



Habib Rice Products Ltd.



(Formerly **Habib-ADM Ltd.**)

***40th Annual Report
for the year ended
June 30, 2020***

Contents

	Page No
Company Information	2
Chairman's Review / Directors' Report	3
Company's Contribution to the Economy	5
Statement on Corporate and Financial Reporting Framework	6
Six Years at a Glance	7
Pattern of Shareholding	8
Statement of Compliance with listed Companies (Code of Corporate Governance) Regulation, 2019	10
Independent Auditors' Review Report	12
Independent Auditors' Report on Financial Statements	13
Statement of Financial Position	17
Statement of Profit or Loss	18
Statement of Other Comprehensive Income	19
Statement of Changes in Equity	20
Statement of Cash Flows	21
Notes to the Financial Statements	22
Notice of Annual General Meeting	52
Proxy Form	

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
1st Floor, 40 - C, Block - 6, P.E.C.H.S., Karachi-75400
UAN: (021) 111-000-322 Fax: (021) 34168271

REGISTERED OFFICE

2nd Floor, UBL Building
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Karachi - 74000, Pakistan.
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Fax : (021) 32414581

ADMINISTRATIVE OFFICES & FACTORY

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Hub - 90250
Pakistan.
Telephone : (0853) 363963-5
Fax : (0853) 363819



هذا من فضل ربِّي

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 2020.

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	Non-Executive 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	
	2020	2019
Profit before Tax	208,663	137,977
Provision for Tax (Net)	(34,144)	(14,728)
Net Profit after Tax	174,518	123,249
Un-appropriated Profit Brought Forward	480,162	456,913
Total Available for Appropriations	654,680	580,162
Proposed Appropriations:		
Final Dividend @ 60% (2019: 50%)	120,000	100,000
Un-Appropriated Profit Carried Forward	534,680	480,162
Earnings per Share (EPS) -Net of Tax	4.36	3.08
Dividend per Share of Rs. 5 each	3.00	2.50

The Year In Review

A lockdown in India due to COVID19 - has resulted in an almost a complete stop of Imports of Indian Sorbitol allowing us higher price and improved margins.

Water

Allah has blessed us with Beneficial monsoon rains, which have lifted our Hub Lake to over flow level - thus providing us with a comfort for sufficient water supply for the next three years.

The Board of Directors have recommended 60% (Rs. 3.00 per share of Rs. 5) dividend for the year ending 30 June 2020.

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: 16 September 2020

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	2020 Amount	2019 Amount	2018 Amount	2017 Amount	2016 Amount
----- Rupees in millions -----					
Total Revenue	1,740	1,593	1,447	1,156	1,060
Export Sales	214	471	186	263	239
Taxes Paid					
Sales Tax	165	152	138	94	86
Income Tax	110	73	79	66	63
	276	225	217	160	149
Employees Salaries & Other Benefits	217	199	171	158	153
Investors	103	84	42	42	34
Grand Total	596	507	430	360	336



STATEMENTS ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- a. The Financial Statements prepared by the management of the Company, present fairly its state of affairs and the result of its operations.
- b. The Company has maintained proper books of accounts.
- c. In preparation of Financial Statements, appropriate accounting policies have been consistently applied and accounting estimates are based on reasonable and prudent judgment.
- d. In preparation of Financial Statement International Accounting Standards, as applicable in Pakistan, have been followed and non-applicability, if any, has been adequately disclosed.
- e. 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.
- f. There are no doubts about the Company's ability to continue as a going concern.
- g. The Corporate Governance Regulations, as detailed in the Listing Regulations, have been fully implemented.
- h. Key operating and financial data for the last six years in summarized form is annexed.
- i. The following is the value of total assets based on-respective un-audited accounts as on 30 June 2020.

Provident Fund Rs. 228.55 million - (2019 Rs.205.87 million)

- j. Pattern of Share Holding of the Company is shown on the page 8 & 9.
- k. During the year (6) 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	6
2. Mr. Owais G. Habib	6
3. Dr. Howard J. Synenberg	-
4. Mr. Tufail Y. Habib	5
5. Ms. Fatemah G. Habib	6
6. Dr. Salma Habib	6
7. Mr. Daniyal Ghani	5
8. Mr. Asad R. Premjee	-
	(Elected on 06-June-2020)

AUDITORS

The auditors M/s. EY Ford Rhodes, Chartered Accountants retire and have offered themselves for reappointment. The Board of Audit Committee of the Company have recommended their re-appointment for the financial year ending June 30, 2021.

OWAIS G. HABIB
Chief Executive Officer

GAFFAR A. HABIB
Chairman

Karachi: September 16, 2020

SIX YEARS AT A GLANCE

(Rupees in '000)

PARTICULARS	2020	2019	2018	2017	2016	2015
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	654,681	580,162	506,913	488,031	489,380	576,537
Total Share Holder Equity	914,681	840,162	766,913	748,031	749,380	836,537
Fixed Assets at Cost	1,163,595	1,138,177	1,069,681	971,762	959,550	944,892
Accumulated Depreciation	773,290	734,336	702,001	675,066	649,428	617,548
Fixed Assets Net of Depreciation	390,304	403,841	367,680	296,696	310,122	327,344
Right-of-use assets	14,014	-	-	-	-	-
Long Term Investment	20,130	5,093	4,593	4,343	3,102	4,102
Deferred Taxation -Net	28,937	16,497	22,814	-	-	-
Current Assets	861,691	739,360	668,184	634,598	571,147	617,985
Total Assets Net of Depreciation	1,315,076	1,164,792	1,063,271	935,637	884,371	949,431
Non Current Liabilities	695	-	-	2,930	7,878	34,999
Current Liabilities	399,700	324,630	296,357	184,676	127,114	77,895
Total Liabilities	400,395	324,630	296,357	187,606	134,992	112,894
INCOME						
Consolidated Gross Sales	1,797,679	1,631,224	1,509,346	1,190,345	1,088,511	1,166,036
Net Sales(Habib-ADM Ltd)	1,699,067	1,562,700	1,430,162	1,138,211	1,041,050	1,113,985
Dividend from Subsidiary Company	-	-	-	-	-	793
Other Income	41,384	29,836	16,485	18,103	18,811	28,776
Total Net Revenue	1,740,451	1,592,537	1,446,647	1,156,314	1,059,861	1,143,554
Profit before Taxation	208,663	137,977	60,535	43,985	17,137	148,579
Taxation	34,145	14,728	(8,347)	5,334	(15,706)	26,448
Profit after Taxation	174,519	123,249	68,882	38,651	32,843	122,131
STATISTICS AND RATIOS						
Pre-Tax Profit to Sales	12	9	4	4	2	13
Pre-Tax Profit to Capital	104	69	30	22	9	74
Current Ratio	2.16	2.28	2.25	3.44	4.49	7.93
Paid-Up Value Per Share (Rs)	5	5	5	5	5	5
Earning Per Share Before Tax(Rs)	5.22	3.45	1.51	1.10	0.43	3.71
Earning Per Share After Tax(Rs)	4.36	3.08	1.72	0.97	0.82	3.05
Cash Dividend %(Rs.)	3.00(60%)	2.50(50%)	1.25(25%)	1.25(25%)	1.00(20%)	3.00(60%)
Retained Earning Per Share (Rs)	1.36	0.58	0.47	(0.28)	(0.18)	0.05
Break-Up Value Per Share (Rs)	22.87	21.00	19.17	18.70	18.73	20.91

* The Board of Directors in their meeting of September 16, 2020 has recommended cash dividend in respect of the year ended June 30,2020 @ 60% i.e. Rs.3.00 per share of Rs. 5 each.

PATTERN OF SHARE HOLDING AS ON JUNE 30, 2020

NO. OF SHARE HOLDERS	SHARE HOLDING	TOTAL SHARES HELD
939	0000001 TO 0000100	28,281
562	0000101 TO 0000500	159,974
273	0000501 TO 0001000	209,161
352	0001001 TO 0005000	851,424
61	0005001 TO 0010000	471,758
17	0010001 TO 0015000	210,602
9	0015001 TO 0020000	163,548
3	0020001 TO 0025000	68,000
5	0025001 TO 0030000	145,450
3	0030001 TO 0035000	96,008
2	0035001 TO 0040000	74,548
1	0040001 TO 0050000	41,828
1	0050001 TO 0070000	70,000
5	0070001 TO 0075000	363,600
7	0075001 TO 0100000	630,017
7	0100001 TO 0200000	876,196
5	0200001 TO 0300000	1,157,044
2	0300001 TO 0500000	679,754
1	0800001 TO 1000000	908,670
3	1000001 TO 2000000	4,001,637
4	2000001 TO 3000000	9,729,305
2	3000001 TO 5000000	8,899,160
2	5000001 TO 6000000	10,164,035
2266		40,000,000

S.NO.	CATEGORY OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD	PERCENTAGE OF ISSUED CAPITAL
1	INDIVIDUALS	2,230	38,903,868	97.26%
2	JOINT STOCK COMPANIES	21	307,841	0.77%
3	INSURANCE COMPANIES	3	553,700	1.38%
4	FINANCIAL INSTITUTIONS	8	25,595	0.06%
5	CHARITABLE & OTHER TRUSTS	4	208,996	0.53%
	TOTAL	2,266	40,000,000	100%



Habib Rice Products Ltd. (Formerly **Habib-ADM Ltd.**)



PATTERN OF SHAREHOLDING AS ON JUNE 30, 2020

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			5,530,368	13.83
	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	6	5,510,795		
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	2,215	7,093,287	7,093,287	17.73
8	Joint Stock Companies	18	288,268	288,268	0.72
9	Charitable & Other Trusts	4	208,996	208,996	0.52
10	Foreign Investors			2,240,753	5.60
	Holding less than 10% voting Interest	1	2,240,753		
	Total	2,266	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%
Dr. Howard J. Synenberg	1	2,240,753	5.60%
Mrs. Nishat G. Habib	1	2,137,233	5.34%
Mr. Ghulam Abbas Yousuf Habib	1	2,493,314	6.23%
TOTAL		31,285,814	78.21%

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

Habib Rice Products Ltd. Year Ended June 30, 2020

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 Director	Mr. Gaffar A. Habib
iii. Executive Directors	Mr. Owais G. Habib Mr. Tufail Y. Habib
iv. 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. The Board has arranged Directors' Training program for the following:

Mr. Gaffar A. Habib
Mr. Tufail Y. Habib
Ms. Fatemah G. Habib
Dr. Salma Habib
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

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OWAIS G. HABIB
Chief Executive Officer

Karachi: September 16, 2020

C. A. Dahl

GAFFAR A. HABIB
Chairman



Habib Rice Products Ltd. (Formerly **Habib-ADM Ltd.**)



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Chartered Accountants
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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Habib Rice Products Limited (formerly Habib-ADM Limited) (the Company)

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 (formerly Habib-ADM Limited)** for the year ended 30 June 2020 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 2020.

EY Ford Rhodes,

Chartered Accountants

Place: Karachi

Date: 28 September 2020

A member firm of Ernst & Young Global Limited



Habib Rice Products Ltd. (Formerly **Habib-ADM Ltd.**)



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INDEPENDENT AUDITOR'S REPORT

To the members of Habib Rice Products Limited (formerly Habib-ADM Limited)

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Habib Rice Products Limited (formerly Habib-ADM Limited)** (the Company), which comprise the statement of financial position as at June 30, 2020, 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, 2020 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.



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Following is the Key audit matter:

Key audit matter	How our audit addressed the Key audit matter
1. Existence and valuation of Stock-in-trade As of the date of statement of financial position, the Company held stock-in-trade balances of Rs. 245.961 million which constitutes approximately 19% of total assets, as disclosed in note 12 to the financial statements. We focused on stock-in-trade as it is a significant portion of Company's total assets and it requires management judgement in determining an appropriate costing basis and assessing its valuation.	<p>Our key audit procedures in this area amongst others included:</p> <ul style="list-style-type: none"> ▶ Observed stock count performed at year end to ascertain existence and condition of stock-in-trade. ▶ Obtained an understanding of the Company's process with respect to valuation of stock-in-trade and tested controls relevant to such process. ▶ Tested the net realisable value and valuation methods in accordance with the applicable financial reporting standards. ▶ 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. ▶ 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.

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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 **Tariq Feroz Khan**.

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: 28 September 2020



Habib Rice Products Ltd. (Formerly **Habib-ADM Ltd.**)



STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2020

	NOTE	2020 RUPEES	2019 RUPEES
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	390,304,262	403,841,387
Right-of-use assets	8	14,014,221	-
Long-term deposits	9	20,129,760	5,093,181
Deferred taxation - net	10	<u>28,937,342</u>	<u>16,497,291</u>
		<u>453,385,585</u>	<u>425,431,859</u>
CURRENT ASSETS			
Stores, spare parts and loose tools	11	56,343,377	51,804,107
Stock-in-trade	12	245,961,411	250,739,777
Trade debts	13	56,466	123,104
Loans and advances	14	5,210,542	3,536,177
Trade deposits and prepayments	15	4,571,406	8,676,857
Short-term investments	16	360,238,738	150,254,450
Interest accrued		22,521,507	7,041,725
Taxation - net		92,283,352	117,024,089
Cash and bank balances	17	<u>74,503,789</u>	<u>150,159,737</u>
		<u>861,690,588</u>	<u>739,360,023</u>
		<u>1,315,076,173</u>	<u>1,164,791,882</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
60,000,000 (2019: 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	18	200,000,000	200,000,000
Reserves		<u>714,680,794</u>	<u>640,162,005</u>
		<u>914,680,794</u>	<u>840,162,005</u>
NON-CURRENT LIABILITIES			
Lease liabilities	19	695,481	-
CURRENT LIABILITIES			
Trade and other payables	20	369,418,718	309,222,996
Current maturity of lease liabilities	19	9,594,195	-
Unclaimed dividend		20,686,985	15,406,881
		399,699,898	324,629,877
CONTINGENCIES AND COMMITMENTS	21	<u>1,315,076,173</u>	<u>1,164,791,882</u>

The annexed notes from 1 to 39 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, 2020

	NOTE	2020 RUPEES	2019 RUPEES
Turnover - net	22	1,699,066,706	1,562,700,336
Cost of sales	23	(1,321,455,852)	(1,258,186,741)
Gross profit		377,610,854	304,513,595
Distribution costs	24	(85,062,272)	(81,059,761)
Administrative expenses	25	(105,625,629)	(102,155,282)
Other expenses	26	(15,705,846)	(10,225,986)
Other income	27	41,383,812	29,836,300
Finance costs	28	(3,937,534)	(2,932,153)
Profit before taxation		208,663,385	137,976,713
Taxation	29	(34,144,596)	(14,727,673)
Profit for the year		174,518,789	123,249,040
Earnings per share – basic and diluted	30	4.36	Rs. 3.08

The annexed notes from 1 to 39 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 OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2020

	2020 RUPEES	2019 RUPEES
Profit for the year	174,518,789	123,249,040
Other comprehensive income	-	-
Total comprehensive income for the year	<u>174,518,789</u>	<u>123,249,040</u>

The annexed notes from 1 to 39 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. (Formerly **Habib-ADM Ltd.**)



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2020

Particulars	Issued, subscribed and paid -up capital	Reserves			Total Reserves	TOTAL EQUITY		
		Capital reserves	Revenue reserves					
		Share premium	General reserve	Unappropriated profit				
----- Rupees -----								
As at June 30, 2018	200,000,000	10,000,000	50,000,000	506,912,965	566,912,965	766,912,965		
Final dividend @ 25% for the year ended June 30, 2018	-	-	-	(50,000,000)	(50,000,000)	(50,000,000)		
Profit for the year	-	-	-	123,249,040	123,249,040	123,249,040		
Other comprehensive income	-	-	-	-	-	-		
Total comprehensive income for the year	-	-	-	123,249,040	123,249,040	123,249,040		
As at June 30, 2019	200,000,000	10,000,000	50,000,000	580,162,005	640,162,005	840,162,005		
Final dividend @ 25% for the year ended June 30, 2019	-	-	-	(100,000,000)	(100,000,000)	(100,000,000)		
Profit for the year	-	-	-	174,518,789	174,518,789	174,518,789		
Other comprehensive income	-	-	-	-	-	-		
Total comprehensive income for the year	-	-	-	174,518,789	174,518,789	174,518,789		
As at June 30, 2020	<u>200,000,000</u>	<u>10,000,000</u>	<u>50,000,000</u>	<u>654,680,794</u>	<u>714,680,794</u>	<u>914,680,794</u>		

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, 2020

	NOTE	2020 RUPEES	2019 RUPEES
Cash generated from operations	31	273,883,995	167,194,877
Finance costs paid	28	(1,826,662)	(2,932,153)
Taxes paid		(21,843,910)	(37,909,059)
Long-term deposits - net		(15,036,579)	(500,000)
Net cash generated from operating activities		235,176,844	125,853,665

CASH FLOWS FROM INVESTING ACTIVITIES

Short-term investments - net	(209,984,288)	-
Capital expenditure	(25,423,450)	(71,380,030)
Interest on short-term investments and savings accounts received	28,609,862	16,937,867
Proceeds from disposal of operating fixed assets	10,000	2,335,000
Net cash used in investing activities	(206,787,876)	(52,107,163)

CASH FLOWS FROM FINANCING ACTIVITIES

Dividend paid	(94,719,896)	(48,912,452)
Lease rentals paid	(9,325,020)	-
	(104,044,916)	(48,912,452)
Net (decrease) / increase in cash and bank balances	(75,655,948)	24,834,050
Cash and bank balances at the beginning of the year	150,159,737	125,325,687
Cash and bank balances at the end of the year	74,503,789	150,159,737

The annexed notes from 1 to 39 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, 2020

1 THE COMPANY AND ITS OPERATIONS

1.1 Habib Rice Products Limited (formerly Habib-ADM 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.

1.2 Impact of COVID-19 on the financial statements

During the year, the World Health Organization declared COVID-19 outbreak a global pandemic. Accordingly, on March 20, 2020, the Government of Pakistan announced temporary lock down as a measure to reduce the spread of COVID-19. However, the Company is a manufacturer of raw material for therapeutic products which are categorised as essential goods, consequently the lockdown restrictions were not applicable on the Company.

The management has assessed the accounting implications arising out of COVID-19 outbreak on these financial statements, including assessment of Net Realizable Value of stock-in-trade under IAS 2, "Inventories".

Based on the assessment carried out by the management, there is no significant accounting implication arising out of the effects of COVID-19 outbreak in these financial statements. The Company's management is fully cognisant of the business challenges posed by the COVID-19 outbreak and is closely monitoring the possible impacts on the Company's operations and liquidity position and believes that its current policies for managing working capital, liquidity and market risk are adequate in response to the current situation.

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	Freehold land	1.21 acres
Hub Industrial Area, District Lasbela, Baluchistan	Freehold 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	Sales office and warehouse	0.0436 acres
House # 4F, 7/3 Nazimabad # 4 near Hadi Market, Karachi, Sindh	Business unit	-
Plot # S/42, Site, Karachi, Sindh	Warehouse	1 Acre

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for financial reporting. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board (IASB) as notified under Companies Act, 2017 (the Act) and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRS standards, the provisions of and directives issued under the Act have been followed.

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention unless otherwise specifically stated.

4 STANDARDS, INTERPRETATIONS AND AMENDMENTS APPLICABLE TO FINANCIAL STATEMENTS

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

New standards, interpretations and amendments

The Company has adopted the following accounting standards, amendments and improvements of IFRSs which became effective for the current year:

IFRS 9 - Prepayment Features with Negative Compensation (Amendments);
IFRS 14 - Regulatory Deferral Accounts;
IFRS 16 - Leases;
IFRS 16 - COVID 19 Related Rent Concessions (Amendments);
IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments);
IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments); and
IFRIC 23 - Uncertainty over Income Tax Treatments.

Improvements to IFRSs issued by IASB in December 2017

IFRS 3 - Business Combinations - Previously held interests in a joint operation;
IFRS 11 - Joint Arrangements - Previously held interests in a joint operation;
IAS 12 - Income Taxes - Income tax consequences of payments on financial instruments classified as equity; and
IAS 23 - Borrowing Costs - Borrowing costs eligible for capitalisation.

The adoption of the above standards, amendments and improvements to IFRS did not have any material effect on these financial statements, except for IFRS 16 as explained below:

IFRS 16 Leases

IFRS 16 supercedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single note on statement of financial position model.



The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of July 01, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Accordingly the information presented for prior years has not been restated. The Company elected to use the transition practical expedient allowing the standard to be applied only to lease contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases').

The new accounting policy in respect of leases is disclosed in note 6.2, 6.12 and 6.13 to these financial statements. The impact of adoption of IFRS 16 on recognition and classification as at July 01, 2019 on the statement of financial position is summarised below:

	Admin office premises and business unit
Assets	--- Rupees ---
Right-of-use assets	23,106,095
Prepayments	(5,602,272)
	<u>17,503,823</u>

Liabilities	--- Rupees ---
Lease liabilities	17,503,823

In respect of the admin office premises and business unit, the right-of-use assets were recognised based on the amount equal to the lease liabilities adjusted for related prepayments. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The Company did not have any sub-lease as at July 01, 2019.

The impact of adoption of IFRS 16 on the statement of profit or loss for the year ended June 30, 2020 is summarised below:

	--- Rupees ---
Decrease in rent expenses	9,308,746
Increase in depreciation expense	(8,681,246)
Increase in finance costs	(2,110,872)
Deferred tax impact	1,624,659
	<u>141,287</u>

The lease liabilities as at July 01, 2019 can be reconciled to the operating lease commitments as of June 30, 2019 as follows:

	--- Rupees ---
Operating lease commitments as at June 30, 2019	20,742,319
Impact of discounting	(3,238,496)
Total lease liability at July 01, 2019	<u>17,503,823</u>
Weighted average incremental borrowing rate as at July 01, 2019	15.34%

Standards, interpretations and amendments to accounting and reporting standards that are not yet effective

The following standards, amendments and interpretations with respect to the accounting and reporting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or interpretation	Effective date (annual periods beginning (on or after)
IFRS 3 - Definition of a Business (Amendments)	January 01, 2020
IFRS 3 - Reference to the Conceptual Framework (Amendments)	January 01, 2022
IFRS 9 / IAS 39 / IFRS 7 - Interest Rate Benchmark Reform (Amendments)	January 01, 2020
IFRS 10 / IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet finalised
IAS 1 / IAS 8 - Definition of Material (Amendments)	January 01, 2020
IAS 1 - Classification of Liabilities as Current or Non-current (Amendments)	January 01, 2022*
IAS 16 - Proceeds before Intended Use (Amendments)	January 01, 2022
IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	January 01, 2022

* The IASB has issued an exposure draft proposing to defer the effective date of the Amendments to IAS 1 to 01 January 2023.

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

In addition to the above standards, amendments and improvements to various IFRS have also been issued by the IASB in December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2019 respectively. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 – First time adoption of IFRSs	January 01, 2004
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 17 – Insurance Contracts	January 01, 2021

The Company expects that above new standards will not have any material impact on the Company's financial statements in the period of initial application.

5 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

In the process of applying the accounting policies, management has made the following judgments and estimates which are significant to the financial statements:

- depreciation method, residual values and useful lives of property, plant and equipment (note 6.1 and 7.1)
- impairment of non-financial and financial assets (note 6.3 and 6.4.1)
- provision for slow moving and obsolete stores, spare parts and loose tools and stock-in-trade (notes 6.6 and 6.7)
- taxation (note 6.15, 10 and 29)
- contingencies (note 21)
- leases (notes 6.2, 6.12 and 6.13)

6 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.

6.1 Property, plant and equipment

Operating fixed assets

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for freehold 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 7.1 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.

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.

6.2 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 8 to the financial statements.

6.3 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.

6.4 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.

6.4.1 Financial assets

a) Initial recognition and measurement

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.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

b) Subsequent measurement

Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any.

Interest income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Any gain or loss on derecognition is recognised in the statement of profit or loss.

Debt investments at FVOCI - These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the statement of profit or loss.



Equity investments at FVOCI - These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses including on account of derecognition are recognised in OCI and are never reclassified to the statement of profit or loss.

c) Impairment of financial assets

The impairment under Expected Credit Loss (ECL) model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

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. 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 reporting date, 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 ECL based on life time ECL 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.

6.4.2 Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.



Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

6.5 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liability simultaneously.

6.6 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 upto 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.

6.7 Stock-in-trade

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

Raw and packing material - Purchase cost and other direct expenses on weighted average basis,

Finished goods and work-in-process - 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 upto the date of the statement of financial position,

Net Realisable Value 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 Net Realisable Value,

6.8 Trade debts, loans, and deposits

Trade debts, loans, and deposits 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 ECLs that result from all possible default events over the expected life of the trade debts, loans and deposits. Bad debts are written off when considered irrecoverable.

6.9 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 (defined contribution plan) 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.

6.10 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.

6.11 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.

6.12 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.

6.13 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.

6.14 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 which generally coincides with the delivery of goods to the customer.
- Interest on short-term investments and savings accounts is recognised on effective interest rate method.
- Dividend income is recognised when the right to receive such payment is established.
- Other income is recognised on accrual basis

6.15 Taxation

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.

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.

6.16 **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.

6.17 **Functional and presentation currency**

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

6.18 **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 account.

6.19 **Operating segments**

For management purposes, the activities of the Company are organized into one operating segment i.e., production of rice based starch 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.

		Note	2020 RUPEES	2019 RUPEES
7 PROPERTY, PLANT AND EQUIPMENT				
Operating fixed assets		7.1	390,304,262	403,841,387
Capital work-in-progress		7.4	-	-
			<u>390,304,262</u>	<u>403,841,387</u>

7.1 Operating fixed assets

2020	COST				ACCUMULATED DEPRECIATION				NET BOOK VALUE	Rate
	As at July 01, 2019	Additions	Disposals	As at June 30, 2020	As at July 01, 2019	For the year	On Disposals	As at June 30, 2020		
Rupees										
Freehold land	51,205,696	-	-	51,205,696	-	-	-	-	51,205,696	-
Buildings on freehold land:										
- Factory building	105,438,096	-	-	105,438,096	85,125,555	2,031,256	-	87,156,811	18,281,285	10%
- Factory office	7,086,750	-	-	7,086,750	2,765,731	216,052	-	2,981,783	4,104,967	5%
- Pavement and ponds	9,303,700	-	-	9,303,700	5,515,078	189,432	-	5,704,510	3,599,190	5%
Larkana office premises	759,358	-	-	759,358	511,964	12,368	-	524,332	235,026	5%
Plant and machinery	849,050,903	20,900,670	-	869,951,573	553,479,755	30,533,068	-	584,012,823	285,938,750	10%
Furniture and fixtures	5,433,219	-	-	5,433,219	4,019,520	141,368	-	4,160,888	1,272,331	10%
Tubewell	175,000	-	-	175,000	155,542	1,944	-	157,486	17,514	10%
Office and electrical equipment	4,993,461	220,780	-	5,214,241	4,326,200	66,728	-	4,392,928	821,313	10%
Computers	5,720,630	78,000	-	5,798,630	4,617,648	397,128	-	5,014,776	783,854	30%
Laboratory equipment	7,541,895	-	-	7,541,895	4,478,172	362,142	-	4,840,314	2,701,581	10%
Vehicles	90,834,448	4,224,000	5,850	95,052,598	68,813,386	5,001,956	5,561	73,809,781	21,242,817	20%
Boat	415,000	-	-	415,000	404,965	2,008	-	406,973	8,027	20%
Godown	218,996	-	-	218,996	122,249	4,836	-	127,085	91,911	5%
	1,138,177,152	25,423,450	5,850	1,163,594,752	734,335,765	38,960,286	5,561	773,290,490	390,304,262	

2019	COST				ACCUMULATED DEPRECIATION				NET BOOK VALUE	Rate
	As at July 01, 2018	Additions / * Transfers	Disposals	As at June 30, 2019	As at July 01, 2018	For the year	On Disposals	As at June 30, 2019		
Rupees										
Freehold land	51,205,696	-	-	51,205,696	-	-	-	-	51,205,696	-
Buildings on freehold land:	-									
- Factory building	105,438,096	-	-	105,438,096	82,868,607	2,256,948	-	85,125,555	20,312,541	10%
- Factory office	7,086,750	-	-	7,086,750	2,538,311	227,420	-	2,765,731	4,321,019	5%
- Pavement and ponds	9,303,700	-	-	9,303,700	5,315,678	199,400	-	5,515,078	3,788,622	5%
Larkana office premises	759,358	-	-	759,358	498,944	13,020	-	511,964	247,394	5%
Plant and machinery	684,903,883	* 164,147,020	-	849,050,903	528,079,616	25,400,139	-	553,479,755	295,571,148	10%
Furniture and fixtures	5,433,219	-	-	5,433,219	3,862,444	157,076	-	4,019,520	1,413,699	10%
Tubewell	175,000	-	-	175,000	153,378	2,164	-	155,542	19,458	10%
Office and electrical equipment	4,980,961	12,500	-	4,993,461	4,252,060	74,140	-	4,326,200	667,261	10%
Computers	5,041,254	679,376	-	5,720,630	4,327,402	290,246	-	4,617,648	1,102,982	30%
Laboratory equipment	7,307,895	234,000	-	7,541,895	4,137,760	340,412	-	4,478,172	3,063,723	10%
Vehicles	89,117,988	4,600,100	2,883,640	90,834,448	65,447,221	5,018,129	1,651,964	68,813,386	22,021,062	20%
Boat	415,000	-	-	415,000	402,457	2,508	-	404,965	10,035	20%
Godown	218,996	-	-	218,996	117,157	5,092	-	122,249	96,747	5%
	971,387,796	169,672,996	2,883,640	1,138,177,152	702,001,035	33,986,694	1,651,964	734,335,765	403,841,387	

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

	Note	2020 RUPEES	2019 RUPEES
Cost of sales	23.1	35,963,257	31,033,672
Administrative expenses	25	2,997,029	2,953,022
		<u>38,960,286</u>	<u>33,986,694</u>

7.3 Particulars of immovable assets of the Company are as follows:

Description	Location	Covered Area
Buildings on Freehold Land	Hub Industrial Area, District Lasbela, Baluchistan	32 Acres
Freehold Land	Hub Chowki, Baluchistan	42 Acres
Larkana Premises	Plot # A-25, A-26,A-27 Quetta Industrial Area and Trading Estate	1.21 Acres
Godown	Plot# 92, New Anaj Mandi, Miro Khan Road, Quetta Road	0.0436 Acre
	Plot # S/42, Site, Karachi	1 Acre

7.4 Capital work-in-progress - plant and machinery

	Note	2020 RUPEES	2019 RUPEES
At the beginning of the year		-	98,292,966
Capital expenditure incurred / advances made during the year		-	65,854,054
Transferred to operating fixed assets during the year		-	(164,147,020)
At the end of the year		-	-
		<u>-</u>	<u>-</u>

8 RIGHT-OF-USE ASSETS

8.1 COST

2020	COST				ACCUMULATED DEPRECIATION				NET BOOK VALUE	Rate
	As at July 01, 2019	Impact of initial application of IFRS 16 (note 4)	Disposals	As at June 30, 2020	As at July 01, 2019	For the year	On Disposals	As at June 30, 2020		
----- Rupees -----										
Admin office premises and business unit	-	23,106,095	-	23,106,095	-	9,091,874	-	9,091,874	14,014,221	2.5 years to 3.5 years

	Note	2020 RUPEES	2019 RUPEES
8.2 The depreciation charge for the year has been allocated as follows:			
Distribution costs	24	410,628	-
Administrative expenses	25	8,681,246	-
		<u>9,091,874</u>	<u>-</u>
9 LONG-TERM DEPOSITS			
Security deposits			
Nazir of High Court of Sindh		15,036,579	-
Others		5,093,181	<u>5,093,181</u>
		<u>20,129,760</u>	<u>5,093,181</u>
10 DEFERRED TAXATION – net			
Taxable temporary differences arising due to:			
Accelerated tax depreciation		(48,327,069)	<u>(35,091,623)</u>
Lease liabilities		2,984,006	-
Deductible temporary differences arising due to:			
Provisions and allowances		74,280,405	<u>51,588,914</u>
		<u>28,937,342</u>	<u>16,497,291</u>
11 STORES, SPARE PARTS AND LOOSE TOOLS			-
Stores			
in-hand		26,209,526	<u>24,682,239</u>
in-transit		1,939,449	<u>540,160</u>
		<u>28,148,975</u>	<u>25,222,399</u>
Spare parts		27,521,880	<u>25,943,490</u>
Loose tools		672,522	<u>638,218</u>
		<u>56,343,377</u>	<u>51,804,107</u>
12 STOCK-IN-TRADE			
Raw and packing materials			
in-hand	23.1.1	135,316,952	<u>141,679,930</u>
in-transit		23,789,763	<u>6,962,327</u>
Work-in-process	23.1	-	<u>218,101</u>
Finished goods	23	86,854,696	<u>101,879,419</u>
		<u>245,961,411</u>	<u>250,739,777</u>
13 TRADE DEBTS – unsecured, considered good			
Local		56,466	<u>123,104</u>
	13.1	<u>56,466</u>	<u>123,104</u>

	Note	2020 RUPEES	2019 RUPEES
13.1 The aging of unimpaired trade debts is as follows:			
Neither past due nor impaired:		-	-
Past due but not impaired:			
within 90 days		31,383	30,748
91 - 180 days		25,083	92,356
		56,466	123,104
		<u>56,466</u>	<u>123,104</u>

14 LOANS AND ADVANCES

14.1 Loans to:

Employees – secured	14.1.1	-	939,693
Executive – secured	14.1.1	-	1,500,000
		-	<u>2,439,693</u>

14.2 Advances to

Employees – unsecured	734,937	-	
Suppliers – unsecured	4,475,605		1,096,484
	<u>5,210,542</u>		<u>3,536,177</u>

14.1.1 Represents interest free loans given to an executive and other employees in accordance with their employment terms and are secured against the employees' retirement benefits

	Note	2020 RUPEES	2019 RUPEES
15 TRADE DEPOSITS AND PREPAYMENTS			
Security deposits		1,351,188	594,584
Prepayments		3,220,218	8,082,273
		<u>4,571,406</u>	<u>8,676,857</u>

16 SHORT-TERM INVESTMENTS

At amortised cost			
Term deposit receipts (TDR)	16.1	<u>360,238,738</u>	<u>150,254,450</u>

16.1 Represent investments made in TDR with a commercial bank and a development financial institution having term ranging between 3 to 12 months. These carry interest at rates ranging from 7.50% to 13.50% (2019: 5.65% to 10.75%) per annum.



	Note	2020 RUPEES	2019 RUPEES
17 CASH AND BANK BALANCES			
Cash in-hand		1,973,231	2,999,450
Cash with banks			
Current accounts		7,429,625	13,478,227
Savings accounts	17.1	65,100,933	133,682,060
		72,530,558	147,160,287
		<u>74,503,789</u>	<u>150,159,737</u>

17.1 These carry interest at the rates ranging between 6.5% to 11.25% (2019: 5.5% to 10.25%) per annum.

18 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2020	2019		2020	2019
---Number of Shares---		Ordinary shares of Rs. 5/- each issued as:	RUPEES	RUPEES
15,000,000	<u>15,000,000</u>	fully paid in cash	75,000,000	75,000,000
25,000,000	<u>25,000,000</u>	bonus shares	125,000,000	125,000,000
40,000,000	<u>40,000,000</u>		200,000,000	200,000,000

18.2 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.

19 LEASE LIABILITIES

The Company has lease contracts for the admin office premises and business unit. These leases generally have lease terms between 1.5 to 3.5 years. These lease contracts include extension and termination options subject to the mutual consent of the Company and the lessors.

	Note	2020 RUPEES	2019 RUPEES
Lease liabilities		10,289,676	-
Current maturity of lease liabilities		(9,594,195)	-
	19.1 & 19.2	<u>695,481</u>	<u>-</u>

19.1 Movement of lease liabilities:

At the beginning of the year		-	-
Impact of initial application of IFRS 16 (note 4)		17,503,824	-
Accretion of interest	28	2,110,872	-
Lease rentals paid		(9,325,020)	-
At the end of the year		10,289,676	-
Current maturity		(9,594,195)	-
		<u>695,481</u>	<u>-</u>

- 19.2** 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:

	2020		2019	
	Lease payments	Present value of lease payments	Lease payments	Present value of lease payments
----- (Rupees) -----				
Within one year	10,644,560	9,594,195	-	-
Later than one year but not later than five years	772,740	695,481	-	-
Total lease payments	<u>11,417,300</u>	<u>10,289,676</u>	<u>-</u>	<u>-</u>
Finance charges allocated to future periods	(1,127,624)	-	-	-
Present value of lease payments	<u>10,289,676</u>	<u>10,289,676</u>	<u>-</u>	<u>-</u>
Current maturity	(9,594,195)	(9,594,195)	-	-
	<u>695,481</u>	<u>695,481</u>	<u>-</u>	<u>-</u>

20 TRADE AND OTHER PAYABLES

	Note	2020 RUPEES	2019 RUPEES
Creditors		3,999,185	10,455,453
Accrued liabilities		31,606,570	19,466,671
Gas Infrastructure Development			
Cess and other charges	20.1 & 20.2	280,220,000	228,067,705
Contract liabilities	20.3	38,850,017	44,611,943
Workers' Welfare Fund	20.4	7,919,397	3,432,012
Workers' Profit Participation Fund	20.5	618,462	2,410,135
Sales tax payable		<u>6,205,088</u>	<u>779,077</u>
		<u>369,418,718</u>	<u>309,222,996</u>

- 20.1 Includes an amount of Rs. 198.53 million (2019: Rs. 161.09 million) in respect of accrual of Gas Infrastructure Development Cess (GIDC) calculated in accordance with the provisions of GIDC Act, 2015.
- 20.2 In August 2015, Sui Southern Gas Company (SSGC) increased rates of natural gas vide notification No. SRO 876(1)2015 dated August 31, 2015 issued by Oil and Gas Regulatory Authority (OGRA) whereby prices for natural gas for industrial sector were increased from Rs. 488 to Rs. 600 per MMBTU. Whereas those for the captive power sector were increased from Rs. 573 to Rs. 600 per MMBTU and the Company was subject to charge within both categories. The Company challenged the OGRA notification and filed writ petition in the Honorable High Court of Sindh (HCS). Thereafter, HCS vide its order dated May 18, 2016, decided the case in Company's favor and concluded that the OGRA notification lacks the sanctity of law and it cannot be validated in terms of Section 7 and 8 of the OGRA Ordinance 2002. SSGC filed an appeal in the HCS which was dismissed on August 15, 2017. Subsequently, SSGC has taken the matter to the Honorable Supreme Court of Pakistan and filed the petition to appeal against the order dated August 15, 2017.



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

Moreover OGRA in suppression of its notification No. SRO 1185(I)2016 dated December 30, 2016 issued notification dated October 04, 2018 stating that the sale prices 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 Honorable Supreme Court of Pakistan which is at the stage of hearing.

Further, OGRA in suppression of its Notification No. SRO 1234(1)2018 dated October 04, 2018, SRO 1284(i) dated October 18, 2018 SRO 1523(i) dated December 14, 2018 and SRO 234(I) 2018 dated February 21, 2019 issued notification SRO 795(I) dated June 29, 2019 which was superceded by SRO (I) 2019 dated August 09, 2019, stating that the sale prices and minimum charges in respect of natural gas to industrial customer with effect from July 01, 2019 shall be at flat rate of Rs.1,021 per MMBTU. The Company challenged the said impugned notification before HCS. The HCS has passed interim order dated November 22, 2019 suggesting stay on the rates aforementioned, while ordering plaintiffs to deposit the differential amount of notified price and prescribed price of estimated revenue requirement (ERR) of OGRA (Rs.937.57 per MMBTU) amounting to Rs. 83.43 per MMBTU as security till further orders. Due to the inherent uncertainties involved in the matter, the Company has provided Rs. 14.72 million in these financial statements on a prudent basis.

20.3 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. 44.61 million (2019: Rs. 60.98 million).

	Note	2020 RUPEES	2019 RUPEES
20.4 Workers' Welfare Fund			
At the beginning of the year		3,432,012	616,161
Provided during the year	26	4,487,385	2,815,851
At the end of the year		<u>7,919,397</u>	<u>3,432,012</u>

20.5 Workers' Profit Participation Fund

At the beginning of the year		2,410,135	2,718,462
Provided during the year	26	11,218,462	7,410,135
Payments made during the year		(13,010,135)	(7,718,462)
At the end of the year		<u>618,462</u>	<u>2,410,135</u>



21 CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

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 Honorable 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.

21.2 Commitments	Note	2020 RUPEES	2019 RUPEES
Outstanding letters of credit		26,739,844	-
Guarantee issued in favour of Sui Southern Gas Company Limited		66,345,865	63,889,755
Cheques and P.Os issued in favor of Nazir of Honorable 20.2 High Court of Sindh in relation to OGRA cases		57,019,177	43,917,158

22 TURNOVER – net

Local sales		1,583,818,894	1,160,611,766
Sales tax		(98,612,075)	(68,523,325)
Export sales		1,485,206,819	1,092,088,441
		213,859,887	470,611,895
		1,699,066,706	1,562,700,336

23 COST OF SALES

Finished goods at the beginning of the year		101,879,419	62,317,089
Cost of goods manufactured	23.1	1,306,431,129	1,297,749,071
Finished goods at the end of the year	12	(86,854,696)	(101,879,419)
		1,321,455,852	1,258,186,741

23.1 Cost of goods manufactured

Raw and packing materials consumed	23.1.1	750,506,173	742,073,437
Utilities		324,295,898	333,433,995
Salaries, wages and benefits	23.1.2	136,222,594	127,245,118
Repairs and maintenance and stores, spare parts and loose tools consumed		44,433,019	45,266,138
Depreciation on operating fixed assets	7.2	35,963,257	31,033,672
Vehicle running and maintenance		8,078,312	8,122,414
Insurance		3,546,851	3,356,555
Others		3,166,924	7,435,843
Work-in-process		1,306,213,028	1,297,967,172
At the beginning of the year		218,101	-
At the end of the year	12	-	218,101
		218,101	218,101
		1,306,431,129	1,297,749,071

	Note	2020 RUPEES	2019 RUPEES
23.1.1 Raw and packing materials consumed			
At the beginning of the year		141,679,930	160,609,913
Purchases		744,143,195	723,143,454
		885,823,125	883,753,367
At the end of the year	12	(135,316,952)	(141,679,930)
		<u>750,506,173</u>	<u>742,073,437</u>

23.1.2 Salaries, wages and benefits include Rs. 6.7 million (2019: Rs. 6.2 million) in respect of staff retirement benefits.

24 DISTRIBUTION COSTS

Freight and commission		63,360,001	62,166,758
Salaries, wages and benefits	24.1	11,224,530	11,115,571
Organic certification expenses		2,929,442	2,173,784
Advertisement expenses		3,081,646	1,514,809
Kosher certification expenses		-	986,716
Travelling and conveyance		1,316,279	624,331
Vehicle running expenses		650,858	620,297
Depreciation on right-of-use assets	8.2	410,628	-
Rent, rates and taxes		-	481,821
Postage and telephone		742,882	434,423
ISO and HACCP certification expenses		663,921	285,240
Insurance		252,720	238,863
Others		144,472	132,746
Printing and stationery		133,947	130,476
Entertainment		75,484	87,662
Utilities		75,462	66,264
		<u>85,062,272</u>	<u>81,059,761</u>

24.1 Salaries, wages and benefits include Rs. 0.69 million (2019: Rs. 0.62 million) in respect of staff retirement benefits.



	Note	2020 RUPEES	2019 RUPEES
25 ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	25.1	51,707,529	46,391,676
Travelling and conveyance		16,431,370	26,503,233
Rent, rates and taxes		537,400	6,482,024
Legal and professional charges		2,108,641	3,148,263
Depreciation on operating fixed assets	7.2	2,997,029	2,953,022
Depreciation on right-of-use assets	8.2	8,681,246	-
Vehicle running expenses		3,260,444	2,659,383
Postage and telephone		1,762,885	1,547,864
Printing and stationery		1,683,409	1,329,060
Auditor's remuneration	25.2	2,813,807	2,169,648
Utilities		1,270,986	1,159,469
Entertainment		1,365,956	1,013,777
Donations and corporate social responsibility	25.3	3,128,830	992,940
Advertisement expenses		1,232,985	555,108
Share registrar service charges		366,693	365,273
Insurance		624,509	349,413
Repairs and maintenance		554,120	150,900
Directors' fee		143,750	93,750
Others		4,954,040	4,290,479
		<u>105,625,629</u>	<u>102,155,282</u>

25.1 Salaries, wages and benefits include Rs. 2.9 million (2019: Rs. 2.6 million) in respect of staff retirement benefits.

25.2 Auditor's remuneration

Statutory audit	800,000	770,000
Half yearly review	155,000	150,000
Tax services	1,513,807	909,648
Others	345,000	340,000
	<u>2,813,807</u>	<u>2,169,648</u>

25.3 Directors or their spouses do not have any interest in the donees to whom donations were made.

26 OTHER EXPENSES

Workers' welfare fund	20.4	4,487,385	2,815,851
Workers' profit participation fund	20.5	11,218,462	7,410,135
		<u>15,705,846</u>	<u>10,225,986</u>

	Note	2020 RUPEES	2019 RUPEES
27 OTHER INCOME			
Income from financial assets			
Interest on savings accounts		8,961,467	6,030,054
Interest on short-term investments		35,128,176	17,266,474
Exchange (loss) / gain - net		(2,715,542)	5,436,448
		<u>41,374,101</u>	<u>28,732,976</u>
Income from non-financial assets			
Gain on disposal of operating fixed assets		9,711	1,103,324
		<u>41,383,812</u>	<u>29,836,300</u>
28 FINANCE COSTS			
Bank charges and commission		1,826,662	2,932,153
Accretion of interest on lease liabilities	19.1	2,110,872	-
		<u>3,937,534</u>	<u>2,932,153</u>
29 TAXATION			
Current		(45,693,970)	10,149,873
Prior		(890,677)	(1,738,627)
Deferred		12,440,051	6,316,427
		<u>34,144,596</u>	<u>14,727,673</u>
29.1 Income tax assessments of the Company have been finalised up to and including the tax year 2019.			
29.2 Relationship between tax expense and accounting profit			
Accounting profit before taxation		<u>208,663,385</u>	
Tax rate			29%
Tax on accounting profit		60,512,382	
Tax for prior years		890,677	
Tax effect of:			
Expenses that are not deductible in determining taxable profit		314,266	
Applying lower tax rates to certain income		(30,736,411)	
Others (including the impact arising as a consequence of reversal of deferred tax asset and change in allocation ratio of revenue chargeable under FTR and Non-FTR		3,163,682	
		<u>34,144,596</u>	
29.3 The provision for June 30, 2019 was calculated on the basis of Minimum Tax under section 113 of the Income Tax Ordinance, 2001, therefore, no reconciliation has been presented for 2019.			

		Note	2020 RUPEES	2019 RUPEES
30 EARNINGS PER SHARE				
Profit for the year			<u>174,518,789</u>	<u>123,249,040</u>
Weighted average number of ordinary shares in issue 18			<u>40,000,000</u>	<u>40,000,000</u>
Basic and diluted earnings per share			<u>4.36</u>	<u>3.08</u>
31 CASH GENERATED FROM OPERATIONS				
Profit before taxation			208,663,385	137,976,713
Adjustments				
Depreciation on operating fixed assets	7.2		38,960,286	33,986,694
Depreciation on right-of-use assets	8.2		9,091,874	-
Gain on disposals of operating fixed assets	27		(9,711)	(1,103,324)
Provision for GIDC and other charges			52,152,295	46,265,727
Interest on short-term investments and savings accounts	27		(44,089,643)	(23,296,528)
Finance costs	28		3,937,534	2,932,153
			<u>60,042,635</u>	<u>58,784,722</u>
			<u>268,706,020</u>	<u>196,761,435</u>
Decrease / (increase) in current assets				
Stores, spare parts and loose tools			(4,539,270)	5,568,022
Stock-in-trade			4,778,366	(24,033,925)
Trade debts			66,638	7,419,828
Loans and advances			(1,674,365)	(137,874)
Trade deposits and pre-payments			(1,496,821)	698,054
			<u>(2,865,452)</u>	<u>(10,485,895)</u>
(Decrease) / increase in current liability				
Trade and other payables			8,043,427	(19,080,663)
Cash generated from operations			<u>273,883,995</u>	<u>167,194,877</u>

32 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. No changes were made in the objectives, policies or processes and assumptions during the year ended June 30, 2020 which are summarized below:

32.1 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.

32.1.1 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. 4.15 million (2019: Rs. 2.84 million) and a 1% decrease would result in decrease in the Company's profit by the same amount.

32.1.2 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:

	2020 RUPEES	2019 RUPEES
Exchange rate – US Dollar	168.35	163.90

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 and the Company's equity.

	Change in rate (%)	Effect on profit before tax	
		2020 RUPEES	2019 RUPEES
June 30	10	271,749	3,441,900
	-10	(271,749)	(3,441,900)

32.2 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	2020 RUPEES	2019 RUPEES
Long-term deposits	9	20,129,760	5,093,181
Trade debts	13	56,466	123,104
Loans to employees	14	-	939,693
Loan to executive	14	-	1,500,000
Trade deposits	15	1,351,188	594,584
Interest accrued		22,521,507	7,041,725
Bank balances	17	72,530,558	147,160,287
		<u>116,589,479</u>	<u>162,452,574</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 with no default in the past one year	<u>56,466</u>	<u>123,104</u>
--	---------------	----------------

Cash at bank

Current accounts		
A-1 +	7,429,625	13,478,227
Savings accounts		
A-1 +	<u>65,100,933</u>	<u>133,682,060</u>
	<u>72,530,558</u>	<u>147,160,287</u>



32.3 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.

	2020				
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	(Rupees)				
Financial liabilities					
Trade and other payables	-	35,605,755	-	-	35,605,755
Lease liabilities	-	-	9,594,195	695,481	10,289,676
Un-claimed dividend	20,686,985	-	-	-	20,686,985
	<u>20,686,985</u>	<u>35,605,755</u>	<u>9,594,195</u>	<u>695,481</u>	<u>66,582,416</u>

	2019				
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	(Rupees)				
Financial liabilities					
Trade and other payables	-	29,922,124	-	-	29,922,124
Lease liabilities	-	-	-	-	-
Un-claimed dividend	15,406,881	-	-	-	15,406,881
	<u>15,406,881</u>	<u>29,922,124</u>	<u>-</u>	<u>-</u>	<u>45,329,005</u>

32.4 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.

32.5 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)

As of June 30, 2020, the Company does not have any financial assets carried at fair value that required categorization in Level 1, Level 2 and Level 3.

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

	2020		2019	
	Dividend	Lease liabilities	Dividend	Lease liabilities
----- (Rupees) -----				
At the beginning of the year	15,406,881	-	<u>14,319,333</u>	-
Changes from financing cash flows				
Dividend paid during the year	(94,719,896)	-	<u>(48,912,452)</u>	-
Lease rentals paid	-	(9,325,020)	<u>(48,912,452)</u>	-
Other changes				
Dividend declared during the year	100,000,000	-	<u>50,000,000</u>	
Impact of initial application of IFRS 16 (note 4)	-	17,503,824		
Accretion of interest	-	2,110,872	<u>50,000,000</u>	-
	100,000,000	19,614,696		
At the end of the year	<u>20,686,985</u>	<u>10,289,676</u>	<u>15,406,881</u>	-

32.7 Unutilised credit facilities

At June 30, 2020 the Company has a sanctioned limit of Rs.100 million for a running finance facility which carries interest at the rate of 2.50 percent plus 3 months average KIBOR 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.

33 REMUNERATION OF THE CHIEF EXECUTIVE , DIRECTOR AND EXECUTIVES

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

	2020			2019		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
----- (Rupees) -----						
Managerial remuneration	10,357,640	6,035,525	22,969,219	8,975,441	5,230,111	17,384,390
Bonus	834,581	486,319	1,951,584	787,339	458,794	1,487,392
Leave encashment	847,827	494,041	1,901,165	763,481	444,891	1,067,392
Contribution to provident fund	793,588	462,434	1,751,471	747,953	435,843	1,448,699
	<u>12,833,636</u>	<u>7,478,319</u>	<u>28,573,439</u>	<u>11,274,214</u>	<u>6,569,639</u>	<u>21,387,873</u>
Number of persons	<u>1</u>	<u>1</u>	<u>9</u>	<u>1</u>	<u>1</u>	<u>7</u>

33.2 The aggregate amount paid to the directors as a fee for attending the Board of Directors' meetings amounted to Rs. 93,750 (2019: Rs. 75,000).

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

34 TRANSACTIONS WITH RELATED PARTIES

34.1 Related parties comprises of associated companies, directors, other key management personals and retirement funds. Transactions with related parties other than those disclosed elsewhere in the financial statements as mentioned below:

Relationship	Nature of transactions	2020		2019	
		-----Rupees-----			
Associated Company	Dividend paid		<u>48,933</u>		<u>24,466</u>
Directors and other	Dividend paid		<u>65,749,465</u>		<u>25,425,800</u>
Staff provident fund	Contributions made		<u>10,271,931</u>		<u>9,430,967</u>

34.2 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	0.05%
Abbas Builders (Private) Limited	Common directorship	0.00%
Indus Oil Expellers (Private) Limited	Common directorship	0.00%

35 NUMBER OF EMPLOYEES

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

	2020	2019
	-----Numbers-----	
At year end	320	343
Average employees during the year	<u>317</u>	<u>326</u>

36 CAPACITY

	2020	2019
Annual installed capacity as of June 30, (in m.tonnes)	<u>45,000</u>	<u>45,000</u>
Actual production for the year (in m.tonnes)	<u>16,267</u>	<u>18,597</u>

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

37 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 87% during the year ended June 30, 2020 (2019: 70%).

All non-current assets of the Company as at the June 30, 2020 and June 30, 2019 were located in Pakistan.

Sales to a major customer of the Company are around 14% of the Company's total sales during the year ended 30 June 2020 (2019: 11%)

38 POST REPORTING DATE EVENTS

38.1 Subsequent to the year end, the Board of Directors of the Company in their meeting held on September 16, 2020 have proposed a final cash dividend of Rs. 3.00 (2019: Rs.2.5) per share.

39 GENERAL

39.1 Figures have been rounded off to the nearest Rupees unless otherwise stated.

39.2 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.

39.3 These financial statements were authorised for issue on September 16, 2020 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 40th Annual General Meeting of the Shareholders of Habib Rice Products Ltd. will be held virtually via video-link / Zoom Cloud meetings for the wellbeing of shareholders in light of the threat posed by the evolving COVID-19 situation, on Wednesday, October 28, 2020 at 11:00 a.m. at Karachi, to transact the following business.

ORDINARY BUSINESS:

1. To confirm the minutes of the Extra Ordinary General Meeting held on Thursday, June 04, 2020.
2. To receive and adopt the Director's Report and Audited Financial Statements of the Company for the year ended June 30, 2020.
3. To approve the Final Cash Dividend for the year ended June 30, 2020 @ 60% i.e. Rs.3.00 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, 2021 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: 16 September 2020.

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 19 October, 2020 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 19 October, 2020) 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. Electronic Notice of AGM

The Company has been dispatching the Notice of AGM to all the members through post to their registered address. In addition, the Notice along with proxy form is available on the Company's website <https://www.hal-financialstatement.com> and has been sent to the PSX via the PUCARS system. In the event of any difficulty in accessing the Notice or the proxy form, members can contact the Company by e-mail at hal-adm@hotmail.com. The Company will send a copy of the Notice and proxy form via e-mail only to those members who place a request in writing and have provided their e-mail addresses to the Share Registrar of the Company THK Associates (Pvt) Limited.

3. Closure of Share Transfer Books

The share transfer books of the Company will remain closed from October 20, 2020 to October 28, 2020 (both days inclusive). Transfers received in order at the office of our Share Registrar M/s. THK Associates (Pvt.) Limited, 1st Floor, 40 - C, Block - 6, P.E.C.H.S., Karachi at the close of the business on 19 October, 2020 will be treated in time to determine the right to attend the Annual General Meeting.

4. Participation in General Meeting

A member of the company entitled to attend and, speak and vote at this meeting may appoint any other member as his/her proxy to attend, speak and vote in his/her behalf. Proxies, in order must be received at the Company's Share Registrar office not later than 48 hours prior to the meeting.

CDC Account holders will further have to follow the under mentioned guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan (SECP).

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.

5. 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.

6. 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.

7. E-Dividend (Mandatory)

In accordance with the provision of Section 242 of the Companies Act and Companies (Distribution of Dividends), Regulation 2017, a listed Company, is required to pay cash dividend to the shareholders ONLY through electronic mode directly into the bank account designated by the entitled shareholders. 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.hal-financialstatement.com

Those shareholders who have still not provided their IBAN are once again requested to fill in "Electronic Credit Mandate Form" as reproduced below and send it duly signed along with a copy of valid CNIC to their respective CDC participant / CDC Investor account service (in case of shareholding in Book Entry Form) or to the Company's Share Registrar M/s. THK Associates (Pvt.) Limited, 1st Floor, 40 - C, Block - 6, P.E.C.H.S., Karachi. (in case of shareholding in Physical Form).

Details of Shareholder Of Habib Rice Products Ltd	
Name of the shareholder	
Father / Husband Name	
Folio # / CDC Account and Participant's I.D	
CNIC No NICOP No.	
Passport No. (in case of foreign shareholder)	
NTN (in case of corporate shareholders)	
Mobile / Landline number	
Email Address	
Shareholders' Bank details	
Title of Bank Account (the bank account title must be in the name of the title holder/principle holder of the shares)	
International Bank Account Number (IBAN) - 24 Digits "Mandatory"	<input type="text"/>
<p>(Kindly Provide your accurate IBAN after consulting with your respective bank branch since in case of any error or omission in given IBAN, the HABIB - ADM Ltd., and Central Depository Company of Pakistan Limited (CDC) will not be held responsible, in any manner, for any loss or delay in your cash dividend payment).</p>	
Bank's Name	
Branch's Name and Address	

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 28th October 2020, 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.



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 email

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 40-C, Block-6, P.E.C.H.S., 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
1st Floor, 40 - C, Block - 6,
P.E.C.H.S., Karachi-75400
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 28, 2020,
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. (Formerly **Habib-ADM Ltd.**)

Pioneer Producers of Rice Based Starch Sugars and Proteins

Habib Rice Products Limited (Formerly Habib-ADM Ltd.) pioneered the conversion of Rice into:-

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

