



BABA FARID

SUGAR MILLS LIMITED



**CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE 1ST QUARTER ENDED
31 DECEMBER 2019
(UN-AUDITED)**



Contents

Company Information	2
Directors' Review	3
Condensed Interim Statement of Financial Position	10
Condensed Interim Statement of Profit or Loss	11
Condensed Interim Statement of Comprehensive Income	12
Condensed Interim Statement of Cash Flows	13
Condensed Interim Statement of Changes in Equity	14
Selected Notes to the Condensed Interim Financial Information	15



Corporate Information

Board of Directors

Mrs. Qaiser Shamim Khan	Chairperson
Mr. Adnan Ahmed Khan	Chief Executive
Mr. Muhammad Shamim Khan	Executive Director
Mr. Nauman Ahmed Khan	Non-Executive Director
Mrs. Sarah Hajra Khan	Non-Executive Director
Mr. Farid ud Din Ahmed	Independent Director
Mr. Malik Manzoor Hussain Humayoon	Independent Director

Audit Committee

Mr. Farid-ud-Din Ahmad	Chairman
Mrs. Sarah Hajra Khan	Member
Mr. Malik Manzoor Hussain Humayoon	Member

Human Resources & Remuneration Committee

Mr. Farid-ud-Din Ahmad	Chairman
Mr. Adnan Ahmed Khan	Member
Mr. Malik Manzoor Hussain Humayoon	Member

Nomination Committee

Mr. Malik Manzoor Hussain Humayoon	(Chairman)
Mr. Farid ud Din Ahmed	

Risk Management Committee

Mr. Malik Manzoor Hussain Humayoon	(Chairman)
Mr. Farid ud Din Ahmed	

Chief Financial Officer

Mr. Wasif Mahmood

Company Secretary

Mr. Muhammad Imran

Auditors

BDO Ebrahim & Co.
Chartered Accountants
F-2, First Floor, Grace Centre,
Canal Bank Road, 1-B Canal Park,
Gulberg-II, Lahore
Tel: 042-35875709-10
Fax: 042-35717351
Email: info@bdo.com.pk

Mills

5 K.M. Faisalabad Road, Okara
Tel: 0442-522878, 511878
Fax: 0442-522978

Bankers

Habib Bank Limited
Bank Al-Habib Limited
United Bank Limited
MCB Bank Limited
J.S Bank Limited

Share Registrar

M/s Corplink (Pvt) Limited
Share Registrar, Wings Arcade,
1-K Commercial Model Town, Lahore.
Tel: 042-35916714, Fax: 042-35869037
Email: corplink786@gmail.com

Registered Office

2-D-1, Gulberg III, Lahore
Tel: 042-35771066-71
Fax: 042-35756687
Email: info@bfsml.com
Website: www.bfsml.com

Legal Advisor

Mohsin Tayebaly & Co.
Corporate Legal Consultants (Barrister & Advocates)
High Courts & Supreme Courts
Lahore Office: 102-C-1, St. John's Park
(Opp. Fortress Stadium), Lahore
Tel: 042-36672102
Email: Arshad.mirza@mtclaw.com.pk



Directors' Review

The Directors of your Company are pleased to present the Un-Audited Accounts of the Company for the 1st Quarter Ended 31 December 2019 in compliance with the section 237 of the Companies Act, 2017.

INDUSTRY OVERVIEW

During the period under review, sugarcane crop size was considerably on lower side and yield per acre being reported was also lower as compared to corresponding period last year. Moreover, sugar recoveries are expected lower as compared to last crushing season. Cumulatively the Company's sugar production in this season is expected to be lower in line with country's sugar production as compared to the last year.

For current crushing season 2019-20, notified support price of sugarcane is Rs. 190/- per 40 kg in Punjab, KPK and Sindh.

COMPANY PERFORMANCE

Operating Highlights

The Company was able to crush 60,005.610 M. Tons sugarcane and produced 3,987.000 M. Tons of white refined sugar at an average recovery of 7.832% during the period ended 31 December 2019 as compared to sugarcane crushing of 17,718.172 M. Tons and production of 505.000 M. Tons white refined sugar at an average recovery of 6.976% during the corresponding period last year. Improvement in Company's sugar production is attributable to the efficiency and experience of new management. However, lower cane production in surrounding areas and ongoing maintenance works stalled more sugar production for the period.

Financial Highlights

Net sales were recorded at Rs. 1.206 million during the current period as compared to Rs. 24.003 million during the corresponding period of last year. The Company suffered gross loss of Rs. (38.888) million and net after-tax loss of Rs. (85.176) million during the period as compared to gross loss of Rs. (95.499) million and net after-tax loss of Rs. (135.271) million in the corresponding period last year.

All out efforts are being made to increase the production and profitability of the company through process efficiency, installing modern and latest technology equipment, reducing production cost due to close supervision, developing good quality cane, by providing the latest improved seed varieties, fertilizers, pesticides etc. and facilitating the cane growers constantly, which ultimately will result in higher sugar recovery and also financial benefit to the cane growers.

CORPORATE GOVERNANCE

Best Corporate Practices

Directors are committed to good corporate governance and comply with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 and the Rule Book of Pakistan Stock Exchange. The statement of compliance with the CCG is enclosed.

1. The total number of directors are seven as per the following:

- Male: Five
- Female: Two



2. The composition of the Board of Directors (the Board”) is as follows:

Category	Names
Independent Director	Mr. Farid-ud-Din Ahmad Mr. Malik Manzoor Hussain Humayoon
Executive Directors	Mr. Adnan Ahmed Khan (CEO) Mr. Muhammad Shamim Khan
Non-Executive Director	Mrs. Qaiser Shamim Khan Mr. Nauman Ahmed Khan Mrs. Sarah Hajra Khan

3. The Board has formed committees comprising of members given below:

AUDIT COMMITTEE

- Mr. Farid-ud-Din Ahmad (Chairman)
- Mr. Malik Manzoor Hussain Humayoon
- Mrs. Sarah Hajra Khan

HR AND REMUNERATION COMMITTEE

- Mr. Farid-ud-Din Ahmad (Chairman)
- Mr. Adnan Ahmed Khan;
- Mr. Malik Manzoor Hussain Humayoon

NOMINATION COMMITTEE

- Mr. Malik Manzoor Hussain Humayoon. (Chairman)
- Mr. Farid-ud-Din Ahmad

RISK MANAGEMENT COMMITTEE

- Mr. Malik Manzoor Hussain Humayoon. (Chairman)
- Mr. Farid-ud-Din Ahmad

HOLDING COMPANY

Naubahar Bottling Company (Pvt.) Limited is the holding company with the 50.8621% Ordinary Shares.

FUTURE OUTLOOK

The new sponsors have a reputed profile in the industry and not only have managed operations of existing mills but also expanded sugar extraction from sugar beet in KP province. Furthermore, the group is engaged in business of sugar, beverage, steel, power and textile, hence have rich relevant experience. Naubahar Bottling Company (Private) Limited consumes a considerable portion of total sugar produced in group and this demand is expected to increase every year.

The acquisition allows the new management to better meet increasing demand of quality sugar which will bring further strength, experience and efficiency to the Company. Specifically, the acquisition has the potential to facilitate



expansion and efficient growth of business, strengthen the management and finances and improve financial planning; thereby facilitating business to be carried on more advantageously and economically with enhanced profitability. It is expected to yield better returns to the shareholders and additional benefits for other stakeholders. It is expected that the Company shall become financially more viable in comparison to its current status.

The Company will have better managerial planning. Consequently, shall be able to pass on parts of the expected benefits to the other stakeholders such as the Government, employees, general body of consumers and the society at large. The new Directors are much more experienced and have a large professional management team to revive sugar mills operations and explore new markets. The new management is quite confident that it will be able to expand the Company's business and operate more efficiently and will be able to convert into a profitably run organization in long term.

RESEARCH AND DEVELOPMENT

Agricultural R&D is an integral part of the Company's policy which entails identification and multiplication of promising new sugarcane varieties and their subsequent commercial sowing through progressive growers with best agricultural practices. This not only increases per acre yield of sugar cane but also enhances growers earning and creates more enthusiasm for sowing sugarcane compared to competing crops. It also increases the sugarcane supply to the Company and boosts overall sugar recovery, directly improving the bottom line of the Company.

Based on the above fact, your management has decided to provide new improved varieties of sugarcane seed with high yield/recovery and disease/frost resistance along with fertilizers and pesticides to cane growers on markup free credit basis for Spring sowing 2020, as well as free of cost timely services of biological laboratory at their door step so that sugarcane procurement for the next crushing season may not suffer.

ACKNOWLEDGEMENT

The Directors would like to express their appreciation for the dedication and hard work of the workers, staff and members of the management team. Growers are the key element of our industry and we thank them for their continued co-operation. The Directors of the Company are also thankful to the banks and financial institutions for the financial assistance and co-operation, which they have extended to the Company.

For and on behalf of the Board
Baba Farid Sugar Mills Limited

Nauman Ahmed Khan
Director

Lahore, 24 January 2020

Sarah Hajra Khan
Director

Muhammad Shamim Khan
Director



ڈائریکٹرز کی جائزہ رپورٹ

کمپنی کے ڈائریکٹر کمپنیز ایکٹ 2017ء کی دفعہ 237 کی تعمیل میں 31 دسمبر 2019 کو ختم ہونے والی پہلی سہ ماہی کے لئے کمپنی کے غیر نظر ثانی شدہ حسابات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

صنعت کا مجموعی جائزہ

زیر جائزہ مدت کے دوران گنے کی فصل کا سائز نمایاں طور پر کم ہے اور گزشتہ سال کے مقابلے فی ایکڑ پیداوار بھی بہت کم ہے۔ مزید برآں، شوگر ریکوریز گزشتہ کرشنگ سیزن کے مقابلے کم رہنے کی توقع ہے۔ مجموعی طور پر اس سیزن میں کمپنی کی چینی کی پیداوار گزشتہ سال کے مقابلے کمپنی کی چینی کی پیداوار کے مطابق کم رہنے کی توقع ہے۔

موجودہ کرشنگ سیزن 2019-20 کیلئے پنجاب اور کے پی کے میں گنے کی امدادی قیمت -/190 روپے فی من جبکہ صوبہ سندھ میں امدادی قیمت -/192 روپے فی من کا اعلان کیا گیا ہے۔

کمپنی کی کارکردگی

آپریٹنگ جھلکیاں

31 دسمبر 2019ء کو ختم ہونے والی پہلی سہ ماہی کے دوران کمپنی نے 60,005.610 میٹرک ٹن گنے کی کرشنگ کی اور 7.832 فیصد اوسط ریکوری کے ساتھ 3,987.000 میٹرک ٹن سفید ریفائنڈ چینی بنائی جبکہ اس کے مقابلے میں گزشتہ سال 17,718.172 میٹرک ٹن گنے کی کرشنگ کی اور 6.976 فیصد اوسط ریکوری کے ساتھ 505.000 میٹرک ٹن سفید ریفائنڈ چینی بنائی۔ کمپنی کی چینی کی پیداوار میں بہتری نئی انتظامیہ کی کارکردگی اور تجربہ سے منسوب ہے۔ تاہم، ارد گرد علاقوں میں گنے کی کم پیداوار اور جاری میٹھی نینس کاموں نے اس مدت کے لئے چینی کی زیادہ پیداوار روک رکھی ہے۔

مالی جھلکیاں

گزشتہ سال کی اسی مدت کے دوران 24.003 ملین روپے خالص فروخت کے برعکس موجودہ مدت کے دوران 1.206 ملین روپے درج کی گئی۔ کمپنی نے زیر جائزہ سہ ماہی کے دوران (38.888) ملین روپے مجموعی نقصان اور ٹیکس کے بعد (85.176) ملین روپے کا خالص نقصان برداشت کیا جو کہ گزشتہ سال کی اسی مدت میں (95.499) ملین روپے مجموعی نقصان اور ٹیکس کے بعد (135.271) ملین روپے کا خالص نقصان تھا۔

تمام تر کوششیں گنے کے کاشتکاروں کو مسلسل جدید بہترین بیج کی اقسام، کھادیں، کیڑے مار ادویات اور باہم سہولیات پہنچا کر عمل کارکردگی بہتر بنانے، جدت طرازی، جدید ترین ٹیکنالوجی آلات نصب، کڑی نگرانی سے پیداواری اخراجات کو کم کر کے گنے کے معیار کو بہتر بنانے کے ذریعے کمپنی کی پیداوار اور منافع کو بڑھانے کے لئے کی جارہی ہیں جس کے نتیجے میں چینی کی ریکوری زیادہ اور گنے کے کاشتکاروں کو مالی فوائد بھی حاصل ہوں گے۔



کارپوریٹ گورننس

بہترین کارپوریٹ عوامل

ڈائریکٹرز بہترین کارپوریٹ گورننس پر عملدرآمد اور فہرستی کمپنیز (کارپوریٹ گورننس کا ضابطہ) ریگولیشنز، 2017 اور پاکستان اسٹاک ایکسچینج کی رول بک کی ضروریات کو پورا کرتے ہیں۔ کوڈ آف کارپوریٹ گورننس کے مطابق تعمیل کا بیان منسلک ہے۔

1- مندرجہ ذیل کے مطابق ڈائریکٹرز کی کل تعداد سات ہے:

• مرد: پانچ

• خاتون: دو

2- بورڈ آف ڈائریکٹرز (بورڈ) کی تشکیل مندرجہ ذیل ہے:

نام	کیٹگری
جناب فرید الدین احمد جناب ملک منظور حسین ہمایوں	آزاد ڈائریکٹرز
جناب عدنان احمد خان (سی ای او) جناب محمد شمیم خان	ایگزیکٹو ڈائریکٹرز
محترمہ قیصر شمیم خان جناب نعمان احمد خان محترمہ سارہ ہاجرہ خان	نان ایگزیکٹو ڈائریکٹرز

بورڈ نے حسب ذیل ارکان پر مشتمل کمیٹیاں تشکیل دی ہیں۔

آڈٹ کمیٹی

• (جناب فرید الدین احمد) چیئر مین

• (جناب ملک منظور حسین ہمایوں)

• (محترمہ سارہ ہاجرہ خان)

ایچ آر اینڈ ریمیزیشن کمیٹی

• (جناب فرید الدین احمد) چیئر مین

• (جناب عدنان احمد خان)

• (جناب ملک منظور حسین ہمایوں)



نامزدگی کمیٹی

(i) جناب ملک منظور حسین ہمایوں (چیئر مین)

(ii) جناب فرید الدین احمد

رسک مینجمنٹ کمیٹی

(i) جناب ملک منظور حسین ہمایوں (چیئر مین)

(ii) جناب فرید الدین احمد

ہولڈنگ کمپنی

نوبہار ہوٹلنگ کمپنی (پرائیویٹ) لمیٹڈ 50.8621 فیصد حصص کے ساتھ ہولڈنگ کمپنی ہے۔

مستقبل کا نقطہ نظر:

نئے اسپانسرز کی صنعت میں ایک معروف پروفائل ہے اور نہ صرف موجودہ ملوں کے آپریشنز سنبھال چکے ہیں بلکہ صوبہ کے پی میں بھی شوگر بیٹ سے شوگر ایکسٹرکشن کی توسیع رکھتے ہیں۔ مزید برآں، یہ گروپ چینی، مشروبات، اسٹیل، بجلی اور ٹیکسٹائل کے کاروبار میں مصروف ہے، لہذا اس کا بھرپور متعلقہ تجربہ ہے۔ نوبہار ہوٹلنگ کمپنی (پرائیویٹ) لمیٹڈ گروپ میں تیار کی جانے والی مجموعی چینی کا کافی حصہ استعمال کرتا ہے اور ہر سال اس طلب میں اضافہ متوقع ہے۔

یہ ایکویزیشن نئی انتظامیہ کو معیاری چینی کی اس بڑھتی ہوئی طلب کو بہتر پورا کرنے کی اجازت دیتا ہے جو کمپنی کو مزید مضبوط، تجربہ اور کارکردگی کو مزید بہتر بنائے گا۔ خاص طور پر، حصول ممکن ہے کہ کاروبار کو وسعت اور موثر نمونہ کو سہولت فراہم کرنے، انتظامیہ اور مالی حیثیت کو مضبوط بنانے، اور مالیاتی منصوبہ بندی کو بہتر بنانے؛ اس طرح کاروباری طور پر بہتر منافع بخش ہونے کے ساتھ ساتھ کاروبار میں زیادہ فائدہ مند اور اقتصاددی طور پر سہولت فراہم کرنے میں مدد کرے۔ اس سے حصص داروں کے لئے بہتر ریٹرن اور دیگر اسٹیک ہولڈرز کے لئے اضافی فوائد حاصل ہونے کی امید کی جاتی ہے۔ یہ اُمید ہے کہ کمپنی اپنی موجودہ حیثیت کے مقابلے میں مالی طور پر زیادہ قابل عمل بن جائے گی۔ کمپنی بہتر انتظامی منصوبہ بندی کرے گی۔ اس کے نتیجے میں، ممکنہ طور پر متوقع فوائد دیگر اسٹیک ہولڈرز جیسا کہ حکومت، ملازمین، عام صارفین اور بڑے پیمانے پر معاشرے میں منتقل کرنے کے قابل ہو جائے گی۔ نئے ڈائریکٹرز بہت زیادہ تجربہ کار ہیں اور شوگر ملز کے آپریشنز کی بحالی اور نئی مارکیٹوں کی تلاش کے لئے پیشہ ورانہ مینجمنٹ ٹیم رکھتے ہیں۔ نئی انتظامیہ کو یقین ہے کہ وہ کمپنی کے کاروبار کو بڑھانے، زیادہ موثر اور طویل مدت میں منافع بخش طریقے سے چلانے کے قابل ہوں گے۔

تحقیق و ترقی

زرعی تحقیق و ترقی کمپنی کی پالیسی کا ایک لازمی حصہ ہے جس میں بہترین زرعی طریقوں کے ساتھ ترقی پسند کاشتکاروں کے ذریعے گنے کی مختلف اور نئی اقسام کی شناخت اور اس کے بعد تجارتی پیمانے پر ان کی کاشت شامل ہے۔ یہ نہ صرف گنے کی فی ایکڑ پیداوار بڑھاتی ہے بلکہ



کاشتکاروں کی آمدنی میں اضافہ اور مسابقتی فصلوں کے مقابلے میں گنے کی بوائی کے لئے زیادہ شوق پیدا کرتی ہے۔ یہ کمپنی کو گنے کی سپلائی، مجموعی طور پر شوگر کی ریکوری کو بڑھاتی ہے اور براہ راست کمپنی کے منافع کو بہتر بناتی ہے۔

بالا حقائق کی بناء پر، انتظامیہ نے بہار 2020 کی بوائی کے لئے سود کے بغیر قرض کی بنیاد پر گنے کے کاشتکاروں کو کھادا اور کیڑے مار ادویات کے ساتھ ساتھ اعلیٰ پیداوار اور بیماری کے خلاف مزاحمت کے حامل گنے کے بیج کی نئی بہتر اقسام فراہم کرنے کے ساتھ ساتھ ان کے کھیتوں میں ہی حیاتیاتی تجربہ گاہوں کی مدد سے بروقت مفت خدمات دینے کا فیصلہ کیا ہے تاکہ اگلے کرشنگ سیزن کے لئے گنے کے حصول میں دشواری نہ ہو۔

اظہار تشکر

ڈائریکٹرز کارکنوں، عملے اور انتظامی ٹیم کے ارکان کی لگن اور محنت کا اعتراف کرتے ہیں۔ کاشت کار ہماری صنعت کا کلیدی عنصر ہیں اور ہم ان کے مسلسل تعاون پر ان کا شکریہ ادا کرتے ہیں۔ کمپنی کے ڈائریکٹرز بینکوں اور مالیاتی اداروں کی مالی مدد اور تعاون پر بھی ان کے شکر گزار ہیں۔

منجانب بورڈ

بابا فرید شوگر ملز لمیٹڈ

محمد شمیم خان

ڈائریکٹر

سارہ ہاجرہ خان

ڈائریکٹر

نعمان احمد خان

ڈائریکٹر

لاہور: 24 جنوری 2020ء



Condensed Interim Statement of Financial Position

As at December 31, 2019 (Un-Audited)

	Note	(Un-Audited) December 31, 2019 (Rupees)	(Audited) September 30, 2019
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	8	2,810,265,814	2,815,822,997
Capital work in progress		11,106,813	7,170,132
		2,821,372,627	2,822,993,129
Long term deposits		-	-
		2,821,372,627	2,822,993,129
CURRENT ASSETS			
Stores, spares and loose tools		73,212,291	49,585,594
Stock in trade		384,690,436	-
Trade debts		81,323,833	77,491,042
Loans and advances		17,668,667	15,136,357
Short term prepayments		584,822	584,822
Other receivables		140,792,915	127,260,380
Taxation - net		74,598	-
Cash and bank balances		51,460,047	26,379,048
		749,807,609	296,437,243
TOTAL ASSETS		3,571,180,236	3,119,430,372
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	9.1	700,000,000	700,000,000
Issued, subscribed and paid up capital	9.2	94,500,000	94,500,000
Reserves			
Revenue reserves - accumulated losses		(2,492,514,956)	(2,418,741,317)
Directors' loans	10	1,389,500,000	1,211,500,000
Surplus on revaluation of fixed assets	11	1,967,469,309	1,978,871,445
		958,954,353	866,130,128
NON CURRENT LIABILITIES			
Long term financing	12	-	-
Loan from holding company	13	975,960,400	965,960,400
Deferred liabilities		386,897,450	386,897,450
		1,362,857,850	1,352,857,850
CURRENT LIABILITIES			
Trade and other payables		883,197,508	609,544,364
Unclaimed dividend		255,930	255,930
Due to ex holding company		169,056,070	104,066,694
Short term Borrowing	14	40,000,000	-
Mark-up accrued		106,858,525	86,562,191
Taxation - net		-	13,215
Current portion of long term liabilities		50,000,000	100,000,000
		1,249,368,033	900,442,394
CONTINGENCIES AND COMMITMENTS	15		
TOTAL EQUITY AND LIABILITIES		3,571,180,236	3,119,430,372

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.

Director

Director

Director

Chief Financial Officer



Condensed Interim Statement of Profit or Loss

For the Quarter Ended December 31, 2019 (Un-Audited)

	Note	(Un-Audited) December 31, 2019 (Rupees)	(Un-Audited) December 31, 2018
Sales	16	1,206,160	24,003,466
Cost of sales	17	(40,093,957)	(119,502,828)
Gross Loss		(38,887,797)	(95,499,362)
Selling and distribution expenses		(966,168)	(175,501)
General and administrative expenses		(13,283,807)	(9,916,529)
Other income		3,275,890	4,462,846
		(10,974,085)	(5,629,184)
Operating Loss		(49,861,882)	(101,128,546)
Financial charges		(35,295,799)	(50,230,787)
Loss before taxation		(85,157,681)	(151,359,333)
Taxation		(18,094)	16,087,946
Loss after taxation		(85,175,775)	(135,271,387)
Loss per share - Basic and diluted (Rupees)		(9.01)	(14.31)

Appropriations have been reflected in the statement of changes in equity.

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.


Director


Director


Director


Chief Financial Officer



Condensed Interim Statement of Comprehensive Income

For the Quarter Ended December 31, 2019 (Un-Audited)

	(Un-Audited) December 31, 2019 (Rupees)	(Un-Audited) December 31, 2018
Loss after taxation for the period	(85,175,775)	(135,271,387)
Other comprehensive income		
Items that will not be reclassified to the statement of profit or loss		
Remeasurement of defined benefit liability	-	-
Related tax effect	-	-
	-	-
Surplus on revaluation of operating fixed assets	-	-
Related tax effect	-	-
	-	-
Items that may be reclassified to the statement of profit or loss in subsequent periods	-	-
	-	-
Total comprehensive loss for the period	(85,175,775)	(135,271,387)

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.


Director


Director


Director


Chief Financial Officer



Condensed Interim Statement of Cash Flows

For the Quarter Ended December 31, 2019 (Un-Audited)

Note	(Un-Audited) December 31, 2019	(Un-Audited) December 31, 2018
 (Rupees)	
Cash flows from operating activities		
Loss before tax	(85,157,681)	(151,359,333)
Adjustments for items not involving movement of funds:		
Depreciation	23,095,452	18,281,721
Financial charges	35,295,799	50,230,787
Net cash flow before working capital changes	(26,766,430)	(82,846,825)
Decrease / (increase) in current assets		
Stores, spares and loose tools	(23,626,697)	(3,578,398)
Stock in trade	(384,690,436)	(19,424,282)
Trade debts	(3,832,791)	143,393,053
Loans and advances	(2,532,310)	13,859,961
Other receivables	(13,532,535)	-
	(428,214,769)	134,250,334
Increase / (decrease) in current liabilities		
Trade and other payables	273,653,144	99,850,783
Cash (used in) / generated from operations	(181,328,055)	151,254,292
Taxes paid	(105,908)	(12,170,399)
Financial charges paid	(14,999,465)	(45,245,265)
Net cash (used in) / generated from operating activities	(196,433,428)	93,838,628
Cash flows from investing activities		
Additions to operating fixed assets	(17,538,268)	(3,029,945)
Additions to capital work in progress	(3,936,681)	-
Net cash used in investing activities	(21,474,949)	(3,029,945)
Cash flows from financing activities		
Repayments of long term financing	(50,000,000)	-
Due to ex holding company	64,989,376	(88,760,369)
Loan from holding company	10,000,000	-
Short term Borrowing- Net	40,000,000	-
Directors' contribution	178,000,000	-
Net cash generated from / (used in) financing activities	242,989,376	(88,760,369)
Net increase in cash and cash equivalents	25,080,999	2,048,314
Cash and cash equivalents at the beginning of the Period	26,379,048	481,920
Cash and cash equivalents at the end of the Period	51,460,047	2,530,234

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.


Director


Director


Director


Chief Financial Officer



Condensed Interim Statement of Changes in Equity

For the Quarter Ended December 31, 2019 (Un-Audited)

	Issued, subscribed and paid-up capital	Surplus on revaluation of fixed assets	Directors' loans	Revenue Reserves	Total
	Ordinary shares			Accumulated losses	
(Rupees)					
Balance as at October 1, 2017	94,500,000	1,746,005,655	-	(1,146,927,052)	693,578,603
Total comprehensive loss for the year					
Loss for the year	-	-	-	(374,066,191)	(374,066,191)
Remeasurement of defined benefit liability - net	-	-	-	617,565	617,565
Transfer from surplus on revaluation of fixed assets	-	(39,728,935)	-	39,728,935	-
incremental depreciation-net of deferred tax	-	9,625,935	-	-	9,625,935
Surplus on revaluation of fixed assets related to rate change	-	(30,103,000)	-	(333,719,691)	(363,822,691)
Balance as at September 30, 2018 - reported	94,500,000	1,715,902,655	-	(1,480,646,743)	329,755,912
IFRS 9 - Financial Instruments - Impact of change in accounting policy	6.1	-	-	(292,656,283)	(292,656,283)
Balance as at October 01, 2018 - restated	94,500,000	1,715,902,655	-	(1,773,303,026)	37,099,629
Total comprehensive loss for the year					
Loss for the year	-	-	-	(682,625,093)	(682,625,093)
Remeasurement of defined benefit liability - net	-	-	-	-	-
Surplus on revaluation of fixed assets	-	300,155,592	-	-	300,155,592
Transfer from surplus on revaluation of fixed assets	-	(37,186,802)	-	37,186,802	-
incremental depreciation-net of deferred tax	10	-	1,211,500,000	-	1,211,500,000
Director contribution	-	262,968,790	1,211,500,000	(645,438,291)	829,030,499
Balance as at September 30, 2019	94,500,000	1,978,871,445	1,211,500,000	(2,418,741,317)	866,130,128
Loss for the Period	-	-	-	(85,175,775)	(85,175,775)
Remeasurement of defined benefit liability - net	-	-	-	-	-
Surplus on revaluation of fixed assets	-	-	-	-	-
Transfer from surplus on revaluation of fixed assets	-	(11,402,136)	-	11,402,136	-
incremental depreciation-net of deferred tax	10	-	178,000,000	-	178,000,000
Director contribution	-	(11,402,136)	178,000,000	(73,773,639)	92,824,225
Balance as at December 31, 2019	94,500,000	1,967,469,309	1,389,500,000	(2,492,514,956)	958,954,353

The annexed notes from 1 to 24 form an integral part of these financial statements.


Director


Director


Director


Chief Financial Officer



Notes to the Condensed Interim Financial Statements

For the Quarter Ended December 31, 2019 (Un-Audited)

1. LEGAL STATUS AND NATURE OF BUSINESS

Baba Farid Sugar Mills Limited ("the Company") was incorporated in 1978 under the Companies Act 1913 (now Companies Act, 2017) as a Public Limited Company and its shares are quoted at Pakistan Stock Exchange. It is principally engaged in the manufacturing and sale of sugar including its by-products i.e. molasses and V.Filter cake.

1.1 Geographical location and addresses of business units

The registered office of the Company is situated at 2-D/1, Gulberg III, Lahore. The manufacturing facility of the Company is located at 5 KM Faisalabad Road, district Okara, Punjab.

2. GOING CONCERN ASSUMPTION

The Company incurred a net loss of Rs. 85.176 million during the period ended December 31, 2019 and, as of that date, the Company's current liabilities exceeded its current assets by Rs. 499.560 million. The accumulated losses have exceeded the issued, subscribed and paid up capital by Rs. 2,398.015 million as at December 31, 2019 and accumulated losses as of that date amounted to Rs. 2,492.515 million. These conditions indicate the existence of a material uncertainty which may cast doubt about the Company's ability to continue as a going concern. However, these financial statements have been prepared on a going concern basis based on the sponsor's commitment to provide financial support to the Company.

3. BASIS OF PREPARATION

The condensed interim financial information is not audited and has been presented in condensed form and does not include all the information as is required to be provided in a full set of annual financial statements. This condensed interim financial information should be read in conjunction with the audited financial statements of the company for the year ended 30 September 2019.

The comparative figures as at 30 September 2019 in the condensed interim statement of financial position and the related notes to the condensed interim financial information are based on audited financial statements. The comparative condensed interim profit & loss account, condensed interim cash flow statement, condensed interim statement of changes in equity and related notes to the condensed interim financial information for the quarter ended 31 December 2018 are based on un-audited condensed interim financial information. The condensed interim profit & loss account and condensed interim statement of other comprehensive income for the quarters ended 31 December 2019 and 31 December 2018 are neither audited nor reviewed.

4. 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 of :

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



- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

5. USE OF ESTIMATES AND JUDGMENT

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and reported amount of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

- Staff retirement benefits
- Provisions
- Deferred taxation
- Contingencies
- Useful life of depreciable assets

6. CHANGE IN ACCOUNTING POLICES - IFRS 9 FINANCIAL INSTRUMENTS AND IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

6.1 IFRS 9: Financial Instruments

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan through its S.R.O. 229 (I)/2019 and is effective for accounting period / year ending on or after June 30, 2019.

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaced IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through OCI (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.



6.2 IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 'Revenue from Contracts with Customers' is effective for accounting period beginning on or after July 1, 2018. This standard has replaced IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers.

The IFRS 15 establish a five-steps mode to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires the entities to exercise judgment, taking in to consideration all of the relevant facts and circumstances when applying each step of the model to contracts with the customers. The Company has concluded that the impact of adoption of revenue recognition model as laid down in IFRS 15 is not material.

There is no material impact of transition to IFRS 15 on the financial position of the Company and there is no effect on the accounting policies of the Company in respect of revenue from contracts with customers.

7. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented except as disclosed in note 6.1 and 6.2 to these financial statements.

7.1 Accounting convention

These financial statements have been prepared under the historical cost convention except for recognition of certain staff retirement benefits at present value and as modified for fair value adjustment in certain fixed assets and exchange differences.

7.2 Functional and presentation currency

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

8. PROPERTY, PLANT & EQUIPMENT

Operating fixed assets

Capital work in progress

(Un-Audited) December 31, 2019 (Rupees)	(Audited) September 30, 2019
2,810,265,814	2,815,822,997
11,106,813	7,170,132
<u>2,821,372,627</u>	<u>2,822,993,129</u>



8. OPERATING FIXED ASSETS

The following is the statement of property, plant and equipment:

Description	Freehold land	Buildings on freehold land	Plant and machinery	Electric installation	Tools and equipment	Vehicles	Furniture and fixtures	Office and other equipments	Total
Net carrying value basis									
Period ended December 31, 2019									
Opening net book value (NBV)	1,260,192,500	273,509,000	1,275,000,000	448,387	852,457	403,266	686,844	4,730,543	2,815,822,997
Additions / Transfer (at cost)	-	-	13,890,714	275,530	1,475,000	188,035	467,749	1,241,241	17,538,269
Revaluation during the year	-	-	-	-	-	-	-	-	-
Disposals (NBV)	-	-	-	-	-	-	-	-	-
Depreciation charge	-	(6,837,727)	(16,014,610)	(13,841)	(33,603)	(29,565)	(21,602)	(144,504)	(23,095,452)
Closing net book value	1,260,192,500	266,671,273	1,272,876,104	710,076	2,293,854	561,736	1,132,991	5,827,280	2,810,265,814
Gross carrying value basis									
Period ended December 31, 2019									
Cost/revalue	1,260,192,500	487,635,689	2,201,862,826	9,956,625	5,869,715	11,539,317	6,470,560	16,935,337	4,000,462,569
Accumulated depreciation	-	(220,964,416)	(928,986,722)	(9,246,549)	(3,575,861)	(10,977,581)	(5,337,569)	(11,108,057)	(1,190,196,755)
Net book value	1,260,192,500	266,671,273	1,272,876,104	710,076	2,293,854	561,736	1,132,991	5,827,280	2,810,265,814
Net carrying value basis									
year ended September 30, 2019									
Opening net book value (NBV)	1,080,150,000	154,429,539	1,137,582,296	498,208	821,563	767,241	529,045	3,749,714	2,378,527,606
Additions / Transfer (at cost)	-	-	162,324,157	-	114,000	-	219,249	1,411,620	164,069,026
Revaluation during the year	180,042,500	134,522,415	34,650,954	-	-	-	-	-	349,215,869
Disposals (NBV)	-	-	-	-	-	(263,158)	-	-	(263,158)
Depreciation charge	-	(15,442,954)	(59,557,407)	(49,821)	(83,106)	(100,817)	(61,450)	(430,791)	(75,726,346)
\Closing net book value	1,260,192,500	273,509,000	1,275,000,000	448,387	852,457	403,266	686,844	4,730,543	2,815,822,997
Gross carrying value basis									
year ended September 30, 2019									
Cost/revalue	1,260,192,500	487,635,689	2,187,972,112	9,681,095	4,394,715	11,351,282	6,002,811	15,694,096	3,982,924,300
Accumulated depreciation	-	(214,126,689)	(912,972,112)	(9,232,708)	(3,542,258)	(10,948,016)	(5,315,967)	(10,963,553)	(1,167,101,303)
Net book value	1,260,192,500	273,509,000	1,275,000,000	448,387	852,457	403,266	686,844	4,730,543	2,815,822,997
Net carrying value basis									
year ended September 30, 2018									
Opening net book value (NBV)	1,080,150,000	171,588,377	1,142,467,588	553,564	912,848	935,018	587,828	3,710,526	2,400,905,749
Additions (at cost)	-	-	52,598,604	-	-	23,284	-	435,123	53,057,011
Adjustment against land during year	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Disposals / transfers (NBV)	-	-	-	-	-	-	-	-	-
Depreciation charge	-	(17,158,838)	(57,483,896)	(55,356)	(91,285)	(191,061)	(58,783)	(395,935)	(75,435,154)
Closing net book value	1,080,150,000	154,429,539	1,137,582,296	498,208	821,563	767,241	529,045	3,749,714	2,378,527,606
Gross carrying value basis									
year ended September 30, 2018									
Cost/revalue	1,080,150,000	353,113,274	1,990,997,001	9,681,095	4,280,715	15,178,282	5,783,562	14,282,476	3,473,466,405
Accumulated depreciation	-	(198,683,735)	(853,414,705)	(9,182,887)	(3,459,152)	(14,411,041)	(5,254,517)	(10,532,762)	(1,094,938,799)
Net book value	1,080,150,000	154,429,539	1,137,582,296	498,208	821,563	767,241	529,045	3,749,714	2,378,527,606
Depreciation rate % per annum	-	10	5	10	10	20	10	10	



9. SHARE CAPITAL

9.1 Authorized share capital

December 31, September 30,
Number of ordinary shares
of Rs. 10/- each

70,000,000	70,000,000
------------	------------

9.2 Issued, subscribed and paid up capital

6,400,000	6,400,000
3,050,000	3,050,000
9,450,000	9,450,000

(Un-Audited)
December 31,
2019

..... (Rupees)

(Audited)
September 30,
2019

700,000,000

700,000,000

64,000,000

64,000,000

30,500,000

30,500,000

94,500,000

94,500,000

10. DIRECTORS' LOANS

Unsecured

Directors

Others (other than banking companies)

Opening balance

1,211,500,000

-

Obtained during the period

Mr. Muhammad Shamim Khan

102,000,000

596,500,000

Mrs. Qaiser Shamim Khan

49,000,000

593,000,000

Mr. Adnan Ahmed Khan

27,000,000

-

Mr. Nauman Ahmed Khan

-

22,000,000

178,000,000

1,211,500,000

Repaid during the period

-

-

Closing balance

1,389,500,000

1,211,500,000

10.1 This represents unsecured interest free long term loans from directors of the Company to meet the working capital and long term requirements. These are payable on discretion of the Company and will be paid as and when convenient to the Company. This has been disclosed/classified in accordance with TR -32 "Directors' Loan" clause 3.3 "Contractual Directors' loan that is interest free and repayable at the discretion of the Company, issued by the Institute of Chartered Accountants of Pakistan.



Note	(Un-Audited) December 31, 2019 (Rupees)	(Audited) September 30, 2019
11. SURPLUS ON REVALUATION OF FIXED ASSETS		
Balance brought forward	2,275,667,551	1,978,827,460
Revaluation during the Period	-	349,215,869
Less: Transferred to equity in respect of incremental depreciation charged during the period - (net of deferred tax)	11,402,136	37,186,802
Related deferred tax liability during the period transferred to profit and loss account	4,657,211	15,188,976
	16,059,347	52,375,778
	2,259,608,204	2,275,667,551
Less: Related deferred tax effect:		
Balance as at October 01	296,796,106	262,924,805
Effect of change in rate	-	-
Deferred tax impact for the period	-	49,060,277
Incremental depreciation charged during the period transferred to profit and loss account	(4,657,211)	(15,188,976)
	292,138,895	296,796,106
	1,967,469,309	1,978,871,445
12. LONG TERM FINANCING		
Secured:		
Banking Companies	12.1	-
12.1 From banking companies		
Opening balances	100,000,000	200,000,000
Obtained during the period	-	-
Repayments made during the period	(50,000,000)	(100,000,000)
	50,000,000	100,000,000
Current portion shown under current liabilities	(50,000,000)	(100,000,000)
	-	-

- 12.2** This represents term finance facility obtained from JS Bank Limited for working capital requirements due to BMR activities carried out for enhancement in production capacity. It shall be repaid through 6 equal biannually instalments along with mark up. It is secured by way of first charge over fixed assets of the Company amounting to Rs. 400 million (with 25% margin), corporate guarantee of M/s Pattoki Sugar Mills Limited, subordination of Director's loan of Rs. 500 million in favor of JS Bank and personal guarantees of all directors along with net worth statements.



13. LOAN FROM HOLDING COMPANY

	Note	(Un-Audited) December 31, 2019 (Rupees)	(Audited) September 30, 2019
Unsecured:			
Naubahar Bottling Company (Private) Limited	13.1	975,960,400	965,960,400
13.1 From holding company			
Balance as at October 01		965,960,400	-
Obtained during the period		10,000,000	965,960,400
Repayments/adjustment made during the period		-	-
		975,960,400	965,960,400
Current portion shown under current liabilities		-	-
		975,960,400	965,960,400

- 13.2** The Company obtained unsecured loan from M/s Naubahar Bottling Company (Private) Limited - the holding company that carries mark-up at the rate of 3 month's KIBOR plus 0.5% per annum. The effective mark-up rate charged by Naubahar Bottling Company (Private) Limited during the year ranging from 11.02% to 14.35% (Sept 2019: 11.02% to 14.35%) per annum. The management for the time being does not intend to repay any amount against these loans until the end of next financial year and hence no current maturity has been provided. These will be paid as and when convenient to the Company.

14. SHORT TERM BORROWING

Secured:			
Running Finance	28.1	40,000,000	-

- 14.1** These loans have been obtained from banks to meet the working capital requirements and are secured against first registered hypothecation charge over current and future assets of the Company for Rs. 67 Million. First charge over the current assets up to Rs. 55 Million. Additional charge of Rs. 12 Million shall be created initially on ranking basis which will be upgraded into 1st Charge with in six months from the 1st draw down rate. This loan is subject to mark up at the rate of 1 month average KIBOR plus 0.75% . p.a. This facility is valid upto 14.05.2023 but is renewable.

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingent liabilities

- a) The LTU-FBR has preferred a reference before Income Tax Appellate (ITAT) for the assessment year 1996 - 1997 against the decision of CIT appeals. The department has also filed petition for leave to appeal before the honorable Supreme Court of Pakistan for the assessment year 1999 - 2000 and tax year 2006 against the order in the favour of the company by the honorable High Court of Sindh. In the opinion of the tax advisor the ultimate appellate decision is likely to be in Company's favour, hence no provision is made in these accounts as there will be no tax impact of the matter in view of brought forward tax losses. In view of the favorable decision of the higher appellate forums on the like issue in prior years the management is hopeful about favorable outcome in above matters. Hence no provision is made in these account as there will be no tax impact of the matter in view of brought forward losses.



- b) The Company has filed reference application before the Honorable High Court of Sindh against the decision of ITAT in respect of assessment year 2000 -2001, the reference application is pending before the honorable High Court Sindh. The Company has also filed the appeal before the Commissioner of income tax appeals against addition made by the assessing officer for the assessment year 2002 - 2003 which is pending for adjudication. In view of the favorable decision of the higher appellate forums on the like issue in prior years the management is hopeful about favorable outcome in above matters. Hence no provision is made in these account as there will be no tax impact of the matter in view of brought forward losses.
- c) The Company has filed an appeal before the Tribunal against the order of Commissioner Inland Revenue disallowing refund of further tax on the ground that the incidence of the tax has been passed on the consumers and the Company is not entitled to claim refund in terms of Section 3 (B) of the sales Tax Act, 1990. The management of the Company is of the view that outcome of the suit would be in favour of the company.
- d) Demand amounting to Rs. 3.825 million has been created by DCIR vide order dated November 03, 2017 against the Company for adjustment of input tax. The Company being aggrieved filed input tax rectification application. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 3.825 million (2019: Rs. 3.825 million).
- e) Demand amounting to Rs. 2.528 million has been created by DCIR vide order dated November 07, 2018 against the Company for adjustment of input tax for the period of January 2018. The Company being aggrieved filed input tax rectification application. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 2.528 million (2019: Rs. 2.528 million).
- f) Demand amounting to Rs. 12.648 million has been created by DCIR vide order dated December 16, 2018 against the Company for adjustment of input tax for the period of February 2018. The Company being aggrieved filed input tax rectification application. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 12.648 million (2019: Rs. 12.648 million).
- g) Demand amounting to Rs. 9.894 million has been created by DCIR vide order dated December 20, 2018 against the Company for adjustment of input tax for the period of March 2018. The Company being aggrieved filed input tax rectification application. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 12.648 million (2019: Rs. 12.648 million).
- h) Demand amounting to Rs. 41.616 million has been created by DCIR vide order dated August 04, 2017 against the Company on account of sales tax audit for the tax year 2014 and certain amount were held recoverable. The Company being aggrieved filed appeal before CIR (A). CIR (A) remanded back the case for fresh adjudication. Thereafter in fresh proceedings an amount of Rs. 3.416 million has been established vide order dated March 28, 2019. This has also been challenged before CIR Appeals. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 3.416 million.
- i) Demand amounting to Rs. 10.137 million has been created by DCIR vide order dated November 12, 2018 against the Company on account of inadmissible input tax adjustment for the period July 2016 to November 2017. The Company being aggrieved filed appeal before CIR (A). CIR (A) remanded back the case for fresh adjudication. The case decided against the Company and an amount of Rs. 10.211 million has been paid to the Department under protest and also appeal has been filed against this order. The Company expects a favorable outcome of the proceedings.
- j) As per SRO of 77(1) 2013 dated February 07, 2013, the Federal Government allowed reduced rate@0.5% FED on local sales of white crystalline sugar equivalent to the quantity actually exported by the sugar manufacturer as per quota allotted. Sales tax and Federal Excise returns for the tax periods from November 2013 to June 2014 were analysed by the Commissioner Inland Revenue and it was observed that registered person had declared local sales on which Company was required to charge and pay FED @ 8% in VAT mode under the provision of section 3 and 7 of the Federal Excise Act, 2005. The Commissioner Inland Revenue created a demand amounting to Rs. 65.084 million along with default surcharge and penalty of Rs. 3.254 million on short payment of FED based that Company charged and paid FED at the rate of 0.5% without fulfilling the conditions as mentioned in SRO 77(1) 2013. Being aggrieved with the order passed by the Deputy Commissioner Inland Revenue, the Company preferred appeal before the Commissioner Inland Revenue (Appeals-I), Karachi. The CIR (A) vide order in appeal No. STA/91/LTU/2019/09 vacated order of Deputy Commissioner and passed order in favour of the Company. The department has filed an appeal against this order to Appellate Tribunal IR. The Company expects a favourable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 68.338 million.



- k) As per SRO of 77(1) 2013 dated February 07, 2013 read with the SRO 1072 (1) / 2013 dated December 27, 2013, the Federal Government allowed reduced rate @ 0.5% FED on local sales of white crystalline sugar equivalent to the quantity actually exported by the sugar manufacturer as per quota allotted by the ECC in its meeting held on January 10, 2013. Sales tax and Federal Excise returns for the tax periods from February 2013 to October 2013 were analysed by the Commissioner Inland Revenue and it was observed that registered person had declared local sales on which Company was required to charge and pay FED @ 8% in VAT mode under the provision of section 3 and 7 of the Federal Excise Act, 2005. The Commissioner Inland Revenue created a demand amounting to Rs. 15.393 million along with default surcharge and penalty of Rs. 0.769 million on short payment of FED based that Company charged and paid FED at the rate of 0.5% without fulfilling the conditions as mentioned in SRO 77(1) 2013. Being aggrieved with the order passed by the Deputy Commissioner Inland Revenue, the Company preferred appeal before the Commissioner Inland Revenue (Appeals-I), Karachi. The CIR (A) vide order in appeal No. STA/90/LTU/2019/06 vacated order of Deputy Commissioner and passed order in favour of the Company. The department has filed an appeal against this order to Appellate Tribunal IR. The Company expects a favourable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 16.163 million.
- l) Demand amounting to Rs. 10.163 million has been created by DCIR against the Company on account of some discrepancies were observed in the sales tax returns for the period from July 2016 to November 2017. The Company being aggrieved filed appeal before CIR (A). CIR (A) remanded back the case for fresh adjudication. Thereafter in fresh proceedings an amount of Rs. 10.163 million has been demanded by DCIR. This has also been challenged before CIR Appeals. The CIR (A) vide order in Appeal No. STA/40/LTU/2019/07 dated September 26, 2019 annulled order of DCIR. Being aggrieved with the order department has filed second appeal to Appellate Tribunal IR. The Company expects a favourable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 10.163 million.
- m) Land of the company is mortgaged with Bank Al Habib Limited against loan facility to Pattoki Sugar Mills Limited. The long term assets of the company by amounting Rs. 500 million is also pledged with Bank Al Habib Limited. There is also ranking charge amounting to Rs. 225 million. These have been made on the behalf of the Pattoki Sugar Mills Limited. The Company is pursuing the matter and expecting of vacation of these charges during the next year.
- n) The long term and current assets of the company by amounting Rs. 2,068 million is also pledged with MCB Bank Limited against loan facility to Pattoki Sugar Mills Limited. The Company is pursuing the matter and expecting of vacation of these charges during the next year.
- o) The long term assets of the company by amounting Rs. 294 million is also pledged with Samba Bank Limited against loan facility to Pattoki Sugar Mills Limited. The Company is pursuing the matter and expecting of vacation of these charges during the next year.

15.2 Commitments

The Company is committed as at the balance sheet date in respect of capital expenditure of Rs. 6.00 million (2019: 6.00 Million).



16. SALES

Sales

Manufacturing - local

Sugar

By products sales:

Molasses

V.F.Cake

Less: Sales tax

Sugar

Molasses

V.F.Cake

17. COST OF SALES

Raw materials consumed

Opening stock

Purchases

Closing stock

Stores, spares and consumables

Packing materials consumed

Chemicals consumed

Salaries, wages and other benefits

Fuel and power

Repair and maintenance

Depreciation

Vehicle running expenses

Insurance

Fee and subscription

Other factory overheads

Work in process

Opening

Closing

Cost of goods manufactured

Finished goods

Opening

Closing

(Un-Audited)
December 31,
2019

(Un-Audited)
December 31,
2018

..... (Rupees)

-

24,154,525

1,206,160

-

-

2,385,000

1,206,160

2,385,000

-

(2,189,520)

-

-

-

(346,539)

-

(2,536,059)

1,206,160

24,003,466

-

-

308,154,752

82,936,575

308,154,752

82,936,575

-

-

308,154,752

82,936,575

4,046,308

1,277,768

1,937,136

244,447

2,086,171

457,868

27,358,568

14,846,329

4,970,659

1,456,608

50,331,334

17,835,265

22,899,780

18,139,279

964,983

956,775

38,211

-

46,200

-

1,950,291

776,196

116,629,641

55,990,535

-

33,866,520

(65,033,580)

(54,716,844)

(65,033,580)

(20,850,324)

359,750,813

118,076,786

-

17,865,324

(319,656,856)

(16,439,282)

(319,656,856)

1,426,042

40,093,957

119,502,828



18. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise of ultimate parent company and parent company, associated companies and directors of the Company. Significant transactions and balances with related parties, other than those disclosed elsewhere in these financial statements are as follows:

Name of parties	Nature of relationship	(Un-Audited) December 31, 2019 Closing balance (Rupees)	(Audited) September 30, 2019 Closing balance
Pattoki Sugar Mills Limited	Ex- Parent	169,056,070	106,414,657
Imporient Chemicals (Private) Limited	Ex-Ultimate Parent	33,353,666	33,353,666
		-	-
Naubahar Bottling Company (Private) Limited	Holding Company	975,960,400 106,834,821	965,960,400 71,572,815
		-	-
The Thal Industries Corporation Limited	Associated	1,332,352	690,094
		-	-
Al-Moiz Industries Limited	Associated	(3,495,291)	337,500
		-	-
Directors/shareholders			
Mr. Muhammad Shamim Khan	Director	698,500,000	596,500,000
Mrs. Qaiser Shamim Khan	Director	642,000,000	593,000,000
Mr. Adnan Ahmed Khan	Director	27,000,000	-
Mr. Nauman Ahmed Khan	Director	22,000,000	22,000,000

18.1 Basis of relationship with the company

In respect of associated companies and holding company incorporated inside Pakistan with whom the company had entered into transaction during the financial year along with basis of relationship is as follows

Name of related party	Country of Incorporation/origin	Relationship	Basis of Association	Shareholdings
Pattoki Sugar Mills Limited	Pakistan	Ex- Parent company		Nil
Imporient Chemicals (Private) Limited	Pakistan	Ex-Associate/ultimate parent company		Nil
Exporient Knitters (Private) Limited	Pakistan	Ex-Associate		Nil
Naubahar Bottling Company (Private) Limited	Pakistan	Holding	Shareholding	50.86%
Al-Moiz Industries Limited	Pakistan	Associated	Common management	Nil
Moiz Textile Limited	Pakistan	Associated	Common management	Nil
The Thal Industries Corporation Limited	Pakistan	Associated	Common management	Nil
Mr. Muhammad Shamim Khan	Pakistan	Director	Shareholding	17.36%
Mrs. Qaiser Shamim Khan	Pakistan	Director	Shareholding	9.64%
Mr. Adnan Ahmed Khan	Pakistan	Chief Executive	Shareholding	9.64%
Mr. Nauman Khan	Pakistan	Director	Shareholding	9.64%
Malik Manzoor Hussain Humayun	Pakistan	Director	Shareholding	0.0021%
Mr. Farid ul din Ahmed	Pakistan	Director	Shareholding	0.0021%
Mrs Sarah Hajra Khan	Pakistan	Director	Shareholding	0.0032%



18.2 Name of Related Party	Relationship	Relationship	Basis of Relationship	Quarter ended	
				31 December 2019	31 December 2018
				----- Rupees -----	
Naubahar Bottling Co Pvt Limited	Holding Company	Associated undertaking	Common Directorship		
Sale of goods				-	-
Loan Received				10,000,000	-
Almoiz Industries Limited	Associated	Associated undertaking	Common Directorship		
Sale of goods				3,832,791	-
Purchase of Goods				-	-
The Thal Industries Corporation Limited	Associated				
Sale of goods					
Purchase of Goods				642,094	-
Pattoki Sugar Mills Limited	Ex- Holding Co.			-	70,093,919
Imporient Chemical (Pvt) Limited	Ex- Ultimate Parent			-	9,685,793
Exporient Knitters (Pvt) Limited	Ex- Associate			-	-

The company continues to have a policy whereby all transactions with related parties and associated undertakings are priced at comparable uncontrolled market price.

19. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company are as follows:

	Quarter ended 31 December 2019				Quarter ended 31 December 2018			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	----- R U P E E S -----							
Managerial remuneration	-	-	1,706,522	1,706,522	-	-	975,000	975,000
House rent allowance	-	-	-	-	-	-	-	-
Medical expenses	-	-	-	-	-	-	-	-
Bonus	-	-	-	-	-	-	-	-
Reimbursable expenses	-	-	-	-	-	-	-	-
Gratuity	-	-	-	-	-	-	-	-
	-	-	1,706,522	1,706,522	-	-	975,000	975,000
Number of persons	-	-	5	5	-	-	3	3

20. FINANCIAL INSTRUMENTS BY CATEGORY



31 December 2019											
Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 Carrying amount			New carrying amount under IFRS 9			Fair value			
		Loans and receivables at amortised cost	Financial liabilities at amortized cost	Total	Amortised cost	Amortised cost	Total	Level 1	Level 2	Level 3	Level 4
									</		

On-Balance sheet financial instruments

As at December 31, 2019

Financial assets

At cost or amortised cost

Trade debtors
Loans and advances
Cash and bank balances

0	Trade debtors	Amortised cost	81,323,833	-	81,323,833	-	81,323,833	-	-	-
0	Loans and receivables	Amortised cost	238,360	-	238,360	-	238,360	-	-	-
12	Loans and receivables	Amortised cost	51,460,047	-	51,460,047	-	51,460,047	-	-	-
			133,022,240	-	133,022,240	-	133,022,240	-	-	-

Financial liabilities at amortised cost

Long term financing
Loan from holding company
Due to ex holding company
Trade and other payables
Mark-up accrued

16	Amortised cost	Amortised cost	-	50,000,000	-	50,000,000	-	-	-	-
17	Amortised cost	Amortised cost	-	975,960,400	-	975,960,400	-	-	-	-
0	Amortised cost	Amortised cost	-	169,056,070	-	169,056,070	-	-	-	-
0	Amortised cost	Amortised cost	-	304,064,401	-	304,064,401	-	-	-	-
0	Amortised cost	Amortised cost	-	106,858,525	-	106,858,525	-	-	-	-
			-	1,605,939,396	-	1,605,939,396	-	-	-	-

30 September 2019

On-Balance sheet financial instruments

Loans and receivables at cost or amortised cost

Trade debts - net of provisions
Loans and advances
Cash and bank balances

0	Loans and receivables	Amortised cost	77,491,042	-	77,491,042	-	77,491,042	-	-	-
0	Loans and receivables	Amortised cost	71,300	-	71,300	-	71,300	-	-	-
12	Loans and receivables	Amortised cost	26,379,048	-	26,379,048	-	26,379,048	-	-	-
			103,941,390	-	103,941,390	-	103,941,390	-	-	-

Financial liabilities at amortised cost

Long term financing
Loan from Holding Co.
Due to ex holding company
Trade and other payables
Mark-up accrued

16	Amortised cost	Amortised cost	-	100,000,000	-	100,000,000	-	-	-	-
17	Amortised cost	Amortised cost	-	965,960,400	-	965,960,400	-	-	-	-
0	Amortised cost	Amortised cost	-	104,066,694	-	104,066,694	-	-	-	-
0	Amortised cost	Amortised cost	-	259,175,274	-	259,175,274	-	-	-	-
0	Amortised cost	Amortised cost	-	86,562,191	-	86,562,191	-	-	-	-
			-	1,515,764,559	-	1,515,764,559	-	-	-	-



- 20.1** The Company has valued certain fixed assets at fair value and classified under property, plant and equipment. The carrying value and level of fair value of these non - financial assets have been disclosed in the relevant note to the financial statements.
- 20.2** Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.
- 20.3** These financial assets classified as 'loans and receivables' have been classified as amortised cost.

21. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, whenever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. Following reclassification have been made for better presentation.

22. SEASONALITY

The company's business is seasonal in nature. Entire cane crushing and manufacturing of sugar is done during season from November to the following March. Sugar sales are made throughout the year.

23. DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue on 24 January 2020 by the Board of Directors of the Company.

24. GENERAL

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


Director


Director


Director


Chief Financial Officer







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