



Habib Rice Products Ltd.

***42nd Annual Report
for the year ended
June 30, 2022***

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COMPANY INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Owais G. Habib
Mr. Tufail Y. Habib

Managing Director

Non Executive Directors

Mr. Gaffar A. Habib
Dr. Howard J. Synenberg
Ms. Fatemah G. Habib
Dr. Salma Habib
Mr. Daniyal Ghani
Mr. Asad R. Premjee

Chairman

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

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Fax : (021) 32414581

ADMINISTRATIVE OFFICES & FACTORY

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Pakistan.
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CHAIRMAN'S REVIEW / DIRECTORS' REPORT



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 year ended 30 June 2022.

During the year, the Board of the Company comprised of:

Mr. Gaffar A. Habib	Chairman, Non-Executive Director
Mr. Owais G. Habib	Chief Executive Officer
Dr. Howard J. Synenberg	Independent Director
Mr. Tufail Y. Habib	Executive Director
Ms. Fatemah G. Habib	Non-Executive Director
Dr. Salma Habib	Non-Executive Director
Mr. Daniyal Ghani	Independent Director
Mr. Asad R. Premjee	Independent Director

The Financial Highlights and the Directors' proposed appropriations are as follow:

	RUPEES in '000	
	2022	2021
Profit before Tax	121,851	251,740
Provision for Tax (Net)	(37,767)	(1,722)
Net Profit after Tax	84,084	250,018
Un-appropriated Profit Brought Forward	584,699	534,680
Total Available for Appropriations	668,783	784,699
Proposed Appropriations:		
Final Dividend @ 40% (2021: 60%)	80,000	120,000
Interim Dividend (2021: 40%)	-	80,000
Un-Appropriated Profit Carried Forward	588,783	584,699
Earnings per Share (EPS) -Net of Tax	2.10	6.25
Interim Dividend per Share of Rs. 5 each	-	2.00
Final Dividend per Share of Rs. 5 each	2.00	3.00

The Year In Review

During the year under review, plant operations continued to face the challenges of erratic / non-availability of energy (Gas, KE, LPG, Furnace Oil) which even when available, was in such limited supply that only part of the Plant could be operated at any given time.

Also the price increase of this erratic energy was so rapid, that it could not be passed on to our product consumers. Run away cost of energy along with the knock on effect on our other inputs, has resulted in a greatly reduced profitability of the Company for the year.

In closing, please join me in my prayers to Allah the Beneficent, the Merciful, the Provider, to Bless our operation with the Bounties as Befits His Glory, Aameen.

On behalf of the Board,



OWAIS G. HABIB
Chief Executive Officer



GAFFAR A. HABIB
Chairman

Karachi: 05 September 2022



Post Script to the Chairman Report

COMPANY'S CONTRIBUTION TO THE ECONOMY

A Quick glance at the numbers below shows the contribution of our Company has made to the Pakistan Economy

Description	<u>2022 Amount</u>	<u>2021 Amount</u>	<u>2020 Amount</u>	<u>2019 Amount</u>	<u>2018 Amount</u>
----- Rupees in millions -----					
Total Revenue	<u>1,963</u>	<u>1,840</u>	<u>1,740</u>	<u>1,593</u>	<u>1,447</u>
Export Sales (Pak Rupees in Million)	<u>689</u>	<u>294</u>	<u>214</u>	<u>471</u>	<u>186</u>
Taxes Paid					
Sales Tax	235	165	165	152	138
Income Tax	<u>62</u>	<u>103</u>	<u>110</u>	<u>73</u>	<u>79</u>
	297	268	275	225	217
Employees Salaries & Other Benefit	254	237	217	199	171
Investors	<u>102</u>	<u>167</u>	<u>103</u>	<u>84</u>	<u>42</u>
Grand Total	<u>653</u>	<u>672</u>	<u>596</u>	<u>507</u>	<u>430</u>

STATEMENTS ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The Financial Statements prepared by the management of the Company, present fairly its state of affairs and the result of its operations.
- The Company has maintained proper books of accounts.
- In preparation of Financial Statements, appropriate accounting policies have been consistently applied and accounting estimates are based on reasonable and prudent judgment.
- In preparation of Financial Statement International Accounting Standards, as applicable in Pakistan, have been followed and non-applicability, if any, has been adequately disclosed.
- The existing system of internal control and other procedures have been continuously reviewed by the internal auditor. The process of review will continue and any weakness in controls will have immediate attention of the management.
- There are no doubts about the Company's ability to continue as a going concern.
- The Corporate Governance Regulations, as detailed in the Listing Regulations, have been fully implemented.
- Key operating and financial data for the last six years in summarized form is annexed.
- The following is the value of total assets based on-respective un-audited accounts as on 30 June 2022.
Provident Fund Rs. 232.20 million - (2021 Rs.230.82 million)
- Pattern of Share Holding of the Company is shown on the page 8.
- During the year (4) meetings of the Board of Directors were held. Attendance by each Director is as follows:-

Name of Directors	No. of Meeting Attended
1. Mr. Gaffar A. Habib	3
2. Mr. Owais G. Habib	3
3. Dr. Howard J. Synenberg	-
4. Mr. Tufail Y. Habib	4
5. Ms. Fatemah G. Habib	4
6. Dr. Salma Habib	3
7. Mr. Daniyal Ghani	2
8. Mr. Asad R. Premjee	4

AUDITORS

The auditors M/s. EY Ford Rhodes, Chartered Accountants, have completed their statutory audit assignment for the year ended on June 30, 2022 and retiring at the conclusion of 42nd Annual General Meeting. The retiring auditors M/s. EY Ford Rhodes, Chartered Accountants have not offered themselves for re-appointment for the upcoming year. We place on record our sincere thanks and appreciation for their services.

The Audit Committee of the Board has recommended the appointment of Grant Thornton Anjum Rahman, Chartered Accountants as auditors of the Company for the financial year 2022-23 for the consideration and approval of the members at the forth coming Annual General Meeting.



OWAIS G. HABIB
Chief Executive Officer

Karachi: September 5, 2022



GAFFAR A. HABIB
Chairman



SIX YEARS AT A GLANCE

(Rupees in '000)

PARTICULARS	2022	2021	2020	2019	2018	2017
FINANCIAL POSITION						
Paid up Capital	200,000	200,000	200,000	200,000	200,000	200,000
Revenue and Reserves	60,000	60,000	60,000	60,000	60,000	60,000
Unappropriated Profit	668,783	704,699	654,681	580,162	506,913	488,031
Total Share Holder Equity	928,783	964,699	914,681	840,162	766,913	748,031
Fixed Assets at Cost	1,436,994	1,386,869	1,163,595	1,138,177	1,069,681	971,762
Accumulated Depreciation	862,127	810,034	773,290	734,336	702,001	675,066
Fixed Assets Net of Depreciation	574,867	576,835	390,304	403,841	367,680	296,696
Right-of-use assets	15,106	4,922	14,014	-	-	-
Long Term Investment	26,491	26,491	20,130	5,093	4,593	4,343
Deferred Taxation -Net	20,768	33,329	28,937	16,497	22,814	-
Current Assets	768,297	833,076	861,691	739,360	668,184	634,598
Total Assets Net of Depreciation	1,405,528	1,474,653	1,315,076	1,164,792	1,063,271	935,637
Non Current Liabilities	39,715	76,459	695	-	-	2,930
Current Liabilities	437,030	433,495	399,700	324,630	296,357	184,676
Total Liabilities	476,745	509,954	400,395	324,630	296,357	187,606
INCOME						
Net Sales	1,919,657	1,772,259	1,699,067	1,562,700	1,430,162	1,138,211
Gain on remeasurement of provision for GIDC-net	8,541	28,367	-	-	-	-
Other Income	34,479	39,811	41,384	29,836	16,485	18,103
Total Net Revenue	1,962,677	1,840,437	1,740,451	1,592,537	1,446,647	1,156,314
Profit before Taxation	121,851	251,740	208,663	137,977	60,535	43,985
Taxation	37,767	1,722	34,145	14,728	(8,347)	5,334
Profit after Taxation	84,084	250,018	174,519	123,249	68,882	38,651
STATISTICS AND RATIOS						
Pre-Tax Profit to Sales	6	14	12	9	4	4
Pre-Tax Profit to Capital	61	126	104	69	30	22
Current Ratio	1.76	1.92	2.16	2.28	2.25	3.44
Paid-Up Value Per Share (Rs)	5	5	5	5	5	5
Earning Per Share Before Tax (Rs)	3.05	6.29	5.22	3.45	1.51	1.10
Earning Per Share After Tax (Rs)	2.10	6.25	4.36	3.08	1.72	0.97
Cash Dividend % (Rs.)	2.00 (40%)	5.00 (100%)	3.00 (60%)	2.50 (50%)	1.25 (25%)	1.25 (25%)
Retained Earning Per Share (Rs)	0.10	1.25	1.36	0.58	0.47	(0.28)
Break-Up Value Per Share (Rs)	23.22	24.12	22.87	21.00	19.17	18.70

* The Board of Directors in their meeting of September 05, 2022 has recommended cash dividend in respect of the year ended June 30, 2022 @ 40% i.e. Rs.2.00 per share of Rs. 5 each.

PATTERN OF SHARE HOLDING AS ON JUNE 30, 2022

NO. OF SHARE HOLDERS	SHARE HOLDING	TOTAL SHARES HELD
910	0000001 TO 0000100	28,263
594	0000101 TO 0000500	173,907
294	0000501 TO 0001000	230,498
379	0001001 TO 0005000	914,293
66	0005001 TO 0010000	529,968
16	0010001 TO 0015000	197,771
13	0015001 TO 0020000	236,548
4	0020001 TO 0025000	93,500
6	0025001 TO 0030000	173,950
4	0030001 TO 0035000	126,508
3	0035001 TO 0040000	113,548
4	0040001 TO 0050000	178,828
2	0050001 TO 0070000	134,764
4	0070001 TO 0075000	291,600
4	0075001 TO 0100000	358,017
6	0100001 TO 0200000	833,232
2	0200001 TO 0300000	454,964
6	0300001 TO 0500000	2,262,204
1	0500001 TO 2000000	1,455,637
5	2000001 TO 3000000	12,148,805
2	3000001 TO 5000000	8,899,160
2	5000001 TO 6000000	10,164,035
2327		40,000,000

S.NO.	CATEGORY OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD	PERCENTAGE OF ISSUED CAPITAL
1	INDIVIDUALS	2,291	38,879,368	97.20%
2	JOINT STOCK COMPANIES	20	307,341	0.77%
3	INSURANCE COMPANIES	3	553,700	1.38%
4	FINANCIAL INSTITUTIONS	8	25,595	0.06%
5	CHARITABLE & OTHER TRUSTS	5	233,996	0.58%
	TOTAL	2,327	40,000,000	100%

PATTERN OF SHAREHOLDING AS ON JUNE 30, 2022

Category #	Shareholders' Category	Number of Shareholders	Number of Shares Held	Category Wise Shares Held	Percentage
1	Directors, Chief Executive Officer & Their Spouses			24,059,033	60.15
	Mr. Gaffar A. Habib	1	5,077,633		
	Mr. Owais G. Habib	1	5,086,402		
	Mr. Tufail Y. Habib	1	2,858,005		
	Ms. Fatemah G. Habib	1	4,450,000		
	Dr. Salma Habib	1	4,449,160		
	Mr. Daniyal Ghani	1	100		
	Mr. Asad R. Premjee	1	500		
	Directors' Spouse				
	Mrs. Nishat G. Habib	1	2,137,233		
2	Associated Companies, Undertakings and Related Parties			4,621,698	11.55
	M/s. Hydari Boring & Pilling (Pvt) Limited	1	18,000		
	M/s. Abbas Builders (Pvt) Limited	1	1,373		
	M/s. Indus Oil Expellers (Pvt) Limited	1	200		
	Related Parties	5	4,602,125		
3	NIT			12,730	0.03
	M/s. National Investment Trust Limited	3	12,730		
4	Bank DFIs, NBFIs	4	12,699	12,699	0.03
5	Insurance Companies	3	553,700	553,700	1.38
6	Modarabas and Mutual Funds	1	166	166	0.00
7	Individuals	2,277	7,977,457	7,977,457	19.94
8	Joint Stock Companies	17	287,768	287,768	0.72
9	Charitable & Other Trusts	5	233,996	233,996	0.58
10	Foreign Investors			2,240,753	5.60
	Holding less than 10% voting Interest	1	2,240,753		
	Total	2,327	40,000,000	40,000,000	100.00

SHARE HOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE LISTED COMPANY

Name(s) of Shareholder(s)	Number of Shareholders	Number of Shares Held	Percentage
Mr. Owais G. Habib	1	5,086,402	12.72%
Mr. Gaffar A. Habib	1	5,077,633	12.69%
Ms. Fatemah G. Habib	1	4,450,000	11.13%
Dr. Salma Habib	1	4,449,160	11.12%
Mr. Tufail Y. Habib	1	2,858,005	7.15%
Mr. Ghulam Abbas Y. Habib	1	2,493,314	6.23%
Mrs. Atiqah Begum	1	2,419,500	6.05%
Dr. Howard J. Synenberg	1	2,240,753	5.60%
Mrs. Nishat G. Habib	1	2,137,233	5.34%
TOTAL		31,212,000	78.03%

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Habib Rice Products Ltd. Year Ended June 30, 2022

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of Directors are 8 as per the following:

- a. Male: 6
- b. Female: 2

2. The composition of board is as follows:

Category	Names
i. Independent Director	Mr. Daniyal Ghani Dr. Howard J. Synenberg Mr. Asad R. Premjee
ii. Non-Executive Directors	Mr. Gaffar A. Habib
iii. Executive Directors	Mr. Owais G. Habib Mr. Tufail Y. Habib
iv. Non-Executive Female Directors	Ms. Fatemah G. Habib Dr. Salma Habib

3. The Directors have confirmed that none of them is serving as a director on more than seven listed Companies, including this Company;
4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. Four directors have been trained under Directors' Training Program. One director of the Company is exempt from the requirement of Directors' Training Program. Training under Directors' Training Program for one of the director elected last year could not be completed within the prescribed time due to Covid-19 restrictions and is plan to be completed in due course.
10. The board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:-

a) Audit Committee:

Name	Designation
Mr. Gaffar A. Habib	Member
Ms. Fatemah G. Habib	Member
Dr. Salma Habib	Member
Mr. Daniyal Ghani	Chairman

b) HR and Remuneration Committee:

Name	Designation
Mr. Daniyal Ghani	Chairman
Mr. Tufail Y. Habib	Member
Ms. Fatemah G. Habib	Member
Dr. Salma Habib	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings (quarterly/half yearly/yearly) of the committee were as per following:
- a) Audit Committee Quarterly
- b) HR and Remuneration Committee Yearly
15. The Board has set up an effective internal audit function / or has outsourced the internal audit function to who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.



OWAIS G. HABIB
Chief Executive Officer



GAFFAR A. HABIB
Chairman

Karachi: September 05, 2022



Habib Rice Products Ltd.



Ey Ford Rhodes
Chartered Accountants
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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Habib Rice Products Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Habib Rice Products Limited (the Company) for the year ended 30 June 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2022.

EY Ford Rhodes
Chartered Accountants

Place: Karachi
Date: 09 September 2022
UDIN: CR202210078zFs2buXVp

A member firm of Ernst & Young Global Limited



Habib Rice Products Ltd.



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Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT

To the members of Habib Rice Products Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Habib Rice Products Limited (the Company)**, which comprise the statement of financial position as at **June 30, 2022**, and the statement of profit or loss, the 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, the statement of 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, 2022 and of the profit, other 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.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

EYFR



Following is the Key audit matter:

Key audit matter	How our audit addressed the Key audit matter
<p>1. Existence and valuation of Stock-in-trade</p> <p>As at reporting date, the Company held stock-in-trade amounting to Rs. 249,215,844 which constitutes 17.73% of total assets, as disclosed in note 13 to the financial statements.</p> <p>As described in note 7.7 to the financial statements, stock-in-trade is measured at lower of cost and Net Realizable Value (NRV). The cost of finished goods is determined at average manufacturing cost including a proportion of production overheads. Judgements are required to determine the appropriate basis for costing and its valuation.</p> <p>Given the significance of the amount involved and the level of judgements and estimates required to value the stock-in-trade, we have identified valuation of stock-in-trade as a key audit matter.</p>	<p>Our key audit procedures in this area amongst others included the following:</p> <ul style="list-style-type: none"> - Obtained an understanding of the Company's valuation process for stock-in-trade and tested controls relevant to such process. - Tested the calculations of per unit cost of finished goods and assessed the appropriateness of management's basis for the allocation of cost and production overheads. - Tested the NRV of the stock-in-trade by performing a review of sales close to and subsequent to the year end and comparing with the cost for a sample of products. - Observed physical stock count activities to ascertain the condition and existence of stock-in-trade, performed testing on a sample of items to assess their NRV and evaluated the adequacy of NRV adjustment for stock-in-trade as at the year end. - Assessed the adequacy of the related disclosures in accordance with the applicable financial reporting standards.

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

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report 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.

Erfa

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.

The 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.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.





From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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, the 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) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is **Riaz A. Rehman Chamdia**.

EY Faisal Rehman

Chartered Accountants

Place: Karachi

Date: 09 September 2022

UDIN: AR202210078CIGDHIZAR


STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022

	NOTE	2022 RUPEES	2021 RUPEES
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	574,866,874	576,834,849
Right-of-use assets	9	15,105,720	4,922,349
Long-term deposits	10	26,490,870	26,490,870
Deferred taxation	11	20,767,749	33,328,539
		<u>637,231,213</u>	<u>641,576,607</u>
CURRENT ASSETS			
Stores, spare parts and loose tools	12	115,259,887	83,684,342
Stock-in-trade	13	249,215,844	227,257,878
Trade debts	14	53,940,972	20,868
Loans and advances	15	15,207,741	5,703,924
Trade deposits, prepayments and other receivable	16	4,412,196	4,419,614
Sales tax receivable		-	11,944,668
Short-term investments	17	157,972,905	305,712,268
Taxation - net		63,457,758	60,770,298
Cash and bank balances	18	108,829,391	133,562,359
		<u>768,296,694</u>	<u>833,076,219</u>
		<u>1,405,527,907</u>	<u>1,474,652,826</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
60,000,000 (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	19	200,000,000	200,000,000
Reserves		<u>728,783,376</u>	<u>764,699,028</u>
		<u>928,783,376</u>	<u>964,699,028</u>
NON-CURRENT LIABILITIES			
Lease liabilities	20	-	219,341
Provision for Gas Infrastructure Development Cess	21	<u>39,714,581</u>	<u>76,239,416</u>
		<u>39,714,581</u>	<u>76,458,757</u>
CURRENT LIABILITIES			
Current maturity of lease liabilities	20	10,937,673	476,140
Current maturity of Gas Infrastructure Development Cess	21	171,662,624	130,900,226
Trade and other payables	22	136,073,289	184,444,499
Provision for gas rate revision	23	79,522,905	86,150,001
Unclaimed and unpaid dividend	24	38,833,459	31,524,175
		<u>437,029,950</u>	<u>433,495,041</u>
		<u>1,405,527,907</u>	<u>1,474,652,826</u>
CONTINGENCIES AND COMMITMENTS			
	25		

The annexed notes from 1 to 44 form an integral part of these financial statements.


OWAIS G. HABIB
 Chief Executive Officer


JAMSHED ALI KHAN
 Chief Financial Officer


GAFFAR A. HABIB
 Chairman



STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2022

	NOTE	2022 RUPEES	2021 RUPEES
Turnover - net	26	1,919,657,376	1,772,259,303
Cost of sales	27	(1,476,733,396)	(1,348,613,817)
Gross profit		<u>442,923,980</u>	<u>423,645,486</u>
Distribution costs	28	(201,058,381)	(107,140,901)
Administrative expenses	29	(124,707,711)	(105,491,302)
Other expenses	30	(21,975,435)	(17,371,213)
Other income	31	34,478,903	39,810,920
Finance costs	32	(16,350,710)	(10,079,567)
Gain on remeasurement of provision for GIDC - net		8,540,769	28,366,750
Profit before taxation		<u>121,851,415</u>	<u>251,740,173</u>
Taxation	33	(37,767,067)	(1,721,939)
Profit for the year		<u>84,084,348</u>	<u>250,018,234</u>
Earnings per share	34	<u>2.10</u>	<u>6.25</u>

The annexed notes from 1 to 44 form an integral part of these financial statements.

OWAIS G. HABIB
Chief Executive Officer

JAMSHED ALI KHAN
Chief Financial Officer

GAFFAR A. HABIB
Chairman



Habib Rice Products Ltd.

STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2022

	2022 RUPEES	2021 RUPEES
Profit for the year	84,084,348	250,018,234
Other comprehensive income	-	-
Total comprehensive income for the year	84,084,348	250,018,234

The annexed notes from 1 to 44 form an integral part of these financial statements.

OWAIS G. HABIB
Chief Executive Officer

JAMSHED ALI KHAN
Chief Financial Officer

GAFFAR A. HABIB
Chairman



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2022

Particulars	Issued, subscribed and paid -up capital	Reserves				Total Equity
		Capital reserves	Revenue reserves		Total Reserves	
		Share premium	General reserve	Unappropriated profit		
----- Rupees -----						
As at June 30, 2020	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 June 30, 2020	-	-	-	(120,000,000)	(120,000,000)	(120,000,000)
Interim dividend @ 40% for the year ended June 30, 2021	-	-	-	(80,000,000)	(80,000,000)	(80,000,000)
Profit for the year	-	-	-	250,018,234	250,018,234	250,018,234
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	250,018,234	250,018,234	250,018,234
As at June 30, 2021	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 June 30, 2021	-	-	-	(120,000,000)	(120,000,000)	(120,000,000)
Profit for the year	-	-	-	84,084,348	84,084,348	84,084,348
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	84,084,348	84,084,348	84,084,348
As at June 30, 2022	200,000,000	10,000,000	50,000,000	668,783,376	728,783,376	928,783,376

The annexed notes from 1 to 44 form an integral part of these financial statements.

OWAIS G. HABIB
Chief Executive Officer

JAMSHED ALI KHAN
Chief Financial Officer

GAFFAR A. HABIB
Chairman



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2022

	NOTE	2022 RUPEES	2021 RUPEES
Cash generated from operations	35	11,506,630	350,344,650
Finance costs paid		(3,012,885)	(3,368,166)
Taxes paid / received		(27,893,737)	25,399,918
Long-term deposits - net		-	(6,361,110)
Net cash (used in) / generated from operating activities		(19,399,992)	366,015,292
CASH FLOWS FROM INVESTING ACTIVITIES			
Short-term investments - net		39,320,371	154,903,834
Capital expenditure		(50,125,180)	(223,440,408)
Profit on term deposit receipts and interest on savings accounts received		12,028,133	46,799,704
Dividend income on listed equity securities and mutual fund units received	31	16,986,822	14,232,369
Proceeds from disposal of operating fixed assets		-	109,000
Net cash generated from / (used in) investing activities		18,210,146	(7,395,501)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(112,690,716)	(189,162,810)
Lease rentals paid	20.1	(10,852,406)	(10,143,961)
Net cash used in financing activities		(123,543,122)	(199,306,771)
Net (decrease) / increase in cash and cash equivalents		(124,732,968)	159,313,020
Cash and cash equivalents at the beginning of the year		233,816,809	74,503,789
Cash and cash equivalents at the end of the year	36	109,083,841	233,816,809

The annexed notes from 1 to 44 form an integral part of these financial statements.

OWAIS G. HABIB
Chief Executive Officer

JAMSHED ALI KHAN
Chief Financial Officer

GAFFAR A. HABIB
Chairman

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

1. THE COMPANY AND ITS OPERATIONS

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

2. GEOGRAPHICAL LOCATION AND ADDRESS OF BUSINESS UNITS / PLANT

Location	Purpose	Covered area
Plot # A-25, A-26, A-27 Quetta Industrial Area and Trading Estate, Quetta, Baluchistan	Leasehold land	1.21 acres
Hub Industrial Area, District Lasbela, Baluchistan	Leasehold land	42 acres
Hub Industrial Area, District Lasbela, Baluchistan	Production plant	32 acres
Khayaban e Muhafiz, Phase 6, Pakistan Defence Officers Housing Authority, Karachi, Sindh	Admin office	-
Plot # 92, New Anaj Mandi, Miro Khan Road, Quetta Road, Larkana, Sindh	Warehouse	0.0436 acres
House # 4F, 7/3 Nazimabad # 4 near Hadi Market, Karachi, Sindh	Sales office and warehouse	-
Plot # S/42, SITE, Karachi, Sindh	Leasehold land	1 Acre

3. 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:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Provisions of and directives issued under the Act.

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

4. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except as disclosed in the relevant accounting policies.

5. NEW STANDARDS, AMENDMENTS, IMPROVEMENTS TO APPROVED ACCOUNTING STANDARDS AND THE FRAMEWORK FOR FINANCIAL REPORTING

5.1. Adoption of amendments to approved accounting standards effective during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except as described below:

Amendments to approved accounting standards

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

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

The adoption of the above amendments to the approved accounting standards did not have any material effect on the Company's financial statements.

5.2. Standards, amendments and improvements to approved accounting standards that are not yet effective

The following standards, amendments and improvements to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, amendments or improvements:

Amendment or improvement		Effective date (annual periods beginning on or after)
IFRS 3	Reference to the Conceptual Framework (Amendments)	January 01, 2023
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)	January 01, 2023
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	January 01, 2023
IAS 1	Classification of Liabilities as Current or Non-current (Amendments)	January 01, 2023
IAS 1	Disclosure of Accounting Policies (Amendments)	January 01, 2023
IAS 8	Definition of Accounting Estimates (Amendments)	January 01, 2023
IAS 12	Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	January 01, 2023
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized

**Effective date
(annual periods
beginning on or after)**

Improvements to accounting standards issued by the IASB (2018-2020 cycle)

IFRS 9	Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	January 01, 2022
IAS 41	Agriculture – Taxation in fair value measurements	January 01, 2022
IFRS 16	Leases: Lease incentives	January 01, 2022

The above amendments and improvements to the approved accounting standards are not expected to have any material impact on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan and are not expected to have any material impact on the Company's financial statements in the period of initial application.

Standard or interpretation

IFRS 1	First-time Adoption of International Financial Reporting Standards	01 January 2004
IFRS 17	Insurance Contracts	01 January 2023

6. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

- depreciation method, residual values and useful lives of operating fixed assets (note 7.1.1 and 8.1)
- depreciation method, residual values and useful lives of right-of-use assets (note 7.2 and 9)
- impairment of non-financial and financial assets (note 7.3 and 7.4.3)
- provision for slow moving and obsolete stores, spare parts and loose tools and stock-in-trade (note 7.6 and 7.7)

- taxation (note 7.18, 11 and 33)
- contingencies (note 25)
- leases (note 7.14 and 7.15)
- provisions (note 7.13)

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

7.1 Property, plant and equipment

7.1.1 Operating fixed assets

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for leasehold land which is stated at cost.

Depreciation on operating fixed assets is charged to the statement of profit or loss applying the reducing balance method at the rates specified in note 8.1 to the financial statements. Depreciation on additions is charged from the quarter in which addition is made and in case of disposal up to the quarter preceding the disposal. Maintenance and normal repairs are charged to the statement of profit or loss as and when incurred, while major renewals and improvements are capitalised when it is probable that respective future economic benefits will flow to the entity. Gains or losses on disposals of operating fixed assets, if any, are included in the statement of profit or loss in the period in which they arise.

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or related cash-generating units are written down to their recoverable amount.

7.1.2 Capital work-in-progress

These are stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period, including advances are carried under this head. These are transferred to specific assets as and when these assets are available for use.

7.2 Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company

is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated using straight line method over the lease term. Right-of-use assets are subject to impairment. The depreciation rates used are stated in note 9 to the financial statements.

7.3 Impairment of non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax assets are assessed at date of statement of financial position to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised, as an expense in the statement of profit or loss. The recoverable amount is the higher of an asset's fair value less cost to disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets.

7.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

7.4.1 Financial assets

The financial assets of the Company mainly include trade debts, loans, deposits, short-term investments and cash and bank balances.

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or Fair Value through Profit or Loss (FVTPL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Based on the business model of the Company, the financial assets of the Company are measured and classified as follows:

- Short-term investments in listed equity securities and mutual fund units are designated at FVTPL at initial recognition. These are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.
- Trade debts and other financial assets are measured at amortised cost using the effective interest rate method less an allowance for expected credit losses, if any.

7.4.2 Financial liabilities

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs. For the purpose of subsequent measurement financial liabilities are either classified at amortised cost or fair value through profit or loss. The Company does not have any financial liability at fair value through profit or loss.

7.4.3 Impairment of financial assets

The Company recognises an allowance for Expected Credit Losses (ECLs) for all debts instruments not held at fair value through profit or loss.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

At each date of statement of financial position, the Company assesses whether financial assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the respective asset.

The Company uses the standard's simplified approach and calculates ECLs based on life time ECLs on its financial assets. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the financial assets and the economic environment.

7.5 Offsetting of financial instruments

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

7.6 Stores, spare parts and loose tools

These are stated at cost determined on weighted average basis less provision for slow moving and obsolete items. Goods-in-transit are stated at invoice price plus other charges incurred thereon up to the date of the statement of financial position.

Stores, spare parts and loose tools are regularly reviewed by the management and provision is created for any slow moving and obsolete items to bring down to their cost to its Net Realisable Value (NRV).

7.7 Stock-in-trade

Stock-in-trade, except goods-in-transit, is stated at the lower of NRV and cost determined as follows:

- Raw and packing material - Purchase cost and other direct expenses on weighted average basis;
- Work-in-process - Cost of direct material plus conversion cost valued on the basis of equivalent production units;
- Finished goods - Cost of direct material, labour and proportion of manufacturing overheads;

Stock-in-transit is valued at purchase price, freight value and other charges incurred thereon up to the date of the statement of financial position.

NRV signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Provision, if required is made in the financial statements for slow moving, obsolete and unusable items to bring their carrying value down to NRV.

7.8 Trade debts, loans, deposits and short-term investments in term deposits receipts

Trade debts, loans, deposits short-term investments in term deposits receipts are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Allowance is made on the basis of lifetime expected credit losses (ECLs) that result from all possible default events over the expected life of the trade debts, loans, deposits and short-term investments in term deposits receipts. Bad debts, if any, are written off when considered irrecoverable.

7.9 Investments at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuation in prices are classified as 'financial assets at fair value through profit or loss' category.

These investments are initially recognized at fair value, relevant transaction costs are taken directly to the statement of profit or loss and subsequently measured at fair value. Net gains and losses arising on changes in fair value of these financial assets are taken to the statement of profit or loss in the period in which they arise.

7.10 Cash and cash equivalents

These are stated at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise of cash in hand, bank balances and short-term investments in term deposits receipts with a maturity of three months from the date of statement of financial position.

7.11 Employee retirement benefits – defined contribution plan

A defined contribution plan is a plan under which the Company pays fixed contributions into a separate entity. The Company has no legal and constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due.

The Company operates a recognised provident fund scheme for all its employees who are eligible for the scheme in accordance with the Company's policy. Contributions in respect thereto are made at the rate of 8.33 percent of employees monthly basic salaries as per the terms of the scheme.

7.12 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the Company.

7.13 Provisions

Provisions are recognised when the Company has a present, legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

7.14 Lease liabilities

The Company assesses at contract inception whether a contract is, or contains, a lease, i.e. if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the commencement date of the lease if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

7.15 Short-term leases and leases of low value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

7.16 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

7.17 Revenue recognition

Revenue is measured at fair value of the consideration received or receivable and is recognised on the following basis:

- Revenue from sale of goods is recognised when or as control of goods have been transferred to a customer at a point in time, when the performance obligations are met;
- Interest on short-term investments in term deposits receipts and savings accounts is recognised on effective interest rate method;
- Dividend income is recognised when the right to receive such payment is established; and
- Other income is recognised on accrual basis

7.18 Taxation

7.18.1 Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, or minimum tax on turnover or Alternate Corporate Tax whichever is higher and tax paid on final tax regime basis, in accordance with the provisions of Income Tax Ordinance, 2001.

7.18.2 Deferred

Deferred tax is provided in full using the balance sheet liability method on all temporary differences arising at the reporting date, between the tax bases of the assets and the liabilities and their carrying amounts.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which these can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the reporting date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan.

7.19 Dividends and appropriations to reserves

Dividends and appropriations to reserves are recognised in the financial statements in the period in which these are approved. Transfer between reserves made subsequent to the statement of financial position date is considered as a non-adjusting event and is recognised in the financial statements in the period in which such transfers are made.

7.20 Functional and presentation currency

These financial statements are presented in Pakistan Rupees (Pak. Rupee) which is the Company's functional and presentation currency.

7.21 Foreign currency transactions

Transactions denominated in foreign currencies are recorded on initial recognition in Pak. Rupees, by applying to the foreign currency amount the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into Pak. Rupees equivalents using the exchange rate at the reporting date. Exchange differences are included in the statement of profit or loss.

7.22 Operating segments

For management purposes, the activities of the Company are organized into one operating segment i.e., production of rice based starch sugar and proteins. The Company operates in the said reportable operating segment based on the nature of the products, risks and returns, organizational and management structure, and internal financial reporting systems. Accordingly, the figures reported in the financial statements are related to the Company's only reportable segment.

7.23 Earnings per share

The Company presents basic and diluted Earnings Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for the effects of all dilutive potential ordinary shares.

7.24 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of obligation cannot be measured with sufficient reliability.

	Note	2022 RUPEES	2021 RUPEES
8. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	8.1	573,192,421	367,820,889
Capital work-in-progress	8.3	1,674,453	209,013,960
		<u>574,866,874</u>	<u>576,834,849</u>

8.1 Operating fixed assets

	COST				ACCUMULATED DEPRECIATION				NET BOOK VALUE	Rate
2022	As at July 01, 2021	Additions	Disposals	As at June 30, 2022	As at July 01, 2021	Charge for the year	On Disposals	As at June 30, 2022	As at June 30, 2022	
Rupees										
Leasehold land	51,205,696	-	-	51,205,696	-	-	-	-	51,205,696	-
Buildings on freehold land:										
- Factory building	105,438,096	14,198,931	-	119,637,027	88,984,939	2,683,503	-	91,668,442	27,968,585	10%
- Factory office	7,086,750	-	-	7,086,750	3,187,031	194,984	-	3,382,015	3,704,735	5%
- Pavement and ponds	9,303,700	-	-	9,303,700	5,884,470	170,960	-	6,055,430	3,248,270	5%
Larkana office premises	759,358	-	-	759,358	536,084	11,164	-	547,248	212,110	5%
Plant and machinery	882,617,745	240,421,259	-	1,123,039,004	613,435,157	44,471,187	-	657,906,344	465,132,660	10%
Furniture and fixtures	5,709,207	440,789	-	6,149,996	4,312,734	167,939	-	4,480,673	1,669,323	10%
Tubewell	175,000	-	-	175,000	159,238	1,576	-	160,814	14,186	10%
Office and electrical										
equipment	5,214,241	-	-	5,214,241	4,452,980	54,048	-	4,507,028	707,213	10%
Computers	6,559,468	419,052	-	6,978,520	5,387,272	506,353	-	5,893,625	1,084,895	30%
Laboratory equipment	7,968,945	-	-	7,968,945	5,160,978	288,596	-	5,449,574	2,519,371	10%
Vehicles	95,182,536	1,984,656	-	97,167,192	77,992,708	3,537,197	-	81,529,905	15,637,287	20%
Boat	415,000	-	-	415,000	408,577	1,284	-	409,861	5,139	20%
Warehouse	218,996	-	-	218,996	131,681	4,364	-	136,045	82,951	5%
	1,177,854,738	2,844,497	-	1,435,319,425	810,033,849	52,093,155	-	862,127,004	573,192,421	
		254,620,190 *								

*Represents transfer from capital work-in-progress to operating fixed assets.

	COST				ACCUMULATED DEPRECIATION				NET BOOK VALUE	Rate
2021	As at July 01, 2020	Additions	Disposals	As at June 30, 2021	As at July 01, 2020	Charge for the year	On Disposals	As at June 30, 2021	As at June 30, 2021	
Rupees										
Leasehold land	51,205,696	-	-	51,205,696	-	-	-	-	51,205,696	-
Buildings on freehold land:										
- Factory building	105,438,096	-	-	105,438,096	87,156,811	1,828,128	-	88,984,939	16,453,157	10%
- Factory office	7,086,750	-	-	7,086,750	2,981,783	205,248	-	3,187,031	3,899,719	5%
- Pavement and ponds	9,303,700	-	-	9,303,700	5,704,510	179,960	-	5,884,470	3,419,230	5%
Larkana office premises	759,358	-	-	759,358	524,332	11,752	-	536,084	223,274	5%
Plant and machinery	869,951,573	12,666,172	-	882,617,745	584,012,823	29,422,334	-	613,435,157	269,182,588	10%
Furniture and fixtures	5,433,219	275,988	-	5,709,207	4,160,888	151,846	-	4,312,734	1,396,473	10%
Tubewell	175,000	-	-	175,000	157,486	1,752	-	159,238	15,762	10%
*Office and electrical equipment"	5,214,241	-	-	5,214,241	4,392,928	60,052	-	4,452,980	761,261	10%
Computers	5,798,630	760,838	-	6,559,468	5,014,776	372,496	-	5,387,272	1,172,196	30%
Laboratory equipment	7,541,895	427,050	-	7,968,945	4,840,314	320,664	-	5,160,978	2,807,967	10%
Vehicles	95,052,598	296,400	(166,462)	95,182,536	73,809,781	4,282,047	(99,120)	77,992,708	17,189,828	20%
Boat	415,000	-	-	415,000	406,973	1,604	-	408,577	6,423	20%
Warehouse	218,996	-	-	218,996	127,085	4,596	-	131,681	87,315	5%
	1,163,594,752	14,426,448	(166,462)	1,177,854,738	773,290,490	36,842,479	(99,120)	810,033,849	367,820,889	



8.2 The depreciation charge for the year has been allocated as follows:

	Note	2022 RUPEES	2021 RUPEES
Cost of sales	27.1	49,804,924	34,237,174
Distribution costs	28	76,388	-
Administrative expenses	29	2,211,843	2,605,305
		<u>52,093,155</u>	<u>36,842,479</u>

8.3 Capital work-in-progress

At the beginning of the year		209,013,960	-
Capital expenditure incurred / advances made during the year		47,280,683	209,013,960
Transferred to operating fixed assets		(254,620,190)	-
At the end of the year		<u>1,674,453</u>	<u>209,013,960</u>

9. RIGHT-OF-USE ASSETS

Cost			
At the beginning of the year		23,106,095	23,106,095
Remeasurement of lease liabilities		20,535,105	-
At the end of the year		<u>43,641,200</u>	<u>23,106,095</u>
Accumulated depreciation			
At the beginning of the year		18,183,746	9,091,874
Charge for the year	9.1	10,351,734	9,091,872
At the end of the year		<u>28,535,480</u>	<u>18,183,746</u>
Net book value at the end of the year		<u>15,105,720</u>	<u>4,922,349</u>
		Years	
Useful life		<u>2.5 - 3.5</u>	<u>2.5 - 3.5</u>

9.1 The depreciation charge for the year has been allocated as follows:

Distribution costs	28	410,628	410,626
Administrative expenses	29	9,941,106	8,681,246
		<u>10,351,734</u>	<u>9,091,872</u>

10. LONG-TERM DEPOSITS - unsecured, considered good

Security deposits			
Nazir of High Court of Sindh		21,397,689	21,397,689
Others		5,093,181	5,093,181
		<u>26,490,870</u>	<u>26,490,870</u>

	Note	2022 RUPEES	2021 RUPEES
11. DEFERRED TAXATION – net			
Taxable temporary differences arising due to:			
Accelerated tax depreciation		(44,091,044)	(35,796,006)
Deductible temporary differences arising due to:			
Provisions		65,801,605	68,961,177
Lease liabilities		(942,812)	163,368
		<u>20,767,749</u>	<u>33,328,539</u>
12. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores			
in-hand		58,201,410	36,046,175
in-transit		-	9,096,966
		<u>58,201,410</u>	<u>45,143,141</u>
Spare parts		56,342,544	37,847,179
Loose tools		715,933	694,022
		<u>115,259,887</u>	<u>83,684,342</u>
13. STOCK-IN-TRADE			
Raw and packing materials			
in-hand		162,175,731	140,159,316
in-transit		-	3,613
Work-in-process		1,384,112	-
Finished goods		85,656,001	87,094,949
		<u>249,215,844</u>	<u>227,257,878</u>
14. TRADE DEBTS – considered good			
Local - unsecured		1,617,026	20,868
Foreign - secured	14.1	52,323,946	-
		<u>53,940,972</u>	<u>20,868</u>
14.1	Represents export sales. Export sales were made to United Kingdom under Letter of Credit.		
14.2	The aging of unimpaired trade debts is as follows:		
Neither past due nor impaired:		53,909,384	-
Past due but not impaired:			
within 90 days		-	-
91 - 180 days		31,588	20,868
		<u>31,588</u>	<u>20,868</u>
		<u>53,940,972</u>	<u>20,868</u>



	Note	2022 RUPEES	2021 RUPEES
15. LOANS AND ADVANCES - considered good			
Loans to:			
Employees – secured	15.1	-	971,877
Advances to:			
Employees – unsecured		136,378	10,000
Suppliers – unsecured		15,071,363	4,722,047
		<u>15,207,741</u>	<u>5,703,924</u>
15.1	Represents interest free loans given to the employees of the Company in accordance with their employment terms and are secured against the employees' retirement benefits.		
16. TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLE			
Security deposits - unsecured, considered good		475,381	1,540,267
Prepayments		2,496,815	2,879,347
Insurance claim receivable		1,440,000	-
		<u>4,412,196</u>	<u>4,419,614</u>
17. SHORT-TERM INVESTMENTS			
At amortised cost			
Term deposit receipts			
- maturity within 3 months		254,450	100,254,450
- maturity more than 3 months		101,226,680	-
	17.1	101,481,130	100,254,450
Accrued profit		1,405,409	122,914
		<u>102,886,539</u>	<u>100,377,364</u>
At fair value through profit or loss			
Listed equity securities	17.2	43,909,558	195,023,284
Mutual fund units - open ended	17.3	11,176,808	10,311,620
	17.4	55,086,366	205,334,904
		<u>157,972,905</u>	<u>305,712,268</u>
17.1 Term deposits receipts are held with the following:			
Bank Al Habib Limited		254,450	254,450
Pak Oman Investment Company Limited		101,226,680	100,000,000
	17.1.1	<u>101,481,130</u>	<u>100,254,450</u>

17.1.1 These carry profit at rates ranging from 9.25% to 14.5% (June 30, 2021: 5.50% to 7.30%) per annum and have maturity latest by May 29, 2023.

17.2 Represents 756,279 (2021: 2,781,279) fully paid-up ordinary shares of Rs. 58.06 each of Bank Al Habib Limited.

17.3 Represents 223,536 (2021: 206,232) units of Meezan Rozana Amdani Fund, having net asset value of Rs. 50 (2021: 50) each at the reporting date.

17.4 Net unrealised diminution on remeasurement of investment recognised as financial assets at fair value through profit or loss is as follows:

	2022			2021		
	Market value	Carrying value	Net unrealised loss	Market value	Carrying value	Net unrealised loss
	(Rupees)					
Listed equity securities	43,909,558	53,611,045	(9,701,487)	195,023,284	195,251,985	(228,701)
Mutual fund units	11,176,808	11,176,808	-	10,311,620	10,311,620	-
	<u>55,086,366</u>	<u>64,787,853</u>	<u>(9,701,487)</u>	<u>205,334,904</u>	<u>205,563,605</u>	<u>(228,701)</u>

	Note	2022 RUPEES	2021 RUPEES
18. CASH AND BANK BALANCES			
Cash in-hand		1,659,902	1,706,096
Bank balances			
Current accounts		2,234,296	9,279,660
Saving accounts			
Local currency		84,227,619	103,686,619
Foreign currency		20,707,574	18,889,984
	18.1	<u>104,935,193</u>	<u>122,576,603</u>
		<u>108,829,391</u>	<u>133,562,359</u>

18.1 These carry interest at the rates ranging from 5.5% to 14.50% (2021: 5.5% to 6.10%) per annum.

19. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2022 2021
---Number of Shares---

		Ordinary shares of Rs. 5/- each issued as:		
15,000,000	15,000,000	fully paid in cash	75,000,000	75,000,000
25,000,000	25,000,000	bonus shares	125,000,000	125,000,000
<u>40,000,000</u>	<u>40,000,000</u>		<u>200,000,000</u>	<u>200,000,000</u>
			19.1	



- 19.1** The shareholders are entitled to receive all distributions including dividends and other entitlements in the form of cash, bonus and right shares as and when declared by the Company. All shares carry one vote per share without restriction.

20. LEASE LIABILITIES

The Company has lease contracts for the admin office premises and a warehouse. These leases generally have lease terms between 2.5 to 3.5 years. The Company is bound by certain covenants which includes but are not limited to payment of certain taxes and to exercise reasonable care. The rate of interest used as the discounting factor is 1 month's KIBOR plus 1.5 percent (2021: 1 month's KIBOR plus 2.5 percent).

	Note	2022 RUPEES	2021 RUPEES
Lease liabilities		10,937,673	695,481
Current maturity of lease liabilities		(10,937,673)	(476,140)
	20.1	<u>-</u>	<u>219,341</u>

20.1 Movement of lease liabilities is as follows:

At the beginning of the year		695,481	10,289,676
Remeasurement of lease liabilities		20,535,105	-
Accretion of interest	32	559,493	549,766
Lease rentals paid		(10,852,406)	(10,143,961)
At the end of the year		<u>10,937,673</u>	<u>695,481</u>
Current maturity of lease liabilities		<u>(10,937,673)</u>	<u>(476,140)</u>
		<u>-</u>	<u>219,341</u>

20.2 The amount of future minimum lease payments, together with the present value of the minimum lease payments, and the periods during which they fall due are as follows:

	2022		2021	
	Lease payments	Present value of lease payments	Lease payments	Present value of lease payments
	----- (Rupees) -----			
Within one year	11,564,921	10,937,673	528,000	476,140
Later than one year but not later than five years	-	-	220,000	219,341
Total lease payments	<u>11,564,921</u>	<u>10,937,673</u>	<u>748,000</u>	<u>695,481</u>
Finance charges allocated to future periods	(627,248)	-	(52,519)	-
Present value of lease payments	<u>10,937,673</u>	<u>10,937,673</u>	<u>695,481</u>	<u>695,481</u>
Current maturity	<u>(10,937,673)</u>	<u>(10,937,673)</u>	<u>(476,140)</u>	<u>(476,140)</u>
	<u>-</u>	<u>-</u>	<u>219,341</u>	<u>219,341</u>

	Note	2022 RUPEES	2021 RUPEES
21. PROVISION FOR GAS INFRASTRUCTURE DEVELOPMENT CESS			
At the beginning of the year		207,139,642	198,527,294
Provision		-	30,817,463
Derecognition of existing provision	21.1	-	(179,806,966)
	21.2	207,139,642	49,537,791
Recognition of new provision at present value		-	147,736,826
Unwinding of finance cost	32	12,778,332	6,161,635
		219,917,974	203,436,252
(Gain) / loss on remeasurement of provision at year end		(8,540,769)	3,703,390
		211,377,205	207,139,642
Current maturity	21.2	(171,662,624)	(130,900,226)
		39,714,581	76,239,416

- 21.1** The Honourable Supreme Court of Pakistan 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 up to July 31, 2020.

Subsequent to the Order passed by the Apex Court, the Sui Southern Gas Company Limited (SSGC) issued GIDC bill to the Company being to the Company the first instalment of total aggregate demand amounting to Rs. 229.34 million, which was later revised to Rs. 179.80 million pursuant to the decision of Honourable High Court of Sindh (HCS) (note 21.2), to be recovered in 48 monthly instalments.

The above demand of the SSGC was not acknowledged as liability by the Company as the Company contends that it had not passed the burden 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.

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. 219.92 million at the present value of future cashflows amounting to Rs. 211.38 million (including current maturity of Rs. 171.67 million) resulting in remeasurement gain on discounting of provision for GIDC amounting to Rs. 8.54 million recorded in the statement of profit or loss for the year.

- 21.2** Pursuant to the decision of Honourable HCS, a provision of Rs. 49.54 million in respect of the differential of GIDC captive power rate and the GIDC being charged at the industrial rate has been maintained in full by the Company.



	Note	2022 RUPEES	2021 RUPEES
22. TRADE AND OTHER PAYABLES			
Creditors		11,008,941	11,165,113
Accrued liabilities		45,370,760	54,887,756
Contract liabilities	22.1	50,065,486	103,498,730
Workers' Welfare Fund	22.2	13,972,011	12,478,038
Workers' Profit Participation Fund	22.3	-	1,996,425
Sales tax payable		15,656,091	418,437
		<u>136,073,289</u>	<u>184,444,499</u>
22.1	Represents advance received from various customers. Revenue recognised during the year from amounts included in contract liabilities at the beginning of the year amounted to Rs. 96.81 million (2021: Rs. 31.19 million).		
22.2	Movements in the balance is as follows:		
At the beginning of the year		12,478,038	7,919,397
Charge for the year	30	2,312,461	4,558,641
Payments during the year		(818,488)	-
At the end of the year		<u>13,972,011</u>	<u>12,478,038</u>
22.3	Movements in the balance is as follows:		
At the beginning of the year		1,996,425	618,462
Charge for the year	30	7,003,575	11,996,425
Payments during the year		(9,000,000)	(10,618,462)
At the end of the year		<u>-</u>	<u>1,996,425</u>

23. PROVISION FOR GAS RATE REVISION

In August 2015, Sui Southern Gas Company Limited (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 Honourable 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 Honourable 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.

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 and minimum charges 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 Honourable 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 superseded 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.

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 notification No. SRO 10-3(8) / 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.

In June 2022, the Company signed Out of Court Settlement Agreements with SSGC for the Gas Tariff Cases and agreed to pay the outstanding amount in installments for which provision has already been made on prudent basis. The said agreements are yet to be filed with the relevant Courts to make them effective

	2022 RUPEES	2021 RUPEES
24. UNCLAIMED AND UNPAID DIVIDEND		
Unclaimed dividend	15,079,387	18,665,422
Unpaid dividend	23,754,072	12,858,753
	<u>38,833,459</u>	<u>31,524,175</u>

25. CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

25.1.1 SECP Corporate Supervision Division issued winding up orders for Hyderi Construction Company Limited (HCCL) on October 14, 2017 and accordingly the petition for winding up has been filed by Securities and Exchange Commission of Pakistan (SECP) in the Honourable High Court of Sindh. Following the winding up petition, a case (Suit no. 560, 2018) has been filed by RAH Securities Limited (a shareholder of HCCL) against multiple defendants, including the Company, claiming several losses and damages amounting to Rs. 98.8 million severally and jointly. The management, based on the advise of its legal advisor, is confident that the Company has the reasonable grounds to defend the above case. Accordingly, no provision has been made in these financial statements.

25.1.2 The Company has filed a Suit 722 of 2020 in the Honourable High Court of Sindh (HCS) challenging the demand of non-utilization fee by Sindh Industrial Trading Estates Limited (SITE Limited) amounting to Rs. 11.95 million in relation to Plot No. S-42, SITE, Karachi on the grounds that the matter regarding demand of non-utilization fee has already been decided by a judgement of the Honourable HCS dated May 04, 2002 in C.P No. D-333/2020 (M/s Indus Battery Industries vs SITE Limited). The Honourable HCS in its order dated July 02, 2020 has restrained SITE Limited from taking any coercive action against the Company. The matter is currently at the stage of hearing. Based on advice from its legal advisor, the management of the Company expects a favourable outcome, hence no provision in this respect is required to be made in these financial statements.

25.1.3 The Company had received show cause notice under section 122(9) of the Income Tax Ordinance, 2001 (the Ordinance) against amendment of assessment under section 122(5A) of the Ordinance in respect of tax year 2016. After providing an opportunity of being heard, the Additional Commissioner Inland Revenue Audit passed an amended assessment order dated February 03, 2021 under section 122(5A) of the Ordinance creating a demand of Rs. 22.27 million. The Company has filed an appeal against the impugned order with the Commissioner Inland Revenue Appeal (CIR-A) which is pending adjudication. Subsequent to the year end, the Company received an order dated August 05, 2022 from CIR-A in which one matter was remanded back with direction to reconsider the facts of the case and all the other matters were deleted by the CIR-A.

25.2 Commitments	Note	2022 RUPEES	2021 RUPEES
Outstanding letters of credit		5,500,134	29,677,374
Guarantee issued in favour of Sui Southern Gas Company Limited	25.2.1	73,845,865	73,845,865
Cheques issued in favor of Nazir of Honourable High Court of Sindh in relation to OGRA case	23	63,380,287	63,380,287

25.2.1 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.

	Note	2022 RUPEES	2021 RUPEES
26. TURNOVER – net			
Local sales		1,369,599,584	1,536,288,403
Export sales		689,142,518	297,253,179
		<u>2,058,742,102</u>	<u>1,833,541,582</u>
Sales return		(19,304,200)	(3,551,092)
Sales tax		(119,780,526)	(57,731,187)
		<u>1,919,657,376</u>	<u>1,772,259,303</u>
27. COST OF SALES			
Cost of goods manufactured	27.1	1,475,294,448	1,348,854,070
Finished goods at the beginning of the year		87,094,949	86,854,696
Finished goods at the end of the year	13	(85,656,001)	(87,094,949)
		<u>1,476,733,396</u>	<u>1,348,613,817</u>
27.1 Cost of goods manufactured			
Raw and packing materials consumed	27.1.1	736,274,695	747,958,742
Utilities		449,355,438	317,306,305
Salaries, wages and benefits	27.1.2	163,102,173	149,765,140
Repairs and maintenance		2,743,770	4,091,923
Stores, spare parts and loose tools consumed		47,831,483	71,279,270
Depreciation on operating fixed assets	8.2	49,804,924	34,237,174
Vehicle running and maintenance		10,991,669	9,101,744
Insurance		4,136,458	4,034,027
Others		12,437,950	11,079,745
		<u>1,476,678,560</u>	<u>1,348,854,070</u>
Work-in-process			
At the beginning of the year		-	-
At the end of the year		(1,384,112)	-
		<u>(1,384,112)</u>	<u>-</u>
		<u>1,475,294,448</u>	<u>1,348,854,070</u>
27.1.1 Raw and packing materials consumed			
At the beginning of the year		140,159,316	135,316,952
Purchases		758,291,110	752,801,106
		898,450,426	888,118,058
At the end of the year	13	(162,175,731)	(140,159,316)
		<u>736,274,695</u>	<u>747,958,742</u>

27.1.2 Salaries, wages and benefits include Rs 7.34 million (2021: Rs.6.85 million) in respect of staff retirement benefits.



	Note	2022 RUPEES	2021 RUPEES
28. DISTRIBUTION COSTS			
Freight and commission		176,762,544	87,328,206
Salaries benefits	28.1	12,835,490	12,008,011
Organic certification		1,826,073	1,764,716
Advertisement expenses		2,776,357	254,373
Kosher certification		1,515,459	1,112,753
Travelling and conveyance		1,737,368	663,836
Vehicle running expenses		554,208	672,816
Depreciation on operating fixed assets	8.2	76,388	-
Depreciation on right-of-use assets	9.1	410,628	410,626
Postage and telephone		1,283,021	2,081,661
ISO and HACCP certification		322,610	36,000
Insurance		418,607	408,069
Printing and stationery		129,357	99,253
Entertainment		154,904	88,739
Utilities		109,206	103,440
Others		146,161	108,402
		<u>201,058,381</u>	<u>107,140,901</u>

28.1 Salaries, wages and benefits include Rs 0.59 million (2021: Rs.0.74 million) in respect of staff retirement benefits.

29. ADMINISTRATIVE EXPENSES

Salaries and benefits	29.1	62,613,091	55,672,361
Travelling and conveyance		22,641,851	8,157,035
Rates and taxes		483,099	3,120
Legal and professional charges		349,305	3,326,039
Depreciation on operating fixed assets	8.2	2,211,843	2,605,305
Depreciation on right-of-use assets	9.1	9,941,106	8,681,246
Vehicle running expenses		6,162,441	4,424,079
Postage and telephone		1,545,589	1,773,521
Printing and stationery		1,653,657	1,548,089
Auditor's remuneration	29.2	3,382,116	3,540,405
Utilities		1,368,379	1,290,141
Entertainment		1,397,285	1,556,967
Donations and corporate social responsibility	29.3	3,724,500	6,101,901
Advertisement expenses		604,975	749,280
Share registrar service charges		373,032	431,954
Insurance		653,966	654,632
Repairs and maintenance		630,728	1,008,255
Directors' fee		100,000	143,750
Others		4,870,748	3,823,222
		<u>124,707,711</u>	<u>105,491,302</u>

29.1 Salaries, wages and benefits include Rs. 3.64 million (2021 Rs.3.16 million) in respect of staff retirement benefits.

	Note	2022 RUPEES	2021 RUPEES
29.2 Auditor's remuneration			
Statutory audit		880,000	880,000
Half yearly review		170,500	170,500
Tax services		1,952,116	2,110,405
Others		379,500	379,500
		<u>3,382,116</u>	<u>3,540,405</u>
29.3 Donation to following parties exceeds the higher of 10% of the Company's total donations or Rs. 1 million:			
Habib Education Trust		1,250,000	1,250,000
Habib Medical Trust		1,250,000	1,250,000
Khoja Girls Orphanage Trust		-	1,250,000
Habib Ismail Benevolent Trust		-	1,250,000
		<u>2,500,000</u>	<u>5,000,000</u>
29.3.1 None of the directors or their spouses had any interest in the donees.			
30. OTHER EXPENSES			
Workers' Welfare fund	22.2	2,312,461	4,558,641
Workers' Profit Participation Fund	22.3	7,003,575	11,996,425
Exchange loss - net		2,957,912	587,446
Net unrealised loss on listed equity securities		9,701,487	228,701
		<u>21,975,435</u>	<u>17,371,213</u>
31. OTHER INCOME			
Income from financial assets			
Interest on saving accounts		6,002,343	6,252,314
Profit on term deposits receipts		7,308,285	18,148,797
Gain on disposal of listed equity securities		3,841,453	1,135,782
Dividend income on listed equity securities		15,968,953	13,865,756
Dividend income on mutual fund units		1,017,869	366,613
		<u>34,138,903</u>	<u>39,769,262</u>
Income from non-financial assets			
Gain on disposal of operating fixed assets		-	41,658
Insurance claim		340,000	-
		<u>34,478,903</u>	<u>39,810,920</u>



Habib Rice Products Ltd.

	Note	2022 RUPEES	2021 RUPEES
32. FINANCE COSTS			
Bank charges and commission		3,009,733	2,913,648
Accretion of interest on lease liabilities	20.1	559,493	549,766
Unwinding of finance cost on provision for GIDC	21	12,778,332	6,161,635
Brokerage charges		3,152	454,518
		<u>16,350,710</u>	<u>10,079,567</u>
33. TAXATION			
Current		25,176,080	27,390,405
Prior		30,197	(21,277,269)
Deferred		12,560,790	(4,391,197)
	33.1	<u>37,767,067</u>	<u>1,721,939</u>
33.1	Income tax assessments of the Company have been finalised up to and including the tax year 2021.		
33.2	Provision for taxation for the current year was based on Minimum Tax u/s 113 of the Income Tax Ordinance 2001. Accordingly reconciliation between tax expense and accounting profit has not been presented for the year ended June 30, 2022.		
34. EARNINGS PER SHARE			
Profit for the year		<u>84,084,348</u>	<u>250,018,234</u>
Weighted average number of ordinary shares in issue	19	<u>40,000,000</u>	<u>40,000,000</u>
Basic and diluted earnings per share		<u>2.10</u>	<u>6.25</u>

	Note	2022 RUPEES	2021 RUPEES
35. CASH GENERATED FROM OPERATIONS			
Profit before taxation		121,851,415	251,740,173
Adjustments			
Depreciation on operating fixed assets	8.2	52,093,155	36,842,479
Depreciation on right-of-use assets	9.1	10,351,734	9,091,872
Gain on disposals of operating fixed assets	31	-	(41,658)
Unrealised loss on listed equity securities - net		9,701,487	228,701
Provision for GIDC and other charges		-	35,274,758
Gain on remeasurement of provision for GIDC - net		(8,540,769)	(28,366,750)
Dividend income on listed equity securities and mutual fund units	31	(16,986,822)	(14,232,369)
Profit on term deposits receipts and interest on savings accounts	31	(13,310,628)	(24,629,812)
Finance costs	32	16,350,710	10,079,567
		49,658,867	24,246,788
		171,510,282	275,986,961
Decrease / (increase) in current assets			
Stores, spare parts and loose tools		(31,575,545)	(27,340,965)
Stock-in-trade		(21,957,966)	18,703,533
Trade debts		(53,920,104)	35,598
Loans and advances		(9,503,817)	(493,382)
Trade deposits and pre-payments		7,418	151,792
Sales tax receivable		11,944,668	(11,944,668)
		(105,005,346)	(20,888,092)
(Decrease) / increase in current liability			
Trade and other payables		(54,998,306)	95,245,781
Cash generated from operations		11,506,630	350,344,650
36. CASH AND CASH EQUIVALENTS			
Cash and bank balances		108,829,391	133,562,359
Term deposits receipts - maturity within three months		254,450	100,254,450
		109,083,841	233,816,809
37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES			

The Company finances its operations through equity and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Taken as a whole, the Company is exposed to market risk (including interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The Company's principal financial liabilities comprise trade and other payables, unclaimed dividend and lease liabilities. The main purpose of these financial liabilities other than unclaimed dividend is to manage working capital requirements for the Company's operations. The Company has various financial assets such as trade debts, loans, deposits, short-term investments and cash and bank balances which are directly related to its operations.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

37.1 Market risk

Market risk is the risk that fair value of future cash flows will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity risk. The Company is not materially exposed to other price risk.

37.1.1 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 the market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to its investment in term deposit receipts, deposits in savings accounts and lease liabilities.

Management of the Company estimates that 1% increase in the market interest rate, with all other factors remaining constant, would increase the Company's profit by Rs. 1.01 million (2021: Rs. 2.21 million) and a 1% decrease would result in decrease in the Company's profit by the same amount. However, the actual results may differ from the sensitivity analysis.

37.1.2 Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expenses are denominated in a different currency from the Company's functional currency).

The following significant exchange rates have been applied at reporting dates:

	Note	2022 RUPEES	2021 RUPEES
Exchange rate – US Dollar		204.85	157.54

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Company's profit before tax:

		Effect on profit before tax	
	Change in rate (%)	2022 RUPEES	2021 RUPEES
June 30	1%	207,076	188,904
	-1%	(207,076)	(188,904)

37.1.3 Equity risk

Equity price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Management of the Company estimates that 1% increase in the market rate of equity securities and mutual fund units rate, with all other factors remaining constant, would increase the Company's profit before tax by Rs. 0.55 million (2021: 2.05) and a 1% decrease would result in decrease in the Company's profit before tax by the same amount. However, the actual results may differ from the sensitivity analysis.

37.2 Credit risk

Credit risk represents the financial loss that would be recognised at the reporting date if counter parties failed to perform as contracted. The Company manages credit risk by limiting significant exposure to any individual customers, by obtaining advance against sales and does not have significant exposure to any individual customer. As of the reporting date, the Company is exposed to credit risk on the following assets:

	Note	2022 RUPEES	2021 RUPEES
Long-term deposits	10	26,490,870	26,490,870
Trade debts	14	53,940,972	20,868
Loans to employees	15	-	971,877
Trade deposits	16	475,381	1,540,267
Short-term investments	17	102,886,539	100,377,364
Bank balances	18	107,169,489	131,856,263
		<u>290,963,251</u>	<u>261,257,509</u>

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings agencies or the historical information about counter party default rates as shown below:

Trade debts

Customers without default in past one year	<u>53,940,972</u>	<u>20,868</u>
--	-------------------	---------------

Cash at bank

Current accounts		
A-1 +	2,234,296	9,279,660
Savings accounts		
A-1 +	<u>104,935,193</u>	<u>122,576,603</u>
	<u>107,169,489</u>	<u>131,856,263</u>

37.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company applies prudent liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

Table below summarises the maturity profile of the Company's financial liabilities at the following reporting dates based on contractual undiscounted payments.

	2022				
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	(Rupees)				
Financial liabilities					
Trade and other payables	-	56,379,701	-	-	56,379,701
Lease liabilities	-	-	10,937,673	-	10,937,673
Un-claimed dividend	38,833,459	-	-	-	38,833,459
	<u>38,833,459</u>	<u>56,379,701</u>	<u>10,937,673</u>	<u>-</u>	<u>106,150,833</u>

	2021				
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	(Rupees)				
Financial liabilities					
Trade and other payables	-	66,052,869	-	-	66,052,869
Lease liabilities	-	-	476,140	219,341	695,481
Un-claimed dividend	31,524,175	-	-	-	31,524,175
	<u>31,524,175</u>	<u>66,052,869</u>	<u>476,140</u>	<u>219,341</u>	<u>98,272,525</u>

37.4 Capital risk management

The Company's objective when managing capital is to safe guard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

37.5 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted market price

Level 2: Valuation techniques (market observable); and

Level 3: Valuation techniques (non-market observables)

	Level 1	Level 2	Level 3	Total
	(Rupees)			
2022				
Listed equity securities	43,909,558	-	-	43,909,558
Mutual fund units - open ended	11,176,808	-	-	11,176,808
	<u>55,086,366</u>	<u>-</u>	<u>-</u>	<u>55,086,366</u>
2021	<u>205,334,904</u>	<u>-</u>	<u>-</u>	<u>205,334,904</u>

37.6 Changes in liabilities to cash flows arising from financing activities:

	2022		2021	
	Dividend	Lease liabilities	Dividend	Lease liabilities
	(Rupees)			
At the beginning of the year	31,524,175	695,481	20,686,985	10,289,676
Changes from financing cash flows				
Dividend paid during the year	(112,690,716)	-	(189,162,810)	-
Lease rentals paid	-	(10,852,406)	-	(10,143,961)
	<u>(112,690,716)</u>	<u>(10,852,406)</u>	<u>(189,162,810)</u>	<u>(10,143,961)</u>
Other changes				
Dividend approved during the year	120,000,000	-	200,000,000	-
Remeasurement of lease liabilities	-	20,535,105	-	-
Accretion of interest	-	559,493	-	549,766
	<u>120,000,000</u>	<u>21,094,598</u>	<u>200,000,000</u>	<u>549,766</u>
At the end of the year	<u>38,833,459</u>	<u>10,937,673</u>	<u>31,524,175</u>	<u>695,481</u>

37.7 Unutilised credit facilities

At June 30, 2022 the Company has a sanctioned limit of Rs.100 million for a running finance facility which carries interest at the rate 3 months average KIBOR plus 2.50 percent and is secured against first pari passu hypothecation charge over the stocks and book debts (combined) of the Company for Rs.175 million, lien over Letters of Credit / contract, import documents consigned to the bank and 10% cash margin on all Letters of Credit. Moreover a registered charge is also created by way of equitable mortgage over fixed assets including land, building, machinery and equipment situated at Hub Industrial Area, District Lasbela, Baluchistan.

38. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

38.1 Aggregate amounts charged in the financial statements are as follows:

	2022			2021		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees)					
Managerial remuneration	12,538,191	7,463,810	24,990,415	9,816,250	5,720,050	24,751,221
Bonus	1,115,759	665,126	2,892,879	864,387	503,688	2,207,566
Leave encashment	1,230,769	738,462	1,776,985	890,219	518,741	1,992,214
Contribution to provident fund	1,044,849	621,984	2,082,534	818,021	476,671	2,062,601
	<u>15,929,568</u>	<u>9,489,382</u>	<u>31,742,813</u>	<u>12,388,877</u>	<u>7,219,150</u>	<u>31,013,602</u>
Number of persons	<u>1</u>	<u>1</u>	<u>10</u>	<u>1</u>	<u>1</u>	<u>10</u>

38.2 The aggregate amount paid to the directors as a fee for attending the Board of Directors' meetings amounted to Rs. 0.100 million (2021: Rs. 0.143 million).

38.3 In addition, the Chief Executive, Director and all Executives are provided free use of Company maintained cars as per terms of employment.

39. TRANSACTIONS WITH RELATED PARTIES

39.1 The related parties of the Company comprise of associated companies, directors, retirement funds, and key management personnel of the Company. The Company enters into transactions with related parties on agreed terms as approved by the Board of Directors. Transactions with related parties other than those disclosed elsewhere in the financial statements, are as follows:

Relationship	Nature of transactions	2022	2021
		-----Rupees-----	
Associated Company	Dividend paid	<u>58,719</u>	<u>97,865</u>
Directors and other	Dividend paid	<u>78,899,358</u>	<u>131,498,930</u>
Staff provident fund	Contributions made	<u>11,570,033</u>	<u>10,747,760</u>

39.2 Following are the associated companies with whom the Company had entered into transactions or has arrangements:

Company Name	Basis of relationship	Aggregate % of shareholding in the Company
Hydari Boring & Pilling (Private) Limited	Common directorship	0.050%
Abbas Builders (Private) Limited	Common directorship	0.003%
Indus Oil Expellers (Private) Limited	Common directorship	0.001%

40. NUMBER OF EMPLOYEES

The number of employees including contractual employees of the Company are as follows:

	2022	2021
	-----Numbers-----	
At year end	307	319
Average employees during the year	300	312

41. CAPACITY

	2022	2021
	-----M. Tonnes-----	
Annual installed capacity as of June 30	45,000	45,000
Actual production for the year	12,475	14,268

41.1 Actual production is less than the installed capacity due to low industry demand.

42. OPERATING SEGMENTS

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

Sales of the Company relate to starch sugar and proteins.

Total sales of the Company relating to customers in Pakistan were 66% during the year ended June 30, 2022 (2021: 83%).

All non-current assets of the Company as at the June 30, 2022 and June 30, 2021 were located in Pakistan.

Sales to a major customer of the Company are around 19% of the Company's total sales during the year ended 30 June 2022 (2021: 12.75%)

43. POST REPORTING DATE EVENTS

43.1 Subsequent to the year end, the Board of Directors of the Company in their meeting held on 05 September, 2022 have proposed a final cash dividend of 40% i.e. Rs. 2.00 (2021: 60% i.e. Rs.3.00) per share.



44. GENERAL

- 44.1** Figures have been rounded off to the nearest Pak. Rupee.
- 44.2** Investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the regulation formulated for this purpose.
- 44.3** These financial statements were authorised for issue on 05 September, 2022 by the Board of Directors of the Company.

OWAIS G. HABIB
Chief Executive Officer

JAMSHED ALI KHAN
Chief Financial Officer

GAFFAR A. HABIB
Chairman

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 42nd Annual General Meeting of the Shareholders of Habib Rice Products Ltd. will be held on Wednesday, October 26, 2022 at 11:00 a.m. at The Institute of Chartered Accountants of Pakistan (ICAP) Auditorium Hall, D-31/8, Chartered Accountants Avenue, Clifton, Karachi and through video-link / Zoom Cloud meetings to transact the following business.

ORDINARY BUSINESS:

1. To confirm the minutes of the Annual General Meeting held on Tuesday, October 26, 2021.
2. To receive and adopt the Director's Report and Audited Financial Statements of the Company for the year ended June 30, 2022.
3. To approve the Final Cash Dividend for the year ended June 30, 2022 @ 40% i.e. Rs.2.00 per share of Rs.5 each to the members as recommended by the Board of Directors.
4. To appoint Auditors for the year ending on June 30, 2023 and fix their remuneration.
5. To transact such other business as may be placed before the meeting with the permission of the Chairman.

BY ORDER OF THE BOARD
ALI ASGHAR RAJANI
Company Secretary

Karachi: 05 September 2022.

NOTES:

1. Attendance of AGM through video-link

The entitled shareholders whose name appear in the Books of the Company by the close of business on 17 October, 2022 who are interested to attend AGM through online platform are hereby requested to get themselves registered with the Company Secretary Office by providing the following details at the earliest but not later than 48 hours before the time of AGM at hal-adm@hotmail.com.

Name of Shareholders	CNIC No.	Folio No. / CDS No.	Cell Number	Email address

Upon receipt of the above information from interested shareholders, the Company will send the login details at their email addresses. The Company will convene the meeting through "Zoom Cloud Meetings" which can be downloaded from Google Play or Apple App store. Our shareholders are therefore requested to download the application ahead of the meeting. On the AGM day, shareholders will be able to login and participate in the AGM proceedings through their smart phones or computer devices from any convenient location.

The login facility will be opened 30 minutes before the meeting time to enable the participants to join the meeting after identification and verification process.

The entitled shareholders (whose name appeared in the Books of the Company by the close of business on 17 October, 2022) along with the details mentioned above may send their comments / suggestions for the proposed Agenda items at the above email address at least 48 hours before the meeting.

2. Closure of Share Transfer Books

The share transfer books of the Company will remain closed from October 18, 2022 to October 26, 2022 (both days inclusive). Transfers received in order at the office of our Share Registrar M/s. THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase - VII, Karachi at the close of the business on 17 October, 2022 will be treated in time to determine the right to attend the Annual General Meeting.

3. Participation in General Meeting

A member of the Company entitled to attend and vote at this meeting is entitled to appoint another member of the Company as his/her proxy to attend and vote on his/her behalf. Proxy form, in order to be effective, must be received at the Registered Office of the Company duly stamped and signed not less than 48 hours before the meeting.

A. For Attending the Meeting:

- I. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting through video-link.
- II. In case of Corporate Entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting through video-link.

B. For Appointing Proxies:

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirement.
- ii) The proxy form shall be witnessed by two persons whose names, address and CNIC/Passport Numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or Passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his/her original CNIC or original Passport at the time of the meeting. In case of Corporate Entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

4. Change of Address

Members are requested to notify any change in their addresses and their contact numbers immediately to our Share Registrar: M/s. THK Associates (Pvt.) Limited.

5. Submission of CNIC or Passport

Pursuant to the directive of the Securities & Exchange Commission of Pakistan (SECP), it is mandatory to mention CNIC number of member on members' register and other statutory returns. Those shareholders who have not submitted copy of their CNIC to the Company are once again requested to submit copy of their CNIC, otherwise the Company will be constrained under section 243(2)(a) of the Companies Act, 2017 to withhold dividend of such shareholders.

6. E-Dividend (Mandatory)

In accordance with the provision of Section 242 of the Companies Act and Companies (Distribution of Dividends), Regulation 2017, it is mandatory for a listed Company to pay cash dividend to the shareholders only through electronic mode directly into the bank account designated by the entitled shareholders instead of issuing physical dividend warrant. In this regard, Habib Rice Products Ltd. has already sent letters with Electronic Credit Mandate Forms to the shareholders. E-Dividend form is also available on Company's website i.e. www.hrpl-financialstatement.com

7. Payment of Cash Dividend through Electronic Mode

In order to receive cash dividend directly into the designated bank account, members who have not yet provided the bank account details are requested to fill and sign the "E-Dividend Mandate Form" available on the Company's website i.e. www.hrpl-financialstatement.com and send to the relevant Participants/Investor Account Services of the CDC/Share Registrar of the Company (as the case may be) latest by 17 October, 2022 along with a copy of their valid CNICs.

Incase of non-receipt or incorrect International Bank Account Number (IBAN) with other related details or non-availability of valid CNICs, the Bank will withhold cash dividend of such members.

8. Deduction of Income Tax

The withholding tax rates on the amount of dividend are as under:

(a) Rate of tax deduction appearing in Active Taxpayer List (ATL)	15%
(b) Rate of tax deduction not appearing in Active Taxpayer List (ATL)	30%

To enable the Company to make tax deduction on the amount of cash dividend @15% instead of 30%, all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date of approval of the cash dividend, at the Annual General Meeting on 26th October 2022, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

In case of Joint account, each holder is to be treated individually as appearing in ATL or not appearing in ATL and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to our Share Registrar, or if not so notified, each joint holder shall be assumed to have an equal number of shares.



Habib Rice Products Ltd.

Company Name	Folio/CDC Account No.	Total Shares	Principal Shareholders		Joint Shareholders	
			Name and CNIC #	Shareholding Proportion (No. of Share)	Name and CNIC #	Shareholding Proportion (No. of Share)

The Corporate shareholders having CDC account are required to have their National Tax Number (NTN) updated with their respective participants, whereas physical shareholders should send a copy of their NTN certificate to the Company or Company's Share Registrar M/s. THK Associates (Pvt.) Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective Folio numbers.

9. Transmission of Financial Statements and Notices through Electronically

Shareholders have an option to receive Annual Audited Financial Statements and Notice of Annual General Meeting through email. Shareholders of the Company are requested to give their consent on prescribed format placed on the Company's website www.hal-financialstatement.com to our Shares Registrar, M/s THK Associates (PVT) Ltd. at Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase - VII, Karachi, to update our record if they wish to receive Annual Audited Financial Statements and Notice of Annual General Meeting through email. However, if a shareholder, in addition, requests for a hard copy of the Audited Financial Statements, the same shall be provided free of cost within seven (07) days of receipt of such request.

For any query / clarification / information, the shareholder may contact the Company. and/or the Share Registrar at the following addresses:

Company Address:

Habib Rice Products Ltd.

2nd Floor, UBL Building,
I.I. Chundrigar Road, Karachi.
Phone: (+92-21) 32411887
Fax: (+92-21) 32414581
e-mail: hal-adm@hotmail.com

Share Registrar Address:

M/s. THK Associates (Pvt.) Limited

Plot No. 32-C, Jami Commercial Street 2,
D.H.A., Phase - VII, Karachi.
UAN: (021) 111-000-322
Fax: (021) 34168271
e-mail: secretariat@thk.com.pk

PROXY FORM

I/We _____

of _____

being a member(s) of HABIB RICE PRODUCTS LTD., and a holder of _____

Ordinary Shares as per Share Register Folio Number _____

and/or CDC Account and participant's I.D. Numbers _____

hereby appoint _____ Folio No. _____ of _____

or failing him/her _____ Folio No. _____ of _____

another member of HABIB RICE PRODUCTS LTD., as my/our proxy to vote for me/us and on

my/our behalf at the Annual General Meeting of the Company to be held on October 26, 2022,

and at any adjournment thereof.

Signed this _____ Day of _____

Revenue Stamp
Five
Rupees

SIGNATURE OF MEMBER(S)

(Signature should agree with the specimen signature registered with the Company)

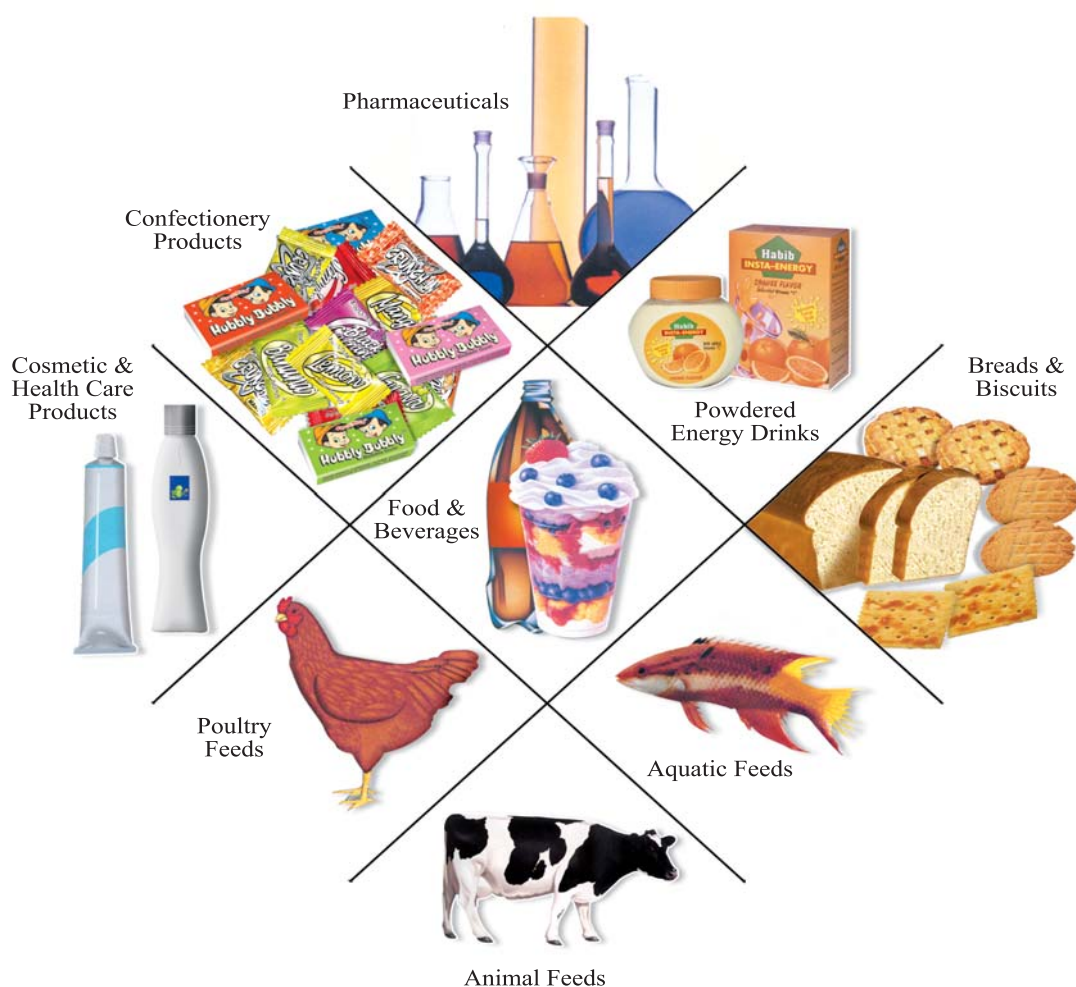


Habib Rice Products Ltd.

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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Email : mkt_habibadm@hotmail.com / habib-adm@hotmail.com / hal-adm@hotmail.com
Website : www.habibriceproducts.com