are depreciated i.e. 37.5% for Motor vehicles Class I

(iii) Provision for impairment of trade receivables

Provision for impairment of trade receivables have been estimated based on the probability of future recoverability of these receivables.

5. FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities comprise inter-company and trade payables. The main purpose of these financial liabilities is to raise finance for the operations of the Company. The Company has various financial assets such as trade receivables and cash and cash equivalents which arise directly from its operations.

The company's activities expose it to a variety of financial risks including; market risk, foreign currency risk, liquidity risk and credit risk. A description of the significant risk factors is given below together with the risk management policies applicable.

(i) Market risk – foreign currency risk

The company operates wholly in Tanzania and its assets and liabilities are reported in Tanzanian Shillings. The company receives significant part of its revenue in Euro and US Dollar currencies and also pays part of its expenses in foreign currency. It is exposed to foreign exchange risk arising from currency exposures primarily with respect to US Dollars and Euros.

Exposure to foreign currency risk is not hedged but the company maintains bank accounts in Tanzanian Shillings, US Dollars and Euros to which payments obligations are designated.

(ii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and availability of funding through an adequate amount of committed credit facilities.

The company minimizes liquidity risks by maintaining adequate current assets that cover all current liabilities.

(iii) Credit risk

Potential concentration of credit risk consists partially of trade debtors. Trade debtors are presented net of provision for impairment. Accordingly, the company has no significant credit risk which has not been adequately provided for. The company maintains proper credit vetting and credit controls and the terms of sales on credit are with customers who have proven credit worthiness.

EXCEL CROP CARE (AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

	2018-19 Tzs	2017-18 Tzs
6. COST OF SALES		
Opening stock of Traded Goods	70,35,89,524	—
Add: Purchases	22,35,27,062	5,17,06,61,087
Less: Closing stock (Goods on transit)	(7,49,87,640)	(70,35,89,524)
Cost of Goods Sold	85,21,28,946	4,46,70,71,563
ADD: DIRECT COSTS		
Clearing and forwarding charges	—	7,58,62,280
Testing and sample expenses	—	1,81,43,936
Registration and license	9,89,37,929	—
	9,89,37,929	9,40,06,216
Total cost of sales	95,10,66,875	4,56,10,77,779
7. OTHER INCOME		
Profit on sale of fixed assets	81,23,132	—
Total	81,23,132	—
8. STAFF COST		
Salaries & Wages	30,63,94,020	27,98,17,146
Staff insurance	1,27,52,399	30,44,583
Other allowance	1,43,34,000	89,96,000
NSSF / PPF contribution	2,73,56,940	2,41,32,669
Staff LTA	83,82,932	1,01,20,500
Workmen Compensation Fund	32,69,160	29,74,108
Total	37,24,89,451	32,90,85,006
9. ADMINISTRATIVE EXPENSES		
Audit fees	1,70,30,232	1,68,88,410
Depreciation	43,35,952	9,44,137
Electricity expenses	18,49,162	5,13,000
Capital Gain Tax (Transfer of Shares)	3,66,692	—
Fuel and vehicle expenses	52,37,470	53,17,273
Motor vehicle insurance expense	72,05,228	6,02,154
Service and maintenance charges on rent	49,01,040	48,36,240
Rent	3,53,96,400	3,52,79,244
Postage, courier, telephone and internet expenses	67,49,205	80,80,905
Professional and legal fees	3,95,81,360	1,90,16,458
Provision for bad debts	4,61,46,240	—
Registration and license	—	10,53,10,802
Repairs and maintenance - Indirect	18,26,300	48,09,660
Printing and stationery expenses	7,22,414	10,43,900
Stamp duty	4,14,932	—
News paper and periodicals	4,36,000	3,99,000
Write off	(31,95,922)	—
Food and Drinks	42,59,930	—
Transportation and travelling expenses	1,21,43,085	1,80,78,722
Withholding tax	9,00,000	—
Total	18,63,05,720	22,11,19,905

EXCEL CROP CARE (AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

	2018-19 Tzs	2017-18 Tzs		
10. SELLING AND DISTRIBUTION EXPENSES				
City service levy charges	76,86,907	1,46,23,498		
Promotion expenses	2,90,85,050	2,20,84,335		
Marketing expenses	—	3,53,51,950		
Total	3,67,71,957	7,20,59,783		
11. FINANCIAL EXPENSES				
Bank charges	56,32,972	4,55,44,744		
Foreign exchange loss / (gain) - realised	1,58,17,025	6,81,91,648		
Foreign exchange loss / (gain) - unrealised	2,62,91,740	(9,82,23,599)		
Total	4,77,41,737	1,55,12,793		
12. TAX EXPENSES				
Current tax	19,17,39,722	8,07,95,905		
Deferred tax	(3,37,35,172)	3,46,41,492		
Total	15,80,04,550	11,54,37,397		
Reconciliation of tax expenses:				
Net profit as per statement of profit or loss	47,32,55,282	38,47,91,323		
Tax @ 30% (2018: 30%)	14,19,76,585	11,54,37,397		
Adjustment for:				
Permit and visa fees	1,10,008	—		
Penalties and fines	18,04,086	—		
Others	1,41,13,871	—		
Tax expenses as per books	15,80,04,550	11,54,37,397		
Break-up of deferred tax:				
Particulars	At start of the year Tzs	Charge to statement of profit or loss Tzs	Charged to equity Tzs	At end of the year Tzs
<u>Deferred tax liabilities</u>				
Property, plant and equipment - accelerated capital allowance	—	36,19,430	—	36,19,430
Unrealised foreign exchange gain	2,94,67,080	(2,94,67,080)	—	—
	2,94,67,080	(2,58,47,650)	—	36,19,430
<u>Deferred tax asset</u>				
Unrealised foreign exchange loss	—	(78,87,522)	—	(78,87,522)
	—	(78,87,522)	—	(78,87,522)
Net deferred tax liability/(asset)	2,94,67,080	(3,37,35,172)	—	(42,68,092)
13. INVENTORIES				
Closing stock (Goods on transit)		7,49,87,640		70,35,89,524
Total		7,49,87,640		70,35,89,524
14. TRADE AND OTHER RECEIVABLES				
Advance to employees		11,26,000		—
Advance to suppliers		—		1,48,24,360
Prepaid expenses		—		8,36,229
Trade debtors		1,38,19,51,530		1,28,91,88,624
Total		1,38,30,77,530		1,30,48,49,213

EXCEL CROP CARE (AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

	2018-19 Tzs	2017-18 Tzs
15. CASH AND CASH EQUIVALENTS		
Cash in hand	—	15
Cash at banks	8,39,95,659	80,33,33,020
	<u>8,39,95,659</u>	<u>80,33,33,035</u>
16. SHARE CAPITAL		
<i>Authorised capital</i>		
10,000 shares of Tzs 100,000/- each	1,00,00,00,000	1,00,00,00,000
Issued and paid-up share capital		
1,700 shares of Tzs 100,000/- each	17,00,00,000	17,00,00,000
	<u>17,00,00,000</u>	<u>17,00,00,000</u>
17. TRADE AND OTHER PAYABLES		
Trade creditors	96,69,139	25,78,37,757
Advance from customers	9,17,10,720	80,01,000
Due to associate companies and related parties	55,57,05,108	1,60,64,30,945
Withholding tax payable	21,08,592	9,98,556
	<u>65,91,93,559</u>	<u>1,87,32,68,258</u>
18. PROVISIONS		
Provision for prior year corporate tax liability as per assessment	12,30,39,289	—
Sampath Imprest	54,10,647	—
Professional Fees Payable	59,65,134	58,60,894
Deemed capital gain 2016-17	71,74,75,691	—
Audit fees payable	1,86,23,304	1,82,97,864
Provision for expenses	2,70,18,823	3,51,71,142
	<u>89,75,32,888</u>	<u>5,93,29,900</u>
19A. TAX RECEIVABLE		
Tax claim for the year 2012-13	(59,90,695)	(59,90,695)
Deemed capital gain tax recoverable	(71,74,75,691)	(71,74,75,691)
Tax paid for assessment under objection	(24,07,52,415)	—
Tax claim for the year 2018	(1,29,10,571)	—
	<u>(97,71,29,372)</u>	<u>(72,34,66,386)</u>
19B. CURRENT TAX		
Provision for tax current year tax	19,17,39,722	8,07,95,905
Advance tax paid	(15,70,00,000)	(9,37,06,476)
	<u>3,47,39,722</u>	<u>(1,29,10,571)</u>
	<u>(1,95,42,58,744)</u>	<u>(1,44,69,32,772)</u>
20. CONTINGENT LIABILITY		
<p>During this financial year there was review for tax accounts which shows that Excel Crop Care (Africa) Limited is liable to pay Tshs. 727,904,171 to Tanzania Revenue Authority.</p> <p>This balance is inclusive of interest for failure to make payments for corporate tax from 2012 upto 2017, withholding tax for resident from 2014 upto 2018 and stamp duty from 2012 upto 2017 within the time prescribed by the law.</p> <p>The company has paid demand for stamp duty amounting to Tshs. 1,974,020 and withholding tax amounting to Tshs. 3,672,909 (Interest inclusive). There is also additional tax liability as per Tanzania Revenue Authority for corporate tax amounting to Tshs. 123,039,289 and deemed capital gain amounting to Tshs. 602,185,760. The company has objected the same and paid Tshs. 240,752,415 (appx 1/3rd of liability assessed by TRA).</p>		

EXCEL CROP CARE (AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

Particulars	Motor vehicles Class I Tzs	Total Tzs
21. PROPERTY, PLANT & EQUIPMENT		
Cost		
Balances at 1st April 2017	2,40,00,000	2,40,00,000
Balances at 31st March 2018	2,40,00,000	2,40,00,000
Comprising:		
Cost	—	—
Revaluation	2,40,00,000	2,40,00,000
Balances at 1st April 2018	2,40,00,000	2,40,00,000
Additions	4,38,93,010	4,38,93,010
Disposals	(2,40,00,000)	(2,40,00,000)
Revaluation increase / (decrease)	—	—
Balances at 31st March 2019	4,38,93,010	4,38,93,010
Accumulated depreciation		
Balances at 1st April 2017	2,14,82,300	2,14,82,300
Depreciation for the year	9,44,137	9,44,137
Disposals	—	—
Balances at 31st March 2018	2,24,26,437	2,24,26,437
Balances at 1st April 2018	2,24,26,437	2,24,26,437
Depreciation for the year	43,35,952	43,35,952
Disposals	(2,26,23,132)	(2,26,23,132)
Balances at 31st March 2019	41,39,257	41,39,257
Carrying value		
Balances at 31st March 2019	3,97,53,753	3,97,53,753
Balances at 31st March 2018	15,73,563	15,73,563
22. RELATED PARTY DISCLOSURE		
The company has following related parties by virtue of common shareholding / directorship:		
Outside Tanzania		
(1) Excel Crop Care Limited (India) - Holding company of Excel Crop Care (Africa) Limited		
	2018-19	2017-18
	Tzs	Tzs
Transactions:		
Trading:		
Purchases		
In Tanzania		
1) Excel Crop Care Limited (India)	22,35,27,062	4,76,43,02,633
Expenses paid on behalf of Related Party In Tanzania		
1) Excel Crop Care Limited (India)	69,02,730	65,87,132
Commission received from Related Party In Tanzania		
1) Excel Crop Care Limited (India)	86,22,56,890	49,66,41,137
	31st March 2019	31st March 2018
	Tzs	Tzs
Outstanding balances:		
Due to associate company	55,57,05,108	1,60,64,30,945
23. Previous year's figure have been regrouped / rearranged wherever necessary to make them comparable with those of current year.		

EXCEL CROP CARE (AFRICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

COMPUTATION OF TAXABLE INCOME	2018-19 Tzs	2017-18 Tzs
Profit/(Loss) as per statement of profit or loss	473,255,282	384,791,323
Add:		
Depreciation and amortisation	4,335,952	944,137
Capital Gain Tax (Transfer of Shares)	366,692	—
Withholding tax	900,000	—
Penalties and other Tax demand	6,013,621	—
Provision for bad debts	46,146,240	—
Unrealised forex loss - current year	26,291,740	—
Unrealised forex gain - previous year	98,223,599	—
	655,533,126	385,735,460
Less:		
Wear and tear allowance	8,277,586	944,137
Gain on disposal	8,123,132	—
Unrealised forex gain - current year	—	98,223,599
Unrealised forex loss - previous year	—	17,248,040
Taxable income/(loss)	639,132,408	269,319,684
Less: Brought forward of loss	—	—
Taxable income for the year	639,132,408	269,319,684
Tax on income @30%	191,739,722	80,795,905
Less:		
Advance Tax paid	(157,000,000)	(93,706,476)
Balance current tax Payable/(refundable)	34,739,722	(12,910,571)
Wear and tear schedule		
Particulars	Class I	Total
Method of Depreciation	WDV	
Rate	37.50%	
Opening balance at 1st April 2018	1,573,563	1,573,563
Additions	30,000,000	30,000,000
Residual expenditure	—	—
	31,573,563	31,573,563
Less: Disposal	9,500,000	9,500,000
	22,073,563	22,073,563
Initial allowance	—	—
Wear and tear	8,277,586	8,277,586
Closing balance 31st March 2019	13,795,977	13,795,977

EXCEL CROP CARE (EUROPE) N.V.

REPORT OF THE BOARD OF DIRECTORS TO THE GENERAL MEETING OF SHAREHOLDERS

Dear Sirs,

We have the honour to report to you on the activities of our company during the closed financial year and to submit the annual accounts closed on 31 March 2019 for approval in accordance with the legal and statutory stipulations.

1. COMMENTS WITH THE ANNUAL ACCOUNTS

1.1 Balance after appropriation

The fixed assets have not changed since last financial year and remain at EUR 3.300,00.

The current assets have decreased from EUR 1.522.050,55 to EUR 1.417.390,91

The net assets have decreased from EUR 1.484.614,07 to EUR 1.395.422,76 for the closed financial year.

The debts have decreased from EUR 40.736,48 to EUR 25.268,15.

1.2. Income statement

• Operating income	EUR	896.956,75
• Operating charges (-)	EUR	981.582,88

The turnover of this year has decreased from EUR 2.543.761,25 to EUR 896.956,75 as opposed to the previous financial year.

The operating charges have also decreased from EUR 2.575.041,79 to EUR 981.582,88 as opposed to the previous financial year.

The financial income has decreased from EUR 3.390,95 to EUR 26,84. The financial charges have decreased from EUR 13.522,19 to EUR 4.592,02, so the final loss of the financial year amounts to EUR 89.191,31.

1.3. Appropriation of the result

We propose the following appropriation to you:

• Loss of the financial year to be appropriated	EUR	89.191,31
• Profit carried forward from the previous financial year	EUR	1.415.314,07
• Profit to appropriate	EUR	1.326.122,76
• Profit to carry forward	EUR	1.326.122,76

2. MAIN RISKS AND UNCERTAINTIES

With the exception of ordinary enterprise risks, we are of the opinion that there are no specific risks or uncertainties.

3. JUSTIFICATION OF THE VALUATION MEASURES UNDER THE ASSUMPTION OF CONTINUITY

The board of directors takes note of article 96, 6° of the Companies Code which shows that in the event the balance sheet shows a loss carried forward or if the income statement shows a loss of the financial year during two consecutive financial years, the annual report should contain a justification of the valuation rules under the assumption of continuity.

After deliberation, the board of directors decides that the continuity of the company is not endangered as the company has a net worth of EUR 1.395.422,76 on March 31st, 2019.

EXCEL CROP CARE (EUROPE) N.V.

4. INFORMATION ON THE IMPORTANT EVENTS AFTER THE CLOSING OF THE FINANCIAL YEAR

Since the closing of the financial year no events have occurred which could influence the results and the financial position of the company significantly.

5. CIRCUMSTANCES WHICH CAN SIGNIFICANTLY INFLUENCE THE DEVELOPMENT OF THE COMPANY

We do not foresee any circumstances worth mentioning that can influence the development of our company significantly.

6. RESEARCH AND DEVELOPMENT

During the closed financial year there were no activities carried out in the field of research and development.

7. CONFLICT OF INTEREST IN THE BOARD OF DIRECTORS (ARTICLE 523 OF THE COMPANIES CODE)

We mention that there were during the financial year no conflicts of interests that fall within the scope of article 523 of the Companies Code.

8. ANNOUNCEMENT REGARDING THE USE OF FINANCIAL INSTRUMENTS BY THE COMPANY INSOFAR THAT THESE ARE OF IMPORTANCE FOR THE REVIEW OF ITS ASSETS, LIABILITIES, ITS FINANCIAL SITUATION AND ITS RESULTS

The company does not use such instruments.

9. BRANCHES

The company does not own any branches.

10. CAPITAL MUTATIONS AND ISSUE OF CONVERTABLE BONDS AND WARRANTS AS DECIDED BY THE BOARD OF DIRECTORS IN THE COURSE OF THE FINANCIAL YEAR

The board of directors notifies that there were no capital mutations during the financial year to be reported in conformity with article 608 of the Companies Code, nor were there convertible bonds or warrants issued after a decision of the board of directors.

11. ACQUISITION OF OWN SHARES

The board of directors notifies that neither the company nor a direct subsidiary nor a person acting in own name but for the account of the company or a direct subsidiary has acquired shares, profit certificates or certificates of the company.

We hope that you will approve the attached annual accounts and will also grant release to the directors and the statutory auditor for acts carried out during the execution of their mandate during the closed financial year.

21 May 2019,
The Board of Directors,

Ninad D. Gupte	}	Director
Tadashi Katayama		Director
MBM Consult SPRL		Director Permanent represented by Preti Michel
Chetan Shah		Director

EXCEL CROP CARE (EUROPE) N.V.

STATUTORY AUDITOR'S REPORT TO THE GENERAL MEETING OF EXCEL CROP CARE (EUROPE) N.V. FOR THE YEAR ENDED MARCH 31, 2019

In the context of the statutory audit of the annual accounts of EXCEL CROP CARE (EUROPE) N.V., we hereby present our statutory auditor's report. It includes our report on the audit of the annual accounts as well as our report on the other legal and regulatory requirements. These reports form part of an integrated whole and are indivisible.

We have been appointed as statutory auditor by the extraordinary general meeting of June 29, 2017, following the proposal formulated by the board of directors. Our statutory auditor's mandate expires on the date of the general meeting deliberating on the annual accounts closed on March 31, 2020. We have performed the statutory audit of the annual accounts of EXCEL CROP CARE (EUROPE) N.V. for 8 consecutive years.

Report on the audit of the annual accounts

Unqualified opinion

We have audited the financial statements of the Company prepared by the external accountant Deloitte, which comprise the balance sheet as at March 31, 2019, the profit and loss account for the year then ended and the notes to the annual accounts, characterised by a balance sheet total of € 1.420.690,91 and a profit and loss account showing a loss for the year of € -89.191,31.

In our opinion, the annual accounts give a true and fair view of the Company's net equity and financial position as at March 31, 2019, as well as of its results for the year then ended, in accordance with the financial reporting framework applicable in Belgium.

Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Our responsibilities under those standards are further described in the '*Statutory auditor's responsibilities for the audit of the annual accounts*' section in this report. We have complied with all the ethical requirements that are relevant to the audit of annual accounts in Belgium, including those concerning independence.

We have obtained from the board of directors and company officials the explanations and information necessary for performing our audit.

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

Responsibilities of the board of directors for the annual accounts

The board of directors is responsible for the preparation of annual accounts that give a true and fair view in accordance with the financial reporting framework applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the board of directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

EXCEL CROP CARE (EUROPE) N.V.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the annual accounts and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

Report on the other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the annual report, as well as for the compliance with the legal and regulatory requirements regarding bookkeeping, with the Company Code and with the Company's by-laws.

Responsibilities of the statutory auditor

In the context of our mandate and in accordance with the Belgian standard (Revised in 2019) which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, it is our responsibility to verify, in all material aspects, the annual report of the Board of Directors, and compliance with certain provisions of the Company Code and of the Company's by-laws, as well as to report on these elements.

Aspects related to the annual report of the Board of Directors

In our opinion, after having performed specific procedures in relation to the management report, the annual report is consistent with the annual accounts for the same financial year, and it is prepared in accordance with articles 95 and 96 of the Company Code.

In the context of our audit of the annual accounts, we are also responsible for considering, in particular based on the knowledge we have obtained during the audit, whether the annual report contains any material misstatement, i.e. any information which is inadequately disclosed or otherwise misleading. Based on the procedures we have performed, there are no material misstatements we have to report to you.

EXCEL CROP CARE (EUROPE) N.V.

We do not express any form of assurance whatsoever on the management report.

Statement related to independence

- Our audit firm did not provide services which are incompatible with the statutory audit of annual accounts, and we remained independent of the Company during the terms of our mandate.
- The fees related to additional services which are compatible with the statutory audit of annual accounts as referred to in Article 134 of the Company Code.

Other statements

- Without prejudice to certain formal aspects of minor importance, the accounting records are maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- The appropriation of results proposed to the general meeting complies with the legal provisions and the Company's by-laws.
- There are no transactions undertaken or decisions taken in breach of the by-laws or of the Company Code that we have to report to you.

Zandhoven, May 27, 2019

The Statutory Auditor

Mertens, Dewaele, Achten & C^o
Certified Public Accountants BV ufo BVBA
Represented by Dirk Achten

EXCEL CROP CARE (EUROPE) N.V.

BALANCE SHEET AFTER APPROPRIATION

	2019 €	2018 €
ASSETS		
Formation expenses	—	—
FIXED ASSETS	3,300,00	3,300,00
Intangible fixed assets	—	—
Tangible fixed assets	—	—
Land and buildings	—	—
Plant, machinery and equipment	—	—
Furniture and vehicles	—	—
Leasing and similar rights	—	—
Other tangible fixed assets	—	—
Assets under construction and advance payments	—	—
Financial fixed assets	3,300,00	3,300,00
Affiliated enterprises	—	—
Participating interests	—	—
Amounts receivable	—	—
Enterprises linked by participating interests	—	—
Participating interests	—	—
Amounts receivable	—	—
Other financial assets	3,300,00	3,300,00
Shares	—	—
Amounts receivable and cash guarantees	3,300,00	3,300,00
CURRENT ASSETS	1,417,390,91	1,522,050,55
Amounts receivable after more than one year	—	—
Trade debtors	—	—
Other amounts receivable	—	—
Stocks and contracts in progress	50,400,00	347,600,00
Stocks	50,400,00	347,600,00
Raw materials and consumables	—	—
Work in progress	—	—
Finished goods	—	—
Goods purchased for resale	50,400,00	347,600,00
Immovable property intended for sale	—	—
Advance payments	—	—
Contracts in progress	—	—
Amounts receivables within one year	10,192,03	410,765,50
Trade debtors	1,925,00	403,906,25
Other amounts receivables	8,267,03	6,859,25
Current investments	—	—
Own shares	—	—
Other investments	—	—
Cash at bank and in hand	1,351,892,68	760,028,85
Deferred charges and accrued income	4,906,20	3,656,20
TOTAL ASSETS	1,420,690,91	1,525,350,55

EXCEL CROP CARE (EUROPE) N.V.

BALANCE SHEET AFTER APPROPRIATION (Cont'd.)

	2019	2018
	€	€
EQUITY AND LIABILITIES		
EQUITY	1,395,422,76	1,484,614,07
Capital	63,000,00	63,000,00
Issued capital	63,000,00	63,000,00
Uncalled capital	—	—
Share premium account	—	—
Revaluation surpluses	—	—
Reserves	6,300,00	6,300,00
Legal reserve	6,300,00	6,300,00
Reserves not available	—	—
In respect of own shares held	—	—
Other	—	—
Untaxed reserves	—	—
Available reserves	—	—
Accumulated profits (losses) (+)/(-)	1,326,122,76	1,415,314,07
Investment grants	—	—
Advance to associates on the sharing out of the assets	—	—
PROVISIONS AND DEFERRED TAXES	—	—
Provisions for liabilities and charges	—	—
Pensions and similar obligations	—	—
Taxation	—	—
Major repairs and maintenance	—	—
Environmental obligations	—	—
Other liabilities and charges	—	—
Deferred taxes	—	—
AMOUNTS PAYABLE	25,268,15	40,736,48
Amounts payable after more than one year	—	—
Financial debts	—	—
Subordinated loans	—	—
Unsubordinated debentures	—	—
Leasing and other similar obligations	—	—
Credit institutions	—	—
Other loans	—	—
Trade debts	—	—
Suppliers	—	—
Bills of exchange payable	—	—
Advances received on contracts in progress	—	—
Other amounts payable	—	—
Amounts payable within one year	16,268,15	31,736,48
Current portion of amounts payable after more than one year falling due within one year	—	—
Financial debts	—	—
Credit institutions	—	—
Other loans	—	—
Trade debts	16,268,15	31,736,48
Suppliers	16,268,15	31,736,48
Bills of exchange payable	—	—
Advances received on contracts in progress	—	—
Taxes, remuneration and social security	—	—
Taxes	—	—
Remuneration and social security	—	—
Other amounts payable	—	—
Accruals and deferred income	9,000,00	9,000,00
TOTAL LIABILITIES	1,420,690,91	1,525,350,55

EXCEL CROP CARE (EUROPE) N.V.

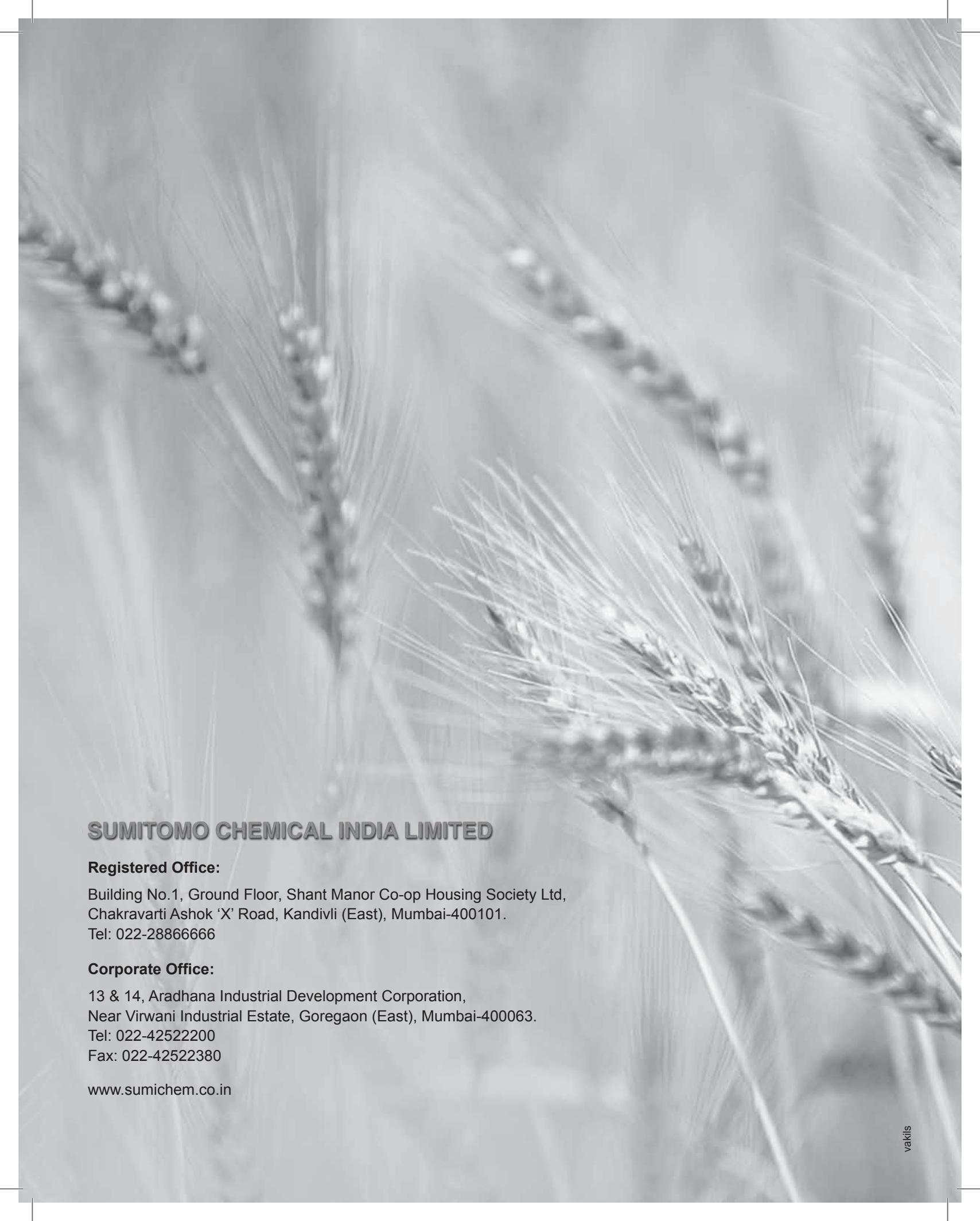
INCOME STATEMENT

	2019 €	2018 €
INCOME STATEMENT		
Operating income	896,956,75	2,543,761,25
Turnover	896,956,75	2,543,761,25
Stocks of finished goods and work and contracts in progress: increase (decrease) (+)/(-)	—	—
Own work capitalised	—	—
Other operating income	—	—
Non-recurring operating income	—	—
Operating charges	981,582,88	2,575,041,79
Raw materials, consumables	856,300,00	2,386,600,00
Purchases	559,100,00	2,381,100,00
Stocks: decrease (increase) (+)/(-)	297,200,00	5,500,00
Services and other goods	124,283,64	187,150,86
Remuneration, social security costs and pensions (+)/(-)	—	—
Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	—	—
Amounts written off stocks, contracts in progress and trade debtors: Appropriations (write-backs) (+)/(-)	—	—
Provisions for liabilities and charges: Appropriations (uses and write-backs) (+)/(-)	—	—
Other operating charges	999,24	1,290,93
Operating charges carried to assets as restructuring costs (-)	—	—
Non-recurring operating charges	—	—
Operating profit (loss) (+)/(-)	-84,626,13	-31,280,54
Financial income	26,84	3,390,95
Recurring financial income	26,84	3,390,95
Income from financial fixed assets	—	—
Income from current assets	—	—
Other financial income	26,84	3,390,95
Non-recurring financial income	—	—
Financial charges	4,592,02	13,522,19
Recurring financial charges	4,592,02	13,522,19
Debt charges	—	—
Amounts written off current assets except stocks, contracts in progress and trade debtors: appropriations (write-backs) (+)/(-)	—	—
Other financial charges	4,592,02	13,522,19
Non-recurring financial charges	—	—
Gain (loss) for the period before taxes (+)/(-)	-89,191,31	-41,411,78
Transfer from deferred taxes	—	—
Transfer to deferred taxes	—	—
Income taxes (+)/(-)	—	—
Taxes	—	—
Adjustment of income taxes and write-back of tax provisions	—	—
Gain (loss) of the period (+)/(-)	-89,191,31	-41,411,78
Transfer from untaxed reserves	—	—
Transfer to untaxed reserves	—	—
Gain (loss) of the period available for appropriation (+)/(-)	-89,191,31	-41,411,78

EXCEL CROP CARE (EUROPE) N.V.

APPROPRIATION ACCOUNT

	2019 €	2018 €
Profit (loss) to be appropriated (+)/(-)	1,326,122,76	1,415,314,07
Gain (loss) of the period available for appropriation (+)/(-)	-89,191,31	-41,411,78
Profit (loss) brought forward (+)/(-)	1,415,314,07	1,456,725,85
Withdrawals from capital and reserves	—	—
from capital and share premium account	—	—
from reserves	—	—
Transfer to capital and reserves	—	—
to capital and share premium account	—	—
to legal reserve	—	—
to other reserves	—	—
Accumulated profits (losses) (+)/(-)	1,326,122,76	1,415,314,07
Owners' contribution in respect of losses	—	—
Profit to be distributed	—	—
Dividends	—	—
Directors' or managers' entitlements	—	—
Employees	—	—
Other allocations	—	—



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