

# ANNUAL REPORT AND ACCOUNTS 2017



## DATA AGRO LIMITED



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## COMPANY INFORMATION

|                           |  |
|---------------------------|--|
| <b>Chief Executive:</b>   | Mr. Faaiz Rahim Khan   |
| <b>Directors:</b>         | Mr. Asad Rahim Khan<br>Mr. Hamid Jamshed<br>Mr. Muhammad Ayub Khan<br>Mr. Asif Rahim Khan<br>Mr. Anwar-ul-Haq<br>Mrs. Badar Hussain        |
| <b>Company Secretary:</b> | Mr. Suhail Mehmood   |
| <b>Audit Committee:</b>   | Mr. Hamid Jamshed (Chairman)<br>Mr. Asad Rahim Khan (Member)<br>Mrs. Badar Hussain (Member)  |
| <b>HR Committee:</b>      | Mr. Hamid Jamshed (Chairman)<br>Mr. Muhammad Ayub Khan (Member)<br>Mrs. Badar Hussain (Member)<br>Mr. Asad Rahim Khan (Member)             |
| <b>Auditors:</b>          | M/s. Razaqat Mansha Mohsin<br>Dossani Masoom & Co.<br>Chartered Accountants<br>3rd Floor, Sharjah Centre,<br>62-Shadman Market,<br>Lahore. |
| <b>Bankers:</b>           | Habib Bank Limited<br>Allied Bank Limited<br>The Bank of Punjab<br>MCB Bank Limited  |
| <b>Legal Advisor:</b>     | Ashtar Ali & Co.<br>Advocates and Corporate Consultants  |
| <b>Share Registrar:</b>   | Hameed Majeed Associates (Pvt.) Ltd.<br>H.M. House, 7-Bank Square, Lahore  |
| <b>Registered Office:</b> | 71/E-1, Hali Road, Gulberg-III, Lahore.  |

## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 25th Annual General Meeting of Shareholders of Data Agro Limited will be held on Tuesday October 31, 2017 at 11:30 A.M. at the Registered Office of the Company, 71/E-1, Hali Road, Gulberg-III, Lahore. to transact the following business.

1. To confirm the minutes of 24th Annual General Meeting held on October 31, 2016.
2. To receive and adopt the Audited Accounts of the Company along with Directors and Auditors reports thereon, for the year ended June 30, 2017.
3. To appoint Auditors of the company for the year ended June 30, 2018 and to fix their remuneration. The retiring Auditors M/s Razaqat Mansha Mohsin Dossani Masoom & Co. Chartered Accountants, being eligible has offered themselves for reappointment.
4. Any other business with the permission of the chair.

Lahore  
October 08, 2017.

BY ORDER OF THE BOARD  
(SUHAIL MEHMOOD)  
Company Secretary

The share transfer books of the company will remain closed from October 24, 2017 to October 31, 2017 (both days inclusive).

A member entitled to attend and vote at the above meeting may appoint another as proxy. Proxies in order to be effective must be received at the Registered Office of the Company not later than forty eight hours before the time of meeting and must be duly stamped, signed and witnessed.

Members are requested to notify the Company of the any change in their addressed, if any to the Company's Share Registrar M/s Hameed Majeed Associates (Pvt.) Ltd at H.M House 7-Bank Square, Lahore.

SECP through its Notification SRO 787 (I)/2014 dated September 8, 2014 has allowed the circulation of Audited Financial Statements along with Notice of Annual General Meeting to the members of the Company through e-mail. Therefore, all members of the Company who which to receive soft copy of Annual Reports are requested to send their e-mail address. The consent form for electronic transmission could be downloaded from the Company's website: [www.dataagrolimited.com](http://www.dataagrolimited.com).

The Company shall, however, provide hard copy of the Audited Financial Statement to its shareholders, on request, free of cost, within seven days of receipt of such request. Attested copies of CNIC and passport of the beneficial owner and the proxy shall be furnished with the proxy form.

In case of corporate entity, the board of Directors resolution /power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the company.

The proxy shall produce his original CNIC or original passport at the time of the meeting.

**For Attending the Meeting:**

- i. In case of individuals, the account holder or sub-account holder and /or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his identity by showing his original national identity card or original passport at the time of attending the meeting.
- ii. In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has provided earlier) at the time of the meeting.

**For Appointing Proxies:**

- i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per above requirement.
- ii. Two persons whose names, addresses and NIC number shall be mentioned on the proxy form to witness the same.
- iii. Attested copies of NIC or the passport of the beneficial owner and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his original NIC or original passport at the time of the meeting.

In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the company.

## DIRECTOR'S REPORT

The Directors of your Company are please to present the 25th annual report along with the audited accounts for the year ended June 30, 2017.

### Performance Review

The company has processed seeds of Cotton and Wheat and produced Hybrid Corn. We continue to add new crops to our range of seeds that we provide to the farmer. We are actively involved in Hybrid Corn production. We benefitted from the farmers being positive about the cotton crop. Our results show an increase in third party cotton seed processing/delinting totaling 1,682 Metric Tons (2016: 1283 Metric Tons)

|            | <b>2017</b><br>(M.Ton) | <b>2016</b><br>(M.Ton) |
|------------|------------------------|------------------------|
| Production | <u>2350</u>            | <u>320</u>             |

### Financial Results

The summary of financial results is being furnished hereunder for a quick glance.

|  | <b>2017</b><br>(Rupees) | <b>2016</b><br>(Rupees) |
|--|-------------------------|-------------------------|
| Sales                                  | 122,375,954             | 83,232,427              |
| Cost of sales                          | 95,118,324              | 61,565,184              |
| Gross profit                           | <b>27,257,630</b>       | <b>21,667,243</b>       |
| Operating expenses                     | 21,528,680              | 20,687,692              |
| Finance & other charges                | 740,809                 | 852,870                 |
| Other income                           | 77,770                  | 3,937,610               |
| <b>Profit / (loss) before taxation</b> | 5,065,911               | 4,064,291               |
| Taxation                               | 2,661,476               | 8,654,350               |
| <b>Profit/ (loss) after taxation</b>   | <b>2,404,436</b>        | <b>(4,590,059)</b>      |

Review period has shown better performance from the company. Financials show an increase in sales while keeping costs in check. The main reason for this change has been the efforts and focus of our professional staff. Our new Hybrids produced good results and reports from market and farmers are positive. We hope sales of these seeds will increase further.

We continue to invest heavily in R&D of Hybrid Corn and other seeds. This has lowered profit margins but we consider it a worthwhile investment. We are hopeful of the coming quarter producing favorable results from Hybrid Corn sales. We are optimistic about the Yield results. Our sale of cotton seed in both fuzzy and delinted form has maintained high standards of quality.

The management has done extremely well in controlling administrative costs. Distribution has been made more effective while maintaining strict financial checks. The company meets all Prudential Regulations/Ratios of State Bank of Pakistan. We have the option of raising funds from banks but as a policy are not taking any loans.

### Corporate Governance

Please note that your company is fully compliant to the provisions of the Code of Corporate Governance as incorporated in Listing Rules of the stock Exchange;

The following are statements on corporate and financial reporting frame work;

1. The financial statement, prepared by the management of the company, present fairly its state of Affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of accounts have been maintained by the company.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International accounting Standards, as applicable in Pakistan have been followed in preparation of financial statements.

5. The system of internal control is sound and is continuously reviewed by internal audit and other such procedures. The process of review will continue with the objective to improve further.
6. The company has followed the best practices of Corporate Governance, as detailed in the listing regulations wherever possible.
7. There are no doubts upon the company's ability to continue as a going concern.
8. The company has not declared any dividend. The company has planned to invest and utilize available funds to get better results and profit.

#### **Audit Committee**

The board has constituted an audit committee, consisting of three non-executive directors and its chairman is an independent director.

#### **HR Committee**

The board has constituted a HR committee, consisting of 4 non-executive directors and its chairman is an independent director.

#### **Key Operating and Financial Data**

A statement summarizing key operating and financial data for six years including current year is annexed.

#### **Vision/Mission**

The statement reflecting the Vision/Mission of the company is annexed.

#### **Ethics and Business Practices**

The statement outlining the Ethics and Business Practices of the company is annexed.

#### **Board Meeting**

During the financial year under consideration six meetings were held and the attendance by respective directors was as follows:

| <b>Name of Directors</b> | <b>Number of Board Meetings Attended</b> | <b>Leave Granted</b> |
|--------------------------|--|----------------------|
| Mr. Faaiz Rahim Khan     | 6  | -                    |
| Mr. Asif Rahim Khan      | 4  | 2                    |
| Mr. Hamid Jamshed        | 6  | -                    |
| Mr. Muhammad Ayub Khan   | 4  | 2                    |
| Mrs. Badar Hussain       | 4  | 2                    |
| Mr. Anwar-ul-Haq         | 6  | -                    |
| Mr. Asad Rahim Khan      | 6  | -                    |

#### **Pattern of Shareholdings**

The pattern of Shareholdings is on page No.35.

#### **Future Outlook**

In future we shall concentrate on Hybrid Corn seed but will also make efforts to make our range of seeds comprehensive. In the coming year we shall invest in varieties of cotton seed and wheat and plan to enter in the vegetable seeds market. This will increase our capacity utilization further while maintaining our high standards of quality.

#### **Auditors**

The present Auditors M/S. Rafaqat, Mansha, Mohsin, Dossani, Masoom & Company, Chartered Accountants, retired and being eligible, offer themselves for re-appointment for the year ending June 30, 2018.

#### **Acknowledgment**

I want to thank our employees, customers, and suppliers for their continued support and faith in the company. All our shareholders must closely examine the results and see that we are making progress in the right direction. I would like to express our gratitude to our shareholders for support and encouragement.

**LAHORE**  
**October 08, 2017**

**FAAIZ RAHIM KHAN**  
**Chief Executive**

## **VISION/MISSION STATEMENT**

### **a. Vision Statement**

Our Vision is;

- \* A leading producer of agro products (seeds, chemicals) by providing the highest quality of products and services to its customers/growers by making an efficient use of the sciences of modern genetics, biotechnology and plant nutrition.
- \* To strive for excellence through commitment , integrity, honesty and team work.
- \* Highly ethical company and be respected corporate citizen to continue playing due role in the social and environmental sectors of the country.
- \* To develop an extremely motivated and professional trained work force, which would drive growth through innovation and renovation.
- \* Sustained growth in earning in real terms.

### **b. Mission Statement**

- \* Our mission is to be dynamic, profitable and growth oriented company by providing good return on investment to its shareholders and investors, quality products to its customers/growers and a secure and friendly environment place of work to its employees and to project Paksitan's image in the National and International agro Market.

**STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE  
Year ending June 30, 2017.**

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 5.19 of Rule Book of Pakistan Stock Exchange Ltd. for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

| <b>Category</b>         | <b>Names</b>   |
|-------------------------|--|
| Independent Directors   | Mr. Hamid Jamshed  |
| Executive Directors     | Mr. Faaiz Rahim Khan<br>Mr. Anwar Ul Haq   |
| Non-Executive Directors | Mr. Asif Rahim Khan<br>Mr. M. Ayub Khan<br>Mr. Asad Rahim Khan<br>Mrs. Badar Hussain |

1. The independent directors meets the criteria of independence under clause i (b) of the CCG.
2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the board during the period.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The board is making arrangements for the training of directors in next coming year.
10. The Board has approved the appointment of CFO, Company Secretary and Head of internal Audit including their remuneration and terms & conditions of employment.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises 3 members, of whom 2 are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises 4 members, of whom 3 are non-executive directors and the chairman of the committee is an independent director.
18. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the CCG have been complied with [2] except for the following, toward which reasonable progress is being made by the company to seek compliance by the end of next accounting year.

## **STATEMENT OF ETHICS AND BUSINESS PRACTICES**

Data Agro Limited was established with an aim of producing quality delinted cotton seed for its customers. The following core values have been incorporated in our system to promote ethical business practices while producing quality products.

### **THE QUALITY OF PRODUCT**

We strive to produce the best quality delinted cotton seed for our customers. We continuously update ourselves with technological advancements in cotton seed delinting technology and strive to implement these changes in our company. We maintain all relevant technical and professional standards to be compatible with the requirements of the trade.

### **EMPLOYEES**

Recruitment of personnel on merit offering training and career development, equal opportunities of growth, no discrimination or harassment and reward for achievements. Improved working conditions, ensuring safety and health. Terminal benefits as per policy on retirement or redundancy.

Employees shall not use company information and assets for their personal advantage. Conflict of interest shall be avoided and disclosed where it exists and guidance sought.

### **CUSTOMER RELATION**

Ensure customer satisfaction by providing quality products at competitive prices and ensuring after sale service and advice. Prompt, efficient attention to complaints is integral to our client care commitment.

### **SHARE HOLDERS, FINANCIAL INSTITUTIONS & CREDITORS**

Protection of investment made in the company. We focus on maximizing long term share holder's value through strong financial performance and returns, disciplined and profitable expansion. A commitment to accurate and timely communication on achievements and prospects.

### **SUPPLIERS**

Prompt settling of bills, co-operation to achieve quality and efficiency, no bribery or excess hospitality accepted or given.

### **SOCIETY/COMMUNITY**

Compliance with the spirit of laws. Timely payment of all Government taxes and dues. Eliminate the release of substance that may cause environmental damage. Financial assistance for promoting education and social activities including games and donations charity to deserving.

### **GENERAL**

The company shall neither support any political party nor contribute funds to groups or associations whose activities promote political interest through trade association.

### **IMPLEMENTATION**

Company board to ensure implementation of these codes, regular monitoring, review for modification / amendment where necessary.

**KEY OPERATING AND FINANCIAL DATA FOR THE LAST SIX YEARS**
**BALANCE SHEET**

|  | 2017<br>Rupees     | 2016<br>Rupees     | 2015<br>Rupees     | 2014<br>Rupees     | 2013<br>Rupees     | 2012<br>Rupees     |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Capital &amp; Liabilities</b>                               |                    |                    |                    |                    |                    |                    |
| Share Capital & Reserves<br>Authorised Capital                 | <b>50,000,000</b>  | <b>50,000,000</b>  | <b>50,000,000</b>  | <b>50,000,000</b>  | <b>50,000,000</b>  | <b>50,000,000</b>  |
| 5,000,000 Ordinary Shares of Rs. 10 each                       |                    |                    |                    |                    |                    |                    |
| <b>Issued, Subscribed and Paidup capital</b>                   |                    |                    |                    |                    |                    |                    |
| 4,000,000 ordinary shares of<br>Rs. 10 each fully paid in cash | 40,000,000         | 40,000,000         | 40,000,000         | 40,000,000         | 40,000,000         | 40,000,000         |
| Accumulated (Losses)   | (10,839,237)       | (17,471,406)       | (15,947,685)       | (18,146,479)       | (24,866,686)       | (15,093,664)       |
|  | 29,160,763         | 22,528,594         | 24,052,315         | 21,853,521         | 15,133,314         | 24,906,336         |
|  | 62,197,470         | 66,211,071         | 34,017,751         | 36,830,425         | 39,955,618         | 43,785,090         |
| <b>Surplus on Revaluation of Property, Plant and Equipment</b> |                    |                    |                    |                    |                    |                    |
| <b>NON-CURRENT LIABILITIES</b>                                 |                    |                    |                    |                    |                    |                    |
| Long Term Finance  | -                  | -                  | -                  | -                  | 40,378,943         | 40,378,943         |
| Liabilities against assets subject to finance lease            | -                  | -                  | -                  | -                  | 244,724            | 701,090            |
| Deferred liabilities   | 24,166,519         | 24,990,637         | 18,349,148         | 17,549,305         | 20,108,480         | 18,576,437         |
|  | <b>24,166,519</b>  | <b>24,990,637</b>  | <b>18,349,148</b>  | <b>17,549,305</b>  | <b>60,732,147</b>  | <b>59,656,470</b>  |
| <b>CURRENT LIABILITIES</b>                                     |                    |                    |                    |                    |                    |                    |
| Short term borrowings  | 24,378,943         | 26,378,943         | 27,878,943         | 32,378,943         | -                  | -                  |
| Trade and other payables                                       | 21,722,670         | 9,532,861          | 12,535,271         | 13,155,462         | 7,996,221          | 6,323,189          |
| Current maturity of long term liabilities                      | -                  | -                  | -                  | 244,724            | 451,113            | 836,583            |
| Provision for taxation   | 3,797,585          | 2,860,351          | 1,381,027          | 1,327,624          | 946,548            | 1,415,565          |
|  | 49,899,197         | 38,772,155         | 41,795,242         | 47,106,753         | 9,393,883          | 8,575,337          |
|  | <b>165,423,949</b> | <b>152,502,457</b> | <b>118,214,456</b> | <b>123,340,004</b> | <b>125,214,962</b> | <b>136,923,233</b> |
| <b>NON CURRENT ASSETS</b>                                      |                    |                    |                    |                    |                    |                    |
| Property, plant & equipment                                    | 83,023,316         | 87,581,255         | 59,300,218         | 64,435,279         | 70,853,899         | 78,172,011         |
| <b>CURRENT ASSETS</b>  |                    |                    |                    |                    |                    |                    |
| Stores, spares & loose tools                                   | 4,122,022          | 2,921,558          | 3,167,979          | 2,759,544          | 5,510,576          | 2,499,696          |
| Stocks in trade  | 30,224,786         | 13,715,779         | 17,256,540         | 19,485,429         | 12,935,552         | 19,115,889         |
| Trade debts  | 34,120,028         | 30,819,081         | 27,145,995         | 18,387,392         | 22,139,643         | 22,119,915         |
| Loans, advances, deposits and prepayments, tax refund          | 7,010,383          | 6,846,660          | 5,074,956          | 6,368,593          | 8,220,527          | 10,162,798         |
| Trade deposits and short term prepayments                      | 1,840,030          | 2,594,738          | 2,704,031          | 4,296,586          | 2,943,127          | 1,961,274          |
| Cash & bank balances   | 4,617,825          | 8,023,386          | 3,564,737          | 7,141,622          | 2,611,638          | 2,891,650          |
|  | 82,400,633         | 64,921,202         | 58,914,238         | 58,904,725         | 54,361,063         | 58,751,222         |
|  | <b>165,423,949</b> | <b>152,502,457</b> | <b>118,214,456</b> | <b>123,340,004</b> | <b>125,214,962</b> | <b>136,923,233</b> |

**PROFIT AND LOSS ACCOUNT**

|  | 2017                | 2016                | 2015                | 2014                | 2013                | 2012                |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|  | Rupees              | Rupees              | Rupees              | Rupees              | Rupees              | Rupees              |
| Turnover   | 122,375,954         | 83,232,427          | 71,368,446          | 66,028,119          | 55,841,057          | 74,822,218          |
| Cost of sales  | 95,118,324          | 61,565,184          | 60,186,814          | 54,850,083          | 60,311,639          | 68,076,466          |
| <b>Gross profit</b>                                    | <b>27,257,630</b>   | <b>21,667,243</b>   | <b>11,181,632</b>   | <b>11,178,037</b>   | <b>(4,470,582)</b>  | <b>6,745,752</b>    |
| <b>Operating Expenses</b>                              |                     |                     |                     |                     |                     |                     |
| Administrative & general expenses                      | 12,527,194          | 9,414,221           | 6,078,428           | 6,200,118           | 5,402,443           | 8,733,439           |
| Selling & distribution expenses                        | 9,001,486           | 11,273,471          | 3,304,277           | 3,628,250           | 3,543,116           | 3,765,601           |
|  | 21,528,680          | 20,687,692          | 9,382,705           | 9,828,368           | 8,945,559           | 12,499,040          |
| <b>Operating profit/ (loss)</b>                        | <b>5,728,950</b>    | <b>979,551</b>      | <b>1,798,927</b>    | <b>1,349,668</b>    | <b>(13,416,141)</b> | <b>(5,753,289)</b>  |
| Finance cost   | 740,809             | 852,870             | 722,622             | 597,684             | 632,281             | 540,551             |
| <b>Other income</b>                                    | <b>77,770</b>       | <b>3,937,610</b>    | <b>81,050</b>       | <b>276,481</b>      | <b>581,047</b>      | <b>-</b>            |
| <b>Profit / (loss) before taxation</b>                 | <b>5,065,911</b>    | <b>4,064,291</b>    | <b>1,157,356</b>    | <b>1,028,465</b>    | <b>(14,048,422)</b> | <b>(6,293,840)</b>  |
| Taxation   | 2,661,476           | 8,654,350           | 1,879,412           | (2,479,644)         | 1,908,425           | 1,434,534           |
| <b>Profit/(loss) for the year after taxation</b>       | <b>2,404,436</b>    | <b>(4,590,059)</b>  | <b>(722,057)</b>    | <b>3,508,109</b>    | <b>(15,375,800)</b> | <b>(7,728,373)</b>  |
| Unappropriated profit/(loss) brought forward           | (17,471,406)        | (15,947,685)        | (18,146,479)        | (24,866,686)        | (15,093,664)        | (9,541,051)         |
|  | (15,066,970)        | (20,537,744)        | (18,868,536)        | (21,358,577)        | (30,469,464)        | (17,269,424)        |
| Total comprehensive income/(loss) for the year         | 214,132             | 2,137,157           | 108,177             | (80,896)            | -                   | -                   |
| Transfer from surplus on revaluation of fixed assets   | 4,013,601           | 929,181             | 2,812,674           | 3,292,994           | 5,602,778           | 2,175,760           |
| <b>Accumulated losses transferred to balance sheet</b> | <b>(10,839,237)</b> | <b>(17,471,406)</b> | <b>(15,947,685)</b> | <b>(18,146,479)</b> | <b>(24,866,686)</b> | <b>(15,093,664)</b> |

**REVIEW REPORT TO THE MEMBERS ON STATEMENT OF  
COMPLIANCE WITH BEST PRACTICES OF CODE OF  
CORPORATE GOVERNANCE**

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Data Agro Limited ("the Company") for the year ended June 30, 2017** to comply with the requirements of Rule 5.19 of the Rule book of the Pakistan Stock Exchange where the company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the company to place before the Audit Committee, and upon recommendation of the audit Committee, place before the Board for their review and approval, its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2017.

**Date: 08 October, 2017**  
**Place: Lahore**

**RAFAQAT MANSHA MOHSIN DOSSANI MASOOM & CO.**  
**CHARTERED ACCOUNTANTS**  
Engagement Partner: Mohsin Nadeem (FCA)

## **AUDITOR'S REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of DATA AGRO LIMITED as at June 30, 2017 and the related profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
  - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company.
- c) in our opinion and to the best of our information and according to the explanations given to us, balance sheet, profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2017 and of the loss, its changes in equity and cash flows for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Usher Ordinance, 1980.

**Date: October 08, 2017**  
**Place: Lahore.**

**RAFAQAT MANSHA MOHSIN DOSSANI MASOOM & CO.**  
**CHARTERED ACCOUNTANTS**  
**Engagement Partner: Mohsin Nadeem (FCA)**

**BALANCE SHEET AS**

**EQUITY AND LIABILITIES**

|  | Notes | 2017<br>Rupees                    | 2016<br>Rupees                    |
|--|-------|-----------------------------------|-----------------------------------|
| <b>SHARE CAPITAL AND RESERVES</b>  |       |                                   |                                   |
| Share capital  | 4     | 40,000,000                        | 40,000,000                        |
| Revenue reserves   |       | <u>(10,839,237)</u><br>29,160,763 | <u>(17,471,406)</u><br>22,528,594 |
| <b>SURPLUS ON REVALUATION OF PROPERTY PLANT<br/>AND EQUIPMENT-Net of Tax</b> | 5     | 62,197,470                        | 66,211,071                        |
| <b>NON - CURRENT LIABILITIES</b>   |       |                                   |                                   |
| Deferred liabilities   | 6     | <u>24,166,519</u><br>24,166,519   | <u>24,990,637</u><br>24,990,637   |
| <b>CURRENT LIABILITIES</b>   |       |                                   |                                   |
| Short term borrowings  | 7     | <u>24,378,943</u>                 | <u>26,378,943</u>                 |
| Trade and other payables   | 8     | 21,722,670                        | 9,532,861                         |
| Provision for taxation   | 9     | <u>3,797,585</u><br>49,899,197    | <u>2,860,351</u><br>38,772,155    |
| <b>CONTINGENCIES AND COMMITMENTS</b>   | 10    | -                                 | -                                 |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |       | <u><b>165,423,949</b></u>         | <u><b>152,502,457</b></u>         |

*The annexed notes from 1 to 32 form an integral part of these financial statements.*

**(FAAIZ RAHIM KHAN)**  
Chief Executive

**(ASIF RAHIM KHAN)**  
Director

**AT JUNE 30, 2017**

|   | Notes | 2017<br>Rupees     | 2016<br>Rupees     |
|---|-------|--------------------|--------------------|
| <b>ASSETS</b>                             |       |                    |                    |
| <b>NON - CURRENT ASSETS</b>               |       |                    |                    |
| Property, plant and equipment             | 11    | 83,023,316         | 87,581,255         |
| <b>CURRENT ASSETS</b>                     |       |                    |                    |
| Stores, spare parts and loose tools       | 12    | 4,122,022          | 2,921,558          |
| Stock in trade                            | 13    | 30,224,786         | 13,715,779         |
| Trade debts - unsecured                   | 14    | 34,120,028         | 30,819,081         |
| Loans and advances - unsecured            | 15    | 7,010,383          | 6,381,101          |
| Trade deposits and short term prepayments | 16    | 1,840,030          | 2,594,738          |
| Tax refunds due from the Government       |       | 465,559            | 465,559            |
| Cash and bank balances                    | 17    | 4,617,825          | 8,023,386          |
|   |       | 82,400,633         | 64,921,202         |
| <b>TOTAL ASSETS</b>                       |       | <b>165,423,949</b> | <b>152,502,457</b> |

*The annexed notes from 1 to 32 form an integral part of these financial statements.*

**(FAAIZ RAHIM KHAN)**  
Chief Executive

**(ASIF RAHIM KHAN)**  
Director

**PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2017**

|  | Notes | 2017<br>Rupees    | 2016<br>Rupees     |
|--|-------|-------------------|--------------------|
| Turnover                                   | 18    | 122,375,954       | 83,232,427         |
| Cost of sales                              | 19    | 95,118,324        | 61,565,184         |
| <b>Gross profit</b>                        |       | <b>27,257,630</b> | <b>21,667,243</b>  |
| Administrative expenses                    | 20    | 12,527,194        | 9,414,221          |
| Distribution cost                          | 21    | 9,001,486         | 11,273,471         |
|  |       | 21,528,680        | 20,687,692         |
| <b>Operating profit / (loss)</b>           |       | <b>5,728,950</b>  | <b>979,551</b>     |
| Finance cost                               | 22    | 740,809           | 852,870            |
|  |       | 4,988,141         | 126,681            |
| Other income                               | 23    | 77,770            | 3,937,610          |
| <b>Profit / (loss) before taxation</b>     |       | <b>5,065,911</b>  | <b>4,064,291</b>   |
| Taxation                                   | 24    | 2,661,476         | 8,654,350          |
| <b>Profit / (loss) after taxation</b>      |       | <b>2,404,436</b>  | <b>(4,590,059)</b> |
| <b>Earning per share-Basic and diluted</b> |       | <b>0.60</b>       | <b>(1.15)</b>      |

The appropriations from profits are set out in the statement of changes in equity.

*The annexed notes from 1 to 32 form an integral part of these financial statements.*

**(FAAIZ RAHIM KHAN)**  
Chief Executive

**(ASIF RAHIM KHAN)**  
Director

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2017**

|   | 2017<br>Rupees          | 2016<br>Rupees            |
|---|-------------------------|---------------------------|
| <b>PROFIT AFTER TAXATION</b>  | 2,404,436               | (4,590,059)               |
| <b>Other comprehensive income for the year</b>  |                         |                           |
| Items that may be reclassified subsequently to profit or loss:                                    | -                       | -                         |
| Items that will not be subsequently reclassified to profit or loss:                               | -                       | -                         |
| Remeasurement of retirement benefit   | 214,132                 | (93,387)                  |
| Incremental depreciation transferred from surplus on revaluation of property, plant and equipment | 5,816,813               | 3,280,211                 |
| Related deferred tax  | (1,803,212)             | (1,049,668)               |
|   | <u>4,013,601</u>        | <u>2,230,544</u>          |
| <b>Total comprehensive Income for the year</b>  | <b><u>6,632,169</u></b> | <b><u>(2,452,902)</u></b> |

*The annexed notes from 1 to 32 form an integral part of these financial statements.*

**(FAAIZ RAHIM KHAN)**  
Chief Executive

**(ASIF RAHIM KHAN)**  
Director

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2017**

|   | Notes        | 2017<br>Rupees      | 2016<br>Rupees     |
|---|--------------|---------------------|--------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                    |              |                     |                    |
| Profit/(Loss) before tax                                      |              | 5,065,911           | 4,064,291          |
| Adjustments for:  |              |                     |                    |
| Depreciation  |              | 8,060,433           | 6,082,901          |
| Financial charges   |              | 740,809             | 852,870            |
| Gain on disposal  |              | -                   | (2,987,734)        |
| Provision for gratuity  |              | 1,127,781           | 1,068,719          |
| <b>Operating Profit/(loss) before working capital changes</b> |              | <b>14,994,934</b>   | <b>9,081,047</b>   |
| <b>Working capital changes</b>                                |              |                     |                    |
| <b>(Increase ) / decrease in current assets</b>               |              |                     |                    |
| Stores, spares and loose tools                                |              | (1,200,464)         | 246,421            |
| Stock in trade  |              | (16,509,007)        | 3,540,761          |
| Trade debts   |              | (3,300,947)         | (3,673,086)        |
| Loan and advances   |              | (629,282)           | (1,232,672)        |
| Trade deposits and short term prepayments                     |              | 754,708             | 109,293            |
| <b>Increase /(decrease) in current liabilities</b>            |              | <b>(20,884,992)</b> | <b>(1,009,283)</b> |
| Trade and other payables                                      |              | 12,189,809          | (3,668,264)        |
| <b>Cash generated from/(utilized in) operations</b>           |              | <b>6,299,751</b>    | <b>4,403,500</b>   |
| Financial charges paid  |              | (512,677)           | (187,016)          |
| Gratuity paid   |              | (243,980)           | (981,960)          |
| Income Tax paid   |              | (3,446,161)         | (1,252,716)        |
|   |              | (4,202,818)         | (2,421,692)        |
| <b>Net cash flow from/(utilized in) operating activities</b>  | <b>A</b>     | <b>2,096,933</b>    | <b>1,981,808</b>   |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                    |              |                     |                    |
| Fixed Capital expenditure                                     |              | (3,502,494)         | (144,786)          |
| Proceed from sale of fixed asset                              |              | -                   | 4,121,627          |
| <b>Net cash flow from/(utilized in) investing activities</b>  | <b>B</b>     | <b>(3,502,494)</b>  | <b>3,976,841</b>   |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                    |              |                     |                    |
| Short term borrowings   |              | (2,000,000)         | (1,500,000)        |
| Lease liability   |              | -                   | -                  |
| <b>Net cash flow from/(utilized in) financing activities</b>  | <b>C</b>     | <b>(2,000,000)</b>  | <b>(1,500,000)</b> |
| <b>Net increase / (decrease) in cash and cash equivalents</b> | <b>A+B+C</b> | <b>(3,405,561)</b>  | <b>4,458,649</b>   |
| <b>Cash and cash equivalents at the beginning of the year</b> |              | <b>8,023,386</b>    | <b>3,564,737</b>   |
| <b>Cash and cash equivalents at the end of the year</b>       |              | <b>4,617,825</b>    | <b>8,023,386</b>   |
| <b>Cash &amp; cash equivalents are</b>                        |              |                     |                    |
| Cash in hand  |              | 296,016             | 247,579            |
| Cash at bank  |              | 4,321,809           | 7,775,807          |
|   |              | <b>4,617,825</b>    | <b>8,023,386</b>   |

The annexed notes from 1 to 32 form an integral part of these financial statements.

**(FAAIZ RAHIM KHAN)**  
Chief Executive

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**(ASIF RAHIM KHAN)**  
Director

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2017**

| Description   | Share Capital<br>Rs. | Revenue Reserves<br>Rs. | Total<br>Rs.      |
|---|----------------------|-------------------------|-------------------|
| <b>Balance as at June 30, 2015</b>  | <b>40,000,000</b>    | <b>(15,947,685)</b>     | <b>24,052,315</b> |
| Total Comprehensive Income for the year from July 01, 2015 to June 30, 2016                             | -                    | (4,683,446)             | (4,683,446)       |
| Surplus on derecognition on revaluation of fixed assets   |                      | 929,181                 | 929,181           |
| Transferred from surplus on revaluation to unappropriated profit/(loss) due to incremental depreciation | -                    | 2,230,544               | 2,230,544         |
| Surplus related to deferred tax:  |                      |                         |                   |
| Prior   |                      | -                       | -                 |
| Current   |                      | -                       | -                 |
| <b>Balance as at June 30, 2016</b>  | <b>40,000,000</b>    | <b>(17,471,406)</b>     | <b>22,528,594</b> |
| Total Comprehensive Income for the year from July 01, 2016 to June 30, 2017                             | -                    | 2,618,568               | 2,618,568         |
| Surplus on derecognition on revaluation of fixed assets   |                      | -                       | -                 |
| Transferred from surplus on revaluation to unappropriated profit/(loss) due to incremental depreciation | -                    | 4,013,601               | 4,013,601         |
| Surplus related to deferred tax:  |                      |                         |                   |
| Prior   |                      | -                       | -                 |
| Current   |                      | -                       | -                 |
| <b>Balance as at June 30, 2017</b>  | <b>40,000,000</b>    | <b>(10,839,237)</b>     | <b>29,160,763</b> |

*The annexed notes from 1 to 32 form an integral part of these financial statements.*

**(FAAIZ RAHIM KHAN)**  
Chief Executive

**(ASIF RAHIM KHAN)**  
Director

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2017

### 1. STATUS AND NATURE OF BUSINESS

The company was initially incorporated as a private limited company in Pakistan under the Companies Ordinance, 1984 on November 10, 1992 and was converted into a public limited company on March 06, 1994. The company is listed on Lahore and Karachi Stock Exchanges. The principal activity of the company is production, processing and grading of agro seeds. The registered office of the company is situated at 71/E-1, Hali Road, Gulberg III, Lahore, Punjab, Pakistan and principal place of business is at 8-Km Khanewal road, Kabirwala.

### 2. BASIS OF PREPARATION

#### 2.1 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention without any adjustment for the effect of inflation or reference to current values, except to the extent that land, building and certain plant and machinery have been included at revalued amounts, staff retirement benefits recognized at present value and financial assets has been measured and recorded at fair value.

#### 2.2 STATEMENT OF COMPLIANCE

During the year, the Companies Act-2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan vide its circular no. 17 of 2017 dated July 20, 2017 communicated that the Commission has decided that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, these financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprises of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standard Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

### 2.3 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pakistan Rupees, which is the Company's functional and presented currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupees.

### 2.4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made.

Significant management estimates in these financial statements relate to the useful life and residual value of property, plant and equipment, provision for doubtful receivables, slow moving inventory, defined benefits plans, accrued liabilities, taxation etc. However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in the financial statements.

### 2.5 INITIAL APPLICATION OF A STANDARD, AMENDMENT OR AN INTERPRETATION TO AN EXISTING STANDARD AND FORTHCOMING REQUIREMENTS.

#### Initial Application:

|  | Effective for periods |
|--|-----------------------|
| IAS1- Presentation of Financial Statements (Revised)                 | January 01, 2010      |
| IAS17- Leases (Revised)  | January 01, 2010      |
| IAS 32- Financial Instruments (Amended)                              | January 01, 2010      |
| IAS 36- Impairment of Assets   | January 01, 2010      |
| IAS 39- Financial Instruments: Recognition and Measurement (Amended) | January 01, 2010      |
| IFRS 1- First Time Adoption of International Reporting Standards     | January 01, 2010      |
| IFRS 2- Share-based Payment (Amended)                                | January 01, 2010      |
| IFRS 5- Non Current Assets for Sale and Discontinued Operations      | January 01, 2010      |
| IFRS 8- Operating Segments   | January 01, 2010      |

#### Forthcoming Requirements:

|  |                  |
|--|------------------|
| IAS1- Presentation of Financial Statements   | July 01, 2012    |
| IAS7- Cash Flow Statement :Discloser Initiative  | January 01, 2017 |
| IAS12- Income Taxes  | January 01, 2012 |
| IAS19- Employee Benefits   | January 01, 2013 |
| IAS24- Related Party Disclosures   | January 01, 2011 |
| IAS27- Consolidated and Separate Financial Statements  | January 01, 2013 |
| IAS28- Investments in Associates   | January 01, 2013 |
| IFRS 1- First Time Adoption of International Reporting Standards                                 | July 01, 2011    |
| IFRS 7- Financial Instruments Disclosures (Amendments)   | July 01, 2011    |
| IFRS 9- Financial Instruments  | January 01, 2018 |
| IFRS 15- Revenue from Contracts with Customers   | January 01, 2018 |
| IFRIC 14- The Limit on defined Benefit Asset, Minimum Funding Requirements and their Interaction | January 01, 2011 |
| IFRIC 22- Foreign Currency Transactions and Advance Consideration                                | January 01, 2018 |

The Company expects that the adoption of the above standards and interpretations will not have any material impact on the Company's financial statements in the period of initial application except for certain changes and / or enhancements in the presentation and disclosure of financial statements.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**3.1 PROPERTY, PLANT AND EQUIPMENTS  
OWNED ASSETS**

Property, plant and equipment are stated at historical cost or revalued amount less accumulated depreciation and impairment in value.

Cost of property, plant and equipment consists of purchase price/ construction cost (after trade discount and rebates, refundable taxes/duties) and relevant directly attributable cost for bringing the property, plant and equipment into its intended use. Pre-production and trial run operating results are charged to income.

Depreciation is charged on diminishing balance method at the rates specified in Note 11. Full month's depreciation is charged on addition, while no depreciation is charged in the month of disposal of assets and also no depreciation is charged if the assets residual value exceeds its carrying value, or in the pre-operation period.

Surplus on revaluation of building, plant and equipment due to incremental depreciation is directly charged to unappropriated profit and loss in accordance with section 235(2) of the Companies Ordinance, 1984 read with SRO 45(1)/2003 dated January 13, 2003 issued by the Securities and Exchange Commission of Pakistan.

Residual values and useful lives are reviewed at each balance sheet date and adjusted if expectations differ significantly from previous estimates. The management estimates that the financial impact of changes in the residual values and the useful lives during the year ended June 30, 2017 is immaterial.

Residual values are determined by the management as the amount expects it would receive currently for an item of property, plant and equipment if it was already of the age and in the condition expected at the end of the life based on the prevailing market prices of the similar assets already at the end of its useful lives.

Normal repair & maintenance costs are charged to the profit and loss account in the year in which these are incurred. Major renewals, improvements, cost or expenditure incurred on the property, plant equipment subsequent to their initial reorganization is capitalized when it increases the future economic lives of the relevant assets and it is probable that future economic benefits embodied within the item of addition will flow to the company and its cost can be measured reliably.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

**LEASED ASSETS**

The leases, where all the risks and rewards incidental to ownership of the leased assets have been transferred to the company are classified as finance leases. Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets less accumulated depreciation and accumulated impairment losses, if any.

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance leases. The liabilities are classified as current and long term depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance charges so as to produce a constant periodic rate of interest on the balance outstanding. The interest element of the rental is charged to income over the lease term.

Assets acquired under a finance lease are depreciated over the useful life of assets on reducing balance method at the same rates that are applicable to the owned assets. Depreciation of lease assets is charged to profit and loss account.

Full depreciation on additions in leased assets is charged when an asset is acquired while no depreciation is charged in the year in which the asset is disposed off/ transferred to own assets.

**CAPITAL WORK IN PROGRESS**

Capital work in progress is stated at cost less any identifiable impairment loss and includes the expenditure on material, labour and appropriate overheads directly relating to the project. These costs are transferred to fixed assets as and when assets are available for intended use.

**3.2 INTANGIBLE ASSETS**

Intangible asset is an identifiable non-monetary item without physical substance.

Intangible assets are recognized when it is probable the expected future economic benefit will flow to the entity and the cost of the asset can be measured reliably.

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged over the estimated useful life of the asset on a systematic basis applying the straight line method.

Useful lives of intangible operating assets are reviewed, at each balance sheet date and adjusted if the impact of amortization is significant.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.



### **3.14 RELATED PARTY TRANSACTIONS**

Transactions and contracts with related parties (if any) are carried out at arm's length price determined in accordance with comparable uncontrolled price method.

### **3.15 FINANCIAL INSTRUMENTS**

All the financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instruments. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and receivable respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred. The company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when they are extinguished i.e. when the obligations are discharged, cancelled or expired.

A financial asset and a financial liability is set off and the net amount is reported in the financial statements if the company has a legally enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Any gain or loss on the recognition and derecognition of the financial assets and liabilities is included in the income for the year in which it arises.

### **3.16 CONTINGENT LIABILITIES**

Contingent liabilities are disclosed when there is possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company; or there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

### **3.17 TAXATION**

#### **CURRENT**

Provision for current taxation is based on taxable income for the year at the current rates of taxation after taking into account tax credits and tax rebates available, if any.

#### **DEFERRED**

Deferred tax is recognized using the liability method, on all temporary differences at the balance sheet date calculated at the prevailing rates, between the tax bases of assets and liabilities and their carrying costs for the purposes of financial reporting. Deferred tax liabilities are recognized for all taxable temporary differences to the extent that such differences will reverse in the due future and taxable income will be available for deducting temporary differences.

The carrying amount of deferred tax asset is reviewed on the balance sheet date and is reduced to the extent that it is no longer probable that the sufficient taxable profit will be available to allow in all or part of it for the deferred tax asset.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets is realized or the liability is settled based on the tax rates that have been enacted currently or subsequently at the balance sheet date.

Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it becomes probable future taxable profits will allow deferred tax asset to be recovered.

### **3.18 PROVISIONS**

Provisions are recognized in the balance sheet when the company has a legal or constructive obligation as a result of 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 obligation.

### **3.19 RESEARCH AND DEVELOPMENT COST**

Research and development cost are recognized in the year in which these are incurred.

### **3.20 OFF SETTING:**

Financial assets and liabilities are offset and the amount is reported in the financial statements only when there is legally enforceable right to set-off the recognized amount and the company intends either to settle on a net basis, or to realize the assets and to settle the liability simultaneously.

### **3.21 EARNING PER SHARE**

The company presents basic and diluted earning per share (EPS) for its ordinary shares. Basis EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects for all dilutive potential ordinary shares.

**3A CHANGES IN ACCOUNTING POLICIES**

**3A.1 Amendments in IAS-19(Revised)'Employee Benefits'**

IAS-19(revised)-'Employee Benefits' effective for annual periods beginning on or after January 01,2013 amends the accounting for employee benefits. The standard requires immediate recognition of past service cost in the profit and loss account and also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discout rate, measured at he beginning of the year.

Further, the corridor approach has been eliminated and a new term "remeasurements" has been introduced. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The standard requires "remeasurements" to be recongnized in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

The company has applied this change in accounting policy retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and recorded unrecognized actuarial losses net of taxes associated with retirement benefit plan by adjusting balance of 'Revenue Reserves', 'deferred taxation' and Gratuity as at the beginning of the earliest year presented i.e. july 01,2013 in accordance with the requirements of IAS-1- Presentation of Financial Statements(Revised).

| 4-          | <b>SHARE CAPITAL</b>  | <b>2017</b>       | <b>2016</b>       |
|-------------|---|-------------------|-------------------|
|             |   | Rupees            | Rupees            |
|             | <b>Authorized</b>   |                   |                   |
|             | 5,000,000 (2016: 5,000,000) ordinary shares of Rs. 10 each  | <b>50,000,000</b> | <b>50,000,000</b> |
|             | <b>Issued, subscribed and paid-up</b>   |                   |                   |
|             | 4,000,000 (2016: 4,000,000) ordinary shares of Rs. 10 each fully paid for cash consideration  | <b>40,000,000</b> | <b>40,000,000</b> |
|             | <b>Shares held by Associates</b>  |                   |                   |
|             | <b>Data Enterprises (Pvt.) Ltd</b>  | <b>Number of</b>  | <b>Number of</b>  |
|             | Percentage of equity held 9.87% ( 2016: 9.87% )   | <b>Shares</b>     | <b>Shares</b>     |
|             |   | <b>394,900</b>    | <b>394,900</b>    |
| <b>4.1-</b> | The shareholders' are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the company. All shares carry "one vote" per share without restriction. |                   |                   |
| <b>4.2-</b> | There is no movement in share capital during the year   |                   |                   |
| <b>5</b>    | <b>SURPLUS ON REVALUATION OF PROPERTY PLANT AND EQUIPMENT - Net of tax</b>  | <b>Rupees</b>     | <b>Rupees</b>     |
|             | Gross surplus   |                   |                   |
|             | Opening balance   | 66,211,071        | 34,017,751        |
|             | Decreognistion of surplus on disposal of Fixed Assets (portion of land & Building)  | -                 | (929,181)         |
|             | <b>Add: Surplus arising due to revaluation of Property, plant and equipment</b>   |                   |                   |
|             | Land  | -                 | 1,684,117         |
|             | Building  | -                 | 7,514,325         |
|             | Machinery   | -                 | 26,154,603        |
|             |   | -                 | <b>35,353,045</b> |
|             | Transfer to unappropriated profit in respect of incremental depreciation charged during the current year  | 5,816,813         | 3,280,211         |
|             | Deffered tax related to incremental depreciation  | (1,803,212)       | (1,049,668)       |
|             |   | <b>4,013,601</b>  | <b>2,230,543</b>  |
|             |   | <b>62,197,470</b> | <b>66,211,071</b> |

|  | Notes | 2017<br>Rupees     | 2016<br>Rupees     |
|--|-------|--------------------|--------------------|
| <b>6- DEFERRED LIABILITIES</b>   |       |                    |                    |
| Deferred tax - net   | 6.1   | 17,335,228         | 19,057,147         |
| Gratuity   | 6.2   | 6,831,291          | 5,933,490          |
|  |       | <b>24,166,519</b>  | <b>24,990,637</b>  |
| <b>6.1- DEFERRED TAX - NET</b>   |       |                    |                    |
| Deferred tax liabilities/(assets) arising due to;                          |       |                    |                    |
| Accelerated tax depreciation   |       | 139,914            | 107,389            |
| Provision for profit participation fund                                    |       | (770,516)          | (1,106,877)        |
| Provision for workers fund   |       | (104,496)          | (81,931)           |
| Provision for gratuity   |       | (2,117,700)        | (1,958,052)        |
| Provision for doubtful debts   |       | (511,190)          | (214,691)          |
| Finance lease arrangements   |       | -                  | -                  |
|  |       | <u>(3,363,988)</u> | <u>(3,254,162)</u> |
| Surplus on revaluation of property plant and equipment                     |       | 20,889,788         | 22,693,000         |
| Effect of reduction in tax rates   |       | (190,571)          | (381,691)          |
|  |       | <b>17,335,228</b>  | <b>19,057,147</b>  |
| <b>6.2- Employees Retirement benefits (gratuity unfunded)</b>              |       |                    |                    |
| Present value of defined benefits  |       | 6,452,824          | 5,783,155          |
| Benefits payable   |       | 150,335            | 150,335            |
|  |       | <b>6,603,159</b>   | <b>5,933,490</b>   |
| <b>Movement in present value of obligations</b>                            |       |                    |                    |
| Present value of defined benefits obligation at the beginning of year      |       | 5,783,155          | 5,687,344          |
| Current service cost for the year  |       | 717,347            | 566,185            |
| Interest cost for the year   |       | 410,434            | 502,534            |
| Benefits due but not paid  |       | -                  | (84,335)           |
| Benefits paid during the year  |       | (243,980)          | (981,960)          |
| Gains and losses arising on planned settlements                            |       | -                  | -                  |
| Acturial (gains)/losses from changes in demographic assumptions            |       | -                  | -                  |
| Acturial (gains)/losses from changes in financial assumptions              |       | 5,026              | (21,583)           |
| Experience adjustments   |       | (219,158)          | 114,970            |
| Liability at the end of the year   |       | <b>6,452,824</b>   | <b>5,783,155</b>   |
| <b>6.2.1-Total remeasurements chargeable in other comprehensive income</b> |       |                    |                    |
| Remeasurements of plan obligations:  |       |                    |                    |
| Acturial (gains)/losses from changes in demographic assumptions            |       | -                  | -                  |
| Acturial (gains)/losses from changes in financial assumptions              |       | 5,026              | (21,583)           |
| Experience adjustments   |       | (219,158)          | 114,970            |
|  |       | <b>(214,132)</b>   | <b>93,387</b>      |
| <b>6.2.2-Changes in Net Liability</b>                                      |       |                    |                    |
| Balance Sheet liability/(asset)  |       | 5,933,490          | 5,753,344          |
| Expense chargeable to P&L  |       | 1,127,781          | 1,068,719          |
| Remeasurement chargeable in other comprehensive income                     |       | (214,132)          | 93,387             |
| Benefits paid  |       | (243,980)          | (981,960)          |
| Benefits payable transferred to short term liability                       |       | -                  | -                  |
|  |       | <b>6,603,159</b>   | <b>5,933,490</b>   |

|   | Notes | 2017<br>Rupees     | 2016<br>Rupees     |
|---|-------|--------------------|--------------------|
| <b>6.3- Apportionment of staff retirement benefits</b>  |       |                    |                    |
| The expenses recognized in the income statement under following heads:  |       |                    |                    |
| Cost of goods sold  |       | 496,224            | 499,053            |
| Administrative and general expenses   |       | 451,112            | 450,858            |
| Selling and distribution expenses   |       | 180,445            | 118,807            |
|   |       | <u>1,127,781</u>   | <u>1,068,719</u>   |
| <b>7- SHORT TERM BORROWINGS-unsecured</b>   |       |                    |                    |
| Opening balance   |       | 26,378,943         | 27,878,943         |
| Less: Payments made during the year   |       | <u>(2,000,000)</u> | <u>(1,500,000)</u> |
| Closing balance   |       | <u>24,378,943</u>  | <u>26,378,943</u>  |
| This represents the loan given by ex-director free of interest. According to revised agreement loan has been transferred from long term financing, as it shall be paid within next 12 months. The payment is subject to availability of funds and position of working capital of the company. |       |                    |                    |
| <b>8- TRADE AND OTHER PAYABLES</b>  |       |                    |                    |
| Creditors   |       | 8,794,283          | 2,197,451          |
| Accrued liabilities   |       | 2,547,493          | 1,815,855          |
| Advances from customers   |       | 6,273,914          | 1,373,126          |
| Workers' Welfare Fund   | 8.1   | 337,084            | 248,277            |
| Worker's Profit Participation Fund  | 8.2   | 2,485,535          | 3,354,173          |
| Tax deducted at source  |       | 45,916             | 40,986             |
| Others  |       | 1,238,445          | 502,993            |
|   |       | <u>21,722,670</u>  | <u>9,532,861</u>   |
| <b>8.1- Workers Welfare Fund</b>  |       |                    |                    |
| Balance as at beginning   |       | 248,277            | 113,902            |
| Contribution for the year   |       | 284,141            | 134,375            |
|   |       | <u>532,418</u>     | <u>248,277</u>     |
| Payment made during the year  |       | <u>(195,334)</u>   | -                  |
|   |       | <u>337,084</u>     | <u>248,277</u>     |
| <b>8.2- Reconciliation of Workers Profit Participation Fund</b>   |       |                    |                    |
| Balance as at beginning   |       | 3,354,173          | 2,822,695          |
| Return on funds utilized by the company   |       | -                  | 310,496            |
| Contribution for the year   |       | 238,253            | 220,982            |
|   |       | <u>3,592,426</u>   | <u>3,354,173</u>   |
| Payment made during the year  |       | <u>(1,106,891)</u> | -                  |
|   |       | <u>2,485,535</u>   | <u>3,354,173</u>   |
| <b>9. PROVISION FOR TAXATION</b>  |       |                    |                    |
| Opening balance   |       | 2,860,351          | 1,381,027          |
| Add: Provision for the year   |       | 4,383,395          | 2,193,007          |
|   |       | <u>7,243,746</u>   | <u>3,574,035</u>   |
| Less: Adjustment against completed assessments  |       | <u>(3,446,161)</u> | <u>(713,684)</u>   |
|   |       | <u>3,797,585</u>   | <u>2,860,351</u>   |
| <b>10- CONTINGENCIES AND COMMITMENTS</b>  |       | -                  | -                  |

This represents tax chargeable under Normal tax regime. Tax expenses represents higher of corporate tax @ 31% and alternate corporate tax @ 17% of accounting profit. The company is recognising provision for taxation @ 31% of its taxable profit as alternative corporate tax is lower than corporate tax.

## 11- PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets-Owned

11.1

2017  
Rupees  
**83,023,316**  
**83,023,316**

2016  
Rupees  
**87,581,255**  
**87,581,255**

### 11.1.1- OPERATING FIXED ASSETS

#### OPERATING FIXED ASSETS

|  | Owned assets     |                           |                     |                      |                        |                        |                  |                      |                  | Total             | Leased asset |                   |
|--|------------------|---------------------------|---------------------|----------------------|------------------------|------------------------|------------------|----------------------|------------------|-------------------|--------------|-------------------|
|  | Freehold land    | Building on freehold land | Plant and machinery | Electrical Equipment | Furniture and fittings | Agricultural equipment | Office equipment | Harvesting equipment | Vehicles         |                   | Vehicles     | Total             |
| Rupees                                 |                  |                           |                     |                      |                        |                        |                  |                      |                  |                   |              |                   |
| <b>Year ended June 30, 2016</b>        |                  |                           |                     |                      |                        |                        |                  |                      |                  |                   |              |                   |
| Opening net book value                 | 8,600,000        | 16,073,576                | 32,254,010          | 102,616              | 122,918                | 62,925                 | 243,563          | 172,691              | 1,667,919        | 59,300,218        | -            | 59,300,218        |
| Additions                              | -                | -                         | -                   | -                    | -                      | -                      | 41,886           | -                    | 102,900          | 144,786           | -            | 144,786           |
| Deletions                              | (736,117)        | (397,776)                 | -                   | -                    | -                      | -                      | -                | -                    | -                | (1,133,893)       | -            | (1,133,893)       |
| Surplus on revaluation of fixed assets | 1,684,117        | 7,514,325                 | 26,154,603          | -                    | -                      | -                      | -                | -                    | -                | 35,353,045        | -            | 35,353,045        |
| Depreciation charged for the year      | -                | 1,755,438                 | 3,879,266           | 10,262               | 12,292                 | 12,585                 | 24,356           | 34,538               | 354,164          | 6,082,901         | -            | 6,082,901         |
| <b>Closing net book value</b>          | <b>9,548,000</b> | <b>21,434,687</b>         | <b>54,529,347</b>   | <b>92,354</b>        | <b>110,626</b>         | <b>50,340</b>          | <b>261,093</b>   | <b>138,152</b>       | <b>1,416,655</b> | <b>87,581,255</b> | <b>-</b>     | <b>87,581,255</b> |
| <b>At Jun. 30, 2016</b>                |                  |                           |                     |                      |                        |                        |                  |                      |                  |                   |              |                   |
| Cost                                   | 9,548,000        | 51,268,440                | 160,089,021         | 153,039              | 646,248                | 138,750                | 1,082,323        | 7,669,000            | 5,450,788        | 236,045,609       | -            | 236,045,609       |
| Accumulated depreciation               | -                | 29,833,753                | 105,559,674         | 60,685               | 535,622                | 88,410                 | 821,230          | 7,530,848            | 4,034,133        | 148,464,355       | -            | 148,464,355       |
| <b>Net book value</b>                  | <b>9,548,000</b> | <b>21,434,687</b>         | <b>54,529,347</b>   | <b>92,354</b>        | <b>110,626</b>         | <b>50,340</b>          | <b>261,093</b>   | <b>138,152</b>       | <b>1,416,655</b> | <b>87,581,255</b> | <b>-</b>     | <b>87,581,255</b> |
| <b>Year ended July 01, 2016</b>        |                  |                           |                     |                      |                        |                        |                  |                      |                  |                   |              |                   |
| Opening net book value                 | 9,548,000        | 21,434,687                | 54,529,347          | 92,354               | 110,626                | 50,340                 | 261,093          | 138,152              | 1,416,655        | 87,581,255        | -            | 87,581,255        |
| Additions                              | -                | 2,131,094                 | 260,000             | 136,000              | 22,500                 | 45,000                 | 30,900           | -                    | 877,000          | 3,502,494         | -            | 3,502,494         |
| Deletions                              | -                | -                         | -                   | -                    | -                      | -                      | -                | -                    | -                | -                 | -            | -                 |
| Surplus on revaluation of fixed assets | -                | -                         | -                   | -                    | -                      | -                      | -                | -                    | -                | -                 | -            | -                 |
| Depreciation charged for the year      | -                | 2,178,987                 | 5,470,268           | 12,635               | 11,625                 | 19,068                 | 27,654           | 27,630               | 312,564          | 8,060,433         | -            | 8,060,433         |
| <b>Closing net book value</b>          | <b>9,548,000</b> | <b>21,386,794</b>         | <b>49,319,079</b>   | <b>215,719</b>       | <b>121,501</b>         | <b>76,272</b>          | <b>264,338</b>   | <b>110,522</b>       | <b>1,981,091</b> | <b>83,023,316</b> | <b>-</b>     | <b>83,023,316</b> |
| <b>At Jun. 30, 2017</b>                |                  |                           |                     |                      |                        |                        |                  |                      |                  |                   |              |                   |
| Cost                                   | 9,548,000        | 53,399,534                | 160,349,021         | 289,039              | 668,748                | 183,750                | 1,113,223        | 7,669,000            | 6,327,788        | 239,548,103       | -            | 239,548,103       |
| Accumulated depreciation               | -                | 32,012,740                | 111,029,942         | 73,320               | 547,247                | 107,478                | 848,885          | 7,558,478            | 4,346,697        | 156,524,787       | -            | 156,524,787       |
| <b>Net book value</b>                  | <b>9,548,000</b> | <b>21,386,794</b>         | <b>49,319,079</b>   | <b>215,719</b>       | <b>121,501</b>         | <b>76,272</b>          | <b>264,338</b>   | <b>110,522</b>       | <b>1,981,091</b> | <b>83,023,316</b> | <b>-</b>     | <b>83,023,316</b> |

Depreciation on operating fixed assets is charged at the following rates:

|                            | Annual rate of depreciation (%) |                        | Annual rate of depreciation (%) |
|----------------------------|---------------------------------|------------------------|---------------------------------|
| Building on free hold area | 10                              | Vehicles               | 20                              |
| Plant and machinery        | 10                              | Office equipment       | 10                              |
| Electrical Equipment       | 10                              | Harvesting equipment   | 20                              |
| Furniture and fittings     | 10                              | Agricultural equipment | 20                              |

Note: The carrying amount of the revalued assets that would have been included in the financial statements had these assets being carried at its cost less accumulated depreciation and accumulated impairment losses is shown as under:

| Description               | Carrying Value as at 30-06-2017 |                   |                      | Carrying Value as at 30-06-2016 |                   |                      |
|---------------------------|---------------------------------|-------------------|----------------------|---------------------------------|-------------------|----------------------|
|                           | Inclusive of surplus            | Surplus           | Exclusive of surplus | Inclusive of surplus            | Surplus           | Exclusive of surplus |
| Land freehold             | 9,548,000                       | 8,042,943         | 1,505,057            | 9,548,000                       | 8,042,943         | 1,505,057            |
| Building on freehold land | 21,386,794                      | 17,456,907        | 3,929,887            | 21,434,687                      | 16,413,236        | 5,021,451            |
| Plant and machinery       | 49,319,079                      | 36,697,620        | 12,621,459           | 54,529,347                      | 41,754,892        | 12,774,455           |
|                           | <b>80,253,873</b>               | <b>62,197,470</b> | <b>18,056,403</b>    | <b>85,512,034</b>               | <b>66,211,071</b> | <b>19,300,963</b>    |

First Revaluation was made on 30-06-1996 of land, building and plant and machinery and was carried out by independent valuer M/s.Haseeb Associates and certified by M/s. Anjum Asim Shahid & Co. Chartered Accountant, and revaluation surplus was amounting to Rs. 32.959 Million. Second revaluation was made on May 22, 2006 of aforesaid assets by the independent valuer M/s. Mughal Associates and certified by M/s. Khalid Majid Rehman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants and revaluation surplus was determined at Rs. 46,026,266/- on that date and third revaluation was made on June 25, 2012 of aforesaid assets by the independent valuer M/s. Mughal Associates and revaluation surplus was determined at Rs. 32,312,096/- Fourth revaluation was performed on April 08, 2016 of aforesaid assets by independent valuer M/s.Mughal associates and revalued surplus was determined at Rs.35,353,045/- .

## BASIS OF REVALUATION

|                           |  |
|---------------------------|--|
| Land freehold             | Inspection and market inquiry was conducted to determine the value of land and fair value was determined mainly with reference to price of similar properties in the locality.   |
| Building on freehold land | Survey of the building was conducted and fair value was determined keeping in view the type of construction, existing condition, life lived, aging effect of super structure, expected future life and residual factor.  |
| Plant and Machinery       | Fair value determined after conducting investigation, examining current condition, specification, technical data, year of manufacturing, working efficiency, useful life, capacity utilization, maintenance schedule, useful and expected future life, current market value and replacement of plant and machinery |

### 11.2- The depreciation for the year has been allocated as follows:

|                           | 2017             | 2016             |
|---------------------------|------------------|------------------|
| Cost of goods sold        | 7,649,255        | 5,634,704        |
| Administrative expenses   | 411,178          | 448,197          |
|                           | <u>8,060,433</u> | <u>6,082,901</u> |
| <b>Total Depreciation</b> |                  |                  |
| -Normal Depreciation      |                  |                  |
| -Owned assets             | 1,509,308        | 1,161,684        |
| -Leased assets            | -                | -                |
| -Incremental Depreciation | 6,551,124        | 4,921,217        |
|                           | <u>8,060,433</u> | <u>6,082,901</u> |

### 12. STORES, SPARES PARTS AND LOOSE TOOLS

|                         |      |                  |                  |
|-------------------------|------|------------------|------------------|
| Stores and spares parts | 12.1 | 3,904,286        | 2,703,822        |
| Loose tools             |      | 217,736          | 217,736          |
|                         |      | <u>4,122,022</u> | <u>2,921,558</u> |

12.1.- Store and spare parts are interchangeable and it is not practicable to distinguish from each other

### 13. STOCK IN TRADE

|                |                   |                   |
|----------------|-------------------|-------------------|
| Raw material   | 24,470,765        | 5,723,020         |
| Finished goods | 5,754,021         | 7,987,860         |
|                | <u>30,224,786</u> | <u>13,710,880</u> |

### 14. TRADE DEBTS -UNSECURED

|   |                   |                   |
|---|-------------------|-------------------|
| Considered good                           | 34,120,028        | 30,819,081        |
| Considered doubtful                       | 1,649,000         | 650,578           |
|   | <u>35,769,028</u> | <u>31,469,659</u> |
| <b>Less: Provision for doubtful debts</b> | 1,649,000         | 650,578           |
|   | <u>34,120,028</u> | <u>30,819,081</u> |

|                                     |           |           |
|-------------------------------------|-----------|-----------|
| Opening Provision                   | 650,578   | 2,459,990 |
| Add: provision made during the year | 1,649,000 | 650,578   |
| Less: Bad Debts Written off         | 650,578   | 2,459,990 |

|                                |                  |                |
|--------------------------------|------------------|----------------|
| <b>Balance at the year end</b> | <u>1,649,000</u> | <u>650,578</u> |
|--------------------------------|------------------|----------------|

### 15. LOAN AND ADVANCES-Unsecured

|   |      |                  |                  |
|---|------|------------------|------------------|
| <b>Advances to executive staff:</b>           |      |                  |                  |
| - Considered good                             | 15.1 | 2,023,531        | 1,541,821        |
| <b>Advances to other employees: unsecured</b> |      |                  |                  |
| Advance against Salary                        |      | 233,450          | 103,956          |
| Advance against expenses                      |      | 1,693,561        | 1,722,734        |
| - Considered good                             |      | -                | -                |
| <b>Advances to suppliers:</b>                 |      |                  |                  |
| Considered good                               |      | 631,008          | 1,296,700        |
| <b>Other advances</b>                         |      |                  |                  |
| Advance income tax                            | 15.2 | 2,428,833        | 1,715,890        |
|   |      | <u>7,010,383</u> | <u>6,381,101</u> |

Advances to employees are provided to meet business expenses and are settled as an when the expenses are incurred

|  | Notes  | 2017<br>Rupees            | 2016<br>Rupees           |
|--|--------|---------------------------|--------------------------|
| <b>15.1 MOVEMENT OF ADVANCES TO EXECUTIVE STAFF</b>  |        |                           |                          |
| Opening balance  |        | 1,541,821                 | 1,330,044                |
| Advance during the year  |        | 641,710                   | 443,227                  |
|  |        | <u>2,183,531</u>          | <u>1,773,271</u>         |
| Received/transferred during the year   |        | (160,000)                 | (231,450)                |
| Closing balance  |        | <u><b>2,023,531</b></u>   | <u><b>1,541,821</b></u>  |
| <p>These represents advance to executive staff for day to day operation of business basis. the maximum aggregate amount due from executive staff at the end of any month during the year was Rs.1,750,322/- (2016: Rs. 1,435,933/-).</p> |        |                           |                          |
| <b>15.2 ADVANCE INCOME TAX</b>   |        |                           |                          |
| Opening balance  |        | 1,715,890                 | 1,176,858                |
| Tax deducted/paid during the year  |        | 1,172,529                 | 870,805                  |
|  |        | <u>2,888,419</u>          | <u>2,047,663</u>         |
| Adjustment during the year   |        | (459,586)                 | (331,773)                |
|  |        | <u><b>2,428,833</b></u>   | <u><b>1,715,890</b></u>  |
| <b>16. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>   |        |                           |                          |
| Security deposits with statutory authorities   |        | 122,850                   | 122,850                  |
| Prepayments  | 16.1   | 1,717,180                 | 2,471,888                |
|  |        | <u><b>1,840,030</b></u>   | <u><b>2,594,738</b></u>  |
| <b>16.1- PREPAYMENTS</b>   |        |                           |                          |
| Prepaid insurance - Vehicles   |        | 99,314                    | 95,486                   |
| Prepaid lease charges - Farms  |        | 1,617,866                 | 1,986,402                |
| Prepaid rent   |        | -                         | 390,000                  |
|  |        | <u><b>1,717,180</b></u>   | <u><b>2,471,888</b></u>  |
| <b>17. CASH AND BANK BALANCES</b>  |        |                           |                          |
| Cash in hand   |        |                           |                          |
| -Head office   |        | 85,696                    | 58,539                   |
| -Factory   |        | 210,320                   | 189,040                  |
|  |        | <u>296,016</u>            | <u>247,579</u>           |
| Cash at bank:  |        |                           |                          |
| -Current accounts  |        | 4,321,809                 | 7,775,807                |
|  |        | <u><b>4,617,825</b></u>   | <u><b>8,023,386</b></u>  |
| <b>18. TURNOVER</b>  |        |                           |                          |
| Gross Turnover   | 18.1   | 134,278,482               | 89,538,810               |
| <b>Less:</b> Trade discounts   |        | 3,606,333                 | 2,422,913                |
| Sale return  |        | 8,296,195                 | 3,883,470                |
|  |        | <u><b>122,375,954</b></u> | <u><b>83,232,427</b></u> |
| <b>18.1 Gross Tunover</b>  |        |                           |                          |
| Sale of goods  | 18.1.1 | 108,362,596               | 74,906,766               |
| Delinting  | 18.1.2 | 25,915,886                | 14,632,044               |
|  |        | <u><b>134,278,482</b></u> | <u><b>89,538,810</b></u> |

|  | Notes | 2017<br>Rupees            | 2016<br>Rupees           |
|--|-------|---------------------------|--------------------------|
| <b>18.1.1 Sale of Goods</b>                  |       |                           |                          |
| Hybrid corn seed                             |       | 43,223,463                | 45,590,467               |
| Fuzzy & Cotton seed                          |       | 20,251,525                | 8,832,870                |
| Vegetable seed                               |       | 1,470,750                 | 324,510                  |
| Okra seed                                    |       | 1,209,710                 | 1,033,750                |
| Wheat seed                                   |       | 15,270,253                | 2,235,166                |
| S.S.G  |       | 1,708,380                 | 134,800                  |
| Sale of Paddy                                |       | 4,919,450                 | 1,179,125                |
| Micronutrient                                |       | 18,355,390                | 11,360,135               |
| Sale of lint                                 |       | 250,850                   | 411,746                  |
| Sale of Vanda                                |       | 1,702,825                 | 3,804,197                |
|  |       | <b><u>108,362,596</u></b> | <b><u>74,906,766</u></b> |
| <b>18.1.2 Delinting</b>                      |       |                           |                          |
| Seed processing                              |       | 25,789,606                | 14,552,044               |
| Cleaning and drying                          |       | 126,280                   | 80,000                   |
|  |       | <b><u>25,915,886</u></b>  | <b><u>14,632,044</u></b> |
| <b>19. COST OF SALES</b>                     |       |                           |                          |
| Raw material consumed                        | 19.1  | 43,668,432                | 26,701,890               |
| Chemicals, stores and others                 |       | 4,915,915                 | 4,613,778                |
| Salaries, wages & benefits                   | 19.2  | 8,545,428                 | 6,404,311                |
| Fuel and powers                              |       | 5,671,668                 | 3,634,623                |
| Repair and maintenance (Plant & machinery)   |       | 1,243,973                 | 710,395                  |
| Repair and maintenance (Building)            |       | -                         | 242,000                  |
| Repair and maintenance (Electrical)          |       | 239,145                   | 166,801                  |
| Repair and maintenance (Furniture & fixture) |       | -                         | 1,760                    |
| Processing expenses                          |       | 2,333,328                 | 1,614,028                |
| Research and development expenses            |       | 6,403,137                 | 6,216,240                |
| Micronutrient expenses                       |       | 11,248,942                | 4,381,337                |
| Vehicle repair and maintenance               |       | 73,861                    | 53,176                   |
| Laboratory expenses                          |       | 90,237                    | 35,374                   |
| Consultancy charges - Generator              |       | 45,000                    | 45,000                   |
| Entertainment                                |       | 266,343                   | 225,638                  |
| Telephone charges                            |       | 152,976                   | 123,235                  |
| Germination claims                           |       | 73,169                    | 23,250                   |
| Kappa's Ginning charges                      |       | 4,020                     | 12,585                   |
| Traveling and conveyance                     |       | 1,650                     | 5,770                    |
| Usher  |       | 84,500                    | -                        |
| Depreciation                                 |       | 7,649,255                 | 5,634,704                |
| Miscellaneous charges                        |       | 173,506                   | 158,448                  |
|  |       | 92,884,485                | 61,004,343               |
| Adjustments of finished goods                |       |                           |                          |
| - Opening                                    |       | 7,987,860                 | 8,548,700                |
| - Pre-paid expenses                          |       | -                         | -                        |
| - Closing                                    |       | (5,754,021)               | (7,987,860)              |
|  |       | 2,233,839                 | 560,840                  |
|  |       | <b><u>95,118,324</u></b>  | <b><u>61,565,184</u></b> |

| <b>19.1 RAW MATERIAL CONSUMED</b>                          | <b>Notes</b> | <b>2017<br/>Rupees</b>   | <b>2016<br/>Rupees</b>   |
|--|--------------|--------------------------|--------------------------|
| Raw material consumed - Fuzzy seed                         | 19.1.1       | 8,170,136                | 2,593,185                |
| Raw material consumed - Wheat                              | 19.1.2       | 12,684,103               | 1,793,597                |
| Raw material consumed - Hybrid Corn seed                   | 19.1.3       | 14,078,855               | 18,223,693               |
| Raw material consumed - Okra seed                          | 19.1.4       | 479,162                  | 589,420                  |
| Raw material consumed - Delinted Cotton seed               | 19.1.5       | 1,684,293                | 238,059                  |
| Raw material consumed - S.S.G seed                         | 19.1.6       | 1,571,621                | 49,350                   |
| Raw material consumed - Soyabean                           | 19.1.7       | 132,495                  | 28,857                   |
| Raw material consumed - Rice / Paddy                       | 19.1.8       | 2,939,879                | 518,830                  |
| Raw material consumed - Peas                               | 19.1.9       | 225,000                  | 44,688                   |
| Raw material consumed - Lucern                             | 19.1.10      | -                        | 4,428                    |
| Raw material consumed - Venda                              | 19.1.11      | 816,091                  | 2,552,463                |
| Raw Material consumed - Sesame                             | 19.1.12      | 81,800                   | 65,320                   |
| Raw Material consumed - Mongbea                            | 19.1.13      | 804,997                  | -                        |
|  |              | <b><u>43,668,432</u></b> | <b><u>26,701,890</u></b> |
| <b>19.1.1 RAW MATERIAL CONSUMED - FUZZY SEED</b>           |              |                          |                          |
| Opening stocks - 01-07-2016                                |              | -                        | -                        |
| Add: Purchases   |              | 8,170,136                | 2,593,185                |
| Add: Expenses on production - own farms                    |              | -                        | -                        |
|  |              | 8,170,136                | 2,593,185                |
| Closing stock 30-06-2017                                   |              | -                        | -                        |
| Consumed for own farm production                           |              | <b><u>8,170,136</u></b>  | <b><u>2,593,185</u></b>  |
| <b>19.1.2 RAW MATERIAL CONSUMED - WHEAT SEED</b>           |              |                          |                          |
| Opening stocks - 01-07-2016                                |              | 2,072,411                | 1,450,890                |
| Add: Purchases   |              | 25,795,326               | -                        |
| Add: Expenses on production - own farms                    |              | 1,249,616                | 2,415,118                |
|  |              | 29,117,353               | 3,866,008                |
| Closing stock 30-06-2017                                   |              | (16,433,250)             | (2,072,411)              |
| Consumed for own farm production                           |              | <b><u>12,684,103</u></b> | <b><u>1,793,597</u></b>  |
| <b>19.1.3 RAW MATERIAL CONSUMED - HYBRID CORN</b>          |              |                          |                          |
| Opening stocks - 01-07-2016                                |              | 3,438,716                | 7,256,950                |
| Add: Purchases   |              | 1,777,300                | 2,038,432                |
| Add: Expenses on production - own farms                    |              | 14,703,399               | 12,367,027               |
|  |              | 19,919,415               | 21,662,409               |
| Closing stock 30-06-2017                                   |              | (5,840,560)              | (3,438,716)              |
| Consumed for own farm production                           |              | <b><u>14,078,855</u></b> | <b><u>18,223,693</u></b> |
| <b>19.1.4 RAW MATERIAL CONSUMED - OKRA SEED</b>            |              |                          |                          |
| Opening stocks -01-07-2016                                 |              | 27,063                   | -                        |
| Add: Purchases   |              | 1,130,949                | 189,700                  |
| Add: Expenses on production - own farms                    |              | 72,750                   | 426,783                  |
|  |              | 1,230,762                | 616,483                  |
| Closing stock 30-06-2017                                   |              | (751,600)                | (27,063)                 |
| Consumed for own farm production                           |              | <b><u>479,162</u></b>    | <b><u>589,420</u></b>    |
| <b>19.1.5 RAW MATERIAL CONSUMED - DELINTED COTTON SEED</b> |              |                          |                          |
| Opening stocks - 01-07-2016                                |              | -                        | -                        |
| Add: Purchases   |              | -                        | 111,338                  |
| Add: Expense on production - own farms                     |              | 1,684,293                | 126,721                  |
|  |              | 1,684,293                | 238,059                  |
| Closing stock 30-06-2017                                   |              | -                        | -                        |
| Consumed for own farm production                           |              | <b><u>1,684,293</u></b>  | <b><u>238,059</u></b>    |

|  | 2017<br>Rupees   | 2016<br>Rupees   |
|--|------------------|------------------|
| <b>19.1.6 RAW MATERIAL CONSUMED - S.S.G SEED</b> |                  |                  |
| Opening stock - 01-07-2016                       | 119,510          | -                |
| Add: Purchases                                   | 1,286,569        | 164,150          |
| Add: Expense on production - own farms           | 332,417          | 4,710            |
|  | 1,738,496        | 168,860          |
| Closing stock 30-06-2017                         | (166,875)        | (119,510)        |
| Consumed for own farm production                 | <u>1,571,621</u> | <u>49,350</u>    |
| <b>19.1.7 RAW MATERIAL CONSUMED - Soyabean</b>   |                  |                  |
| Opening stock - 01-07-2016                       | 65,320           | -                |
| Add: Purchases                                   | -                | -                |
| Add: Expense on production - own farms           | 67,175           | 94,177           |
|  | 132,495          | 94,177           |
| Closing stock 30-06-2017                         | -                | (65,320)         |
| Consumed for own farm production                 | <u>132,495</u>   | <u>28,857</u>    |
| <b>19.1.8 RAW MATERIAL CONSUMED - Rice/Paddy</b> |                  |                  |
| Opening stock - 01-07-2016                       | -                | -                |
| Add: Purchases                                   | 2,751,220        | 489,768          |
| Add: Expense on production - own farms           | 188,659          | 29,062           |
|  | 2,939,879        | 518,830          |
| Closing stock 30-06-2017                         | -                | -                |
| Consumed for own farm production                 | <u>2,939,879</u> | <u>518,830</u>   |
| <b>19.1.9 RAW MATERIAL CONSUMED - Peas</b>       |                  |                  |
| Opening stock - 01-07-2016                       | -                | -                |
| Add: Purchases                                   | 1,503,480        | 44,688           |
| Add: Expense on production - own farms           | -                | -                |
|  | 1,503,480        | 44,688           |
| Closing stock 30-06-2017                         | (1,278,480)      | -                |
| Consumed for own farm production                 | <u>225,000</u>   | <u>44,688</u>    |
| <b>19.1.10 RAW MATERIAL CONSUMED - Lucern</b>    |                  |                  |
| Opening stock - 01-07-2016                       | -                | -                |
| Add: Purchases                                   | -                | -                |
| Add: Expense on production - own farms           | -                | 4,428            |
|  | -                | 4,428            |
| Closing stock 30-06-2017                         | -                | -                |
| Consumed for own farm production                 | <u>-</u>         | <u>4,428</u>     |
| <b>19.1.11 RAW MATERIAL CONSUMED - Vanda</b>     |                  |                  |
| Opening stock - 01-07-2016                       | -                | -                |
| Add: Purchases                                   | -                | -                |
| Add: Expense on production - own farms           | 816,091          | 2,552,463        |
|  | 816,091          | 2,552,463        |
| Closing stock 30-06-2017                         | -                | -                |
| Consumed for own farm production                 | <u>816,091</u>   | <u>2,552,463</u> |
| <b>19.1.12 RAW MATERIAL CONSUMED - Sesame</b>    |                  |                  |
| Opening stock - 01-07-2016                       | -                | -                |
| Add: Purchases                                   | 81,800           | 65,320           |
| Add: Expense on production - own farms           | -                | -                |
|  | 81,800           | 65,320           |
| Closing stock 30-06-2017                         | -                | -                |
| Consumed for own farm production                 | <u>81,800</u>    | <u>65,320</u>    |
| <b>19.1.13 RAW MATERIAL CONSUMED - Mong Bea</b>  |                  |                  |
| Opening stock - 01-07-2016                       | -                | -                |
| Add: Purchases                                   | 798,400          | -                |
| Add: Expense on production - own farms           | 6,597            | -                |
|  | 804,997          | -                |
| Closing stock 30-06-2017                         | -                | -                |
| Consumed for own farm production                 | <u>804,997</u>   | <u>-</u>         |

**19.2** Salaries, wages and benefits include Rs.496,224/- (2016: Rs.499,053 /-) in respect of staff retirement benefits-gratuity (Note # 6.3)

|   | Notes | 2017<br>Rupees    | 2016<br>Rupees    |
|---|-------|-------------------|-------------------|
| <b>20. ADMINISTRATIVE EXPENSES</b>  |       |                   |                   |
| Salaries, wages and benefits  | 20.1  | 7,646,878         | 5,785,825         |
| Printing and stationery   |       | 216,516           | 182,418           |
| Traveling and conveyance  |       | 261,175           | 110,480           |
| Vehicle running and maintenance   |       | 121,167           | 20,370            |
| Rent, rates and taxes   |       | 350,343           | 160,400           |
| Postage and telegram  |       | 44,873            | 44,279            |
| Utilities expenses  |       | 1,054,570         | 896,391           |
| Telephone expenses  |       | 133,510           | 55,090            |
| Entertainment   |       | 103,714           | 18,239            |
| Newspaper and periodicals   |       | 5,600             | 7,140             |
| Fee and subscription  |       | 180,920           | 88,375            |
| Legal and professional charges  |       | 232,200           | 202,430           |
| Auditors' remuneration  | 20.2  | 425,000           | 420,000           |
| Canteen expenses  |       | 174,696           | 108,212           |
| Repair & maintenance  |       | 872,819           | 133,844           |
| Charity & donation  |       | 28,643            | 19,070            |
| Advances from employees written off   |       | -                 | 492,407           |
| Insurance expenses  |       | 186,331           | 216,683           |
| Depreciation  | 11.2  | 411,178           | 448,197           |
| Miscellaneous expenses  |       | 77,061            | 4,371             |
|   |       | <b>12,527,194</b> | <b>9,414,221</b>  |
| 20.1 Salaries, wages and benefits include Rs.451,112/- (2016: Rs.450,858 /-) in respect of staff retirement benefits - gratuity (Note # 6.3). |       |                   |                   |
| <b>20.2 Auditor's remuneration</b>  |       |                   |                   |
| Statutory Audit fee   |       | 250,000           | 250,000           |
| Half yearly review  |       | -                 | -                 |
| out of pocket expenses  |       | 25,000            | 20,000            |
| Tax consultancy   |       | 150,000           | 150,000           |
|   |       | <b>425,000</b>    | <b>420,000</b>    |
| <b>21 DISTRIBUTION COST</b>   |       |                   |                   |
| Salaries, wages and benefits  | 21.1  | 2,445,107         | 1,524,644         |
| Telephone expenses  |       | 63,890            | 122,223           |
| Traveling and conveyance  |       | 6,530             | 3,130             |
| Entertainment   |       | 11,504            | 17,749            |
| Advertisement   |       | 577,419           | 482,671           |
| Repair & maintenance - Vehicles   |       | 1,324,370         | 1,315,679         |
| Freight & octroi  |       | 1,054,696         | 450,435           |
| Sale promotion expenses   |       | 561,412           | 303,062           |
| Comission on sale   |       | 1,262,862         | 1,517,475         |
| Doubtful debts  |       | 1,649,000         | 650,578           |
| Bad Debts Written off   |       | -                 | 4,871,485         |
| Miscellaneous expenses  |       | 44,696            | 14,340            |
|   |       | <b>9,001,486</b>  | <b>11,226,173</b> |
| 21.1. Salaries, wages and benefits include Rs.180,445/- (2016: Rs.118,807/-) in respect of staff retirement benefits - gratuity (Note # 6.3). |       |                   |                   |
| <b>22. FINANCE AND OTHER COST</b>   |       |                   |                   |
| Lease finance charges   |       | -                 | -                 |
| Bank Charges  |       | 52,426            | 53,069            |
| Stock exchange fees   |       | 153,450           | 133,947           |
| <b>Other cost</b>   |       |                   |                   |
| Workers profit participation fund   |       | 250,792           | 531,479           |
| Workers welfare fund  |       | 284,141           | 134,375           |
|   |       | <b>740,809</b>    | <b>852,870</b>    |

|   | <b>2017</b>                       | <b>2016</b>             |
|---|-----------------------------------|-------------------------|
|   | Rupees                            | Rupees                  |
| <b>23. OTHER INCOME</b>   |                                   |                         |
| <b>Income from non financial assets</b>   |                                   |                         |
| capital gain on disposal of fixed assets  | -                                 | 2,987,734               |
| <b>Others</b>   |                                   |                         |
| Cleaning & drying   | 77,770                            | 169,535                 |
| income from sale of woods & Plants  | -                                 | 780,341                 |
|   | <u><b>77,770</b></u>              | <u><b>3,937,610</b></u> |
| <b>24. TAXATION</b>   |                                   |                         |
| Current year  | 4,383,395                         | 2,193,007               |
| Prior years   | -                                 | -                       |
| <b>DEFERRED</b>   | 4,383,395                         | 2,193,007               |
| Current year  | (1,531,348)                       | 6,843,033               |
| Prior years   | (190,571)                         | (381,691)               |
|   | <u>(1,721,919)</u>                | <u>6,461,342</u>        |
|   | <u><b>2,661,476</b></u>           | <u><b>8,654,350</b></u> |
| <b>24.1- NUMERICAL RECONCILIATION BETWEEN THE AVERAGE EFFECTIVE TAX RATE AND THE APPLICABLE TAX RATE.</b>         | <b>%AGE</b>                       | <b>%AGE</b>             |
| Applicable tax rate   | 31.00%                            | 32.00%                  |
| Tax effect of non deductible expenses   | 0.00%                             | 0.00%                   |
| Tax effect of minimum tax liability   | 55.53%                            | 21.96%                  |
| Tax effect of prior year relating to revaluation surplus  | 0.00%                             | 0.00%                   |
| Tax effect of prior year relating to wokers fund  | 0.00%                             | 0.00%                   |
| Tax charge relating to prior year   | -3.76%                            | -9.39%                  |
| Tax effect relating to deferred tax current year  | -30.23%                           | 168.37%                 |
| <b>Average effective tax rate</b>   |                                   |                         |
| Tax expense for the year divided by profit before tax   | <u>52.54%</u>                     | <u>212.94%</u>          |
| <b>25. EARNING PER SHARE</b>  | <b>2017</b>                       | <b>2016</b>             |
|   | Rupees                            | Rupees                  |
| Net Profit/(loss) for the year after taxation   | 2,404,436                         | (4,590,059)             |
| Number of ordinary shares issued and subscribed at the end of the year  | 4,000,000                         | 4,000,000               |
|   | <u><b>0.60</b></u>                | <u><b>(1.15)</b></u>    |
| <b>25.1. BASIC</b>  |                                   |                         |
| Earning per share   | <u><b>0.60</b></u>                | <u><b>(1.15)</b></u>    |
| <b>25.2. DILUTED</b>  |                                   |                         |
| There is no dilution effect on the basic earning per share of the company as the company has no such commitments. |                                   |                         |
| <b>26 NUMBER OF EMPLOYEES (Average and year end)</b>  |                                   |                         |
| The total average number of employees during the period and as at the period end are as follows:                  |                                   |                         |
|   | <u><b>Number of employees</b></u> |                         |
| Average number of employees during the period   | <u><b>36</b></u>                  | <u><b>30</b></u>        |
| number of employees as at 30-06-2017  | <u><b>44</b></u>                  | <u><b>28</b></u>        |

**27. REMUNERATION OF CHIEF EXECUTIVES, DIRECTORS AND EXECUTIVES**

The aggregate amounts charged in the accounts for the period for remuneration, including all benefits to the Chief executive, Directors, and executive of the Company are as follows:

|   | <b>2017</b>     |                  |                  |
|---|-----------------|------------------|------------------|
|   | Chief Executive | Directors        | Executives       |
| Managerial remuneration                           | -               | 2,320,000        | 1,764,000        |
| Commission or bonus                               | -               | -                | -                |
| Utilities   | -               | 116,000          | 58,800           |
| House rent  | -               | 1,044,000        | 592,200          |
| Medical   | -               | -                | -                |
| Pension, gratuity and contribution to other funds | -               | -                | -                |
| Other perquisites and benefits                    | -               | -                | -                |
|   | <u>-</u>        | <u>3,480,000</u> | <u>2,415,000</u> |
| Number of persons                                 | <b>1</b>        | <b>1</b>         | <b>2</b>         |

Director has been provided with free use of company's maintained car for official use only. No remuneration was paid to chief executive and other directors during the year nor any meeting fees.

|   | <b>2016</b>     |                  |                  |
|---|-----------------|------------------|------------------|
|   | Chief Executive | Working Director | Executives       |
| Managerial remuneration                           | -               | 2,320,000        | 2,245,842        |
| Commission or bonus                               | -               | -                | -                |
| Utilities   | -               | 116,000          | 112,292          |
| House rent  | -               | 1,044,000        | 1,010,629        |
| Medical   | -               | 139,200          | 44,644           |
| Pension, gratuity and contribution to other funds | -               | -                | -                |
| Other perquisites and benefits                    | -               | -                | -                |
|   | <u>-</u>        | <u>3,619,200</u> | <u>3,413,407</u> |
| Number of persons                                 | <b>1</b>        | <b>1</b>         | <b>5</b>         |

Director has been provided with free use of company's maintained car for official use only. No remuneration was paid to chief executive and other directors during the year nor any meeting fees.

|  | <b>2017</b>         | <b>2016</b>         |
|--|---------------------|---------------------|
| <b>28 TRANSACTIONS WITH ASSOCIATED UNDERTAKING</b>         | <b>NIL</b>          | <b>NIL</b>          |
| Transactions / Services rendered / received                |                     |                     |
| <b>29 CAPACITY AND PRODUCTION</b>                          | <b>M.Tons</b>       | <b>M.Tons</b>       |
| Annual rated capacity (at 100% capacity)                   | <b>18,250</b>       | <b>18,250</b>       |
| (Based on 50 Tons per day of 24 hours and 365 days a year) |                     |                     |
| <b>Actual Production</b>                                   |                     |                     |
| - Cotton seeds   | 119                 | 37                  |
| - Other seeds  | 2,231               | 283                 |
| - Third party seed-processed                               | 1,682               | 2,059               |
|  | <u><b>4,032</b></u> | <u><b>2,379</b></u> |

**29.1.** The exact rated capacity of the plant can not be determined as it varies according to nature of seeds to be processed and also affected by various other associated factors.

**29.2.** Due to perishable nature of the product, the actual production is limited to market demand.

**30. General**

**30.1.** Figures have been rounded off to nearest rupees.

**30.2.** Corresponding figures have been rearranged, and reclassified, where necessary, for better presentation and disclosure. However, there have been no material rearrangements or reclassification.

## 31. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES FINANCIAL RISK MANAGEMENT

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

Credit risk  
Liquidity risk  
Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The board is also responsible for developing and monitoring the Company's risk management policies.

### COMPANY RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors and compliance with Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

#### 31.1- Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted and arise principally from trade receivables, loans and advances and trade deposits. Out of the total financial assets of Rs. 47,633,266/-,(2016: Rs. 45,811,977/-) financial assets which are subject to credit risk amount to Rs. 41,130,411 /- (2016:Rs 36,072,701/-).

To manage exposure to credit risk in respect of trade receivables. Management maintains procedures covering the application for credit approvals, granting and renewal of counter parties limit taking into account the customer's financial position, past track record, credit rating and other factors. As a part of these processes, exposures of credit risk are regularly monitored, assessed and customer are persuaded for prompt recovery. In addition to this the company has established an allowances for impairment that is estimate of expected losses in respect of trade debts. This allowance is based on the management assessment of specific loss component that relate to significant exposures. Sales to customers are also made against advance payment to further prudently manage the credit risk.

The Company limits its exposure to credit risk by following the policies and procedures of approval and continuous monitoring of loan and advances extended to staff and suppliers and maintain bank account only with counterparty that have high degree of credit rating. Advance tax is adjustable or recoverable from FBR which is a State authority and have high credit rating. Given these high credit ratings, management do not expect that any of these counterparty fail to meet its obligations.

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

|                       | 2017<br>Rupees    | 2016<br>Rupees    |
|-----------------------|-------------------|-------------------|
| Trade debtors         | 34,120,028        | 30,819,081        |
| Loan's and advances   | 7,010,383         | 6,846,660         |
| Trade deposits        | 1,840,030         | 122,850           |
| Cash and Bank balance | 4,617,825         | 8,023,386         |
|                       | <u>47,588,266</u> | <u>45,811,977</u> |

The trade debts as at the balance sheet date are classified by Geographical area as follows:

|          | 2017<br>Rupees    | 2016<br>Rupees    |
|----------|-------------------|-------------------|
| Foreign  | -                 | -                 |
| Domestic | 34,120,028        | 30,819,081        |
|          | <u>34,120,028</u> | <u>30,819,081</u> |

#### Impairment Losses

The aging of trade debts at the reporting date was:

|                     | 2017              |                    | 2016              |                  |
|---------------------|-------------------|--------------------|-------------------|------------------|
|                     | Gross debts       | Impaired           | Gross debts       | Impaired         |
| Not past due        | 3,218,847         | -                  | 16,570,904        | -                |
| Past due 0-30 days  | 23,604,091        | -                  | 4,578,875         | -                |
| Past due 30-60 days | 2,873,144         | -                  | 2,365,164         | -                |
| Past due 60-90 days | 731,060           | -                  | 1,591,936         | -                |
| Over 90 days        | 5,341,886         | (1,649,000)        | 6,362,780         | (650,578)        |
|                     | <u>35,769,028</u> | <u>(1,649,000)</u> | <u>31,469,659</u> | <u>(650,578)</u> |

The movement in the allowance for impairment in respect of trade debts during the year was as follows:

|                                      | 2017<br>Rupees   | 2016<br>Rupees |
|--------------------------------------|------------------|----------------|
| Balance at the beginning of the year | 650,578          | 2,459,990      |
| Provision made during the year       | 1,649,000        | 650,578        |
| Written off during the year          | (650,578)        | (2,459,990)    |
| Balance at the end of the year       | <u>1,649,000</u> | <u>650,578</u> |

Based on past experience and practice, consideration of financial position, past track records and recoveries, the Company believes that trade debtors past due to 60 days do not require any impairment allowance and no impairment loss is necessary in respect of remaining portion of past due over 90 days other than amount provided. Trade debts are essentially due from corporate entities and farmers and the Company is actively pursuing for prompt recovery of debts and does not expect these counter parties to fail to meet their obligations.

The allowance accounts in respect of trade receivables, loans and advances are used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible, at that point the amount considered irrecoverable is written off against the financial asset directly. an amount of Bad debts of Rs. 650,578/- has been written off against the provision and the remaining Bad debts amount Rs.1,649,000/- has been written off directly in P&L against debtor.

### 31.2- Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The Company's 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 unacceptable losses or risking damage to the Company's reputation.

The maturity profile of the Company's financial liabilities based on the contractual amounts is as follows:

|  | 2017              |                       | 2016              |                       |
|--|-------------------|-----------------------|-------------------|-----------------------|
|  | Carrying amount   | Contractual Cashflows | Carrying amount   | Contractual Cashflows |
| Loans and other borrowings - Unsecured | 24,378,943        | -                     | 26,378,943        | -                     |
| Trade and other payables - Unsecured   | 21,722,670        | 21,722,670            | 9,532,861         | 9,532,861             |
|  | <b>46,101,613</b> | <b>21,722,670</b>     | <b>35,911,804</b> | <b>9,532,861</b>      |

The Company is not materially exposed to liquidity risk as substantially all obligations, commitments of the company are of short term and routine in nature ( Accrued expense) and are restricted to the extent of available liquidity except the long term unsecured interest free loan obtained from the directors redeemable on the option of the Company. As a part of liquidity risk management policy Company follows effective cash flow, planning, controlling and management procedures to ensure availability of funds through effective working capital management and to appropriate measures for new requirements.

### 31.3- Market risk

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

#### 31.3.1- Foreign currency risk management

Foreign currency risk arises mainly where receivable and payables exist due to the transactions with foreign undertaking. Financial assets and financial liabilities of the company are not exposed to currency risk as a company has not entered into any transaction with any foreign undertakings.

#### 31.3.2 - Interest rate risk management:

The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company has no significant long term interest bearing financial assets and liabilities whose fair value or cash flows will fluctuate because of changes in market interest rates. As there is no interest bearing financial asset and liability therefore disclosure requirement of effective rate of interest not attracted.

#### 31.3.3 - Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its businesses.

The company manage its capital structure by effective cash flow management to ensure availability of funds and by monitoring return on net assets and make adjustments thereto in the light of changes in economic conditions. Consistent with others in the industry, the company manage its capital risk by monitoring its debt levels and liquid assets and keeping in view future requirements and expectations of the shareholders. Debt is calculating as total borrowings. Total capital comprises shareholders equity as shown in the balance sheet under share capital and reserves. In order to maintain or adjust the capital structure, the company may also adjust the amount of dividends paid to shareholders or issue new shares.

#### 31.3.4 - Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices ( other than those arising from interest rate risk or currency risk). The company is not exposed to any price risk as there are no financial instruments at the reporting date that are sensitive to price fluctuations.

### 31.4- Fair Value of financial assets and financial liabilities

The carrying value of financial assets and liabilities reflected in the financial statements approximate to their fair value.

## 32. DATE OF AUTHORIZATION FOR ISSUE

The financial statements have been authorized for issue on October 08, 2017 by the board of directors of the company.

**DATA AGRO LIMITED FORM 34**  
**The Companies Ordinance, 1984 (Section 236)**  
**PATTERN OF SHARE HOLDINGS**  
**AS AT JUNE 30, 2017**

| Number of ShareHolders | Shareholding                   |        | Number of Share Held | % of Capital  |
|------------------------|--------------------------------|--------|----------------------|---------------|
|                        | From                           | To     |                      |               |
| 69                     | 1                              | 100    | 562                  | 0.01          |
| 2312                   | 101                            | 500    | 1,144,024            | 28.60         |
| 68                     | 501                            | 1000   | 67,600               | 1.69          |
| 73                     | 1001                           | 5000   | 202,114              | 5.05          |
| 21                     | 5001                           | 10000  | 181,500              | 4.54          |
| 11                     | 10001                          | 15000  | 141,700              | 3.54          |
| 6                      | 15001                          | 20000  | 107,800              | 2.70          |
| 2                      | 20001                          | 25000  | 41,500               | 1.04          |
| 1                      | 25001                          | 30000  | 29,500               | 0.74          |
| 1                      | 30001                          | 35000  | 34,000               | 0.85          |
| 1                      | 35001                          | 50000  | 42,500               | 1.06          |
| 1                      | 50001                          | 60000  | 56,000               | 1.40          |
| 1                      | 80001                          | 85000  | 84,000               | 2.10          |
| 2                      | 110001                         | 115000 | 229,200              | 5.73          |
| 1                      | 145001                         | 150000 | 150,000              | 3.75          |
| 1                      | 215001                         | 220000 | 219,200              | 5.48          |
| 1                      | 230001                         | 235000 | 233,500              | 5.84          |
| 1                      | 275001                         | 280000 | 275,800              | 6.90          |
| 1                      | 360001                         | 365000 | 364,600              | 9.12          |
| 1                      | 390001                         | 395000 | 394,900              | 9.87          |
| <b>2,575</b>           | <b>&lt;-----TOTAL-----&gt;</b> |        | <b>4,000,000</b>     | <b>100.00</b> |

**CATEGORIES OF SHARE HOLDINGS**  
**AS ON JUNE 30-06-2017**

| Sr # | Shareholder's Category   | Number of Shareholders | Number of Shares Held | Percentage    |
|------|--|------------------------|-----------------------|---------------|
| 1    | Directors/Chief Executive Officer and their Spouse and minor children.   | 12                     | 1,266,100             | 31.65         |
| 2    | Executives   | -                      | -                     | -             |
| 3    | Associated Companies, Undertakings and Public Sector Companies and Corporations  | 1                      | 394,900               | 9.87          |
| 4    | NIT and ICP<br>NBP (Trustee Department) -----> 11,700<br>IDBP ( ICP UNIT) -----> 34,000                                      | 2                      | 45,700                | 1.14          |
| 5    | Public Sector Companies and Corporations   | -                      | -                     | -             |
| 6    | Banks, Development Financial Institutions, Non-Banking Financial Institutions Insurance Companies Modarabas and Mutual Funds | 1                      | 65                    | 0.00          |
| 7    | Shareholding 5% or More (including in above category)  | *5                     | *1,638,000            | *40.95        |
| 8    | Others   | 2                      | 8,001                 | 0.20          |
| 9    | Individuals  | 2,557                  | 2,285,234             | 57.13         |
|      | <b>TOTAL : -</b>   | <b>2,575</b>           | <b>4,000,000</b>      | <b>100.00</b> |

| CATEGORIES OF SHAREHOLDERS   |                                       | TOTAL SHARES HELD | %             |
|--|---------------------------------------|-------------------|---------------|
| <b>A) Directors/Chief Executive Officer and their spouse and minor Children</b>  |                                       |                   |               |
| 1  | MR SOHAIL KHAN                        | 500               | 0.01          |
| 2  | MR. ANWAR-UL-HAQ                      | 1,000             | 0.03          |
| 3  | MR. ASAD RAHIM KHAN                   | 383,500           | 9.59          |
| 4  | MR HAIDER SADIK                       | 219,200           | 5.48          |
| 5  | MR MOHAMMAD AYUB KHAN                 | 500               | 0.01          |
| 6  | MR SHAMIM AHMAD KHAN                  | 500               | 0.01          |
| 7  | MRS FAAIZA FAAIZ KHAN                 | 275,800           | 6.90          |
| 8  | MR SAAD RAHIM KHAN                    | 364,600           | 9.12          |
| 9  | MR FAAIZ RAHIM KHAN                   | 10,000            | 0.25          |
| 10   | MR ASIF RAHIM KHAN                    | 10,000            | 0.25          |
| 11   | MRS BADAR HUSSAIN                     | 500               | 0.01          |
| <b>TOTAL: -</b>  |                                       | <b>1,266,100</b>  | <b>31.65</b>  |
| <b>B) Executives</b>   |                                       |                   |               |
| -  | -                                     | -                 | -             |
| <b>C) Associated Companies, Undertakings and related parties</b>   |                                       |                   |               |
| 1  | DATA ENTERPRISES (PVT) LTD            | 394,900           | 9.87          |
| <b>TOTAL: -</b>  |                                       | <b>394,900</b>    | <b>9.87</b>   |
| <b>D) NIT and IDBP (ICP UNIT)</b>  |                                       |                   |               |
| 1  | N.B.P. TRUSTEE DEPARTMENT             | 11,700            | 0.29          |
| 2  | IDBP (ICP UNIT)                       | 34,000            | 0.85          |
| <b>TOTAL: -</b>  |                                       | <b>45,700</b>     | <b>1.14</b>   |
| <b>E) Banks, Development Financial Institutions, Non-Banking Financial Institutions, Insurance companies, Modarabas and Mutual Funds</b> |                                       |                   |               |
| 1  | NATIONAL BANK OF PAKISTAN             | 65                | 0.00          |
| <b>TOTAL:-</b>   |                                       | <b>65</b>         | <b>0.00</b>   |
| <b>F) *Shareholding 5% or more</b>   |                                       |                   |               |
| 1  | MR. ASAD RAHIM KHAN                   | 383,500           | 9.59          |
| 2  | MR HAIDER SADIK                       | 219,200           | 5.48          |
| 3  | MRS FAAIZA FAAIZ KHAN                 | 275,800           | 6.90          |
| 4  | MR SAAD RAHIM KHAN                    | 364,600           | 9.12          |
| 5  | DATA ENTERPRISES (PVT) LTD            | 394,900           | 9.87          |
| <b>TOTAL: -</b>  |                                       | <b>1,638,000</b>  | <b>40.95</b>  |
| <b>G) Others</b>   |                                       |                   |               |
| 1  | MAPLE LEAF CAPITAL LIMITED            | 1                 | 0.00          |
| 2  | NCC - PRE SETTLEMENT DELIVERY ACCOUNT | 8,000             | 0.20          |
| <b>TOTAL: -</b>  |                                       | <b>8,001</b>      | <b>0.20</b>   |
| <b>H) Individuals</b>  |                                       | <b>2,285,234</b>  | <b>57.13</b>  |
| <b>GRAND TOTAL :-</b>  |                                       | <b>4,000,000</b>  | <b>100.00</b> |

\* Shareholders having 5% or above shares exist in other categories therefore not included in total.



**FORM OF PROXY**

I/We-----  
of -----being a member of **DATA AGRO LIMITED** and holding-----  
- ordinary shares as per Share Register Folio No-----hereby appoint Mr.-----  
----- of -----or failing him Mr.-----of ----  
----- as my /our proxy in my/our absence to attend and vote for me/us and on  
my/our behalf at the Annual General Meeting of the Company to be held on 31<sup>st</sup>  
October, 2017 at 11:30 a.m. at 71/E-1, Hali Road, Gulberg-III, Lahore and at any  
adjournment thereof.

Signed this -----day of -----2017.

Witnesses:

1. Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
NIC or  
Passport No. \_\_\_\_\_



The Signature should agree  
with the specimen registered  
with the Company.

2. Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
CNIC or  
Passport No. \_\_\_\_\_

Note:

Proxies in order to be effective must be received at the Company's registered office not less than 48 hours before the meeting. No person shall be appointed a proxy who is not member of the Company qualified to vote except that a corporation being a member may appoint as proxy a per son who is not a member.

CDC Shareholders and their Proxies are each requested to attach an attested photocopy to their National Identity Card or Passport with this proxy form before submission to the Company.