



# BABA FARID

## SUGAR MILLS LIMITED

CONDENSED INTERIM FINANCIAL INFORMATION  
For the 1st Quarter Ended 31 December 2021 (Un-audited)

QUARTERLY  
REPORT  
2021

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# COMPANY INFORMATION

## BOARD OF DIRECTORS

|                                    |                      |
|------------------------------------|----------------------|
| Mrs. Kaiser 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 |

## 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: 044-2714418-21  
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

## 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   |

## 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 Consultants  
20 - Sir Gangaram Mansions  
The Mall Lahore  
Tel: 042-37313549, 37313520  
Tel: 042-36672102

# DIRECTORS' REVIEW

The Directors of your Company are pleased to present the Un-Audited Accounts of the Company for the 1st Quarter Ended December 31, 2021 in compliance with the section 237 of the Companies Act, 2017.

## INDUSTRY OVERVIEW

During the period under review, cultivated area of sugarcane crop is expectedly higher and yield per acre being reported by the growers is also reportedly higher as compared to corresponding period of last year. The early start of crushing season can also affect the yield and recovery of cane. Despite of above facts we are expecting better sugar recoveries in the area as compared to last year due to extra ordinary efforts made by agri team to promote better varieties of sugar cane and good practices.

For current crushing season 2021-22, notified support price of sugarcane is Rs. 225/- per 40 kg in Punjab & KPK. However, sugarcane is being procured at considerably higher cost than notified support price.

Due to early start of crushing season from November 15, 2021 tough competition has been observed in cane procurement that resulted into price war like situation in the region. Average sugarcane purchase cost is higher as compared to last year.

## PERFORMANCE OF THE COMPANY

As the crushing is in process and so far Company is able to crush 200,100.40 M. Tons sugarcane and produced 15,900.00 M. Tons white refined sugar at an average recovery of 8.36% during the first quarter ending December 31, 2021 as compared to corresponding period of last year sugarcane crushing of 170,860.00 M. Tons and production of 14,215.00 M. Tons white refined sugar at an average recovery of 8.65%.

Net sales were recorded at Rs. 545.633 million during the first quarter of current financial year as compared to Rs. 504.376 million against the corresponding period of last year.

The Company earned pretax loss of Rs. 24.426 million during the quarter under review as compared to pretax profit of Rs. 13.751 million in the corresponding period of last year. Decrease in profitability is attributed to increase in sugarcane procurement cost.

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

## 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.

## RELATIONSHIP WITH GROWERS

As usual growers' payment has remained our top priority being one of the main keys of our success and we are trying our level best to make growers' payment on priority basis. We regularly provide financial

and technical support to our growers. Due to these policies and preferential treatment to growers, the Company enjoys excellent relationship with them.

**FUTURE OUTLOOK AND GOING CONCERN ASSUMPTION**

According to surveys, the sugarcane crop size in current crushing season 2021-22 is estimated to be approx. 10-15% higher than last year but keeping in view the low sucrose content in South & Central Punjab, we are expect the sugar production will expectedly be higher as compared to last year. In view of all this, it is expected that sugarcane prices would play a vital role in the determination of sugar prices. Even after the substantial increase in support prices of sugarcane by the Provincial Governments, the industry is procuring sugarcane at much higher prices as growers are not willing to supply sugarcane at notified support prices. This will result in increase in the production cost of the sugar, consequently sugar prices in the market may remain on the higher side. Government needs to take appropriate measures to ensure availability of sugarcane to sugar mills at support prices.

The increase in discount rate by the State Bank of Pakistan (SBP) by 275 bps has ultimately increased the KIBOR rate, that will result in increasing the financial cost of the Company. Any further increase in mark-up rates may adversely affect the profitability of the Company.

Sales tax evasion and undocumented sugar trade were two major challenges being faced by the sugar industry. These issues were the root causes of instability in the prices of sugarcane, sugar and hurdle in planning by the Government for availability of sugar in the country. To curb these issues on 11 November 2021, FBR has issued Sales Tax General Order No. 05 of 2021-22 with subject of Implementation of Track & Trace System. As per order, no sugar bags shall be allowed to be removed from production site or factory without affixation of Tax Stamps / Unique Identification Marking (UTMs) with effect from 11 November 2021, which are to be obtained / procured from FBR Licensed vendor only. FBR has achieved marvelous success in the implementation of Track & Trace System and results are quite satisfactory. This is a milestone achieved by FBR which will result in giving level playing fields to fully compliant sugar mills and substantial increase in the revenue of FBR. Now FBR should also find out practical ways out to document the sugar trade which is another uphill task.

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

The total number of Directors are seven as per following:

- Male: Five
- Female: Two

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

The Board has formed committees comprising of members given below:

## AUDIT COMMITTEE

The Board has constituted an Audit Committee consisting of three members including Chairman of the Committee as mentioned below. The committee regularly meets as per requirement of the code. The committee assists the Board in reviewing internal audit manual and internal audit system.

- i) Mr. Farid-ud-Din Ahmad (Chairman of the Audit Committee); and
- ii) Mrs. Sarah Hajra Khan;
- iii) Mr. Malik Manzoor Hussain Humayoon

## HR AND REMUNERATION COMMITTEE

The Board has constituted a Human Resource Committee consisting of three members including Chairman of the committee as mentioned below, in compliance with the Code of Corporate Governance.

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

## NOMINATION COMMITTEE

The Board has constituted a Nomination Committee consisting of two members including Chairman of the committee as mentioned below, in compliance with the Code of Corporate Governance.

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

## RISK MANAGEMENT COMMITTEE

The Board has constituted a Risk Management Committee consisting of two members including Chairman of the committee in compliance with the Code of Corporate Governance.

- i) Mr. Malik Manzoor Hussain Humayoon (Chairman)
- ii) 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.

## ACKNOWLEDGEMENT

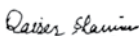
The Directors would like to express their appreciation for the dedication and hard work of the workers, staff and members of the management team. Growers are the key element of our industry and we thank them for their continued co-operation. The Directors of the Company are also thankful to the banks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

For and on behalf of the Board

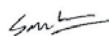
**Baba Farid Sugar Mills Limited**



Muhammad Shamim Khan  
Director



Mrs. Qaiser Shamim Khan  
Chairperson



Mrs. Sara Hajra Khan  
Director

## ڈائریکٹر کی جائزہ رپورٹ

آپ کی کمپنی کے ڈائریکٹر کمپنیز ایکٹ 2017ء کی دفعہ 237 کی تعمیل میں 31 دسمبر 2021 کو ختم ہونے والی پہلی سہ ماہی کے لئے کمپنی کے غیر نظر ثانی شدہ حسابات پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔

### صنعت کا مجموعی جائزہ

زیر جائزہ مدت کے دوران گنے کی فصل کا کاشت کردہ رقبہ متوقع طور پر زیادہ ہے اور کاشتکاروں کی طرف سے گزشتہ سال کے مقابلے میں ایکڑ پیداوار بھی زیادہ بتائی جا رہی ہے۔ کرشنگ سیزن کا جلد آغاز گنے کی پیداوار اور ریکوری کو بھی متاثر کر سکتا ہے۔ بالا حقائق کے باوجود زرعی ٹیم کی غیر معمولی کاوشوں اور گنے کی بہتر اقسام کو فروغ دینے کے عمل کے نتیجے سے گزشتہ سال کے مقابلے میں شوگر کی ریکوریاں بہتر ہونے کی توقعات ہیں۔

موجودہ کرشنگ سیزن 2021-22 کیلئے پنجاب اور کے پی کے میں گنے کی امدادی قیمت -/225 روپے فی من کا اعلان کیا گیا ہے۔ تاہم، گنا اعلان کردہ امدادی قیمت سے نسبتاً زیادہ قیمت پر خرید جا رہا ہے۔

15 نومبر 2021 سے کرشنگ سیزن کے جلد آغاز کی وجہ سے گنے کی خریداری میں سخت مقابلہ دیکھا گیا جس کے نتیجے میں خطے میں قیمت جنگ کی صورت حال پائی گئی۔ گنے کی اوسط قیمت خرید گزشتہ سال کے مقابلے زیادہ ہے۔

### کمپنی کی کارکردگی

کیونکہ کرشنگ سیزن پراسیس میں ہے اور لہذا کمپنی نے 31 دسمبر 2021 کو ختم ہونے والی پہلی سہ ماہی کے دوران 200,100.40 میٹرک ٹن گنے کی کرشنگ کی اور 8.36 فیصد اوسط ریکوری کے ساتھ 15,900.00 میٹرک ٹن سفید ریفائنڈ چینی بنائی جبکہ اس کے مقابلے میں گزشتہ سال 170,860.00 میٹرک ٹن گنے کی کرشنگ کی اور 8.65 فیصد اوسط ریکوری کے ساتھ 14,215.000 میٹرک ٹن سفید ریفائنڈ چینی بنائی۔

گزشتہ سال کی اسی مدت میں 504.376 ملین روپے خالص فروخت کے برعکس حالیہ مالی سال کی پہلی سہ ماہی کے دوران 545.633 ملین روپے درج کی گئی۔

کمپنی کو زیر جائزہ سہ ماہی کے دوران ٹیکس سے قبل 24.426 ملین روپے کا نقصان حاصل ہوا جبکہ گزشتہ سال کی اسی مدت میں ٹیکس سے قبل 13.751 ملین روپے کا منافع ہوا تھا۔ کمپنی کے منافع میں کمی گنے کی خریداری کی قیمتوں میں اضافے سے منسوب ہے۔

تمام تشریحات کمپنی کی پیداوار اور منافع کو بڑھانے کے لئے کی جا رہی ہیں، جن میں اچھی کارکردگی، جدید ترین آلات کی تنصیب، گہری نگرانی کے ذریعے پیداواری لاگت میں کمی، گنے کے کاشتکاروں کو اچھے اور معیاری بیج کی فراہمی کے ساتھ ساتھ اچھی کھاد اور کیڑے مارا دویات کی فراہمی شامل ہے۔ جس کے نتیجے میں چینی کی ریکوری میں اضافہ اور گنے کے کاشتکاروں کو مالی فائدہ ہوگا۔

### تحقیق اور 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۔

## کاشتکاروں سے تعلقات

کاشتکاروں کی معمول کی ادائیگی ہماری اولین ترجیح رہی ہے اور جو کہ ہماری کامیابی کی اہم وجہ ہے۔ ہم ترجیحی بنیادوں پر کاشتکاروں کو بروقت ادائیگی کرنے کے لئے اپنی بہترین کوششیں کر رہے ہیں۔ ہم اپنے کاشتکاروں کو باقاعدگی سے مالی اور تکنیکی مدد فراہم کرتے ہیں۔ ان پالیسیوں اور کاشتکاروں کے ساتھ ترجیحی سلوک کی بدولت، کمپنی ان کے ساتھ شاندار تعلقات سے لطف اندوز ہوتی ہے۔

## مستقبل کا نقطہ نظر اور جاری تشویش مفروضہ:

سروے کے مطابق موجودہ کرٹنگ سیزن 2021-22 میں گنے کی فصل کے سائز کا تخمینہ گزشتہ سال سے تقریباً 15-10 فیصد زیادہ لگایا گیا ہے لیکن جنوبی اور وسطی پنجاب میں کم سکروس اجزاء کو مد نظر رکھتے ہوئے ہمیں توقع ہے کہ چینی کی پیداوار گزشتہ سال کے مقابلے میں توقع زیادہ ہوگی۔ ان تمام کے پیش نظر، یہ توقع ہے کہ گنے کی قیمتیں چینی کی قیمتوں کے تعین میں اہم کردار ادا کریں گی۔ چنانچہ صوبائی حکومتوں کی طرف سے گنے کی امدادی قیمتوں میں کافی اضافہ کے بعد، صنعت بہت زیادہ قیمتوں پر گنے کی خریداری کر رہی ہے کیونکہ کاشتکار اعلان کردہ امدادی قیمتوں پر گنا فراہم کرنے کو تیار نہیں ہیں۔ جس کے نتیجے میں چینی کے پیداواری اخراجات میں اضافہ ہوگا، اس کے بعد مارکیٹ میں چینی کی قیمتیں زیادہ رہ سکتی ہیں۔ حکومت کو امدادی قیمتوں پر شوگر ملوں کو گنے کی دستیابی یقینی بنانے کے لئے مناسب اقدامات اٹھانے کی ضرورت ہے۔

بینک دولت پاکستان (SBP) کی طرف سے ڈسکاؤنٹ ریٹ میں 275 bps تک اضافہ نے مجموعی کاربہر ریٹ کو بڑھا دیا جس کے نتیجے میں مالی لاگت میں اضافہ ہو جائے گا۔ مارک اپ ریٹ میں کوئی مزید اضافہ کمپنی کے منافع کو بُری طرح متاثر کر سکتا ہے۔

سیلز ٹیکس کی چوری اور چینی کی غیر دستاویزی تجارت شوگر انڈسٹری کو درپیش دو بڑے چیلنجز تھے۔ یہ مسائل گنے، چینی کی قیمتوں میں عدم استحکام اور ملک میں چینی کی دستیابی کے لیے حکومت کی جانب سے منصوبہ بندی میں رکاوٹ کی بنیاد بن چکے تھے۔ ان مسائل کو ختم کرنے کے لئے 11 نومبر 2021 کو، ایف بی آر نے ٹریک اور ٹریلس سسٹم کے نفاذ کے حوالے سے سیلز ٹیکس جزل آرڈر نمبر 05 آف 2021-22 جاری کیا۔ آرڈر کے مطابق، 11 نومبر 2021 سے مؤثر کسی شوگر بیگ کو ٹیکس اسٹیپس / یونیک شناختی مارکنگ (UTMs) کے بغیر پروڈکشن سائٹ یا فیکٹری سے منتقل کرنے کی اجازت نہیں ہوگی، جو کہ صرف ایف بی آر کے لائسنس یافتہ وینڈرز سے حاصل خریدی گئی ہیں۔ ایف بی آر نے ٹریک اور ٹریلس سسٹم کے نفاذ میں شاندار کامیابی حاصل کی اور نتائج کافی تسلی بخش ہیں۔ یہ ایف بی آر کی جانب سے حاصل کیا گیا ایک سنگ میل ہے جس کے نتیجے میں وہ شوگر ملیں جو قوانین کی مکمل عملداری کر رہی ہیں ان کو بڑھنے کا برابر موقع ملے گا اور اس سے ایف بی آر کی آمدن میں خاطر خواہ اضافہ ہوگا۔ اب ایف بی آر کو شوگر کی تجارت کو دستاویزی کرنے کے عملی طریقے بھی تلاش کرنے چاہئیں جو ایک اور مشکل کام ہے۔

## کارپوریٹ گورننس

## بہترین کارپوریٹ عوامل

ڈائریکٹرز بہتر 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۔



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

مرد: 5

خواتین: 2

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

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

### آڈٹ کمیٹی

بورڈ نے مندرجہ ذیل کے مطابق کمیٹی کے چیئرمین سمیت تین ارکان پر مشتمل آڈٹ کمیٹی تشکیل دی ہے۔ کمیٹی باقاعدگی سے ضابطہ کے تقاضوں کو پورا کرتی ہے۔ کمیٹی انٹرنل آڈٹ مینیجر اور انٹرنل آڈٹ سسٹم کے جائزہ میں بورڈ کی مدد کرتی ہے۔

- (i) جناب فرید الدین احمد (چیئرمین آڈٹ کمیٹی) اور
- (ii) محترمہ سارہ ہاجرہ خان
- (iii) جناب ملک منظور حسین ہمایوں

### ایچ آر اینڈ ریمزیشن کمیٹی

بورڈ نے کوڈ آف کارپوریٹ گورننس کی تعمیل میں، مندرجہ ذیل کے مطابق کمیٹی کے چیئرمین سمیت تین ارکان پر مشتمل ہیومن ریسورس کمیٹی تشکیل دی ہے۔

- (i) جناب فرید الدین احمد (چیئرمین HRR کمیٹی) اور
- (ii) جناب عدنان احمد خان
- (iii) جناب ملک منظور حسین ہمایوں

### نامینیشن کمیٹی

بورڈ نے کوڈ آف کارپوریٹ گورننس کی تعمیل میں، مندرجہ ذیل کے مطابق کمیٹی کے چیئرمین سمیت دو ارکان پر مشتمل نامینیشن کمیٹی تشکیل دی ہے۔

• (i) جناب ملک منظور حسین ہمایوں (چیئرمین)

• (ii) جناب فرید الدین احمد

### رسک مینجمنٹ کمیٹی

بورڈ نے کوڈ آف کارپوریٹ گورننس کی تعمیل میں، مندرجہ ذیل کے مطابق کمیٹی کے چیئرمین سمیت دوا رکازان پر مشتمل رسک مینجمنٹ کمیٹی تشکیل دی ہے۔

• (i) جناب ملک منظور حسین ہمایوں (چیئرمین)

• (ii) جناب فرید الدین احمد

### مناسب داخلی مالیاتی کنٹرول

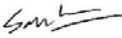
ڈائریکٹرز داخلی مالیاتی کنٹرول کی بابت اپنی ذمہ داری سے بخوبی آگاہ ہیں۔ انتظامیہ اور آڈیٹرز (داخلی اور بیرونی دونوں) کے ساتھ مشاورت کے ذریعے، وہ توثیق کرتے ہیں کہ کمپنی کی طرف سے مناسب کنٹرول نافذ کئے گئے ہیں۔

### 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 شکریہ گزار ہیں۔

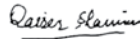
### منجانب بورڈ

بابا فرید شوگر ملز لمیٹڈ



(محترمہ سارہ ہاجرہ خان)

ڈائریکٹر



(محترمہ قیصر شمیم خان)

چیئر پرسن



(محترم شمیم خان)

ڈائریکٹر

لاہور: 24 جنوری 2022ء

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Un-Audited)

As at December 31, 2021

|   | Note | (Un-Audited)<br>December 31,<br>2021<br>..... (Rupees) ..... | (Audited)<br>September 30,<br>2021 |
|---|------|--|------------------------------------|
| <b>ASSETS</b>                             |      |  |                                    |
| <b>NON CURRENT ASSETS</b>                 |      |  |                                    |
| Property, plant and equipment             | 7.1  | 2,817,842,795  | 2,836,086,866                      |
| Operating fixed assets                    | 7.3  | 225,377,708  | 107,105,808                        |
| Capital work in progress                  |      |  |                                    |
|   |      | 3,043,220,503  | 2,943,192,674                      |
| Long term deposits                        |      | 1,337,050  | 1,337,050                          |
|   |      | 3,044,557,553  | 2,944,529,724                      |
| <b>CURRENT ASSETS</b>                     |      |  |                                    |
| Stores, spares and loose tools            |      | 146,586,086  | 128,614,530                        |
| Stock in trade                            |      | 876,000,134  | 4,336,426                          |
| Trade debts                               |      | 3,903,966  | 4,576,692                          |
| Short term Investment                     |      | 604,887  | 100,355,619                        |
| Loans and advances                        |      | 114,246,402  | 135,380,853                        |
| Short term prepayments and deposits       |      | 1,157,544  | 1,707,038                          |
| Other receivables                         |      | 145,000,989  | 126,937,594                        |
| Taxation - net                            |      | 7,721,561  | 7,169,497                          |
| Cash and bank balances                    |      | 689,090,231  | 26,945,258                         |
|   |      | 1,984,311,800  | 536,023,507                        |
| <b>TOTAL ASSETS</b>                       |      | <b>5,028,869,353</b>   | <b>3,480,553,231</b>               |
| <b>EQUITY AND LIABILITIES</b>             |      |  |                                    |
| <b>SHARE CAPITAL AND RESERVES</b>         |      |  |                                    |
| Authorized share capital                  | 8.1  | 700,000,000  | 700,000,000                        |
| Issued, subscribed and paid up capital    | 8.2  | 94,500,000   | 94,500,000                         |
| Reserves                                  |      |  |                                    |
| Revenue reserves - accumulated losses     |      | (2,518,363,389)  | (2,494,620,374)                    |
| Directors' loans                          | 9    | 2,652,700,000  | 2,302,700,000                      |
| Surplus on revaluation of fixed assets    | 10   | 1,880,262,330  | 1,890,862,444                      |
|   |      | 2,109,098,941  | 1,793,442,070                      |
| <b>NON CURRENT LIABILITIES</b>            |      |  |                                    |
| Lease liability                           |      | 5,632,960  | 6,791,989                          |
| Loan from Associate                       | 11   | 300,000,000  | 300,000,000                        |
| Long term Loan (Banking Companies)        | 12   | 274,956,000  | -                                  |
| Deferred liabilities                      |      | 380,062,606  | 377,296,536                        |
|   |      | 960,651,566  | 684,088,525                        |
| <b>CURRENT LIABILITIES</b>                |      |  |                                    |
| Trade and other payables                  |      | 982,628,588  | 416,521,603                        |
| Unclaimed dividend                        |      | 255,930  | 255,930                            |
| Due to Pattoki Sugar Mills Limited (PSML) |      | 14,016,698   | 14,426,698                         |
| Short term Borrowing                      | 13   | 671,376,768  | 20,295,945                         |
| Mark-up accrued                           |      | 261,842,962  | 247,610,328                        |
| Taxation - net                            |      | -  | -                                  |
| Current portion of long term liabilities  |      | 28,997,900   | 303,912,132                        |
|   |      | 1,959,118,846  | 1,003,022,636                      |
| <b>CONTINGENCIES AND COMMITMENTS</b>      | 14   |  |                                    |
| <b>TOTAL EQUITY AND LIABILITIES</b>       |      | <b>5,028,869,353</b>   | <b>3,480,553,231</b>               |

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

  
DIRECTOR

  
DIRECTOR

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

# CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-Audited) For the Quarter Ended December 31, 2021

|   | Note | December 31,<br>2021<br>..... (Rupees) ..... | December 31,<br>2020 |
|---|------|--|----------------------|
| Sales   | 15   | 545,633,279                                  | 504,376,172          |
| Cost of sales   | 16   | (531,372,825)                                | (454,470,516)        |
| Gross Profit / (Loss)                                   |      | 14,260,454                                   | 49,905,656           |
| Selling and distribution expenses                       |      | (2,946,554)                                  | (2,690,157)          |
| General and administrative expenses                     |      | (26,452,717)                                 | (19,420,838)         |
| Other income  |      | 4,930,996                                    | 6,327,260            |
|   |      | (24,468,275)                                 | (15,783,735)         |
| Operating Profit / (Loss)                               |      | (10,207,821)                                 | 34,121,921           |
| Financial charges                                       |      | (14,217,760)                                 | (20,370,862)         |
| Profit / (Loss) before taxation                         |      | (24,425,581)                                 | 13,751,059           |
| Taxation  |      | (9,917,548)                                  | (6,249,903)          |
| Profit / (Loss) after taxation                          |      | (34,343,129)                                 | 7,501,156            |
| Earning / (Loss) per share - Basic and diluted (Rupees) |      | (3.63)                                       | 0.79                 |

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

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

  
DIRECTOR

  
DIRECTOR

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

# CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-Audited)

For the Quarter Ended December 31, 2021

|   | December 31,<br>2021<br>..... (Rupees) ..... | December 31,<br>2020 |
|---|--|----------------------|
| Profit / (Loss) after taxation for the year   | (34,343,129)                                 | 7,501,156            |
| 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 | -  | -                    |
|   | -  | -                    |
| <b>Total comprehensive Income / (loss) for the period</b>                               | <b>(34,343,129)</b>                          | <b>7,501,156</b>     |

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

  
DIRECTOR

  
DIRECTOR

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

# CONDENSED INTERIM STATEMENT OF

## CASH FLOWS (Un-Audited)

For the Quarter Ended December 31, 2021

### CASH FLOWS FROM OPERATING ACTIVITIES

|  | December 31,<br>2021<br>..... (Rupees) ..... | December 31,<br>2020 |
|--|--|----------------------|
| Profit / (Loss) before tax                               | (24,425,581)                                 | 13,751,059           |
| Adjustments for items not involving movement of funds:   |  |                      |
| Profit on Investment                                     | 293,256                                      | -                    |
| Depreciation   | 23,158,475                                   | 22,513,593           |
| Financial charges  | 14,217,760                                   | 20,370,862           |
| Net cash flow before working capital changes             | 13,243,910                                   | 56,635,514           |
| <b>Decrease / (increase) in current assets</b>           |  |                      |
| Stores, spares and loose tools                           | (17,971,556)                                 | (5,529,791)          |
| Stock in trade   | (871,663,708)                                | (551,270,619)        |
| Trade debts  | 672,726                                      | 2,386,296            |
| Loans and advances                                       | 21,134,451                                   | 6,723,867            |
| Short term prepayments and deposits                      | 549,494                                      | (578,302)            |
| Other receivables  | (18,063,395)                                 | 1,116,028            |
|  | (885,341,988)                                | (547,152,521)        |
| <b>Increase / (decrease) in current liabilities</b>      |  |                      |
| Trade and other payables                                 | 566,106,985                                  | (69,152,143)         |
| Cash used in from operations                             | (305,991,093)                                | (559,669,150)        |
| Taxes paid   | (7,671,021)                                  | (8,681,901)          |
| Gratuity Paid  | (331,062)                                    | -                    |
| Financial charges paid                                   | (106,561)                                    | (1,196,105)          |
| Net cash used in from operating activities               | (314,099,737)                                | (569,547,156)        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>              |  |                      |
| Additions to operating fixed assets                      | (4,914,404)                                  | (21,215,391)         |
| Additions to capital work in progress                    | (118,271,900)                                | (12,179,595)         |
| Short term Investment                                    | 99,750,732                                   | -                    |
| Long term deposits                                       | -  | (637,200)            |
| Net cash used in investing activities                    | (23,435,572)                                 | (34,032,186)         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>              |  |                      |
| Due to Pattoki Sugar Mills Limited (PSML)                | (410,000)                                    | (27,852,987)         |
| Loan from Associate                                      | (300,000,000)                                | -                    |
| Long term Loan (Banking Companies)                       | 299,956,000                                  | -                    |
| Short term Borrowing- Net                                | 651,080,823                                  | 457,512,500          |
| Lease liability paid                                     | (946,541)                                    | (122,529)            |
| Directors' contribution                                  | 350,000,000                                  | 10,000,000           |
| Net cash generated from financing activities             | 999,680,282                                  | 439,536,984          |
| Net (decrease) / increase in cash and cash equivalents   | 662,144,973                                  | (164,042,358)        |
| Cash and cash equivalents at the beginning of the Period | 26,945,258                                   | 356,447,809          |
| Cash and cash equivalents at the end of the Period       | 689,090,231                                  | 192,405,451          |

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

  
DIRECTOR

  
DIRECTOR

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

# CONDENSED INTERIM STATEMENT OF

## CHANGES IN EQUITY (Un-Audited)

For the Quarter Ended December 31, 2021

| Note       | Issued,<br>subscribed<br>and paid-up<br>capital | Surplus on<br>revaluation of<br>fixed assets | Directors'<br>loan | Revenue<br>Reserves | Total |
|------------|---|--|--------------------|---------------------|-------|
|            | Ordinary<br>shares                              |  |                    | Accumulated<br>loss |       |
| ( 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   |
| Total comprehensive loss for the year   |   |            |               |               |                 |               |
| Loss for the year   |   | -          | -             | -             | (286,079,042)   | (286,079,042) |
| Remeasurement of defined benefit liability - net  |   | -          | -             | -             | 120,085         | 120,085       |
| Surplus on revaluation of fixed assets  |   | -          | -             | -             | -               | -             |
| Transfer from surplus on revaluation of fixed assets incremental depreciation-net of deferred tax |   | -          | (45,608,544)  | -             | 45,608,544      | -             |
| Director's contribution   |   | -          | -             | 771,200,000   | -               | 771,200,000   |
|   |   | -          | (45,608,544)  | 771,200,000   | (240,350,413)   | 485,241,043   |
| 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 |
| Profit for the Period   |   | -          | -             | -             | 122,218,849     | 122,218,849   |
| Remeasurement of defined benefit liability - net  |   | -          | -             | -             | (147,950)       | (147,950)     |
| Surplus on revaluation of fixed assets  |   | -          | -             | -             | -               | -             |
| Transfer from surplus on revaluation of fixed assets incremental depreciation-net of deferred tax |   | -          | (42,400,457)  | -             | 42,400,457      | -             |
| Director's contribution   | 9 | -          | -             | 320,000,000   | -               | 320,000,000   |
|   |   | -          | (42,400,457)  | 320,000,000   | 164,471,356     | 442,070,899   |
| Balance as at September 30, 2021  |   | 94,500,000 | 1,890,862,444 | 2,302,700,000 | (2,494,620,374) | 1,793,442,070 |
| Loss for the Period   |   | -          | -             | -             | (34,343,129)    | (34,343,129)  |
| Remeasurement of defined benefit liability - net  |   | -          | -             | -             | -               | -             |
| Surplus on revaluation of fixed assets  |   | -          | -             | -             | -               | -             |
| Transfer from surplus on revaluation of fixed assets incremental depreciation-net of deferred tax |   | -          | (10,600,114)  | -             | 10,600,114      | -             |
| Director's contribution   | 9 | -          | -             | 350,000,000   | -               | 350,000,000   |
|   |   | -          | (10,600,114)  | 350,000,000   | (23,743,015)    | 315,656,871   |
| Balance as at December 31, 2021   |   | 94,500,000 | 1,880,262,330 | 2,652,700,000 | (2,518,363,389) | 2,109,098,941 |

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

  
DIRECTOR

  
DIRECTOR

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

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

For the Quarter Ended December 31, 2021

## 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. 34.343 million during the period ended December 31, 2021 and, as of that date, the Company's current assets exceeded its current liabilities by Rs. 25.193 million. The accumulated losses have exceeded the issued, subscribed and paid up capital by Rs. 2,423.863 million as at December 31, 2021 and accumulated losses as of that date amounted to Rs. 2,518.363 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 Company's current ratio has been improved as compared to previous year i.e. 1.01 (2021: 0.53), on the other hand the company has made net revenue from sales of Rs. 545.633 million resultantly earned gross profit of Rs. 14.260 million as compared to previous year gross profit of Rs. 49.906 million. 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 September 30, 2021.

The comparative figures as at September 30, 2021 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 December 31, 2021 are based on unaudited condensed interim financial information. The condensed interim profit & loss account and condensed interim statement of other comprehensive income for the quarters ended December 31, 2021 and December 31, 2020 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. 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 to these financial statements.

### 6.1 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.

### 6.2 Functional and presentation currency

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

## 7. PROPERTY, PLANT & EQUIPMENT

|                        | Note | (Un-Audited)<br>December 31,<br>2021<br>..... (Rupees) ..... | (Audited)<br>September 30,<br>2021 |
|------------------------|------|--|------------------------------------|
| Operating fixed assets | 7.1  | 2,808,211,935  | 2,825,949,119                      |
| Right of use assets    | 7.2  | 9,630,860  | 10,137,747                         |
|                        |      | <u>2,817,842,795</u>   | <u>2,836,086,866</u>               |

## 7.1 Operating fixed assets

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

| Description                    | (Rupees)      |                            |                     |                       |                     |              |                        |                             |                 |
|--------------------------------|---------------|----------------------------|---------------------|-----------------------|---------------------|--------------|------------------------|-----------------------------|-----------------|
|                                | 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, 2021 |               |                            |                     |                       |                     |              |                        |                             |                 |
| Opening net book value (NBV)   | 1,260,192,500 | 221,542,290                | 1,323,968,991       | 6,714,244             | 5,967,161           | 339,389      | 1,543,817              | 5,680,727                   | 2,825,949,119   |
| Additions / Transfer (at cost) | -             | -                          | 1,350,000           | 40,450                | 2,566,000           | 324,444      | 146,900                | 487,610                     | 4,914,404       |
| Revaluation during the year    | -             | -                          | -                   | -                     | -                   | -            | -                      | -                           | -               |
| Disposals (NBV)                | -             | -                          | -                   | -                     | -                   | -            | -                      | -                           | -               |
| Depreciation charge            | -             | (5,538,557)                | (16,560,863)        | (168,193)             | (172,245)           | (22,377)     | (40,087)               | (149,266)                   | (22,651,588)    |
| Closing net book value         | 1,260,192,500 | 216,003,733                | 1,308,758,128       | 6,586,501             | 8,360,916           | 641,456      | 1,649,630              | 6,019,071                   | 2,808,211,935   |
| Gross carrying value basis     |               |                            |                     |                       |                     |              |                        |                             |                 |
| Period ended December 31, 2021 |               |                            |                     |                       |                     |              |                        |                             |                 |
| Cost / revalued amount         | 1,260,192,500 | 487,635,689                | 2,368,001,513       | 16,722,606            | 12,907,175          | 11,814,956   | 7,277,381              | 18,368,897                  | 4,182,920,717   |
| Accumulated depreciation       | -             | (271,631,956)              | (1,059,243,385)     | (10,136,105)          | (4,546,259)         | (11,173,500) | (5,627,751)            | (12,349,826)                | (1,374,708,782) |
| Net book value                 | 1,260,192,500 | 216,003,733                | 1,308,758,128       | 6,586,501             | 8,360,916           | 641,456      | 1,649,630              | 6,019,071                   | 2,808,211,935   |
| Net carrying value basis       |               |                            |                     |                       |                     |              |                        |                             |                 |
| Year ended September 30, 2021  |               |                            |                     |                       |                     |              |                        |                             |                 |
| Opening net book value (NBV)   | 1,260,192,500 | 246,158,100                | 1,243,936,754       | 2,221,063             | 2,791,003           | 473,041      | 1,415,230              | 5,894,752                   | 2,763,082,443   |
| Additions / Transfer (at cost) | -             | -                          | 144,844,458         | 5,091,628             | 3,757,000           | -            | 284,300                | 393,545                     | 154,370,931     |
| Revaluation during the year    | -             | -                          | -                   | -                     | -                   | -            | -                      | -                           | -               |
| Disposals (NBV)                | -             | -                          | -                   | -                     | -                   | (48,805)     | -                      | -                           | (48,805)        |
| Depreciation charge            | -             | (24,615,810)               | (64,812,221)        | (598,447)             | (580,842)           | (84,847)     | (155,713)              | (607,570)                   | (91,455,450)    |
| Closing net book value         | 1,260,192,500 | 221,542,290                | 1,323,968,991       | 6,714,244             | 5,967,161           | 339,389      | 1,543,817              | 5,680,727                   | 2,825,949,119   |
| Gross carrying value basis     |               |                            |                     |                       |                     |              |                        |                             |                 |
| Year ended September 30, 2021  |               |                            |                     |                       |                     |              |                        |                             |                 |
| Cost / revalued amount         | 1,260,192,500 | 487,635,689                | 2,366,651,513       | 16,682,156            | 10,341,175          | 11,490,512   | 7,131,481              | 17,881,287                  | 4,178,006,313   |
| Accumulated depreciation       | -             | (266,093,399)              | (1,042,682,522)     | (9,967,912)           | (4,374,014)         | (11,151,123) | (5,587,664)            | (12,200,560)                | (1,352,057,194) |
| Net book value                 | 1,260,192,500 | 221,542,290                | 1,323,968,991       | 6,714,244             | 5,967,161           | 339,389      | 1,543,817              | 5,680,727                   | 2,825,949,119   |
| Depreciation rate % per annum  | -             | 10                         | 5                   | 10                    | 10                  | 20           | 10                     | 10                          |                 |

## 7.2 Right of use assets

The following is the statement of right of use assets:

### Vehicle

#### Net carrying value basis

|                                    |            |             |
|------------------------------------|------------|-------------|
| Opening net book value             | 10,137,747 | 1,513,176   |
| Addition during the period         | -          | 10,499,880  |
| Depreciation charged during period | (506,887)  | (1,875,309) |
|                                    | 9,630,860  | 10,137,747  |

#### Gross carrying value basis

|                          |             |             |
|--------------------------|-------------|-------------|
| Cost                     | 12,279,410  | 12,279,410  |
| Accumulated depreciation | (2,648,550) | (2,141,663) |
| Net book value           | 9,630,860   | 10,137,747  |

|                               |     |     |
|-------------------------------|-----|-----|
| Depreciation rate % per annum | 20% | 20% |
|-------------------------------|-----|-----|

## 7.3 Capital work in progress

This comprises of:

|                     |             |             |
|---------------------|-------------|-------------|
| Building            | 21,954,013  | 12,775,893  |
| Plant and machinery | 203,423,695 | 94,329,915  |
|                     | 225,377,708 | 107,105,808 |

## 8. SHARE CAPITAL

### 8.1 Authorized share capital

| December 31<br>2021                           | September 30<br>2021 |             |             |
|---|----------------------|-------------|-------------|
| Number of ordinary shares of<br>Rs. 10/- each |                      |             |             |
| 70,000,000                                    | 70,000,000           | 700,000,000 | 700,000,000 |

### 8.2 Issued, subscribed and paid up capital

| December 31<br>2021                           | September 30<br>2021 |            |            |
|---|----------------------|------------|------------|
| Number of ordinary shares of<br>Rs. 10/- each |                      |            |            |
| 6,400,000                                     | 6,400,000            | 64,000,000 | 64,000,000 |
| 3,050,000                                     | 3,050,000            | 30,500,000 | 30,500,000 |
| 9,450,000                                     | 9,450,000            | 94,500,000 | 94,500,000 |

## 9. DIRECTORS' LOANS

### Unsecured

#### Directors

#### Others (other than banking companies)

|                                   | (Un-Audited)<br>December 31,<br>2021<br>..... (Rupees) ..... | (Audited)<br>September 30,<br>2021 |
|-----------------------------------|--|------------------------------------|
| Opening balance                   | 2,302,700,000  | 1,982,700,000                      |
| Obtained during the period / year |  |                                    |
| Mr. Muhammad Shamim Khan          | 180,000,000  | 160,000,000                        |
| Mrs. Qaiser Shamim Khan           | 170,000,000  | 150,000,000                        |
| Mr. Adnan Ahmed Khan              | -  | 10,000,000                         |
|                                   | 350,000,000  | 320,000,000                        |
| Repaid during the period / year   | -  | -                                  |
| Closing balance                   | 2,652,700,000  | 2,302,700,000                      |

- 9.1 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.

## 10. SURPLUS ON REVALUATION OF FIXED ASSETS

|  | (Un-Audited)<br>December 31,<br>2021<br>..... (Rupees) ..... | (Audited)<br>September 30,<br>2021 |
|--|--|------------------------------------|
| Balance brought forward  | 2,151,711,212  | 2,211,430,165                      |
| Revaluation during the Period  | -  | -                                  |
| Less: Transferred to equity in respect of incremental depreciation charged during the period - (net of deferred tax) | 10,600,114   | 42,400,457                         |
| Related deferred tax liability during the period transferred to profit and loss account                              | 4,329,624  | 17,318,496                         |
|  | 14,929,738   | 59,718,953                         |
|  | 2,136,781,474  | 2,151,711,212                      |
| Less: Related deferred tax effect:   |  |                                    |
| Balance as at October 01   | 260,848,768  | 278,167,264                        |
| Effect of change in rate   | -  | -                                  |
| Deferred tax impact for the period   | -  | -                                  |
| Incremental depreciation charged during the period transferred to profit and loss account                            | (4,329,624)  | (17,318,496)                       |
|  | 256,519,144  | 260,848,768                        |
|  | 1,880,262,330  | 1,890,862,444                      |

|   | Note | (Un-Audited)<br>December 31,<br>2021<br>..... (Rupees) ..... | (Audited)<br>September 30,<br>2021 |
|---|------|--|------------------------------------|
| <b>11. LOAN FROM ASSOCIATE</b>                  |      |  |                                    |
| Unsecured:                                      |      |  |                                    |
| Naubahar Bottling Company (Private) Limited     | 11.1 | 300,000,000  | 300,000,000                        |
| <b>11.1 From associated company</b>             |      |  |                                    |
| Balance as at October 01                        |      | 600,000,000  | 900,000,000                        |
| Obtained during the period                      |      | -  | -                                  |
| Repayments / adjustment made during the period  |      | (300,000,000)  | (300,000,000)                      |
|   |      | 300,000,000  | 600,000,000                        |
| Current portion shown under current liabilities |      | -  | (300,000,000)                      |
|   |      | 300,000,000  | 300,000,000                        |

- 11.2** The Company obtained unsecured loan from M/s Naubahar Bottling Company (Private) Limited - the associated 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 8.28% to 10.48% (September 2021: 7.75% to 7.89%) 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.

|   | Note | (Un-Audited)<br>December 31,<br>2021<br>..... (Rupees) ..... | (Audited)<br>September 30,<br>2021 |
|---|------|--|------------------------------------|
| <b>12. LONG TERM LOAN (BANKING COMPANIES)</b>   |      |  |                                    |
| Secured:  |      |  |                                    |
| Bank Al Habib Limited                           | 12.1 | 274,956,000  | -                                  |
| <b>12.1 From Banking company</b>                |      |  |                                    |
| Balance as at October 01                        |      | -  | -                                  |
| Obtained during the period                      |      | 299,956,000  | -                                  |
| Repayments/adjustment made during the period    |      | -  | -                                  |
|   |      | 299,956,000  | -                                  |
| Current portion shown under current liabilities |      | (25,000,000)   | -                                  |
|   |      | 274,956,000  | -                                  |

- 12.2** The Company obtained secured loan from Bank Al Habib Limited of Rs. 300 million (September 2021: Nil) that carries mark-up at the rate of 3 month Average KIBOR plus 1% per annum. This loan is secured against the personal Guarantees of Directors, Corporate Guarantee of M/s Al- Moiz Industries Limited (Associated Company) for Rs. 1,150 million. 1st Mortgage charge over Land, Building, Plant & machinery for Rs. 667 Million to be registered with SECP over owned manufacturing unit 5 km Faisalabad Road Okara. Land measuring 576 Kanal 01 Marla 08 Sarsai.

|                                    | Note | (Un-Audited)<br>December 31,<br>2021<br>..... (Rupees) ..... | (Audited)<br>September 30,<br>2021 |
|------------------------------------|------|--|------------------------------------|
| <b>13. SHORT TERM BORROWING</b>    |      |  |                                    |
| Secured:                           |      |  |                                    |
| Salam (Pledge) (Islamic financing) |      |  |                                    |
| Askari Bank Limited                | 13.1 | 244,428,995  | -                                  |
| Cash Finance                       |      |  |                                    |
| Bank Al Habib Limited              | 13.2 | 312,234,631  | -                                  |
| MCB Bank Limited                   | 13.3 | 114,713,142  | -                                  |
| Running Finance                    |      |  |                                    |
| Bank Al Habib Limited              | 13.4 | -  | 20,295,945                         |
|                                    |      | <u>671,376,768</u>   | <u>20,295,945</u>                  |

**13.1** This represents cash finance facility under Islamic financing arrangement from Askari Bank Limited aggregated to Rs. 500 million (September 2021: Rs. 500 million) and carries mark-up at the rate 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 Naubhar Bottling Company (Private) Limited, subordination of loan from related parties and directors.

**13.2** This represents cash finance facility from Bank Al-Habib Limited aggregated to Rs. 500 million (September 2021: Rs. 500 million) to meet the working capital requirements and are secured against pledge of white refined sugar bags at 22% margin. This loan is subject to mark up at the rate of one month average KIBOR plus 0.75% per annum.

**13.3** This represents cash finance facility from MCB Bank Limited aggregated to Rs. 300 million (September 2021: Rs. 300 million) This facility is secured by 1st exclusive charge of Rs. 316 Million on pledge of sugar bags (50 kg each) stored in mills premises. Collateral value: Rs. 315,789,473/- with security margin 5%. It carries markup at the rate one month KIBOR plus 0.75%.

**13.4** During the year the Company had availed a running finance facility from Bank Al Habib Limited aggregated to Rs. 50 million (September 2021: Rs. 50 million) and carries mark-up at the rate one month KIBOR plus 0.75% (September 2021: same) on utilized limits. This facility was secured against on all present and future current assets of the Company for Rs. 67 million and personal guarantees of the directors.

## 14. CONTINGENCIES AND COMMITMENTS

### 14.1 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.
- 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.
- 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.
- 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.
- 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 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 requested information in this regard and the Company has submitted its response and is confident of favourable outcome.
- n) Sales tax Audit for Tax Year 2017, 2018 and 2019 u/s 25 of Sales Tax Act, 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 has received two orders for Tax Year 2015, and 2016 under section 161(1A). The DCIR has created a demand amounting to Rs. 23.02 million along with surcharge against all these years. The Company has challenged it before CIR (Appeals) which is pending for adjudication. The Company is confident for favourable outcome.
- p) The Company is facing claims, launched in the labour courts, pertaining to staff retirement benefits, salaries and others related matters. The claims amount cannot be quantified due to nature of the claims.
- q) The Competition Commission of Pakistan (CCP) initiated the inquiry against all the sugar mills due to price hike based on export of Sugar. CCP decided the case against the sugar mills and imposed penalty on all the sugar mills and Sugar Mills Association amounting to Rs. 44 billion. As per CCP decision maximum penalty of Rs. 8.512 million was imposed on the Company. According to majority of lawyers, the CCP decision was based on veto powers used by the chairman of committee which is bad in law and cannot hold in superior courts. The Company along with others sugar industries filed a petition against this decision in the higher courts. The Honorable Court has granted a stay to the Company against this penalty.
- r) The FBR had opened the proceeding against the Company u/s 161/205 for the tax year 2018. The department has raised the demand of Rs. 17,585,134/-. Being aggrieved from the decision of the assessing officer, the Company had filed an appeal against the said order in Inland Revenue Appellate Tribunal. The Company is confident to defend the case.
- s) The FBR had opened the proceeding against the Company u/s 161/205 for the tax year 2019. The department has raised the demand of Rs. 12,546,195/-. Being aggrieved from the decision of the assessing officer, the Company had filed an appeal against the said order in Inland Revenue Appellate Tribunal. The Company is confident to defend the case.

## 14.2 Commitments

The Company is committed as at the balance sheet date in respect of lease payment of Rs. 3,997,900/-.

## 15. SALES

|                       | (Un-Audited)<br>December 31,<br>2021<br>..... (Rupees) ..... | (Un-Audited)<br>December 31,<br>2020 |
|-----------------------|--|--------------------------------------|
| Sales                 |  |                                      |
| Manufacturing - local |  |                                      |
| Sugar                 | 483,242,501  | 588,806,886                          |
| By products sales:    |  |                                      |
| Molasses              | 126,844,210  | -                                    |
| Baggasse              | 3,781,749  | -                                    |
| V.F.Cake              | 3,723,954  | 1,314,438                            |
|                       | 134,349,913  | 1,314,438                            |
| Less: Sales tax       |  |                                      |
| Sugar                 | (70,214,723)   | (85,554,166)                         |
| Molasses              | (653,839)  | -                                    |
| Baggasse              | (549,485)  | -                                    |
| V.F.Cake              | (541,088)  | (190,986)                            |
|                       | (71,959,135)   | (85,745,152)                         |
|                       | 545,633,279  | 504,376,172                          |

## 16. COST OF SALES

|                                    | (Un-Audited)<br>December 31,<br>2021<br>..... (Rupees) ..... | (Un-Audited)<br>December 31,<br>2020 |
|------------------------------------|--|--------------------------------------|
| Raw materials consumed             | 1,239,471,106  | 887,692,593                          |
| Stores, spares and consumables     | 7,367,277  | 3,298,663                            |
| Packing materials consumed         | 10,553,457   | 6,950,995                            |
| Chemicals consumed                 | 13,318,934   | 6,096,738                            |
| Salaries, wages and other benefits | 41,226,312   | 37,698,297                           |
| Fuel and power                     | 2,653,984  | 2,732,640                            |
| Repair and maintenance             | 59,403,211   | 36,096,916                           |
| Depreciation                       | 22,439,858   | 22,008,117                           |
| Vehicle running expenses           | 1,632,405  | 1,319,382                            |
| Insurance                          | 1,023,794  | 56,438                               |
| Fee and subscription               | 30,000   | 30,000                               |
| Other factory overheads            | 3,916,195  | 1,760,356                            |
|                                    | 163,565,427  | 118,048,542                          |
| Work in process                    |  |                                      |
| Opening                            | 4,301,029  | 4,882,467                            |
| Closing                            | (69,594,400)   | (38,432,918)                         |
|                                    | (65,293,371)   | (33,550,451)                         |
| Cost of goods manufactured         | 1,337,743,162  | 972,190,684                          |
| Finished goods                     |  |                                      |
| Opening                            | 35,397   | 252,091,911                          |
| Closing                            | (806,405,734)  | (769,812,079)                        |
|                                    | (806,370,337)  | (517,720,168)                        |
|                                    | 531,372,825  | 454,470,516                          |

## 17. 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 balance                 | (Un-audited)<br>December 31 | (Audited)<br>September 30  |
|---|------------------------|-----------------------------------|-----------------------------|----------------------------|
|   |                        |                                   | 2021                        |                            |
|   |                        |                                   | Closing balance             | Closing balance            |
| Naubahar Bottling Company (Private) Limited | Associated Company     | Long term loan<br>Mark-up payable | 300,000,000<br>255,537,049  | 600,000,000<br>247,480,391 |
| The Thal Industries Corporation Limited     | Associated Company     | Payable-Net                       | 2,609,173                   | -                          |
| Al-Moiz Industries Limited                  | Associated Company     | Payable-Net                       | 2,665,000                   | -                          |
| Directors/shareholders                      |                        |                                   |                             |                            |
| Mr. Muhammad Shamim Khan                    | Director               | Directors' loan                   | 1,246,300,000               | 1,066,300,000              |
| Mrs.Qaiser Shamim Khan                      | Director               | Directors' loan                   | 1,159,600,000               | 989,600,000                |
| Mr. Adnan Ahmed Khan                        | Director               | Directors' loan                   | 192,000,000                 | 192,000,000                |
| Mr.Nauman Ahmed Khan                        | Director               | Directors' loan                   | 54,800,000                  | 54,800,000                 |

### 17.1 Basis of relationship with the company

In respect of associated companies incorporated inside Pakistan with whom the company had entered into transaction during the period 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 management    | Nil           |
| 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         | 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%       |

### 17.2

| Name of Related Party                          | Relationship | Basis of Relationship | Quarter ended     |                   |
|--|--------------|-----------------------|-------------------|-------------------|
|  |              |                       | December 31, 2021 | December 31, 2020 |
| <b>Naubahar Bottling Co Pvt Limited</b>        | Associated   | Common Directorship   |                   |                   |
| Sale of goods                                  |              |                       | -                 | -                 |
| Repayment of loan                              |              |                       | 300,000,000       | -                 |
| Loan Received                                  |              |                       | -                 | -                 |
| <b>Almoiz Industries Limited</b>               | Associated   | Common Directorship   |                   |                   |
| Sale of scrap                                  |              |                       | 2,874,715         | 5,302,530         |
| Purchase of Goods                              |              |                       | 2,665,000         | -                 |
| <b>The Thal Industries Corporation Limited</b> | Associated   | Common Directorship   |                   |                   |
| Sale of goods                                  |              |                       | 400,140           | -                 |
| Purchase of Goods                              |              |                       | 3,009,314         | 4,153,500         |

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

### 18. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

These condensed interim financial statements do not include all financial risk, management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended September 30, 2021. There have been no changes in any risk management policies since the year end. The carrying values of all financial and non-financial assets and liabilities are measured at other than amortized cost in these condensed interim financial statements are approximate to their fair values.

## 18.1 FINANCIAL INSTRUMENTS BY CATEGORY

|   | Note | Carrying value                     |   | 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 December 31, 2021                   |      |                                    |   |               |             |         |         |             |
| Financial assets                          |      |                                    |   |               |             |         |         |             |
| At amortised cost                         |      |                                    |   |               |             |         |         |             |
| Long term deposits                        |      | 1,337,050                          | -                                       | 1,337,050     | -           | -       | -       | -           |
| Trade debtors                             |      | 3,903,966                          | -                                       | 3,903,966     | -           | -       | -       | -           |
| Loans and advances                        |      | 270,608                            | -                                       | 270,608       | -           | -       | -       | -           |
| Short term Investment                     |      | 604,887                            | -                                       | 604,887       | 604,887     | -       | -       | 604,887     |
| Cash and bank balances                    |      | 689,090,231                        | -                                       | 689,090,231   | -           | -       | -       | -           |
|   |      | 695,206,742                        | -                                       | 695,206,742   | 604,887     | -       | -       | 604,887     |
| Financial liabilities at amortised cost   |      |                                    |   |               |             |         |         |             |
| Loan from Associate Company               | 11   | -                                  | 300,000,000                             | 300,000,000   | -           | -       | -       | -           |
| Lease liability                           |      | -                                  | 34,630,860                              | 34,630,860    | -           | -       | -       | -           |
| Trade and other payables                  |      | -                                  | 428,545,518                             | 428,545,518   | -           | -       | -       | -           |
| Unclaimed dividend                        |      | -                                  | 255,930                                 | 255,930       | -           | -       | -       | -           |
| Due to Pattoki Sugar Mills Limited (PSML) |      | -                                  | 14,016,698                              | 14,016,698    | -           | -       | -       | -           |
| Short term borrowing                      |      | -                                  | 671,376,768                             | 671,376,768   | -           | -       | -       | -           |
| Mark-up accrued                           |      | -                                  | 261,842,962                             | 261,842,962   | -           | -       | -       | -           |
|   |      | -                                  | 1,710,668,736                           | 1,710,668,736 | -           | -       | -       | -           |
| On-Balance sheet financial instruments    |      |                                    |   |               |             |         |         |             |
| As at September 30, 2021                  |      |                                    |   |               |             |         |         |             |
| Financial assets at amortised cost        |      |                                    |   |               |             |         |         |             |
| Long term deposits                        |      | 1,337,050                          | -                                       | 1,337,050     | -           | -       | -       | -           |
| Trade debtors                             |      | 4,576,692                          | -                                       | 4,576,692     | -           | -       | -       | -           |
| Loans and advances                        |      | 107,105                            | -                                       | 107,105       | -           | -       | -       | -           |
| Short term Investment                     |      | 100,355,619                        | -                                       | 100,355,619   | 100,355,619 | -       | -       | 100,355,619 |
| Cash and bank balances                    |      | 26,945,258                         | -                                       | 26,945,258    | -           | -       | -       | -           |
|   |      | 133,321,724                        | -                                       | 133,321,724   | 100,355,619 | -       | -       | 100,355,619 |
| Financial liabilities at amortised cost   |      |                                    |   |               |             |         |         |             |
| Loan from Associate Company               | 11   | -                                  | 300,000,000                             | 300,000,000   | -           | -       | -       | -           |
| Lease liability                           |      | -                                  | 10,704,125                              | 10,704,125    | -           | -       | -       | -           |
| Trade and other payables                  |      | -                                  | 139,137,334                             | 139,137,334   | -           | -       | -       | -           |
| Unclaimed dividend                        |      | -                                  | 255,930                                 | 255,930       | -           | -       | -       | -           |
| Trade and other payables                  |      | -                                  | 14,426,698                              | 14,426,698    | -           | -       | -       | -           |
| Short term borrowing                      |      | -                                  | 20,295,945                              | 20,295,945    | -           | -       | -       | -           |
| Mark-up accrued                           |      | -                                  | 247,610,328                             | 247,610,328   | -           | -       | -       | -           |
|   |      | -                                  | 732,430,360                             | 732,430,360   | -           | -       | -       | -           |

18.2 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.

18.3 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.

## 19. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

|                         | Quarter Ended December 31, 2021 |           |            |           | Quarter Ended December 31, 2020 |           |            |           |
|-------------------------|---------------------------------|-----------|------------|-----------|---------------------------------|-----------|------------|-----------|
|                         | Chief Executive                 | Directors | Executives | Total     | Chief Executive                 | Directors | Executives | Total     |
|                         | ----- (Rupees) -----            |           |            |           |                                 |           |            |           |
| Managerial remuneration | -                               | -         | 4,821,676  | 4,821,676 | -                               | -         | 3,796,284  | 3,796,284 |
| House rent allowance    | -                               | -         | 1,928,637  | 1,928,637 | -                               | -         | 1,518,530  | 1,518,530 |
| Medical expenses        | -                               | -         | -          | -         | -                               | -         | -          | -         |
| Other Benefits          | -                               | -         | 183,300    | 183,300   | -                               | -         | -          | -         |
| Bonus                   | -                               | -         | -          | -         | -                               | -         | 632,742    | 632,742   |
| Utilities               | -                               | -         | 482,137    | 482,137   | -                               | -         | 379,570    | 379,570   |
| Gratuity                | -                               | -         | -          | -         | -                               | -         | -          | -         |
|                         | -                               | -         | 7,415,750  | 7,415,750 | -                               | -         | 6,327,126  | 6,327,126 |
| Number of persons       | -                               | -         | 13         | 13        | -                               | -         | 10         | 10        |

## 20. 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.

## 21. SEASONALITY

Due to the seasonal availability of sugarcane, the production of sugar is carried out during the period of availability of sugarcane and costs incurred / accrued up to the reporting date have been accounted for. Accordingly, the costs incurred / accrued after the reporting date will be reported in the subsequent condensed interim financial statements. Due to seasonal nature the entire cane crushing and manufacturing of sugar is done from November to the following March. Sugar sales are made throughout the year.

## 22. DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue on January 24, 2022 by the Board of Directors of the Company.

## 23. GENERAL

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

  
DIRECTOR

  
DIRECTOR

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

BOOK POST

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