



**Habib Rice Products Ltd.**

***44th Annual Report  
for the year ended  
June 30, 2024***

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# COMPANY INFORMATION

## **BOARD OF DIRECTORS**

### **Executive Directors**

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

Managing Director

### **Non Executive Directors**

Mr. Gaffar A. Habib  
Dr. Howard J. Synenberg  
Ms. Fatemah G. Habib  
Dr. Salma Habib  
Mr. Adil Ahmed Chapra  
Mr. Asad R. Premjee

Chairman

## **BOARD OF AUDIT COMMITTEE**

Mr. Gaffar A. Habib  
Ms. Fatemah G. Habib  
Dr. Salma Habib  
Mr. Asad R. Premjee

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

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

## **NOMINATION COMMITTEE**

Mr. Gaffar A. Habib  
Mr. Owais G. Habib  
Mr. Tufail Y. Habib  
Ms. Fatemah G. Habib

## **RISK MANAGEMENT COMMITTEE**

Mr. Gaffar A. Habib  
Mr. Owais G. Habib  
Mr. Tufail Y. Habib  
Dr. Salma Habib

## **CHIEF EXECUTIVE OFFICER**

Mr. Owais G. Habib

## **CHIEF FINANCIAL OFFICER**

Mr. Jamshed Ali Khan

## **COMPANY SECRETARY**

Mr. Ali Asghar Rajani

## **AUDITORS**

Grant Thornton Anjum Rahman  
Chartered Accountants

## **SHARE REGISTRAR**

M/s. CDC Share Registrar Services Ltd.  
CDC House, 99-B, Block-B, S.M.C.H.S., Main Sharah-e-Faisal, Karachi.

## **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



Dear Shareholders,

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

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

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

	RUPEES in '000	
	2024	2023
(Loss) / Profit before Tax	(54,301)	370,048
Provision for Tax (Net)	(38,133)	(36,984)
Net (Loss) / Profit after Tax	(92,434)	333,064
Un-appropriated Profit Brought Forward	841,847	668,783
Total Available for Appropriations	749,413	1,001,847
<b>Appropriations:</b>		
Final Dividend for 2023 @ 30% (2022: 40%)	(60,000)	(80,000)
Interim Dividend Nil (2023: 40%)	-	(80,000)
Un-Appropriated Profit Carried Forward	689,413	841,847
(Loss) / Earnings per Share (EPS) -Net of Tax	(2.31)	8.33
Final Dividend per Share of Rs. 5 each	1.50	2.00
Interim Dividend per Share of Rs. 5 each	-	2.00



## **The Year In Review**

As mentioned in our earlier reports, this year has been full of challenges.

Due to Rice export ban by India - the International market prices shot up - allowing Pakistan to double its export to 6 Million tons and earn \$ 3.9 Billion.

However, in the haste to take advantage of the high prices, our farmers were quick to harvest the crop while it still had a high moisture. In order to prevent fungal infection, they used fungicide - which, while holding down the aflatoxin, made the rice "Non Organic".

The resulting products were thus unexportable.

The local market was flooded with abundant cheap Soya bean meal - rendering our protein unattractive and thus we were left holding our unsold inventory of protein.

Sui Gas price was more than doubled - and not available compelling our operations to use very expensive furnace oil and KE power.

Our attempt to pass on the higher cost, has not been accepted by our customers.

All these factors combined has resulted in a terrible bottom line.

There is talk of India easing ban on Rice exports - which when implemented should bring about lower prices for our Raw material - Rice.

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: 24 September 2024



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

<b>Description</b>	<b>2024 Amount</b>	<b>2023 Amount</b>	<b>2022 Amount</b>	<b>2021 Amount</b>	<b>2020 Amount</b>
	----- Rupees in millions -----				
<b>Total Revenue</b>	<b>2,416</b>	<b>2,596</b>	<b>1,963</b>	<b>1,840</b>	<b>1,740</b>
Export Sales (Pak Rupees in Million)	<b>578</b>	<b>513</b>	<b>689</b>	<b>294</b>	<b>214</b>
Taxes Paid					
Sales Tax	<b>466</b>	<b>459</b>	<b>235</b>	<b>165</b>	<b>165</b>
Income Tax	<b>118</b>	<b>111</b>	<b>62</b>	<b>103</b>	<b>110</b>
	<b>583</b>	<b>570</b>	<b>297</b>	<b>268</b>	<b>275</b>
Employees Salaries & Other Benefit	<b>289</b>	<b>289</b>	<b>254</b>	<b>237</b>	<b>217</b>
Investors	<b>51</b>	<b>68</b>	<b>102</b>	<b>167</b>	<b>103</b>
Grand Total	<b>923</b>	<b>927</b>	<b>653</b>	<b>672</b>	<b>596</b>



## 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 of Provident Fund based on-respective un-audited accounts as on 30 June 2024.

Provident Fund Rs. 285.18 million - (2023 Rs.270.16 million)

- j. Pattern of Share Holding of the Company is shown on the page 8.
- k. During the year (4) meetings of the Board of Directors were held. Attendance by each Director is as follows:-

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

### AUDITORS

The auditors M/s. Grant Thornton Anjum Rahman, 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, 2025.

**OWAIS G. HABIB**  
Chief Executive Officer

**GAFFAR A. HABIB**  
Chairman

Karachi: 24 September, 2024



## SIX YEARS AT A GLANCE

(Rupees in '000)

PARTICULARS	2024	2023	2022	2021	2020	2019
<b>FINANCIAL POSITION</b>						
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	689,414	841,768	668,783	704,699	654,681	580,162
Total Share Holder Equity	949,414	1,101,768	928,783	964,699	914,681	840,162
Fixed Assets at Cost	1,477,687	1,461,890	1,436,994	1,386,869	1,163,595	1,138,177
Accumulated Depreciation	965,027	915,793	862,127	862,127	773,290	734,336
Fixed Assets Net of Depreciation	512,660	546,098	574,867	524,742	390,304	403,841
Right-of-use assets	5,946	4,516	15,106	4,922	14,014	
Long Term Deposits	27,282	26,892	26,491	26,491	20,130	5,093
Deferred Taxation -Net	6,341	14,216	20,768	33,329	28,937	16,497
Current Assets	763,408	968,324	768,664	833,076	861,691	739,360
Total Assets Net of Depreciation	1,315,638	1,560,045	1,405,896	1,422,560	1,315,076	1,164,792
Non Current Liabilities	-	3,462	39,715	76,459	695	-
Current Liabilities	366,224	454,736	437,030	400,286	399,700	324,630
Total Liabilities	366,224	458,198	476,745	476,745	400,395	324,630
<b>INCOME</b>						
Consolidated Gross Sales	2,663,090	2,888,595	2,040,878	1,772,259	1,797,679	1,631,224
Net Sales	2,340,412	2,534,016	1,919,657	1,772,259	1,699,067	1,562,700
Gain on discounting of provision for GIDC	2,174	10,586	8,541	28,367	-	-
Other Income	73,877	50,619	34,479	39,811	41,384	29,836
Total Net Revenue	2,416,463	2,595,221	1,962,677	1,840,437	1,740,451	1,592,537
(Loss)/Profit before Taxation	(54,301)	370,048	121,851	251,740	208,663	137,977
Taxation	38,133	36,997	37,767	1,722	34,145	14,728
(Loss)/Profit after Taxation	(92,434)	333,064	84,084	250,018	174,519	123,249
<b>STATISTICS AND RATIOS</b>						
Pre-Tax (Loss)/Profit to Sales	(2)	15	6	14	12	9
Pre-Tax (Loss)/Profit to Capital	(27)	185	61	126	104	69
Current Ratio	2.08	2.13	1.76	2.08	2.16	2.28
Paid-Up Value Per Share (Rs)	5	5	5	5	5	5
(Loss)/Earning Per Share Before Tax(Rs)	(1.36)	9.25	3.05	6.29	5.22	3.45
(Loss)/Earning Per Share After Tax(Rs)	(2.31)	8.33	2.10	6.25	4.36	3.08
Cash Dividend % (Rs.)	0.00 (00%)	3.50 (70%)	2.00 (40%)	5.00 (100%)	3.00 (60%)	2.50 (50%)
Bonus Share %	-	-	-	-	-	-
Retained (Loss)/Earning Per Share (Rs)	(2.31)	4.83	0.10	1.25	1.36	0.58
Break-Up Value Per Share (Rs)	23.74	27.54	23.22	24.12	22.87	21.00



## PATTERN OF SHARE HOLDING AS ON JUNE 30, 2024

NO. OF SHARE HOLDERS	SHARE HOLDING	TOTAL SHARES HELD
939	000001 TO 0000100	27,756
564	0000101 TO 0000500	158,923
276	0000501 TO 0001000	213,973
343	0001001 TO 0005000	815,529
59	0005001 TO 0010000	473,133
14	0010001 TO 0015000	173,410
10	0015001 TO 0020000	186,048
3	0020001 TO 0025000	65,484
5	0025001 TO 0030000	147,966
5	0030001 TO 0035000	161,064
1	0035001 TO 0040000	38,000
6	0040001 TO 0050000	268,105
3	0050001 TO 0070000	201,321
3	0070001 TO 0075000	218,700
7	0075001 TO 0100000	595,217
5	0100001 TO 0200000	745,189
3	0200001 TO 0300000	701,280
3	0300001 TO 0500000	1,075,080
2	0500001 TO 2000000	2,313,882
3	2000001 TO 3000000	7,798,106
3	3000001 TO 5000000	12,674,619
2	5000001 TO 6000000	10,947,215
<b>2259</b>		<b>40,000,000</b>

S.NO.	CATEGORY OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD	PERCENTAGE OF ISSUED CAPITAL
1	INDIVIDUALS	2,224	38,037,456	95.09%
2	JOINT STOCK COMPANIES	20	307,341	0.77%
3	INSURANCE COMPANIES	3	553,700	1.38%
4	FINANCIAL INSTITUTIONS	7	13,262	0.03%
5	CHARITABLE & OTHER TRUSTS	5	1,088,241	2.72%
	<b>TOTAL</b>	<b>2,259</b>	<b>40,000,000</b>	<b>100%</b>



**PATTERN OF SHAREHOLDING AS ON JUNE 30, 2024**

Category #	Shareholders' Category	Number of Shareholders	Number of Shares Held	Category Wise Shares Held	Percentage
<b>1</b>	<b>Directors, Chief Executive Officer &amp; Their Spouses</b>			<b>25,924,750</b>	<b>64.81</b>
	Mr. Gaffar A. Habib	1	5,468,885		
	Mr. Owais G. Habib	1	5,478,330		
	Mr. Tufail Y. Habib	1	3,089,742		
	Ms. Fatemah G. Habib	1	4,792,891		
	Dr. Salma Habib	1	4,791,986		
	Mr. Asad R. Premjee	1	500		
	Mr. Adil Ahmed Chapra	1	500		
	Directors' Spouse				
	Mrs. Nishat G. Habib	1	2,301,916		
<b>2</b>	<b>Associated Companies, Undertakings and Related Parties</b>			<b>5,823,041</b>	<b>14.56</b>
	M/s. Ahmad Habib Foundation	1	858,245		
	M/s. Hydari Boring & Pilling (Pvt) Limited	1	18,000		
	M/s. Abbas Builders (Pvt) Limited	1	1,373		
	M/s. Indus Oil Expellers (Pvt) Limited	1	200		
	Related Parties	5	4,945,223		
<b>3</b>	<b>NIT</b>			<b>12,730</b>	<b>0.03</b>
	<b>M/s. National Investment Trust Limited</b>	3	12,730		
<b>4</b>	<b>Bank DFIs, NBFIs</b>	3	366	366	0.00
<b>5</b>	<b>Insurance Companies</b>	3	553,700	553,700	1.38
<b>6</b>	<b>Modarabas and Mutual Funds</b>	1	166	166	0.00
<b>7</b>	<b>Individuals</b>	2,210	7,166,730	7,166,730	17.92
<b>8</b>	<b>Joint Stock Companies</b>	17	287,768	287,768	0.72
<b>9</b>	<b>Charitable &amp; Other Trusts</b>	4	229,996	229,996	0.57
<b>10</b>	<b>Foreign Investors</b>			753	0.00
	Holding less than 10% voting Interest	1	753		
	<b>Total</b>	<b>2,259</b>	<b>40,000,000</b>	<b>40,000,000</b>	<b>100.00</b>

**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	5,478,330	13.70%
Mr. Gaffar A. Habib	1	5,468,885	13.67%
Ms. Fatemah G. Habib	1	4,792,891	11.98%
Dr. Salma Habib	1	4,791,986	11.98%
Mr. Tufail Y. Habib	1	3,089,742	7.72%
Mrs. Atiqa Begum	1	2,758,500	6.90%
Mr. Ghulam Abbas Y. Habib	1	2,737,690	6.84%
Mrs. Nishat G. Habib	1	2,301,916	5.75%
<b>TOTAL</b>		<b>31,419,940</b>	<b>78.55%</b>



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

### Habib Rice Products Ltd. Year Ended June 30, 2024

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:

<b>Category</b>	<b>Names</b>
i. Independent Director	Mr. Asad R. Premjee Dr. Howard J. Synenberg Mr. Adil Ahmed Chapra
ii. Non-Executive Directors	Mr. Gaffar A. Habib
iii. Executive Directors	Mr. Owais G. Habib Mr. Tufail Y. Habib
iv. Non-Executive Female Directors	Ms. Fatemah G. Habib Dr. Salma Habib

3. The Directors have confirmed that none of them is serving as a director on more than seven listed Companies, including this Company;
4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. Six directors have been trained under Directors' Training Program. Two Directors of the Company are exempt from the requirement of Directors' Training Program.



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:**

<b>Name</b>	<b>Designation</b>
Mr. Gaffar A. Habib	Member
Ms. Fatemah G. Habib	Member
Dr. Salma Habib	Member
Mr. Asad R. Premjee	Chairman

**b) HR and Remuneration Committee:**

<b>Name</b>	<b>Designation</b>
Mr. Gaffar A. Habib	Member
Mr. Tufail Y. Habib	Member
Ms. Fatemah G. Habib	Member
Dr. Salma Habib	Member
Mr. Adil Ahmed Chapra	Chairman

**c) Nomination Committee**

<b>Name</b>	<b>Designation</b>
Mr. Gaffar A. Habib	Chairman
Mr. Owais G. Habib	Member
Mr. Tufail Y. Habib	Member
Ms. Fatemah G. Habib	Member

**d) Risk Management Committee**

<b>Name</b>	<b>Designation</b>
Mr. Gaffar A. Habib	Chairman
Mr. Owais G. Habib	Member
Mr. Tufail Y. Habib	Member
Dr. Salma Habib	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings (quarterly/half yearly/yearly) of the committee were as per following:
  - a) Audit Committee                      Quarterly
  - b) HR and Remuneration Committee      Yearly
  - c) Nomination Committee              Yearly
  - d) Risk Management Committee      Yearly



**Habib Rice Products Ltd.**

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

**OWAIS G. HABIB**  
Chief Executive Officer

**GAFFAR A. HABIB**  
Chairman

Karachi: September 24, 2024



**Grant Thornton Anjum  
Rahman**

1st & 3rd Floor,  
Modern Motors House,  
Beaumont Road,  
Karachi, Pakistan.

**T** +92 21 35672951-56

**INDEPENDENT AUDITOR'S REVIEW REPORT**

**TO THE MEMBERS OF HABIB RICE PRODUCTS LIMITED  
REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN  
LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Habib Rice Products Limited (the Company) for the year ended 30 June 2024 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 2024.

Chartered Accountants  
Place: Karachi  
Date: 30 September 2024  
UDIN: CR202410093asTbe6pgO



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**Grant Thornton Anjum  
Rahman**

1st & 3rd Floor,  
Modern Motors House,  
Beaumont Road,  
Karachi, Pakistan.

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

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the annexed financial statements of Habib Rice Products Limited (the Company) which comprise the statement of financial position as at 30 June 2024, 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 material 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 30 June 2024 and of the loss / total comprehensive loss, 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 year. 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.



Following is the Key audit matter(s):

S. No.	Key audit matters	How the matter was addressed in our audit
1.	<b>Stock-in-trade</b>	
	<p>As disclosed in note 12 to the financial statements, stock-in-trade amounts to Rs. 370,123,657 which constitutes 29% of the total assets of the Company. The stock is measured at lower of weighted average cost and net realizable value. There is an element of judgement involved in determining an appropriate costing basis and assessing its valuation.</p> <p>Given the significance of stock-in-trade to the Company's total assets and the level of judgements and estimates involved, we have identified it as a key audit matter.</p>	<p>Our key procedures amongst others included the following:</p> <ul style="list-style-type: none"><li>- obtained an understanding of controls over purchases and valuation of stock-in-trade and tested, on a sample basis, their design, implementation and operating effectiveness.</li><li>- performed observation of inventory counts and physical inspection of the stock held at the premises of the Company.</li><li>- assessed net realizable value by comparing management's estimation of future selling prices for the products with the selling prices achieved subsequent to the reporting period.</li><li>- assessed the adequacy and appropriateness of disclosures for compliance with the requirements of applicable financial reporting framework.</li></ul>
2.	<b>Property, plant and equipment</b>	
	<p>As disclosed in note 7 to the financial statements, property, plant and equipment amounts to Rs. 512,660,327 which constitutes 40% of the total assets of the Company as of 30 June 2024.</p> <p>Given the significance of property, plant, and equipment and its related depreciation to the Company's overall financial results, we have identified it as a key audit matter.</p>	<p>Our key procedures amongst others included the following:</p> <ul style="list-style-type: none"><li>- obtained an understanding of the Company's process with respect to capital expenditure and tested the Company's controls in this area relevant to our audit.</li><li>- reviewed the relevant documents with reference to the acquisition of newly acquired assets and assessed whether cost capitalization meets the recognition criteria of an asset in accordance with IAS 16 – "Property, plant and equipment".</li><li>- evaluated the basis used by the management for determining the useful life of assets and the depreciation charged thereto.</li><li>- assessed the adequacy and appropriateness of disclosures for compliance with the requirements of applicable financial reporting framework.</li></ul>



### **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 of the Company 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 to 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 year 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 (XVII 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 Khurram Jameel.

  
Chartered Accountants  
Place: Karachi  
Date: 27 September 2024  
UDIN: AR202410093P9Vfonxvs



**STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2024**

	NOTE	2024 RUPEES	2023 RUPEES
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	7	512,660,327	546,097,521
Right-of-use assets	8	5,946,250	4,515,643
Long-term deposits	9	27,282,370	26,892,370
Deferred taxation	10	6,341,495	14,215,514
		<u>552,230,442</u>	<u>591,721,048</u>
<b>CURRENT ASSETS</b>			
Stores, spares parts and loose tools	11	115,950,823	120,519,353
Stock-in-trade	12	419,045,739	341,446,247
Trade debts	13	22,352,383	37,707,519
Loan and advances		11,981,675	4,766,535
Trade deposits, prepayments and other receivable		3,996,250	5,944,555
Short-term investments	14	269,978	195,804,425
Taxation - net		89,078,282	71,119,847
Cash and bank balances	15	100,732,383	191,015,449
		<u>763,407,513</u>	<u>968,323,930</u>
		<u>1,315,637,955</u>	<u>1,560,044,978</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital 60,000,000 (2023 : 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	16	200,000,000	200,000,000
Reserves		<u>749,413,604</u>	<u>901,847,270</u>
		949,413,604	1,101,847,270
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	17	-	274,711
Provision for Gas Infrastructure Development Cess	18	-	3,187,351
		-	3,462,062
<b>CURRENT LIABILITIES</b>			
Trade and other payables	19	113,473,180	160,281,487
Current maturity of lease liabilities	17	535,640	561,670
Current maturity of Gas Infrastructure Development Cess	18	227,124,918	212,070,073
Provision for gas rate revision		-	46,089,704
Unclaimed and unpaid dividend	20	25,090,613	35,732,712
		<u>366,224,351</u>	<u>454,735,646</u>
		<u>1,315,637,955</u>	<u>1,560,044,978</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	21		

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, 2024**

	NOTE	2024 RUPEES	2023 RUPEES
<b>Sales - net</b>	22	2,340,411,980	2,534,015,830
Cost of sales	23	(2,150,019,672)	(1,907,903,116)
Gross profit		190,392,308	626,112,714
Distribution costs	24	(164,275,682)	(139,848,257)
Administrative expenses	25	(137,910,995)	(121,462,067)
Other expenses	26	(541,048)	(38,936,411)
Other income	27	73,877,200	51,371,137
Finance costs	28	(18,016,326)	(17,775,642)
Gain on remeasurement of provision for GIDC		2,173,593	10,586,097
<b>(Loss) / profit before levies and income tax</b>		(54,300,950)	370,047,571
Levies	29	(29,303,533)	(18,259,277)
<b>(Loss) / profit before income tax</b>		(83,604,483)	351,788,294
Taxation	30	(8,829,183)	(18,724,400)
<b>Net (loss) / profit for the year</b>		(92,433,666)	333,063,894
<b>(Loss) / earnings per share</b>	31	(2.31)	8.33

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, 2024**

	<b>2024</b> <b>RUPEES</b>	<b>2023</b> <b>RUPEES</b>
Net (loss) / profit for the year	(92,433,666)	333,063,894
Other comprehensive income	-	-
<b>Total comprehensive (loss) / income for the year</b>	<u>(92,433,666)</u>	<u>333,063,894</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 CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2024

Particulars	Issued, subscribed and paid -up capital	Reserves				Total Reserves	Total Equity
		Capital reserves	Revenue reserves		Total Reserves		
		Share premium	General reserve	Unappropriated profit			
----- Rupees -----							
<b>As at 30 June 2022</b>	200,000,000	10,000,000	50,000,000	668,783,376	728,783,376	928,783,376	
Final dividend @ 40% for the year ended 30 June 2022	-	-	-	(80,000,000)	(80,000,000)	(80,000,000)	
Interim dividend @ 40% for the year ended 30 June 2023	-	-	-	(80,000,000)	(80,000,000)	(80,000,000)	
Profit after taxation	-	-	-	333,063,894	333,063,894	333,063,894	
Other comprehensive income	-	-	-	-	-	-	
Total comprehensive income for the year	-	-	-	333,063,894	333,063,894	333,063,894	
<b>As at 30 June 2023</b>	200,000,000	10,000,000	50,000,000	841,847,270	901,847,270	1,101,847,270	
Final dividend @ 30% for the year ended 30 June 2023	-	-	-	(60,000,000)	(60,000,000)	(60,000,000)	
Loss after taxation	-	-	-	(92,433,666)	(92,433,666)	(92,433,666)	
Other comprehensive income	-	-	-	-	-	-	
Total comprehensive loss for the year	-	-	-	(92,433,666)	(92,433,666)	(92,433,666)	
<b>As at 30 June 2024</b>	<u>200,000,000</u>	<u>10,000,000</u>	<u>50,000,000</u>	<u>689,413,604</u>	<u>749,413,604</u>	<u>949,413,604</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 CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2024**

	NOTE	2024 RUPEES	2023 RUPEES
<b>Cash (used in) generated from operations</b>	32	(179,998,995)	322,496,410
Finance costs paid		(3,452,944)	(2,998,787)
Taxes paid		(48,217,132)	(38,093,531)
Long-term deposits - net		(390,000)	(401,500)
Net cash (used in) / generated from operating activities		<u>(232,059,071)</u>	<u>281,002,592</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Short-term investments - net		193,524,864	(48,689,448)
Capital expenditure		(15,995,839)	(24,984,070)
Profit on investments and bank balances received		44,989,946	42,006,190
Dividend received		5,297,592	7,130,908
Proceeds from disposal of operating fixed assets		78,993	82,000
Net cash generated from / (used in) investing activities		<u>227,895,556</u>	<u>(24,454,420)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(70,642,100)	(163,100,747)
Lease rentals paid		(15,477,451)	(11,515,817)
Net cash used in financing activities		<u>(86,119,551)</u>	<u>(174,616,564)</u>
Net (decrease) / increase in cash and cash equivalents		<u>(90,283,066)</u>	<u>81,931,608</u>
Cash and cash equivalents at the beginning of the year		191,015,449	109,083,841
<b>Cash and cash equivalents at the end of the year</b>	15	<u><u>100,732,383</u></u>	<u><u>191,015,449</u></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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

### 1 THE COMPANY AND ITS OPERATIONS

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

### 2 GEOGRAPHICAL LOCATION AND ADDRESS OF BUSINESS UNITS / PLANT:

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

### 3 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. The accounting and reporting standards applicable in Pakistan comprise:

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

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

### **3.2 Accounting convention**

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

### **3.3 Functional and presentation currency**

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

## **4 NEW ACCOUNTING STANDARDS**

### **4.1 Standards adopted during the current year**

There are certain new standards, interpretations and amendments that are mandatory for the Company's accounting period beginning on 01 July 2023, but are considered either to be not relevant or to not have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

### **4.2 Standards not yet effective**

There are certain new standards, amendments and interpretations that will be mandatory for the Company's annual accounting periods beginning on/after 01 July 2024. The Company is in the process of determining the impacts of application of these new standards on the future financial statements of the Company.

## **5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

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

- depreciation method, residual values and useful lives of operating fixed assets (note 6.1.1 and 7.1)
- provision for slow moving and obsolete inventory (note 6.5 and 6.6)
- taxation (note 6.14, 10 and 29)
- contingencies (note 21)
- provision (note 6.10 and 18)



## **6 MATERIAL 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**

#### **6.1.1 Operating fixed assets**

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

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

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

#### **6.1.2 Capital work-in-progress**

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

### **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 9 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**

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

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

#### **6.4.2 Financial liabilities**

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs. For the purpose of subsequent measurement financial liabilities are recognised at amortised cost.

#### **6.4.3 Impairment of financial assets**

The Company recognises an allowance for Expected credit losses (ECLs) for all debts instruments not held at FVTPL.

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

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

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

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

#### **6.4.4 Offsetting of financial instruments**

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

#### **6.5 Stores, spare parts and loose tools**

These are stated at the lower of NRV and weighted average cost.

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

#### **6.6 Stock-in-trade**

These are stated at the lower of NRV and cost determined as follows:

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

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

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



#### **6.7 Cash and cash equivalents**

These are stated at cost.

#### **6.8 Employee retirement benefits – defined contribution plan**

The Company operates a recognised provident fund scheme for all its employees who are eligible for the scheme in accordance with the Company's policy. Contributions in respect thereto are made at the rate of 8.33 percent of employees monthly basic salaries as per the terms of the scheme. The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

#### **6.9 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.

#### **6.10 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.

#### **6.11 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.

## **6.12 Contract liabilities**

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

## **6.13 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;
- Return on investments and bank balances is recognised on effective interest rate method;
- Dividend income is recognised when the right to receive such payment is established; and
- Other income is recognised on accrual basis

## **6.14 Taxation**

### **Current**

The charge for current taxation is based on taxable income at the current rates in accordance with Income Tax Ordinance, 2001.

Pursuant to the release of circular 7/2024 by the Institute of Chartered Accountants of Pakistan, the Company has elected to change the method of accounting for minimum taxes and final taxes.

### **Minimum tax**

The Company has elected to designate the amount calculated on taxable income using the enacted tax rate as an income tax within the scope of IAS 12 'Income Taxes' and recognize it as current income tax expense. Any excess over the amount designated as income tax, will then be recognized as a levy falling under the scope of IFRIC 21 / IAS 37.



## **Final tax**

As computation of final taxes under provisions of ITO, 2001 is not based on taxable income, therefore, final taxes fall under levy within the scope of IFRIC 21/IAS 37 and not income tax in the statement of profit or loss.

## **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.

### **6.15 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.

### **6.16 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.

### **6.17 Operating segments**

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

### **6.18 Earnings per share**

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



## 6.19 Contingent liabilities

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

	Note	2024 RUPEES	2023 RUPEES
<b>7</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets	7.1	505,347,266	538,811,916
Capital work-in-progress	7.3	7,313,061	7,285,605
		<u>512,660,327</u>	<u>546,097,521</u>



## 7.1 Operating fixed assets

2024	COST			ACCUMULATED DEPRECIATION				NET BOOK VALUE	Depreciation Rate	
	As at July 01, 2023	Additions / transfers*	Disposals	As at June 30, 2024	As at July 01, 2023	Charge for the year (note 8.2)	On Disposals	As at June 30, 2024		
	Rupees									
Leasehold land	51,205,696	-	-	51,205,696	-	-	-	-	51,205,696	-
Buildings on leasehold land:										
- Factory building	119,637,027	2,120,109	-	121,757,136	94,362,156	2,538,957	-	96,901,113	24,856,023	10%
- Factory office	7,086,750	-	-	7,086,750	3,563,807	172,872	-	3,736,679	3,350,071	5%
- Pavement and ponds	9,303,700	-	-	9,303,700	6,214,824	151,572	-	6,366,396	2,937,304	5%
Larkana office premises	759,358	-	-	759,358	557,656	9,898	-	567,554	191,804	5%
Plant and machinery	1,133,980,869	734,724	-	1,147,589,785	703,709,769	42,140,241	-	745,850,010	401,739,775	10%
		12,874,192 *								
Furniture and fixtures	6,769,943	45,914	-	6,815,857	4,685,279	203,046	-	4,888,325	1,927,532	10%
Tubewell	175,000	-	-	175,000	162,181	1,234	-	163,415	11,585	10%
Office and electrical equipment	5,214,241	-	-	5,214,241	4,575,140	61,554	-	4,636,694	577,547	10%
Computers	7,450,126	85,944	-	7,536,070	6,276,517	326,825	-	6,603,342	932,728	30%
Laboratory equipment	7,968,945	-	-	7,968,945	5,692,220	219,276	-	5,911,496	2,057,449	10%
Vehicles	104,418,792	107,500	198,700	104,327,592	85,442,049	3,528,106	123,895	88,846,260	15,481,332	20%
Boat	415,000	-	-	415,000	410,814	776	-	411,590	3,410	20%
Warehouse	218,996	-	-	218,996	140,115	3,871	-	143,986	75,010	5%
	<b>1,454,604,443</b>	<b>3,094,191</b>		<b>1,470,374,126</b>	<b>915,792,527</b>	<b>49,358,228</b>	<b>123,895</b>	<b>965,026,860</b>	<b>505,347,266</b>	
		<b>12,874,192</b>								

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

2023	COST			ACCUMULATED DEPRECIATION				NET BOOK VALUE	Depreciation Rate	
	As at July 01, 2022	Additions / transfers*	Disposals	As at June 30, 2023	As at July 01, 2022	Charge for the year (note 8.2)	On Disposals	As at June 30, 2023		
	Rupees									
Leasehold land	51,205,696	-	-	51,205,696	-	-	-	-	51,205,696	-
Buildings on leasehold land:										
- Factory building	119,637,027	-	-	119,637,027	91,668,442	2,693,714	-	94,362,156	25,274,871	10%
- Factory office	7,086,750	-	-	7,086,750	3,382,015	181,792	-	3,563,807	3,522,943	5%
- Pavement and ponds	9,303,700	-	-	9,303,700	6,055,430	159,394	-	6,214,824	3,088,876	5%
Larkana office premises	759,358	-	-	759,358	547,248	10,408	-	557,656	201,702	5%
Plant and machinery	1,123,039,004	2,085,152	-	1,133,980,869	657,906,344	45,803,425	-	703,709,769	430,271,100	10%
		8,856,713 *								
Furniture and fixtures	6,149,996	619,947	-	6,769,943	4,480,673	204,606	-	4,685,279	2,084,664	10%
Tubewell	175,000	-	-	175,000	160,814	1,367	-	162,181	12,819	10%
Office and electrical equipment	5,214,241	-	-	5,214,241	4,507,028	68,112	-	4,575,140	639,101	10%
Computers	6,978,520	471,606	-	7,450,126	5,893,625	382,892	-	6,276,517	1,173,609	30%
Laboratory equipment	7,968,945	-	-	7,968,945	5,449,574	242,646	-	5,692,220	2,276,725	10%
Vehicles	97,167,192	7,339,500	87,900	104,418,792	81,529,905	3,938,660	26,516	85,442,049	18,976,743	20%
Boat	415,000	-	-	415,000	409,861	953	-	410,814	4,186	20%
Warehouse	218,996	-	-	218,996	136,045	4,070	-	140,115	78,881	5%
	<b>1,435,319,425</b>	<b>19,372,918</b>	<b>87,900</b>	<b>1,454,604,443</b>	<b>862,127,004</b>	<b>53,692,039</b>	<b>26,516</b>	<b>915,792,527</b>	<b>538,811,916</b>	
		<b>8,856,713 *</b>								



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

	Note	2024 RUPEES	2023 RUPEES
Cost of sales	23.1	46,383,532	50,477,193
Distribution costs	24	475,357	583,615
Administrative expenses	25	2,499,339	2,631,231
		<u>49,358,228</u>	<u>53,692,039</u>

**7.3 Capital work-in-progress - Plant and machinery**

At the beginning of the year		7,285,605	1,674,453
Capital expenditure incurred / advances made during the year		12,901,648	14,467,865
Transferred to operating fixed assets		(12,874,192)	(8,856,713)
At the end of the year		<u>7,313,061</u>	<u>7,285,605</u>

**8 RIGHT-OF-USE ASSETS**

Cost:			
At the beginning of the year		44,745,186	43,641,200
Remeasurement of lease liabilities		14,131,380	1,103,986
Additions		937,021	-
Deletions		(2,506,966)	-
At the end of the year		<u>57,306,621</u>	<u>44,745,186</u>

Accumulated depreciation:			
At the beginning of the year		40,229,543	28,535,480
Charge for the year	8.1	13,223,808	11,694,063
Deletions during the year		(2,092,980)	-
At the end of the year		<u>51,360,371</u>	<u>40,229,543</u>

Net book value at the end of the year		<u>5,946,250</u>	<u>4,515,643</u>
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	Years
Useful life	<u>0.9 - 1.1</u> <u>2.5 - 3.5</u>

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

Distribution costs	24	793,920	493,095
Administrative expenses	25	12,429,888	11,200,968
		<u>13,223,808</u>	<u>11,694,063</u>

**9 LONG-TERM DEPOSITS**

Security deposits			
Nazir of High Court of Sindh		21,397,689	21,397,689
Others		5,884,681	5,494,681
		<u>27,282,370</u>	<u>26,892,370</u>

	Note	2024 RUPEES	2023 RUPEES
<b>10 DEFERRED TAXATION - net</b>			
Taxable temporary differences arising due to:			
Accelerated tax depreciation		(41,238,395)	(42,574,484)
Deductible temporary differences arising due to:			
Provisions		48,741,007	57,600,907
Lease liabilities		(1,161,117)	(810,909)
		<u>6,341,495</u>	<u>14,215,514</u>
<b>11 STORES, SPARE PARTS AND LOOSE TOOLS</b>			
Stores:			
in-hand		58,061,079	60,770,281
in-transit		1,814,965	1,723,638
		<u>59,876,044</u>	<u>62,493,919</u>
Spare parts		55,763,465	57,839,800
Loose tools		311,314	185,634
		<u>115,950,823</u>	<u>120,519,353</u>
<b>12 STOCK-IN-TRADE</b>			
Raw and packing materials:			
in-hand		106,673,707	214,054,737
in-transit		208,025	40,036
Work-in-process		3,211,285	-
Finished goods	12.1	308,952,722	127,351,474
		<u>419,045,739</u>	<u>341,446,247</u>
<b>12.1</b>	Includes stock-in-trade costing Rs.108.03 million which have been written down to the net realizable value amounting to Rs.97.60 million.		
<b>13 TRADE DEBTS – considered good</b>			
Local - unsecured		22,352,383	16,848,716
Export - secured		-	20,858,803
		<u>22,352,383</u>	<u>37,707,519</u>
<b>13.1</b>	These are neither past due nor impaired.		
<b>14 SHORT-TERM INVESTMENTS</b>			
<b>At amortised cost</b>			
Term deposit receipt:	14.1	254,450	148,354,719
Accrued profit		15,528	2,025,111
		<u>269,978</u>	<u>150,379,830</u>
At FVTPL		-	45,424,595
		<u>269,978</u>	<u>195,804,425</u>



14.1 These carry profit rates ranging from 19.25% to 20.25% (2023: 19.25% to 21.40%) per annum.

	Note	2024 RUPEES	2023 RUPEES
<b>15 CASH AND BANK BALANCES</b>			
Bank balances:			
Current accounts:			
Local currency		4,793,551	4,587,948
Foreign currency		33,903,392	27,775,129
		<u>38,696,943</u>	<u>32,363,077</u>
Savings accounts	15.1	61,359,194	157,206,295
		<u>61,359,194</u>	<u>157,206,295</u>
Cash in-hand		676,246	1,446,077
		<u>100,732,383</u>	<u>191,015,449</u>

15.1 These carry profit rates ranging between 20.50% to 20.50% (2023: 12.25% to 19.50%) per annum.

**16 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**

2024 ---Number of Shares---	2023	Note	2024 RUPEES	2023 RUPEES
		Ordinary shares of		
		Rs. 5/- each issued as:		
15,000,000	15,000,000	fully paid in cash	75,000,000	75,000,000
25,000,000	25,000,000	bonus shares	125,000,000	125,000,000
<u>40,000,000</u>	<u>40,000,000</u>	16.1	<u>200,000,000</u>	<u>200,000,000</u>

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



	Note	2024 RUPEES	2023 RUPEES
<b>17 LEASE LIABILITIES</b>			
At the beginning of the year		836,381	10,937,673
Remeasurement of lease liabilities		14,131,380	1,103,986
Additions		523,035	-
Interest on lease liabilities		522,295	310,539
Lease rentals paid		(15,477,451)	(11,515,817)
At the end of the year		535,640	836,381
Current maturity of lease liabilities		(535,640)	(561,670)
		-	274,711
<b>18 PROVISION FOR GAS INFRASTRUCTURE DEVELOPMENT CESS</b>			
At the beginning of the year		215,257,424	211,377,205
Unwinding of finance cost	28	14,041,087	14,466,316
		229,298,511	225,843,521
Gain on remeasurement of provision		(2,173,593)	(10,586,097)
		227,124,918	215,257,424
Current maturity		(227,124,918)	(212,070,073)
		-	3,187,351

During the year ended 30 June 2021, the Supreme Court of Pakistan (SCP) decided the Gas Infrastructure Development Cess (GIDC) case and held that the levy of GIDC under the GIDC Act 2015 is constitutional. The Apex Court further stated that all industrial and commercial entities which consume natural gas pass on the burden to their customers, have to pay the GIDC that became due up to 31 July 2020. Accordingly, Sui Southern Gas Company Limited (SSGC) issued GIDC bill to the Company amounting to Rs. 229.34 million to be recovered in 48 monthly instalments.

The above demand of the SSGC was not acknowledged as liability as the Company had not passed the burden to its customers / clients and the Company filed an appeal before the High Court of Sindh (HCS) which granted stay vide order dated 18 September 2020 against the aforementioned demand and restrained SSGC to take any coercive action. However, as a matter of abundant caution and without prejudice to the suit filed, the Company had maintained aggregate provision of Rs. 229.34 million in the financial statements for the year ended 30 June 2021.

In January 2021, the Institute of Chartered Accountants of Pakistan (ICAP), issued Technical Release (TR) on accounting of GIDC. According to the TR, the provision of GIDC is to be re-measured on present value basis. The provision of GIDC of Rs.229.34 million was re-measured at the present value which works out to Rs. 227.12 million resulting in re-measurement gain on discounting of GIDC of Rs.2.17 million in these financial statements for the year ended 30 June 2024.



	Note	2024 RUPEES	2023 RUPEES
<b>19 TRADE AND OTHER PAYABLES</b>			
Creditors		19,808,338	5,664,280
Accrued liabilities		64,441,122	52,863,206
Contract liabilities	19.1	20,128,783	59,997,574
Workers' Welfare Fund	19.2	-	21,603,191
Workers' Profit Participation Fund	19.3	-	1,882,051
Sales tax payable		9,094,937	18,271,185
		<u>113,473,180</u>	<u>160,281,487</u>
<b>19.1</b>	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. 19.87 million (2023: Rs. 37.22 million).		
		2024 RUPEES	2023 RUPEES
<b>19.2 Worker Welfare Fund</b>			
At the beginning of the year		21,603,191	13,972,011
(Reversal) / charge for the year		(14,114,573)	7,631,180
Payments during the year		(7,488,618)	-
At the end of the year		<u>-</u>	<u>21,603,191</u>
<b>19.3 Worker Profit Participation Fund</b>			
At the beginning of the year		1,882,051	-
Charge for the year		-	20,082,051
Payments during the year		(1,882,051)	(18,200,000)
At the end of the year		<u>-</u>	<u>1,882,051</u>
<b>20 UNCLAIMED AND UNPAID DIVIDEND</b>			
Unclaimed dividend		19,437,713	28,245,176
Unpaid dividend		5,652,900	7,487,536
		<u>25,090,613</u>	<u>35,732,712</u>

## **21 CONTINGENCIES AND COMMITMENTS**

### **21.1 Contingencies**

**21.1.1** During the year ended 30 June 2018, SECP issued winding up orders for Hyderi Construction Company Limited (HCCL) and filed a petition before HSC. Following the winding up petition, a case (Suit No. 560, 2018) was 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 reasonable grounds to defend the above case. Accordingly, no provision has been made in the financial statements.



**21.1.2** The Company filed a Suit 722 of 2020 in the HCS challenging the demand of non-utilization fee by Sindh Industrial Trading Estates Limited (SITE) 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 HCS dated 04 May 2002 in C.P No. D-333/2020 (M/s Indus Battery Industries vs SITE Limited). The HCS in its order dated 02 July 2020 has restrained SITE from taking any coercive action against the Company. The matter is currently at the stage of hearing. Based on advice from its legal advisor, the management of the Company expects a favourable outcome, hence no provision in this respect is made in the financial statements.

**21.1.3** During the year ended 30 June 2020, the Company had received a show cause notice from Additional Commissioner in Land Revenue under Section 122(9) of the Income Tax Ordinance, 2001 in respect of tax year 2016 creating a demand of Rs. 22.27 million. The Company filed an appeal against the impugned order with the Commissioner Inland Revenue Appeal (CIR-A) who remanded back the case to the Additional Commissioner in Land Revenue by deleting certain matters. The department dissatisfied with the decision of the CIR-A and challenged the order before appellate tribunal in land revenue which is yet to be fixed for hearing. Based on advice from its tax advisors, the management of the Company expects a favourable outcome, hence no provision in this respect is made in the financial statements.

	Note	2024 RUPEES	2023 RUPEES
<b>21.2 Commitments</b>			
Outstanding letters of credit		10,687,467	3,889,990
Guarantee issued in favour of SSGC		73,845,865	73,845,865
Guarantee issued in favour of KE		1,686,249	-
<b>22 SALES - net</b>			
Local sales		2,101,031,718	2,377,609,932
Export sales		577,692,261	513,178,590
		2,678,723,979	2,890,788,522
Sales return		(15,634,406)	(2,193,075)
Sales tax		(322,677,593)	(354,579,617)
		(338,311,999)	(356,772,692)
		2,340,411,980	2,534,015,830
<b>23 COST OF SALES</b>			
Cost of goods manufactured	23.1	2,331,620,920	1,949,598,589
Finished goods at the beginning of the year		127,351,474	85,656,001
Finished goods at the end of the year		(308,952,722)	(127,351,474)
		2,150,019,672	1,907,903,116

	Note	2024 RUPEES	2023 RUPEES
<b>23.1 Cost of goods manufactured</b>			
Raw and packing materials consumed	23.1.1	1,453,088,486	1,266,805,066
Utilities		527,800,754	369,302,209
Salaries, wages and benefits	23.1.2	199,459,570	172,927,563
Stores, spares parts and loose tools consumed		50,006,912	43,700,882
Depreciation on operating fixed assets		46,383,532	50,477,193
Vehicle running and maintenance		16,818,254	18,053,726
Insurance		4,418,547	4,415,063
Product testing expense		23,882,054	12,428,377
Others		12,974,096	10,104,398
		<u>2,334,832,205</u>	<u>1,948,214,477</u>
Work-in-process:			
At the beginning of the year		-	1,384,112
At the end of the year		(3,211,285)	-
		<u>(3,211,285)</u>	<u>1,384,112</u>
		<u>2,331,620,920</u>	<u>1,949,598,589</u>

#### 23.1.1 Raw and packing materials consumed

At the beginning of the year	214,054,737	162,175,731
Purchases	1,345,707,456	1,318,684,072
	1,559,762,193	1,480,859,803
At the end of the year	(106,673,707)	(214,054,737)
	<u>1,453,088,486</u>	<u>1,266,805,066</u>

23.1.2 These include Rs. 9.49 million (2023: Rs. 8.51 million) in respect of staff retirement benefit.

#### 24 DISTRIBUTION COSTS

Freight and commission		96,816,495	103,848,736
Salaries and benefits	24.1	14,084,923	12,303,759
Advertisement expenses		12,355,781	4,415,056
Travelling and conveyance	24.2	26,863,144	5,104,305
Vehicle running expenses		2,082,656	955,967
Depreciation on operating fixed assets		475,357	583,615
Depreciation on right-of-use assets		793,920	493,095
Postage and telephone		877,527	767,621
ISO and Other certifications		5,601,747	9,740,095
Insurance		665,816	427,612
Printing and stationery		688,467	126,422
Entertainment		103,130	239,362
Utilities		155,928	191,368
Others		2,710,791	651,244
		<u>164,275,682</u>	<u>139,848,257</u>

24.1 These include Rs. 0.94 million (2023: Rs. 0.77 million) in respect of staff retirement benefit.



**24.2** These include Rs. 23.01 million (2023: Rs. 1.46 million) in respect of directors travelling.

<b>25</b>	<b>ADMINISTRATIVE EXPENSES</b>	<b>Note</b>	<b>2024 RUPEES</b>	<b>2023 RUPEES</b>
	Salaries and benefits	25.1	75,485,028	71,395,219
	Travelling and conveyance	25.2	4,811,265	2,987,955
	Legal and professional charges		7,956,778	4,654,766
	Depreciation on operating fixed assets		2,499,339	2,631,231
	Depreciation on right-of-use assets		12,429,888	11,200,968
	Vehicle running expenses		8,799,786	9,206,130
	Postage and telephone		1,984,882	1,831,450
	Printing and stationery		1,918,583	2,135,750
	Auditor's remuneration	25.3	1,810,000	1,543,000
	Utilities		3,112,577	2,340,543
	Entertainment		1,190,884	834,511
	Donations and corporate social responsibility	25.4	6,793,900	3,376,400
	Advertisement expenses		1,318,910	737,633
	Insurance		624,534	578,753
	Repairs and maintenance		54,500	467,358
	Directors' fee		118,750	168,750
	Others		7,001,391	5,371,650
			<u>137,910,995</u>	<u>121,462,067</u>

**25.1** These include Rs. 4.69 million (2023: Rs. 4.33 million) in respect of staff retirement benefit.

**25.2** These include Rs. 3.07 million (2023: Rs. 1.33 million) in respect of directors travelling.

**25.3 Auditor's remuneration**

Statutory audit	1,150,000	880,000
Half yearly review	250,000	170,500
Other certifications	265,000	379,500
Out of pocket expenses	145,000	113,000
	<u>1,810,000</u>	<u>1,543,000</u>

**25.4 Donations made to following parties**

Habib Education Trust	1,250,000	500,000
Habib Medical Trust	1,250,000	500,000
Khoja Girls Orphanage Trust	1,250,000	500,000
Habib Esmail Benevolent Trust	1,250,000	500,000
	<u>5,000,000</u>	<u>2,000,000</u>

**25.4.1** No directors or their spouses have any interest in any donee to which donations were made.

**26 OTHER EXPENSES**

Workers' Welfare Fund	-	7,631,180
Workers' Profits Participation Fund	-	20,082,051
Exchange loss - net	541,048	-
Unrealised loss on remeasurement of investments at FVTPL	-	11,223,180
	<u>541,048</u>	<u>38,936,411</u>

	Note	2024 RUPEES	2023 RUPEES
<b>27 OTHER INCOME</b>			
<b>Income from financial assets</b>			
Profit on bank accounts		17,455,181	15,576,316
Profit on investments		25,525,182	27,049,576
Gain on disposal of investments		13,023,056	-
Dividend income		5,297,593	7,130,908
Exchange gain - net		-	1,593,721
		<u>61,301,012</u>	<u>51,350,521</u>
<b>Income from non-financial assets</b>			
Gain on disposal of operating fixed assets		-	20,616
Insurance claim		4,188	-
Reversal of provision for Workers' Welfare Fund		12,572,000	-
		<u>12,576,188</u>	<u>20,616</u>
		<u>73,877,200</u>	<u>51,371,137</u>
<b>28 FINANCE COSTS</b>			
Bank charges and commission		3,452,944	2,998,787
Interest on lease liabilities		522,295	310,539
Unwinding of finance cost on provision for GIDC	18	14,041,087	14,466,316
		<u>18,016,326</u>	<u>17,775,642</u>
<b>29 LEVIES</b>			
Minimum tax differential		22,229,427	12,057,855
Final tax		7,074,106	6,201,422
		<u>29,303,533</u>	<u>18,259,277</u>
<b>30 TAXATION</b>			
Current		-	13,202,611
Prior		955,164	(1,030,446)
Deferred		7,874,019	6,552,235
		<u>8,829,183</u>	<u>18,724,400</u>
<b>30.1</b>	Income tax assessments of the Company have been finalised up to and including the tax year 2023.		
<b>30.2</b>	The numerical reconciliation is not provided as the tax charge of the Company mainly comprise of minimum and final tax under the relevant sections of Income Tax Ordinance, 2001.		
<b>31 (LOSS) / EARNINGS PER SHARE</b>			
Net (loss) / profit for the year		<u>(92,433,666)</u>	<u>333,063,894</u>
Weighted average number of ordinary shares in issue	16	<u>40,000,000</u>	<u>40,000,000</u>
Basic and diluted (loss) / earnings per share		<u>(2.31)</u>	<u>8.33</u>



	Note	2024 RUPEES	2023 RUPEES
<b>32 CASH (USED IN) / GENERATED FROM OPERATIONS</b>			
(Loss) / profit before levies and income tax		(54,300,950)	370,047,571
Adjustments:			
Depreciation on operating fixed assets		49,358,228	53,692,039
Depreciation on right-of-use assets		13,223,808	11,694,063
Gain on disposals of operating fixed assets		(4,188)	(20,616)
Unrealised loss remeasurement of investments at FVTPL		-	11,223,180
Gain on remeasurement of provision for GIDC		(2,173,593)	(10,586,097)
Dividend income		(5,297,593)	(7,130,908)
Profit on investment and bank balances		(42,980,363)	(42,625,892)
Finance costs		18,016,326	17,775,642
		<u>30,142,625</u>	<u>34,021,411</u>
		(24,158,325)	404,068,982
Working capital adjustments:			
Stores, spare parts and loose tools		4,568,530	(5,259,466)
Stock-in-trade		(77,599,492)	(92,230,403)
Trade debts		15,355,136	16,233,453
Loans and advances		(7,215,140)	10,441,206
Trade deposits and pre-payments		1,948,305	(1,532,359)
Trade and other payables		(92,898,011)	(9,225,003)
		<u>(155,840,670)</u>	<u>(81,572,572)</u>
		<u>(179,998,995)</u>	<u>322,496,410</u>

### 33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

**33.1** The Company's activities expose it to a variety of financial risks. The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Board of Directors has an overall responsibility for the establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through meeting.

As of the reporting date, the Company is exposed to the following risks:

#### 33.2 Market risk

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

### 33.2.1 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 deposits in savings accounts. Management of the Company estimates that 1% increase in the market interest rate, with all other factors remaining constant, would decrease the Company's loss before tax by Rs.0.85 million (2023: Rs.3.05 million) and a 1% decrease would result in increase in the Company's loss by the same amount. However, the actual results may differ from the sensitivity analysis.

### 33.2.2 Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expenses are denominated in a different currency from the Company's functional currency). As of 30 June 2024, the Company is not materially exposed to foreign currency risk.

### 33.2.3 Equity risk

Equity price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices of financial instruments traded in the market. As of 30 June 2024, the Company is not materially exposed to equity risk.

### 33.3 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. 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.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance or developments affecting a particular industry.

As of the reporting date, the Company is mainly exposed to credit risk on the following assets:

	2024 RUPEES	2023 RUPEES
Deposits	27,282,370	26,892,370
Trade debts	22,352,383	37,707,519
Bank balances	100,056,137	189,569,372
	<u>149,690,890</u>	<u>254,169,261</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.

### Trade debts

There are no customers with defaults as at the current and prior years.

Bank balances		2024 RUPEES	2023 RUPEES
A-1 +	PACRA	4,793,551	189,569,372

### 33.4 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.

	2024				Total
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	
	----- (Rupees) -----				
Trade and other payables	-	84,249,460	-	-	84,249,460
Lease liabilities	-	-	535,640	-	535,640
Unclaimed and unpaid dividend	25,090,613	-	-	-	25,090,613
	<u>25,090,613</u>	<u>84,249,460</u>	<u>535,640</u>	<u>-</u>	<u>109,875,713</u>

	2023				Total
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	
	----- (Rupees) -----				
Trade and other payables	-	58,527,486	-	-	58,527,486
Lease liabilities	-	-	561,670	274,711	836,381
Unclaimed and unpaid dividend	35,732,712	-	-	-	35,732,712
	<u>35,732,712</u>	<u>58,527,486</u>	<u>561,670</u>	<u>274,711</u>	<u>95,096,579</u>

### 33.5 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.

### 33.6 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 reporting date, the Company has financial instruments designated at FVTPL using level -1 valuation method.

## 34 REMUNERATION OF THE CHIEF EXECUTIVE , DIRECTOR AND EXECUTIVES

### 34.1 Aggregate amounts charged in the financial statements are as follows:

	2024			2023		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	----- (Rupees) -----					
Managerial remuneration	15,988,679	9,609,796	32,023,741	14,528,684	8,732,283	29,270,611
Bonus	807,130	487,108	1,517,869	1,465,855	880,851	2,997,524
Leave encashment	-	-	614,989	-	-	-
Contribution to provident fund	1,332,390	800,816	2,668,646	1,210,724	727,690	2,439,218
	<u>18,128,199</u>	<u>10,897,720</u>	<u>36,825,245</u>	<u>17,205,263</u>	<u>10,340,824</u>	<u>34,707,353</u>
Number of persons	<u>1</u>	<u>1</u>	<u>12</u>	<u>1</u>	<u>1</u>	<u>10</u>

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



**35 TRANSACTIONS WITH RELATED PARTIES**

**35.1** The related parties of the Company comprise of associated companies, directors, retirement funds and key management personnel. Transactions with related parties other than those disclosed elsewhere in the financial statements, are as follows:

Relationship	Nature of transactions	2024	2023
		-----Rupees-----	
Associated Company	Dividend paid	<u>29,360</u>	<u>78,292</u>
Directors and other	Dividend paid	<u>39,450,279</u>	<u>105,199,144</u>
Staff provident fund	Contributions made	<u>15,130,214</u>	<u>13,612,031</u>

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

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

**36 NUMBER OF EMPLOYEES**

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

	2024	2023
	-----Numbers-----	
At year end	<u>307</u>	<u>320</u>
Average employees during the year	<u>300</u>	<u>317</u>

**37 CAPACITY**

	2024	2023
	-----M. Tonnes-----	
Annual installed capacity as of 30 June (in m. tons)	<u>45,000</u>	<u>45,000</u>
Actual production for the year (in m. tons)	<u>13,111</u>	<u>14,268</u>



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

**38 NON ADJUSTING EVENT AFTER THE REPORTING DATE**

Subsequent to the year end, the Board of Directors of the Company in their meeting held on 24 September, 2024 have proposed a final cash dividend of @ Rs. NIL per shares, declared for the year ended 30 June 2024 (2023: Rs. 3.50) per share.

**39 GENERAL**

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

39.2 These financial statements were authorised for issue on 24 September, 2024 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 44th Annual General Meeting of the Shareholders of Habib Rice Products Ltd. will be held on Friday, October 25, 2024 at 03:00 p.m. at The Institute of Chartered Accountants of Pakistan (ICAP) Auditorium Hall, D-31/8, Chartered Accountants Avenue, Clifton, Karachi to transact the following business.

### ORDINARY BUSINESS:

1. To confirm the minutes of the Annual General Meeting held on Thursday, October 26, 2023.
2. To receive and adopt the Director's Report and Audited Financial Statements of the Company for the year ended June 30, 2024.
3. To appoint Auditors for the year ending on June 30, 2025 and fix their remuneration.
4. 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: 24 September 2024

### NOTES:

#### 1. Closure of Share Transfer Books

The share transfer books of the Company will remain closed from October 18, 2024 to October 25, 2024 (both days inclusive). Transfers received in order at the office of our Share Registrar M/s. CDC Share Registrar Services Limited. CDC House, 99 - B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi at the close of the business on 17 October, 2024 will be treated in time to determine the right to attend the Annual General Meeting.

#### 2. Participation in the AGM through Video link:

The General Meeting is being conducted as per guidelines circulated by SECP following arrangements have also been made by the Company to facilitate the maximum participation of the shareholders in the AGM through video link facility, either in-person or through appointed proxies:

The shareholders interested to participate through video link are requested to please provide below information at Email: [corporate@habibriceproducts.com](mailto:corporate@habibriceproducts.com) at the earliest but not later than close of business on October 22, 2024.

Full Name of Shareholder / Proxy Holder	Company	CNIC Number	Folio / CDC A/c No.	Email ID	Mobile Phone No.
	Habib Rice Products Ltd.				

Please note that video link and login credentials will be shared with only those members / designated proxies whose e-mail and other required information are received in required time as mentioned above.

- a) Video-link for the meeting will be sent to members at their provided email addresses enabling them to attend the meeting on the given date and time.
- b) Login facility will be opened thirty (30) minutes before the meeting time to enable the participants to join the meeting after the identification process. Shareholders will be able to login and participate in the meeting proceedings through their devices after completing all the formalities required for the identification and verification of the shareholders.
- c) Shareholders may send their comments and suggestions relating to the agenda items of the AGM at least two (2) working days before the meeting, at the given email address corporate@habibriceproducts.com. Shareholders are requested to mention their full name, CNIC # and Folio/CDC Account # for this purpose.
- d) Shareholders are encouraged to participate in the meeting to consolidate their attendance and participation through proxies.

CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

### **3. Participation in General Meeting**

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

#### **A. For Attending the Meeting:**

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

#### **B. For Appointing Proxies:**

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirement.
- ii) The proxy form shall be witnessed by two persons whose names, address and CNIC/Passport Numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or Passport of the beneficial owners and the proxy shall be furnished with the proxy form.



- iv) The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.

In case of Corporate Entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

#### **4. Change of Address**

Members are requested to notify any change in their addresses and their contact numbers immediately to our Share Registrar: M/s. CDC Share Registrar Services Limited. CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi.

#### **5. Submission of CNIC or Passport**

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

#### **6. Transmission of Financial Statements and Notices through Electronically**

Shareholders have an option to receive Annual Audited Financial Statements and Notice of Annual General Meeting through email. Shareholders of the Company are requested to give their consent on prescribed format placed on the Company's website [www.hrpl-financialstatement.com](http://www.hrpl-financialstatement.com) to our Shares Registrar, M/s. CDC Share Registrar Services Limited. CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, 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.

#### **7. Postal Ballot / E-Voting**

Members may exercise their right to vote by means of Postal Ballot i.e. by post or through electronic mode subject to requirements of section 143-145 of the Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations, 2018.

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: [corporate@habibriceproducts.com](mailto:corporate@habibriceproducts.com)

Share Registrar Address:

**M/s. CDC Share Registrar Services Limited**

CDC House, 99-B, Block 'B', S.M.C.H.S.,

Main Shahrah-e-Faisal, Karachi.

Phone: 0800-23275 Fax: (+92-21) 34326053

Email: [info@cdcsrsl.com](mailto:info@cdcsrsl.com)



**Habib Rice Products Ltd.**

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## PROXY FORM

I/We \_\_\_\_\_

of \_\_\_\_\_

being a member(s) of HABIL 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 HABIL 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 25, 2024,

and at any adjournment thereof.

Signed this \_\_\_\_\_ Day of \_\_\_\_\_

Revenue Stamp  
Five  
Rupees

SIGNATURE OF MEMBER(S)

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



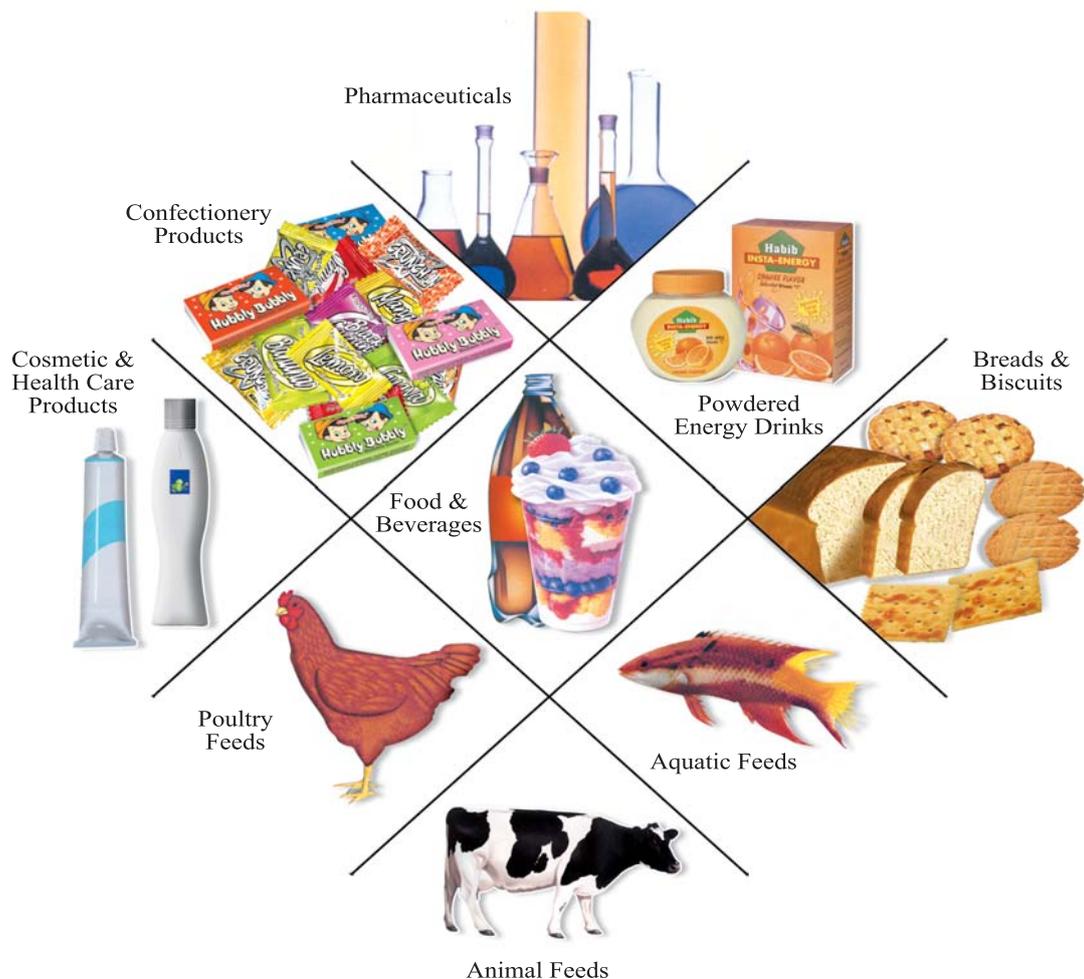


## Habib Rice Products Ltd.

### Pioneer Producers of Rice Derives Products and Proteins

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

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



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