



# **Habib Rice Products Ltd.**



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

**Half Yearly  
Unaudited Accounts  
December 31, 2020**

# Contents

	<b>Page No</b>
Company Information	2
Chairman's Review / Directors' Report	3
Auditors' Report To The Members	4
Condensed Interim Statement of Financial Position (Un-audited)	5
Condensed Interim Statement of Profit or Loss (Un-audited)	6
Condensed Interim Statement of Comprehensive Income (Un-audited)	7
Condensed Interim Statement of Changes in Equity (Un-audited)	8
Condensed Interim Statement of Cash Flows (Un-audited)	9
Condensed Notes to the Financial Statements (Un-audited)	10-19

## **COMPANY INFORMATION**

### **BOARD OF DIRECTORS**

#### **Executive Directors**

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

#### **Non Executive Directors**

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

### **BOARD OF AUDIT COMMITTEE**

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

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

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

### **CHIEF EXECUTIVE OFFICER**

Mr. Owais G. Habib

### **CHIEF FINANCIAL OFFICER**

Mr. Jamshed Ali Khan

### **COMPANY SECRETARY**

Mr. Ali Asghar Rajani

### **AUDITORS**

EY Ford Rhodes  
Chartered Accountants

### **SHARE REGISTRAR**

M/s. THK Associates (Pvt.) Limited  
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  
I. I. Chundrigar Road,  
Karachi - 74000, Pakistan.  
Telephone : (021) 32411887  
Fax : (021) 32414581

### **ADMINISTRATIVE OFFICES & FACTORY**

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



## CHAIRMAN'S REVIEW / DIRECTORS' REPORT

Half Year Ended December 31, 2020 (Unaudited)

Dear Shareholders,

We bow our heads in gratitude to Allah the Beneficent, the Merciful, the Provider, for the Blessing He continues to bestow on us which are partly reflected in the Company's performance for the Half Year ended December 31, 2020.

**Operation: -**

With the arrest of Indian Import of Sorbitol - we have a relatively level playing field.

Our "business as usual" has by the grace of Allah resulted in a bottom line of Rs. 115 Million before tax.

**Board Note of Dissent:-**

Under the present Accounting regulations, we are required to discount our contingent liability of the GIDC provision and book a "fake" profit. This "Fake Profit" amounts to Rs. 32 Million.

This requirement is not only illogical and absurd but can mislead investors thus prove harmful.

I have conveyed this opinion to the association of the chartered accountants.

**Interim Cash Dividend:-**

The Board of Directors has declared 40% (Rs. 2.00 per share of Rs. 5) interim cash dividend for the year ended June 30, 2021.

**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

**Gaffar A. Habib**  
Chairman

Karachi: February 19, 2021



Ey Ford Rhodes  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
P.O. Box 15541, Karachi 75530  
Pakistan

UAN: +9221 111 11 39 37 (EYFR)  
Tel: +9221 3565 0007-11  
Fax: +9221 3568 1965  
ey.khi@pak.ey.com  
ey.com/pk

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

**To the members of Habib Rice Products Limited**

**Report on review of Condensed Interim Financial Statements**

### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of **Habib Rice Products Limited** (the Company) as at **31 December 2020** and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows, and notes to the financial statements for the six months period ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and the notes forming part thereof for the three months period ended 31 December 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 31 December 2020.

### **Scope of Review**

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

### **Conclusion**

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

### **Other Matter**

We draw attention to contents of the "Chairman's Review / Directors' Report" under the heading "Operation" and "Board Note of Dissent", which includes reference to the amount of profit before tax for the period and comments regarding the accounting impact of re-measurement gain on discounting of provision for Gas Infrastructure Development Cess (GIDC). The said reference and comments are inconsistent with the position reflected by the Company in the accompanied interim financial statements.

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: 26 February 2021

A member firm of Ernst & Young Global Limited

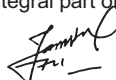
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2020**

		December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
<b>ASSETS</b>	<b>Note</b>	----- Rupees -----	
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	410,968,232	390,304,262
Right-of-use assets	5	9,468,285	14,014,221
Long-term deposits		26,490,870	20,129,760
Deferred tax	6	31,888,101	28,937,342
		<u>478,815,488</u>	<u>453,385,585</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		70,746,110	56,343,377
Stock-in-trade	7	189,010,312	245,961,411
Trade debts		36,576	56,466
Loans and advances		4,467,693	5,210,542
Trade deposits and short-term prepayments		3,576,671	4,571,406
Short-term investments	8	399,866,407	360,238,738
Interest accrued		5,572,154	22,521,507
Taxation – net		31,352,956	92,283,352
Cash and bank balances	9	185,908,255	74,503,789
		<u>890,537,134</u>	<u>861,690,588</u>
		<u>1,369,352,622</u>	<u>1,315,076,173</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
60,000,000 (June 30, 2020: 60,000,000)			
ordinary shares of Rs.5/- each		<u>300,000,000</u>	<u>300,000,000</u>
Issued, subscribed and paid-up capital		200,000,000	200,000,000
Reserves		715,482,070	714,680,794
		<u>915,482,070</u>	<u>914,680,794</u>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		465,902	695,481
Provision for Gas Infrastructure			
Development Cess (GIDC)	10	133,551,517	-
		<u>134,017,419</u>	<u>695,481</u>
<b>Current Liabilities</b>			
Trade and other payables	11	218,659,091	170,891,424
Current maturity of lease liabilities		10,325,241	9,594,195
Current portion of provision for GIDC	10	63,723,100	198,527,294
Unclaimed dividend		27,145,701	20,686,985
		<u>319,853,133</u>	<u>399,699,898</u>
		<u>1,369,352,622</u>	<u>1,315,076,173</u>
<b>Contingencies and Commitments</b>			
	12		

The annexed notes from 1 to 18 form an integral part of these condensed interim financial information.



**OWAIS G. HABIB**  
Chief Executive Officer



**JAMSHED ALI KHAN**  
Chief Financial Officer



**GAFFAR A. HABIB**  
Chairman

Karachi: February 19, 2021

**CONDENSED INTERIM STATEMENT OF  
PROFIT OR LOSS**  
FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UN-AUDITED)

	Half year ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
----- Rupees -----				
Turnover – net	905,334,609	878,148,426	476,557,107	488,053,864
Cost of sales	(711,733,448)	(683,013,967)	(382,682,311)	(375,723,714)
<b>Gross profit</b>	<b>193,601,161</b>	<b>195,134,459</b>	<b>93,874,796</b>	<b>112,330,150</b>
Distribution cost	(38,376,402)	(43,898,100)	(19,156,492)	(19,865,718)
Administrative expenses	(45,671,911)	(45,734,863)	(23,520,430)	(23,066,268)
Other expenses	(10,931,244)	(10,811,324)	(6,258,804)	(5,524,658)
Other income 13	18,667,415	18,916,126	8,583,126	10,953,407
Finance costs	(2,215,729)	(549,777)	(1,492,976)	(284,060)
	115,073,290	113,056,521	52,029,220	74,542,853
Remeasurement gain on discounting of provision for GIDC 10	32,070,140	-	32,070,140	-
<b>Profit before taxation</b>	<b>147,143,430</b>	<b>113,056,521</b>	<b>84,099,360</b>	<b>74,542,853</b>
Taxation				
- Current	(29,292,913)	(23,901,070)	(17,312,501)	(18,429,516)
- Deferred	2,950,759	6,532,176	186,897	3,277,771
	(26,342,154)	(17,368,894)	(17,125,604)	(15,151,745)
Net profit	120,801,276	95,687,627	66,973,756	59,391,108
<b>Earnings per share – basic and diluted</b>	3.02	2.39	1.67	1.48

The annexed notes from 1 to 18 form an integral part of these condensed interim financial information.



**OWAIS G. HABIB**  
Chief Executive Officer



**JAMSHED ALI KHAN**  
Chief Financial Officer



**GAFFAR A. HABIB**  
Chairman

Karachi: February 19, 2021



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



**CONDENSED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME**  
FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UN-AUDITED)

	<u>Half year ended</u>		<u>Quarter ended</u>	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	----- Rupees -----			
Profit after taxation	120,801,276	95,687,627	66,973,756	59,391,108
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<u>120,801,276</u>	<u>95,687,627</u>	<u>66,973,756</u>	<u>59,391,108</u>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial information.

**OWAIS G. HABIB**  
Chief Executive Officer

Karachi: February 19, 2021

**JAMSHED ALI KHAN**  
Chief Financial Officer

**GAFFAR A. HABIB**  
Chairman





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



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UN-AUDITED)**

Particulars	Issued, Subscribed And Paid-up Capital	Reserves			Total reserves	Total equity
		Capital Reserve Share Premium	Revenue reserves General Reserve	Unappropriated Profit		
<b>Balance as at July 01, 2019 (audited)</b>	200,000,000	10,000,000	50,000,000	580,162,005	640,162,005	840,162,005
Final dividend @ 50% for the year ended June 30, 2019	-	-	-	(100,000,000)	(100,000,000)	(100,000,000)
Net profit	-	-	-	95,687,627	95,687,627	95,687,627
Other comprehensive income	-	-	-	95,687,627	95,687,627	95,687,627
Total comprehensive income	-	-	-	191,375,254	191,375,254	191,375,254
<b>Balance as at December 31, 2019 (un-audited)</b>	200,000,000	10,000,000	50,000,000	575,849,632	635,849,632	835,849,632
<b>Balance as at July 01, 2020 (audited)</b>	200,000,000	10,000,000	50,000,000	654,680,794	714,680,794	914,680,794
Final dividend @ 60% for the year ended June 30, 2020	-	-	-	(120,000,000)	(120,000,000)	(120,000,000)
Net profit	-	-	-	120,801,276	120,801,276	120,801,276
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	120,801,276	120,801,276	120,801,276
<b>Balance as at December 31, 2020 (un-audited)</b>	200,000,000	10,000,000	50,000,000	655,482,070	715,482,070	915,482,070

The annexed notes from 1 to 18 form an integral part of these condensed interim financial information.

**OWAIS G. HABIB**  
Chief Executive Officer

**JAMSHED ALI KHAN**  
Chief Financial Officer

**GAFFAR A. HABIB**  
Chairman

Karachi: February 19, 2021

**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UN-AUDITED)

		December 31, 2020 (Un-audited)	December 31, 2019 (Un-audited)
	Note	----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before taxation</b>		147,143,430	113,056,521
Adjustments for non-cash items:			
Depreciation on operating fixed assets	4	18,179,319	18,876,443
Depreciation on right-of-use assets	5	4,545,936	-
Provision for GIDC and other charges		35,561,857	-
Profit on short-term investments and savings accounts		(18,382,643)	(18,916,125)
Gain on disposal of operating fixed assets		(10,589)	-
Unrealised fair value gain on short-term investments		(274,183)	-
Re-measurement gain on discounting of provision for GIDC	10	(32,070,140)	
Finance costs		2,215,729	549,777
Operating profit before working capital changes		156,908,716	113,566,616
Working capital changes	13	87,329,113	37,060,987
Cash generated from operations		244,237,829	150,627,603
Taxes refunded / (paid)		31,637,483	(26,244,719)
Finance costs paid		(1,451,772)	(549,777)
Long-term deposits - net		(6,361,110)	-
		23,824,601	(26,794,496)
<b>Net cash generated from operating activities</b>		268,062,430	123,833,107
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(38,847,700)	(2,697,526)
Short term investments redeemed - net		61,643,370	-
Profit on short-term investments and savings accounts received		35,331,996	18,299,058
Proceeds from disposal of operating fixed assets		15,000	-
<b>Net cash generated from investing activities</b>		58,142,666	15,601,532
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(113,541,284)	(94,010,891)
Lease rentals paid		(262,490)	-
<b>Net cash used in financing activities</b>		(113,803,774)	(94,010,891)
Net increase in cash and cash equivalents		212,401,322	45,423,748
Cash and cash equivalents at the beginning of the period		74,758,239	307,455,912
<b>Cash and cash equivalents at the end of the period</b> 14		287,159,561	352,879,660

The annexed notes from 1 to 18 form an integral part of these condensed interim financial information.



**OWAIS G. HABIB**  
Chief Executive Officer



**JAMSHED ALI KHAN**  
Chief Financial Officer



**GAFFAR A. HABIB**  
Chairman

Karachi: February 19, 2021



## **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UN-AUDITED)**

### **1 THE COMPANY AND ITS OPERATIONS**

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

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

### **2 BASIS OF PREPARATION**

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.2** These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2020. These condensed interim financial statements are unaudited, however, have been subject to limited scope review by the auditors and are being submitted to the shareholders as required by the Pakistan Stock Exchange Regulations and Section 237 of the Companies Act, 2017.
- 2.3** The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2020 and December 31, 2019 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half years ended December 31, 2020 and December 31, 2019.
- 2.4** These condensed interim financial statements are presented in the Pakistani rupees which is also the Company's functional currency

### **3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the methods of computations adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2020 except for;

### Standards, amendments and framework for financial reporting effective during the period

The Company has adopted the following amendments to International Financial Reporting Standards (IFRSs) and framework for financial reporting which became effective for the current period:

#### Amendments to standards:

IFRS 3	Definition of a Business (Amendments);
IFRS 9 / IAS 39 / IFRS 7	Interest Rate Benchmark Reform (Amendments); and
IAS 1 / IAS 8	Definition of Material (Amendments)

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.

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

### 3.1 Accounting estimates and judgements

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

Estimates and judgments made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to the annual audited financial statements of the Company for the year ended June 30, 2020.

		December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
	Note	----- Rupees -----	
<b>4</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	Operating fixed assets	4.1 377,737,392	390,304,262
	Capital work-in-progress (CWIP)	4.2 <u>33,230,840</u>	<u>-</u>
		<u>410,968,232</u>	<u>390,304,262</u>

	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
Note	----- Rupees -----	
<b>4.1</b>	<b>The movement in operating fixed assets during the period / year is as follows:</b>	
Net book value (NBV) at the beginning of the period / year	390,304,262	403,841,387
Additions during the period / year - cost	4.1.1 5,616,860	25,423,450
	<u>395,921,122</u>	<u>429,264,837</u>
Disposals during the period / year - NBV	(4,411)	(289)
Depreciation charged during the period / year	(18,179,319)	(38,960,286)
	<u>(18,183,730)</u>	<u>(38,960,575)</u>
NBV at the end of the period / year	<u>377,737,392</u>	<u>390,304,262</u>
<b>4.1.1 Additions during the period / year</b>		
Plant and machinery	4,593,342	20,900,670
Computer, office and electrical equipment	171,680	298,780
Furniture and fixture	216,288	-
Laboratory equipment	427,050	-
Vehicles	208,500	4,224,000
	<u>5,616,860</u>	<u>25,423,450</u>
<b>4.2 Capital work-in-progress</b>		
At the beginning of the period / year	-	-
Additions during the period / year – plant and machinery	33,230,840	-
At the end of the period / year	<u>33,230,840</u>	<u>-</u>
<b>5 RIGHT-OF-USE ASSETS</b>		
At the beginning of the period / year	14,014,221	-
Impact of initial application of IFRS 16	-	23,106,095
Depreciation charged during the period / year	(4,545,936)	(9,091,874)
At the end of the period / year	<u>9,468,285</u>	<u>14,014,221</u>

The company has recognised right-of-use in respect of admin office and business unit.

	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
	Note -----	Rupees -----
<b>6 DEFERRED TAX</b>		
Arising on taxable temporary differences:		
Accelerated tax depreciation	(37,290,620)	(38,931,744)
Arising on deductible temporary differences:		
Lease liabilities	2,534,839	2,403,882
Provisions	66,643,882	65,465,204
	<u>31,888,101</u>	<u>28,937,342</u>
<b>7 STOCK-IN-TRADE</b>		
Raw material – in hand	66,001,397	135,316,952
– in-transit	19,058,624	23,789,763
	<u>85,060,021</u>	<u>159,106,715</u>
Work-in-process	1,997,223	-
Finished goods	101,953,068	86,854,696
	<u>189,010,312</u>	<u>245,961,411</u>
<b>8 SHORT-TERM INVESTMENTS</b>		
<b>At amortised cost</b>		
Term deposit receipts (TDR)		
maturity within 3 months	101,251,306	254,450
maturing within 3 to 12 months	101,968,100	359,984,288
	8.1 <u>203,219,406</u>	<u>360,238,738</u>
<b>At fair value through profit or loss</b>		
Listed equity securities -		
Bank AL Habib Limited	186,616,699	-
Mutual fund units	10,030,302	-
	<u>399,866,407</u>	<u>360,238,738</u>
<b>8.1</b>	These carry profit at rates ranging from 5.50% to 8.00% (June 30, 2020: 7.50% to 13.50%) per annum .	
<b>9 CASH AND BANK BALANCES</b>		
Cash in hand	2,088,193	1,973,231
Cash with banks		
Current accounts - local currency	6,684,756	7,429,625
Savings accounts - local currency	9.1 <u>177,135,306</u>	<u>65,100,933</u>
	<u>183,820,062</u>	<u>72,530,558</u>
	<u>185,908,255</u>	<u>74,503,789</u>
<b>9.1</b>	These carry profit rate of 5.5% (June 30, 2020: 11.25%) per annum.	

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

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

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

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

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

However, as a matter of abundant caution and without prejudice to the suit filed, the Company as required by IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', during the period, has re-measured the existing provision for GIDC amounting to Rs. 179.80 million at the present value of future cashflows amounting to Rs. 147.74 million (including current maturity of Rs. 14.18 million) resulting in remeasurement gain on discounting of provision for GIDC amounting to Rs. 32.07 million recorded in the condensed interim statement of profit or loss for the period. Additionally, the Company has maintained a provision amounting to Rs. 49.53 million in respect of the differential GIDC at captive power rate and the GIDC amount being charged at the industrial rate pursuant to the decision of Honourable HCS. Corresponding provision of GIDC was classified in current liabilities - trade and other payables up till June 30, 2020 based on the decision of the Honorable SCP upto that date.

	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
Note -----	Rupees -----	

## 11 TRADE AND OTHER PAYABLES

Creditors	4,962,190	3,999,185
Accrued liabilities	28,801,880	31,606,570
Provision for gas charges	11.1 86,437,100	81,692,706
Contract liabilities	80,235,685	38,850,017
Workers' Welfare Fund	10,839,766	7,919,397
Workers' Profit Participation Fund	4,385,183	618,462
Sales tax payable	2,979,545	6,205,087
Others	17,742	-
	<u>218,659,091</u>	<u>170,891,424</u>



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

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

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

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



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

## 12 CONTINGENCIES AND COMMITMENTS

### 12.1 Contingencies

There is no change in the status of contingencies as disclosed in the annual audited financial statements for the year ended June 30, 2020 except as stated below:

The Company has filed a Suit 722 of 2020 in the Honorable High Court of Sindh (HCS) challenging the demand of non-utilization fee by Sindh Industrial Trading Estates Limited (SITE Limited) amounting to Rs. 11.95 million in relation to Plot No. S-42, SITE, Karachi on the grounds that the matter regarding demand of non-utilization fee has already been decided by a judgement of the Honorable HCS dated May 04, 2002 in C.P No. D-333/2020 (M/s Indus Battery Industries vs SITE Limited). The Honorable HCS in its order dated July 02, 2020 has restrained SITE Limited from taking any coercive action against the Company. The matter is currently at the stage of hearing.

	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
Note	----- Rupees -----	----- Rupees -----
<b>12.2 Commitments</b>		
Outstanding letters of credit	<u>188,774,303</u>	<u>26,739,844</u>
Guarantee issued in favour of:		
Sui Southern Gas Company Limited	12.1 <u>73,845,865</u>	<u>66,345,865</u>
Cheques / payorders issued in favour of Nazir High Court	<u>63,380,287</u>	<u>57,019,177</u>
<b>12.1</b> Guarantees have been issued by a commercial bank on behalf of the Company to Sui Southern Gas Company Limited in the normal course of business.		



	<b>December 31, 2020</b>	<b>December 31, 2019</b>
	<b>(Un-audited)</b>	<b>(Un-audited)</b>
<b>Note</b>	<b>----- Rupees -----</b>	
<b>13 WORKING CAPITAL CHANGES</b>		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(14,402,733)	(2,411,484)
Stock-in-trade	56,951,099	(12,339,890)
Trade debts	19,890	12,134
Loans and advances	742,849	(1,294,184)
Trade deposits and short-term prepayments	994,735	767,103
	<u>44,305,840</u>	<u>(15,266,321)</u>
Increase in current liabilities		
Trade and other payables	43,023,273	52,327,308
	<u>87,329,113</u>	<u>37,060,987</u>

**14 CASH AND CASH EQUIVALENTS**

Short-term investments - term deposit		
receipts - maturity within 3 months	8 101,251,306	262,866,972
Cash and bank balances	9 185,908,255	90,012,688
	<u>287,159,561</u>	<u>352,879,660</u>

**15 TRANSACTIONS WITH RELATED PARTIES**

Related parties comprise of associated companies, directors, other key management personnel and retirement funds. Transactions with related parties other than those disclosed elsewhere in the financial information as mentioned below are entered under agreed terms:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
	<b>(Un-audited)</b>	<b>(Un-audited)</b>
<b>Transactions during the period</b>	<b>----- Rupees -----</b>	
<b>Associated Companies</b>		
Dividend paid		
- Haydari Boring & Piling Company (Private) Limited	54,000	38,250
- Abbas Builders (Private) Limited	4,119	2,918
- Indus Oil Expellers (Private) Limited	600	425
	<u>60,719</u>	<u>42,593</u>
<b>Directors and others</b>		
Dividend paid	78,899,358	65,749,465
<b>Key management personnel</b>		
Salaries and allowances	21,698,722	21,288,934
	<u>21,698,722</u>	<u>21,288,934</u>
<b>Retirement benefit plans</b>		
Contribution to provident fund	10,365,210	10,102,088
	<u>10,365,210</u>	<u>10,102,088</u>

15.1 The aggregate amount paid / payable to the directors as a fee for attending the Board of Director's meetings for the period ended December 31, 2020 amounted to Rs.25,000 (December 31, 2019: Rs.75,000).

## 16 FINANCIAL RISK MANAGEMENT

These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2020. There have been no changes in any risk management policies since the year end, except as described below:

### December 31, 2020 (Unaudited)

	Carrying amount		Fair value hierarchy		
	Fair value through profit or loss	Total	Level 1	Level 2	Level 3
----- (Rupees in '000)-----					
<b>Financial assets measured at fair value</b>					
Short-term investments					
Listed equity securities - Bank AL Habib Limited	186,616,699	186,616,699	186,616,699	-	-
Mutual fund units	10,030,302	10,030,302	10,030,302	-	-
	<b>196,647,001</b>	<b>196,647,001</b>	<b>196,647,001</b>		

### June 30, 2020 (Unaudited)

	Carrying amount		Fair value hierarchy		
	Fair value through profit or loss	Total	Level 1	Level 2	Level 3
----- (Rupees in '000)-----					
<b>Financial assets measured at fair value</b>					
Short-term investments					
Listed equity securities	-	-	-	-	-
Mutual fund units	-	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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



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



## 17 OPERATING SEGMENTS

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

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

Total sales of the Company relating to customers in Pakistan were 90.13% of total sales during the period ended December 31, 2020 (December 31, 2019: 88.21%).

All non-current assets of the Company as at December 31, 2020 and June 30, 2020 are located in Pakistan.

Sales to two major customers of the Company are around 14% and 11% of the Company's total sales during the period ended December 31, 2020.

## 18 GENERAL

**18.1** These condensed interim financial statements have been authorized for issue on February 19, 2021 by the Board of Directors of the Company.

**18.2** Figures have been rounded off to the nearest rupee, unless otherwise stated.

**18.3** Subsequent to the period end, the Board of Directors in their meeting held on February 19, 2021 declared and approved interim cash dividend for the year ending June 30, 2021 of R. 2 per share.

**OWAIS G. HABIB**  
Chief Executive Officer

**JAMSHED ALI KHAN**  
Chief Financial Officer

**GAFFAR A. HABIB**  
Chairman

Karachi: February 19, 2021



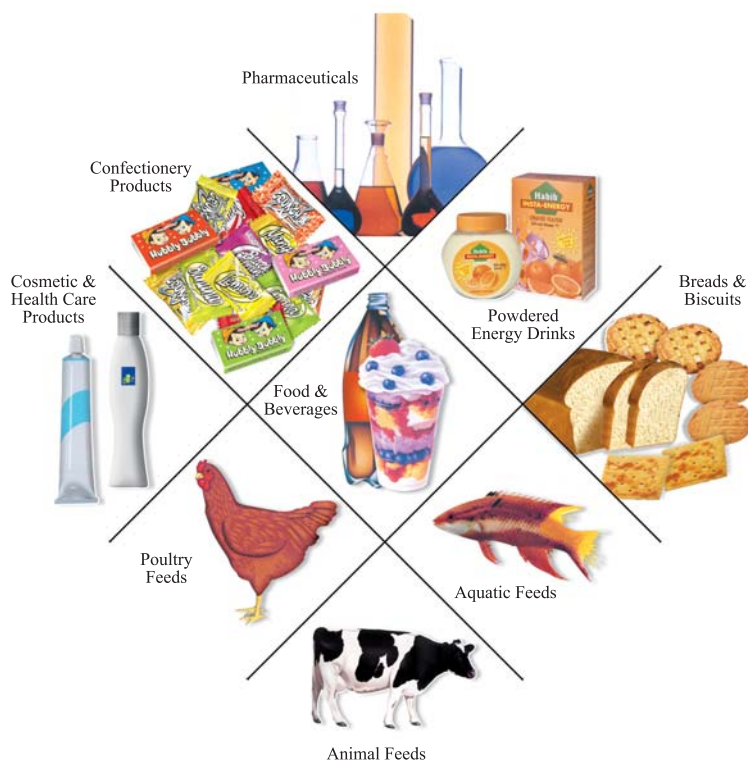
**Habib Rice Products Ltd.** (Formerly **Habib-ADM Ltd.**)



## 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**



---

Cell : +92-333-2138681 - +92-333-2144227 - +92-332-2123552 Tell : +92-853-363963-5  
Email : [mkt\\_habibadm@hotmail.com](mailto:mkt_habibadm@hotmail.com) / [habib-adm@hotmail.com](mailto:habib-adm@hotmail.com) / [hal-adm@hotmail.com](mailto:hal-adm@hotmail.com)  
Website : [www.habibriceproducts.com](http://www.habibriceproducts.com)