

ADVANTA SEED INTERNATIONAL

Financial statements

For the year ended 31 March 2018

ADVANTA SEED INTERNATIONAL

Financial statements *for the year ended 31 March 2018*

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ADVANTA SEED INTERNATIONAL

Corporate data

		Date of appointment	Date of resignation
Directors:	Manoj Kumar Gupta	25-Jul-07	12-Jan-17
	Mohammad Karimoullah Deenmahomed	21-Sep-16	-
	Bhupendrakumar Vishnuprasad Dubey	14-Jul-16	-
	Sonia Lutcmiah	07-Nov-16	07-Mar-18
	Gyaneshwarnath Gowrea	07-Nov-16	-
	Jimmy Erach Dadrewalla	12-Jan-17	-
	Doomraj Sooneelall	07-Mar-18	-

Administrator and Secretary:

SGG Corporate Services (Mauritius) Ltd
(formerly known as CIM CORPORATE SERVICES LTD)
33, Edith Cavell Street
Port Louis
Mauritius

Registered office:

5th Floor, Newport Building
Louis Pasteur Street
Port Louis
Mauritius

Auditors:

VBS Business Services
1st Floor, Hennessy Court
Pope Hennessy Street
Port Louis
Mauritius

Bankers:

SBI (Mauritius) Ltd
7th Floor, SBI Tower
45 Mindspace
Ebene Cybercity
Mauritius

Barclays Bank Mauritius Limited
1st Floor, Barclays House
68-68A, Cybercity
Ebene
Mauritius

Barclays Bank
Douglas, Isle of Man
P.O Box No. 9
Victoria Street
1M99 1AJ

ADVANTA SEED INTERNATIONAL

Commentary of the directors

The directors present their commentary, together with the audited financial statements of Advanta Seed International (the "Company") for the year ended 31 March 2018.

Activities of the Company

The Company is engaged in seeds trading and investment holding activities.

Results and dividend

The Company's profit for the year ended 31 March 2018 is USD 11,267,578 (2017: USD 4,507,508).

The directors do not recommend the payment of any dividend for the year ended 31 March 2018 (2017: USD Nil).

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year giving a true and fair view of the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, **VBS Business Services**, have expressed their willingness to continue in office and will be automatically re-appointed.



ADVANTA SEED INTERNATIONAL

**CERTIFICATE FROM THE SECRETARY
(SECTION 166 (D) OF THE COMPANIES ACT 2001)**

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We certify, to the best of our knowledge and belief, that **ADVANTA SEED INTERNATIONAL** (the "Company") has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001 for the year ended 31 March 2018.

Ramana

.....
Authorised signatory

Date: *14 April 2018*



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADVANTA SEED INTERNATIONAL

Report on the Audit of Financial Statements

We have audited the financial statements of ADVANTA SEED INTERNATIONAL (the "Company"), which comprise the statement of financial position as at 31 March 2018 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, as set out on pages 7 to 41.

In our opinion, these financial statements give a true and fair view of the financial position of ADVANTA SEED INTERNATIONAL as at 31 March 2018 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act for Companies holding a Category 1 Global Business Licence and in compliance with the requirements of the Mauritius Companies Act.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants (IESBA Code) Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. 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 of the Commentary of the directors and Certificate from the secretary.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion 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.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADVANTA SEED INTERNATIONAL (CONTINUED)

Report on the Audit of Financial Statements (continued)

Directors' Responsibilities for the Financial Statements

The directors are responsible for the preparation and presentation of these financial statements in accordance with the requirements of the Mauritius Companies Act applicable to a company holding a Category 1 Global Business Licence, as described in note 2 to the financial statements, 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.

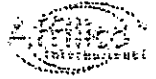
In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company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

Auditors' Responsibilities for the Audit of the 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 auditors' 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.

As part of an audit in accordance with ISAs, we exercise professional judgement 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 disclosures made by the directors.
- Conclude on the appropriateness of the 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADVANTA SEED
INTERNATIONAL (CONTINUED)**

Report on the Audit of Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Other Matter

This report is made solely to the Company's members, as a body, in accordance with Section 205 of the Mauritius Companies Act. Our audit work has been undertaken so that we might state to the Company's members, as a body, those matters that we are required to state in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act

We have no relationship with or interests in the Company other than in our capacity as auditors.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

VBS Business Services
Chartered Certified Accountants

Port Louis, Mauritius

Date: 14 APR 2018

Vijay Bhaguth, FCCA
Licensed by FRC

ADVANTA SEED INTERNATIONAL

Statement of profit or loss and other comprehensive income
for the year ended 31 March 2018

	Notes	2018 USD	2017 USD
Revenue	5	106,974,767	27,760,873
Cost of sales		(93,060,908)	(18,469,939)
Gross profit		<u>13,913,859</u>	<u>9,290,934</u>
Other operating income	6	14,150	1,075,200
Administrative and selling expenses	20	(6,821,880)	(4,926,146)
Operating profit		<u>7,106,129</u>	<u>5,439,988</u>
Net finance income/ (costs)	7	4,392,242	(795,380)
Profit before tax		<u>11,498,371</u>	<u>4,644,608</u>
Taxation (15%)	15	(1,724,756)	(696,691)
Tax credit	15	923,174	549,139
Other adjustments	15	570,789	10,452
Net tax on profit on ordinary activities		<u>(230,793)</u>	<u>(137,100)</u>
Profit for the year		<u>11,267,578</u>	<u>4,507,508</u>
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>11,267,578</u> =====	<u>4,507,508</u> =====

The notes on pages 11 to 41 form part of these financial statements.

ADVANTA SEED INTERNATIONAL

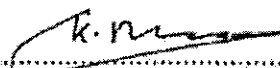
Statement of financial position
as at 31 March 2018

	Notes	2018 USD	2017 USD
ASSETS			
Non-current assets			
Property, plant and equipment	8	36,759	54,354
Available-for-sale investments	9	-	1,000
Investments in subsidiaries	10	1,032,675	81,675
Loan receivables	13	26,794,899	23,948,845
Total non-current assets		27,864,333	24,085,874
Current assets			
Inventories	11	2,320,937	4,986,250
Trade and other receivables	12	97,911,840	24,772,594
Loan receivables	13	71,489,201	53,880,434
Cash and cash equivalents		1,962,231	9,551,008
Total current assets		173,684,209	93,190,286
TOTAL ASSETS		201,548,542	117,276,160
EQUITY AND LIABILITIES			
Equity			
Stated capital	14	2,100,000	2,100,000
Share premium	14	19,950,000	19,950,000
Retained earnings		68,808,438	57,540,860
Total equity		90,858,438	79,590,860
Liabilities			
Current liabilities			
Tax liability	15	18,663	80,782
Borrowings	16	13,784,405	21,322,912
Trade and other payables	17	96,887,036	16,281,606
Total liabilities		110,690,104	37,685,300
TOTAL EQUITY AND LIABILITIES		201,548,542	117,276,160

Authorised for issue by the Board of Directors on 14 April 2018 and signed on its behalf by:



Jimmy Erach Dadrezoalla
Director



Mohammad Karimoullah Deenmahomed
Director

The notes on pages 11 to 41 form part of these financial statements.

ADVANTA SEED INTERNATIONAL

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

	Stated capital USD	Share premium USD	Retained earnings USD	Total USD
As at 31 March 2016	2	-	54,033,350	54,033,352
<i>Transactions with owners of the Company</i>				
Issue of shares	1,100,000	19,950,000	-	21,050,000
Bonus issue of shares	999,998	-	(999,998)	-
<i>Total transactions with owners of the Company</i>	<u>2,099,998</u>	<u>19,950,000</u>	<u>(999,998)</u>	<u>21,050,000</u>
Total comprehensive income for the year	-	-	4,507,508	4,507,508
As at 31 March 2017	2,100,000	19,950,000	57,540,860	79,590,860
Total comprehensive income for the year				
Profit for the year	-	-	11,267,578	11,267,578
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>11,267,578</u>	<u>11,267,578</u>
As at 31 March 2018	<u><u>2,100,000</u></u>	<u><u>19,950,000</u></u>	<u><u>68,808,438</u></u>	<u><u>90,858,439</u></u>

The notes on pages 11 to 41 form part of these financial statements.

ADVANTA SEED INTERNATIONAL

Statement of cash flows
for the year ended 31 March 2018

	2018	2017
	USD	USD
Cash flows from operating activities		
Profit before tax	11,498,371	4,644,608
<i>Adjustments for:</i>		
Interest income	(1,576,251)	(1,849,895)
Interest expense	827,801	985,883
Depreciation	17,594	15,725
Change in inventories	2,665,313	(3,861,796)
Change in trade and other receivables	(72,960,657)	12,762,205
Change in trade and other payables	82,674,849	(8,342,532)
	<u>23,147,020</u>	<u>4,354,198</u>
<i>Cash generated from operating activities</i>		
Income tax paid	(292,912)	(352,341)
	<u>22,854,108</u>	<u>4,001,857</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	-	(41,280)
Interest received	646	597,049
Loan granted to related parties	(16,580,255)	(14,844,327)
	<u>(16,579,609)</u>	<u>(14,288,558)</u>
Cash flows from financing activities		
Interest paid	(375,360)	(551,634)
Loan repaid to related parties	(19,838,916)	(1,050,000)
Loan from related parties	6,351,000	16,372,912
Loan repaid to bank	-	(18,739,455)
Proceeds from issue of shares	-	21,050,000
	<u>(13,863,276)</u>	<u>17,081,823</u>
Net cash (used in)/ from financing activities		
	<u>(7,588,777)</u>	<u>6,795,122</u>
Net movement in cash and cash equivalents		
	<u>9,551,008</u>	<u>2,755,886</u>
Cash and cash equivalents at beginning of year		
	<u>1,962,231</u>	<u>9,551,008</u>
	<u>1,962,231</u>	<u>9,551,008</u>

The notes on pages 11 to 41 form part of these financial statements.

ADVANTA SEED INTERNATIONAL

Notes to and forming part of the financial statements
for the year ended 31 March 2018

1. Reporting entity

Advanta Seed International (the "Company") was incorporated in Mauritius, under the Mauritius Companies Act 2001 on 25 July 2007 as a private Company with limited liability by shares. The Company's registered office is at 5th Floor, Newport Building, Louis Pasteur Street, Port Louis, Mauritius. The Company is engaged in seeds trading and investment holding activities.

2. Basis of preparation

(a) *Statement of compliance*

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as modified by the exemption from consolidation in the Mauritius Companies Act for companies holding a Category 1 Global Business Licence and comply with the Mauritius Companies Act in so far as applicable to Category 1 Global Business Licenced Companies.

(b) *Basis of measurement*

The financial statements have been prepared on a historical cost basis, except that the financial assets and financial liabilities are carried at fair value.

(c) *Use of estimates and judgements*

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant impact on the amounts recognised in the financial statements are described in note 4.

ADVANTA SEED INTERNATIONAL

Notes to and forming part of the financial statements

for the year ended 31 March 2018

3. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The directors consider the United States Dollar ("USD") as the currency that most faithfully reflects the underlying transactions, events and conditions that are relevant to the Company. The financial statements are presented in USD which is the Company's functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at 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 profit or loss.

Revenue recognition

Revenue is recognised 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 duties collected on behalf of the government. The specific recognition criteria described below must also be met before revenue is recognised:

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, volume rebates and cash discounts.

Dividend income is recognised when shareholders' right to receive payment is established.

Royalty income and other income are recognised on an accrual basis.

Expenses

Expenses are recognised on the accrual basis.

ADVANTA SEED INTERNATIONAL

Notes to and forming part of the financial statements for the year ended 31 March 2018

3. Significant accounting policies (continued)

Finance income and costs

Finance income

Finance income comprises of interest income and foreign exchange gain.

Finance costs

Finance costs comprises of foreign exchange loss and interest expense.

Taxation

Income tax expense comprises of current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises of the expected tax payable on the taxable income for the year. It is measured using tax rates enacted or substantively enacted at the reporting date and any adjustment to the tax payable in respect of prior period.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

ADVANTA SEED INTERNATIONAL

Notes to and forming part of the financial statements
for the year ended 31 March 2018

3. Significant accounting policies (continued)

Taxation (continued)

Deferred tax (continued)

Deferred tax assets and liabilities are offset only if the following criteria are met:

- (a) The entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (i) the same taxable entity; or
 - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset and to bringing the asset to a working condition for its intended use. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in profit or loss.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised in profit or loss as incurred.

Depreciation

Depreciation is recognised in the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment

The annual rates of depreciation used are 35%.

Depreciation is calculated on straight line method on the useful life of the asset. The assets residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting year. Items of property, plant and equipments are depreciated from the date that they are installed and ready for use or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

ADVANTA SEED INTERNATIONAL

Notes to and forming part of the financial statements
for the year ended 31 March 2018

3. Significant accounting policies (continued)

Financial instruments under IAS 39 - *Financial Instruments: Recognition and Measurement*

Loan and receivables are initially recognised when they are originated. Other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instruments. Financial instruments carried on the statement of financial position include available-for-sale investments, loan receivables, trade and other receivables, cash and cash equivalents, borrowings and, trade and other payables. The particular recognition methods are disclosed in the individual policy statements associated with each item.

Disclosures about financial instruments to which the Company is a party are provided below;

Available-for-sale investments

Available-for-sale investments are non-derivatives financial assets included in non-current assets unless management intends to dispose of the investment within twelve months of the reporting date.

Regular purchases and sales of investments are recognised on the trade-date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale investments are subsequently carried at fair value. Changes in the fair value of available-for-sale investments are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss as gains and losses from 'investment securities'. Dividends on available-for-sale equity instruments are recognised in the statement of profit or loss and other comprehensive income when the Company's right to receive payments is established.

Loan receivables

Loan receivables are recognised at proceeds issued net of transaction costs.

Trade receivables

Trade receivables are initially recognised at fair value which primarily represents original invoice amount less an allowance for any expected credit losses. Provision is made when there is objective evidence that the Company may not be able to collect the trade receivables. Balances are written off when recoverability is assessed as being remote.

Other receivables

Other receivables are stated at cost.

ADVANTA SEED INTERNATIONAL

Notes to and forming part of the financial statements
for the year ended 31 March 2018

3. Significant accounting policies (continued)

Financial instruments under IAS 39 - *Financial Instruments: Recognition and Measurement (continued)*

Cash and cash equivalents

Cash comprises of cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Borrowings

Borrowings are recognised at amount received net of repayments and transaction costs.

Trade and other payables

Trade and other payables are stated at their nominal value.

Fair value measurement principles

'Fair value' is 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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date.

The Company measures the fair value of an instrument, using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs, if there is no quoted price in an active market. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

Amortised cost measurement principles

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

Impairment

Financial assets that are stated at cost or amortised cost are reviewed at each reporting date to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in the statement of profit or loss and other comprehensive income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If, in a subsequent period, the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the statement of profit or loss and other comprehensive income.

ADVANTA SEED INTERNATIONAL

Notes to and forming part of the financial statements
for the year ended 31 March 2018

3. Significant accounting policies (continued)

Financial instruments under IAS 39 - *Financial Instruments: Recognition and Measurement (continued)*

Derecognition

A financial asset is derecognised when the Company no longer has control over the contractual rights that comprise that asset. This occurs when the rights are realised, expire or are surrendered. A financial liability is derecognised when it is extinguished or when the obligation specified in the contract is discharged, cancelled or expires.

Assets held for trading that are sold are derecognised and the corresponding receivables from the buyer for the payment are recognised as of the date the Company commits to sell the assets. The Company uses the average cost method to determine the gain or loss on derecognition.

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when, and only when, the Company has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs, for example, for gains and losses arising from a group of similar transactions, such as gains and losses from financial instruments at fair value through profit or loss.

New and revised IFRSs affecting the reported financial performance and financial position

Impact of application of IFRS 9 Financial Instruments

In the current year, the Company has early adopted IFRS 9 Financial Instruments (as revised in July 2014) in advance of their effective dates. IFRS 9 introduces new requirements for; (1) the classification and measurement of financial assets and financial liabilities, (2) impairment for financial assets and (3) general hedge accounting. Details of these new requirements as well as their impact on the Company's financial statements are described below:

The Company has applied IFRS 9 in accordance with the transition provisions set out in the standard.

Classification and measurement of financial assets held as at 31 March 2018

The date of initial application is 01 April 2017. Accordingly, the Company has applied the requirements of IFRS 9 to instruments. All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

ADVANTA SEED INTERNATIONAL

Notes to and forming part of the financial statements
for the year ended 31 March 2018

3. Significant accounting policies (continued)

New and revised IFRSs affecting the reported financial performance and financial position (continued)

Impact of application of IFRS 9 Financial Instruments (continued)

Classification and measurement of financial assets held as at 31 March 2018 (continued)

Debt instruments at amortised cost

A 'debt instrument' is measured at its amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss.

Debt instrument at Fair Value Through Other Comprehensive Income (FVTOCI)

A 'debt instrument' is classified at FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at Fair Value Through Profit and Loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as FVTPL.

In addition, the company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The company has designated certain debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

ADVANTA SEED INTERNATIONAL

Notes to and forming part of the financial statements
for the year ended 31 March 2018

3. Significant accounting policies (continued)

New and revised IFRSs affecting the reported financial performance and financial position (continued)

Impact of application of IFRS 9 Financial Instruments (continued)

Classification and measurement of financial assets held as at 31 March 2018 (continued)

Equity investments

All equity investments in scope of IFRS 9 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The company makes such election on an instrument-by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

The directors of the Company reviewed and assessed the financial assets as at 01 April 2017 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Company's financial assets as regards their classification and measurement:

- the Company's investments in equity instruments would be classified as financial assets at FVTOCI as they are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and they have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The change in fair value on these equity instruments will be accumulated in the investment revaluation reserve;
- financial assets classified as loans and receivables to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

ADVANTA SEED INTERNATIONAL

Notes to and forming part of the financial statements
for the year ended 31 March 2018

3. Significant accounting policies (continued)

New and revised IFRSs affecting the reported financial performance and financial position (continued)

Impact of application of IFRS 9 Financial Instruments (continued)

Classification and measurement of financial assets held as at 31 March 2018 (continued)

The table below illustrates the classification and measurement of financial assets and financial liabilities under IFRS 9 and IAS 39 at the date of initial application, 01 April 2017.

		Original measurement category under IAS 39	New measurement category under IFRS 9	Original carrying amount under IAS 39	Additional loss allowance recognised under IFRS 9	New carrying amount under IFRS 9
				USD	USD	USD
1	Loan receivables (Note 13)	Loan and receivables	Financial assets at amortised cost	77,829,279	NIL	77,829,279
2	Trade and other receivables (Note 12)	Loan and receivables	Financial assets at amortised cost	24,772,594	NIL	24,772,594
3	Cash and cash equivalents	Loan and receivables	Financial assets at amortised cost	9,551,008	NIL	9,551,008
4	Borrowings (Note 16)	Financial liabilities at amortised cost	Financial liabilities at amortised cost	21,322,912	NIL	21,322,912
5	Trade and other payables (Note 17)	Financial liabilities at amortised cost	Financial liabilities at amortised cost	16,281,606	NIL	16,281,606

The change in measurement category of the different financial assets has had no impact on their respective carrying amounts on initial application.

ADVANTA SEED INTERNATIONAL

Notes to and forming part of the financial statements
for the year ended 31 March 2018

3. Significant accounting policies (continued)

New and revised IFRSs affecting the reported financial performance and financial position (continued)

Impact of application of IFRS 9 Financial Instruments (continued)

Impairment of financial assets

In accordance with IFRS 9, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b) Financial assets that are debt instruments and are measured as at FVTOCI
- c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of IFRS 15 (referred to as 'contractual revenue receivables' in these financial statements)

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ADVANTA SEED INTERNATIONAL

Notes to and forming part of the financial statements
for the year ended 31 March 2018

3. Significant accounting policies (continued)

New and revised IFRSs affecting the reported financial performance and financial position (continued)

Impact of application of IFRS 9 Financial Instruments (continued)

Classification and measurement of financial liabilities

One major change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. There has been no impact on the financial statements.

General hedge accounting

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'.

Application of new and revised International Financial Reporting Standards (IFRSs)

The following standards have been adopted by the Company for the first time for the year beginning on 01 April 2017:

Amendments to IAS 12 'Recognition of Deferred Tax Assets for Unrealised Losses'

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealised losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Amendments to IAS 7 'Disclosure Initiative'

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

ADVANTA SEED INTERNATIONAL

Notes to and forming part of the financial statements
for the year ended 31 March 2018

3. Significant accounting policies (continued)

Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

Annual Improvements Cycle -2014-2016 Amendments to IFRS 12 Disclosure of Interests in Other Entities:

Clarification of the scope of disclosure requirements in IFRS 12

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

The application of the above amendments has had no material impact on the disclosures in the financial statements.

Standards issued but not yet effective

A number of new standards and amendments to standards and interpretation, that have been issued but are not yet effective up to the date of issuance of the Company's financial statements, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 'Revenue from Contracts with Customers', establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It will supersede the following revenue standards and interpretations:

- IAS 18 Revenue
- IAS 11 Construction Contracts
- IFRIC 13 Customer loyalty
- IFRIC 15 Agreements for the construction of real estate
- IFRIC 18 Transfers of assets from customers
- SIC 31 Revenue - Barter transactions involving advertising services

IFRS 15 will only cover revenue arising from contracts with customers. Under IFRS 15, a customer of an entity is a party that has contracted with the entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration. Unlike the scope of IAS 18, the recognition and measurement of interest income and dividend income from debt and equity investments are no longer within the scope of IFRS 15. Instead, they are within the scope of IAS 39 Financial Instruments: Recognition and Measurement. The new revenue standard has a single model to deal with revenue from contracts with customers. Its core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company intends to adopt IFRS 15 no later than the accounting period beginning on or after 01 January 2018.

ADVANTA SEED INTERNATIONAL

Notes to and forming part of the financial statements
for the year ended 31 March 2018

3. Significant accounting policies (continued)

Standards issued but not yet effective (continued)

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration. Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

- i. The beginning of the reporting period in which the entity first applies the interpretation; or
- ii. The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

The interpretation is effective for annual periods beginning on or after 01 January 2018. Early application of interpretation is permitted and must be disclosed.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 01 January 2019, but certain transition reliefs are available.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

ADVANTA SEED INTERNATIONAL

Notes to and forming part of the financial statements

for the year ended 31 March 2018

3. Significant accounting policies (continued)

Investments in subsidiary

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiaries are initially shown at cost. Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the carrying amount of an investment is greater than its recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to profit or loss. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

Consolidated financial statements

The Company has taken advantage of the exemption provided by the Mauritius Companies Act 2001 allowing a wholly owned or virtually wholly owned parent company holding a Category 1 Global Business Licence not to present consolidated financial statements. The financial statements are, therefore, separate statements which contain information about the Company as an individual company and do not contain consolidated financial information as the parent of a group.

Inventories

(i) Stores and spares, packing materials and raw materials are valued at lower of cost or net realisable value and for this purpose, cost is determined on moving weighted average basis. However, the aforesaid items are not valued below cost if the finished products in which they are to be incorporated are expected to be sold at or above cost.

ii) Semi-finished products, finished products and by-products are valued at lower of cost or net realisable value and for this purpose, cost is determined on standard cost basis which approximates the actual cost. Cost of finished goods includes excise duty, as applicable. Variances, exclusive of abnormally low volume and operating performance, are adjusted to inventory.

(iii) Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

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 units (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When 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.

ADVANTA SEED INTERNATIONAL

Notes to and forming part of the financial statements

for the year ended 31 March 2018

3. Significant accounting policies (continued)

Impairment of non-financial assets (continued)

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 money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. 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 companies or other available fair value indicators.

Provisions

Provisions are recognised 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. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates.

Related parties

Related parties are individuals and companies where the individual or company has the ability directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions, or vice versa.

Stated capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

ADVANTA SEED INTERNATIONAL

Notes to and forming part of the financial statements for the year ended 31 March 2018

4. Critical accounting estimates and judgements

The preparation of financial statements in accordance with IFRS requires the directors and management to exercise judgements in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, by definition therefore, often differ from the related accounting estimates.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgments that have a significant effect on the amounts recognised in the financial statements, or estimations 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.

Determination of functional currency

Functional currency is the currency of the primary economic environment in which the Company operates. When indicators of the primary economic environment are mixed, management uses its judgement to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. Management has determined that the functional currency of the Company is USD

Provision against obsolete and slow-moving inventories

The Company reviews the condition of its inventories and makes provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use. Company estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. The Company carries out an inventory review at each balance sheet date and makes provision against obsolete and slow-moving items. The Company reassesses the estimation on each balance sheet date.

Impairment of financial assets

The Company assesses impairment based on expected credit losses (ECL) model on trade receivables. The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ADVANTA SEED INTERNATIONAL

Notes to and forming part of the financial statements
for the year ended 31 March 2018

5. Revenue

	2018 USD	2017 USD
Revenue from sales of seeds	106,974,767	27,760,873
	=====	=====

6. Other operating income

	2018 USD	2017 USD
Royalty income	14,150	1,075,200
	=====	=====

7. Net finance income/ (costs)

	2018 USD	2017 USD
Interest on bank	3,202	503
Interest on loan receivables	1,573,049	1,849,392
Net gain/ (loss) on foreign exchange	3,742,332	(1,033,298)
Corporate Guarantee fees	-	(130,356)
Bank charges	(98,540)	(495,738)
Interest on loan payables	(827,801)	(985,883)
	-----	-----
	4,392,242	(795,380)
	=====	=====

8. Property, plant and equipment

	Total USD
<i>Machinery and motor vehicles</i>	
Cost:	
At 01 April 2016	113,485
Addition during the year	41,280

At 31 March 2017	154,765
	=====
 At 31 March 2018	 154,765
	=====

ADVANTA SEED INTERNATIONAL

Notes to and forming part of the financial statements
for the year ended 31 March 2018

8. Property, plant and equipment (continued)

<i>Machinery and motor vehicles</i>	Total USD
<i>Depreciation:</i>	
At 01 April 2016	(84,686)
Charge for the year	(15,725)

At 31 March 2017	(100,411)
	=====
At 01 April 2017	(100,411)
Charge for the year	(17,595)

At 31 March 2018	(118,006)

<i>Net book value:</i>	
At 31 March 2017	54,354
	=====
At 31 March 2018	36,759
	=====

9. Available-for-sale investments

	2018 USD	2017 USD
At start of year	1,000	1,000
Addition during the year	950,000	-
Reclassified to investments in subsidiaries	(951,000)	-
	-----	-----
At end of year	-	1,000
	=====	=====

10. Investments in subsidiaries

Investments in subsidiaries consist of unquoted shares.

	2018 USD	2017 USD
At start of year	81,675	81,675
Reclassified from available-for-sale investments	951,000	-
	-----	-----
At end of year	1,032,675	81,675
	=====	=====

ADVANTA SEED INTERNATIONAL

Notes to and forming part of the financial statements
for the year ended 31 March 2018

10. Investments in subsidiaries (continued)

Name of investee Company	Country of incorporation	Type of shares held	Percentage holding %	Number shares held	Cost of investment USD
PT Advanta Seeds Indonesia	Indonesia	Ordinary	90.57	951,000	951,000
Advanta Seeds DMCC	United Arab Emirates	Equity shares	100	300	81,675

The directors are of the opinion that the carrying value of the above investment is fairly stated at cost and have not suffered any impairment.

11. Inventories (measured at lower of cost and net realisable value)

	2018 USD	2017 USD
Finished goods	2,320,937 =====	4,986,250 =====

12. Trade and other receivables

	2018 USD	2017 USD
<i>Trade receivables:</i>		
- Related parties	82,956,942	11,100,481
- Non-related parties	8,708,334	8,842,644
Group interest receivables	5,646,279	4,070,674
Advance to vendors	436,294	657,748
Other receivables	163,991	101,047
	----- 97,911,840 =====	----- 24,772,594 =====

The average credit period on sales of goods is between 90 - 120 days. No interest is charged on outstanding trade receivables.

The Company assesses impairment based on expected credit losses (ECL) model on trade receivables.

The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, historical observed default rates are updated and changes in forward-looking estimates are analysed.

This policy is in line with the Group's policy on impairment of financial assets.

ADVANTA SEED INTERNATIONAL

Notes to and forming part of the financial statements
for the year ended 31 March 2018

12. Trade and other receivables (continued)

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

The table in this note details the risk profile of trade receivables based on the Company's provision matrix. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Company's different customer base.

Under Method A – Historical data

31 March 2018	Not past due USD	1 - 60 USD	61 - 180 USD	181 - 270 USD	>270 USD	Total USD
Expected credit loss rate	0.03%	0.03%	0.03%	-	-	
Estimated total gross carrying amount at default	6,209,808	1,281,446	997,267	332,697	80,150	8,901,368
Lifetime ECL	2,392	384	299	100	24	<u>(3,199)</u>
						<u>8,898,169</u>

Under Method B – Qualitative parameters

Under this method, the Company has assessed its customers on three parameters and accordingly assigned scores and graded as Good, Average or Bad:

- o Historical payment track record
- o Credit insurance limit
- o Customer's country rating

Each of the three grades carries a % that will be applied, at customer level, to outstanding amount, to arrive at other part of the ECL figure. During the year under review, the Company estimated a 12 month ECL of USD 189,835 under method B.

ADVANTA SEED INTERNATIONAL

Notes to and forming part of the financial statements
for the year ended 31 March 2018

12. Trade and other receivables (continued)

Therefore, total net carrying amount of non-related parties receivables for the year under review are as follows:

	USD					
Gross carrying amount (non-related parties)	8,901,368					
<u>Less allowances:</u>						
Under method A	(3,199)					
Under method B	(189,835)					
	<u>8,708,334</u>					
	Not due USD	0-30 USD	31-90 USD	91-120 USD	121 above USD	Total outstanding USD
<i>Trade receivables</i>						
-Related parties	77,356,093	89,210	295,316	2,400	5,213,923	82,956,942
-Non-related parties	6,163,565	1,213,274	984,901	268,520	78,074	8,708,334
	<u>83,519,658</u>	<u>1,302,484</u>	<u>1,280,217</u>	<u>270,920</u>	<u>5,291,997</u>	<u>91,665,276</u>

13. Loan receivables

	2018 USD	2017 USD
(i) Unsecured, interest-free loans from related parties and repayable on demand	61,717,500	48,021,155
(ii) Unsecured, interest-bearing loans from related parties and repayable on demand	36,566,600	29,808,124
	<u>98,284,100</u>	<u>77,829,279</u>
<u>Long-term</u>		
Loan receivables	26,794,899	23,948,845
<u>Short-term</u>		
Loan receivables	71,489,201	53,880,434
	<u>98,284,100</u>	<u>77,829,279</u>

Loan to related parties amounting to USD 36,566,600 (2016: USD 29,808,124) are unsecured, bear interests at the rate ranging from 4% to 11% per annum and are partly repayable on demand and partly with no fixed repayment terms.

ADVANTA SEED INTERNATIONAL

Notes to and forming part of the financial statements for the year ended 31 March 2018

14. Stated capital

	2018 USD	2017 USD
<i>Issued and fully paid:</i>		
At start of year	2,100,000	2
Issue of shares	-	1,100,000
Bonus issue	-	999,998
	<u>2,100,000</u>	<u>2,100,000</u>
At end of year	<u>2,100,000</u>	<u>2,100,000</u>
<i>Number of shares</i>		
Ordinary shares at USD 1 each	<u>2,100,000</u>	<u>2,100,000</u>
<i>Share premium</i>		
50,000 ordinary shares at a premium of USD 399	<u>19,950,000</u>	<u>19,950,000</u>

15. Taxation

The Company, being the holder of a Category 1 Global Business Licence is subject to income tax in Mauritius at the rate of 15%. However, it is entitled to a tax credit equivalent to the higher of the actual foreign tax suffered and 80% of the Mauritian tax on its foreign source income.

	2018 USD	2017 USD
<i>(a) Income tax liability:</i>		
At start of year	80,782	296,023
Charge for the year	230,793	137,100
Paid during the year	(292,912)	(352,341)
	<u>18,663</u>	<u>80,782</u>
At end of year	<u>18,663</u>	<u>80,782</u>
<i>(b) Reconciliation of effective tax</i>		
Profit before tax	<u>11,498,371</u>	<u>4,644,608</u>
Income tax at 15%	1,724,756	696,691
Add: non-allowable expenses	2,639	31,573
Less: non taxable income	(569,811)	(36,067)
Less: capital allowances	(3,617)	(5,958)
Foreign tax credit	(923,174)	(549,139)
	<u>230,793</u>	<u>137,100</u>
Income tax payable	<u>230,793</u>	<u>137,100</u>

ADVANTA SEED INTERNATIONAL

Notes to and forming part of the financial statements
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16. Borrowings

	2018 USD	2017 USD
<u>Short-term</u>		
Loan from group companies	13,784,405	21,322,912
	=====	=====

The loan from group companies are unsecured, bear interest ranging from 2.5% and 5% per annum and are repayable on demand.

17. Trade and other payables

	2018 USD	2017 USD
Trade creditors:		
-Related companies	90,593,708	7,147,269
-Non-related companies	2,212,623	4,851,935
Group interest payable	1,071,532	621,646
Accruals	3,009,173	3,660,756
	-----	-----
	96,887,036	16,281,606
	=====	=====

18. Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

The Board of directors has the overall responsibility for the determination of the Company's risk management objectives and policies. The Company's overall risk management policies focuses on the volatility of financial markets and seeks to minimise potential adverse effects on the Company's financial performance and flexibility.

The Company's financial instruments comprise of available-for-sale investment, loan receivables, trade and other receivables, cash and cash equivalents, borrowings and, trade and other payables.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Company's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning/ bearing assets mature or are repriced at different times or in different amounts. In the case of floating rate assets and liabilities, the Company is also exposed to basis risk, which is the difference in repricing characteristics of the various floating rate indices, such as the base lending rate and different types of interest.

ADVANTA SEED INTERNATIONAL

Notes to and forming part of the financial statements
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18. Financial risk management (continued)

Market risk (continued)

Interest rate risk (continued)

At the reporting date, the interest rate profile of the Company's earning/ bearing financial assets/ liabilities were as follows:

	2018 USD	2017 USD
<u>Fixed rate instruments</u>		
<i>Financial assets</i>		
Loan receivables	2,758,300	2,758,300
<u>Variable rate instruments</u>		
<i>Financial assets</i>		
Loan receivables	33,808,300	27,049,824
Cash and cash equivalents	1,962,231	9,551,008
	<u>35,770,531</u>	<u>36,600,832</u>
<i>Financial liabilities</i>		
Loan payables	<u>13,784,405</u>	<u>21,322,912</u>

Sensitivity analysis

If the interest rate had been 1% higher/ lower, the effect on profit or loss and equity would have been as follows:

	2018 USD	2017 USD
Profit	<u>213,317</u>	<u>148,196</u>

Currency risk

The Company has financial assets which are denominated in EURO (EUR). Consequently, the Company is exposed to the risk that the exchange rate of the EUR relative to the USD may change in a manner which has a material effect on the reported values of the Company's assets and liabilities which are denominated in EUR.

ADVANTA SEED INTERNATIONAL

Notes to and forming part of the financial statements
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18. Financial risk management (continued)

Market risk (continued)

Currency risk (continued)

Currency profile

The currency profile of the Company's financial assets and liabilities is summarised as follows:

	Financial assets 2018 USD	Financial liabilities 2018 USD	Financial assets 2017 USD	Financial liabilities 2017 USD
USD	169,568,320	109,759,567	90,427,642	37,331,204
EUR	28,589,851	911,874	21,726,239	273,314
	<u>198,158,171</u>	<u>110,671,441</u>	<u>112,153,881</u>	<u>37,604,518</u>
	=====	=====	=====	=====

Sensitivity analysis

At 31 March 2018, if exchange rate had strengthened/ weakened by 5% against EUR, profit after tax would have increased/ decreased by USD 1,342,781 (2017: USD 1,040,467).

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. As at 31 March 2018, the Company's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Company arises from trade and other receivables, loan receivables and, cash and cash equivalents.

The Company's policy is to maintain its cash balance with reputed banking institutions and to monitor the placement of cash balances on an ongoing basis. The Company also limits its credit risk by carrying out transactions with its related parties.

In order to minimise credit risk, the Company has tasked its credit management committee to develop and maintain the Company's credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the credit management committee uses other publicly available financial information and the Company's own trading records to rate its major customers and other debtors. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

ADVANTA SEED INTERNATIONAL

Notes to and forming part of the financial statements
for the year ended 31 March 2018

18. Financial risk management (continued)

Credit risk (continued)

The tables below detail the credit quality of the Company's financial assets and other items, as well as the Company's maximum exposure to credit risk by credit risk rating grades:

31 March 2018	Notes	Internal credit rating	ECL Method	Gross carrying amount	Loss allowance	Net carrying amount
Trade and other receivables	12	(i)	(Method A)	8,901,368	(3,199)	8,898,169
			(Method B)	8,901,368	(189,835)	8,711,533
			TOTAL	8,901,368	(193,034)	8,708,334

(i) For trade receivables and receivables the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Notes 12 include further details on the loss allowance for these assets.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2018 USD	2017 USD
Carrying amount		
Trade and other receivables	97,911,840	24,772,594
Loan receivables	98,284,100	77,829,279
Cash and cash equivalents	1,962,231	9,551,008
	198,158,171	112,152,881

ADVANTA SEED INTERNATIONAL

Notes to and forming part of the financial statements
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18. Financial risk management (continued)

Credit risk (continued)

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	Carrying amount	
	2018 USD	2017 USD
In EURO zone		
Europe	80,185,420	3,880,253
Asia	2,521,750	7,677,172
Latin America	7,587,948	7,115,914
Other regions	1,370,158	1,269,786
	<u>91,665,276</u>	<u>19,943,125</u>
	=====	=====

Refer to note 12 for the ageing of trade receivables at the reporting date.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Company.

The Company's policy and approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring undue losses or risking damage to the Company's reputation.

The following are the Company's contractual maturities of financial liabilities:

31 March 2018	Due on demand USD	Due within one year USD	Due after one year USD	Total USD
Financial liabilities				
Borrowings	13,784,405	-	-	13,784,405
Trade and other payables	-	96,887,036	-	96,887,036
	<u>13,784,405</u>	<u>96,887,036</u>	<u>-</u>	<u>110,671,441</u>
	=====	=====	=====	=====
<i>Financial liabilities</i>				
Borrowings	21,322,912	-	-	21,322,912
Trade and other payables	-	16,281,606	-	16,281,606
	<u>21,322,912</u>	<u>16,281,606</u>	<u>-</u>	<u>37,604,518</u>
	=====	=====	=====	=====

ADVANTA SEED INTERNATIONAL

Notes to and forming part of the financial statements
for the year ended 31 March 2018

18. Financial risk management (continued)

Fair values

The management assessed that the fair values of available-for-sale investments, trade and other receivables, loan receivables, cash and cash equivalents, borrowings and, trade and other payables approximate their carrying amounts.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for its shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to monitor and adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares. In the event that the Company requires additional capital, the shareholders will provide the appropriate financial support to the Company.

19 Related party transactions

During the year under review, the Company traded with related parties. The balances outstanding with related parties were as follows:

	2018 USD	2017 USD
(i) Receivables		
<u><i>Non-current</i></u>		
Loan receivable from ultimate holding Company	669,000	669,000
Loan receivable from fellow subsidiaries	26,125,899	23,279,845
	<u>26,794,899</u>	<u>23,948,845</u>
<u><i>Current</i></u>		
Loan receivable from fellow subsidiaries	71,489,201	53,880,434
Amount receivable from fellow subsidiaries	82,956,942	11,100,481
Interest receivable from fellow subsidiaries	5,646,279	4,070,674
	<u>160,092,422</u>	<u>69,051,589</u>
(ii) Payables		
<u><i>Current</i></u>		
Loan payable to fellow subsidiaries	13,784,405	21,322,912
Amount payable to fellow subsidiaries	90,164,095	4,739,734
Amount payable to ultimate holding company	429,613	2,407,535
Interest payable to fellow subsidiaries	1,071,532	621,646
	<u>105,449,645</u>	<u>29,091,827</u>

ADVANTA SEED INTERNATIONAL

Notes to and forming part of the financial statements for the year ended 31 March 2018

19 Related party transactions (continued)

The nature, volume and type of transactions with the entities are as follows:

	Nature of transaction	2018 USD	2017 USD
Ultimate holding company	Purchases	(675,572)	(93,305)
	Recharge of expenses	-	(2,183,874)
	Commission	-	(130,356)
	Recharge of expenses paid by the Company	-	41,587
Holding company and Fellow Subsidiaries	Interest expense	(827,801)	(455,790)
	Interest income	1,573,049	1,849,3992
	Sales	74,666,428	3,997,040
	Purchases	(87,891,171)	(14,409,476)
	Recharge of expenses	(168,876)	635,654
	Management fees expenses	(873,734)	(1,603,650)

ADVANTA SEED INTERNATIONAL

Notes to and forming part of the financial statements
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20. Administrative and selling expenses

	2018	2017
	USD	USD
Salaries	(2,042,281)	(1,038,468)
Management fees	(873,734)	(1,603,650)
Seed testing expenses	(832,690)	(593,948)
Crop promotional expenses	(546,464)	(135,958)
Legal and professional fees	(499,658)	(356,684)
Selling and distribution	(443,882)	-
Research and development expenditures	(315,698)	(59,956)
Travelling expenses	(286,082)	(428,013)
Impairment loss	(193,034)	-
Other expenses	(175,273)	(262,877)
Bonus incentives	(132,564)	(127,420)
Registration and filing fee	(99,755)	-
Office expenses	(98,370)	(42,825)
Insurance	(86,670)	4,024
Car rental charges	(83,246)	(80,320)
Rent and rates	(70,553)	(51,533)
Audit fee	(18,856)	(7,183)
Depreciation charges	(17,594)	(15,725)
Internet expenses	(5,476)	(20,782)
Trial expenses	-	(9,264)
Membership fees	-	(2,038)
Registration renewals	-	(92,094)
Recruitment and training expenses	-	(1,432)
Total	(6,821,880)	(4,926,146)

21. Holding and ultimate holding Company

UPL Limited, India (a Company listed on Bombay Stock Exchange and National Stock Exchange) and UPL Corporation Limited (a Company incorporated in Mauritius) holds 47.6% and 52.4% respectively in the Company. UPL Limited, India is also the ultimate holding company.

22. Employees

There are 44 contract employees and 2 full time employees in the Company (2017: 35 contract employees and 2 full time employees)

23. Events after the reporting date

There have been no material events after the reporting date which would require disclosure or adjustment to the financial statements for the year ended 31 March 2018.