

HASSAN ALI RICE EXPORT CO, LIMITED

FINANCIAL STATEMENTS

SIXTIETH ANNUAL REPORT  
FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2018

HASSAN ALI RICE EXPORT CO, LIMITED  
BOARD OF DIRECTORS

Chairman

Mr. Nizam A. Hashwani

Chief Executive/ Director

Mr. Amin A. Hashwani  
Mr. Abdullah A. Hashwani  
Mrs. Sultana A. Hashwani  
Mrs. Farieha A. Hashwani  
Mrs. Shahrina Hashwani  
Mr. Aziz

Company Secretary

Syed Muhammed. Yousuf

Auditors

Feroz Sharif Tariq & Co  
Chartered Accountant

Registered

A-66, Site Monghopir Road, Karachi.

# HASSAN ALI RICE EXPORT CO. LIMITED

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Sixtieth Annual General Meeting of the Company will be held on Thursday 25<sup>th</sup> October 2018, at 05:00 P.m at Hassan Ali Rice Export Co, Limited , 1st Floor Cotton Exchange Building I.I. Chundrigger Road , Karachi, to transact the following business:

1. To confirm the minutes of the Fifty Ninth Annual General Meeting held on 30<sup>th</sup> October 2017.
2. To receive and adopt the audited account for the year ended 30<sup>th</sup> June 2018, together with the Auditors and Directors report thereon.
3. To appoint Auditors' of the Company for the financial year ending June 30, 2019 and to fix their remuneration. The retiring auditors M/s Feroz Sharif Tariq & Company, Chartered Accountants being eligible have offered themselves for re-appointment.
4. To transact any other business with the permission of Chairman.

Karachi.04<sup>th</sup> October 2018.

By Order of the Board

Syed Mohammad. Yousuf  
Company Secretary

### NOTES:

1. The share Transfer Books of the Company will remain closed from 19-10-2018 to 25-10-2018 (Both days inclusive).
2. All members should bring their Original National Identity Cards for their identification purpose.
3. The form of the proxies must be submitted with the Company within the stipulated time, duly witnessed by person whose name , address and NIC number must be mentioned on the form along with attested copies of the NIC of the beneficial owner and the proxy.
4. Proxies in order to be effective must be received at the Registered office of the Company duly stamped, signed and witness not late then 48 hours before the time for holding the meeting during working hours.
5. The members are requested to immediately notify the change of address, if any and also to supply a copy of NIC for record of the Company.

## HASSAN ALI RICE EXPORT CO, LIMITED

### DIRECTORS REPORT

The Board of Directors of your company are pleased to present Fifty Ninth Annual Report together with Audited financial statements of the company along with Auditors Report thereon for the year ended 30<sup>th</sup> June 2018.

The Company has sustained netprofit s before tax amounting to Rs.9,628,053, the results are summarized below;

	30.06.2018 RUPEES	30/6/2017 RUPEES
Sales revenue	755,400,265	109,295,793
Cost of Sales	(685,752,740)	(110,390,454)
GrossProfit / (Loss)	69,647,525	(1,109,661)
Operating expenses	(41,226,730)	(7,235,581)
Financial Cost	(20,356,025)	(190,350)
Other Income	1,563,283	1,606,162
Profit/ Loss before taxation	9,628,053	(6,914,430)
Workers Profit Participation Fund	(481,403)	0000
Profit/Loss after taxation	1,611,792	(8,176,628)
Loss per shares	0.34	(1.72)

In this financial year the operational activities of rice milling initiated and the machineries adjusted and do all technical check to produce optimum capacity of milling. However in this year we have exported our milling rice to amounting to Rs. 755.400 million and it still need to do more technically upgrade or tune to achieve maximum output. In this season, we have faced the problem of high moisture which cause to create some problem of our electric cards of sorter but because of warranty it had done with low cost.

The management is also decided to revalue the land from M/s. Dimensions at the close of the financial year ended 30<sup>th</sup> June 2018, as approved by the Board of Directors.

The Directors have not recommended any dividend for the year ended 30th June 2017, because of the loss for the year and cash flow position.

#### SOCIAL COMPLIANCE AND HUMAN RESOURCES:

The Company's human resources policy has been based on the values of fairness, merit, equal opportunity and social responsibility. In complying of this policy, the company does not employ any child labour and we endeavor to keep healthy working condition,

#### Taxation

Provision for taxation has been provided. Tax position as highlighted at Notes # 13 of the Accounts.



## HASSAN ALI RICE EXPORT CO, LIMITED

### AUDITORS;

The auditors M/s. Feroze Sharif Tariq & Co. Chartered Accountants retire at the conclusion of the Annual General Meeting. Being eligible, they have offered themselves for re-appointment. The Board has proposed their re-appointment the auditors under same remuneration.

### RELATED PARTY TRANSACTION;

The Board of Directors has approved the policy for transaction between the company and its related parties.

The pattern of share holding as required under section 234 of the Companies Ordinance 1984, for the period ended 30<sup>th</sup> June 2018, annexed.


### ACKNOWLEDGEMENT;

We take pleasure in expressing appreciation and thank all the employees and excellent team efforts, devotion and loyalty throughout the year. We would also like to acknowledge the support and cooperation received from valued customers, banks, for their confidence and support during the period.

Karachi: 03/10/2018

By Order of the Board

AMIN A. HASH WANI  
Chief Executive



HASSAN ALI RICE EXPORT CO LIMITED  
PATTERN OF SHARE HOLDING  
FOR THE YEAR ENDED 30TH JUNE 2018

NOS OF SHARE HOLDERS	SHARE HOLDERS	NOS OF SHARE HOLDERS
23	1 TO	100
37	101	500
9	501	1,000
13	1,001	5,000
2	5,001	25,000
2	25,001	1,200,000
3	1,200,001	1,500,000
89		4,758,663

CATEGORIES OF SHARE HOLDER	NOS OF SHARE HOLDRS	NO OF SHARES	% OF SHARE HOLD
INDIVIDUALS	83	4,751,312	99.85
INVESTMENT COMPANIE	2	650	0.01
INSURANCE COMP	1	100	0.00
FINANCIAL INSTIT	2	6,600	0.14
OTHERS	1	1	0.00
	89	4,758,663	100

Mr. Abdullah A. Hashwani  
Director

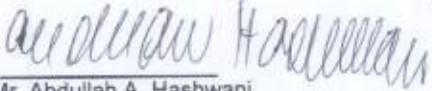
Mr. Amin A. Hashwani  
Chief Executive

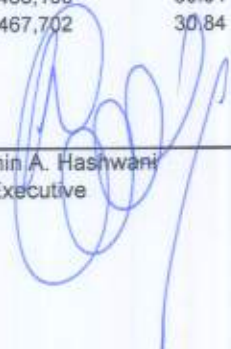
HASSAN ALI RICE EXPORT CO LIMITED  
 DETAIL OF CATEGORIES OF SHARES  
 AS AT 30TH JUNE 2018

SERIAL NO	NAME OF SHRE HOLDERS	NUMBER OF SHARES
1	MR. NIZAM A HASHWANI	1,438,569
2	MR ABDULLAH A HASHWANI	1,453,103
3	MR AMIN A HASHWANI	1,467,702
4	MRS. SULTANA A HASHWANI	165,588
5	MRS. FERIEHA A HASHWANI	500
6	MRS. SHAHRINA HASHWANI	1,415
7	MR AZIZ	500
	SHARES HELD BY DFI, INSURANCE CO ETC	7,351
	GENERALPUBLIC	58,848
	SHARES HELD BY RELATIVE & ASSOCIATES; MRS. SHEREZAD RAMITOOLA	165,087
		4,758,663

SHARE HOLDING 10% OR MORE VOTING INTEREST IN THE COMPANY.

			SHARE HOLD	PERCENTAGE
1	MR. NIZAM A HASHWANI	DIRECTOR	1,438,569	30.23
2	MR ABDULLAH A HASHWANI	DIRECTOR	1,453,103	30.54
3	MR AMIN A HASHWANI	DIRECTOR	1,467,702	30.84

  
 Mr. Abdullah A. Hashwani  
 Director

  
 Mr. Amin A. Hashwani  
 Chief Executive

**HASSAN ALI RICE EXPORT CO. LIMITED**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018.**



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HASSAN ALI RICE EXPORT COMPANY LIMITED****Report on the Audit of the Financial Statements****Opinion**

We have audited the annexed financial statements of Hassan Ali Rice Export Company Limited (the Company), which comprises the statement of financial position as at June 30, 2018, and the statement of profit or loss and Statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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, 2018 and of the Profit, comprehensive Income, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

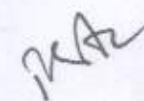
We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code.. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the Director's Report, but does not include the financial statements and our auditor's reports thereon.

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

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





#### **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and Reporting standards as applicable in Pakistan and the Requirements of companies Act, 2017 (XIX of 2017), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

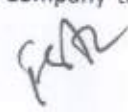
Board of Directors are responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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



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

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

**Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion:

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the statement of financial position, the statement of profit or loss and Statement of comprehensive Income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) Investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Mohammad Tariq.

**Other Matter**

The financial statements of Hassan Ali Rice Export Company Limited for the year ended June 30, 2017, were audited by another auditor who expressed an unmodified opinion on those statements on October 06, 2017.

Chartered Accountants

Karachi

Dated:

03 OCT 2018



HASSAN ALI RICE EXPORT CO. LIMITED  
STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2018

	Notes	June 30, 2018	June 30, 2017 (Restated) (Rupees)	June 30, 2016 (Restated)
<b>EQUITY AND LIABILITIES</b>				
<b>CAPITAL &amp; RESERVES</b>				
<u>Authorized</u>				
7,500,000 (June 30, 2017: 7,500,000) Ordinary Shares of Rs. 10/- each		75,000,000	75,000,000	75,000,000
Issued, Subscribed and Paid-up Capital	4	47,586,630	47,586,630	47,586,630
<u>Revenue Reserves</u>				
Special Reserve		908,177	908,177	908,177
Accumulated Loss		(306,928,354)	(308,575,700)	(300,438,577)
<u>Capital reserve</u>				
Revaluation surplus on property plant and equipment		1,116,293,799	86,779,353	86,818,857
		857,860,252	(173,301,540)	(165,124,913)
<b>NON-CURRENT LIABILITIES</b>				
Subordinate Loan	6	460,000,000	360,000,000	355,000,000
Loan from Director	7	150,000,000	100,000,000	-
Loan from financial Institutions	8	304,821,921	330,058,372	-
Deferred Tax - net	9	172,299	191,444	212,716
		914,994,220	790,249,816	355,212,716
<b>CURRENT LIABILITIES</b>				
Trade and other Payables	10	37,348,471	11,206,103	3,063,779
Bank Overdraft		-	68,953	-
Mark-up accrued		6,861,973	2,161,801	2,161,801
Loan from Associated Undertakings	11	496,652,154	77,632,022	77,678,604
Short Term Borrowings	12	244,806,119	-	-
Current Maturity of Long term Loan	8	24,477,083	-	-
Unclaimed dividend		19,301	19,301	19,301
Provision for Taxation	13	7,554,003	1,092,958	2,972,742
		817,719,104	92,181,138	85,896,227
Contingencies and Commitments	14	2,590,573,576	709,129,414	275,984,030
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Property Plant and Equipment	15	1,650,546,266	160,054,218	181,451,285
Capital Work in Progress	16	109,348,240	489,988,629	1,706,893
Long term Investment/Deposits	17	6,822,082	6,822,082	6,822,082
<b>CURRENT ASSETS</b>				
Stores, Spares and Loose Tools	18	551,060	119,365	1,090,848
Stock-in-Trade	19	565,978,568	-	25,874,366
Trade Debts - Considered Good	20	87,373,793	-	400,256
Loans Advances and other receivable - Unsecured, Considered good	21	130,450,733	40,704,347	7,360,570
Income Tax Refunds and Advances		10,771,564	3,654,075	4,212,640
Due from Associated undertaking		-	-	37,142,509
Due from director		-	6,838	5,667
Current Portion of Long term Investment		7,118,793	6,419,810	6,477,828
Cash and Bank Balances	22	21,612,477	1,360,050	3,439,086
		823,856,988	52,264,485	86,003,770
		2,590,573,576	709,129,414	275,984,030

The annexed notes form an integral part of these financial statements

Chief Executive Officer

Director



HASSAN ALI RICE EXPORT CO. LIMITED  
STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED JUNE 30, 2018

	Notes	2018	2017
		(Rupees)	
Sales - Net	23	755,400,265	109,295,793
Cost of Sales	24	(685,752,740)	(110,390,454)
Gross Profit/(Loss)		69,647,525	(1,094,661)
Operating expenses			
Administrative and General Expenses	25	(5,081,117)	(872,074)
Distribution Costs and Selling Expenses	26	(36,145,613)	(6,363,507)
		(41,226,730)	(7,235,581)
Operating Profit/(Loss)		28,420,795	(8,330,242)
Finance Cost	27	(20,356,025)	(190,350)
		8,064,770	(8,520,592)
Other operating Income	28	1,563,283	1,606,162
Profit/(Loss) before taxation		9,628,053	(6,914,430)
workers Profit Participation Fund		481,403	--
		9,146,650	(6,914,430)
Taxation			
Current	13	(7,554,003)	(1,092,958)
Prior		--	(190,512)
Deferred		19,145	21,272
		(7,534,858)	(1,262,198)
Profit/(Loss) after taxation		1,611,792	(8,176,628)
Earning/(Loss) Per Share - Basic	29	0.34	(1.72)

The annexed notes form an integral part of these financial statements

Chief Executive Officer

28/6/18  
Aminul Haque  
Director

HASSAN ALI RICE EXPORT CO. LIMITED  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	(Rupees)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before Taxation	9,628,053	(6,914,430)
<b>Adjustment for Non-Cash and Other Items:</b>		
Depreciation	36,544,346	8,157,215
Loss on disposal of Fixed assets	(63,430)	(271,777)
Finance Cost	20,356,025	190,350
	56,836,941	8,075,788
	66,464,994	1,161,358
<b>Working Capital Changes</b>		
<b>(Increase) / Decrease in Current Assets</b>		
Stores, Spares and Loose Tools	(431,695)	971,483
Stock-in-Trade	(565,978,568)	25,874,366
Trade Debts	(87,373,793)	400,256
Loans and Advances	(89,746,386)	(33,343,777)
Due from Associated undertakings	--	37,142,509
Due from director	6,838	(1,171)
<b>(Increase) / Decrease in Current Liabilities</b>		
Trade Creditors, Payable & others borrowings	25,660,968	8,142,324
	(717,862,636)	39,185,990
Taxes Paid	(8,210,447)	(2,604,689)
Finance Cost Paid	(15,655,853)	(190,350)
	(23,866,300)	(2,795,039)
<b>Net Cash Inflow/ (Outflow) from Operating Activities</b>	<b>(675,263,942)</b>	<b>37,552,309</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sales Proceeds from fixed assets	600,000	13,541,345
Property Plant and Equipments	(498,022,967)	(29,715)
Capital Work in Progress	380,640,389	(488,281,736)
Long term Investment	40,000	249,501
Profit receivable from Long term Investment - net	(738,983)	(191,483)
<b>Net Cash Inflow / (Outflow) from Investing Activities</b>	<b>(117,481,561)</b>	<b>(474,712,088)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Due to Associated Undertaking	419,020,132	(46,582)
Subordinate Loan	100,000,000	5,000,000
Loan from Bank - net	(759,368)	330,058,372
Due to director	50,000,000	100,000,000
<b>Net Cash Inflow/ (Outflow) from Financing Activities</b>	<b>568,260,764</b>	<b>435,011,790</b>
Net (decrease) / Increase in Cash and Cash Equivalents	(224,484,739)	(2,147,989)
Cash and Cash Equivalents at the Beginning	1,291,096	3,439,085
Cash and Cash Equivalents at the End	<b>(223,193,643)</b>	<b>1,291,096</b>

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The annexed notes form an integral part of these financial statements


Chief Executive Officer

Director

HASSAN ALI RICE EXPORT CO. LIMITED  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	(Rupees)	
Profit/(Loss) for the Year	1,611,792	(8,176,628)
Other Comprehensive Income/(Loss) for the year	-	-
Total comprehensive Income /(Loss) for the period	<u>1,611,792</u>	<u>(8,176,628)</u>

The annexed notes form an integral part of these financial statements

  
Chief Executive Officer

  
Director



HASSAN ALI RICE EXPORT CO. LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2018

FOR THE YEAR ENDED JUNE 30, 2018

	Issued, subscribed and paid-up capital	Revenue Reserves		Capital Reserves	Total
		Special Reserve	Accumulated Loss	Revaluation Surplus on property, plant & equipment	
		----- (Rupees) -----			
Balance as on July 01, 2016 - as reported	47,586,630	908,177	(300,438,577)	87,099,102	(164,844,668)
Effect of change in accounting policy (note 3.1)	--	--	--	(280,245)	(280,245)
Balance as on July 01, 2016 - as restated	47,586,630	908,177	(300,438,577)	86,818,857	(165,124,913)
Total comprehensive Loss for year					
Loss for the period	--	--	(8,176,628)		(8,176,628)
Other comprehensive Loss for the period	--	--		--	--
	--	--	(8,176,628)	--	(8,176,628)
Transfer to accumulated loss in respect of incremental depreciation - net of tax	--	--	39,504	(39,504)	--
Balance as on June 30, 2017 - restated	47,586,630	908,177	(308,575,700)	86,779,353	(173,301,540)
Balance as on July 01, 2017 - restated	47,586,630	908,177	(308,575,700)	86,779,353	(173,301,540)
Total comprehensive Profit for year					
Profit for the period	--	--	1,611,792	--	1,611,792
Other comprehensive income for the period	--	--	--	--	--
	--	--	1,611,792	--	1,611,792
Surplus arising on revaluation on Land during the year				1,029,550,000	1,029,550,000
Transfer to accumulated loss in respect of incremental depreciation - net of tax	--	--	35,554	(35,554)	--
Balance as on June 30, 2018	47,586,630	908,177	(306,928,354)	1,116,293,799	857,860,252

The annexed notes form an integral part of these financial statements

Chief Executive Officer

Director



## **1 Corporate Information**

The company was incorporated in Pakistan, as a public limited company in 1961, under the Companies Act, 1913 (Now Repealed with the enactment of the Companies Act, 2017 on May 30, 2017) and its shares are listed on Karachi Stock Exchange Limited. From May 25, 2012 the company delisted from Karachi stock Exchange and converted from Quoted Public Limited company to unlisted company. The principal activity of the Company is trading, manufacturing and sale of cotton yarn under the Brand Name "TEXTURE".

The Company Currently mainly engaged in the business 100% Rice processing unit and Export of Rice and domestic Sales of Rice.

Upon request of the company for delisting and for the buy back of shares by its sponsors at Price Agreed with the Pakistan stock Exchange (Formerly Karachi Stock Exchange) the company was delisted by the exchange effective from May 25, 2012, Effective May 11, 2016 the company obtained Securities and Exchange commission of Pakistan approval to change the name of the Company Regent Textile Industries Limited to Hasan ali Rice Export co. Limited and started new business of rice processing, export and domestic Sales.

The geographical Location and address of the company's business units, including mill/plant are as under:

The registered office and Manufacturing Facilities of the company is located at A- 66 Mangopir Road , SITE, Karachi.

## **1.2 Summary of significant events and transactions in the current reporting period**

The Company's financial position and performance was particularly affected by the following events and transactions during the reporting period:

During the year the company obtained loan from related parties to meet the Working Capital Requirement of the company as long term loan and short term loan obtained from Bank as disclosed in note 6,7,11 and 12 to the financial Statements.

The Company made advance to purchase the land as disclosed 21 to the financial statement.

The Company has started operation's as a Rice Seller previously the company doing its operations as Textile Manufacturing unit the company has suspended/ closed operations as a Textile yarn manufacturing unit.

## **2 Basis of Preparation**

### **2.1 Statement of compliance**

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standard for Small and Medium Sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS for SMEs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### **2.2 Basis of measurement**

The financial statements have primarily been prepared under the historical cost convention without any adjustments for the effect of inflation or current values, except for the financial assets and liabilities which are carried at their fair values and revalued amounts and stock in trade which are valued at net realizable value, if it is less than the cost. Further, accrual basis of accounting is followed except for cash flow information.

- 2.3 The Fifth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its fifth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. These Changes amongst others includes Changes in nomenclature of the Primary statements. further, the disclosure requirements under the Act have been revised, resulting in elimination of duplicate disclosures with IFRS disclosure requirements and Incorporation of additional/ amended disclosures as mentioned in notes, particulars of immovable assets of the Company (note 15.4 & 21.1), treatment of surplus on revaluation of fixed assets (note 5), management assessment of sufficiency of tax provision in the financial statements (note 13), change in threshold for identification of executives (note 30), additional disclosure requirements for related parties (note 31) etc.

*Debit*

The other amendments to published standards and interpretations that were mandatory for the Company's financial year ended 30 June 2018 are considered not to be relevant or to have any significant effect on the Company's financial reporting and therefore not disclosed in these financial statements.

#### **2.4 Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

#### **2.5 Use of estimates and judgments**

The preparation of the financial statements in conformity with approved accounting standards as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities and income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

##### **2.5.1 Operating fixed assets, revaluation and depreciation**

The Company reviews appropriateness of the rate of depreciation, useful lives and residual values used in the calculation of depreciation. The estimates of revalued amounts of revalued assets are based on valuations carried out by a professional valuer. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

##### **2.5.2 Trade debts**

The Company reviews its doubtful debts at each reporting dates to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimates of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

##### **2.5.3 Income tax**

In making the estimates for income tax currently payable by the Company, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past.

##### **2.5.4 Stock in trade**

The Company reviews the net realizable value (NRV) of stock in trade to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock in trade and corresponding effect in profit and loss account of those future years. Net realisable value is determined with respect to estimated selling price less estimated expenditures to make the sales.

##### **2.5.5 Stores and spares**

The Company reviews the net realizable value (NRV) and impairment of stores and spare parts to assess any diminution in the respective carrying values and wherever required provision for NRV / impairment is made. The calculation of provision involves the use of estimates with regards to future estimated use and past consumption along with stores and spares holding period.

*petr*



### 3 Summary of Significant Accounting Policies

Except for the changes as described in note 3.1 below, The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year.

#### 3.1 Change in accounting policy of surplus on revaluation of property, plant and equipment

Previously, the Company's accounting policy for surplus on revaluation of property, plant and equipment was in accordance with the provisions of section 235 of the repealed Companies Ordinance 1984. Further, the revaluation of property, plant and equipment was shown as a separate item below equity, in accordance with the presentation requirement of the repealed Companies Ordinance 1984.

However, in the Companies Act 2017 the above mentioned specific accounting and presentation requirements of surplus on revaluation of property, plant and equipment have not been carried forward. This change has impacted the accounting policy of the company related to surplus on revaluation of property, plant and equipment, and now the Company is following the accounting treatment and presentation of surplus on revaluation of property, plant and equipment, prescribed in IAS-16 'Property, plant and equipment' as follows:

Any revaluation increase arising on the revaluation of property, plant and equipment is recognised in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of property, plant and equipment is charged to profit or loss to the extent that it exceeds the balance, if any, held in the Revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The revaluation surplus to the extent of incremental depreciation charged (net of deferred tax) is transferred to accumulated loss.

The change in accounting policy has been applied retrospectively, and comparative figures have been restated. Had the policy not been changed, the shareholders' equity would have been lower by Rs.86.744 million (2017:Rs.86.779 million and as of July 01, 2016: Rs.86.819 million).

#### 3.2 Trade and Other Payables

Trade and other payables are stated at their cost.

#### 3.3 Taxation

##### Current Year

Provision in respect of current year's taxation is based on the method of taxation prescribed under the Income Tax Ordinance, 2001, whereby taxable income is determined and tax charged at the current rates of taxation after taking into account tax credits and rebates available, if any, or the minimum tax liability determined under Section 113 of the Income Tax Ordinance, 2001, whichever is higher.

##### Deferred

Deferred tax is provided using the liability method on all temporary differences at the balance sheet date, between the tax bases of assets and liabilities and their carrying amount for financial statements reporting purposes. Deferred tax liabilities are generally recognized for all temporary taxable differences.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

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

#### 3.4 Property, Plant and Equipment

##### Owned

Property, Plant and Equipment are stated at cost/revalued amounts less accumulated depreciation and impairment losses except Lease hold Land, if any; except capital works in progress which is stated at cost accumulated up to the balance sheet date.

Any revaluation increase arising on the revaluation of property, plant and equipment is recognised in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of property, plant and equipment is charged to profit or loss to the extent that it exceeds the balance, if any, held in the Revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The revaluation surplus to the extent of incremental depreciation charged (net of deferred tax) is transferred to accumulated loss.

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Company accounts for Property Plant and Equipment acquired under finance leases by recording the assets and the related liabilities. Amounts are determined as the fair values or discounted value of minimum lease payments; whichever is the lower, as less accumulated depreciation and impairment losses. Financial charges are allocated to the accounting period in a manner that provides a constant periodic rate of charge on the outstanding liability.

#### Depreciation

Depreciation is charged from the month of acquisition or transfer of assets from capital work in progress on proportionate basis and until disposal or retirement, using the reducing balance method whereby the cost/revalued amounts of an asset is written off over its estimated useful life and the rates applied are in no case less than the rates prescribed by the Federal Board of Revenue. The depreciation method and useful lives of the items of property, plant and equipment are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change is accounted for as a change in accounting estimate by changing the depreciation charge for the current and future periods.

The assets' residual values and useful lives are reviewed at each financial year end, and adjusted, if appropriate, at each balance sheet date.

#### Repairs, renewals and maintenance

Major repairs and renewals are capitalized. Normal repairs and maintenance are charged as expense when incurred. Gains or losses on disposal or retirement of assets are determined as the difference between the sale proceeds and the carrying amounts of these assets, and are included in the income currently.

#### 3.5 Leases

Finance leases, which transfer to the company, substantially all the risks and benefits incidental to ownership, are capitalized at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

#### 3.6 Investment

Investment with fixed or determinable payments and fixed maturity that the company has the positive intent and ability to hold to maturity are treated as held to maturity and are initially recognised at cost subsequently these investments are valued at amortized cost.

#### 3.7 Stores, Spares and Loose Tools

These are stated at the lower of cost and net realizable value. The cost of inventory is based on the weighted average cost. Items in transit are stated at cost accumulated up to the date of the balance sheet.

Provision is made for any slow moving and obsolete items.

#### 3.1 Stock-in-Trade

These are valued as follows :

Raw Material	:	At lower of weighted average cost or net realizable value.
		Cost of raw material and components represents invoice value plus other charges paid thereon.
Finished Goods	:	At lower of weighted average cost or net realizable value.
		Cost of finished goods comprises of prime cost and an appropriate portion of production overheads.
Work-in-Process	:	At weighted average cost.
		This comprises the direct cost of raw materials, wages, and appropriate manufacturing overheads.
Stock in Transit	:	At cost accumulated upto the balance sheet date.
Packing Material	:	At lower of weighted average cost or net realizable value.

Net Realizable Value signifies the estimated selling price in the ordinary course of business less cost necessary to be incurred in order to make the sale.

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### 3.11 Trade Debts & Other Receivables

Trade debts originated by the company are recognized and carried at the original invoice amount less an allowance for any uncollectible amounts. An estimate for a doubtful receivable is made when collection of the whole or part of the amount is no longer probable. Bad debts are written off as incurred.

### 3.12 Foreign Currency Translation

Transactions in foreign currencies are initially recorded using the rates of exchange ruling at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Rupees at the exchange rates prevailing on the balance sheet date. In order to hedge its exposure to foreign exchange risks, the company enters into forward exchange contracts. Such transactions are translated at contracted rates. All exchange differences are included in the Profit and Loss Account.

### 3.13 Revenue Recognition

- Revenue from sales is recognized on dispatch of goods to customers.
- Return on bank deposits and investments are on an accrual basis.

### 3.14 Borrowing Cost

Borrowing Costs are recognized initially in fair value net of transaction costs incurred.

Borrowing cost directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets until such time the assets are substantially ready for their intended use. All other borrowing costs are charged to income in the period in which they are incurred.

### 3.15 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation, and, 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 that a reliable estimate can be made for the amount of this obligation.

### 3.16 Financial Instruments

#### Recognition

All financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Any gain or loss on derecognition of the financial assets and financial liabilities are taken to profit and loss account to which it arises.

#### Off Setting

Financial asset and financial liability is set off and the net amount is reported in the balance sheet if the company has a legal 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. Corresponding income on assets and charge on liability is also offset.

#### Derivatives

Derivatives that do not qualify for hedge accounting are recognized in the balance sheet at estimated fair value with corresponding effect to profit and loss. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

### 3.17 Cash and Cash Equivalents

Cash and Cash Equivalents for cash flow purposes include cash in hand, current and deposit accounts held with banks. Running finances facilities availed by the company which are payable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of statement of cash flows.

### 3.18 Impairment of Assets

The carrying amounts of the assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount, whereby the asset is written down and that impairment losses are recognized in the profit and loss account.

### 3.19 Related Party Transactions

All transactions with related parties are carried out by the company at arm's length prices. The method determined by the Board of directors.

### 3.2 Loans, Advances and Other Receivables

Loans, advances and other receivables are recognized initially at cost, and subsequently at their amortized/ residual cost.

### 3.21 Short Term and Long Term Loans

Short Term and Long Term Loans are recognized initially at cost and subsequently measured at amortized cost.

18/02

### 3.22 Dividend and appropriation to reserves

Dividends and appropriation to reserves, subsequent to the balance sheet date are considered as non-adjusting events and are recognised in the financial statements in the period in which such dividends and appropriations are approved.

#### 4 Issued, Subscribed and Paid-up Capital

	2018	2017
	(Rupees)	
264,373 ( 2017: 264,373) Ordinary Shares of Rs. 10/- each fully paid in cash	2,643,730	2,643,730
4,494,290 ( 2017: 4,494,290) Ordinary Shares of Rs. 10/- each issued as right shares for Cash	44,942,900	44,942,900
	<u>47,586,630</u>	<u>47,586,630</u>

#### 5 Surplus on Revaluation of Property Plant and Equipment

Opening Balance	86,970,797	87,031,573
Surplus arising on revaluation on Land during the year	5.1 1,029,550,000	--
Transferred to unappropriated profit:		
- Surplus relating to incremental depreciation - net of deferred tax	(35,554)	(39,504)
- Related Deferred Tax Liability	(19,144)	(21,272)
	<u>(54,698)</u>	<u>(60,776)</u>
	1,116,466,099	86,970,797
Less: related deferred tax liability on:		
Opening Balance	191,444	212,716
- revaluation carried out during the year	-	--
- effect of changes in tax rate	-	--
- Incremental depreciation charged during the year	(19,144)	(21,272)
	<u>172,300</u>	<u>191,444</u>
	<u>1,116,293,799</u>	<u>86,779,353</u>

The assets of the Company have been further revalued as on September 30, 2000. The revaluation is carried out by an independent valuer, M/s Dimensions Specialized Services on the basis of professional assessment of present market values or depreciated replacement values and resulted in a surplus on Revaluation of Property Plant and Equipment over the written down value as follows:

#### 5.1 Revaluation surplus June 30, 2018

	Revalued Amount as per Independent valuer Report as on June 30, 2018	BOOK VALUE OF REVALUED ASSETS /CARRYING AMOUNTS AS ON JUNE 30, 2018	DIFFERENCE BETWEEN BOOK VALUE & REVALUED AMOUNT
Lease hold land	1,116,800,000	87,250,000	1,029,550,000
	<u>1,116,800,000</u>	<u>87,250,000</u>	<u>1,029,550,000</u>

#### Leasehold Land

Valuation of land is based on assessment of present market values from the information of current matured transactions in recent past, pertaining to immediate neighborhood and surrounding areas.

The revaluation surplus on property, plant and equipment is a capital reserve, and is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

The forced sale value of revalued assets is Rs. 893.440 million.

Note

#### 6 Sub Ordinated Loan

Associated Undertakings			
Hassan ali Rice Export Co. - A sole Proprietor	6.1	395,000,000	295,000,000
Syndicate Minerals Export Company	6.2	65,000,000	65,000,000
		<u>460,000,000</u>	<u>360,000,000</u>

6.1 The unsecured and interest free loan was obtained from messrs Hassan ali rice export company, and an associate undertaking ,and has been reclassified as a ' subordinated loan ", vide an agreement dated September 30,2000 ( to cover the entire transition ); where by the company had , inter-alia, been allowed a grace period of five years to enable payments subsequent to the year end September 30,2005. The interest free loan was obtained to strengthen\support the financial position of the company . subsequently , to meet the working capital; requirements of the company , the said loan was enhanced to the tune of rs .150 million vide a supplemental agreement of loan which was further extended to September 30,2007 . later on ,vide supplement agreement of loan dated September 08,2007 , the company has been allowed a grace period of further two years for repayments form December 31,2009 , which was subsequently expended for a further of two years. the grace period was then increased by further three year i-e ,up to December 31,2014 and in 2014 - 2015 it was extended to December 31,2017 . In current year the loan is enhanced to Rs 500 million & repayment has been expended to December 31,2020.

18/8/20



6.2

The unsecured and interest free loan having a limit of Rs 25 million was obtained , vide an agreement dated march 20, 2009 and was payable after the full satisfaction of secured loans of Creditors and with in a Period of Seven years from the date of disbursement by the agreement date June 22, 2016. Loan is repayable in next Seven years with Limit of Rs. 100 million.

**7 Loan From Director**

		2018	2017
		(Rupees)	
Mr. Abdullah Hashwani	7.1	150,000,000	100,000,000
		<u>150,000,000</u>	<u>100,000,000</u>

7.1 This unsecured interest free Loans is repayable by July 31, 2018 extendable by mutually understanding or with option to convert it into companies equity with Board's approval. Agreed Loan Limit is Rs. 150 million.

**8 Long term Loan from Financial Institutions**

		2018	2017
		(Rupees)	
JS Bank Limited	8.1	330,058,372	330,058,372
Loan received during the year		27,864,000	-
Less: Payments made during the year		(28,623,368)	-
Less: Transfer to Current maturity		(24,477,083)	-
		<u>304,821,921</u>	<u>330,058,372</u>

8.1

This Loan with sanction Limit of Rs. 325 million carries mark up rate 5% per annum under SBP LTTF/FFSAP scheme secured by personal Guarantee of sponsors and Directors of the company and first exclusive Charge on Fixed Assets( Land Building and Plants and Machinery) of the company amounting to Rs. 503 million. Charge Registered by SECP of Rs. 903 million against the market value Written agreement of Rs. 966.67 million and Further Personnel Guarantee of the Directors. The tenure of Financing facility 1 A for which limit is Rs. 285 million is 10 years including grace Period of 2 years payable in 32 equal Quarterly installments The same facilities are carries mark up of SBPLTFF Rate +200bps per annum.and the tenure of Facility 1B for which the limit is Rs. 40 million are for 7 years including the grace period of 6 months payable in equal 26 Installments. The same facilities are carries mark up of SBP FFSAP Rate+250bps per annum.

**9 Deferred Taxation**

Credit balance arising due to:			
- accelerated tax depreciation		-	-
- revaluation on property plant & equipment		172,299	191,444
Debit balance arising due to			
- carried over losses		-	-
Deferred tax asset not recognized		172,299	191,444
		<u>172,299</u>	<u>191,444</u>

**10 Trade and Other Payables**

Trade Creditors for			
Goods		22,451,018	709,332
Services		12,943,245	5,371,776
Other Liabilities		1,954,208	5,124,995
		<u>37,348,471</u>	<u>11,206,103</u>

**11 Loan from Associated Undertakings**

unsecured interest free		496,652,154	77,632,022
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	2018	2017
	(Rupees)	
<b>12 Short Term Borrowings</b>		
JS Bank Limited(E.R.F - II)	12.1 40,500,000	-
JS Bank Limited	12.2 204,306,119	-
	<u>244,806,119</u>	<u>-</u>

**12.1**

The Company has obtained Short term Facility From JS Bank Limited amounting to the limit of Rs. 300 million as running finance. The tenure of working capital facility is one year and renewable for further period. The facility is secured by way of under Export refinance scheme secured by personal Guarantee of sponsors and Directors of the company and first exclusive Charge on Fixed Assets( Land Building and Plants and Machinery) of the company amounting to Rs. 503 million. Charge Registered by SECP of Rs. 903 million against the market value Written agreement of Rs. 966.67 million and Further Personnel Guarantee of the Directors. The markup rate for this facility is three month KIBOR+ 2 % which is payable on quarterly basis. This financing arrangement is expiring on July 31, 2018 .

**12.2** The Company has obtained Short term Facility From JS Bank Limited amounting to the limit of Rs. 300 million as running finance. The tenure of working capital facility is one year and renewable for further period. The facility is secured by way of under SBP LTTF/FFSAP scheme secured by personal Guarantee of sponsors and Directors of the company and first exclusive Charge on Fixed Assets( Land Building and Plants and Machinery) of the company amounting to Rs. 503 million. Charge Registered by SECP of Rs. 903 million against the market value Written agreement of Rs. 966.67 million and Further Personnel Guarantee of the Directors. The markup rate for this facility is three month KIBOR+ 2 % which is payable on quarterly basis. This financing arrangement is expiring on July 31, 2018 .

**13 Provision for Taxation**

Balance at the beginning	1,092,958	2,972,742
Add: Provision for Taxation	<u>7,554,003</u>	<u>1,092,958</u>
	8,646,961	4,065,700
Payments/ adjustment during the year	<u>(1,092,958)</u>	<u>(2,972,742)</u>
	<u>7,554,003</u>	<u>1,092,958</u>

Income tax returns of the company have been filed up to tax year 2017 which are deemed to be assessed u/s 120 of the Income Tax Ordinance 2001. Income Tax Assessments for the year 2016 are deemed to have been completed under the Income Tax Ordinance 2001. However, the commissioner of income tax may at any time during a period of five years from the date of filing of return may select the deemed assessment for audit, the comparison of tax provision as per accounts viz a viz tax assessments for last three years is as follows:

	Provision	Deemed Assessment
Tax Year 2017	1,092,958	1,092,958
Tax Year 2016	2,972,742	2,972,742
Tax Year 2015	5,241,345	5,241,345

**14 Contingencies and Commitments**

**14.1 Contingencies**

There are no contingencies as of balance sheet date which need to be disclosed in the financial statements.

**14.2 Commitments**

There commitments against import of assets as of Reporting date amounting to Rs. 23.50 million.

*PBC*



15 Property Plant and Equipment

Note

2018

2017

(Rupees)

Operating assets

15.1

1,650,546,266

160,054,218

1,650,546,266

160,054,218

15.1 Operating assets

2018											
Particulars	COST/Revaluation					RATE%	DEPRECIATION				Written down value
	As on	Addition	Revaluation	Disposal/ Transferred	As on		As on	Adjustment on	For the	As on	
	July 1, 2017						July 1, 2017	disposal/ transfer	Year	June 30, 2018	as on
=====Rupees=====											
OWNED											
Lease hold land S.I.	87,250,000	-	1,029,550,000	-	1,116,800,000	10	-	-	-	-	1,116,800,000
Factory building mill	28,046,549	125,929,563	-	-	153,976,112	10	21,982,319	-	8,418,808	30,401,127	123,574,985
Factory labour colony	6,054,800	-	-	-	6,054,800	10	4,980,443	-	107,436	5,087,879	966,921
Plants & machinery- Textile unit	112,861,285	-	-	-	112,861,285	10	88,102,420	-	2,475,886	90,578,307	22,282,978
Laboratory equipment	6,462,427	90,000	-	-	6,552,427	10	5,943,281	-	58,104	6,001,384	551,043
A/c equipment	19,657,946	-	-	-	19,657,946	10	9,682,995	-	997,495	10,680,490	8,977,456
Power house machinery	67,513,119	51,539,650	-	-	119,052,769	10	52,704,887	-	5,320,611	58,025,498	61,027,271
Work shop equipments	210,802	-	-	-	210,802	10	198,235	-	1,257	199,492	11,310
Fire fighting equipments	24,625	-	-	-	24,625	10	23,161	-	146	23,307	1,318
Scales & measuring equipment	219,000	2,509,081	-	-	2,728,081	10	205,930	-	136,461	342,391	2,385,690
Office equipments	514,513	-	-	-	514,513	10	243,803	-	27,071	270,874	243,639
Electric & gas equipment	16,989,486	29,542,650	-	-	46,532,136	10	3,878,371	-	2,911,338	6,789,709	39,742,427
Furniture and fixture	770,138	44,600	-	-	814,738	10	687,889	-	11,145	699,034	115,704
Gas installation	251,691	-	-	-	251,691	10	236,962	-	1,473	238,435	13,256
Computer equipments	451,305	27,550	-	-	478,855	30	431,076	-	12,122	443,198	35,657
Fans & Air conditioners	730,475	34,000	-	-	764,475	10	373,258	-	37,706	410,964	353,511
Telephone installation	198,158	-	-	-	198,158	10	175,791	-	2,237	178,028	20,130
Vehicle/motor cycle	5,574,350	2,455,000	-	1,305,000	6,724,350	20	3,875,632	768,430	541,462	3,648,664	1,075,686
Plant & machinery - Rice	-	285,850,872	-	-	285,850,872	10	-	-	15,483,589	15,483,589	270,367,283
June 30, 2018	353,780,669	498,022,967	-	1,305,000	1,880,048,635	-	193,726,453	768,430	36,544,346	229,502,369	1,650,546,266

15.2 Detail of assets disposed off during the year:

Particulars	Cost	Accumulated	Book value	Sale proceeds	Gain on disposal	Mode of Disposal	Particulars of buyers
(Rupees)							
<b>Vehicles:</b>							
Motor Vehicle	1,305,000	768,430	536,570	600,000	63,430	negotiation	Mirza Talha Baig
30 June 2018	1,305,000	768,430	536,570	600,000	63,430		

15.3 Allocation of Depreciation

Cost of Sales

36,544,346

8,157,215

36,544,346

8,157,215

15.4 Had there been no revaluation the carrying amounts of revalued assets would have been as follows:

Lease hold land

225,070

225,070

Factory building on lease hold land

125,973,582

48,910

126,198,652

273,980

15.5 Immovable property (i.e. leasehold land and factory building, non-factory building and labor quarters thereon) is located in the Area of SITE Karachi, Sindh having total area of 8 Acres.

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	2018	2017
	(Rupees)	
<b>16 Capital work in Progress</b>	<b>16.1</b>	
Opening Balance	489,988,629	1,706,893
Addition during the year	-	488,281,736
	489,988,629	489,988,629
Transfer to fixed Assets	(380,640,389)	-
	109,348,240	489,988,629

**16.1 Movement in Capital Work in Progress**

DESCRIPTION	As at July 01, 2017	Additions	Transfer to Assets/ Tangible Assets during the year	As at June 30, 2018
	Rupees			
Factory Building	162,190,329	69,571,947	125,929,563	105,832,715
Letter of Credit for Building material	-	65,805	-	65,805
Plant and Machinery - Rice	257,682,394	31,618,199	285,850,873	3,449,720
Power House	51,190,439	349,211	51,539,650	-
Scale and Measuring Equipments	-	2,490,581	2,490,581	-
Electrical Equipments	18,925,466	10,617,184	29,542,650	-
	<u>489,988,629</u>	<u>114,712,928</u>	<u>495,353,318</u>	<u>109,348,240</u>

**17 Long term Investment /Deposits**

**Held to Maturity**

Defense Saving Certificates	17.1	1,615,000	1,615,000
Fixed Deposits	17.2	5,207,082	5,247,082
		6,822,082	6,862,082
Profit accrued up to June 30,		7,118,793	6,379,810
		13,940,875	13,241,892
Less: Current Portion of Principle		-	(40,000)
Profit on above		(7,118,793)	(6,379,810)
		<u>6,822,082</u>	<u>6,822,082</u>

17.1 These certificates are held by Habib Bank Limited (which are issued for ten years from the year 2001) against guarantee issued by HBI amounting to Rs. 4,316,604 ( 2017: Rs. 4,316,604) issued to Messers Sul southern Gas Company Limited. These Certificates are in the name of the company's director.

17.2 These deposits with Habib Metropolitan Bank Limited (which are held Haiblb Bank Limited against guarantee mentioned at note 17.1 above . These carries interest @ 11% to 15% per annum (2017: 11% to 15% per annum).

**18 Stores, Spares & Loose Tools**

Stores and Spares	454,525	119,365
Packing Material	96,535	-
	<u>551,060</u>	<u>119,365</u>

**19 Stock-in-Trade**

Rice	565,978,568	-
	<u>565,978,568</u>	<u>-</u>

**20 Trade Debts - Considered Good**

Local Receivables - Considered Good	20.1 & 20.2,	87,373,793	-
Considered Doubtful		-	-
		87,373,793	-
Provision for Doubtful debts		-	-
		<u>87,373,793</u>	<u>-</u>

20.1 The aging of debtors at the reporting date was:

Up to one month	26,212,138	-
1 to 6 months	61,161,655	-
More than 6 months	-	-
	<u>87,373,793</u>	<u>-</u>

20.2 The above amounts are Net of Bills Discounted by Bank under the Foreign Bills Purchased arrangement with the customer amounting to Rs. 49,904,975.

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	2018	2017
	(Rupees)	
<b>21 Loans, Advances and Other Receivables - Unsecured, Considered Good</b>		
Advances for Expenses/suppliers	141,967	141,967
Loans and Advances to employees	384,347	288,963
Advance Against Purchase of Plot	21.1 100,000,000	
Other Receivables		
Sales Tax Receivable	29,924,419	38,002,953
Insurance Claim		2,270,465
	<u>130,450,733</u>	<u>40,704,347</u>

21.1 Immovable property (i.e. Land ) is located at Port Qasim Karachi Sindh having total area of 10 Acres. The same Property are not transferred by Port Qasim authority as at Reporting date in the name of the Company Upon the Transfer of the same Property will be transfer to fixed Assets of the Company.

<b>22 Cash and Bank Balances</b>		
Cash In Hand	55,200	76,180
Cash at Banks - Current Accounts	21,557,277	1,283,870
	<u>21,612,477</u>	<u>1,360,050</u>

**23 SALES - Net**

Yarn - Local	-	25,214,500
Rice Export	755,400,265	82,371,651
Waste		255,760
Scrap		1,453,882
<b>Gross Sales</b>	<u>755,400,265</u>	<u>109,295,793</u>
Less Sales Commission	-	-
	<u>755,400,265</u>	<u>109,295,793</u>

Rice export is exempt from Sales tax . In 2017 other the Export Sales shown as exclusive of Sales tax amounts to Rs.3,560,848, further the above amount are inclusive of Exchange Fluctuation difference of Rs. 68.544 million (2017: nil)

**24 Cost of Sales**

Raw Material Consumed	24.1 573,925,125	71,545,261
Packing Material Consumed	8,444,698	1,185,380
Stores and Spares Consumed	585,407	132,301
Rice/Cotton Incidental Charges	1,108,521	60,649
Fuel, Power & Water Consumed	38,336,858	1,656,225
Salaries, Wages and Other Benefits	24.2 19,932,777	320,780
Insurance	1,238,046	-
Repairs and Maintenance	3,936,560	255,584
Vehicle Running and Maintenance	314,108	277,405
Travelling and conveyance	153,313	102,097
Telephone	287,380	287,192
Printing and stationery	129,219	73,251
Other Expenses	816,382	495,523
Depreciation	15.3 36,544,346	8,157,215
	<u>685,752,740</u>	<u>84,548,863</u>
Work-in-Process - Opening	-	627,091
Work-in-Process - Closing	-	-
Cost of Goods Manufactured	<u>685,752,740</u>	<u>85,175,954</u>
Finished Goods - Opening	-	25,214,500
Finished Goods - Closing	-	-
	<u>685,752,740</u>	<u>110,390,454</u>

**24.1 Raw Material Consumed**

Opening Stock	-	-
Purchases - net	1,139,903,693	71,545,261
	<u>1,139,903,693</u>	<u>71,545,261</u>
Less: raw material sale	-	-
Closing Stock	(565,978,568)	-
Raw Material Consumed	<u>573,925,125</u>	<u>71,545,261</u>

24.2 Salaries, wages and other benefits include Rs.nil (2017: Rs.nil) relating to staff retirement benefits.



		2018	2017
		(Rupees)	
<b>25 Administrative and General Expenses</b>			
Salaries, Allowances and Other Benefits	25.1	3,683,442	48,000
Traveling, Conveyance and Entertainment		95,485	125,220
Entertainment		44,116	30,849
Printing and Stationery		36,392	41,168
Postage, Telephone and Telex		38,319	31,857
Vehicles Expenses		128,893	60,610
Legal and Professional Charges		155,600	110,600
Fees and Subscription		720,680	242,210
Auditors Remuneration	23.2	120,000	120,000
Computer Running and maintenance		40,000	27,880
Charity and donation		4,000	11,000
Miscellaneous		14,190	22,680
		<u>5,081,117</u>	<u>872,074</u>

25.1 Salaries, allowances and other benefits include Rs. nil (2017: Rs. nil) relating to staff retirement benefits.

25.2 Represents annual Audit fee for the year.

**26 Distribution Costs and Selling Expenses**

Ocean freight	26,344,270	-
Other Selling Expenses	9,801,343	6,363,507
	<u>36,145,613</u>	<u>6,363,507</u>

26.1 Salaries, wages and other benefits include Rs. nil (2017: Rs.0.462 million) relating to staff retirement benefits.

**27 Finance Cost**

Mark-up on Short Term Borrowings	9,875,717	-
Mark up on Syndicated Long Term Loan	8,142,932	-
Bank Charges and Commission	2,337,376	190,350
	<u>20,356,025</u>	<u>190,350</u>

**28 Other Income**

Rental Income	720,000	720,000
Profit on Investments	779,853	592,790
Gain on sales of fixed Assets	63,430	271,777
Gain on disposal of stores and spares		21,595
	<u>1,563,283</u>	<u>1,606,162</u>

**29 Loss Per Share - Basic and diluted**

Profit after Taxation	1,611,792	(8,176,628)
Weighted Average Number of Ordinary Shares	4,758,663	4,758,663
Earning Per Share - Basic and diluted (Rupees)	0.34	(1.72)

No figure for diluted earning per share has been presented as the company has not yet issued any instruments which would have an impact on basic earning per Share when exercised.

**30 Remuneration of Chief Executive, Director and Executives**

	Chief Executive		Directors		Executives		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	(Rupees)							
Managerial remuneration	637,000	--	--	--	--	--	637,000	--
House rent allowance	279,300	--	--	--	--	--	279,300	--
Utilities	63,700	--	--	--	--	--	63,700	--
	<u>980,000</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>980,000</u>	<u>--</u>
Number of persons	1	1	1	1	--	--	2	2

30.1 Comparative figures of remuneration to executives have been amended to reflect changes in the definition of executive as per the Companies Act, 2017. Executive has been provided with Company maintained car.

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### 31 Related Party Transactions

			2018	2017
			----- Rupees -----	
Related Party	Relationship	Nature of Transaction		
Abdullah Hashwani	Directorship	Loan received	50,000,000	100,000,000
<b>Long term Loan</b>				
Hassan ali Rice Export Co. - A sole Proprietor	Directorship	Loan received	100,000,000	5,000,000
<b>Short term Loan</b>				
Hassan ali Rice Export Co. - A sole Proprietor		Loan received	354,491,639	77,632,022
Syndicate Mineral Export Company	Directorship	Rental Income	720,000	720,000
<b>Short term Loan</b>				
Syndicate Mineral Export Company		Loan received	64,528,483	-

Remuneration and benefits to key management personnel under the terms of their employment are given in Note 30 above.

	Note	2018	2017
		(Rupees)	
32 <b>Cash and Cash Equivalents</b>			
Cash and Bank Balances	22	21,612,477	1,360,050
Short term Borrowings	12	(244,806,119)	(68,953)
		<u>(223,193,641)</u>	<u>1,291,098</u>

### 33 Financial Instruments

The Company has exposures to the following 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 re

#### 33.1 Credit risk

Credit risk is the risk that one party to the financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The Company believes that it is not exposed to major concentration of credit risk. However, to reduce exposure to credit risk, if any, the management monitors the credit exposure towards the customers and makes provisions against those balances considered doubtful of recovery.

The maximum exposure to credit risk at the reporting date is:

	2018	2017
	(Rupees)	
Trade Debts - Considered Good	87,373,793	-
Loans and Advances - Unsecured, Considered good	130,450,733	40,704,347
Current Portion of Long term Investment	13,940,875	13,241,892
Cash and Bank Balances	21,612,477	1,360,050
	<u>253,377,878</u>	<u>55,306,289</u>

In respect of trade debts and other receivables the management, based on past experience, believes that no further impairment allowance is necessary as management believes that the same will be recovered in short course of time. The credit quality of the company's receivable can be measured with their past performance of minimum default, and dealing banks possess good credit ratings.

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### 33.2 Liquidity Risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The Company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements. During the year, the Company faced liquidity problems due to adverse conditions of overall textile industry, hence it was unable to make scheduled repayments of restructured long term financing. The management has actively taken measure to rectify the default by approaching its lenders for further restructuring of the liabilities. The further restructuring is in advanced stage and expected to be finalised soon.

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

	2018					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One year onward	Two to five years
	Rupees					
<u>Financial liabilities</u>						
Long term loans	939,299,004	972,304,841	12,238,542	12,238,542	24,538,542	923,289,216
Trade and other payables	37,348,471	37,348,471	37,348,471	--	--	--
Short term Borrowings	244,806,119	260,718,516	260,718,516	--	--	--
Loan from Associated Undertakings	496,652,154	496,652,154	496,652,154	--	--	--
	<u>1,718,105,748</u>	<u>1,767,023,983</u>	<u>806,957,683</u>	<u>12,238,542</u>	<u>24,538,542</u>	<u>923,289,216</u>

	2017					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One year onward	Two to five years
	Rupees					
<u>Financial liabilities</u>						
Long term loans	790,058,372	823,064,209	-	-	24,477,083	798,587,126
Trade and other payables	11,206,103	11,206,103	11,206,103	-	-	-
Short term Borrowings	-	-	-	-	-	-
Loan from Associated Undertakings	77,632,022	77,632,022	77,632,022	-	-	-
	<u>878,896,497</u>	<u>911,902,334</u>	<u>88,838,125</u>	<u>-</u>	<u>24,477,083</u>	<u>798,587,126</u>

### 33.3 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate resulting in as a result of changes in market prices or the market prices due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

### 33.4 Currency risk

Foreign currency risk arises mainly due to conversion of foreign currency assets and liabilities into local currency. The Company is not materially exposed to foreign currency risk on foreign currency assets and liabilities.

### 33.5 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates, majority of the interest rate exposures arises from short and long term borrowings from bank and term deposits and deposits in profit and loss sharing accounts with banks. At the balance sheet date the interest rate profile of the company's interest-

	Carrying Amounts	
	2018	2017
	Rupees	
Fixed rate Instruments		
Financial liabilities		
Variable rate instruments		
Financial liabilities		
	<u>549,628,040</u>	<u>330,058,372</u>
	<u>549,628,040</u>	<u>330,058,372</u>

### 33.6 Risk management policies

Risk management is carried out by the management under policies approved by board of directors. The board provides principles for overall risk management, as well as policies covering specific areas like foreign exchange risk, interest rate risk and investing excessive liquidity.

### 33.7 Capital risk management

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure the Company may adjust the amount of dividends paid to shareholders, issue new shares and take other measures commensuration to the circumstances.

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Consistent with others in the industry, the company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholder. Debt is calculated as total borrowings ('long term loan' and short term borrowings' as shown in the balance sheet). Total capital comprises shareholders' equity as shown in the balance sheet under 'share capital and reserves'.

<b>Total Borrowings</b>	1,680,757,277	867,690,394
Less Cash and Bank Balances	(21,612,477)	(1,360,050)
<b>Net debt</b>	<b>1,659,144,800</b>	<b>866,330,344</b>
Total equity	857,860,252	(173,301,540)
<b>Total Capital</b>	<b>2,517,005,052</b>	<b>693,028,804</b>
Gearing ratio	0.66	1.25

### 33.8 Fair value of financial Instruments

Fair value is an amount for which an assets could be exchanged, or a liability settled, between knowledgeable willing parties in arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

As at the reporting date the fair value of all financial assets and liabilities are estimated to approximate their carrying values.

### 34 Number Of Employees

	2018	2017
Total number of employees at the end of year	50	55
Factory Employees at the end of the year	50	55
Average number of employees	50	53
Average number of factory employees	50	53

### 35 Approval of financial Statements

These financial statements were approved by the Board of Directors and authorized for issue on 03 OCT 2018.

### 36 General

- Comparative figures have been rearranged and reclassified wherever necessary for the purpose of better presentation and comparison. Significant reclassifications and restatements have been mentioned in note 2.3 and 3.1 to the financial statements and reclassification of unclaimed dividend of Rs.19,301 from trade and other payable to face of the statement of financial position.
- Figures have been rounded off to nearest rupee.
- Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates. The financial Statements are presented in Pakistani rupees, which is the Company's functional and Presentational currency.

Chief Executive Officer

Director

Andhale Hashim