# ADVANTA SEEDS DMCC
## Dubai, United Arab Emirates

## Financial Statements
## (Year Ended March 31, 2018)

## INDEX TO THE FINANCIAL STATEMENTS

## COMPANY INFORMATION

**Shareholder**
M/s Advanta Seed International, Mauritius

**Manager**
Bhupendrakumar Vishnuprasad Dubey

**License no.**
JLT-69549 and DMCC-067045

**Principal business :**
The activity of the company as per the trade license is "Management Consultancies and Seeds trading".

**Business address :**
Unit No. 1105, Mazaya Business Avenue AA1
Plot No. JLTE-PH2-AA1
Jumeirah Lakes Towers, Dubai
United Arab Emirates

**Auditors :**
TRC PAMCO Middle East Auditing & Accounting
P O Box 94570,
Dubai, United Arab Emirates
**Tel** : +971- 04- 2298777
**Fax:** +971- 04- 2999225
**Web:** www.trcpamco.com

## DIRECTORS' REPORT

The Directors are pleased to present their report together with audited financial statements of the company for the year ended March 31, 2018.

**Principal activities**

The activity of the company as per the trade license is "Management Consultancies and Seeds trading".

**Business review**

During the year the company had a turnover of AED 19.38 million as compared to the previous year turnover of AED 119.66 million. The net loss for the year is AED 4.89 million as compared to the previous year net profit of AED 45.46 million.

**Events subsequent to the reporting date**

There were no major events which occurred since the year end that materially affect the financial position of the company.

**Employees**

As at the year end, the company has 13 employees compared to 15 employees and 1 contractual employee totaling to 16 employees in the previous year.

**Auditors**

The company's auditors, TRC PAMCO Middle East Auditing & Accounting, now retire and being eligible, offer themselves for re-appointment.

**Acknowledgement**

The Directors take this opportunity to place on record their gratitude to the various government departments, banks, professionals and business associates for their continued assistance and support extended to the entity.

**For ADVANTA SEEDS DMCC**

**Jimmy Dadrewalla**
**Director**
**Dubai**
**April 14, 2018**

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# INDEPENDENT AUDITOR'S REPORT

**The Shareholder**
**ADVANTA SEEDS DMCC**
**United Arab Emirates**

**Report on the audit of the financial statements of ADVANTA SEEDS DMCC for the year ended March 31, 2018**

## Opinion

We have audited the accompanying financial statements of ADVANTA SEEDS DMCC, UAE ("the Company"), which comprises the statement of financial position as at March 31, 2018, statement of comprehensive income, statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) for Small and Medium Sized Entities.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA's). Our responsibilities under those standards are further described in the auditors responsibilities for the audit of the financial statements of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates and we have fulfilled our responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

## Responsibilities of the management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS and their preparation in compliance with the implementing regulations of DMCC Authority, and for such internal control as management determines 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 management is responsible for assessing the Company's ability to continue as a going concern, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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**Auditors responsibilities for the audit of the financial statements**

Objectives of our audit 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 ISA's 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.

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism through out 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 disclosures made by management.

- Conclude on the appropriateness of management'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 those charged with governance 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.

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**Report on other legal and regulatory requirements**

We confirm that the financial statements comply with provisions of Implementing Regulation No.1/03 issued by the Dubai Multi Commodities Centre.

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**TRC PAMCO Middle East Auditing & Accounting**
**Reg. No: 423**
**Dubai**
**April 14, 2018**



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## Statement of financial position as on March 31, 2018

| | Notes | As on Mar 31, 2018 | As on Mar 31, 2017 |
|---|---|---|---|
| | | *(Figures in AED)* | |
| **ASSETS EMPLOYED** | | | |
| **Non current assets** | | | |
| Property, plant and equipment (net) | 3 | **1,281,013** | 1,605,048 |
| **Current assets** | | | |
| Advance, deposits and prepayment | 4 | **694,816** | 896,058 |
| Trade receivable | 5 | **54,448,486** | 60,444,230 |
| Inventories | | **-** | 699,829 |
| Cash and bank balances | 6 | **8,164,957** | 27,397,590 |
| Due from related parties and other receivable | 7 | **56,646,630** | 37,580,741 |
| | | **119,954,889** | 127,018,448 |
| **TOTAL ASSETS** | | **121,235,902** | 128,623,497 |
| **FUNDS EMPLOYED** | | | |
| **Equity** | | | |
| Share capital | | **300,000** | 300,000 |
| Retained earnings | | **84,536,476** | 89,421,517 |
| | | **84,836,476** | 89,721,517 |
| **Non current liabilities** | | | |
| Employee terminal benefits | | **1,347,301** | 1,073,585 |
| **Current liabilities** | | | |
| Due to related parties | 8 | **6,831,584** | 5,898,789 |
| Trade payable | 9 | **25,048,226** | 28,371,792 |
| Accruals and other payable | 10 | **3,172,316** | 3,557,813 |
| | | **35,052,126** | 37,828,394 |
| **TOTAL LIABILITIES** | | **121,235,902** | 128,623,496 |

Annexed notes 1 to 22 form an integral part of these financial statements.

**For ADVANTA SEEDS DMCC**

**Jimmy Dadrewalla**
**Director**
**Dubai**
**April 14, 2018**

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## Statement of comprehensive income for the year ended March 31, 2018

| | Notes | Year ended Mar 31, 2018 | Year ended Mar 31, 2017 |
|---|---|---|---|
| | | *(Figures in AED)* | |
| **REVENUE** | | | |
| Revenue from operations | 11 | 19,378,133 | 119,662,873 |
| Less: Direct costs | 12 | (20,442,732) | (66,322,902) |
| **Gross (loss)/profit** | | (1,064,599) | 53,339,971 |
| **EXPENDITURE** | | | |
| Selling, general and administrative expenses | 13 | 4,938,317 | 4,269,217 |
| Finance cost | 14 | 70,881 | 223,333 |
| Depreciation | 3 | 542,486 | 488,603 |
| Exceptional cost | 15 | 938,450 | 2,481,209 |
| **Sub total** | | 6,490,135 | 7,462,362 |
| **Operational (loss)/income for the year** | | (7,554,734) | 45,877,609 |
| Exchange gain or (loss) | | (144,397) | (33,464) |
| Interest income | | 2,356,906 | - |
| Other income | | 457,183 | 930,871 |
| **Net (loss)/income before taxes for the year** | | (4,885,041) | 46,775,016 |
| Taxes paid outside the United Arab Emirates | | - | (1,317,459) |
| **Net comprehensive (loss)/income for the year** | | (4,885,041) | 45,457,557 |

Annexed notes 1 to 22 form an integral part of these financial statements.

**For ADVANTA SEEDS DMCC**

**Jimmy Dadrewalla**
**Director**
**Dubai**
**April 14, 2018**

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**Statement of cash flows for the year ended March 31, 2018**

| | Year ended Mar 31, 2018 | Year ended Mar 31, 2017 |
|---|---|---|
| | *(Figures in AED)* | |
| **I. FROM OPERATING ACTIVITIES** | | |
| Net comprehensive (loss)/income for the year | (4,885,041) | 45,457,557 |
| Adjustments: | | |
| Depreciation | 542,486 | 488,603 |
| Employee terminal benefits (Net) | 273,716 | (763,749) |
| Loss on disposal of property, plant and equipment | - | 1,527 |
| **Operating cash flow before working capital changes** | (4,068,839) | 45,183,938 |
| (Increase)/decrease in advances, deposits and prepayments | 201,242 | - |
| (Increase)/decrease in trade receivable | 5,995,744 | (34,623,395) |
| (Increase)/decrease in inventory | 699,829 | (699,829) |
| Increase/(decrease) in trade payable | (3,323,567) | (9,165,082) |
| Increase/(decrease) in accruals and other payable | (385,497) | - |
| **Net cash generated from/(used in) operating activities (A)** | (881,087) | 695,632 |
| **II. FROM INVESTING ACTIVITIES** | | |
| Purchase of plant, machinery and equipment | (218,451) | (79,566) |
| **Net cash used in investing activities (B)** | (218,451) | (79,566) |
| **III. FROM FINANCING ACTIVITIES** | | |
| Loan taken/(given) to related parties | (18,133,094) | 17,560,033 |
| **Net cash generated from financing activities ( C )** | (18,133,094) | 17,560,033 |
| **Net increase in cash and cash equivalents (A+B+C)** | (19,232,632) | 18,176,099 |
| **Cash and cash equivalents at beginning of the year** | 27,397,590 | 9,221,491 |
| **Cash and cash equivalents at end of the year** | 8,164,958 | 27,397,590 |
| **CASH AND CASH EQUIVALENTS** | | |
| Cash at bank | 8,164,957 | 27,397,590 |
| **Cash and cash equivalents as per cash flow statement** | 8,164,957 | 27,397,590 |

Annexed notes 1 to 22 form an integral part of these financial statements.

**For ADVANTA SEEDS DMCC**

**Jimmy Dadrewalla**
**Director**
**Dubai**
**April 14, 2018**

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**Statement of changes in equity for the year ended March 31, 2018**

*(Figures in AED)*

| Particulars | Share capital | Retained earnings | Total |
|---|---|---|---|
| As on April 01, 2016 | 300,000 | 43,963,960 | 44,263,960 |
| Net comprehensive income for the year | - | 45,457,557 | 45,457,557 |
| **As on March 31, 2017** | **300,000** | **89,421,517** | **89,721,517** |
| Net comprehensive loss for the year | - | (4,885,041) | (4,885,041) |
| **As on March 31, 2018** | **300,000** | **84,536,476** | **84,836,476** |

Annexed notes 1 to 22 form an integral part of these financial statements.

**For ADVANTA SEEDS DMCC**

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**April 14, 2018**

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**Significant accounting policies to the financial statements for the year ended March 31, 2018**

These financial statements have been prepared for the year ended March 31, 2018.

**1. LEGAL STATUS, ACTIVITIES AND MANAGEMENT**

**1.1 Legal status**

ADVANTA SEEDS DMCC is a Company formed with Limited Liability pursuant to the laws and implementing regulations of the Dubai Multi Commodities Center Authority and is registered under license no. JLT-69549, DMCC-067045 and registration no. JLT6013. The registered office of the Company is located in the Emirate of Dubai.

As per the Memorandum of Association and its subsequent amendments: the issued, subscribed and paid up capital of the company as on March 31, 2018 is AED 300,000 divided into 300 shares of AED 1,000 each. The shareholders as at March 31, 2018 and their share holding in the company as at the date were as follows:

| Name | No. of Share | % age of holding | Value (AED) |
|---|---|---|---|
| M/s Advanta Seed International, Mauritius | 300 | 100 | 300,000 |

**1.2 Activities**

The activity of the company as per the trade license is "Management Consultancies and Seeds trading".

**1.3 Management**

The day to day management of the Company is managed by its Board of directors.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of preparation**

**Statement of compliance with IFRS**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued and adopted by the International Accounting Standards Board ("IASB") and the interpretations issued by the International Financial Reporting Interpretation Committee of the IASB enforce at March 31, 2018 and the requirements of the local laws and regulations. The management determines that there will be no material impact in the financial statements with the applicability of new and revised applicable International Financial Reporting Standards.

**2.2 Accounting convention**

These financial statements have been prepared on a going concern basis under the historical cost convention except for the measurement at fair values, of financial assets at fair value through profit or loss including those designated as such upon initial recognition and those classified as held for trading.



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**Significant accounting policies to the financial statements for the year ended March 31, 2018**

The financial statements of the company are prepared on a going concern basis as the management has no intention to liquidate the company or cease its operations. The assets and liabilities are recorded on the basis that entity will be able to realise its assets and discharge its liabilities in the normal course of business.

The financial statements are presented in United Arab Emirates Dirhams, which is the Company's functional and presentation currency.

**2.3 Use of estimates & judgments**

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and reasonable under the circumstances.

Estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of accounting policies that have the most significant effect on the amounts recognized in the financial statements, and estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as explained in the remaining part of Note 2.

**2.4 Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets as follows:

| ASSET CLASS | YEARS |
|---|---|
| Leasehold improvements | 5 years |
| Furniture and fixtures | 5 years |
| Computers and software | 3-5 years |
| Office equipment | 10 years |

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of property and equipment.

All other expenditure is recognized in the statement of comprehensive income as the expense is incurred.

An item of property and equipment is derecognized upon disposal or when no future benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognized.

The asset's residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

**2.5 Financial instruments**

Financial assets and financial liabilities are recognized when, and only when, the company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognized when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred.

**2.6 Financial assets**

**a. Initial recognition and measurement**

Financial assets are recognized on the balance sheet when, and only when, the company becomes a party to the contractual provisions of the financial instrument. The company determines the classification of its financial assets at initial recognition.

When financial assets are recognized initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

**b. Subsequent measurement**

The subsequent measurement of non derivative financial assets depend on their classification as follows:

The company classifies non derivative financial assets are follows : financial assets at fair value through profit or loss, held to maturity financial assets, available for sale financial assets and loans and receivables.

**c. Held to maturity financial assets**

The company does not have any held to maturity financial assets.



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**Significant accounting policies to the financial statements for the year ended March 31, 2018**

**d. Available for sale financial assets**

Available for sale financial assets include equity and debt securities. Equity investments classified as available for sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to need for liquidity or in response to changes in the market conditions.

**2.7 Loans and receivables**

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less impairment. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, and through the amortization process.

**2.8 Impairment of non-financial assets**

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or company's of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of the money and the risks specific to the asset.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

The company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to projected future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.



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An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

**2.9 Impairment of financial assets**

The company assesses at each reporting date whether there is any objective evidence that a financial asset or a company of financial assets is impaired. A financial asset or a company of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the company of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a company of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If such evidence exists, any impairment loss is recognized in the statement of comprehensive income. Impairment is determined as follows:

a. For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognized in the statement of comprehensive income;

b. For assets carried at cost, impairment is the difference between the carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;

c. For assets carried at amortized cost, impairment is the difference between the carrying amount and the present value of future cash flows discounted at the original effective interest rate.

**Significant accounting policies to the financial statements for the year ended March 31, 2018**

**2.10 Revenue**

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 regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Revenue from rendering the services is recognized in the income statement when the recovery of the consideration is probable, associated cost and probable revenue can be estimated reliably and when the services are performed in accordance with the terms of the agreement.

Revenue from the sale of goods is recognized when the significant risks and rewards of the ownership of the goods are transferred to the buyer.

**2.11 Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, cheques on hand, balance in current accounts, bank balances, and short-term deposits with an original maturity of three months or less and highly liquid investments with a maturity date of three months or less from the date of investment.

**2.12 Employee terminal benefits**

The company provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

**2.13 Foreign currency**

Transactions in foreign currencies are initially recorded by the company at the currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.



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The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

**2.14 Provisions**

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

**2.15 Leases**

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

**2.16 Exceptional cost**

Exceptional cost represents the severance pay to employees

**2.17 Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.



TAG PANNCO MIDDLE EAST AUDITING & ACCOUNTING ★ PO Box 94570 Dubai U.A.E.

Notes to the financial statements for the year ended March 31, 2018

## 3. PROPERTY, PLANT AND EQUIPMENT

*(Figures in AED)*

| Particulars | Leasehold Improvements | Office Equipment | Furniture & Fixtures | Computer Equipment | Total |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| As on April 01, 2016 | 1,722,103 | 65,075 | 285,100 | 287,731 | 2,360,009 |
| Additions during the year | - | - | - | 79,566 | 79,566 |
| Disposals during the year | - | - | - | (6,299) | (6,299) |
| As on March 31, 2017 | 1,722,103 | 65,075 | 285,100 | 360,998 | 2,433,276 |
| Additions during the year | - | - | - | 218,451 | 218,451 |
| Disposals during the year | - | - | - | - | - |
| **As on March 31, 2018** | **1,722,103** | **65,075** | **285,100** | **579,449** | **2,651,727** |
| **Depreciation** | | | | | |
| As on April 01, 2016 | 227,155 | 4,714 | 36,634 | 75,894 | 344,396 |
| Charge for the year | 327,200 | 6,182 | 54,169 | 101,052 | 488,603 |
| Related to disposals | - | - | - | (4,772) | (4,772) |
| As on March 31, 2017 | 554,355 | 10,896 | 90,803 | 172,174 | 828,227 |
| Charge for the year | 327,200 | 6,182 | 54,169 | 154,935 | 542,486 |
| Related to disposals | - | - | - | - | - |
| **As on March 31, 2018** | **881,554** | **17,078** | **144,972** | **327,109** | **1,370,714** |
| **Net Value** | | | | | |
| **As on March 31, 2018** | **840,549** | **47,997** | **140,128** | **252,340** | **1,281,013** |
| As on March 31, 2017 | 1,167,749 | 54,179 | 194,297 | 188,824 | 1,605,048 |



TR PAMCO MIDDLE EAST AUDITING & ACCOUNTING
PO Box 94570
Dubai U.A.E.

**Notes to the financial statements for the year ended March 31, 2018**

| | | *(Figures in AED)* | |
|---|---|---|---|
| | | As on Mar 31, 2018 | As on Mar 31, 2017 |
| **4.** | **ADVANCE, DEPOSITS AND PREPAYMENTS** | | |
| | Staff advances | 662,708 | 483,937 |
| | Advances to suppliers | 20,608 | 387,121 |
| | Deposits | 11,500 | 25,000 |
| | | 694,816 | 896,058 |
| **5.** | **TRADE RECEIVABLE** | | |
| | Trade receivable | 55,434,593 | 60,444,230 |
| | Less: Provision for bad debts | - | - |
| | Less: Expected credit loss (ECL) | (986,107) | - |
| | | 54,448,486 | 60,444,230 |
| | *Ageing of trade receivable as on year end:* | | |
| | Less than 180 days | 19,037,398 | 21,106,239 |
| | More than 180 days | 35,411,088 | 39,337,991 |
| | | 54,448,486 | 60,444,230 |
| **6.** | **CASH AND BANK BALANCES** | | |
| | Cash in hand | - | - |
| | **Cash at bank*** | | |
| | Balance in local currency accounts | 1,496,114 | 6,946,362 |
| | Balance in foreign currency accounts | 6,668,843 | 20,451,228 |
| | | 8,164,957 | 27,397,590 |

** During the year, the bank account maintained with Citi Bank is closed. The bank has issued banker cheque of AED 279,090 and is included in cash at bank.*

| | | | |
|---|---|---|---|
| **7.** | **DUE FROM RELATED PARTIES AND OTHER RECEIVABLE** | | |
| | Due from associates | 1,032,174 | 666,483 |
| | Loan to shareholder | 34,892,550 | 36,729,000 |
| | Loan to associate | 18,365,000 | - |
| | Interest receivable | 2,356,906 | - |
| | Other receivable | - | 185,258 |
| | | 56,646,630 | 37,580,741 |

*Balance due from related parties are routine in nature and repayable on demand.*

*Loan given to shareholder and associate carries interest @ 5% and repayable on demand.*



PO Box 94570 Dubai U.A.E.
T R C PAMCO MIDDLE EAST AUDITING & ACCOUNTING

Notes to the financial statements for the year ended March 31, 2018

| | | (Figures in AED) | |
|---|---|---|---|
| | | As on Mar 31, 2018 | As on Mar 31, 2017 |
| **8.** | **DUE TO RELATED PARTIES** | | |
| | Due to associates | 6,831,584 | 5,898,789 |
| | *Balance due to related parties are routine in nature and repayable on demand* | | |
| **9.** | **TRADE AND OTHER PAYABLE** | | |
| | Trade accounts payable | 25,048,226 | 28,371,792 |
| **10.** | **ACCRUALS AND OTHER PAYABLE** | | |
| | Advance from customers | - | 921,397 |
| | Provision for bonus | 2,035,970 | 1,857,483 |
| | Provision for expenses | 639,965 | 619,336 |
| | VAT payable | 74,765 | - |
| | Other payable | 421,616 | 159,597 |
| | | 3,172,316 | 3,557,813 |

| | | (Figures in AED) | |
|---|---|---|---|
| | | Year ended Mar 31, 2018 | Year ended Mar 31, 2017 |
| **11.** | **REVENUE** | | |
| | Sales | 5,634,600 | 95,180,700 |
| | Management fees | 13,743,533 | 24,482,173 |
| | | 19,378,133 | 119,662,873 |
| **12.** | **DIRECT COST** | | |
| | Employees salary cost | 10,040,212 | 11,220,934 |
| | Purchases | 4,157,783 | 48,088,852 |
| | Management fee | 4,756,273 | 5,890,050 |
| | Expected credit loss (ECL) expense | 986,107 | - |
| | Gratuity | 346,372 | 364,049 |
| | Promotional cost | 99,171 | 616,621 |
| | Employees welfare | 56,814 | 142,396 |
| | | 20,442,732 | 66,322,902 |



TRC PAMCO MIDDLE EAST AUDITING & ACCOUNTING
PO Box 94570
Dubai U.A.E.

Notes to the financial statements for the year ended March 31, 2018

| | | (Figures in AED) | |
|---|---|---|---|
| | | Year ended Mar 31, 2018 | Year ended Mar 31, 2017 |
| **13.** | **SELLING, GENERAL AND ADMINISTRATIVE EXPENSES** | | |
| | Rent and lease expenses | **544,180** | 557,430 |
| | Legal and professional | **308,093** | 610,345 |
| | Office and general expenses | **1,083,140** | 1,131,563 |
| | Travelling cost | **2,388,731** | 1,764,422 |
| | Loss on disposal of property, plant and equipment | **-** | 1,527 |
| | Repairs and maintenance | **15,821** | 21,165 |
| | Miscellaneous expenses | **187,920** | 57,134 |
| | Sales and marketing | **410,432** | 125,631 |
| | | **4,938,317** | 4,269,217 |
| **14.** | **FINANCE COST** | | |
| | Bank charges | **70,881** | 223,333 |
| **15.** | **EXCEPTIONAL COST** | | |
| | Employee severance pay | **938,450** | 2,481,209 |
| | *Exceptional cost represents the severance pay to employees* | | |

## 16. FINANCIAL INSTRUMENTS

Financial instruments mean financial assets, financial liabilities and equity instruments. Financial assets of the company include advances, deposits, accounts receivable, due from related parties, cash and bank balances. Financial liabilities include due to related parties, trade and other payable and accruals.

The management believes that the fair value of the financial assets and liabilities are not significantly different from their carrying amounts at balance sheet date.

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed. The primary risks to which the business is exposed comprises of credit risks, liquidity risks and market risks (including currency risks, cash flow interest rate risks and fair value interest rate risks).

### a. Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the end of the reporting period. The Company has no significant concentration of credit risk. Cash balance is held with high credit quality financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

The Company's bank accounts are placed with high credit quality financial institution. The Company manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. Credit risk is limited to the carrying value of financial assets in the balance sheet.

The maximum exposure to credit risk at the end of the reporting period is:

*(Figures in AED)*

| | As on Mar 31, 2018 | As on Mar 31, 2017 |
|---|---|---|
| Advance, deposits and prepayment | **694,816** | 896,058 |
| Trade receivable | **54,448,486** | 60,444,230 |
| Due from related parties and other receivable | **56,646,630** | 37,580,741 |
| | **111,789,931** | 98,921,029 |

**b. Currency risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company does not have any significant currency risk as the Company's transactions are mainly in United Arab Emirate Dirham (AED).

**c. Interest rate risk**

Interest rate risk is the risk that the value of financial instruments will fluctuate due to change in market interest rates. The Company's income and operating cash flows are substantially independent of the changes in market interests rates. The Company has interest free borrowings and hence are not exposed to interest rate risks.

**d. Liquidity risk**

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from inability to sell a financial asset quickly at close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments.

The following are the contractual maturities of financial liabilities, including estimated interest payments:



T R C PAMCO MIDDLE EAST AUDITING & ACCOUNTING
PO Box 94570
Dubai U.A.E.

Notes to the financial statements for the year ended March 31, 2018

*(Figures in AED)*

| | Carrying Amount | Within one year | 1 to 5 years | More than 5 years |
|---|---|---|---|---|
| **As on March 31, 2018** | | | | |
| Due to related parties | 6,831,584 | 6,831,584 | - | - |
| Trade payable | 25,048,226 | 25,048,226 | - | - |
| Accruals and other payable | 3,172,316 | 3,172,316 | - | - |
| | **35,052,126** | **35,052,126** | - | - |
| **As on March 31, 2017** | | | | |
| Due to related parties | 5,898,789 | 5,898,789 | - | - |
| Trade payable | 28,371,792 | 28,371,792 | - | - |
| Accruals and other payable | 3,557,813 | 3,557,813 | - | - |
| | **37,828,394** | **37,828,394** | - | - |

## 17. SIGNIFICANT EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There are no significant events occurring after the balance sheet date, which require disclosure in the financial statements.

## 18. RELATED PARTY TRANSACTIONS

The Company in the normal course of business enters into transactions with other business enterprises that fall within the definition of related party contained in the International Accounting Standard. The Company believes that the terms of these transactions are not significantly different from those that could have been obtained from third parties.

List of related parties where control exists and related parties with whom transactions have taken place is as follows:

| Name of related party | Country | Nature of relationship |
|---|---|---|
| Pacific Seeds (Thai) Ltd | Thailand | Fellow subsidiaries |
| Advanta US, LLC | USA | Fellow subsidiaries |
| Advanta Netherland Holdings BV | Netherland | Fellow subsidiaries |
| Advanta Seed International | Mauritius | Holding company |
| Advanta Semillas SAIC | Argentina | Fellow subsidiaries |
| Rice Co. LLC | USA | Fellow subsidiaries |
| UPL Limited, Hongkong | Hongkong | Fellow subsidiaries |
| UPL, Mauritius* | Mauritius | Fellow subsidiaries |
| UPL Corporation Ltd* | Mauritius | Shareholder of holding compar |
| UPL, Columbia | Columbia | Fellow subsidiaries |
| Advanta Seeds Pty Ltd | Australia | Fellow subsidiaries |
| UPL Management DMCC | UAE | Fellow subsidiaries |
| UPL Limited | India | Ultimate holding company |
| Advanta Holdings B V | Netherland | Fellow subsidiaries |

**Notes to the financial statements for the year ended March 31, 2018**

* Balance of UPL, Mauritius Limited is transferred to UPL Corporation Limited as the UPL Mauritius Limited amalgamated into UPL Corporation Limited by virtue of amalgamation.

Transactions with related parties included in the statement of financial position are as follows:

*(Figures in AED)*

| Particulars | | 2017-18 | 2016-17 |
|---|---|---|---|
| **a. Income derived** | | | |
| Advanta Seeds Pty Ltd | Management fees | - | 9,627,363 |
| Pacific Seeds (Thai) Ltd | Management fees | - | 5,891,322 |
| Advanta US, LLC | Management fees | - | 2,754,781 |
| Advanta Seeds Pty Ltd | Biotech fees | - | 1,589,413 |
| Pacific Seeds (Thai) Ltd | Biotech fees | - | 2,864,609 |
| Advanta US, LLC | Biotech fees | - | 1,754,685 |
| Advanta Holdings B V | Management fees | 13,743,533 | - |
| | | 13,743,533 | 24,482,173 |
| **b. Purchase/ materials consumed/service cost** | | | |
| Pacific Seeds (Thai) Ltd | Purchases / Commission | - | 29,315,823 |
| UPL Limited, India | Purchases / Commission | - | 1,541,473 |
| Advanta Seed International | Purchases / Commission | 2,929,338 | 3,025,440 |
| Advanta Seeds Pty Ltd | Purchases / Commission | 872,130 | 3,811,779 |
| Advanta US, LLC | Purchases / Commission | - | 3,184,983 |
| Advanta Semillas SAIC | Purchases / Commission | - | 2,623,702 |
| | | 3,801,468 | 43,503,200 |

*(Figures in AED)*

| Particulars | | 2017-18 | 2016-17 |
|---|---|---|---|
| **c. Other income** | | | |
| Rice Co. LLC | Recharge of expenses | 436,371 | 488,565 |
| UPL Limited, Hongkong | Recharge of expenses | 20,812 | 442,306 |
| Advanta Holdings B V | Interest income | 535,660 | - |
| Advanta Seed International | Interest income | 1,821,246 | - |
| | | 2,814,089 | 930,871 |
| **d. Recharge of expenses from related parties** | | | |
| Advanta Holdings B V | | - | 5,890,050 |
| Advanta US, LLC | | 4,140,332 | - |
| Advanta Seeds Pty Ltd | | 18,678 | 34,752 |
| Advanta Semillas SAIC | | 615,942 | - |
| | | 4,774,952 | 5,924,802 |



TRC PAMCO MIDDLE EAST AUDITING & ACCOUNTING
PO Box 94570
Dubai U.A.E.

| | | | |
|---|---|---|---|
| **e. Recharge of expenses to related parties** | | | |
| UPL Limited, Hongkong | | - | 225,086 |
| UPL Management DMCC | | - | 141,682 |
| | | - | 366,768 |
| **f. Net loan given/(received)** | | | |
| Advanta Seed International | | (1,836,550) | 17,560,033 |
| Advanta Holdings B V | | 18,365,000 | - |
| | | 16,528,450 | 17,560,033 |
| **g. Balances as on reporting date** | | | |
| **i Dues from/(to) related parties** | | | |
| Related parties | Trade accounts receivable (Note 5) | | |
| Advanta Seeds Pty Ltd | Management Fee | 7,018,472 | 14,452,288 |
| Advanta Seeds Pty Ltd | Biotech | - | 397,349 |
| Pacific Seeds (Thai) Ltd | Management Fee | 3,752,232 | 3,340,135 |
| Pacific Seeds (Thai) Ltd | Biotech | 1,623,290 | 1,715,513 |
| Advanta US, LLC | Management Fee | 6,197,891 | 6,198,188 |
| Advanta US, LLC | Biotech | 3,948,036 | 3,948,036 |
| UPL, Mauritius* | Sales | - | 13,215,660 |
| UPL Corporation Ltd* | Transfer of balance | 13,215,300 | - |
| UPL, Columbia | Sales | - | 4,198,161 |
| Advanta Holdings B V | Management Fee | 13,743,533 | - |
| | | 49,498,753 | 47,465,330 |

*(Figures in AED)*

| Particulars | | 2017-18 | 2016-17 |
|---|---|---|---|
| Related parties | Due from associates (Note 7) | | |
| UPL Limited, Hongkong | | 287,697 | 264,957 |
| Rice Co. LLC | | 111,774 | 98,007 |
| UPL Management DMCC | | 577,199 | 303,519 |
| UPL Limited, India | | 55,505 | - |
| | | 1,032,174 | 666,483 |
| Related parties | Trade accounts payable (Note 9) | | |
| Pacific Seeds (Thai) Ltd | Purchase | 4,348,980 | 4,350,451 |
| Advanta US, LLC | Purchase | - | 3,184,982 |
| Advanta US, LLC | Management fees | 4,140,332 | - |
| Advanta US, LLC | Commission Expense | 2,771,570 | 2,791,556 |
| Advanta Semillas SAIC | Purchase | 2,568,715 | 2,638,256 |
| Advanta Seed International | Purchase | 9,231,295 | 13,318,201 |
| Advanta Seeds Pty Ltd | Purchase | 872,130 | 2,047,706 |
| UPL Limited, India | Purchase | - | 32,884 |
| | | 23,933,021 | 28,364,036 |



TRC PASCO MIDDLE EAST AUDITING & ACCOUNTING
PO Box 94570
Dubai U.A.E.

**Notes to the financial statements for the year ended March 31, 2018**

| Related parties | Due to associates (Note 8) | | |
|---|---|---|---|
| UPL Limited, India | Expenses | - | 4,948 |
| Advanta Netherland Holdings BV | | **983** | 983 |
| Advanta Netherland Holdings E | Expenses | **6,830,601** | 5,890,050 |
| Advanta Seeds Pty Ltd | Management Fee | - | 2,808 |
| | | **6,831,584** | 5,898,789 |

| Related parties | Loan to shareholder and associate (Note 7) | | |
|---|---|---|---|
| Advanta Seed International | Loan given | **34,893,179** | 36,729,000 |
| Advanta Seed International | Interest receivable | **1,821,146** | - |
| Advanta Holdings B V | Loan given | **18,364,500** | - |
| Advanta Holdings B V | Interest receivable | **535,631** | - |
| | | **55,614,456** | 36,729,000 |

## 19. FAIR VALUE MEASUREMENT

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A significant portion of the company's financial instruments is carried at fair value. The fair value of the financials instruments are not materially different from their carrying amounts.

## 20. CONTINGENT LIABILITIES & CAPITAL COMMITMENTS

Except for the ongoing business obligations which are under normal course of business against which no loss is expected, there have been no other known contingent liabilities or capital commitments on company's account as of balance sheet date.

## 21. KEY SOURCES OF ESTIMATION UNCERTAINTY

### a. Useful lives of property and equipment

The Company's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

### b. Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.



TRC PANCO MIDDLE EAST AUDITING & ACCOUNTING
PO Box 94570
Dubai U.A.E.

**Notes to the financial statements for the year ended March 31, 2018**

c. **Impairment of non-financial assets**

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in arm's length transactions of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

The cash flows are derived from the budget for the next five periods and do not include restructuring activities that the company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

**22. GENERAL**

**22.1** Figures in the financial statements are rounded off to the nearest United Arab Emirates Dirhams.

**22.2** Previous year figures are regrouped/rearranged wherever to confirm to the present year figures and are shown for comparison purpose only.

**22.3** In the opinion of the management, all the assets as on March 31, 2018 as shown in the financial statement are existing and realizable at the amount shown against them, and there are no liabilities against the concern, contingent or otherwise, not included in the above financial statements.

**For ADVANTA SEEDS DMCC**

**Jimmy Dadrewalla**
**Director**
**Dubai**
**April 14, 2018**

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