



BABA FARID

SUGAR MILLS LIMITED



**CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE 3RD QUARTER ENDED
30 JUNE 2020
(UN-AUDITED)**



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Corporate Information

Board of Directors

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

Audit Committee

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

Human Resources & Remuneration Committee

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

Nomination Committee

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

Risk Management Committee

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

Chief Financial Officer

Mr. Wasif Mahmood

Company Secretary

Mr. Muhammad Imran

Auditors

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

Mills

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

Bankers

Habib Bank Limited
Bank Al-Habib Limited
MCB Bank Limited
Askari Bank Limited

Share Registrar

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

Registered Office

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

Legal Advisor

M/s. Ahmed & Pansota,
Advocate & Legal Consultants,
20-Sir Ganga Ram Mansions,
the Mall, Lahore.
Tel: 042-37313594-37313520



Directors' Review

The Directors of your Company are pleased to present the Un-Audited Accounts of the Company for the Nine Month Ended 30 June 2020 in compliance with the section 237 of the Companies Act, 2017.

INDUSTRY OVERVIEW

The crop size during the period under review was approximately 25% less and yield per acre being reported by the growers was also considerably lower. However, sucrose contents were better than last crushing season.

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

PERFORMANCE OF THE COMPANY

The Company was able to crush 290,029.359 M. Tons sugarcane and produced 25,159.000 M. Tons of white refined sugar at an average recovery of 8.700% during the nine month ended 30 June 2020 as compared to 30 June 2019, sugarcane crushing of 26,976.308 M. Tons and production of 1,935.600 M. Tons white refined sugar at an average recovery of 5.584%. The improvement in Company's sugar production is mainly due to the efficiency and experience of new management to run the mills.

FINANCIAL HIGHLIGHTS

Net sales were recorded at Rs. 443.689 million during the current period as compared to Rs. 121.607 million during the corresponding period of last Nine Months. Company suffered pretax loss of Rs. (204.816) million during the period under reference as compared to pretax loss of Rs. (407.228) million in the corresponding period of last Nine Month Ended. The decline in Company's losses were attributed to its ability to run the plant at optimum capacity level.

| Description | 30 June | |
|-------------------------------------|--------------------|-----------|
| | 2020 | 2019 |
| | Rupees in Millions | |
| Sales-Net | 443.689 | 121.607 |
| Gross Profit / (Loss) | (1.091) | (225.729) |
| Net Profit / (Loss) before Taxation | (204.816) | (407.229) |
| Net Profit / (Loss) after Taxation | (207.510) | (449.867) |
| Earnings / (Loss) Per Share | (21.96) | (47.6) |
| Gross Profit / (Loss) Ratio | (0.002) | (1.856) |
| P/E Ratio | (2.208) | (1.05) |
| Market Price Per Share | 48.48 | 49.99 |

All out efforts are being made to remove bottlenecks, utilize optimum capacity and eventually to increase the production and profitability of the company through process efficiency, installing equipment based on modern and latest technology, reducing production cost by ensuring close supervision, developing good quality cane, by providing the latest improved seed varieties, fertilizers, pesticides etc. and facilitating the cane growers regularly, 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.



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

FUTURE OUTLOOK AND GOING CONCERN ASSUMPTION

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

The acquisition allows the new management to better meet increasing demand of quality sugar which will bring further strength, experience and efficiency to the Company. Specifically, the acquisition has the potential to facilitate expansion and efficient growth of business, strengthen the management and finances and improve financial planning; thereby facilitating business to be carried on more advantageously and economically with enhanced profitability. It is expected to yield better returns to the shareholders and additional benefits for other stakeholders. It is expected that the Company shall become financially more viable in comparison to its current status.

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

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

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:

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

The Board has formed committees comprising of members given below:



AUDIT COMMITTEE

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

HR AND REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

HOLDING COMPANY

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

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

Farid ud Din Ahmed
Director

Lahore, 27 July 2020

Malik Manzoor Hussain Humayoon
Director



ڈائریکٹرز کی جائزہ رپورٹ

آپ کی کمپنی کے ڈائریکٹر کمپنیز ایکٹ 2017ء کی دفعہ 237 کی تعمیل میں 30 جون 2020 کو ختم ہونے والی نو ماہی کے لئے کمپنی کے غیر نظر ثانی شدہ حسابات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

صنعت کا مجموعی جائزہ

زیر جائزہ مدت کے دوران گنے کی فصل کا سائز تقریباً 25% کم ہے اور فی ایکڑ پیداوار کا شیکاروں کی طرف سے بیان کردہ پیداوار سے بھی نمایاں کم ہے۔ تاہم ہسکروس اجزاء گزشتہ کرشنگ سیزن سے بہتر رہے ہیں۔

موجودہ کرشنگ سیزن 2019-20 کیلئے پنجاب میں گنے کی امدادی قیمت -/190 روپے فی من (40 کلوگرام) کا اعلان کیا گیا ہے۔

کمپنی کی کارکردگی

کمپنی نے 30 جون 2020ء کو ختم ہونے والی نو ماہی کے دوران 290,029.359 میٹرک ٹن گنے کی کرشنگ کی اور 8.700 فیصد اوسط ریکوری کے ساتھ 25,159.000 میٹرک ٹن سفید ریفائنڈ چینی بنائی جبکہ اس کے مقابلے میں گزشتہ سال 30 جون 2019 کے دوران 26,976.308 میٹرک ٹن گنے کی کرشنگ کی اور 5.584 فیصد اوسط ریکوری کے ساتھ 1,935.600 میٹرک ٹن سفید ریفائنڈ چینی بنائی۔ کمپنی کی چینی کی پیداوار میں بہتری ل کو چلانے کے لئے نئی انتظامیہ کی کارکردگی اور تجربہ کے باعث ممکن ہوئی ہے۔

مالی جھلکیاں

گزشتہ سال کی اسی مدت کے دوران 121.607 ملین روپے خالص فروخت کے برعکس موجودہ مدت کے دوران 443.689 ملین روپے درج کی گئی۔ کمپنی نے زیر جائزہ نو ماہی کے دوران ٹیکس سے قبل (204.816) ملین روپے نقصان برداشت کیا جو کہ گزشتہ سال کی اسی مدت میں ٹیکس سے قبل نقصان (407.228) ملین روپے تھا۔ کمپنی کے نقصانات میں کمی پلانٹ کو اس کی زیادہ سے زیادہ کپاسٹی سطح پر چلانے کی صلاحیت سے منسوب ہے۔

مالیاتی نتائج:

| تفصیل | 30 جون 2020 مختصر نو ماہی | 30 جون 2019 مختصر نو ماہی |
|--------------------------------|---------------------------|---------------------------|
| | روپے ملین میں | روپے ملین میں |
| فروخت خالص | 443.689 | 121.607 |
| مجموعی منافع/(نقصان) | (1.091) | (225.729) |
| ٹیکس سے قبل خالص منافع/(نقصان) | (204.816) | (407.229) |
| ٹیکس کے بعد خالص منافع/(نقصان) | (207.510) | (449.867) |
| آمدنی/(نقصان) فی شیئر | (21.960) | (47.600) |
| مجموعی منافع/(نقصان) تناسب | (0.002) | (1.856) |
| P/E تناسب | (2.208) | (1.050) |
| مارکیٹ قیمت فی شیئر | 48.480 | 49.990 |



تمام تزکوششیں کا کردگی، نئی اور جدید ترین ٹیکنالوجی پر مبنی آلات کی تنصیب، گہری نگرانی کو یقینی بنا کر پیداواری لاگت میں کمی لانے، اچھے معیاری گنے کی تیاری، بیج کی جدید ترین اقسام، کھادیں، کیڑے مار ادویات وغیرہ فراہم کرنے اور گنے کے کاشتکاروں کو باقاعدگی سے سہولیات کی فراہمی کے ذریعے رکاوٹیں دور کرنے، زیادہ سے زیادہ صلاحیت کو بروئے کار لانے اور خاص طور پر کمپنی کی پیداوار اور منافع کو بڑھانے کے لئے کی جارہی ہیں، جس کے نتیجے میں آخری چھٹی کی ریکوری میں اضافہ اور گنے کے کاشتکاروں کو مالی فائدہ بھی حاصل ہوگا۔

تحقیق و ترقی

زرعی تحقیق و ترقی کمپنی کی پالیسی کا ایک لازمی حصہ ہے جس میں بہترین زرعی طریقوں کے ساتھ ترقی پسند کاشتکاروں کے ذریعے گنے کی مختلف اور نئی اقسام کی شناخت اور اس کے بعد تجارتی بیجوں کی پران کی کاشت شامل ہے۔ یہ نہ صرف گنے کی فی ایکڑ پیداوار بڑھاتی ہے بلکہ کاشتکاروں کی آمدنی میں اضافہ اور مسابقتی فیصلوں کے مقابلے میں گنے کی بوائی کے لئے زیادہ شوق پیدا کرتی ہے۔ یہ کمپنی کو گنے کی سپلائی، مجموعی طور پر شوگر کی ریکوری کو بڑھاتی ہے اور براہ راست کمپنی کے منافع کو بہتر بناتی ہے۔

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

مستقبل کا نقطہ نظر:

نئے اسپانسرز کی صنعت میں ایک معروف پروفائل ہے اور نہ صرف موجودہ ملوں کے آپریشنز سنبھال چکے ہیں بلکہ صوبہ کے پنی میں بھی شوگر سٹ سے شوگر ایکسپورٹیشن کی توسیع رکھتے ہیں۔ مزید برآں، یہ گروپ چینی، شروبات، اسٹیل، بجلی اور ٹیکسٹائل کے کاروبار میں مصروف ہے، لہذا اس کا پھر پورے متعلقہ تجربہ ہے۔ نو بہار بولنگ کمپنی (پرائیویٹ) لمیٹڈ گروپ میں تیار کی جانے والی مجموعی چینی کا کافی حصہ استعمال کرتا ہے اور ہر سال اس طلب میں اضافہ متوقع ہے۔

یہ ایکویزیشن نئی انتظامیہ کو معیاری چینی کی اس بڑھتی ہوئی طلب کو بہتر پورا کرنے کی اجازت دیتا ہے جو کمپنی کو مزید مضبوط، تجربہ اور کارکردگی کو مزید بہتر بنانے کا خاص طور پر، حصول ممکن ہے کہ کاروبار کو وسعت اور مؤثر نمونہ کو بہت فراہم کرنے، انتظامیہ اور مالی حیثیت کو مضبوط بنانے اور مالیاتی منصوبہ بندی کو بہتر بنانے، اس طرح کاروباری طور پر بہتر منافع بخش ہونے کے ساتھ ساتھ کاروبار میں زیادہ فائدہ مند اور اقتصادی طور پر سہولت فراہم کرنے میں مدد کرے۔ اس سے حصص داروں کے لئے بہتر ریزن کی پیداوار اور دیگر اسٹیک ہولڈرز کے لئے اضافی فوائد حاصل ہونے کی اُمید کی جاتی ہے۔ یہ اُمید ہے کہ کمپنی اپنی موجودہ حیثیت کے مقابلے میں مالی طور پر زیادہ قابل عمل بن جائے گی۔

کمپنی بہتر انتظامیہ منصوبہ بندی کرے گی۔ اس کے نتیجے میں، ممکنہ طور پر متوقع فوائد دیگر اسٹیک ہولڈرز جیسے کہ حکومت، ملازمین، عام صارفین اور بڑے بیجیوں پر معاشرے میں منتقل کرنے کے قابل ہو جائے گی۔ نئے ڈائریکٹرز بہت زیادہ تجربہ کار ہیں اور شوگر مل کے آپریشنز کی بحالی اور نئی مارکیٹوں کی تلاش کے لئے پیشہ ورانہ مینجمنٹ ٹیم رکھتے ہیں۔ نئی انتظامیہ کو یقین ہے کہ وہ کمپنی کے کاروبار کو بڑھانے، زیادہ مؤثر اور طویل مدت میں منافع بخش طریقے سے چلانے کے قابل ہوں گے۔

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



BABA FARID SUGAR MILLS LIMITED

کارپوریٹ گورننس

بہترین کارپوریٹ عوامل

ڈائریکٹرز بہتر کارپوریٹ گورننس پر عملدرآمد اور فہرست کیلینڈر (کارپوریٹ گورننس کا ضابطہ) ریگولیشنز، 2017 اور پاکستان اسٹاک ایکسچینج کی رول بک کی ضروریات کو پورا کرتے ہیں۔ کوڈ آف کارپوریٹ گورننس کے مطابق تعمیل کا بیان منسلک ہے۔ بورڈ آف ڈائریکٹرز (بورڈ) کی تشکیل مندرجہ ذیل ہے:

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

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

آڈٹ کمیٹی

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

ایچ آر اینڈ ریسرچ کمیٹی

- (i) جناب عدنان احمد خان
- (ii) جناب فرید الدین احمد (چیئر مین ایچ آر آڈٹ کمیٹی) اور
- (iii) جناب ملک منظور حسین ہمایوں

نامنیشن کمیٹی

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



رسک مینجمنٹ کمپنی

(i) جناب فرید الدین احمد

(ii) جناب ملک منظور حسین ہمایوں (چیئرمین)

ہولڈنگ کمپنی

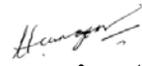
نوبہار یونٹنگ کمپنی (پرائیویٹ) لمیٹڈ 50.8621 فیصد حصص کے ساتھ ہولڈنگ کمپنی ہے۔

اظہار تشکر

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

منجانب بورڈ

بابا فرید شوگر ملز لمیٹڈ


ملک منظور حسین ہمایوں
ڈائریکٹر


فرید الدین احمد
ڈائریکٹر

لاہور: 27 جولائی 2020ء



BABA FARID SUGAR MILLS LIMITED

Condensed Interim Statement of Financial Position (Un-Audited)

As at June 30, 2020

| | Note | (Un-Audited) June 30, 2020 (Rupees) | (Audited) September 30, 2019 |
|--|------|--|------------------------------------|
| ASSETS | | | |
| NON CURRENT ASSETS | | | |
| Property, plant and equipment | | | |
| Operating fixed assets | 8 | 2,784,256,037 | 2,815,822,997 |
| Capital work in progress | 9 | 6,303,148 | 7,170,132 |
| | | 2,790,559,185 | 2,822,993,129 |
| Long term deposits | | 174,500 | - |
| | | 2,790,733,685 | 2,822,993,129 |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | 11 | 52,086,554 | 49,585,594 |
| Stock in trade | 12 | 1,473,228,808 | - |
| Trade debts | 13 | 75,191,289 | 77,491,042 |
| Loans and advances | 14 | 69,874,403 | 15,136,357 |
| Short term prepayments | | 641,224 | 584,822 |
| Other receivables | 15 | 115,029,955 | 127,260,380 |
| Cash and bank balances | 16 | 30,288,621 | 26,379,048 |
| | | 1,816,340,854 | 296,437,243 |
| | | 4,607,074,539 | 3,119,430,372 |
| TOTAL ASSETS | | | |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorized share capital | 17.1 | 700,000,000 | 700,000,000 |
| Issued, subscribed and paid up capital | 17.2 | 94,500,000 | 94,500,000 |
| Reserves | | | |
| Revenue reserves - accumulated (loss) | | (2,592,044,962) | (2,418,741,317) |
| Directors' loans | 18 | 1,743,700,000 | 1,211,500,000 |
| Surplus on revaluation of fixed assets | | 1,944,665,037 | 1,978,871,445 |
| | | 1,190,820,075 | 866,130,128 |
| NON CURRENT LIABILITIES | | | |
| Loan from holding company | 20 | 1,065,960,400 | 965,960,400 |
| Lease liabilities | 21 | 1,190,396 | - |
| Deferred liabilities | | 382,708,958 | 386,897,450 |
| | | 1,449,859,754 | 1,352,857,850 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 22 | 534,077,388 | 609,544,364 |
| Unclaimed dividend | | 255,930 | 255,930 |
| Due to ex - holding company | 23 | 44,079,685 | 104,066,694 |
| Short term borrowing | 24 | 1,173,340,405 | - |
| Mark-up accrued | | 212,493,755 | 86,562,191 |
| Taxation -net | | 1,678,688 | 13,215 |
| Current portion of long term liabilities | | 468,859 | 100,000,000 |
| | | 1,966,394,710 | 900,442,394 |
| | 25 | 4,607,074,539 | 3,119,430,372 |
| CONTINGENCIES AND COMMITMENTS | | | |
| TOTAL EQUITY AND LIABILITIES | | | |
| | | 4,607,074,539 | 3,119,430,372 |

The annexed notes from 1 to 38 form an integral part of these condensed interim financial statements.


Director


Director


Chief Financial Officer



Condensed Interim Statement of Profit or Loss (Un-Audited) For the Nine Months Ended June 30, 2020

| | Note | Nine Months Ended | | Quarter Ended | |
|---|------|----------------------|---------------|----------------------|--------------|
| | | June 30, | | June 30, | |
| | | 2020 | 2019 | 2020 | 2019 |
| | | (Rupees) | | (Rupees) | |
| Sales - net | 26 | 443,688,988 | 121,607,382 | 330,300,962 | 70,492,546 |
| Cost of sales | 27 | (444,779,920) | (347,336,811) | (331,831,274) | (84,751,032) |
| Gross profit / (loss) | | (1,090,932) | (225,729,429) | (1,530,312) | (14,258,486) |
| Selling and distribution expenses | | (6,420,932) | (471,827) | (4,379,192) | (4,182) |
| General and administrative expenses | | (47,505,636) | (75,477,679) | (17,314,496) | (8,734,694) |
| Other operating income | | 7,588,620 | 4,462,846 | 4,431,050 | - |
| | | (46,337,948) | (71,486,660) | (17,262,638) | (8,738,876) |
| Operating loss | | (47,428,880) | (297,216,089) | (18,792,950) | (22,997,362) |
| Financial charges | | (157,386,781) | (110,012,576) | (57,920,187) | (3,403,317) |
| Loss before taxation | | (204,815,661) | (407,228,665) | (76,713,137) | (26,400,679) |
| Taxation | 28 | (2,694,392) | (42,638,025) | (2,676,298) | (2,087,496) |
| Loss after taxation | | (207,510,053) | (449,866,690) | (79,389,435) | (28,488,175) |
| Loss per share - basic and diluted (Rupees) | 29 | (21.96) | (47.60) | (8.40) | (3.01) |

The annexed notes from 1 to 38 form an integral part of these condensed interim financial statements.


Director


Director


Chief Financial Officer



BABA FARID SUGAR MILLS LIMITED

Condensed Interim Statement of Comprehensive Income (Un-Audited) For the Nine Months Ended June 30, 2020

| | Nine Months Ended | | Quarter Ended | |
|---|----------------------|---------------|----------------------|--------------|
| | June 30, | | June 30, | |
| | 2020 | 2019 | 2020 | 2019 |
| | (Rupees) | | (Rupees) | |
| Loss for the period | (207,510,053) | (449,866,690) | (79,389,435) | (28,488,175) |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive loss for the period | (207,510,053) | (449,866,690) | (79,389,435) | (28,488,175) |

The annexed notes from 1 to 38 form an integral part of these condensed interim financial statements.


Director


Director


Chief Financial Officer



Condensed Interim Statement of Cash Flows (Un-Audited) For the Nine Months Ended June 30, 2020

| | Nine Months ended June 30, | |
|--|----------------------------|---------------|
| | 2020 | 2019 |
| | (Rupees) | |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Loss before taxation | (204,815,661) | (407,228,665) |
| Adjustments for items not involving movement of funds: | | |
| Depreciation | 69,968,449 | 54,791,066 |
| Provision for gratuity | 325,073 | 81,427 |
| Gain on sale of fixed assets | - | (3,003,422) |
| Creditors written back | - | (1,459,424) |
| Provision for doubtful advances & Deposits | - | 53,091,566 |
| Financial charges | 157,386,781 | 110,012,576 |
| Net cash flow before working capital changes | 22,864,642 | (193,714,876) |
| (Increase) / decrease in current assets | | |
| Stores and spares | (2,500,960) | (10,915,978) |
| Stock in trade | (1,473,228,808) | 39,005,361 |
| Trade debts | 2,299,753 | 137,878,351 |
| Loans and advances | (54,738,046) | 95,768,209 |
| Short term prepayments | (56,402) | - |
| Other receivable | 12,230,425 | (123,241) |
| | (1,515,994,038) | 261,612,702 |
| Increase / (decrease) in current liabilities | | |
| Trade and other payables | (75,466,976) | (87,276,392) |
| Cash (used in) / generated from operations | (1,568,596,372) | (19,378,566) |
| Income taxes paid | (5,386,714) | (13,601,749) |
| Financial charges paid | (31,455,217) | (217,075,695) |
| Net cash used in operating activities | (1,605,438,303) | (250,056,010) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Additions to operating fixed assets | (32,659,153) | (51,862,169) |
| Additions to capital work in progress | (3,273,200) | - |
| Long term Deposits | (174,500) | - |
| Proceeds from sale of operating fixed assets | - | 3,066,000 |
| Net cash used in investing activities | (36,106,853) | (48,796,169) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Repayment of long term financing | (100,000,000) | (100,000,000) |
| Due to ex holding company - net | (59,987,009) | 420,018,169 |
| Loan from holding company - net | 100,000,000 | - |
| Director contribution | 532,200,000 | - |
| Lease liability Paid | (98,667) | - |
| Current position of long term liabilities | - | 17,539,690 |
| Short term borrowings-net | 1,173,340,405 | - |
| Net cash generated from financing activities | 1,645,454,729 | 337,557,859 |
| Net increase in cash and cash equivalents | 3,909,573 | 38,705,680 |
| Cash and cash equivalents at the beginning of the period | 26,379,048 | (23,761,973) |
| Cash and cash equivalents at the end of the period | 30,288,621 | 14,943,707 |

The annexed notes from 1 to 38 form an integral part of these condensed interim financial statements.


Director


Director


Chief Financial Officer



BABA FARID SUGAR MILLS LIMITED

Condensed Interim Statement of Changes in Equity (Un-Audited) For the Nine Months Ended June 30, 2020

| | Issued, subscribed and paid-up capital | Surplus on revaluation of fixed assets | Directors' loan | Accumulated loss | Total |
|--|---|--|-----------------|---------------------|---------------|
| ----- (Rupees) ----- | | | | | |
| Balance as at October 01, 2018 | 94,500,000 | 1,715,902,655 | - | (1,480,646,743) | 329,755,912 |
| Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax | - | (27,890,101) | - | 27,890,101 | - |
| Total comprehensive loss for the period | - | - | - | (449,866,690) | (449,866,690) |
| Balance as at June 30, 2019 | 94,500,000 | 1,688,012,554 | - | (1,902,623,332) | (120,110,778) |
| Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax | - | (9,296,701) | - | 9,296,701 | - |
| Surplus on revaluation of fixed assets | - | 300,155,592 | - | - | 300,155,592 |
| Total comprehensive loss for the period | - | - | - | (525,414,686) | (525,414,686) |
| Directors contributions/loan | - | - | 1,211,500,000 | - | 1,211,500,000 |
| Balance as at September 30, 2019 | 94,500,000 | 1,978,871,445 | 1,211,500,000 | (2,418,741,317) | 866,130,128 |
| Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax | - | (34,206,408) | - | 34,206,408 | - |
| Directors contributions/loan | - | - | 532,200,000 | - | 532,200,000 |
| Total comprehensive loss for the period | - | - | - | (207,510,053) | (207,510,053) |
| Balance as at June 30, 2020 | 94,500,000 | 1,944,665,037 | 1,743,700,000 | (2,592,044,962) | 1,190,820,075 |

The annexed notes from 1 to 38 form an integral part of these condensed interim financial statements.


Director


Director


Chief Financial Officer



Notes to the Condensed Interim Financial Statements (Un-Audited) For the Nine Months Ended June 30, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Baba Farid Sugar Mills Limited ("the Company") was incorporated in 1978 under the Companies Act 1913 (now Companies Act, 2017) as a Public Limited Company and its shares are quoted at Pakistan Stock Exchange. It is principally engaged in the manufacturing and sale of sugar including its by-products i.e. molasses and V.Filter cake.
- 1.2** 4,806,468 (2019: 4,806,468) ordinary shares of the Company which represent 50.862% (2019: 50.862) of the issued, subscribed and paid up share capital of the Company are held by Naubahar Bottling Company (Private) Limited which is incorporated / registered in Pakistan under Pakistani laws. The registered address of the Holding Company is 38-40 Grand Trunk Road, Industrial Estate Model Town, Gujranwala, Punjab. The Holding Company is engaged in the manufacturing and distribution of Pepsi Cola soft drinks in Pakistan. The Chief Executive of the Holding Company is Mr. Muhammad Shamim Khan.
- 1.3** As at September 30, 2018 M/s Pattoki Sugar Mills Limited (the Ex-holding Company) holds 7,696,072 (81.44%) shares of the Company. During the previous period, the shares has been acquired by the Naubahar Bottling Company (Private) Limited (Holding Company) and other shareholders. M/s Pattoki Sugar Mills Limited has been mentioned in these financial statements as "Ex - holding Company".

1.4 Acquisition of the Company

Naubahar Bottling Company (Private) Limited and others (the Acquirers/Sponsors/related parties) have purchased shares from Pattoki Sugar Mills Limited and others (collectively, the "Sponsor Sellers") during the previous period. The transaction has been completed during the previous period except some settlement of dues and vacation of charge on assets and guarantees.

1.5 Going concern assumption

The Company incurred a net loss of Rs. 207.510 million during the period ended June 30, 2020 and, as of that date, the Company's current liabilities exceeded its current assets by Rs. 150.054 million. The accumulated losses have exceeded the issued, subscribed and paid up capital by Rs. 2,497.545 million as at June 30, 2020 and accumulated losses as of that date amounted to Rs. 2,592.045 million. These conditions indicate the existence of a material uncertainty which may cast doubt about the Company's ability to continue as a going concern. However, these financial statements have been prepared on a going concern basis based on the profitable future projections and sponsor's commitment to provide financial support to the Company.

As mentioned in note 1.4 to the condensed interim financial statements the acquisition will further bring strength, experience and efficiency to the Company. Specifically, the acquisition has the potential to: facilitate expansion and efficient growth of business; strengthen the management and finances; and improve financial planning; thereby facilitating business to be carried on more advantageously and economically with enhanced profitability. It is expected to yield better returns to the shareholders and additional benefits for other stakeholders. It is expected that the Company shall become more financially viable in comparison to its current status. It is also expected that the Acquirers will have better managerial planning. Consequently, the Acquirers may be able to pass on parts of the expected benefits to the other stakeholders such as the Government, employees, general body of consumers and the society at large. The Sponsors have appointed an experienced Board of Directors and professional management team to revive sugar mills operations and explore new markets. The Sponsors are confident that it will be able to expand the Company's business and operate more efficiently and profitably.

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

2. GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is situated at 2-D/1, Gulberg III, Lahore. The manufacturing facility of the



Company is located at 5 KM Faisalabad Road, district Okara, Punjab.

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

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

Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act , 2017; and

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

Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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

These condensed interim financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended September 30, 2019 which have been prepared in accordance with approved accounting and reporting standards as applicable in Pakistan.

The comparative balance sheet presented in these condensed interim financial statements have been extracted from the annual audited financial statements of the Company for the year ended September 30, 2019, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial statements for the nine months ended June 30, 2019.

3.2 Basis of measurement

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

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

3.3 Functional and presentation currency

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

4. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES THERE IN

4.1 The accounting policies adopted and methods of computation followed in the preparation of these condensed interim financial statements are same as those for the preceding annual financial statements for the year ended September 30, 2019 except as explained in note 4.4 these condensed interim financial statements.

4.2 The Company has adopted all the new standards and amendments to standards, including any consequential



amendments to other standards which are applicable for the financial year beginning on October 1, 2019. The adoption of these new and amended standards did not have material impact on the Company's condensed interim financial statements, except as disclosed in note 4.4. There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Company's accounting period beginning on or after October 01, 2019. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have a significant effect on this condensed interim financial statements.

4.3 Except as described below, the accounting policies applied in this condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended September 30, 2019.

4.4 IFRS 16 - Leases

IFRS 16 'Leases' was issued on January 01, 2016. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for accounting periods beginning on or after January 1, 2019. IFRS 16 replaced IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease' The Company applied IFRS 16 with a date of initial application of October 01, 2019.

Transition method and practical expedients utilized

The Company applied IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (October 01, 2019), without restatement of comparative figures.

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- applied a single discount rate to a portfolio of leases with similar characteristics.
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

On adoption of IFRS 16, the Company recognised a right-of-use asset and lease liability at the commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company used its incremental borrowing rate as the discount rate as at October 01, 2019.

The right of use asset is subsequently depreciated using straight line method from the date of recognition to the earlier of the end of useful life of the right of use asset or the end of the lease term. The estimated useful lives of the right of use assets are determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by the impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

Subsequently, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in the rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount



BABA FARID SUGAR MILLS LIMITED

of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

There is no material impact of transition to IFRS 16 on the financial position of the Company and there is no effect on the accounting policies of the Company in respect of leases.

5. SEASONALITY OF OPERATIONS

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

6. TAXATION

The provisions for taxation for the nine months and quarter ended June 30, 2020, have been made using the estimated effective tax rate applicable to expected total annual earnings. The applicable income tax rate is 29% for the Tax Year 2020 as stipulated through Finance Act 2019.

7. ESTIMATES

The preparation of these condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended September 30, 2019.

| | Note | (Un-Audited) June 30, 2020 (Rupees) | (Audited) September 30, 2019 |
|---|-------|--|------------------------------------|
| 8. OPERATING FIXED ASSETS | | | |
| Fixed assets | 8.1 | 2,782,653,885 | 2,815,822,997 |
| Right of use assets | 8.2 | 1,602,152 | - |
| | | <u>2,784,256,037</u> | <u>2,815,822,997</u> |
| 8.1 Opening net book value (NBV) | | 2,815,822,997 | 2,378,527,606 |
| Additions (at cost) during the period / year | 8.1.1 | 36,799,337 | 164,069,026 |
| Revaluation during the year | 8.1.2 | - | 349,215,869 |
| | | <u>2,852,622,334</u> | <u>2,891,812,501</u> |
| Disposals (at NBV) during the period / year | 8.1.3 | - | (263,158) |
| Depreciation charged during the period / year | | (69,968,449) | (75,726,346) |
| | | <u>(69,968,449)</u> | <u>(75,989,504)</u> |
| Closing net book value (NBV) | | <u>2,782,653,885</u> | <u>2,815,822,997</u> |



| | Note | (Un-Audited) June 30, 2020 (Rupees) | (Audited) September 30, 2019 |
|--|-------|--|------------------------------------|
| 8.1.1 Details of additions (at cost) during the period / year are as follows: | | | |
| Plant and machinery | | 31,196,920 | 162,324,157 |
| Electrical installation | | 1,113,885 | |
| Furniture & fixtures | | 505,949 | 219,249 |
| Tools and equipment | | 2,032,960 | 114,000 |
| Office equipment | | 1,761,588 | 1,411,620 |
| Vehicles | | 188,035 | - |
| | | 36,799,337 | 164,069,026 |
| 8.1.2 Details of revaluation during the period / year are as follows: | | | |
| Freehold land | | - | 180,042,500 |
| Buildings on freehold land | | - | 134,522,415 |
| Plant and machinery | | - | 34,650,954 |
| | | - | 349,215,869 |
| 8.1.3 Details of disposals (at NBV) during the period / year are as follows: | | | |
| Vehicles | | - | 263,158 |
| 8.2 Right of use assets | | | |
| Vehicle | | | |
| Opening net book value (NBV) | | - | - |
| Additions during the period / year at cost | | 1,779,530 | - |
| Depreciation charge for the period / year | | (177,378) | - |
| | | 1,602,152 | - |
| 9. CAPITAL WORK IN PROGRESS | | | |
| Building | 9.1.1 | 6,282,560 | 6,282,560 |
| Plant and machinery | 9.1.3 | 20,588 | 887,572 |
| | | 6,303,148 | 7,170,132 |
| 9.1 Movement of carrying amount is as follows: | | | |
| 9.1.1 Building | | | |
| Opening balance | | 6,282,560 | 6,282,560 |
| Additions (at cost) | | - | - |
| Transferred to operating fixed assets | | - | - |
| Closing balance | | 6,282,560 | 6,282,560 |

9.1.2 Building consists of construction of sugar godown, which is still under construction and expected to be completed on August 31, 2020.



BABA FARID SUGAR MILLS LIMITED

| | Note | (Un-Audited) June 30, 2020 (Rupees) | (Audited) September 30, 2019 |
|---|-------------|--|------------------------------------|
| 9.1.3 Plant and machinery | | | |
| Opening balance | | 887,572 | 111,182,459 |
| Additions (at cost) | | 3,273,200 | 51,666,968 |
| Transferred during the period / year | | (4,140,184) | (161,961,855) |
| Closing balance | | 20,588 | 887,572 |
| 10. LONG TERM DEPOSITS | | | |
| Leased deposit | | 174,500 | - |
| 11. STORES, SPARES AND LOOSE TOOLS | | | |
| Stores | | 36,572,149 | 28,047,322 |
| Spares | | 30,538,993 | 36,061,783 |
| | | 67,111,142 | 64,109,105 |
| Loose tools | | 16,961 | 518,038 |
| Less: Provision for obsolete stores and spares | | (15,041,549) | (15,041,549) |
| | | 52,086,554 | 49,585,594 |
| 11.1 Stores and spares also include items which may result in capital expenditure but are not distinguishable at the time of purchase. However, the stores and spares consumption resulting in capital expenditure are capitalized in cost of respective assets. | | | |
| 12. STOCK IN TRADE | | | |
| Work-in process: | | | |
| Sugar | | 4,917,842 | - |
| Molasses | | 234,400 | - |
| | | 5,152,242 | - |
| Finished goods: | | | |
| Sugar | | 1,468,076,566 | - |
| Molasses | | - | - |
| | | 1,468,076,566 | - |
| | | 1,473,228,808 | - |
| 13. TRADE DEBTS | | | |
| Unsecured | | | |
| Considered good | 13.1 & 13.2 | 75,191,285 | 77,491,042 |
| Considered doubtful | | 305,161,482 | 305,161,478 |
| | | 380,352,767 | 382,652,520 |
| Less: Provision for doubtful debts | | (305,161,478) | (305,161,478) |
| | | 75,191,289 | 77,491,042 |



- 13.1** This includes Rs. 0.968 million (2019: Nil) receivable from Al-Moiz Industries Limited (related party/ associated).
- 13.2** This includes Rs. Nil million (2019: Nil) receivable from The Thal Industries Corporation Limited (related party/ associated).

| Note | (Un-Audited) June 30, 2020 (Rupees) | (Audited) September 30, 2019 |
|------|--|------------------------------------|
|------|--|------------------------------------|

14. LOANS AND ADVANCES

| | | | |
|--|------|------------|------------|
| Advances - (Unsecured - considered good) | | | |
| To employees | 14.1 | 120,085 | 71,300 |
| Advance to supplies and services (Unsecured) | | | |
| Considered good | | | |
| Advances to cane growers | 14.2 | 47,626,803 | 1,646,318 |
| Advances for store purchases | 14.3 | 22,127,515 | 13,418,739 |
| | | 69,754,318 | 15,065,057 |
| Less: Provision for doubtful advances | 14.4 | - | - |
| | | 69,874,403 | 15,136,357 |

- 14.1** These advances are provided for general purposes in accordance with the terms of their employment, which is not past due. These advances are unsecured, interest free and payable on demand.
- 14.2** This represents provision of cane seeds, pesticides and fertilizers to cane growers. The balance is adjustable against supply of sugarcane.
- 14.3** This includes advances provided to vendors and service providers. These advances do not carry any interest or mark-up.
- 14.4** Movement of provision for doubtful advances is as follows:

| | | |
|-----------------------------|---|-------------|
| Opening balance | - | 5,000,000 |
| Addition during the year | - | - |
| Written off during the year | | (5,000,000) |
| Closing balance | - | - |

15. OTHER RECEIVABLES

| | | | |
|-------------------------------|------|-------------|-------------|
| Considered good | | | |
| Sales tax | | 9,287,455 | 21,517,880 |
| Subsidy receivable on exports | 15.1 | 105,742,500 | 105,742,500 |
| | | 115,029,955 | 127,260,380 |

- 15.1** This represents subsidy receivables from Government of Pakistan against export of sugar during the financial year 2015. This is claimable under finance division's notification No. 1(4) CF-C/2014-114 dated February 18, 2015 in terms of which Government of Pakistan has approved total cash subsidy at the rate of Rs. 10/- per kg to sugar mills on export of sugar, as per the terms and conditions mentioned therein.



BABA FARID SUGAR MILLS LIMITED

| | Note | (Un-Audited) June 30, 2020 (Rupees) | (Audited) September 30, 2019 |
|--|------|--|------------------------------------|
| 16. CASH AND BANK BALANCES | | | |
| Cash in hand | | 564,276 | 530,253 |
| Cash at banks | | | |
| Current accounts | 16.1 | 29,724,345 | 25,848,795 |
| | | 30,288,621 | 26,379,048 |
| 16.1 Cash with bank in current accounts do not carry any interest or mark-up. | | | |
| 17. SHARE CAPITAL | | | |
| 17.1 Authorized share capital | | | |
| 70,000,000 (September 30, 2019: 70,000,000) ordinary shares of Rs. 10/- each | | 700,000,000 | 700,000,000 |
| 17.2 Issued, subscribed and paid up share capital | | | |
| 6,400,000 (September 30, 2019: 6,400,000) ordinary shares of Rs. 10/- each (fully paid in cash) | | 64,000,000 | 64,000,000 |
| 3,050,000 (September 30, 2019: 3,050,000) fully paid bonus shares of Rs. 10/- each | | 30,500,000 | 30,500,000 |
| | | 94,500,000 | 94,500,000 |
| 17.3 As at June 30, 2020 M/s Naubahar Bottling Company (Private) Limited (Holding Company) holds 4,806,468 (50.862%) shares of the company. For further detail, please refer to note 1.2. | | | |
| 18. DIRECTORS' LOANS | | | |
| Unsecured | | | |
| Others (other than banking companies) | | | |
| Directors | | 1,601,700,000 | 1,211,500,000 |
| Chief Executive | | 142,000,000 | - |
| | | 1,743,700,000 | 1,211,500,000 |
| 18.1 Movement of loan is as follows: | | | |
| Opening balance | | 1,211,500,000 | - |
| Obtained during the period/year | | | |
| Mr. Muhammad Shamim Khan | | 188,800,000 | 596,500,000 |
| Mrs. Qaiser Shamim Khan | | 168,600,000 | 593,000,000 |
| Mr. Nauman Ahmed Khan | | 32,800,000 | 22,000,000 |
| Mr. Adnan Ahmed Khan | | 142,000,000 | - |
| | | 532,200,000 | 1,211,500,000 |
| Repaid during the period / year | | - | - |
| Closing balance | | 1,743,700,000 | 1,211,500,000 |



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

| | Note | (Un-Audited) June 30, 2020 (Rupees) | (Audited) September 30, 2019 |
|---|------|--|------------------------------------|
| 19. LONG TERM FINANCING | | | |
| Secured: | | | |
| Banking Companies | 19.1 | - | - |
| 19.1 From banking companies | | | |
| Opening balances | | 100,000,000 | 200,000,000 |
| Obtained during the period / year | | - | - |
| Repayments made during the period / year | | (100,000,000) | (100,000,000) |
| | | - | 100,000,000 |
| Current portion shown under current liabilities | | - | (100,000,000) |
| | | - | - |

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

20. LOAN FROM HOLDING COMPANY

| | | | |
|---|------|---------------|-------------|
| Unsecured: | | | |
| Naubahar Bottling Company (Private) Limited | 20.1 | 1,065,960,400 | 965,960,400 |
| From holding company | | | |
| Balance as at October 01 | | 965,960,400 | - |
| Obtained during the period / year | | 100,000,000 | 965,960,400 |
| Repayments/adjustment made during the period / year | | - | - |
| | | 1,065,960,400 | 965,960,400 |
| Current portion shown under current liabilities | | - | - |
| | | 1,065,960,400 | 965,960,400 |

- 20.1** The Company obtained unsecured loan from M/s Naubahar Bottling Company (Private) Limited - the holding company that carries mark-up at the rate of 3 month's KIBOR plus 0.5% per annum. The effective mark-up rate charged by Naubahar Bottling Company (Private) Limited during the year ranging from 14.36% to 8.64% (2019: 11.02% to 14.35%) per annum. The management for the time being does not intend to repay any amount against these loans until the end of next financial year and hence no current maturity has been provided. These will be paid as and when convenient to the Company.



BABA FARID SUGAR MILLS LIMITED

| | Note | (Un-Audited) June 30, 2020 | (Audited) September 30, 2019 |
|--|------|----------------------------------|------------------------------------|
| (Rupees) | | | |
| 21. LEASE LIABILITIES | | | |
| Secured | | | |
| Against right of use assets | | | |
| Lease liabilities | | 1,659,255 | - |
| Less: Current portion shown under current liabilities | | (468,859) | - |
| | | 1,190,396 | - |
| 21.1 Maturity analysis-contractual undiscounted cash flow | | | |
| Less than one year | | 708,768 | - |
| One to five year | | 1,253,244 | - |
| More than five year | | - | - |
| Total undiscounted lease liability | | 1,962,012 | - |

21.2 When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate which is 20% per annum.

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

22. TRADE AND OTHER PAYABLES

| | | | |
|---|----------|-------------|-------------|
| Trade creditors | 22.1 & 2 | 152,504,308 | 245,699,769 |
| Accrued liabilities | | 15,834,603 | 13,475,505 |
| Advances from customers /contract liabilities (unsecured) | | 353,958,927 | 340,197,135 |
| Workers' Profit Participation Fund | 22.4 | 2,087,998 | 1,872,644 |
| Taxes and duties payable | | 8,529,286 | 7,137,046 |
| Sales tax payable | | 831,111 | 831,110 |
| Other liabilities | | 331,155 | 331,155 |
| | | 534,077,388 | 609,544,364 |

22.1 This includes Rs. Nil million (2019: Rs. 33.353 million) payable to Imporient Chemicals (Private) Limited (ex-related party) against purchase of chemical.

22.2 This includes Rs. 9.252 million (2019: 0.690 million) payable to The Thal Industries Corporation Limited and Rs. 0.360 (2019: 0.337 million) to Al-Moiz Industries Limited (a related parties) against payment of purchase of plant and machinery and steel products.

22.3 The advance from customers' balances amounting to Rs. 340.197 million which are long outstanding at the reporting date are adjustable against the payment to be made to the Sponsor Sellers as per shareholder agreement. However, due to un-availability of third party confirmation, on produce basis these balance have not been adjusted and the Company will complete the due legal process before adjusting these balances.



| | | |
|------|----------------------|----------------------|
| | (Un-Audited) | (Audited) |
| | June 30, | September 30, |
| Note | 2020 | 2019 |
| | (Rupees) | |

22.4 Workers' Profit Participation Fund

| | | |
|---------------------------------------|-----------|-----------|
| Balance at the beginning of the year | 1,872,644 | 1,609,492 |
| Mark up charged during the period | 215,354 | 263,152 |
| Less: Payments made during the period | - | - |
| | 2,087,998 | 1,872,644 |

22.5 Interest on Workers' profit (participation) fund has been provided at the rate of 11.50% (2019: 16.35%).

23. DUE TO EX - HOLDING COMPANY

| | | |
|------------------------------------|------|-------------|
| Unsecured: | | |
| Pattoki Sugar Mills Limited (PSML) | 23.1 | 44,079,685 |
| | | 104,066,694 |

23.1 This represents balance payable to M/s Pattoki Sugar Mills Limited (PSML) - the ex holding company as settlement balance. During the period PSML has paid mark up and principal amount to JS Bank Limited on behalf of the Company as disclosed under note 19.

24. SHORT TERM BORROWING

| | | |
|-----------------------|------|---------------|
| Secured: | | |
| Banking companies | | |
| Cash Finance | | |
| MCB Bank Limited | 24.1 | 72,611,500 |
| Askari Bank Limited | 24.1 | 500,000,000 |
| Bank Al Habib Limited | 24.1 | 600,000,000 |
| Running Finance | | |
| Bank Al Habib Limited | 24.2 | 728,905 |
| | | 1,173,340,405 |

24.1 This represents cash finance facilities from various banks aggregated to Rs. 1,500 million (2019: Nil) and carries mark-up ranging from one month KIBOR plus 1% to six months KIBOR plus 1% per annum (2019: Nil) on utilized limits. These facilities are secured against white refined sugar bags at 22% to 25% margin, first exclusive charge for Rs. 316 million on pledge of sugar bags, personal guarantees of the directors, corporate guarantee of holding company, subordination of loan from related parties and directors.

24.2 This represents running finance facilities from Bank Al Habib Limited aggregated to Rs. 50 million (2019: Nil) and carries mark-up ranging from one month KIBOR plus 0.75% (2019: Nil) on utilized limits. This facility is secured against on all present and future current assets of the Company for Rs. 67 million and personal guarantees of the directors.



25. CONTINGENCIES AND COMMITMENTS

25.1 Contingent liabilities

- a) The LTU-FBR has preferred a reference before Income Tax Appellate (ITAT) for the assessment year 1996 - 1997 against the decision of CIT appeals. The department has also filed petition for leave to appeal before the honorable Supreme Court of Pakistan for the assessment year 1999 - 2000 and tax year 2006 against the order in the favour of the company by the honorable High Court of Sindh. In the opinion of the tax advisor the ultimate appellate decision is likely to be in Company's favour, hence no provision is made in these accounts as there will be no tax impact of the matter in view of brought forward tax losses. In view of the favorable decision of the higher appellate forums on the like issue in prior years the management is hopeful about favorable outcome in above matters. Hence no provision is made in these account as there will be no tax impact of the matter in view of brought forward losses.
- b) The Company has filed reference application before the Honorable High Court of Sindh against the decision of ITAT in respect of assessment year 2000 -2001, the reference application is pending before the honorable High Court Sindh. The Company has also filed the appeal before the Commissioner of income tax appeals against addition made by the assessing officer for the assessment year 2002 - 2003 which is pending for adjudication. In view of the favorable decision of the higher appellate forums on the like issue in prior years the management is hopeful about favorable outcome in above matters. Hence no provision is made in these account as there will be no tax impact of the matter in view of brought forward losses.
- c) The Company has filed an appeal before the Tribunal against the order of Commissioner Inland Revenue disallowing refund of further tax on the ground that the incidence of the tax has been passed on the consumers and the Company is not entitled to claim refund in terms of Section 3 (B) of the sales Tax Act, 1990. The management of the Company is of the view that outcome of the suit would be in favour of the company.
- d) Demand amounting to Rs. 3.825 million has been created by DCIR vide order dated November 03, 2017 against the Company for adjustment of input tax. The Company being aggrieved filed input tax rectification application. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 3.825 million (2019: Rs. 3.825 million).
- e) Demand amounting to Rs. 2.528 million has been created by DCIR vide order dated November 07, 2018 against the Company for adjustment of input tax for the period of January 2018. The Company being aggrieved filed input tax rectification application. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 2.528 million (2019: Rs. 2.528 million).
- f) Demand amounting to Rs. 12.648 million has been created by DCIR vide order dated December 16, 2018 against the Company for adjustment of input tax for the period of February 2018. The Company being aggrieved filed input tax rectification application. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 12.648 million (2019: Rs. 12.648 million).
- g) Demand amounting to Rs. 9.894 million has been created by DCIR vide order dated December 20, 2018 against the Company for adjustment of input tax for the period of March 2018. The Company being aggrieved filed input tax rectification application. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 12.648 million (2019: Rs. 12.648 million).
- h) Demand amounting to Rs. 41.616 million has been created by DCIR vide order dated August 04, 2017 against the Company on account of sales tax audit for the tax year 2014 and certain amount were held recoverable. The Company being aggrieved filed appeal before CIR (A). CIR (A) remanded back the case for fresh adjudication. Thereafter in fresh proceedings an amount of Rs. 3.416 million has been established vide order dated March 28, 2019. This has also been challenged before CIR Appeals. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 3.416 million.
- i) Demand amounting to Rs. 10.137 million has been created by DCIR vide order dated November 12, 2018 against the Company on account of inadmissible input tax adjustment for the period July 2016 to November 2017. The Company being aggrieved filed appeal before CIR (A). CIR (A) remanded back the case for fresh adjudication. The case decided against the Company and an amount of Rs. 10.211 million has been paid to the



Department under protest and also appeal has been filed against this order. The Company expects a favorable outcome of the proceedings.

- j)** As per SRO of 77(1) 2013 dated February 07, 2013, the Federal Government allowed reduced rate@.0.5% FED on local sales of white crystalline sugar equivalent to the quantity actually exported by the sugar manufacturer as per quota allotted. Sales tax and Federal Excise returns for the tax periods from November 2013 to June 2014 were analysed by the Commissioner Inland Revenue and it was observed that registered person had declared local sales on which Company was required to charge and pay FED @ 8% in VAT mode under the provision of section 3 and 7 of the Federal Excise Act, 2005. The Commissioner Inland Revenue created a demand amounting to Rs. 65.084 million along with default surcharge and penalty of Rs. 3.254 million on short payment of FED based that Company charged and paid FED at the rate of 0.5% without fulfilling the conditions as mentioned in SRO 77(1) 2013. Being aggrieved with the order passed by the Deputy Commissioner Inland Revenue, the Company preferred appeal before the Commissioner Inland Revenue (Appeals-I), Karachi. The CIR (A) vide order in appeal No. STA/91/LTU/2019/09 vacated order of Deputy Commissioner and passed order in favour of the Company. The department has filed an appeal against this order to Appellate Tribunal IR. The Company expects a favourable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 68.338 million.
- k)** As per SRO of 77(1) 2013 dated February 07, 2013 read with the SRO 1072 (1) / 2013 dated December 27, 2013, the Federal Government allowed reduced rate@.0.5% FED on local sales of white crystalline sugar equivalent to the quantity actually exported by the sugar manufacturer as per quota allotted by the ECC in its meeting held on January 10, 2013. Sales tax and Federal Excise returns for the tax periods from February 2013 to October 2013 were analysed by the Commissioner Inland Revenue and it was observed that registered person had declared local sales on which Company was required to charge and pay FED @ 8% in VAT mode under the provision of section 3 and 7 of the Federal Excise Act, 2005. The Commissioner Inland Revenue created a demand amounting to Rs. 15.393 million along with default surcharge and penalty of Rs. 0.769 million on short payment of FED based that Company charged and paid FED at the rate of 0.5% without fulfilling the conditions as mentioned in SRO 77(1) 2013. Being aggrieved with the order passed by the Deputy Commissioner Inland Revenue, the Company preferred appeal before the Commissioner Inland Revenue (Appeals-I), Karachi. The CIR (A) vide order in appeal No. STA/90/LTU/2019/06 vacated order of Deputy Commissioner and passed order in favour of the Company. The department has filed an appeal against this order to Appellate Tribunal IR. The Company expects a favourable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 16.163 million.
- l)** Demand amounting to Rs. 10.163 million has been created by DCIR against the Company on account of some discrepancies were observed in the sales tax returns for the period from July 2016 to November 2017. The Company being aggrieved filed appeal before CIR (A). CIR (A) remanded back the case for fresh adjudication. Thereafter in fresh proceedings an amount of Rs. 10.163 million has been demanded by DCIR. This has also been challenged before CIR Appeals. The CIR (A) vide order in Appeal No. STA/40/LTU/2019/07 dated September 26, 2019 annulled order of DCIR. Being aggrieved with the order department has filed second appeal to Appellate Tribunal IR. The Company expects a favourable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 10.163 million.
- m)** The long term and current assets of the company by amounting Rs. 2,068 million is also pledged with MCB Bank Limited against loan facility to Pattoki Sugar Mills Limited. The Company is pursuing the matter and expecting vacation of these charges during the next year.
- o)** The Company is facing claims, launched in the labour courts, pertaining to staff retirement benefits, salaries and others related matters. The claims amount can't be quantified due to nature of the claims.

25.2 Commitments

The Company is committed as at the balance sheet date in respect of capital expenditure of Rs. 3.00 million.



BABA FARID SUGAR MILLS LIMITED

| | Nine Months Ended | | Quarter Ended | |
|------------------------------------|----------------------|--------------|----------------------|--------------|
| | June 30, | | June 30, | |
| | 2020 | 2019 | 2020 | 2019 |
| | (Rupees) | | (Rupees) | |
| 26. SALES | | | | |
| Sales | | | | |
| Manufacturing - local | | | | |
| Sugar | 253,292,124 | 114,874,295 | 229,411,885 | 60,656,181 |
| By products sales | | | | |
| Molasses | 227,000,000 | 16,390,000 | 134,107,520 | 16,390,000 |
| V.F. Cakes | 238,208 | 2,385,000 | 138,659 | - |
| | 480,530,332 | 133,649,295 | 363,658,064 | 77,046,181 |
| Less: Sales tax | (36,841,344) | (12,041,913) | (33,357,102) | (6,553,635) |
| | 443,688,988 | 121,607,382 | 330,300,962 | 70,492,546 |
| 27. COST OF SALES | | | | |
| Raw materials and expenses thereon | 1,621,152,385 | 127,388,789 | - | - |
| Other overheads: | | | | |
| Salaries, wages and other benefits | 85,211,485 | 28,171,721 | 17,004,951 | 645,172 |
| Chemical consumed | 10,851,274 | 1,241,536 | - | - |
| Packing material consumed | 11,828,498 | 713,731 | 2,450 | - |
| Stores and spares consumed | 7,957,886 | 7,457,409 | 168,785 | 414,094 |
| Repair and maintenance | 88,273,646 | 78,897,815 | 6,387,358 | 1,836,623 |
| Other factory overheads | 3,425,747 | 1,376,820 | 451,567 | 77,981 |
| Vehicle running expenses | 2,771,343 | 1,396,145 | 721,757 | 216,999 |
| Fee and subscription | 49,700 | - | - | - |
| Insurance | 38,211 | - | - | - |
| Depreciation | 69,331,665 | 54,278,918 | 23,261,195 | 18,015,460 |
| Fuel and power | 17,116,888 | 7,408,566 | 2,047,209 | 1,941,862 |
| | 296,856,343 | 180,942,661 | 50,045,272 | 23,148,191 |
| Opening work in process | - | 33,866,520 | 5,005,745 | - |
| Closing work in process | (5,152,242) | - | (5,152,242) | - |
| | (5,152,242) | 33,866,520 | (146,497) | - |
| Cost of goods manufactured | 1,912,856,486 | 342,197,970 | 49,898,775 | 23,148,191 |
| Opening stock of finished goods | - | 17,865,324 | 1,750,009,065 | 74,329,324 |
| Closing stock of finished goods | (1,468,076,566) | (12,726,483) | (1,468,076,566) | (12,726,483) |
| | (1,468,076,566) | 5,138,841 | 281,932,499 | 61,602,841 |
| | 444,779,920 | 347,336,811 | 331,831,274 | 84,751,032 |
| 28. TAXATION | | | | |
| Current | 7,207,955 | 1,891,053 | 7,189,861 | 1,196,332 |
| Deferred | (4,513,563) | 40,746,972 | (4,513,563) | 891,164 |
| | 2,694,392 | 42,638,025 | 2,676,298 | 2,087,496 |



29. LOSS PER SHARE - BASIC AND DILUTED

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

| | Nine Months Ended | | Quarter Ended | |
|--|----------------------|---------------|----------------------|--------------|
| | June 30, | | June 30, | |
| | 2020 | 2019 | 2020 | 2019 |
| | (Rupees) | | (Rupees) | |
| Loss after taxation | (207,510,053) | (449,866,690) | (79,389,435) | (28,488,175) |
| Weighted average number of ordinary shares | 9,450,000 | 9,450,000 | 9,450,000 | 9,450,000 |
| Loss per share - basic and diluted - (Rs.) | (21.96) | (47.60) | (8.40) | (3.01) |

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

There were no financial instruments held by the Company which are measured at fair value as of June 30, 2020 and September 30, 2019.

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

31. FINANCIAL RISK MANAGEMENT

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

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

The condensed interim financial statements does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the year ended September 30, 2019.

The Company's financial risk management objective and policies are consistent with that disclosed in the annual financial statements for the year ended September 30, 2019.

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

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

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



BABA FARID SUGAR MILLS LIMITED

33. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. However, no significant reclassification has been made during the period except for by product sales (V.F. Cake) amounting to Rs. 2.385 million has been reclassified in the sales rather as deduction from cost of sales for consistency with annual audited financial statements.

34. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

| Name of parties | Nature of relationship | Nature of transactions | Note | June 30, 2020 | | June 30, 2019 | |
|---|--------------------------|--|------|--------------------------------|-----------------|------------------------------|-----------------|
| | | | | Transactions during the period | Closing balance | Transactions during the year | Closing balance |
| ----- Rupees ----- | | | | | | | |
| Pattoki Sugar Mills Limited | Ex- Parent | Long term loans - paid/adjusted | 34.1 | - | - | - | 42,539,691 |
| | | Funds transferred/adjusted | | - | - | 2,585,994,981 | - |
| | | Funds received | | - | - | 544,782,452 | - |
| | | Mark-up charged on advances | | - | - | 82,994,510 | - |
| | | Mark-up payable | | - | - | - | 38,522,753 |
| | | Mark-up payable - paid / adjusted | | - | - | 192,200,650 | - |
| Imporient Chemicals (Private) Limited | Ex-Ultimate Parent | Payable balance | 34.1 | - | - | - | 33,353,666 |
| | | Funds paid | | - | - | 10,275,000 | - |
| | | Chemical purchase | | - | - | 41,443,770 | - |
| Exporient Knitters (Private) Limited | Ex-Associate | Funds received | 34.1 | - | - | 3,469,766 | - |
| | | Adjustment against Imporient | | - | - | - | (3,469,766) |
| Naubahar Bottling Company (Private) Limited | Holding Company | Long term loans | | 100,000,000 | 1,065,960,400 | 960,960,400 | 960,960,400 |
| | | Mark-up payable | | - | 165,656,261 | - | - |
| | | Mark-up charged on advances obtained | | 94,083,446 | - | - | - |
| The Thal Industries Corporation Limited | Associated | Trade receivable | | - | 12,882 | - | - |
| | Associated | Payable | | - | 9,265,018 | - | - |
| | | Sales of chemicals | | 12,882 | - | - | - |
| | | Purchases - machinery parts and others | | 9,265,018 | - | - | - |
| Al-Moiz Industries Limited | | Trade receivable | | - | 968,969 | - | - |
| | | Trade Payable | | - | 360,000 | - | - |
| | | Purchase of Steel | | 697,500 | - | - | - |
| | | Sale of scrap and process chemicals | | 9,834,154 | - | - | - |
| Directors/shareholders | | | | | | | |
| Mr. Muhammad Shamim Khan | | Directors' contribution/loan | | 188,800,000 | 785,300,000 | - | - |
| Ms. Qaiser Shamim Khan | | Directors' contribution/loan | | 168,600,000 | 761,600,000 | - | - |
| Mr. Nauman Ahmed Khan | | Directors' contribution/loan | | 32,800,000 | 54,800,000 | - | - |
| Mr. Adnan Ahmed Khan | | Directors' contribution/loan | | 142,000,000 | 142,000,000 | - | - |
| Executives | Key management personnel | Remuneration paid | | 10,909,181 | - | 1,670,000 | - |

34.1 Basis of relationship with the company

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

| Name of related party | Country of Incorporation/origin | Relationship | Basis of Association | Shareholdings |
|---|---------------------------------|--------------------------------------|----------------------|---------------|
| Pattoki Sugar Mills Limited | Pakistan | Ex- Parent company | Note 34.2 | Nil |
| Imporient Chemicals (Private) Limited | Pakistan | Ex-Associate/ultimate parent company | Note 34.2 | Nil |
| Exporient Knitters (Private) Limited | Pakistan | Ex-Associate | Note 34.2 | Nil |
| Naubahar Bottling Company (Private) Limited | Pakistan | Holding | Shareholding | 50.86% |
| Al-Moiz Industries Limited | Pakistan | Associated | Common management | Nil |
| Moiz Textile Limited | Pakistan | Associated | Common management | Nil |
| The Thal Industries Corporation Limited | Pakistan | Associated | Common management | Nil |
| Mr. Muhammad Shamim Khan | Pakistan | Director | Shareholding | 17.36% |
| Mrs Qaiser Shamim Khan | Pakistan | Director | Shareholding | 9.64% |
| Mr. Adnan Ahmed Khan | Pakistan | Chief Executive | Shareholding | 9.64% |
| Mr. Nauman Ahmed Khan | Pakistan | Director | Shareholding | 9.64% |
| Malik Manzoor Hussain Humayun | Pakistan | Director | Shareholding | 0.0021% |
| Mr. Farid ul din Ahmed | Pakistan | Director | Shareholding | 0.0021% |
| Mrs Sarah Hajra Khan | Pakistan | Director | Shareholding | 0.0032% |

34.2 This refers to note 1.4, these entities were the related parties until June 13, 2019, therefore current balances and transactions have not disclosed in the related party transactions.



35. FINANCIAL INSTRUMENTS BY CATEGORY

| | Original carrying | | Fair value | | | | |
|--|------------------------------------|---|---------------|---------|---------|---------|-------|
| | Financial assets at amortized cost | Financial liabilities at amortized cost | Total | Level 1 | Level 2 | Level 3 | Total |
| ----- Rupees ----- | | | | | | | |
| On-Balance sheet financial instruments | | | | | | | |
| As at June 30, 2020 | | | | | | | |
| Financial assets | | | | | | | |
| At cost or amortised cost | | | | | | | |
| Trade debtors | 75,191,289 | - | 75,191,289 | - | - | - | - |
| Loans and advances | 120,085 | - | 120,085 | - | - | - | - |
| Cash and bank balances | 30,288,621 | - | 30,288,621 | - | - | - | - |
| | 105,599,995 | - | 105,599,995 | - | - | - | - |
| Financial liabilities at amortised cost | | | | | | | |
| Directors' loan | - | 1,743,700,000 | - | - | - | - | - |
| Loan from holding company | - | 1,065,960,400 | 1,065,960,400 | - | - | - | - |
| Lease liabilities | - | 1,659,255 | 1,659,255 | - | - | - | - |
| Due to ex holding company | - | 44,079,685 | 44,079,685 | - | - | - | - |
| Trade and other payables | - | 168,670,066 | 168,670,066 | - | - | - | - |
| Short term borrowing | - | 1,173,340,405 | 1,173,340,405 | - | - | - | - |
| Mark-up accrued | - | 212,493,755 | 212,493,755 | - | - | - | - |
| | - | 4,409,903,566 | 2,666,203,566 | - | - | - | - |
| On-Balance sheet financial instruments | | | | | | | |
| As at September 30, 2019 | | | | | | | |
| Financial assets | | | | | | | |
| At cost or amortised cost | | | | | | | |
| Trade debtors | 77,491,042 | - | 77,491,042 | - | - | - | - |
| Loans and advances | 71,300 | - | 71,300 | - | - | - | - |
| Cash and bank balances | 26,379,048 | - | 26,379,048 | - | - | - | - |
| | 103,941,390 | - | 103,941,390 | - | - | - | - |
| Financial liabilities at amortised cost | | | | | | | |
| Long term financing | - | 100,000,000 | 100,000,000 | - | - | - | - |
| Loan from holding company | - | 965,960,400 | 965,960,400 | - | - | - | - |
| Due to ex holding company | - | 104,066,694 | 104,066,694 | - | - | - | - |
| Trade and other payables | - | 259,506,429 | 259,506,429 | - | - | - | - |
| Mark-up accrued | - | 86,562,191 | 86,562,191 | - | - | - | - |
| | - | 1,516,095,714 | 1,516,095,714 | - | - | - | - |

35.1 The Company has valued certain fixed assets at fair value and classified under property, plant and equipment. The carrying value and level of fair value of these non - financial assets have been disclosed in the relevant note to the financial statements.

35.2 Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

36. EVENTS AFTER THE BALANCE SHEET DATE

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



37. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial statements were authorized for issue on July 27, 2020 by the Board of Directors of the Company.

38. GENERAL

- 38.1** Amounts have been rounded off to the nearest rupees unless otherwise stated.
- 38.2** The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended June 30, 2020 and 2019 were not subject to limited scope review.



Director



Director



Chief Financial Officer

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IF UNDELIVERED PLEASE RETURN TO
BABA FARID SUGAR MILLS LIMITED
2-D-1, Gulberg III, Lahore