



Habib Rice Products Ltd.

***43rd Annual Report
for the year ended
June 30, 2023***

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

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,

We bow our heads in gratitude to Allah the Beneficent, the Merciful, the Provider, for the Blessing He continues to bestow on us which are partly reflected in the Company's performance for the year ended 30 June 2023.

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	
	2023	2022
Profit before Tax	370,048	121,851
Provision for Tax (Net)	(36,984)	(37,767)
Net Profit after Tax	333,064	84,084
Un-appropriated Profit Brought Forward	668,783	584,699
Total Available for Appropriations	1,001,847	668,783
Proposed Appropriations:		
Final Dividend @ 30% (2022: 40%)	60,000	80,000
Interim Dividend 40% (2022: Nil)	80,000	-
Un-Appropriated Profit Carried Forward	861,847	588,783
Earnings per Share (EPS) -Net of Tax	8.33	2.21
Interim Dividend per Share of Rs. 5 each	2.00	-
Final Dividend per Share of Rs. 5 each	1.50	2.00



The Year In Review

During the year under review, Dollar constraints forced our feed mills to turn their attention to locally available products.

This allowed us to liquidate our long accumulated inventory - giving us a boost in our bottom line.

With gas supplies depleting, and our plant at the tail end of the gas pipe line, we have had to resort to furnace oil and KE for our energy requirement. Due to our continuous process operation, solar power is not an option. However cogen is a possible solution.

While we are working towards finding an affordable solution, the present offers that we have received to date puts the investment out of our reach. The offers received so far cost is in the two million dollars range.

At present interest rates, this level of investment is completely out of the question we are working towards two possible solutions:-

1. Get Sui Gas to deliver as per the contracted agreement.
2. Build up our own resources to self finance the required investment for co-generation.

If all industries were in the same position in their energy requirements as ours - there would be no problem, as the market would adjust for the higher cost.

Not all industries are hurting - some have even expanded and are receiving their expanded requirements.

Thus the problem.

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: 13 September 2023



Post Script to the Chairman Report

COMPANY'S CONTRIBUTION TO THE ECONOMY

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

Description	<u>2023 Amount</u>	<u>2022 Amount</u>	<u>2021 Amount</u>	<u>2020 Amount</u>	<u>2019 Amount</u>
	----- Rupees in millions -----				
Total Revenue	<u>2,596</u>	<u>1,963</u>	<u>1,840</u>	<u>1,740</u>	<u>1,593</u>
Export Sales (Pak Rupees in Million)	<u>513</u>	<u>689</u>	<u>294</u>	<u>214</u>	<u>471</u>
Taxes Paid					
Sales Tax	<u>459</u>	235	165	165	152
Income Tax	<u>111</u>	62	103	110	73
	<u>570</u>	297	268	275	225
Employees Salaries & Other Benefit	<u>289</u>	254	237	217	199
Investors	<u>68</u>	102	167	103	84
Grand Total	<u>927</u>	<u>653</u>	<u>672</u>	<u>596</u>	<u>507</u>



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 2023.

Provident Fund Rs. 270.16 million - (2022 Rs.232.20 million)

- j. Pattern of Share Holding of the Company is shown on the page 8.
- k. During the year (7) 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	7
2. Mr. Owais G. Habib	5
3. Dr. Howard J. Synenberg	-
4. Mr. Tufail Y. Habib	5
5. Ms. Fatemah G. Habib	7
6. Dr. Salma Habib	6
7. Mr. Daniyal Ghani	2 (Retired on 05-June-2023)
8. Mr. Asad R. Premjee	4
9. Mr. Adil Ahmed Chapra	1 (Elected on 05-June-2023)

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, 2024.

OWAIS G. HABIB
Chief Executive Officer

GAFFAR A. HABIB
Chairman

Karachi: September 13, 2023



SIX YEARS AT A GLANCE

(Rupees in '000)

PARTICULARS	2023	2022	2021	2020	2019	2018
FINANCIAL POSITION						
Paid up Capital	200,000	200,000	200,000	200,000	200,000	200,000
Revenue and Reserves	60,000	60,000	60,000	60,000	60,000	60,000
Unappropriated Profit	841,847	668,783	704,699	654,681	580,162	506,913
Total Share Holder Equity	1,101,847	928,783	964,699	914,681	840,162	766,913
Fixed Assets at Cost	1,461,890	1,436,994	1,386,869	1,163,595	1,138,177	1,069,681
Accumulated Depreciation	915,793	862,127	862,127	773,290	734,336	702,001
Fixed Assets Net of Depreciation	546,098	574,867	524,742	390,304	403,841	367,680
Right-of-use assets	4,516	15,106	4,922	14,014		
Long Term Investment	26,892	26,491	26,491	20,130	5,093	4,593
Deferred Taxation -Net	14,216	20,768	33,329	28,937	16,497	22,814
Current Assets	968,324	768,664	833,076	861,691	739,360	668,184
Total Assets Net of Depreciation	1,560,045	1,405,896	1,422,560	1,315,076	1,164,792	1,063,271
Non Current Liabilities	3,462	39,715	76,459	695	-	-
Current Liabilities	454,736	437,030	400,286	399,700	324,630	296,357
Total Liabilities	458,198	476,745	476,745	400,395	324,630	296,357
INCOME						
Consolidated Gross Sales	2,888,595	2,040,878	1,772,259	1,797,679	1,631,224	1,509,346
Net Sales	2,534,016	1,919,657	1,772,259	1,699,067	1,562,700	1,430,162
Gain on discounting of provision for GIDC	10,586	8,541	28,367	-	-	-
Other Income	51,371	34,479	39,811	41,384	29,836	16,485
Total Net Revenue	2,595,973	1,962,677	1,840,437	1,740,451	1,592,537	1,446,647
Profit before Taxation	370,048	121,851	251,740	208,663	137,977	60,535
Taxation	36,984	37,767	1,722	34,145	14,728	(8,347)
Profit after Taxation	333,064	84,084	250,018	174,519	123,249	68,882
STATISTICS AND RATIOS						
Pre-Tax Profit to Sales	15	6	14	12	9	4
Pre-Tax Profit to Capital	185	61	126	104	69	30
Current Ratio	2.13	1.76	2.08	2.16	2.28	2.25
Paid-Up Value Per Share (Rs)	5	5	5	5	5	5
Earning Per Share Before Tax(Rs)	9.25	3.05	6.29	5.22	3.45	1.51
Earning Per Share After Tax(Rs)	8.33	2.10	6.25	4.36	3.08	1.72
Cash Dividend %(Rs.) *	3.50(70%)	2.00(40%)	5.00(100%)	3.00(60%)	2.50(50%)	1.25(25%)
Retained Earning Per Share (Rs)	4.83	0.10	1.25	1.36	0.58	0.47
Break-Up Value Per Share (Rs)	27.55	23.22	24.12	22.87	21.00	19.17

* The Board of Directors in their meeting of September 13, 2023 has recommended cash dividend in respect of the year ended June 30,2023 @ 30% i.e. Rs.1.50 per share of Rs. 5 each. In addition to 40% Interim Cash Dividend already declared / paid to the members per share of Rs. 5/- each.



PATTERN OF SHARE HOLDING AS ON JUNE 30, 2023

NO. OF SHARE HOLDERS	SHARE HOLDING	TOTAL SHARES HELD
949	000001 TO 0000100	28,093
588	0000101 TO 0000500	170,396
286	0000501 TO 0001000	223,178
371	0001001 TO 0005000	899,206
63	0005001 TO 0010000	493,170
14	0010001 TO 0015000	172,105
13	0015001 TO 0020000	238,548
3	0020001 TO 0025000	68,484
7	0025001 TO 0030000	198,730
4	0030001 TO 0035000	127,008
1	0035001 TO 0040000	38,000
4	0040001 TO 0050000	178,828
4	0050001 TO 0070000	236,528
3	0070001 TO 0075000	218,700
8	0075001 TO 0100000	684,217
6	0100001 TO 0200000	885,058
4	0200001 TO 0300000	952,080
4	0300001 TO 0500000	1,285,534
1	0500001 TO 2000000	1,455,637
5	2000001 TO 3000000	12,383,305
2	3000001 TO 5000000	8,899,160
2	5000001 TO 6000000	10,164,035
2342		40,000,000

S.NO.	CATEGORY OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD	PERCENTAGE OF ISSUED CAPITAL
1	INDIVIDUALS	2,307	38,891,701	97.24%
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	233,996	0.58%
	TOTAL	2,342	40,000,000	100%



PATTERN OF SHAREHOLDING AS ON JUNE 30, 2023

Category #	Shareholders' Category	Number of Shareholders	Number of Shares Held	Category Wise Shares Held	Percentage
1	Directors, Chief Executive Officer & Their Spouses			24,059,433	60.15
	Mr. Gaffar A. Habib	1	5,077,633		
	Mr. Owais G. Habib	1	5,086,402		
	Mr. Tufail Y. Habib	1	2,858,005		
	Ms. Fatemah G. Habib	1	4,450,000		
	Dr. Salma Habib	1	4,449,160		
	Mr. Asad R. Premjee	1	500		
	Mr. Adil Ahmed Chapra	1	500		
	Directors' Spouse				
	Mrs. Nishat G. Habib	1	2,137,233		
2	Associated Companies, Undertakings and Related Parties			4,621,698	11.55
	M/s. Hydari Boring & Pilling (Pvt) Limited	1	18,000		
	M/s. Abbas Builders (Pvt) Limited	1	1,373		
	M/s. Indus Oil Expellers (Pvt) Limited	1	200		
	Related Parties	5	4,602,125		
3	NIT			12,730	0.03
	M/s. National Investment Trust Limited	3	12,730		
4	Bank DFIs, NBFIs	3	366	366	0.00
5	Insurance Companies	3	553,700	553,700	1.38
6	Modarabas and Mutual Funds	1	166	166	0.00
7	Individuals	2,293	7,989,390	7,989,390	19.97
8	Joint Stock Companies	17	287,768	287,768	0.72
9	Charitable & Other Trusts	5	233,996	233,996	0.58
10	Foreign Investors			2,240,753	5.60
	Holding less than 10% voting Interest	1	2,240,753		
	Total	2,342	40,000,000	40,000,000	100.00

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

Name(s) of Shareholder(s)	Number of Shareholders	Number of Shares Held	Percentage
Mr. Owais G. Habib	1	5,086,402	12.72%
Mr. Gaffar A. Habib	1	5,077,633	12.69%
Ms. Fatemah G. Habib	1	4,450,000	11.13%
Dr. Salma Habib	1	4,449,160	11.12%
Mr. Tufail Y. Habib	1	2,858,005	7.15%
Mrs. Atiqa Begum	1	2,654,000	6.64%
Mr. Ghulam Abbas Y. Habib	1	2,493,314	6.23%
Dr. Howard J. Synenberg	1	2,240,753	5.60%
Mrs. Nishat G. Habib	1	2,137,233	5.34%
TOTAL		31,446,500	78.62%



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

Habib Rice Products Ltd. Year Ended June 30, 2023

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

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

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

2. The composition of board is as follows:

Category	Names
i. Independent Director	Mr. 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. Four directors have been trained under Directors' Training Program. One director of the Company is exempt from the requirement of Directors' Training Program. Training under Directors' Training Program for two directors elected in the Election of Directors held on 05th June, 2023, may be completed within one year from the date of the election.

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;



Habib Rice Products Ltd.

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

OWAIS G. HABIB
Chief Executive Officer

GAFFAR A. HABIB
Chairman

Karachi: September 13, 2023



**Grant Thornton Anjum
Rahman**

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

INDEPENDENT AUDITOR'S REVIEW REPORT

T +92 21 35672951-56

**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 2023 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 2023.

Chartered Accountants
Place: Karachi
Date: 22 September 2023
UDIN: CR202310093Cxp75N2v



**Grant Thornton Anjum
Rahman**

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

T +92 21 35672951-56

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 2023, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2023 and of the profit / other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements section of our report*. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current 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 are the Key audit matter(s):

S. No.	Key audit matters	How the matter was addressed in our audit
1.	Stock-in-trade	
	<p>As disclosed in the note 13 to the financial statements, stock-in-trade amounts to Rs. 341,446,247/- which constitutes 22% of 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 valuation of stock-in-trade as a key audit matter.</p>	<p>Our key procedures amongst others included the following:</p> <ul style="list-style-type: none"> - 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. - performed observation of inventory counts and physical inspection of the stock held at the premises of the Company. - 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. - assessed the adequacy and appropriateness of disclosures for compliance with the requirements of applicable financial reporting framework.
2.	First year audit	
	<p>We have been engaged to perform the audit of the Company for the first time i.e., for the year ended 30 June 2023. Initial audit engagements involve a number of considerations not associated with recurring audits. Additional planning activities and considerations necessary to establish an appropriate audit strategy and audit plan include gaining an initial understanding of the Company and its business, obtaining sufficient audit evidence regarding the opening balances including the selection and application of accounting principles and communicating with the previous auditors.</p>	<p>We performed various procedures to obtain sufficient appropriate audit evidence regarding opening balances including the following:</p> <ul style="list-style-type: none"> - We reviewed the predecessor auditor's work paper files and made additional inquiries of the predecessor auditors about matters that may affect our audit in the current year. - We evaluated the key accounting position and matters from prior years. - We evaluated whether accounting policies reflected in the opening balances have been consistently applied in the current year's financial statements and adequately presented and disclosed in accordance with the applicable financial reporting framework.

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.

Other Matter

The financial statements of the Company for the year ended 30 June 2022 were audited by another firm of chartered accountants who expressed an unmodified opinion on those statements dated 09 September 2022.

The engagement partner on the audit resulting in this independent auditor's report is Khurram Jameel.

Chartered Accountants
Place: Karachi
Date: 22 September 2023
UDIN: AR202310093bx2TzSVZh



STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	NOTE	2023 RUPEES	2022 RUPEES
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	546,097,521	574,866,874
Right-of-use assets	9	4,515,643	15,105,720
Long-term deposits	10	26,892,370	26,490,870
Deferred taxation	11	14,215,514	20,767,749
		<u>591,721,048</u>	<u>637,231,213</u>
CURRENT ASSETS			
Stores, spare parts and loose tools	12	120,519,353	115,259,887
Stock-in-trade	13	341,446,247	249,215,844
Trade debts	14	37,707,519	53,940,972
Loans and advances		4,766,535	15,207,741
Trade deposits, prepayments and other receivables		5,944,555	4,412,196
Short-term investments	15	195,804,425	157,972,905
Taxation - net		71,119,847	63,457,758
Cash and bank balances	16	191,015,449	108,829,391
		<u>968,323,930</u>	<u>768,296,694</u>
		<u>1,560,044,978</u>	<u>1,405,527,907</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 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	17	200,000,000	200,000,000
Reserves		<u>901,847,270</u>	<u>728,783,376</u>
		<u>1,101,847,270</u>	<u>928,783,376</u>
NON-CURRENT LIABILITIES			
Lease liabilities	18	274,711	-
Provision for Gas Infrastructure Development Cess	19	3,187,351	39,714,581
		<u>3,462,062</u>	<u>39,714,581</u>
CURRENT LIABILITIES			
Trade and other payables	20	160,281,487	136,073,289
Current maturity of lease liabilities	18	561,670	10,937,673
Current maturity of provision for Gas Infrastructure Development Cess	19	212,070,073	171,662,624
Provision for gas rate revision	21	46,089,704	79,522,905
Unclaimed and unpaid dividend	22	35,732,712	38,833,459
		<u>454,735,646</u>	<u>437,029,950</u>
		<u>1,560,044,978</u>	<u>1,405,527,907</u>
CONTINGENCIES AND COMMITMENTS	23		

The annexed notes from 1 to 42 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, 2023

	NOTE	2023 RUPEES	2022 RUPEES
Turnover	24	2,534,015,830	1,919,657,376
Cost of sales	25	(1,907,903,116)	(1,476,733,396)
Gross profit		<u>626,112,714</u>	<u>442,923,980</u>
Distribution costs	26	(139,848,257)	(201,058,381)
Administrative expenses	27	(121,462,067)	(124,707,711)
Other expenses	28	(38,936,411)	(21,975,435)
Other income	29	51,371,137	34,478,903
Finance costs	30	(17,775,642)	(16,350,710)
Gain on remeasurement of provision for GIDC		10,586,097	8,540,769
Profit before taxation		<u>370,047,571</u>	<u>121,851,415</u>
Taxation	31	(36,983,677)	(37,767,067)
Net Profit for the year		<u>333,063,894</u>	<u>84,084,348</u>
Earnings per share	32	<u>8.33</u>	<u>2.10</u>

The annexed notes from 1 to 42 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, 2023

	2023 RUPEES	2022 RUPEES
Net profit for the year	333,063,894	84,084,348
Other comprehensive income	-	-
Total comprehensive income for the year	<u>333,063,894</u>	<u>84,084,348</u>

The annexed notes from 1 to 42 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, 2023

Particulars	Issued, subscribed and paid -up capital	Reserves			Total Reserves	Total Equity
		Capital reserves	Revenue reserves			
		Share premium	General reserve	Unappropriated profit		
----- Rupees -----						
As at 30 June 2021	200,000,000	10,000,000	50,000,000	704,699,028	764,699,028	964,699,028
Final dividend @ 60% for the year ended 30 June 2021	-	-	-	(120,000,000)	(120,000,000)	(120,000,000)
Net profit for the year	-	-	-	84,084,348	84,084,348	84,084,348
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	84,084,348	84,084,348	84,084,348
As at 30 June 2022	<u>200,000,000</u>	<u>10,000,000</u>	<u>50,000,000</u>	<u>668,783,376</u>	<u>728,783,376</u>	<u>928,783,376</u>
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)
Net profit for the year	-	-	-	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
As at 30 June 2023	<u>200,000,000</u>	<u>10,000,000</u>	<u>50,000,000</u>	<u>841,847,270</u>	<u>901,847,270</u>	<u>1,101,847,270</u>

The annexed notes from 1 to 42 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, 2023

	NOTE	2023 RUPEES	2022 RUPEES
Cash generated from operations	33	322,496,410	11,506,630
Finance costs paid		(2,998,787)	(3,012,885)
Taxes paid		(38,093,531)	(27,893,737)
Long-term deposits - net		(401,500)	-
Net cash generated from / (used in) operating activities		<u>281,002,592</u>	<u>(19,399,992)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Short-term investments - net		(48,689,448)	39,320,371
Capital expenditure		(24,984,070)	(50,125,180)
Profit on investments and bank balances received		42,006,190	12,028,133
Dividend received		7,130,908	16,986,822
Proceeds from disposal of operating fixed assets		82,000	-
Net cash (used in) / generated from investing activities		<u>(24,454,420)</u>	<u>18,210,146</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(163,100,747)	(112,690,716)
Lease rentals paid		(11,515,817)	(10,852,406)
Net cash used in financing activities		<u>(174,616,564)</u>	<u>(123,543,122)</u>
Net increase / (decrease) in cash and cash equivalents		81,931,608	(124,732,968)
Cash and cash equivalents at the beginning of the year		109,083,841	233,816,809
Cash and cash equivalents at the end of the year	34	<u><u>191,015,449</u></u>	<u><u>109,083,841</u></u>

The annexed notes from 1 to 42 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, 2023

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 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise:

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

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

4 BASIS OF MEASUREMENT

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

5 NEW ACCOUNTING STANDARDS

5.1 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 2022, 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.

5.2 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 2023. The Company is in the process of determining the impacts of application of these new standards on the future financial statements of the Company.

6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

- depreciation method, residual values and useful lives of operating fixed assets (note 7.1.1 and 8.1)
- depreciation method, residual values and useful lives of right-of-use assets (note 7.2 and 9)
- impairment of non-financial and financial assets (note 7.3 and 7.4.3)
- provision for slow moving and obsolete inventory (note 7.6 and 7.7)
- taxation (note 7.15, 11 and 31)
- contingencies (note 23)
- leases (note 7.12 and 18)
- provision (note 7.11)



7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

7.1 Property, plant and equipment

7.1.1 Operating fixed assets

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

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

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

7.1.2 Capital work-in-progress

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

7.2 Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated using straight line method over the lease term. Right-of-use assets are subject to impairment. The depreciation rates used are stated in note 9 to the financial statements.

7.3 Impairment of non-financial assets

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

7.4 Financial instruments

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

7.4.1 Financial assets

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.

7.4.2 Financial liabilities

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

7.4.3 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.

7.5 Offsetting of financial instruments

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

7.6 Stores, spare parts and loose tools

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

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

7.7 Stock-in-trade

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

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

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



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

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

7.8 Cash and cash equivalents

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

7.9 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.

7.10 Trade and other payables

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

7.11 Provisions

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

7.12 Lease liabilities

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

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



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

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

7.13 Contract liabilities

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

7.14 Revenue recognition

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

- Revenue from sale of goods is recognised when or as control of goods have been transferred to a customer at a point in time, when the performance obligations are met;
- 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

7.15 Taxation

7.15.1 Current

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

7.15.2 Deferred

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

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

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

7.16 Dividends and appropriations to reserves

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

7.17 Functional and presentation currency

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

7.18 Foreign currency transactions

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



7.19 Operating segments

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

7.20 Earnings per share

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

7.21 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	2023 RUPEES	2022 RUPEES
8	PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	8.1	538,811,916	573,192,421
Capital work-in-progress	8.3	7,285,605	1,674,453
		<u>546,097,521</u>	<u>574,866,874</u>



8.1 Operating fixed assets

2023	COST				ACCUMULATED DEPRECIATION				NET BOOK VALUE	Depreciation Rate
	As at July 01, 2022	Additions	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	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%
	1,435,319,425	19,372,918	87,900	1,454,604,443	862,127,004	53,692,039	26,516	915,792,527	538,811,916	
		8,856,713 *								

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

2022	COST				ACCUMULATED DEPRECIATION				NET BOOK VALUE	Depreciation Rate
	As at July 01, 2021	Additions	Disposals	As at June 30, 2022	As at July 01, 2021	Charge for the year (note 8.2)	On Disposals	As at June 30, 2022	As at June 30, 2022	
	Rupees									
Leasehold land	51,205,696	-	-	51,205,696	-	-	-	-	51,205,696	-
Buildings on leasehold land:										
- Factory building	105,438,096	14,198,931 *	-	119,637,027	88,984,939	2,683,503	-	91,668,442	27,968,585	10%
- Factory office	7,086,750	-	-	7,086,750	3,187,031	194,984	-	3,382,015	3,704,735	5%
- Pavement and ponds	9,303,700	-	-	9,303,700	5,884,470	170,960	-	6,055,430	3,248,270	5%
Larkana office premises	759,358	-	-	759,358	536,084	11,164	-	547,248	212,110	5%
Plant and machinery	882,617,745	240,421,259 *	-	1,123,039,004	613,435,157	44,471,187	-	657,906,344	465,132,660	10%
Furniture and fixtures	5,709,207	440,789	-	6,149,996	4,312,734	167,939	-	4,480,673	1,669,323	10%
Tubewell	175,000	-	-	175,000	159,238	1,576	-	160,814	14,186	10%
Office and electrical equipment	5,214,241	-	-	5,214,241	4,452,980	54,048	-	4,507,028	707,213	10%
Computers	6,559,468	419,052	-	6,978,520	5,387,272	506,353	-	5,893,625	1,084,895	30%
Laboratory equipment	7,968,945	-	-	7,968,945	5,160,978	288,596	-	5,449,574	2,519,371	10%
Vehicles	95,182,536	1,984,656	-	97,167,192	77,992,708	3,537,197	-	81,529,905	15,637,287	20%
Boat	415,000	-	-	415,000	408,577	1,284	-	409,861	5,139	20%
Warehouse	218,996	-	-	218,996	131,681	4,364	-	136,045	82,951	5%
	1,177,854,738	257,464,687	-	1,435,319,425	810,033,849	52,093,155	-	862,127,004	573,192,421	



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

	Note	2023 RUPEES	2022 RUPEES
Cost of sales	25.1	50,477,193	49,804,924
Distribution costs	26	583,615	76,388
Administrative expenses	27	2,631,231	2,211,843
		<u>53,692,039</u>	<u>52,093,155</u>

8.3 Capital work-in-progress

At the beginning of the year		1,674,453	209,013,960
Capital expenditure incurred / advances made during the year		14,467,865	47,280,683
Transferred to operating fixed assets		(8,856,713)	(254,620,190)
At the end of the year		<u>7,285,605</u>	<u>1,674,453</u>

9 RIGHT-OF-USE ASSETS

Cost			
At the beginning of the year		43,641,200	23,106,095
Remeasurement of lease liabilities		1,103,986	20,535,105
At the end of the year		<u>44,745,186</u>	<u>43,641,200</u>
Accumulated depreciation			
At the beginning of the year		28,535,480	18,183,746
Charge for the year	9.1	11,694,063	10,351,734
At the end of the year		<u>40,229,543</u>	<u>28,535,480</u>
Net book value at the end of the year		<u>4,515,643</u>	<u>15,105,720</u>

	Years
Useful life	<u>2.5 - 3.5</u> <u>2.5 - 3.5</u>

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

Distribution costs	26	493,095	410,628
Administrative expenses	27	11,200,968	9,941,106
		<u>11,694,063</u>	<u>10,351,734</u>

10 LONG-TERM DEPOSITS

Security deposits			
Nazir of High Court of Sindh		21,397,689	21,397,689
Others		5,494,681	5,093,181
		<u>26,892,370</u>	<u>26,490,870</u>



	Note	2023 RUPEES	2022 RUPEES
11 DEFERRED TAXATION – net			
Taxable temporary differences arising due to: Accelerated tax depreciation		(42,574,484)	(44,091,044)
Deductible temporary differences arising due to: Provisions		57,600,907	65,801,605
Lease liabilities		(810,909)	(942,812)
		<u>14,215,514</u>	<u>20,767,749</u>
12 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores in-hand		60,770,281	58,201,410
in-transit		1,723,638	-
		<u>62,493,919</u>	<u>58,201,410</u>
Spare parts		57,839,800	56,342,544
Loose tools		185,634	715,933
		<u>120,519,353</u>	<u>115,259,887</u>
13 STOCK-IN-TRADE			
Raw and packing materials in-hand		214,054,737	162,175,731
in-transit		40,036	-
Work-in-process		-	1,384,112
Finished goods		127,351,474	85,656,001
		<u>341,446,247</u>	<u>249,215,844</u>
14 TRADE DEBTS – considered good			
Local - unsecured		16,848,716	1,617,026
Export - secured		20,858,803	52,323,946
		<u>37,707,519</u>	<u>53,940,972</u>
14.1 These are neither past due nor impaired.			
15 SHORT-TERM INVESTMENTS			
At amortised cost			
Term deposit receipts - maturity within 3 months		-	254,450
- maturity more than 3 months		148,354,719	101,226,680
	15.1	<u>148,354,719</u>	<u>101,481,130</u>
Accrued profit		2,025,111	1,405,409
		<u>150,379,830</u>	<u>102,886,539</u>



	Note	2023 RUPEES	2022 RUPEES
At fair value through profit or loss			
Listed equity securities	15.2	32,686,378	43,909,558
Mutual fund units	15.3	12,738,217	11,176,808
		45,424,595	55,086,366
		<u>195,804,425</u>	<u>157,972,905</u>
15.1	Term deposits receipts are held with the following:		
		254,450	254,450
Bank Al Habib Limited		148,100,269	101,226,680
Pak Oman Investment Company Limited	15.1.1	<u>148,354,719</u>	<u>101,481,130</u>
15.1.1	These carry profit at rates ranging from 19.25% to 21.40% (2022: 9.25% to 14.50%) per annum.		
15.2	Represents 756,279 (2022: 756,279) fully paid-up ordinary shares of of Rs. 43.22 each of Bank AL Habib Limited.		
15.3	Represents 254,764 (2022: 223,536) units of Meezan Rozana Amdani Fund, having net asset value of Rs. 50 (2022: Rs. 50) each at the reporting date.		
16	CASH AND BANK BALANCES		
Cash in-hand		1,446,077	1,659,902
Bank balances			
Current accounts			
Local currency		4,587,948	2,234,296
Foreign currency		27,775,129	20,707,574
		32,363,077	22,941,870
Saving accounts	16.1	157,206,295	84,227,619
		<u>191,015,449</u>	<u>108,829,391</u>
16.1	These carry profit rates ranging between 12.25% to 19.50% (5.5% to 14.50%) per annum.		
17	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
		2023	2022
		---Number of Shares---	
	Note	2023 RUPEES	2022 RUPEES
15,000,000		75,000,000	75,000,000
25,000,000		125,000,000	125,000,000
<u>40,000,000</u>	17.1	<u>200,000,000</u>	<u>200,000,000</u>



17.1 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.

18 LEASE LIABILITIES

The Company has lease contracts for the admin office premises and a warehouse. These leases generally have lease terms between 2.5 to 3.5 years. The Company is bound by certain covenants which includes but are not limited to payment of certain taxes and to exercise reasonable care. The rate of interest used as the discounting factor is 1 month's KIBOR plus 1.5 percent (2022: 1 month's KIBOR plus 1.5 percent) per annum.

	2023 RUPEES	2022 RUPEES
18.1 Movement of lease liabilities is as follows:		
At the beginning of the year	10,937,673	695,481
Remeasurement of lease liabilities	1,103,986	20,535,105
Interest on lease liabilities	310,539	559,493
Lease rentals paid	(11,515,817)	(10,852,406)
At the end of the year	836,381	10,937,673
Current maturity of lease liabilities	<u>(561,670)</u>	<u>(10,937,673)</u>
	<u>274,711</u>	<u>-</u>

18.2 The amount of future lease payments and the period in which these become due are as follows:

	2023			2022		
	Minimum lease payments	Financial charges	Principal outstanding	Minimum lease payments	Financial charges	Principal outstanding
	----- (Rupees) -----					
Not later than one year	661,114	99,444	561,670	11,564,921	627,248	10,937,673
Later than one year but not later than five years	286,310	11,599	274,711	-	-	-
	<u>947,424</u>	<u>111,043</u>	<u>836,381</u>	<u>11,564,921</u>	<u>627,248</u>	<u>10,937,673</u>

	Note	2023 RUPEES	2022 RUPEES
19 PROVISION FOR GAS INFRASTRUCTURE DEVELOPMENT CESS			
At the beginning of the year		211,377,205	207,139,642
Unwinding of finance cost	30	14,466,316	12,778,332
		<u>225,843,521</u>	<u>219,917,974</u>
Gain on remeasurement of provision		(10,586,097)	(8,540,769)
		<u>215,257,424</u>	<u>211,377,205</u>
Current maturity		(212,070,073)	(171,662,624)
		<u>3,187,351</u>	<u>39,714,581</u>

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. 215.25 million (including current maturity of Rs. 212.07 million) resulting in re-measurement gain on discounting of GIDC of Rs.10.58 million in these financial statements for the year ended 30 June 2023.

	Note	2023 RUPEES	2022 RUPEES
20 TRADE AND OTHER PAYABLES			
Creditors		5,664,280	11,008,941
Accrued liabilities		52,863,206	45,370,760
Contract liabilities	20.1	59,997,574	50,065,486
Workers' Welfare Fund	20.2	21,603,191	13,972,011
Workers' Profit Participation Fund	20.3	1,882,051	-
Sales tax payable		18,271,185	15,656,091
		<u>160,281,487</u>	<u>136,073,289</u>

20.1 Represents advance received from various customers. Revenue recognised during the year from amounts included in contract liabilities at the beginning of the year amounted to Rs. 37.22 million (2022: Rs. 96.81 million).



	Note	2023 RUPEES	2022 RUPEES
20.2 Worker Welfare Fund			
At the beginning of the year		13,972,011	12,478,038
Charge for the year	28	7,631,180	2,312,461
Payments during the year		-	(818,488)
At the end of the year		<u>21,603,191</u>	<u>13,972,011</u>
20.3 Worker Profit Participation Fund			
At the beginning of the year		-	1,996,425
Charge for the year	28	20,082,051	7,003,575
Payments during the year		(18,200,000)	(9,000,000)
At the end of the year		<u>1,882,051</u>	<u>-</u>

21 PROVISION FOR GAS RATE REVISION

During the years ended 30 June 2016, 2018 and 2019, SSGC increased rates of natural gas which was notified by Oil and Gas Regulatory Authority (OGRA) in respective years. The Company challenged the OGRA notification in HSC in previous years. However, during the year ended 30 June 2022, the Company and SSGC have agreed on out of court settlement whereby, the Company will pay the outstanding amount in instalments for which provision has already been made on prudent basis in the financial statements. .

	Note	2023 RUPEES	2022 RUPEES
22 UNCLAIMED AND UNPAID DIVIDEND			
Unclaimed dividend		28,245,176	15,079,387
Unpaid dividend		7,487,536	23,754,072
		<u>35,732,712</u>	<u>38,833,459</u>

23 CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

23.1.1 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.



23.1.2 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.

23.1.3 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 (the Ordinance) 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	2023 RUPEES	2022 RUPEES
23.2 Commitments			
Outstanding letters of credit		3,889,990	5,500,134
Guarantee issued in favour of SSGC		73,845,865	73,845,865
Cheques issued in favor of Nazir of Honourable High Court of Sindh in relation to OGRA case	21	63,380,287	63,380,287
24 TURNOVER – net			
Local sales		2,377,609,932	1,369,599,584
Export sales		513,178,590	689,142,518
		2,890,788,522	2,058,742,102
Sales return		(2,193,075)	(19,304,200)
Sales tax		(354,579,617)	(119,780,526)
		2,534,015,830	1,919,657,376
25 COST OF SALES			
Cost of goods manufactured	25.1	1,949,598,589	1,475,294,448
Finished goods at the beginning of the year		85,656,001	87,094,949
Finished goods at the end of the year	13	(127,351,474)	(85,656,001)
		1,907,903,116	1,476,733,396



	Note	2023 RUPEES	2022 RUPEES
25.1 Cost of goods manufactured			
Raw and packing materials consumed	25.1.1	1,266,805,066	736,274,695
Utilities		369,302,209	449,355,438
Salaries, wages and benefits	25.1.2	172,927,563	163,102,173
Repairs maintenance and stores consumed		43,700,882	50,575,253
Depreciation on operating fixed assets	8.2	50,477,193	49,804,924
Vehicle running and maintenance		18,053,726	10,991,669
Insurance		4,415,063	4,136,458
Product testing expense		12,428,377	6,260,486
Others		10,104,398	6,177,464
		<u>1,948,214,477</u>	<u>1,476,678,560</u>
Work-in-process			
At the beginning of the year		1,384,112	-
At the end of the year		-	(1,384,112)
		<u>1,384,112</u>	<u>(1,384,112)</u>
		<u>1,949,598,589</u>	<u>1,475,294,448</u>

25.1.1 Raw and packing materials consumed

At the beginning of the year		162,175,731	140,159,316
Purchases		1,318,684,072	758,291,110
		1,480,859,803	898,450,426
At the end of the year	13	(214,054,737)	(162,175,731)
		<u>1,266,805,066</u>	<u>736,274,695</u>

25.1.2 These include Rs 8.51 million (2022: Rs.7.34 million) in respect of staff retirement benefit

26 DISTRIBUTION COSTS

Freight and commission		103,848,736	176,762,544
Salaries and benefits	26.1	12,303,759	12,835,490
Advertisement expenses		4,415,056	2,776,357
Travelling and conveyance	26.2	4,081,361	1,737,368
Vehicle running expenses		955,967	554,208
Depreciation on operating fixed assets	8.2	583,615	76,388
Depreciation on right-of-use assets	9.1	493,095	410,628
Postage and telephone		767,621	1,283,021
ISO and Other certifications		9,740,095	3,664,142
Insurance		427,612	418,607
Printing and stationery		126,422	129,357
Entertainment		239,362	154,904
Utilities		191,368	109,206
Others		1,674,188	146,161
		<u>139,848,257</u>	<u>201,058,381</u>

26.1 These include Rs 0.77 million (2022: Rs.0.59 million) in respect of staff retirement benefits.



26.2 These include Rs. 1.46 million (2022: Nil) in respect of directors travelling.

	Note	2023 RUPEES	2022 RUPEES
27 ADMINISTRATIVE EXPENSES			
Salaries and benefits	27.1	71,395,219	62,613,091
Travelling and conveyance	27.2	2,987,955	22,641,851
Legal and professional charges		4,767,766	2,674,453
Depreciation on operating fixed assets	8.2	2,631,231	2,211,843
Depreciation on right-of-use assets	9.1	11,200,968	9,941,106
Vehicle running expenses		9,206,130	6,162,441
Postage and telephone		1,831,450	1,545,589
Printing and stationery		2,135,750	1,653,657
Auditor's remuneration	27.2	1,430,000	1,430,000
Utilities		2,340,543	1,368,379
Entertainment		834,511	1,397,285
Donations and corporate social responsibility	27.3	3,376,400	3,724,500
Advertisement expenses		737,633	604,975
Insurance		578,753	653,966
Repairs and maintenance		467,358	630,728
Directors' fee		168,750	100,000
Others		5,371,650	5,353,847
		<u>121,462,067</u>	<u>124,707,711</u>

27.1 These include Rs. 4.33 million (2022: Rs.3.64 million) in respect of staff retirement benefits.

27.2 These include Rs. 1.33 million (2022: Rs. 21.40 million) in respect of directors travelling.

27.2 Auditor's remuneration

Statutory audit		880,000	880,000
Half yearly review		170,500	170,500
Others		379,500	379,500
		<u>1,430,000</u>	<u>1,430,000</u>

27.3 Donations made to following parties.

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

28 OTHER EXPENSES

Workers' Welfare fund	20.2	7,631,180	2,312,461
Workers' Profit Participation Fund	20.3	20,082,051	7,003,575
Exchange loss - net		-	2,957,912
Unrealised loss on remeasurement of investments at FVTPL		11,223,180	9,701,487
		<u>38,936,411</u>	<u>21,975,435</u>

	Note	2023 RUPEES	2022 RUPEES
29 OTHER INCOME			
Income from financial assets			
Profit on bank accounts		15,576,316	6,002,343
Profit on investments		27,049,576	7,308,285
Gain on disposal of investments		-	3,841,453
Dividend income		7,130,908	16,986,822
Exchange gain - net		1,593,721	-
		<u>51,350,521</u>	<u>34,138,903</u>
Income from non-financial assets			
Gain on disposal of operating fixed assets		20,616	-
Insurance claim		-	340,000
		<u>51,371,137</u>	<u>34,478,903</u>
30 FINANCE COSTS			
Bank charges and commission		2,998,787	3,009,733
Interest on lease liabilities		310,539	559,493
Unwinding of finance cost on provision for GIDC	19	14,466,316	12,778,332
Brokerage charges		-	3,152
		<u>17,775,642</u>	<u>16,350,710</u>
31 TAXATION			
Current		31,461,888	25,176,080
Prior		(1,030,446)	30,197
Deferred		6,552,235	12,560,790
	31.1	<u>36,983,677</u>	<u>37,767,067</u>
31.1	Income tax assessments of the Company have been finalised up to and including the tax year 2022.		
31.2	Provision for taxation for the current year is based on Minimum Tax u/s 113 of the Ordinance 2001. Accordingly reconciliation between tax expense and accounting profit has not been presented for the year ended 30 June 2023.		
32 EARNINGS PER SHARE			
Net profit for the year		<u>333,063,894</u>	<u>84,084,348</u>
Weighted average number of ordinary shares in issue	17	<u>40,000,000</u>	<u>40,000,000</u>
Basic and diluted earnings per share		<u>8.33</u>	<u>2.10</u>



	Note	2023 RUPEES	2022 RUPEES
33 CASH GENERATED FROM OPERATIONS			
Profit before taxation		370,047,571	121,851,415
Adjustments			
Depreciation on operating fixed assets		53,692,039	52,093,155
Depreciation on right-of-use assets		11,694,063	10,351,734
Gain on disposals of operating fixed assets		(20,616)	-
Unrealised loss remeasurement of investments at FVTPL		11,223,180	9,701,487
Gain on remeasurement of provision for GIDC		(10,586,097)	(8,540,769)
Dividend income		(7,130,908)	(16,986,822)
Profit on investment and bank balances		(42,625,892)	(13,310,628)
Finance costs		17,775,642	16,350,710
		<u>34,021,411</u>	<u>49,658,867</u>
		404,068,982	171,510,282
Decrease / (increase) in current assets			
Stores, spare parts and loose tools		(5,259,466)	(31,575,545)
Stock-in-trade		(92,230,403)	(21,957,966)
Trade debts		16,233,453	(53,920,104)
Loans and advances		10,441,206	(9,503,817)
Trade deposits and pre-payments		(1,532,359)	7,418
Sales tax receivable		-	11,944,668
		<u>(72,347,569)</u>	<u>(105,005,346)</u>
(Decrease) / increase in current liability			
Trade and other payables		(9,225,003)	(54,998,306)
		<u>322,496,410</u>	<u>11,506,630</u>
34 CASH AND CASH EQUIVALENTS			
Cash and bank balances		191,015,449	108,829,391
Term deposits receipts - maturity within three months		-	254,450
		<u>191,015,449</u>	<u>109,083,841</u>

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the companies financial instruments are market risk, credit risk and liquidity risk. The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework.

35.1 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.

35.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in the market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to its investment in term deposit receipts, deposits in savings accounts and lease liabilities.

Management of the Company estimates that 1% increase in the market interest rate, with all other factors remaining constant, would increase the Company's profit before tax by Rs.3.05 million (2022: Rs.1.01 million) and a 1% decrease would result in decrease in the Company's profit by the same amount. However, the actual results may differ from the sensitivity analysis.

35.1.2 Foreign currency risk

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

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

	Note	2023 RUPEES	2022 RUPEES
Exchange rate – US Dollar		285.99	204.85

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

		Effect on profit before tax	
	Change in rate (%)	2023 RUPEES	2022 RUPEES
30 June	1%	277,751	207,076
	-1%	(277,751)	(207,076)



35.1.3 Equity risk

Equity price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices of financial instruments traded in the market. Management of the Company estimates that 1% increase in the market rate of equity securities and mutual fund units rate, with all other factors remaining constant, would increase the Company's profit before tax by Rs. 0.45 million (2022: Rs. 0.55 million) and a 1% decrease would result in decrease in the Company's profit before tax by the same amount. However, the actual results may differ from the sensitivity analysis.

35.2 Credit risk

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

	Note	2023 RUPEES	2022 RUPEES
Deposits		27,496,370	26,966,251
Trade debts		37,707,519	53,940,972
Bank balances		189,569,372	107,169,489
		<u>254,773,261</u>	<u>188,076,712</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

A-1 +	PACRA	189,569,372	107,169,489
		<u>189,569,372</u>	<u>107,169,489</u>



35.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company applies prudent liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Table below summarises the maturity profile of the Company's financial liabilities at the following reporting dates based on contractual undiscounted payments.

	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
Un-claimed 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>

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

35.4 Capital risk management

The Company's objective when managing capital is to safe guard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses. The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

35.5 Fair value of financial instruments

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

Fair value hierarchy

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

Level 1: Quoted market price

Level 2: Valuation techniques (market observable); and

Level 3: Valuation techniques (non-market observables)

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

36 REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

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

	2023			2022		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	----- (Rupees) -----					
Managerial remuneration	14,528,684	8,732,283	29,270,611	12,538,191	7,463,810	24,990,415
Bonus	1,465,855	880,851	2,997,524	1,115,759	665,126	2,892,879
Leave encashment	-	-	-	1,230,769	738,462	1,776,985
Contribution to provident fund	1,210,724	727,690	2,439,218	1,044,849	621,984	2,082,534
	<u>17,205,263</u>	<u>10,340,824</u>	<u>34,707,353</u>	<u>15,929,568</u>	<u>9,489,382</u>	<u>31,742,813</u>
Number of persons	<u>1</u>	<u>1</u>	<u>10</u>	<u>1</u>	<u>1</u>	<u>10</u>

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

37 TRANSACTIONS WITH RELATED PARTIES

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



Relationship	Nature of transactions	2023	2022
		-----Rupees-----	
Associated Company	Dividend paid	<u>78,292</u>	<u>58,719</u>
Directors and other	Dividend paid	<u>105,199,144</u>	<u>78,899,358</u>
Staff provident fund	Contributions made	<u>13,612,031</u>	<u>11,570,033</u>

37.2 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%

38 NUMBER OF EMPLOYEES

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

	2023	2022
	-----Numbers-----	
At year end	<u>320</u>	<u>307</u>
Average employees during the year	<u>317</u>	<u>300</u>

39 CAPACITY

	2023	2022
	-----M. Tonnes-----	
Annual installed capacity as of June 30	<u>45,000</u>	<u>45,000</u>
Actual production for the year	<u>14,268</u>	<u>12,475</u>

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



40 NON ADJUSTING EVENT AFTER THE REPORTING DATE

Subsequent to the year end, the Board of Directors of the Company in their meeting held on 13 September, 2023 have proposed a final cash dividend of @ Rs.1.50 per shares i.e 30%, in addition to Rs.2/- per share i.e 40% interim cash dividend already declared/paid for the year ended 30 June 2023 (2022: Rs.2.00) per share.

41 PROVIDENT FUND RELATED DISCLOSURE

41.1 The following information is based on un-audited financial statements of the Fund as at 30 June:

	Note	2023 RUPEES	2022 RUPEES
Size of the fund - Total assets		270,161,608	232,200,422
Fair value of investments	41.1.1	123,290,561	110,913,707
Cost of investments		123,290,561	110,913,707
Percentage of investments made		45.64	47.77

41.1.1 The break-up of fair value of investments is as follows:

	(Percentage)		2023 RUPEES	2022 RUPEES
Certificate of Investment - Pak Oman Investment Company Limited	79.59	77.32	98,132,380	85,755,526
Term Deposit Receipts- Bank Al Habib	20.41	22.68	25,158,181	25,158,181
Debt securities	100.00	100.00	123,290,561	110,913,707

41.2 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.

42 GENERAL

42.1 Figures have been rounded off to the nearest rupees, unless otherwise stated.

42.2 These financial statements were authorised for issue on 13 September, 2023 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 43rd Annual General Meeting of the Shareholders of Habib Rice Products Ltd. will be held on Thursday, October 26, 2023 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 Extra Ordinary General Meeting held on Monday, June 05, 2023.
2. To receive and adopt the Director's Report and Audited Financial Statements of the Company for the year ended June 30, 2023.
3. To approve the Final Cash Dividend for the year ended June 30, 2023 @ 30% i.e. Rs.1.50 per share of Rs.5 each in addition to 40% Interim Cash Dividend already declared / paid to the members as recommended by the Board of Directors.
4. To appoint Auditors for the year ending on June 30, 2024 and fix their remuneration.
5. To transact such other business as may be placed before the meeting with the permission of the Chairman.

SPECIAL BUSINESS:

To consider and, if thought fit, pass with or without modification, addition(s) or deletion(s), the following special resolution(s), recommended by the Board of Directors of the Company:

Resolved that, as recommended by the board of directors of the Company, and pursuant to the provisions of Section 38 of the Companies Act, 2017 read with all other applicable provisions thereof, the consent of members be and is hereby accorded for alteration of the Articles of Association of the Company, and Article 85 and Article 87 of the Articles of Association of the Company be and are hereby substituted as follows:

"85. Each Director shall be paid out of the Funds of the Company by way of remuneration for his / her services such sums as the board of directors of the Company may determine, from time to time, through a board resolution, in accordance with the provisions of the Directors' Remuneration Policy approved by the board of directors of the Company.

87. The board of directors of the Company may decide to provide additional / extra compensation to Director(s), above and beyond what they receive for attending meetings of the board of directors of the Company, on account of such Director(s) (i) being part of any committee(s) constituted by the board of directors of the Company, (ii) being the chairperson of the board of directors of the Company or holding any other special office created by the board of directors of the company, (iii) devoting special attention to the business of the Company, or (iv) performing services, which in the opinion of the board of directors of the Company, are outside the scope of the ordinary duties of a director."



Resolved further that, (the "Mr. Gaffar A. Habib - Chairman and Mr. Owais G. Habib - Chief Executive Officer") be and is hereby authorized, empowered and permitted to take all such necessary, ancillary and incidental steps and to do or cause to be done all such acts, deeds and things that may be required for the purpose of giving effect to these resolutions.

Resolved further that, the Authorized Person be and is hereby further authorized, empowered and permitted to take all actions including but not limited to obtaining any requisite regulatory permissions, engaging legal counsel, consultants and auditors for the purposes of the amendments to the Articles of Association of the Company, and filing of all the requisite statutory forms, returns and all other documents as may be required to be filed with the regulator(s), submitting all such documents as may be required, executing all such documents or instruments including any amendments or substitutions to any of the forgoing as may be required or necessary in respect of amendment of the Articles of Association of the Company and all other matters ancillary or incidental thereto.

Resolved further that, all acts, deeds and actions taken by the Authorized Person pursuant to this special resolution of the shareholders for and on behalf of and in the name of the Company shall be binding on the Company.

Statements under Section 134(3) of the Companies Act, 2017 pertaining to special business are enclosed.

BY ORDER OF THE BOARD
ALI ASGHAR RAJANI
Company Secretary

Karachi: 13 September 2023.

NOTES:

1. Closure of Share Transfer Books

The share transfer books of the Company will remain closed from October 18, 2023 to October 26, 2023 (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, 2023 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: hal-adm@hotmail.com at the earliest but not later than close of business on October 23, 2023.

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 hal-adm@hotmail.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. E-Dividend (Mandatory)

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

7. Payment of Cash Dividend through Electronic Mode

In order to receive cash dividend directly into the designated bank account, members who have not yet provided the bank account details are requested to fill and sign the "E-Dividend Mandate Form" available on the Company's website i.e. www.hrpl-financialstatement.com and send to the relevant Participants/Investor Account Services of the CDC/Share Registrar of the Company (as the case may be) latest by 17 October, 2023 along with a copy of their valid CNICs.

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

8. Deduction of Income Tax

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

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

To enable the Company to make tax deduction on the amount of cash dividend @15% instead of 30%, all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date of approval of the cash dividend, at the Annual General Meeting on 26th October 2023, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.



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

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

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

9. Transmission of Financial Statements and Notices through Electronically

Shareholders have an option to receive Annual Audited Financial Statements and Notice of Annual General Meeting through email. Shareholders of the Company are requested to give their consent on prescribed format placed on the Company's website www.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.

10. 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.

Statement Under Section 134(3) of the Companies Act 2017

Pursuant to the Article 85 of the Articles of Association of Habib Rice Products Limited (the "Company"), the remuneration of the directors for attending board meetings is to be determined and approved by the Company in a general meeting, subject to the prior approval of the Controller of Capital Issues. It is proposed that Articles 85 and 87 of the Articles of Association of the Company be amended to empower the board of directors of the Company to determine the remuneration of the directors in accordance with the Directors' Remuneration Policy approved by the board of directors of the Company.

PURPOSE OF AMENDMENTS

Justification for Flexibility

In view of the rising costs owing to inflation, not only do directors of the Company need to be compensated accordingly and the Director's remuneration policy needs to be revised from time to time, but the cost of frequently scheduling extra-ordinary general meetings for this purpose alone burdens the Company's finances. The proposed amendments are necessary in order to decrease the burden on Company finances and provide flexibility to the Board of Directors to determine the remuneration as required on need basis in light of the prevailing circumstances.

Redundancy of Controller of Capital Issues

At the time of incorporation of the Company, the Capital Issues (Continuous of Control) Act, 1947, (the "1947 Act") was in force which gave the Federal Government wide discretionary powers to control the issue of share capital and other such powers. However, with the passing of the Finance Act, 1995, the 1947 Act was repealed.

Given that no such powers exist under the current legal framework, the requirement under the Articles of Association to obtain the approval of the Controller of Capital Issues has become redundant.

In light thereof, the Board of Directors of Habib Rice Products Limited (the "Company") in its meeting held on September 13, 2023 has, inter alia, approved the amendments in Articles 85 & 87 of the Articles of Association of the Company.

In terms of the Company's Policy, the matter is being presented to the Shareholders of the Company for their approval by passing the aforesaid resolutions as a Special Resolution.

Interest of Directors There is no direct interest of the directors in this special resolution, except for the decision on and payment of remuneration.

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

Company Address:

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

Share Registrar Address:

M/s. 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



Habib Rice Products Ltd.

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 26, 2023,

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)

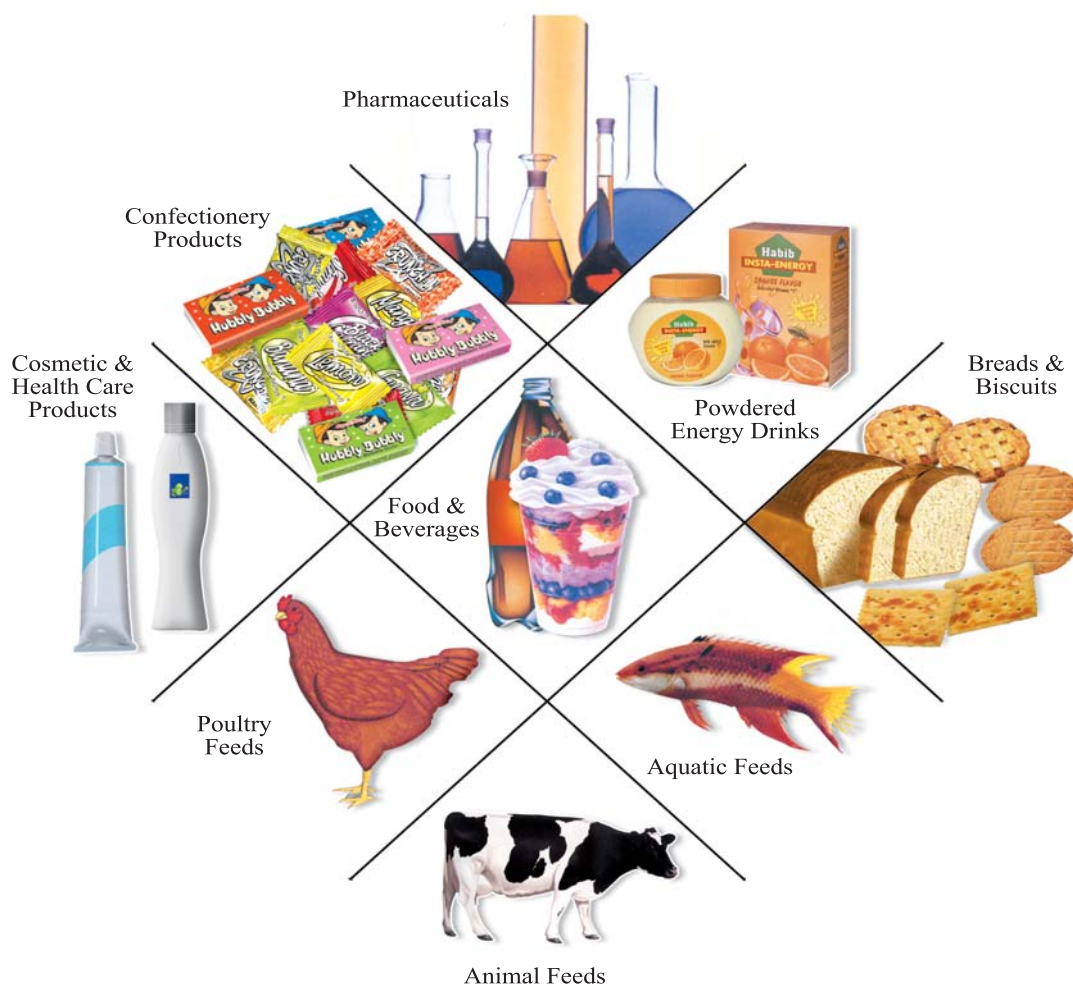


Habib Rice Products Ltd.

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**



Cell : +92-333-2138681 - +92-333-2144227 - +92-332-2123552 Tell : +92-853-363963-5
Email : mkt_habibadm@hotmail.com / habib-adm@hotmail.com / hal-adm@hotmail.com
Website : www.habibriceproducts.com