



**Habib Rice Products Ltd.**

**Half Yearly  
Unaudited Accounts  
December 31, 2021**

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## COMPANY INFORMATION

### **BOARD OF DIRECTORS**

#### **Executive Directors**

|                     |                   |
|---------------------|-------------------|
| Mr. Owais G. Habib  | Managing Director |
| Mr. Tufail Y. Habib |                   |

#### **Non Executive Directors**

|                         |                      |
|-------------------------|----------------------|
| Mr. Gaffar A. Habib     | Chairman             |
| Dr. Howard J. Synenberg | Independent Director |
| Ms. Fatemah G. Habib    |                      |
| Dr. Salma Habib         |                      |
| Mr. Daniyal Ghani       | Independent Director |
| Mr. Asad R. Premjee     | Independent Director |

### **BOARD OF AUDIT COMMITTEE**

Mr. Gaffar A. Habib  
Ms. Fatemah G. Habib  
Dr. Salma Habib  
Mr. Daniyal Ghani

### **BOARD OF HR AND REMUNERATION COMMITTEE**

Mr. Tufail Y. Habib  
Ms. Fatemah G. Habib  
Dr. Salma Habib  
Mr. Daniyal Ghani

### **CHIEF EXECUTIVE OFFICER**

Mr. Owais G. Habib

### **CHIEF FINANCIAL OFFICER**

Mr. Jamshed Ali Khan

### **COMPANY SECRETARY**

Mr. Ali Asghar Rajani

### **AUDITORS**

EY Ford Rhodes  
Chartered Accountants

### **SHARE REGISTRAR**

M/s. THK Associates (Pvt.) Limited  
Plot No. 32-C, Jami Commercial Street-2, D.H.A.,  
Phase-VII, Karachi-75500, Pakistan.  
UAN: (021) 111-000-322 Fax: (021) 35310190

### **REGISTERED OFFICE**

2nd Floor, UBL Building  
I. I. Chundrigar Road,  
Karachi - 74000, Pakistan.  
Telephone : (021) 32411887  
Fax : (021) 32414581

### **ADMINISTRATIVE OFFICES & FACTORY**

Ahmad Habib Boulevard,  
Hub - 90250  
Pakistan.  
Telephone : (0853) 363963-5  
Fax : (0853) 363819



## CHAIRMAN'S REVIEW / DIRECTORS' REPORT

Half Year Ended December 31, 2021 (Unaudited)

Dear Shareholders,

We bow our heads in gratitude to Allah the Beneficent, the Merciful, the Provider, for the Blessing He continues to bestow on us which are partly reflected in the Company's performance for the Half Year ended December 31, 2021.

**Energy:-** Erratic / Non Availability of Energy (Gas, KE, Furnace Oil, LPG) has played havoc with our Plant operations.

Even when available only part of the plant could operate at any given time - due to partial availability and interrupted supply.

**In closing:-** Please join me in my prayers to Allah the Beneficent, the Merciful, the Provider, to continue to Bless our operations with Bounties as Befits His Glory, Aameen.

On behalf of the Board

**Gaffar A. Habib**  
Chairman

**Owais G. Habib**  
Chief Executive Officer

Karachi: February 15, 2022



Ey Ford Rhodes  
Chartered Accountants  
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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Habib Rice Products Limited

### Report on review of Condensed Interim Financial Statements

#### Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Habib Rice Products Limited** (the Company) as at **31 December 2021** and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows, and notes to the financial statements for the six months period ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and the notes forming part thereof for the three months period ended 31 December 2021 and 2020 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 31 December 2021.

#### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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

*EY Ford Rhodes*

Chartered Accountants  
Place: Karachi  
Date: 18 February 2022  
UDIN: RR202110166EtqXUK3H0

A member firm of Ernst & Young Global Limited



## Habib Rice Products Ltd.

### CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2021

|  |      | December 31,<br>2021<br>(Un-audited) | June 30,<br>2021<br>(Audited) |
|--|------|--------------------------------------|-------------------------------|
| ASSETS   | Note | ----- Rupees -----                   |                               |
| <b>NON-CURRENT ASSETS</b>                                |      |                                      |                               |
| Property, plant and equipment                            | 4    | 592,454,260                          | 576,834,849                   |
| Right-of-use assets                                      | 5    | 376,413                              | 4,922,349                     |
| Long-term deposits                                       |      | 26,490,870                           | 26,490,870                    |
| Deferred tax   | 6    | 29,176,427                           | 33,328,539                    |
|  |      | <u>648,497,970</u>                   | <u>641,576,607</u>            |
| <b>CURRENT ASSETS</b>                                    |      |                                      |                               |
| Stores, spare parts and loose tools                      |      | 106,705,419                          | 83,684,342                    |
| Stock-in-trade   | 7    | 165,692,147                          | 227,257,878                   |
| Trade debts  |      | 5,550,428                            | 20,868                        |
| Loans and advances                                       |      | 15,846,000                           | 5,703,924                     |
| Trade deposits and short-term prepayments                |      | 13,605,274                           | 4,419,614                     |
| Short-term investments                                   | 8    | 303,649,935                          | 305,712,268                   |
| Sales tax receivable                                     |      | 12,277,216                           | 11,944,668                    |
| Taxation – net   |      | 66,252,510                           | 60,770,298                    |
| Cash and bank balances                                   | 9    | 83,670,484                           | 133,562,359                   |
|  |      | <u>773,249,413</u>                   | <u>833,076,219</u>            |
|  |      | <u>1,421,747,383</u>                 | <u>1,474,652,826</u>          |
| <b>EQUITY AND LIABILITIES</b>                            |      |                                      |                               |
| <b>SHARE CAPITAL AND RESERVES</b>                        |      |                                      |                               |
| Authorised share capital                                 |      |                                      |                               |
| 60,000,000 (June 30, 2021: 60,000,000)                   |      |                                      |                               |
| ordinary shares of Rs.5/- each                           |      | <u>300,000,000</u>                   | <u>300,000,000</u>            |
| Issued, subscribed and paid-up capital                   |      | 200,000,000                          | 200,000,000                   |
| Reserves   |      | <u>728,621,523</u>                   | <u>764,699,028</u>            |
|  |      | <u>928,621,523</u>                   | <u>964,699,028</u>            |
| <b>NON-CURRENT LIABILITIES</b>                           |      |                                      |                               |
| Lease liabilities  |      | -                                    | 219,341                       |
| Provision for Gas Infrastructure Development Cess (GIDC) | 10   | <u>59,357,650</u>                    | <u>76,239,416</u>             |
|  |      | <u>59,357,650</u>                    | <u>76,458,757</u>             |
| <b>CURRENT LIABILITIES</b>                               |      |                                      |                               |
| Trade and other payables                                 | 11   | <u>155,714,353</u>                   | <u>184,444,499</u>            |
| Current maturity of lease liabilities                    |      | 465,900                              | 476,140                       |
| Current portion of provision for GIDC                    | 10   | <u>152,284,367</u>                   | <u>130,900,226</u>            |
| Provision for gas rate revision                          | 12   | <u>86,437,100</u>                    | <u>86,150,001</u>             |
| Unclaimed dividend                                       |      | <u>38,866,490</u>                    | <u>31,524,175</u>             |
|  |      | <u>433,768,210</u>                   | <u>433,495,041</u>            |
|  |      | <u>1,421,747,383</u>                 | <u>1,474,652,826</u>          |
| <b>CONTINGENCIES AND COMMITMENTS</b>                     | 13   |                                      |                               |

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

**OWAIS G. HABIB**  
Chief Executive Officer

**JAMSHED ALI KHAN**  
Chief Financial Officer

**GAFFAR A. HABIB**  
Chairman

Karachi: February 15, 2022



## Habib Rice Products Ltd.

### CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE HALF YEAR ENDED DECEMBER 31, 2021 (UN-AUDITED)

|  | Half year ended      |                      | Quarter ended        |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | December 31,<br>2021 | December 31,<br>2020 | December 31,<br>2021 | December 31,<br>2020 |
|  | ----- Rupees -----   |                      |                      |                      |
| Turnover – net   | 1,061,488,259        | 905,334,609          | 608,801,163          | 476,557,107          |
| Cost of sales  | (763,265,291)        | (711,733,448)        | (418,765,572)        | (382,682,311)        |
| <b>Gross profit</b>  | <b>298,222,968</b>   | <b>193,601,161</b>   | <b>190,035,591</b>   | <b>93,874,796</b>    |
| Distribution cost  | (130,315,383)        | (38,376,402)         | (79,793,817)         | (19,156,492)         |
| Administrative expenses  | (57,102,627)         | (45,671,911)         | (27,493,515)         | (23,520,430)         |
| Other expenses   | (10,852,211)         | (10,931,244)         | (5,746,459)          | (6,258,804)          |
| Other income   | 6,430,195            | 18,667,415           | 3,256,219            | 8,583,126            |
| Finance costs  | (9,508,896)          | (2,215,729)          | (9,136,314)          | (1,492,976)          |
|  | <b>96,874,046</b>    | <b>115,073,290</b>   | <b>71,121,705</b>    | <b>52,029,220</b>    |
| Remeasurement gain<br>on discounting of<br>provision for GIDC 10 | 3,543,722            | 32,070,140           | 3,543,722            | 32,070,140           |
| <b>Profit before taxation</b>                                    | <b>100,417,768</b>   | <b>147,143,430</b>   | <b>74,665,427</b>    | <b>84,099,360</b>    |
| Taxation   |                      |                      |                      |                      |
| Current  | (12,343,161)         | (29,292,913)         | (6,998,499)          | (17,312,501)         |
| Deferred   | (4,152,112)          | 2,950,759            | (5,146,501)          | 186,897              |
|  | <b>(16,495,273)</b>  | <b>(26,342,154)</b>  | <b>(12,145,000)</b>  | <b>(17,125,604)</b>  |
| <b>Net profit</b>  | <b>83,922,495</b>    | <b>120,801,276</b>   | <b>62,520,427</b>    | <b>66,973,756</b>    |
| <b>Earnings per share –<br/>basic and diluted</b>                | <b>2.10</b>          | <b>3.02</b>          | <b>1.56</b>          | <b>1.67</b>          |

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

**OWAIS G. HABIB**  
Chief Executive Officer

**JAMSHED ALI KHAN**  
Chief Financial Officer

**GAFFAR A. HABIB**  
Chairman

Karachi: February 15, 2022



**Habib** Rice Products Ltd.

**CONDENSED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED DECEMBER 31, 2021 (UN-AUDITED)**

|                                   | Half year ended      |                      | Quarter ended        |                      |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                   | December 31,<br>2021 | December 31,<br>2020 | December 31,<br>2021 | December 31,<br>2020 |
|                                   | ----- Rupees -----   |                      |                      |                      |
| Profit after taxation             | 83,922,495           | 120,801,276          | 62,520,427           | 66,973,756           |
| Other comprehensive income        | -                    | -                    | -                    | -                    |
| <b>Total comprehensive income</b> | <u>83,922,495</u>    | <u>120,801,276</u>   | <u>62,520,427</u>    | <u>66,973,756</u>    |

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

**OWAIS G. HABIB**  
Chief Executive Officer

Karachi: February 15, 2022

**JAMSHED ALI KHAN**  
Chief Financial Officer

**GAFFAR A. HABIB**  
Chairman



**Habib Rice Products Ltd.**

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED DECEMBER 31, 2021 (UN-AUDITED)

| Particulars  | Issued,<br>Subscribed<br>And Paid-up<br>Capital | Reserves                               |                    |                          | Total<br>reserves | Total<br>equity |
|--|---|--|--------------------|--------------------------|-------------------|-----------------|
|  |   | Capital<br>Reserve<br>Share<br>Premium | Revenue reserves   |                          |                   |                 |
|  |   |  | General<br>Reserve | Unappropriated<br>Profit |                   |                 |
| Rupees   |   |  |                    |                          |                   |                 |
| Balance as at July 01, 2020 (audited)                    | 200,000,000                                     | 10,000,000                             | 50,000,000         | 654,680,794              | 714,680,794       | 914,680,794     |
| Final dividend @ 60% for the year ended<br>June 30, 2020 | -   | -                                      | -                  | (120,000,000)            | (120,000,000)     | (120,000,000)   |
| Net profit   | -   | -                                      | -                  | 120,801,276              | 120,801,276       | 120,801,276     |
| Other comprehensive income                               | -   | -                                      | -                  | -                        | -                 | -               |
| Total comprehensive income                               | -   | -                                      | -                  | 120,801,276              | 120,801,276       | 120,801,276     |
| Balance as at December 31, 2020 (un-audited)             | 200,000,000                                     | 10,000,000                             | 50,000,000         | 655,482,070              | 715,482,070       | 915,482,070     |
| Balance as at July 01, 2021 (audited)                    | 200,000,000                                     | 10,000,000                             | 50,000,000         | 704,699,028              | 764,699,028       | 964,699,028     |
| Final dividend @ 60% for the year ended<br>June 30, 2021 | -   | -                                      | -                  | (120,000,000)            | (120,000,000)     | (120,000,000)   |
| Net profit   | -   | -                                      | -                  | 83,922,495               | 83,922,495        | 83,922,495      |
| Other comprehensive income                               | -   | -                                      | -                  | -                        | -                 | -               |
| Total comprehensive income                               | -   | -                                      | -                  | 83,922,495               | 83,922,495        | 83,922,495      |
| Balance as at December 31, 2021 (un-audited)             | 200,000,000                                     | 10,000,000                             | 50,000,000         | 668,621,523              | 728,621,523       | 928,621,523     |

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

*OWAIS G. HABIB*

**OWAIS G. HABIB**  
Chief Executive Officer

*JAMSHED ALI KHAN*

**JAMSHED ALI KHAN**  
Chief Financial Officer

*GAFFAR A. HABIB*

**GAFFAR A. HABIB**  
Chairman

Karachi: February 15, 2022



## Habib Rice Products Ltd.

### CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED DECEMBER 31, 2021 (UN-AUDITED)

|   |      | December 31,<br>2021<br>(Un-audited) | December 31,<br>2020<br>(Un-audited) |
|---|------|--------------------------------------|--------------------------------------|
|   | Note | Rupees                               |                                      |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |      |                                      |                                      |
| <b>Profit before taxation</b>   |      | 100,417,768                          | 147,143,430                          |
| Adjustments for non-cash and other items:   |      |                                      |                                      |
| Depreciation on operating fixed assets  | 4    | 22,802,170                           | 18,179,319                           |
| Depreciation on right-of-use assets   | 5    | 4,545,936                            | 4,545,936                            |
| Provision for GIDC and other charges  |      | -                                    | 35,561,857                           |
| Provision for gas rate revision   |      | 287,099                              | -                                    |
| Profit on short-term investments at amortised cost and savings accounts                 |      | (6,016,864)                          | (18,382,643)                         |
| Dividend from Mutual fund   |      | (413,331)                            | -                                    |
| Gain on disposal of operating fixed assets  |      | -                                    | (10,589)                             |
| Unrealised loss / (gain) on short-term investments at fair value through profit or loss |      | 2,735,888                            | (274,183)                            |
| Re-measurement gain on discounting of provision for GIDC                                | 10   | (3,543,722)                          | (32,070,140)                         |
| Finance costs   |      | 9,508,896                            | 2,215,729                            |
| <b>Operating profit before working capital changes</b>                                  |      | 130,323,840                          | 156,908,716                          |
| Working capital changes   | 14   | (15,375,336)                         | 87,329,113                           |
| <b>Cash generated from operations</b>   |      | 114,948,504                          | 244,237,829                          |
| Taxes (paid) / refunded   |      | (17,825,373)                         | 31,637,483                           |
| Finance costs paid  |      | (1,419,650)                          | (1,451,772)                          |
| Long-term deposits - net  |      | -                                    | (6,361,110)                          |
|   |      | (19,245,023)                         | 23,824,601                           |
| <b>Net cash generated from operating activities</b>                                     |      | 95,703,481                           | 268,062,430                          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |      |                                      |                                      |
| Capital expenditure   |      | (38,421,581)                         | (38,847,700)                         |
| Dividend from Mutual fund   |      | 413,331                              | -                                    |
| Short term investments redeemed - net   |      | (652,055)                            | 61,643,370                           |
| Profit on short-term investments at amortised cost and savings accounts received        |      | 6,647,419                            | 35,331,996                           |
| Proceeds from disposals of operating fixed assets                                       |      | -                                    | 15,000                               |
| <b>Net cash (used in) / generated from investing activities</b>                         |      | (32,012,886)                         | 58,142,666                           |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |      |                                      |                                      |
| Dividend paid   |      | (112,657,685)                        | (113,541,284)                        |
| Lease rentals paid  |      | (272,730)                            | (262,490)                            |
| Net cash used in financing activities   |      | (112,930,415)                        | (113,803,774)                        |
|   |      | (49,239,820)                         | 212,401,322                          |
| Cash and cash equivalents at the beginning of the period                                |      | 233,816,809                          | 74,758,239                           |
| <b>Cash and cash equivalents at the end of the period</b> 15                            |      | 184,576,989                          | 287,159,561                          |

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

**OWAIS G. HABIB**  
Chief Executive Officer

**JAMSHED ALI KHAN**  
Chief Financial Officer

**GAFFAR A. HABIB**  
Chairman

Karachi: February 15, 2022

**NOTES TO THE CONDENSED INTERIM  
FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED DECEMBER 31, 2021 (UN-AUDITED)**

**1 THE COMPANY AND ITS OPERATIONS**

- 1.1** Habib Rice Products Limited (the Company) is a public listed company limited by shares incorporated in Pakistan on July 10, 1980 and is listed on the Pakistan Stock Exchange. The registered office of the Company is situated at 2nd Floor, UBL Building I.I Chundrigar Road, Karachi. The Company is engaged in the production of rice based Starch Sugar and Proteins.

The Company's primary production facility is located at its industrial complex in Hub Industrial Area, District Lasbela, Baluchistan.

**1.2 Impact of COVID-19 on the condensed interim financial statements**

COVID-19 is a global pandemic which has affected the whole world and Pakistan is not an exception. Businesses are badly effected due to lockdowns to fight COVID-19. The situation, however has now improved on the back of steps taken by the government of Pakistan. The Company has taken all necessary measures for the health and safety of its employees. Employees were also allowed to work from their home during COVID-19. The management fully supports the government's stance of vaccination. Based on the assessment performed by the management, there is no significant accounting impact of COVID-19 in these condensed interim financial statement

**2 BASIS OF PREPARATION**

- 2.1** These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, 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 the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.2** These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2021. These condensed interim financial statements are unaudited, however, have been subject to limited scope review by the auditors and are being submitted to the shareholders as required by the Pakistan Stock Exchange Regulations and Section 237 of the Companies Act, 2017.

**2.3** The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2021 and December 31, 2020 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half years ended December 31, 2021 and December 31, 2020.

**2.4** These condensed interim financial statements are presented in the Pakistani rupees which is also the Company's functional currency

### **3 SIGNIFICANT ACCOUNTING POLICIES**

**3.1** The accounting policies and the methods of computations adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the Company's annual financial statements for the year ended June 30, 2021.

#### **3.2 Amendments to approved accounting standards adopted during the period:**

IFRS 9, IAS 39, IFRS 7, IFRS 4 & IFRS 16  
Interest Rate Benchmark Reform - phase 2 (Amendments)

IFRS 16 COVID-19 - Related Rent Concessions beyond 30 June 2021 (Amendments)

The adoption of above amendments to IFRSs did not have any material impact on the Company's condensed interim financial statements.

#### **3.3 Accounting estimates and judgements**

The preparation of these condensed interim financial statements in conformity with the approved accounting standards, as applicable in Pakistan, requires the management to make estimates, judgments that affect the application of policies and the reported amount of assets and liabilities and income and expenses.

Estimates and judgments made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to the annual audited financial statements of the Company for the year ended June 30, 2021.

|  |             | <b>December 31,<br/>2021<br/>(Un-audited)</b> | <b>June 30,<br/>2021<br/>(Audited)</b> |
|--|-------------|---|--|
|  | <b>Note</b> | <b>----- Rupees -----</b>                     |  |
| <b>4 PROPERTY, PLANT AND EQUIPMENT</b> |             |   |  |
| Operating fixed assets                 | 4.1         | 590,143,708                                   | 367,820,889                            |
| Capital work-in-progress (CWIP)        | 4.2         | 2,310,552                                     | 209,013,960                            |
|  |             | <u>592,454,260</u>                            | <u>576,834,849</u>                     |



## Habib Rice Products Ltd.

|   | December 31,<br>2021<br>(Un-audited)   | June 30,<br>2021<br>(Audited) |
|---|--|-------------------------------|
| Note  | ----- Rupees -----   |                               |
| <b>4.1</b>  | Movement in the balance is as follows  |                               |
| Net book value (NBV) at the beginning of the period / year                          | 367,820,889  | 390,304,262                   |
| Additions / transfers from capital work in progress during the period / year - cost | 4.1.1 245,124,989  | 14,426,448                    |
|   | <u>612,945,878</u>   | <u>404,730,710</u>            |
| Disposals during the period / year - NBV  | -  | (67,342)                      |
| Depreciation charged during the period / year                                       | (22,802,170)   | (36,842,479)                  |
|   | <u>(22,802,170)</u>  | <u>(36,909,821)</u>           |
| NBV at the end of the period / year   | <u>590,143,708</u>   | <u>367,820,889</u>            |
| <b>4.1.1</b>  | Additions / transfers from capital work in progress during the period / year                 |                               |
| Factory building  | 13,664,286   | -                             |
| Plant and machinery   | 230,847,951  | 12,666,172                    |
| Computers   | 419,052  | 760,838                       |
| Furniture and fixtures  | 193,700  | 275,988                       |
| Laboratory equipment  | -  | 427,050                       |
| Vehicles  | -  | 296,400                       |
|   | <u>245,124,989</u>   | <u>14,426,448</u>             |
| <b>4.2</b>  | Movement in the balance is as follows  |                               |
| At the beginning of the period / year   | 209,013,960  | -                             |
| Additions during the period / year  | 37,808,829   | 209,013,960                   |
| Transferred to operating fixed assets during the period / year                      | (244,512,237)  | -                             |
| At the end of the period / year   | <u>2,310,552</u>   | <u>209,013,960</u>            |
| <b>5</b>  | RIGHT-OF-USE ASSETS  |                               |
| At the beginning of the period / year   | 4,922,349  | 14,014,221                    |
| Depreciation charged during the period / year                                       | (4,545,936)  | (9,091,872)                   |
| At the end of the period / year   | <u>376,413</u>   | <u>4,922,349</u>              |
| <b>5.1</b>  | The Company has recognised right-of-use assets in respect of admin office and business unit. |                               |



## Habib Rice Products Ltd.

|   | December 31,<br>2021<br>(Un-audited)  | June 30,<br>2021<br>(Audited) |
|---|---|-------------------------------|
| Note  | ----- Rupees -----  |                               |
| <b>6 DEFERRED TAX</b>                       |   |                               |
| Arising on taxable temporary differences    |   |                               |
| Accelerated tax depreciation                | (40,863,378)  | (35,796,006)                  |
| Arising on deductible temporary differences |   |                               |
| Lease liabilities                           | 21,020  | 163,368                       |
| Provisions                                  | <u>70,018,785</u>   | <u>68,961,177</u>             |
|   | <u>29,176,427</u>   | <u>33,328,539</u>             |
| <b>7 STOCK-IN-TRADE</b>                     |   |                               |
| Raw material                                |   |                               |
| in hand                                     | 79,260,469  | 140,159,316                   |
| in transit                                  | <u>5,551,945</u>  | <u>3,613</u>                  |
|   | 84,812,414  | 140,162,929                   |
| Work-in-process                             | 1,672,437   | -                             |
| Finished goods                              | <u>79,207,296</u>   | <u>87,094,949</u>             |
|   | <u>165,692,147</u>  | <u>227,257,878</u>            |
| <b>8 SHORT-TERM INVESTMENTS</b>             |   |                               |
| <b>At amortised cost</b>                    |   |                               |
| Term deposit receipts (TDR)                 |   |                               |
| maturity within 3 months                    | 100,906,505   | 100,254,450                   |
| maturing within 3 to 12 months              | -   | -                             |
| 8.1   | <u>100,906,505</u>  | <u>100,254,450</u>            |
| Accrued profit                              | 144,414   | 122,914                       |
|   | <u>101,050,919</u>  | <u>100,377,364</u>            |
| <b>At fair value through profit or loss</b> |   |                               |
| Listed equity securities -                  |   |                               |
| Bank AL Habib Limited                       | 191,936,064   | 195,023,284                   |
| Mutual fund units -                         |   |                               |
| Meezan Rozana Amdani Fund.                  | <u>10,662,952</u>   | <u>10,311,620</u>             |
|   | <u>303,649,935</u>  | <u>305,712,268</u>            |
| <b>8.1</b>                                  | These carry profit at rates ranging from 5.50% to 10.25% (June 30, 2021: 5.50% to 7.30%) per annum. |                               |
| <b>9 CASH AND BANK BALANCES</b>             |   |                               |
| Cash in hand                                | 2,143,181   | 1,706,096                     |
| Cash with banks                             |   |                               |
| Current accounts - local currency           | <u>3,167,365</u>  | <u>9,279,660</u>              |
|   | 5,310,546   | 10,985,756                    |
| Savings accounts - local currency           | <u>52,095,965</u>   | <u>103,686,619</u>            |
| Savings accounts - foreign currency         | <u>26,263,973</u>   | <u>18,889,984</u>             |
| 9.1   | <u>78,359,938</u>   | <u>122,576,603</u>            |
|   | <u>83,670,484</u>   | <u>133,562,359</u>            |

**9.1** These carry profit at the rates ranging from 5.50% to 7.25% (June 30, 2021: 5.5% to 6.10%) per annum.

**10 PROVISION FOR GAS INFRASTRUCTURE DEVELOPMENT CESS (GIDC)**

The Honourable Supreme Court of Pakistan (SCP) on August 13, 2020 decided the Gas Infrastructure Development Cess (GIDC) case and held that the levy of GIDC under the GIDC Act 2015 is constitutional. The Apex Court further stated that all industrial and commercial entities which consume natural gas pass on the burden to their customers, have to pay the GIDC that became due upto July 31, 2020.

Subsequent to the Order passed by the Apex Court, the Sui Southern Gas Company Limited (SSGC) issued GIDC bill being the first installment of total aggregate demand amounting to Rs. 229.33 million, which was later revised to Rs. 179.80 million pursuant to the decision of Honourable High Court of Sindh (HCS), to be recovered in 48 monthly installments.

The above demand of the SSGC was not acknowledged as liability by the Company as the Company contends that it had not passed on the burden of GIDC to its customers / clients. The Company filed an appeal before the Honourable HCS on the ground that no burden of GIDC had been passed to its customers / clients and thus the Company is not liable to pay GIDC under GIDC Act 2015.

The HCS has granted stay vide Order dated September 18, 2020 against the aforementioned demand raised by the SSGC and restrained the SSGC to take any coercive action against the Company.

However, as a matter of abundant caution and without prejudice to the suit filed, the Company as required by IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', during the period, has re-measured the existing provision for GIDC amounting to Rs. 165.65 million at the present value of future cashflows amounting to Rs. 162.11 million (including current maturity of Rs. 102.75 million) resulting in remeasurement gain on discounting of provision for GIDC amounting to Rs. 3.54 million recorded in the condensed interim statement of profit or loss for the period. Additionally, the Company has maintained a provision amounting to Rs. 49.53 million in respect of the differential GIDC at captive power rate and the GIDC amount being charged at the industrial rate pursuant to the decision of Honourable HCS.

|             |   |  |
|-------------|---|--|
|             | <b>December 31,<br/>2021<br/>(Un-audited)</b> | <b>June 30,<br/>2021<br/>(Audited)</b> |
| <b>Note</b> | <b>----- Rupees -----</b>                     |  |

**11 TRADE AND OTHER PAYABLES**

|                                    |                    |                    |
|------------------------------------|--------------------|--------------------|
| Creditors                          | 15,162,040         | 11,165,113         |
| Accrued liabilities                | 60,971,259         | 54,887,756         |
| Contract liabilities               | 61,423,874         | 103,498,730        |
| Workers' Welfare Fund              | 13,636,569         | 12,478,038         |
| Workers' Profit Participation Fund | 3,899,113          | 1,996,425          |
| Sales tax payable                  | 615,440            | 418,437            |
| Others                             | 6,058              | -                  |
|                                    | <u>155,714,353</u> | <u>184,444,499</u> |



## **Habib Rice Products Ltd.**

- 12 In August 2015, Sui Southern Gas Company (SSGC) increased rates of natural gas vide notification No. SRO 876(1)2015 dated August 31, 2015 issued by Oil and Gas Regulatory Authority (OGRA) whereby prices for natural gas for industrial sector were increased from Rs. 488 to Rs. 600 per MMBTU, whereas those for the captive power sector were increased from Rs. 573 to Rs. 600 per MMBTU and the Company was subject to charge within both categories. The Company challenged the OGRA notification and filed writ petition in the Honorable High Court of Sindh (HCS). Thereafter, HCS vide its order dated May 18, 2016, decided the case in Company's favor and concluded that the OGRA notification lacks the sanctity of law and it cannot be validated in terms of Section 7 and 8 of the OGRA Ordinance 2002. SSGC filed an appeal in the HCS which was dismissed on August 15, 2017. Subsequently, SSGC has taken the matter to the Honorable Supreme Court of Pakistan and filed the petition to appeal against the order dated August 15, 2017.

Further, OGRA in suppression of its Notification No. SRO 876(1)2015 dated August 31, 2015, issued notification No. SRO 1185 dated December 30, 2016 notifying the sale price, in respect of natural gas to industrial customers with effect from December 15, 2016 being flat rate of Rs. 600 per MMBTU. The Company challenged the impugned notification dated December 30, 2016 before the HCS. HCS has passed ad-interim orders dated January 20, 2017 suggesting stay on the rates aforementioned, while ordering plaintiffs to deposit the differential amount in terms of impugned notification as security till further orders. Due to the inherent uncertainties involved in the matter, the Company, on a prudent basis, has provided Rs. 66.97 million in these financial statements.

Moreover OGRA in suppression of its notification No. SRO 1185(I)2016 dated December 30, 2016 issued notification dated October 04, 2018 stating that the sale prices in respect of natural gas to industrial customers with effect from September 27, 2018 will be at flat rate of Rs. 780 per MMBTU. The Company challenged the impugned notification dated October 04, 2018 before HCS. However, the Company has under protest paid the bills from October 2018 to December 2019 on increased tariff rate. The HCS in September 2019 dismissed all the petitions challenging the Gas Tariff 2018. However, the Company, along with other companies in the industry, challenged the HCS order and filed a petition in the Honorable Supreme Court of Pakistan which is at the stage of hearing.

Further, OGRA in suppression of its Notification No. SRO 1234(1)2018 dated October 04, 2018, SRO 1284(i) dated October 18, 2018 SRO 1523(i) dated December 14, 2018 and SRO 234(I) 2018 dated February 21, 2019 issued notification SRO 795(I) dated June 29, 2019 which was superceded by SRO 931(I) 2019 dated August 09, 2019 and further by SRO 1076(1) 2019 dated September 13, 2019, stating that the sale prices and minimum charges in respect of natural gas to industrial customer with effect from July 01, 2019 shall be at flat rate of Rs.1,021 per MMBTU. The Company challenged the said impugned notification before HCS. The HCS has passed interim order dated November 22, 2019 suggesting stay on the rates aforementioned, while ordering plaintiffs to deposit the differential amount of notified price and prescribed price of estimated revenue requirement (ERR) of OGRA (Rs. 937.57 per MMBTU) amounting to Rs. 83.43 per MMBTU as security till further orders. Due to the inherent uncertainties involved in the matter, the Company has provided Rs. 19.46 million in these financial statements on a prudent basis.

Thereafter, OGRA in suppression of its Notification No. SRO 1931(1) 2019 dated August 09, 2019 and SRO 1076(1)2019 dated September 13, 2019 issued SRO (I)/ 2020 dated October 23, 2020 notifying the sale price in respect of general industrial sector and captive power sector as flat rate of Rs. 1,054 per MMBTU and Rs. 1,087 per MMBTU respectively with effect from September 01, 2020. The Company has been paying the bills on the said rates.

### 13 CONTINGENCIES AND COMMITMENTS

#### 13.1 Contingencies

There is no change in the status of contingencies as disclosed in the annual audited financial statements for the year ended June 30, 2021 except as disclosed below:

As fully explained in Note 24.1.3 to the annual financial statements, during the period, remand back proceedings have culminated whereby Deputy Commissioner Inland Revenue has accepted the contention of the Company and only raised sales tax demand of Rs. 502,000 which the Company has duly deposited with the relevant authorities.

|   | December 31,<br>2021<br>(Un-audited) | June 30,<br>2021<br>(Audited) |
|---|--------------------------------------|-------------------------------|
| Note  | Rupees                               |                               |
| <b>13.2 Commitments</b>                                     |                                      |                               |
| Outstanding letters of credit                               | <u>75,234,996</u>                    | <u>29,677,374</u>             |
| Guarantee issued in favour of:                              |                                      |                               |
| Sui Southern Gas Company Limited                            | 12.2.1 <u>73,845,865</u>             | <u>73,845,865</u>             |
| Cheques / payorders issued in favour<br>of Nazir High Court | <u>63,380,287</u>                    | <u>63,380,287</u>             |

**13.2.1** Guarantees have been issued by a commercial bank on behalf of the Company to Sui Southern Gas Company Limited in the normal course of business.



## Habib Rice Products Ltd.

|   | December 31,<br>2021<br>(Un-audited) | December 31,<br>2020<br>(Un-audited) |
|---|--------------------------------------|--------------------------------------|
| Note                                      | -----                                | Rupees -----                         |
| <b>14 WORKING CAPITAL CHANGES</b>         |                                      |                                      |
| (Increase) / decrease in current assets   |                                      |                                      |
| Stores, spare parts and loose tools       | (23,021,077)                         | (14,402,733)                         |
| Stock-in-trade                            | 61,565,731                           | 56,951,099                           |
| Trade debts                               | (5,529,560)                          | 19,890                               |
| Loans and advances                        | (10,142,076)                         | 742,849                              |
| Trade deposits and short-term prepayments | (9,185,660)                          | 994,735                              |
| Sales tax receivable                      | (332,548)                            | -                                    |
|   | <u>13,354,810</u>                    | <u>44,305,840</u>                    |
| Increase in current liabilities           |                                      |                                      |
| Trade and other payables                  | (28,730,146)                         | 43,023,273                           |
|   | <u>(15,375,336)</u>                  | <u>87,329,113</u>                    |

## 15 CASH AND CASH EQUIVALENTS

|                                       |   |                    |                    |
|---------------------------------------|---|--------------------|--------------------|
| Short-term investments - term deposit |   |                    |                    |
| receipts - maturity within 3 months   | 8 | 100,906,505        | 101,251,306        |
| Cash and bank balances                | 9 | 83,670,484         | 185,908,255        |
|                                       |   | <u>184,576,989</u> | <u>287,159,561</u> |

## 16 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated companies, directors, key management personnel and retirement funds. Transactions with related parties other than those disclosed elsewhere in the condensed interim financial statements as mentioned below are entered under agreed terms duly approved by the Board of Directors.

|   | December 31,<br>2021<br>(Un-audited) | December 31,<br>2020<br>(Un-audited) |
|---|--------------------------------------|--------------------------------------|
| Transactions during the period                    | -----                                | Rupees -----                         |
| <b>Associated Companies</b>                       |                                      |                                      |
| Dividend paid                                     |                                      |                                      |
| Haydari Boring & Piling Company (Private) Limited | 54,000                               | 54,000                               |
| Abbas Builders (Private) Limited                  | 4,119                                | 4,119                                |
| Indus Oil Expellers (Private) Limited             | 600                                  | 600                                  |
|   | <u>58,719</u>                        | <u>58,719</u>                        |
| <b>Directors and others</b>                       |                                      |                                      |
| Dividend paid                                     | 78,899,358                           | 78,899,358                           |
|   | <u>78,899,358</u>                    | <u>78,899,358</u>                    |
| <b>Key management personnel</b>                   |                                      |                                      |
| Salaries and allowances                           | 24,542,742                           | 21,698,722                           |
|   | <u>24,542,742</u>                    | <u>21,698,722</u>                    |
| <b>Retirement benefit plans</b>                   |                                      |                                      |
| Contribution to provident fund                    | 11,250,544                           | 10,365,210                           |
|   | <u>11,250,544</u>                    | <u>10,365,210</u>                    |



## **Habib Rice Products Ltd.**

- 16.1** The aggregate amount paid / payable to the directors as a fee for attending the Board of Director's meetings for the period ended December 31, 2021 amounted to Rs. 56,250 (December 31, 2020: Rs. 25,000).

### **17 FINANCIAL RISK MANAGEMENT**

These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2021. There have been no changes in any risk management policies since the year end.

The carrying value of all financial and non-financial assets and liabilities measured at other than amortised cost in these condensed interim financial statements approximate their fair values.

### **18 OPERATING SEGMENTS**

These condensed interim financial statements have been prepared on the basis of a single reportable segment.

All sales of the Company relate to starch sugar and proteins.

Total sales of the Company relating to customers in Pakistan were 63.71% of total sales during the period ended December 31, 2021 (December 31, 2020: 90.13%).

All non-current assets of the Company as at the reporting date are located in Pakistan.

Sales to two major customers of the Company are around 30% and 12% of the Company's total sales during the period ended December 31, 2021.

### **19 GENERAL**

- 19.1** These condensed interim financial statements were authorised for issue on February 15, 2022 by the Board of Directors of the Company.

- 19.2** Figures have been rounded off to the nearest Pakistani rupee, unless otherwise stated.

**OWAIS G. HABIB**  
Chief Executive Officer

**JAMSHED ALI KHAN**  
Chief Financial Officer

**GAFFAR A. HABIB**  
Chairman

Karachi: February 15, 2022



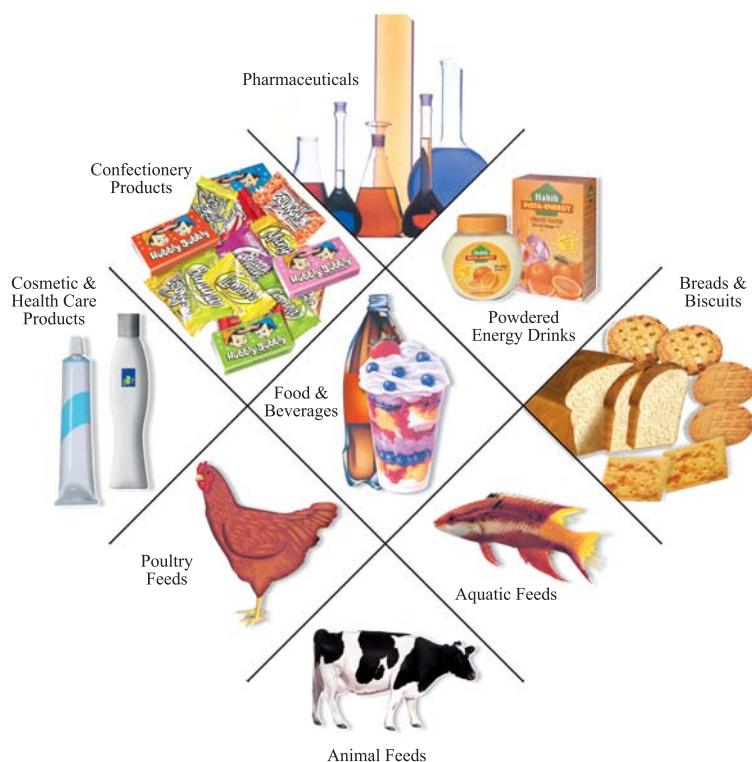


**Habib Rice Products Ltd.**

**Pioneer Producers of Rice Derives Products and Proteins**

Habib Rice Products Limited pioneered the conversion of Rice into:-

- **Glucose**
- **Sorbitol**
- **Dextrose**
- **Maltodextrin**
- **High Fructose**
- **Rice Protein**



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