



BABA FARID
SUGAR MILLS LIMITED

CONDENSED INTERIM FINANCIAL INFORMATION
For the 3rd Quarter Ended 30 June 2021 (Un-audited)

GROWING A BETTER TOMORROW

3rd Quarterly
REPORT

2021

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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
Mrs. Sarah Hajra Khan	Non-Executive
Mr. Farid ud Din Ahmed	Independent Director
Mr. Malik Manzoor Hussain Humayoon	Independent Director

HUMAN RESOURCES & REMUNERATION COMMITTEE

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

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

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: 044-2522878, 2524279
Fax: 044-2522978

BANKERS

Habib Bank Limited
Bank Al-Habib Limited
MCB Bank Limited
Meezan Bank Limited
Bank Alfalah Limited
Soneri Bank Limited
Allied Bank Limited
Askari 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

M/S Ahmed & Pansota
Advocate and Legal Consutants
20 - Sir Gangaram Mansions
The Mall Lahore
Tel: 042-37313594, 37313520
Fax: 042-37315303

DIRECTORS' REVIEW

The Directors of your Company are pleased to present the Un-audited Accounts of the Company for the Period Ended 30 June, 2021 in compliance with the section 237 of the Companies Act, 2017.

INDUSTRY OVERVIEW

During the period under review, sugarcane crop availability remained considerably less. Yield per acre being reported by the growers is also lower than the same period last year. Moreover, sugar recovery is also expected to be lower as compared to last crushing season. The early start of crushing season also effected the yield and recovery of cane. Despite of low acreage yield and recovery the Company's sugar production in this season is expected to be higher in line with country's sugar production as compared to the last season.

For current crushing season 2020-21, notified support price of sugarcane was Rs. 200/- per 40 kg in Punjab & KPK and Rs 202 per 40kg in the province of Sindh.

Due to early start of cane crushing season i.e., from 15th November 2020 as compared to last week of November conventionally, industry had to pass through tough competition in cane procurement that resulted into price war situation in the region. That's why the Company had to pay higher value than notified support price, resulting in substantially increased cane procurement cost compared to the last year.

OPERATING HIGHLIGHTS

The Company was able to crush 457,224.825 M. Tons sugarcane and produced 41,501.50 M. Tons of white refined sugar at an average recovery of 9.072% during the period ending 30th June 2021 as compared to last year sugarcane crushing of 290,029.359 M. Tons and production of 25,159.000 M. Tons white refined sugar at an average recovery of 8.700%. This evident improvement in Company's sugar production is partially due to early start of crushing season but mainly due to the endeavors of management and staff, improved production efficiency, better relationship maintenance with growers, customers and vendors and experience of new management to run the mills.

Net sales were recorded at Rs. 3,498.308 million during the current period as compared to Rs. 443.689 million during the corresponding period.

The Company earned a Pre-tax Profit of Rs. 150.286 million during the period under reference as compared to pretax loss of Rs. (204.816) million in the corresponding period. The substantial improvement in profitability is attributed to better management of affairs of the Company and operating plant at optimum capacity level under available circumstances.

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 by close supervision, developing good quality cane by providing the latest improved seed varieties, fertilizers, pesticides etc. and facilitating the cane growers constantly. This, 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, 2019 and the Rule Book of Pakistan Stock Exchange.

1. The total number of Directors are seven as per 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 of the Audit Committee); and
- Mr. Malik Manzoor Hussain Humayoon
- Mrs. Sarah Hajra Khan;

HR AND REMUNERATION COMMITTEE

- Mr. Farid-ud-Din Ahmad (Chairman of the HRR Committee); and
- Mr. Malik Manzoor Hussain Humayoon.
- Mr. Adnan Ahmed Khan;

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

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Directors are aware of their responsibility with respect to internal financial controls. Through discussions with management and Auditors (both internal and external), they confirm that adequate controls have been implemented by the Company.

RELATIONSHIP WITH GROWERS

The Company enjoys cordial relationship with the farmers' community as it considers the growers to be its backbone. To maintain and further strengthen the relationship, the Company, as a matter of principle, gives priority to it and strives to;

- Consistently follow the policy of timely payments of sugarcane to growers.
- Fulfill farmers' financial requirements by providing them financial assistance from own sources. During period under review, substantial amount of agriculture loans was advanced to growers in the form of seed, fertilizers and pesticides.

- Enhance technical skills through various advisory programs.
- Provide better quality and better yield varieties of sugarcane resulting in increased productivity in sugarcane yield per acre.

FUTURE OUTLOOK AND GOING CONCERN ASSUMPTION

Going forward the Company is expected to show better results as it has already shown a remarkable improvement in current year. This is essentially due to better management at the helm of affairs as the new management is much experienced, sincere to its work and commitment and has a large professional management team. These ingredients will hopefully revive the Company on overall basis. The management is quite confident that it will be able to expand the Company's business and operate more efficiently and will be able to translate into a profitably run organization in long term.

These financial statements have been prepared on a going concern basis based on the sponsors' commitment to provide financial and operational support to the Company. The management has no doubts about the Company's ability to continue as a going concern.

HOLDING COMPANY

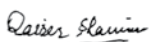
Naubahar Bottling Company (Pvt.) Limited (NBC), holding company divested its all stake i.e., 50.8621% in the Company during the period under review. All shares by NBC were purchased by sponsor directors.

ACKNOWLEDGEMENT

The Board 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



Mrs. Qaiser Shamim Khan
Chairperson

Lahore, 19 July 2021



Muhammad Shamim Khan
Director



Farid-ud-Din Ahmad
Director

ڈائریکٹرز کی جائزہ رپورٹ

کمپنی کے ڈائریکٹر کمپنیز ایکٹ 2017ء کی دفعہ 237 کی تعمیل میں 30 جون 2021ء کو ختم ہونے والی مدت 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 گئے کی فصل کی دستیابی نمایاں طور پر کم رہی ہے۔ کاشتکاروں کی طرف سے فی ایکڑ پیداوار بھی گزشتہ سال کی اسی مدت سے کم بتائی گئی ہے۔ مزید برآں، شوگر ریکوریز گزشتہ کرشنگ سیزن کے مقابلے کم رہنے کی توقع ہے۔ کرشنگ سیزن کے جلد آغاز سے گئے کی پیداوار اور ریکوری بھی متاثر ہوئی ہے۔ فی ایکڑ پیداوار اور ریکوری کم ہونے کے باوجود، اس مرتبہ کمپنی کی چھینی کی پیداوار گزشتہ سیزن کے مقابلے میں ملک کی چھینی کی پیداوار کے مطابق زیادہ ہوگی۔

موجودہ کرشنگ سیزن 2020-21 کیلئے پنجاب میں اور کے پی کے میں گئے کی امدادی قیمت-200 روپے فی من اور صوبہ سندھ میں-202 روپے فی من کا اعلان کیا گیا ہے۔

روایتی طور پر نومبر کے آخری ہفتے کے مقابلے 15 نومبر 2020 سے کرشنگ سیزن کے جلد آغاز کی وجہ سے گئے کی خریداری میں سخت مقابلہ دیکھا گیا جس کے نتیجے میں خطے میں قیمت جنگ کی صورت حال پائی گئی۔ اسی وجہ سے کمپنی کو اعلان کردہ امدادی قیمت سے زیادہ قیمت ادا کرنا پڑی، جس کے نتیجے میں گزشتہ سال کے مقابلے گئے کی قیمت خرید کافی زیادہ بڑھ گئی۔

آپریٹنگ جھلکیاں

30 جون 2021ء کو ختم ہونے والی مدت کے دوران کمپنی نے 457,224.825 میٹرک ٹن گئے کی کرشنگ کی اور 9.072 فیصد اوسط ریکوری کے ساتھ 41,501.500 میٹرک ٹن سفید ریفائنڈ چھینی بنائی جبکہ اس کے مقابلے میں گزشتہ سال 290,029.359 میٹرک ٹن گئے کی کرشنگ کی اور 8.700 فیصد اوسط ریکوری کے ساتھ 25,159.000 میٹرک ٹن سفید ریفائنڈ چھینی بنائی۔

کمپنی کی چھینی کی پیداوار میں یہ واضح بہتری جزوی طور پر کرشنگ سیزن کے ابتدائی آغاز کی وجہ سے ہے لیکن بنیادی طور پر انتظامیہ اور عملے کی کاوشوں، پیداوار کی استعداد میں بہتری، کاشتکاروں، صارفین اور وینڈرز کے ساتھ بہتر تعلقات کی بحالی اور ملز کو چلانے کے لئے نئی انتظامیہ کے تجربے کی وجہ سے ممکن ہوئی ہے۔

گزشتہ سال کی اسی مدت میں 443.689 ملین روپے خالص فروخت کے مقابلے حالیہ مدت کے دوران 3,498.308 ملین روپے درج کی گئی۔

کمپنی کو زیر جائزہ مدت کے دوران ٹیکس سے قبل 150.286 ملین روپے کا منافع ہوا جبکہ گزشتہ سال کی اسی مدت میں ٹیکس سے قبل (204.816) ملین روپے کا نقصان ہوا تھا۔ کمپنی کے منافع میں کافی بہتری کمپنی کے امور کے بہتر انتظامات اور دستیاب حالات کے تحت پلانٹ کو زیادہ سے زیادہ صلاحیتی سطح پر چلانے کی اہلیت سے منسوب ہے۔

تمام تر کوششیں کارکردگی کو بہتر بنانے، جدید ترین ٹیکنالوجی آلات نصب کرنے، کڑی نگرانی کی بدولت پیداواری اخراجات کو کم کرنے، اچھا معیاری گنا حاصل کرنے کے لئے کاشتکاروں کو مسلسل جدید بہترین بیج کی اقسام، کھادیں، ادویات وغیرہ اور دیگر باہم سہولیات پہنچا کر کمپنی کی

پیداوار اور منافع کو بڑھانے کے لئے کی جارہی ہیں، جس کے نتیجے بالآخر چینی کی ریکوری زیادہ اور گنے کے کاشتکاروں کو مالی فوائد بھی حاصل ہوں گے۔

کارپوریٹ گورننس

بہترین کارپوریٹ عوامل

ڈائریکٹرز بہتر کارپوریٹ گورننس پر عملدرآمد اور فہرست کمپنیز (کارپوریٹ گورننس کا ضابطہ) ریگولیشنز، 2019 اور پاکستان اسٹاک ایکسچینج کی رول بک کی ضروریات کو پورا کرتے ہیں۔

1۔ بورڈ آف ڈائریکٹرز کی کل تعداد مندرجہ ذیل کے مطابق سات ہے:

مرد : پانچ (5)

خواتین : دو (2)

2۔ بورڈ آف ڈائریکٹرز (بورڈ) کی تشکیل مندرجہ ذیل کے مطابق ہے:

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

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

آڈٹ کمیٹی

- جناب فرید الدین احمد (چیئر مین آڈٹ کمیٹی) اور
- جناب ملک منظور حسین ہمایوں
- محترمہ سارہ ہاجرہ خان

ایچ آر اینڈ ریمریشن کمیٹی

- جناب فرید الدین احمد (چیئر مین HRR کمیٹی) اور
- جناب ملک منظور حسین ہمایوں
- جناب عدنان احمد خان

نامینیشن کمیٹی

- جناب ملک منظور حسین ہمایوں (چیئر مین)
- جناب فرید الدین احمد

رسک مینجمنٹ کمیٹی

- جناب ملک منظور حسین ہمایوں (چیئر مین)
- جناب فرید الدین احمد

مناسب داخلی مالیاتی کنٹرول

ڈائریکٹرز داخلی مالیاتی کنٹرول کی بابت اپنی ذمہ داری سے بخوبی آگاہ ہیں۔ انتظامیہ اور آڈیٹرز (داخلی اور بیرونی دونوں) کے ساتھ مشاورت کے ذریعے، وہ توثیق کرتے ہیں کہ کمپنی کی طرف سے مناسب کنٹرول نافذ کئے گئے ہیں۔

کاشتکاروں سے تعلقات

- کمپنی کسان برادری کے ساتھ خوشگوار تعلقات سے لطف اندوز ہو رہی ہے کیونکہ وہ کاشتکاروں کو اپنی ریڑھ کی ہڈی سمجھتی ہے۔ تعلقات کو برقرار رکھنے اور مزید تقویت دینے کے لئے، کمپنی، اصولی طور پر، اس کو ترجیح دیتی ہے اور کوشش کرتی ہے کہ:-
- کاشتکاروں کو گنے کی بروقت ادائیگی کی پالیسی پر مستقل طور پر عمل کریں۔
- کسانوں کی مالی ضروریات کو اپنے ذرائع سے مالی مدد فراہم کر کے پورا کریں۔ زیر جائزہ مدت کے دوران، زرعی قرضوں کی کافی مقدار کاشتکاروں کو بیج، کھاد اور کیڑے مار ادویات کی شکل میں پیشگی دی گئی۔
- متعدد مشاورتی پروگراموں کے ذریعے تکنیکی مہارتوں کو بڑھایا جائے۔
- گنے کی بہتر کوالٹی اور بہتر پیداوار کی اقسام فراہم کریں جس کے نتیجے میں گنے کی فی ایکڑ پیداوار میں اضافہ ہوتا ہے۔

مستقبل کا نقطہ نظر اور جاری تشویش مفروضہ:

آگے بڑھتے ہوئے کمپنی کو بہتر نتائج کی امید ہے کیونکہ اس نے رواں سال میں پہلے ہی قابل ذکر بہتری ظاہر کی ہے۔ یہ بنیادی طور پر معاملات کی نگرانی میں بہتر انتظامات کے باعث ممکن ہوئی ہے کیونکہ نئی انتظامیہ بہت زیادہ تجربہ کار، اپنے کام اور عزم کے ساتھ مخلص ہے اور ایک بڑی پیشہ ورانہ انتظامی ٹیم رکھتی ہے۔ امید کی جاسکتی ہے کہ یہ عناصر مجموعی بنیاد پر کمپنی کو دوبارہ بحال کریں گے۔ انتظامیہ کافی پُر اعتماد

ہے کہ وہ کمپنی کے کاروبار کو بڑھانے اور زیادہ موثر انداز سے چلانے میں کامیاب ہوگی اور کمپنی طویل مدت میں منافع بخش تنظیم میں تبدیل ہونے کے قابل ہوگی۔

یہ مالیاتی حسابات کمپنی کو مالی اور آپریشنل مدد فراہم کرنے کے لئے اسپانسرز کی وابستگی کی بنیاد پر جاری تشویش کی بنیاد پر تیار کیے گئے ہیں۔ انتظامیہ کو بطور تشویش کمپنی کے جاری رہنے کی صلاحیت کے بارے میں کوئی شبہ نہیں ہے۔

ہولڈنگ کمپنی

نوبہار ہولڈنگ کمپنی (پرائیوٹ) لمیٹڈ (NBC)، ہولڈنگ کمپنی نے زیر جائزہ مدت کے دوران اپنے تمام اسٹیک یعنی 50.8621% فروخت کر دیئے ہیں۔ NBC کے تمام حصص سپانسر ڈائریکٹرز نے خرید لئے تھے۔

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

Fraser

فرید الدین احمد

ڈائریکٹر

Shimam Khan

شیمم احمد خان

ڈائریکٹر

Raiser Shamim

محترمہ قیصر شمیم خان

چیئر پرسن

لاہور: 19 جولائی 2021ء

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Un-Audited)

As at June 30, 2021

	Note	(Un-Audited) June 30, 2021 (Rupees)	(Audited) September 30, 2020
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	8	2,748,690,428	2,764,595,619
Operating fixed assets	9	109,091,808	66,144,854
Capital work in progress		2,857,782,236	2,830,740,473
Long term deposits		1,225,200	174,500
		2,859,007,436	2,830,914,973
CURRENT ASSETS			
Stores, spares and loose tools		113,783,603	78,745,755
Stock in trade		307,495,989	256,974,378
Trade debts		2,884,722	8,668,169
Loans and advances		131,080,385	77,522,001
Short term prepayments		2,409,455	3,118,478
Other receivables		119,347,054	116,176,230
Cash and bank balances		155,673,064	356,447,809
		832,674,272	897,652,820
TOTAL ASSETS		3,691,681,708	3,728,567,793
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	10.1	700,000,000	700,000,000
Issued, subscribed and paid up capital	10.2	94,500,000	94,500,000
Reserves			
Revenue reserves - accumulated (loss)		(2,514,659,222)	(2,659,091,730)
Directors' loans	11	2,302,700,000	1,982,700,000
Surplus on revaluation of fixed assets		1,901,462,558	1,933,262,901
		1,784,003,336	1,351,371,171
NON CURRENT LIABILITIES			
Loan from associated company	12	600,000,000	900,000,000
Lease liabilities	13	5,829,393	1,015,700
Deferred liabilities		372,511,338	376,173,598
		978,340,731	1,277,189,298
CURRENT LIABILITIES			
Trade and other payables		668,480,116	764,479,221
Unclaimed dividend		255,930	255,930
Due to Pattoki Sugar Mills Limited	14	14,776,698	43,829,685
Short term borrowing	15	-	105,000,000
Mark-up accrued		242,403,699	185,753,366
Taxation -net		301,014	184,369
Current portion of long term liabilities		3,120,184	504,753
		929,337,641	1,100,007,324
CONTINGENCIES AND COMMITMENTS	16		
TOTAL EQUITY AND LIABILITIES		3,691,681,708	3,728,567,793

The annexed notes from 1 to 29 form an integral part of these condensed interim financial statements.

At the time of the meeting of Board of Directors, the Chief Executive Officer is not available in Pakistan. Therefore, as prescribed under section 232 of Companies Act, 2017, these financial statements are signed by two Directors and the Chief Financial Officer.


DIRECTOR


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-Audited)

For the Nine Month Ended June 30, 2021

	Note	Nine Month Ended		Quarter Ended	
		June 30,		June 30,	
		2021	2020	2021	2020
	 (Rupees) (Rupees)	
Sales - net	17	3,498,308,564	443,688,988	2,241,564,062	330,300,962
Cost of sales	18	(3,194,967,635)	(444,779,920)	(2,023,033,027)	(331,831,274)
Gross profit / (loss)		303,340,929	(1,090,932)	218,531,035	(1,530,312)
Selling and distribution expenses		(12,291,549)	(6,420,932)	(4,162,852)	(4,379,192)
General and administrative expenses		(58,571,896)	(47,505,636)	(18,499,955)	(17,314,496)
Other operating income		20,821,185	7,588,620	7,489,859	4,431,050
		(50,042,260)	(46,337,948)	(15,172,948)	(17,262,638)
Operating profit / (loss)		253,298,669	(47,428,880)	203,358,087	(18,792,950)
Financial charges		(103,012,560)	(157,386,781)	(36,279,030)	(57,920,187)
Profit / (Loss) before taxation		150,286,109	(204,815,661)	167,079,057	(76,713,137)
Taxation	19	(37,653,944)	(2,694,392)	(21,404,572)	(2,676,298)
Profit / (Loss) after taxation		112,632,165	(207,510,053)	145,674,485	(79,389,435)
Profit / (Loss) per share - basic and diluted (Rupees)	20	11.92	(21.96)	15.42	(8.40)

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DIRECTOR


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CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-Audited)

For the Nine Month Ended June 30, 2021

	Nine Month Ended		Quarter Ended	
	June 30,		June 30,	
	2021	2020	2021	2020
 (Rupees) (Rupees)	
Profit / (Loss) for the period	112,632,165	(207,510,053)	145,674,485	(79,389,435)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	112,632,165	(207,510,053)	145,674,485	(79,389,435)

The annexed notes from 1 to 29 form an integral part of these condensed interim financial statements.

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CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-Audited)

For the Nine Month Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

	Nine Month ended June 30, 2021	2020
	(Rupees)	
Profit / (loss) before taxation	150,286,109	(204,815,661)
Adjustments for items not involving movement of funds:		
Depreciation	68,726,875	69,968,449
Provision for gratuity	2,731,172	325,073
Loss on sale of store items	278,368	-
Financial charges	103,012,560	157,386,781

Net cash flow before working capital changes

(Increase) / decrease in current assets

Stores and spares	(35,037,848)	(2,500,960)
Stock in trade	(50,521,611)	(1,473,228,808)
Trade debts	5,783,447	2,299,753
Loans and advances	(53,558,384)	(54,738,046)
Short term prepayments	709,023	(56,402)
Other receivable	(3,170,824)	12,230,425

Increase / (decrease) in current liabilities

Trade and other payables	(96,277,473)	(75,466,976)
Cash generated / (used in) from operations	92,961,414	(1,568,596,372)
Income taxes paid	(43,872,477)	(5,386,714)
Financial charges paid	(46,362,227)	(31,455,217)
Gratuity paid	(58,254)	-

Net generated / (used in) operating activities

CASH FLOW FROM INVESTING ACTIVITIES

Additions to operating fixed assets	(43,804,684)	(32,659,153)
Additions to capital work in progress	(42,946,954)	(3,273,200)
Long term Deposits	(1,050,700)	(174,500)
Proceeds from sale of operating fixed assets	-	-

Net cash used in investing activities

CASH FLOW FROM FINANCING ACTIVITIES

Repayment of long term financing	-	(100,000,000)
Due to Pattoki Sugar Mills Limited - net	(29,052,987)	(59,987,009)
Loan from associated company - net	(300,000,000)	100,000,000
Director contribution	320,000,000	532,200,000
Lease liability Paid	(1,587,876)	(98,667)

Short term borrowings-net

Net cash (used in) / generated from financing activities

Net increase in cash and cash equivalents

Cash and cash equivalents at the beginning of the period

Cash and cash equivalents at the end of the period

	Nine Month ended June 30, 2021	2020
	(Rupees)	
Net cash flow before working capital changes	325,035,084	22,864,642
Net generated / (used in) operating activities	2,668,456	(1,605,438,303)
Net cash used in investing activities	(87,802,338)	(36,106,853)
Net cash (used in) / generated from financing activities	(115,640,863)	1,645,454,729
Net increase in cash and cash equivalents	(200,774,745)	3,909,573
Cash and cash equivalents at the beginning of the period	356,447,809	26,379,048
Cash and cash equivalents at the end of the period	155,673,064	30,288,621

The annexed notes from 1 to 29 form an integral part of these condensed interim financial statements.

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DIRECTOR


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-Audited)

For the Nine Month Ended June 30, 2021

	Issued, subscribed and paid-up capital	Surplus on revaluation of fixed assets	Directors' loan	Accumulated loss	Total
	(Rupees)				
Balance as at October 01, 2019	94,500,000	1,978,871,445	1,211,500,000	(2,418,741,317)	866,130,128
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	(34,206,408)	-	34,206,408	-
Directors contributions/loan	-	-	532,200,000	-	532,200,000
Total comprehensive loss for the period	-	-	-	(207,510,053)	(207,510,053)
Balance as at June 30, 2020	94,500,000	1,944,665,037	1,743,700,000	(2,592,044,962)	1,190,820,075
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	(11,402,136)	-	11,402,136	-
Remeasurement of defined benefit liability - net	-	-	-	120,085	120,085
Directors contributions/loan	-	-	239,000,000	-	239,000,000
Total comprehensive loss for the period	-	-	-	(78,568,989)	(78,568,989)
Balance as at September 30, 2020	94,500,000	1,933,262,901	1,982,700,000	(2,659,091,730)	1,351,371,171
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	(31,800,343)	-	31,800,343	-
Directors contributions/loan	-	-	320,000,000	-	320,000,000
Total comprehensive income for the period	-	-	-	112,632,165	112,632,165
Balance as at June 30, 2021	94,500,000	1,901,462,558	2,302,700,000	(2,514,659,222)	1,784,003,336

The annexed notes from 1 to 29 form an integral part of these condensed interim financial statements.

At the time of the meeting of Board of Directors, the Chief Executive Officer is not available in Pakistan. Therefore, as prescribed under section 232 of Companies Act, 2017, these financial statements are signed by two Directors and the Chief Financial Officer.


DIRECTOR


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-Audited)

For the Nine Month Ended June 30, 2021

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 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.
- 1.2 Nil (2020: 4,806,468) ordinary shares of the Company which represent Nil (2020: 50.862%) of the issued, subscribed and paid up share capital of the Company are held by Naubahar Bottling Company (Private) Limited which is incorporated / registered in Pakistan under Pakistani laws. The registered address of the Holding Company is 38-40 Grand Trunk Road, Industrial Estate Model Town, Gujranwala, Punjab. The associated company (2020: Holding Company) is engaged in the manufacturing and distribution of Pepsi Cola soft drinks in Pakistan. The Chief Executive of the associated company (2020: Holding Company) is Mr. Muhammad Shamim Khan.

During the period the holding company has sold its shareholding to the Directors of the Company, therefore, the status of the holding company has been changed from holding to associated company. It is associated due to common directorship. The same fact has been disclosed to Pakistan Stock Exchange Limited through letter dated October 13, 2020.

1.3 Going concern assumption

The Company earned a net profit of Rs. 112.632 million during the period ended June 30, 2021 as compared to previous period net loss of Rs. 207.510 million and, as of that date, the Company's current liabilities exceeded its current assets by Rs. 96.663 million as compared to previous period Rs. 202.355 million. The accumulated losses have exceeded the issued, subscribed and paid up capital by Rs. 2,420.159 million as at June 30, 2021 and accumulated losses as of that date amounted to Rs. 2,514.659 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, the change in losses from 207.510 million to profit of 112.632 million is due to improved operational efficiency, resultantly the Company's current ratio has been improved as compared to previous year i.e 0.90 (2020: 0.82), on the other hand the Company has made net revenue from sales of Rs. 3,498.308 million resultantly earned gross profit of Rs. 303.341 million as compared to previous period gross loss of Rs. 1.091 million. Based on these factors, these financial statements have been prepared on a going concern basis based on the profitable future projections and sponsor's commitment to provide financial support to the Company as and when required.

The acquisition has further brought 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 more financially viable in comparison to its current status. Consequently, the Acquirers will 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 Sponsors have appointed an experienced Board of Directors and professional management team to revive sugar mills operations and explore new markets. They are confident that it will be able to expand the Company's business and operate more efficiently and profitably.

Considering these mitigating factors, these condensed interim financial statements have been prepared on going concern basis.

2. 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.

3. BASIS OF PREPARATION

3.1 Statement of compliance

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

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

Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan 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 with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements are unaudited and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange.

These condensed interim financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended September 30, 2020 which have been prepared in accordance with approved accounting and reporting standards as applicable in Pakistan.

The comparative balance sheet presented in these condensed interim financial statements have been extracted from the annual audited financial statements of the Company for the year ended September 30, 2020, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial statements for the Nine Month ended June 30, 2020.

3.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention, except for the recognition of certain staff retirement benefits at present value and certain operating fixed assets at revalued amounts.

These condensed interim financial statements have been prepared following accrual basis of accounting except for cash flow statement.

3.3 Functional and presentation currency

These condensed interim financial statements have been presented in Pak Rupees, which is the functional and presentation currency of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES THERE IN

- 4.1 The accounting policies adopted and methods of computation followed in the preparation of these condensed interim financial statements are same as those for the preceding annual financial statements for the year ended September 30, 2020.

4.2 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the Company's financial statements.

4.2.1 Standards, amendments and interpretations to accounting standards that are effective in the current period

Certain standards, amendments and interpretations to accounting standards are effective for accounting periods beginning on October 1, 2020 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

4.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after October 1, 2021 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

5. SEASONALITY OF OPERATIONS

Due to seasonal nature of sugar business, operating results of the Company are expected to fluctuate in the second half of the year. The sugarcane crushing season normally starts from November and lasts till March each year.

6. TAXATION

The provisions for taxation for the nine month ended period and quarter ended June 30, 2021, have been made using the estimated effective tax rate applicable to expected total annual earnings. The applicable income tax rate for the Tax Year 2022 is 29%. Income tax expense is recognized in each interim period based on best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

7. ESTIMATES

The preparation of these condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the 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 historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended September 30, 2020..

	Note	(Un-Audited) June 30, 2021 (Rupees)	(Audited) September 30, 2020
8. OPERATING FIXED ASSETS			
Fixed assets	8.1	2,739,117,154	2,763,082,443
Right of use assets	8.2	9,573,274	1,513,176
		<u>2,748,690,428</u>	<u>2,764,595,619</u>
8.1 Opening net book value (NBV)		2,763,082,443	2,815,822,997
Additions (at cost) during the period / year	8.1.1	43,468,794	40,759,887
Revaluation during the period / year		-	-
		<u>2,806,551,237</u>	<u>2,856,582,884</u>
Disposals (at NBV) during the period / year		-	-
Depreciation charged during the period / year		(67,434,083)	(93,500,441)
		<u>(67,434,083)</u>	<u>(93,500,441)</u>
Closing net book value (NBV)		<u>2,739,117,154</u>	<u>2,763,082,443</u>
8.1.1 Details of additions (at cost) during the period / year are as follows:			
Plant and machinery		34,110,086	33,834,943
Electrical installation		5,002,838	1,909,433
Furniture & fixtures		284,300	844,370
Tools and equipment		3,757,000	2,189,460
Office equipment		314,570	1,793,646
Vehicles		-	188,035
		<u>43,468,794</u>	<u>40,759,887</u>
8.2 Right of use assets			
Vehicles			
Opening net book value (NBV)		1,513,176	-
Additions during the period / year at cost		9,352,890	1,779,530
Depreciation charge for the period / year		(1,292,792)	(266,354)
Closing net book value (NBV)		<u>9,573,274</u>	<u>1,513,176</u>

	Note	(Un-Audited) June 30, 2021 (Rupees)	(Audited) September 30, 2020
9. CAPITAL WORK IN PROGRESS			
Building	9.1.1	9,643,595	6,282,560
Plant and machinery	9.1.3	99,448,213	59,862,294
		<u>109,091,808</u>	<u>66,144,854</u>

9.1 Movement of carrying amount is as follows:

9.1.1 Building

Opening balance	6,282,560	6,282,560
Additions (at cost)	3,361,035	-
Transferred to operating fixed assets	-	-
Closing balance	<u>9,643,595</u>	<u>6,282,560</u>

9.1.2 Building consists of construction of sugar godown, which is still under construction and expected to be completed on August 31, 2021.

	(Un-Audited) June 30, 2021 (Rupees)	(Audited) September 30, 2020
9.1.3 Plant and machinery		
Opening balance	59,862,294	887,572
Additions (at cost)	39,585,919	63,114,906
Transferred during the period / year	-	(4,140,184)
Closing balance	<u>99,448,213</u>	<u>59,862,294</u>

10. SHARE CAPITAL

10.1 Authorized share capital

70,000,000 (September 30, 2020: 70,000,000) ordinary shares of Rs. 10/- each	<u>700,000,000</u>	<u>700,000,000</u>
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10.2 Issued, subscribed and paid up share capital

6,400,000 (September 30, 2020: 6,400,000) ordinary shares of Rs. 10/- each (fully paid in cash)	64,000,000	64,000,000
3,050,000 (September 30, 2020: 3,050,000) fully paid bonus shares of Rs. 10/- each	30,500,000	30,500,000
	<u>94,500,000</u>	<u>94,500,000</u>

- 10.3 As at June 30, 2021 M/s Naubahar Bottling Company (Private) Limited (Holding Company) holds Nil (2020: 4,806,468 (50.862%)) shares of the Company. During the period the holding company has sold its shareholding to the Directors of the Company, therefore, the status of the holding company has been changed from holding to associated company. It is associated due to common directorship. The same fact has been disclosed to Pakistan Stock Exchange Limited through letter dated October 13, 2020.

11. DIRECTORS' LOANS

Unsecured

Others (other than banking companies)

Directors

Chief Executive

(Un-Audited)
June 30,
2021

(Audited)
September 30,
2020

..... (Rupees)

2,110,700,000

1,800,700,000

192,000,000

182,000,000

2,302,700,000

1,982,700,000

11.1 Movement of loan is as follows:

Opening balance

1,982,700,000

1,211,500,000

Obtained during the period/year

Mr. Muhammad Shamim Khan

160,000,000

309,800,000

Mrs. Qaiser Shamim Khan

150,000,000

246,600,000

Mr. Nauman Ahmed Khan

-

32,800,000

Mr. Adnan Ahmed Khan

10,000,000

182,000,000

320,000,000

771,200,000

Repaid during the period / year

-

-

Closing balance

2,302,700,000

1,982,700,000

- 11.2 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.

12. LOAN FROM ASSOCIATED COMPANY

Unsecured:

Naubahar Bottling Company (Private) Limited

Note

(Un-Audited)
June 30,
2021

(Audited)
September 30,
2020

..... (Rupees)

12.1

600,000,000

900,000,000

From associated company

Balance as at October 01

900,000,000

965,960,400

Obtained during the period / year

-

100,000,000

Repayments/adjustment made during the period / year

(300,000,000)

(165,960,400)

600,000,000

900,000,000

Current portion shown under current liabilities

-

-

600,000,000

900,000,000

- 12.1 The Company obtained unsecured loan from M/s Naubahar Bottling Company (Private) Limited - the associated company(2020: 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 period ranging from 7.75% to 8.08% (2020: 7.53% to 14.36%) per annum.

13. LEASE LIABILITIES

Secured

Against right of use assets

Lease liabilities

Less: Current portion shown under current liabilities

(Un-Audited) June 30, 2021 (Rupees)	(Audited) September 30, 2020
8,949,577	1,520,453
(3,120,184)	(504,753)
5,829,393	1,015,700

13.1 Maturity analysis-contractual undiscounted cash flow

Less than one year

One to five year

More than five year

Total undiscounted lease liability

3,707,992	603,012
6,184,981	1,079,744
-	-
9,892,973	1,682,756

- 13.2 When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate ranging from 8.68% to 8.77% (2020: 8.28% to 14.74%) per annum.

- 13.3 The lease facility has been obtained from Bank Al Habib Limited. The assets is owned by the Bank. The above liabilities were obligations under leases with bank for lease of vehicle.

14. DUE TO PATTOKI SUGAR MILLS LIMITED

Unsecured:

Pattoki Sugar Mills Limited (PSML)

Note

(Un-Audited) June 30, 2021 (Rupees)	(Audited) September 30, 2020
14,776,698	43,829,685

- 14.1 This represents balance payable to M/s Pattoki Sugar Mills Limited (PSML) - the ex holding company as settlement balance.

	Note	(Un-Audited) June 30, 2021 (Rupees)	(Audited) September 30, 2020
15. SHORT TERM BORROWING			
Secured:			
Banking companies			
Cash finance (Conventional financing)			
MCB Bank Limited	15.1	-	-
Bank Al Falah Limited	15.2	-	-
Bank Al Habib Limited	15.3	-	-
Islamic mode of financing			
Askari Bank Limited	15.4	-	105,000,000
Meezan Bank Limited	15.5	-	-
		-	105,000,000

15.1 This represents cash finance facility from MCB Bank Limited aggregated to Rs. 300 million (2020: Rs. 300 million) and carries mark-up one month KIBOR plus 1% per annum (2020: one month KIBOR plus 1% per annum) on utilized limits. This facility is secured against first exclusive charge for Rs. 316 million on pledge of sugar bags, personal guarantees of the directors and subordination of loan from related parties and directors.

15.2 This represents cash finance facility from Bank Alfalah Limited aggregated to Rs. 300 million (2020: Nil) and carries mark-up at the rate one month KIBOR plus 2% per annum (2020: Nil) on utilized limits. This facility is secured against white refined sugar bags at 10% margin, open pledge over current stocks upto 90 million with 30% margin on prorata basis, pledge charge amounting to Rs. 334 million over stocks, personal guarantees of the directors, and subordination of loan from related parties/ associated company and directors.

15.3 This represents cash finance facility from Bank Al Habib Limited aggregated to Rs. 700 million (2020: Rs. 700 million) and carries mark-up at the rate one month KIBOR plus 0.75% to 1% per annum (2020: one month KIBOR plus 0.75% to 1% per annum) on utilized limits. This facility is secured against white refined sugar bags at 22% margin, charge of Rs. 642 million against stocks, personal guarantees of the directors for Rs. 650 million and subordination of loan from related parties and directors.

15.4 This represents Salam (Pledge) under Islamic financing arrangement from Askari Bank Limited aggregated to Rs. 500 million (2020: 500 million) and carries mark-up at the rate six month KIBOR plus 1% per annum (2020: six month KIBOR plus 1% per annum) on utilized limits. This facility is secured against white refined sugar bags at 25% margin, personal guarantees of the directors, corporate guarantee of associated company, subordination of loan from related parties and directors.

15.5 This represents Istisna facility under Islamic financing arrangement from Meezan Bank Limited aggregated to Rs. 300 million (2020: Nil) and carries mark-up at the rate of six month KIBOR plus 0.75% per annum (2020: Nil) on utilized limits. This facility is secured against white refined sugar bags at 10% margin, pledge over current stocks, personal guarantees of the directors, corporate guarantee of associated company and subordination of loan from related parties and directors.

16. CONTINGENCIES AND COMMITMENTS

16.1 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 (2020: 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 (2020: 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 (2020: 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. 9.894 million (2020: Rs. 9.894 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) Income tax Audit for Tax Year 2015, 2016, 2017, 2018 and 2019 u/s 177 of Income Tax Ordinance, 2001 were selected by Commissioner Income Tax through his discretionary powers vested under this section. The DCIR has created a demand amounting to Rs. 7,606.899 million against all these years. The Company has challenged it before CIR Appeals which is pending for adjudication. The Company is confident of favourable outcome.
- n) Sales tax Audit for Tax Year 2017, 2018 and 2019 u/s 25 of Sales Tax 1990 were selected by Commissioner Income Tax through his discretionary powers vested under this section. The DCIR has requested information in this regard and the Company has obtained stay order from Honourable High Court of Sindh, Karachi.
- o) The Company is facing claims, launched in the labour courts, pertaining to staff retirement benefits, salaries and others related matters. The claims amount can't be quantified due to nature of the claims.

16.2 Commitments

The Company is committed as at the balance sheet date in respect of capital expenditure of Rs. 115.46 million (2020: Rs. 80 million).

Nine Month Ended		Quarter Ended	
June 30,		June 30,	
2021	2020	2021	2020
..... (Rupees) (Rupees)	

17. SALES

Sales				
Manufacturing - local				
Sugar	3,673,708,400	253,292,124	2,402,441,534	229,411,885
By products sales				
Molasses	365,918,722	227,000,000	194,694,310	134,107,520
V.F. Cakes	13,462,101	238,208	5,026,108	138,659
	4,053,089,223	480,530,332	2,602,161,952	363,658,064
	(554,780,659)	(36,841,344)	(360,597,890)	(33,357,102)
Less: Sales tax				
	3,498,308,564	443,688,988	2,241,564,062	330,300,962

18. COST OF SALES

Raw materials and expenses thereon	2,931,733,073	1,621,152,385	2,554,829	-
Other overheads:				
Salaries, wages and other benefits	108,242,030	85,211,485	27,361,665	17,004,951
Chemical consumed	15,202,520	10,851,274	-	-
Packing material consumed	21,367,175	11,828,498	29,083	2,450
Stores and spares consumed	7,004,975	7,957,886	1,350,096	168,785
Repair and maintenance	74,050,770	88,273,646	15,764,288	6,387,358
Other factory overheads	4,348,701	3,425,747	1,160,727	451,567
Vehicle running expenses	3,725,962	2,771,343	980,545	721,757
Fee and subscription	30,000	49,700	-	-
Insurance	56,438	38,211	-	-
Depreciation	66,798,223	69,331,665	22,466,835	23,261,195
Fuel and power	12,929,379	17,116,888	1,830,463	2,047,209
	313,756,173	296,856,343	70,943,702	50,045,272
Opening work in process	4,882,467	-	4,144,452	5,005,745
Closing work in process	(4,175,358)	(5,152,242)	(4,175,358)	(5,152,242)
	707,109	(5,152,242)	(30,906)	(146,497)
Cost of goods manufactured	3,246,196,355	1,912,856,486	73,467,625	49,898,775
Opening stock of finished goods	252,091,911	-	2,252,886,033	1,750,009,065
Closing stock of finished goods	(303,320,631)	(1,468,076,566)	(303,320,631)	(1,468,076,566)
	(51,228,720)	(1,468,076,566)	1,949,565,402	281,932,499
	3,194,967,635	444,779,920	2,023,033,027	331,831,274

18.1 Amount of Rupees 2,554,829 was incurred in june quarter in respect of sugarcane development expenses.

19. TAXATION

Current	43,989,122	7,207,955	24,933,809	7,189,861
Deferred	(6,335,178)	(4,513,563)	(3,529,237)	(4,513,563)
	37,653,944	2,694,392	21,404,572	2,676,298

20. PROFIT / (LOSS) PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	Nine Month Ended		Quarter Ended	
	June 30,		June 30,	
	2021	2020	2021	2020
 (Rupees) (Rupees)	
Profit/(loss) after taxation	112,632,165	(207,510,053)	145,674,485	(79,389,435)
Weighted average number of ordinary shares	9,450,000	9,450,000	9,450,000	9,450,000
Profit/(loss) per share - basic and diluted - (Rs.)	11.92	(21.96)	15.42	(8.40)

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participations at the measurement date.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1:** Quoted prices in active markets for identical assets or liabilities.
- Level 2:** Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3:** Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

There were no financial instruments held by the Company which are measured at fair value as of June 30, 2021 and September 30, 2020.

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred. However, there were no transfers between levels of fair value hierarchy during the period/year.

22. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

There have been no significant changes in the risk management policies since the year end.

The condensed interim financial statements does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the year ended September 30, 2020.

The Company's financial risk management objective and policies are consistent with that disclosed in the annual financial statements for the year ended September 30, 2020.

23. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

During the period the company obtained new borrowings from, various banks and directors.

All other significant transactions and events that have affected the Company's financial position and performance during the period have been adequately disclosed in the notes to these financial statements.

24. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. However, no significant reclassification has been made during the period.

25. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise of 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	Nature of transactions	June 30, 2021		June 30, 2020	
			Transactions during the period	Closing balance	Transactions during the period	Closing balance
----- Rupees -----						
Naubahar Bottling Company (Private) Limited	Associated Company	Long term loans obtained	-	600,000,000	100,000,000	1,065,960,400
		Long term loans repaid	300,000,000	-	-	-
		Mark-up payable	-	235,525,761	-	165,656,261
		Mark-up charged on long term loan	50,856,540	-	94,083,446	-
The Thal Industries Corporation Limited	Associated Company	Trade Payable - net	-	6,211,997	-	9,252,136
		Sales of store items	15,248,100	-	12,882	-
		Purchases of store items	8,289,032	-	9,265,018	-
		Purchases-Plant and machinery	2,076,465	-	-	-
Al-Moiz Industries Limited	Associated Company	Trade receivable - net	-	-	-	608,969
		Trade Payable - net	-	4,997,249	-	-
		Purchase of Steel	3,631,601	-	697,500	-
		Sale of scrap and process chemicals	10,491,037	-	9,834,154	-
		Purchases - others	454,740	-	-	-
		Adjustment	4,169,000	-	-	-
Directors/shareholders						
Mr. Muhammad Shamim Khan		Directors' contribution/loan	160,000,000	1,066,300,000	188,800,000	785,300,000
Ms. Qaiser Shamim Khan		Directors' contribution/loan	150,000,000	989,600,000	168,600,000	761,600,000
Mr. Nauman Ahmed Khan		Directors' contribution/loan	-	54,800,000	32,800,000	54,800,000
Mr. Adnan Ahmed Khan		Directors' contribution/loan	10,000,000	192,000,000	142,000,000	142,000,000
Executives	Key management personnel	Remuneration paid	17,979,459	-	10,909,181	-

25.1 Basis of relationship with the company

In respect of directors of the company and associated companies 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
Naubahar Bottling Company (Private) Limited	Pakistan	Associated	Common Directorship	Nil
Al-Moiz Industries Limited	Pakistan	Associated	Common Directorship	Nil
Moiz Textile Limited	Pakistan	Associated	Common Directorship	Nil
The Thal Industries Corporation Limited	Pakistan	Associated	Common Directorship	Nil
Mr. Muhammad Shamim Khan	Pakistan	Director	Shareholding	29.1623%
Mrs. Qaiser Shamim Khan	Pakistan	Director	Shareholding	28.0002%
Mr. Adnan Ahmed Khan	Pakistan	Chief Executive	Shareholding	20.0002%
Mr. Nauman Ahmed Khan	Pakistan	Director	Shareholding	20.0002%
Malik Manzoor Hussain Humayun	Pakistan	Director	Shareholding	0.0169%
Mr. Farid ul din Ahmed	Pakistan	Director	Shareholding	0.0021%
Mrs. Sarah Hajra Khan	Pakistan	Director	Shareholding	0.0032%

26. FINANCIAL INSTRUMENTS BY CATEGORY

	Original carrying		Fair value				
	Financial assets at amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
	----- Rupees -----						
On-Balance sheet financial instruments							
As at June 30, 2021							
Financial assets							
At cost or amortised cost							
Long term deposits	1,225,200	-	1,225,200	-	-	-	-
Trade debtors	2,884,722	-	2,884,722	-	-	-	-
Loans and advances	179,980	-	179,980	-	-	-	-
Other receivables	4,293,920	-	4,293,920	-	-	-	-
Cash and bank balances	155,673,064	-	155,673,064	-	-	-	-
	164,256,886	-	164,256,886	-	-	-	-
Financial liabilities at amortised cost							
Loan from associated company	-	600,000,000	600,000,000	-	-	-	-
Lease liabilities	-	8,949,577	8,949,577	-	-	-	-
Due to Pattoki Sugar Mills Limited	-	14,776,698	14,776,698	-	-	-	-
Unclaimed dividend	-	255,930	255,930	-	-	-	-
Trade and other payables	-	138,002,000	138,002,000	-	-	-	-
Short term borrowing	-	-	-	-	-	-	-
Mark-up accrued	-	242,403,699	242,403,699	-	-	-	-
	-	1,004,387,904	1,004,387,904	-	-	-	-
On-Balance sheet financial instruments							
As at September 30, 2020							
Financial assets							
At cost or amortised cost							
Long term deposits	174,500	-	174,500	-	-	-	-
Trade debtors	8,668,169	-	8,668,169	-	-	-	-
Loans and advances	138,598	-	138,598	-	-	-	-
Short term deposits	2,430,000	-	2,430,000	-	-	-	-
Other receivables	968,352	-	968,352	-	-	-	-
Cash and bank balances	356,447,809	-	356,447,809	-	-	-	-
	368,827,428	-	368,827,428	-	-	-	-
Financial liabilities at amortised cost							
Loan from associated company	-	900,000,000	900,000,000	-	-	-	-
Lease liability	-	1,520,453	1,520,453	-	-	-	-
Trade and other payables	-	115,474,026	115,474,026	-	-	-	-
Unclaimed dividend	-	255,930	255,930	-	-	-	-
Due to Pattoki Sugar Mills Limited	-	43,829,685	43,829,685	-	-	-	-
Short term borrowing	-	105,000,000	105,000,000	-	-	-	-
Mark-up accrued	-	185,753,366	185,753,366	-	-	-	-
	-	1,351,833,460	1,351,833,460	-	-	-	-

27. EVENTS AFTER THE BALANCE SHEET DATE

There are no material subsequent events occurred after the date of statement of financial 'position.

28. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial statements were authorized for issue on July 19, 2021 by the Board of Directors of the Company.

29. GENERAL

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

29.2 The Govt. of Pakistan had constituted the Inquiry Commission under Pakistan Commission of inquiry Act, 2017 to probe into the increase in sugar prices dated March 16, 2020, accordingly Inquiry Commission had issued the report dated May 21, 2020 and selected 10 sugar units for inquiries. The Govt. of Pakistan had forwarded the matter to relevant Govt. institutions for further investigations. During the period the Federal Investigation Agency has requested certain documents from the Group including the Company which have been submitted. However, the management continuous to monitor the current situation and will take all steps possible to mitigate any effects.

29.3 At the time of the meeting of Board of Directors, the Chief Executive Officer is not available in Pakistan. Therefore, as prescribed under section 232 of Companies Act, 2017, these financial statements are signed by two Directors and the Chief Financial Officer.


DIRECTOR


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER

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