



BABA FARID
SUGAR MILLS LIMITED

ANNUAL
REPORT
2021



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COMPANY INFORMATION

BOARD OF DIRECTORS

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

CHIEF FINANCIAL OFFICER

Mr. Wasif Mahmood

COMPANY SECRETARY

Mr. Muhammad Imran

AUDITORS

M/s 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

VISION STATEMENT

We shall build on our core competencies and achieve excellence in performance to become a leading producer of best quality sugar. In doing so we aim to meet or accede the expectations of all our stakeholders.

Our goal is not only to attain technological advancements in the field of sugar but also to inculcate the most efficient, ethical and time tested business practices in our management.

Furthermore, we shall strive to innovate the ways for the improvement and increase in per acre yield of sugarcane and introduce improved varieties of sugarcane having better yield characters, high sucrose contents, disease and drought resistant and better ratooning crop in the region. We shall introduce the mechanized sugarcane cultivation method to the growers and to educate regarding latest developments of agriculture technology and free consultancy of professionals.

MISSION STATEMENT

We aim to be a leading producer and supplier of quality sugar by adopting the most technological advancement. We intend to play a pivotal role in the economic development of Pakistan.





CORPORATE STRATEGY

Our corporate strategy and objectives for the future are to find new and improved means of cost reduction, fuel economy and to acquire advanced manufacturing capabilities to support our product development efforts and product line expansion and stand ready to leverage our debt and be responsive to the changing economic scenario. We believe in harnessing the inherent strengths of available human resource and materials to the utmost and a commitment for building a solid foundation poised for sustainable growth for the long-term benefit of our shareholders and employees.



CORE VALUES

- ⚙️ Strive for excellence and build on our core competencies.
- ⚙️ Keep up with technological advancements in our biological control laboratory and extend the Research & Development Programme to control sugarcane crop diseases.
- ⚙️ Inculcate efficient, ethical and time tested business practices in our management.
- ⚙️ Work as a team and support each other.
- ⚙️ Put the interest of the company before that of the individuals.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 43rd Annual General Meeting of the Shareholders of the Baba Farid Sugar Mills Limited will be held on Friday, January 28, 2022 at 1600 Hours at Registered Office, 2-D-1, Gulberg III, Lahore and through electronically video link/Zoom application, to transact the following business:

ORDINARY BUSINESS:

1. To Confirm minutes of the 42nd Annual General Meeting of the Baba Farid Sugar Mills Limited held on 23-01-2021.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the financial year ended 30th September 2021 together with the Auditor's and Board of Directors' reports thereon.
3. To appoint Auditors of the Company for the next financial year 30th September, 2022 and to fix their remuneration. The present Auditors, M/s. BDO Ebrahim & Co. Chartered Accountants, Lahore, retired and being eligible, have offered themselves for reappointment as Auditors of the Company.
4. To elect seven (07) Directors as fixed by the Board of Directors in accordance with the provisions of section 159 of the Companies Act 2017 for the next term of three years commencing on January 28, 2022. The names of the following retiring Directors who shall be eligible for re-election:

1. Mr. Muhammad Shamim Khan	2. Mr. Adnan Ahmed Khan
3. Mrs. Qaiser Shamim Khan	4. Mr. Nauman Ahmed Khan
5. Mrs. Sarah Hajra Khan	6. Mr. Farid ud Din Ahmed
7. Mr. Manzoor Hussain Hamayoon	

SPECIAL BUSINESS:

5. To consider and approve the transactions carried out with related parties in normal course of business and if thought fit to pass the following resolutions as special resolutions with or without modification.
- a) **"RESOLVED** that transactions carried out by the Company in the normal course of business with related parties for the period ended September 30, 2021 be and are hereby ratified, approved and confirmed"

Names	Nature of Transactions	Transactions during the period Amount (PKR)
Naubahar Bottling Company (Pvt.) Limited	Long term loans (Net)- repaid Mark-up charged on Long Term Loans	300,000,000 62,811,170
The Thal Industries Corporation Limited	Sale Store Items Purchases- Store items Purchase- Plant & Machinery Paid/ received/adjustment (net)	15,248,100 11,620,587 4,123,738 9,748,361
Almoiz Industries Limited	Sale of scrap Sale of store item Paid/received/adjustment (net) Purchase- steel items Purchase – store items	13,428,601 1,503,684 1,323,104 9,600,101 454,740

- b) **"FURTHER RESOLVED THAT** the Chief Executive Officer of the Company or his nominee be and is hereby authorized to approve all the transactions to be carried out in the normal course of business with related parties till the next Annual General Meeting of the Company and in this connection the Chief Executive Officer of the Company or his nominee be and is hereby authorized to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regards on behalf of the Company"
6. To transact any other business with the permission of the Chair.

BY ORDER OF THE BOARD



MUHAMMAD IMRAN
Company Secretary

Lahore:
December 27, 2021

NOTE:

1. Closure of Shares Transfer Books:

Share Transfer Books of the Company will remain closed from 21-01-2022 to 28-01-2022 (both days inclusive). No transfer of shares will be accepted for registration during the closed period. However, transfer received at the office of the Company's Share Registrar Office at M/s. Corplink (Pvt.) Limited, Wings Arcade, 1-K, Commercial Model Town, Lahore, Telephone No. 042-35916719, Email address: corplink786@gmail.com by the close of business hours on 20th January, 2022 will be treated in time for the entitlement of payout of cash dividend (if any).

2. Appointment of Proxy:

A member entitled to attend and vote at the AGM is entitled to appoint another member as proxy to attend and vote instead of him/her. The instrument appointing a proxy must be received at the Registered Officer of the Company not less than 48 hours before the time fixed for AGM. Further the company has placed Notice of AGM along with Form of Proxy for the year ended 30th Sep. 2021 on Company's website. www.bfsml.com. These are also available at PUCARS of PSX and shareholders may obtain the same through email as well if any shareholder so desire.

3. For Election of Directors:

Any member who seeks to contest election of Directors shall file with the Company at its registered office at 2-D-1, Gulberg III, Lahore not later than fourteen (14) days before the AGM his / her intention to offer himself/herself for the election of directors in terms of section 159(3) of Companies Act, 2017 together with (A) Consent to act as Director under section 167(1) of the Companies Act, 2017 on a duly filled and signed Form 28, (B) Detailed Profile along with a passport size photograph and complete office address for placement onto the Company's website, (C) Active email address and valid personal cell phone number for electronic correspondence, (D) Details of holding of other offices & directorships in other companies, (E) Declarations in respect of being compliant with requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019 (CCGR 2019), awareness of duties, powers and responsibilities under Companies Act, 2017 (CA2017), Rulebook of Pakistan Stock Exchange Ltd., CCGR 2019, Securities Act, 2015, Memorandum and Articles of Association of the Company and other relevant laws and regulations, (F) Declaration in respect of eligibility criteria as set out in CA2017, to act as director of a listed company, (G) Declaration of Independence in terms of section 166(2) of the Companies Act, 2017, as required under CCGR 2019 (applicable for person filing consent to act as independent director of the Company) (H) Details of Global Beneficial Ownership and Ultimate Beneficial Ownerships and (I) Proof of holding of 2500 BFSML shares as Qualification Shares, if not already provided and any other important and relevant information

4. Participation of AGM:

In view of the continued threats of Coronavirus Pandemic (COVID-19) as well as Directives/ instructions / Guidelines of SECP and other Government Dept. / Institutions, listed companies are required to modify their usual planning for general meetings and avoid large gatherings at one place and consider the provision of online participation facilities while conducting general meetings for the safety and well-being of the shareholders and general public. Accordingly, the shareholders of the company have the option to participate in the AGM either through online or in person (physically).

- (a) Online Participation in AGM vis Zoom application: The shareholders may login and participate in the proceedings of AGM through their own smart phones/computers from their own convenient locations after completing all formalities as required for verification and identification of shareholders to attend the AGM electronically, the Login facility will be opened about half hour before the start of AGM
- (b) The shareholders of BFSML, who wish to attend the AGM electronically through video link, are requested to register their following particulars by sending an e-mail at info@bfsml.com by or before the close of business hours (05:00 p.m) on 27-01-2022.

Folio /CDC account No.	No. of Shares held	Name of Shareholder	Father's/ Husband's Name	CNIC No.	Cell Phone No. with WhatsApp	Active email address

The video link and/or login credentials will be shared with the shareholders whose e-mail, containing all the requested particulars, are received at the given e-mail address by or before the date/time specified above. For any query regarding procedure/requirements of online participation in AGM, the members may please contact on the above cited e-mail address or at +92 42 35771066-71 during business hours.

Further, in case of physical the members are requested to ensure guidelines to attend AGM in person alongwith computerized national identity card or appoint some other member as proxy and send their proxy duly witnessed so as to reach at Registered Office, 2D-1 Gulberg III, Lahore not later than 48 hours before the time of holding the meeting.

Copies of Memorandum and Articles of Association of the Company, Listing Regulations of the Stock Exchanges, Companies Act 2017 and other relevant laws/record may be inspected during the business hours on any working day at 2-D-1, Gulberg III, Lahore from the date of the publication of the notice till the conclusion of the general meeting. A Corporate member of the Company may by a resolution of its Board of Directors authorize a person to act as its representative at the meeting.

5. Video Conferencing Facility:

If the Company receives consent from members holding aggregate 10% or more shareholding, residing in geographical location to participate in the meeting through video conference at least 7 days prior to the date of AGM, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

In this regard, please fill the following and submit to registered address of the company at least 7 days prior to the date of AGM.

"I/We, _____ of _____, being a member of the Baba Farid Sugar Mills Limited, holder of _____ ordinary share(s) as per Registered Folio/CDC Account/Sub Account No. _____ hereby opt for video conference facility at _____.

6. Change of Address:

Shareholders are requested to promptly notify the change in their address, if any to the Company's Share Registrar M/s. Corplink (Pvt.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore and also furnish attested photocopy of their computerized National Identity Card as per Listing Regulations, if not provided earlier.

7. Guidelines for Shareholders to Access CDC's eServices Portal:

Central Depository Company (CDC) has developed Central Cash Dividend Register (CCDR) as eServices web portal which would incorporate details pertaining to cash dividends paid, unpaid or withheld by listed companies. The CCDR will help to maintain the history of dividends paid to shareholders by listed companies and access to all such information will be provided to the respective shareholders. The web portal will facilitate shareholders of listed companies and access to all such information will be provided to the respective shareholders. The web portal will facilitate shareholders of listed companies in retrieving details of cash dividends from centralized register and using the same for their record purposes.

Further you may access CCDR via <https://eservices.cdcaccess.com.pk> In Addition, the Dividend/Zakat & Tax deduction Report can also be obtained directly from your Participant (Stock broker) which has been provided to them on their CDS terminals, Moreover, you will also receive a copy of this report on your provided/registered email address.

8. Submission of Copy of CNIC:

Pursuant to the directives of the Securities and Exchange Commission of Pakistan (SECP) through its Notification No. SRO 831 (1) 2012 dated July 5, 2012 r/w SRO 19(1)/2014 dated January 10, 2014, dividend warrants cannot be issued without valid CNICs. All the shareholders were advised to submit copies of their valid CNICs. In the absence of shareholders valid CNIC the company will be constrained to withhold dispatch of dividend to such shareholders. Those shareholders who have not yet submitted their valid CNICs are once again advised to provide attested copies of their valid CNICs with their folio numbers to the company's Share Registrar if they hold physical shares, to ensure timely disbursement of dividend.

9. Deduction of Withholding Tax on the amount of dividend:

Pursuant to Circular No.19/2014 dated October 24, 2014, SECP has directed all companies to inform shareholders about changes made in the section 150 of the Income Tax Ordinance 2001 from dividend payment have been revised as: for filers of Income Tax return 15.00% and Non-filers of Income Tax return 30.00% respectively. You are therefore advised to check and ensure your Filer status from Active Tax Payer List (ATL) available to FBR, website www.fbr.gov.pk as well as ensure that your CNIC/ Passport number has been recorded by your Participant/ Investor Account Services (in case your shareholding is in book entry form) or by Company's Share Registrar M/s. Corplink (Pvt.) Ltd. (in case of physical shareholding).

10. Payment of Dividend Electronically

According to the provisions of Section 242 of the Companies Act, 2017 ("the Act"), any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Further, rule 3 of the Companies (Distribution of Dividends) Regulations, 2017 provides that the company should make payment of cash dividend within a period of fifteen working days from the date of its declaration. Therefore, the registered shareholders of the Company are requested to provide the following details in order to credit their cash dividends directly to their international bank account number (IBAN), if declared:

- (i) In case of book-entry securities in CDS, to CDS Participants; and

- (ii) In case of physical securities to the Company's Share Registrar M/s. Corplink (Pvt.) Limited, as mentioned below.

1. Name of Shareholder; _____
2. Father's / Husband's Name; _____
3. Folio Number; _____
4. Postal Address; _____
5. Name of Bank; _____
6. Name of Branch; _____
7. Address of Branch; _____
8. Title of Bank Account; _____
9. Bank Account Number (Complete with code); _____
10. IBAN Number (Complete with code); _____
11. Cell Number; _____
12. Telephone Number (if any); _____
13. CNIC Number (attach copy); _____
14. NTN (in case of corporate entity, attach copy); _____

IBAN number (International Bank Account Number) will be provided by your banker, containing alpha, number and without any space and gap.

To, Share Registrar

M/s. Corplink (Pvt.) Limited, Wings Arcade, 1-K, Commercial Model Town, Lahore. Ph. No. 042-35916719, 042-35839182,

11. Electronic Transmission of Audited Financial Statements & Notices of AGM:

SECP through its Notification SRO No. 787 (1) 2014 dated September 8, 2014 has allowed the circulation of Audited Financial Statements along with Notice of Annual General Meeting to the members of the Company through email. Therefore, all members of the Company who wish to receive soft copy of Annual Report are requested to send their email addresses. The financial report for electronic transmission could be downloaded from Company's website: www.bfsmi.com. The Company has already dispatched hard copy of the Audited Financial Statement to its shareholders.

12. Postal Ballot/ E-Voting:

In accordance with the Companies (Postal Ballot) Regulations, 2018, for any agenda item subject to the requirements of Section 143 and 144 of the Companies Act, 2017, members will be allowed to exercise their right of vote through postal ballot i.e by post or e-voting, in the manner and subject to the conditions contained in the aforesaid regulations.

13. Deduction of Zakat from the amount of Dividend:

Deduction of Zakat from the amount of Dividend: In accordance with Zakat & Ushr Ordinance, 1980 and/or applicable rules & regulations made thereunder (the Laws), if any shareholder has not submitted within the timeframe prescribed under the Laws, or at least one month before the start of close period fixed for dividend entitlements a duly filled/completed and properly attested in original the Zakat Declaration (in case of Muslim) and Solemn Affirmation (in case of Non-Muslim) on the formats prescribed under the Laws to his/her Broker/CDC (in case of CDS shareholder) and to the Company's Share Registrar (in case of physical shareholder), then his/her zakat status in the dividend entitlement register may be found as Muslim Zakat Payable, and the Company will be constrained to make compulsory deductions of Zakat @ 2.5% of face value of each share from the gross amounts of his/her cash dividends.



STATEMENT OF MATERIAL FACTS UNDER SECTION 134 (3) OF THE COMPANIES ACT 2017

This statement sets out the material facts pertaining to the elections of directors and the special businesses to be transacted at the 43rd Annual General Meeting (AGM) of Baba Farid Sugar Mills Limited to be held on Friday January 28, 2022 at 1600 Hours at Registered office at 2-D-1, Gulberg III, Lahore, and through electronically video link/ Zoom application.

STATEMENT U/S 134(3) OF THE COMPANIES ACT, 2017

The transactions with associated company were carried out during the year, therefore, these transactions have been placed before the shareholders of the Company for their approval.

Agenda Item No. 4:

Election of Directors: In terms of section 153(1) of the Companies Act, 2017, the Board of directors, through its Board Resolution by circulation dated 24-12-2021 has fixed the number of directors for next election at seven (07) which are to be elected at AGM for a period of three years. Independent directors, required on the Board in terms of regulation 6(1) of the Listed Companies (Code of Corporate Governance) Regulations, 2019, shall be elected through the process of election of directors in terms of section 159 of the Companies Act, 2017 and Article of Association of the Company. Independent directors shall be elected

through the process of election of directors in terms of Section 159 of the Act if they meet the criteria as laid down under Section 166 of the Act (in addition to the requirement mentioned in Section 153 of the Act), CCG and the Companies (Manner and Selection of Independent Directors) Regulation, 2018.

Agenda Item No. 5:

Ratification and Approval of Related Party Transactions: (Associated Companies)

The Company is and shall be conducting transactions of sales and purchase of goods with Naubahar Bottling Company (Pvt.) Limited, The Thal Industries Corporation Limited and Almoiz Industries Limited for the period commencing from October 1st, 2020 to period ends September 30, 2021 in the normal course of business. The prices, terms and conditions agreed between the companies are based on Arm Length Basis under Related Party Transactions Policy of the Company. The directors of the company have no interest whatsoever both directly or indirectly except for common directorship. Record consisting of details of all the transactions along with all supporting documents is maintained as per legal requirements and available in the registered office of the company.

Nature and amount of transactions along with applicable pricing policy are detailed below:

Names(s)	Nature of Transactions	Transactions during the period Amount (PKR)
Naubahar Bottling Company (Pvt.) Limited	Long term loans (Net)- repaid	300,000,000
	Mark-up charged on Long Term Loans	62,811,170
The Thal Industries Corporation Limited	Sale Store Items	15,248,100
	Purchases- Store items	11,620,587
	Purchase- Plant & Machinery	4,123,738
	Paid/ received/adjustment (net)	9,748,361
Almoiz Industries Limited	Sale of scrap	13,428,601
	Sale of store item	1,503,684
	Paid/received/adjustment (net)	1,323,104
	Purchase- steel items	9,600,101
	Purchase – store items	454,740

The Directors are interested in the resolution to the extent of their common directorship in the Associated undertakings. The following were the common directors in Baba Farid Sugar Mills Ltd with the Almoiz Industries Ltd, The Thal Industries Corporation Ltd and Naubahar Bottling Company (Pvt.) Ltd and respectively:

- | | |
|-----------------------------|----------------------------|
| 1. Mr. Muhammad Shamim Khan | 2. Mrs. Qaiser Shamim Khan |
| 3. Mr. Adnan Ahmed Khan | 4. Mr. Nauman Ahmed Khan |
| 5. Mrs. Sarah Hajra Khan | |

The Company shall continue to carry out transactions with the related parties in the ordinary course of business till next the Annual General Meeting. The nature and scope of such related party transactions are explained above in the statement of relevant agenda item. Therefore, such transactions with related parties have to be approved by the shareholders. The shareholders may authorize the Chief Executive or his nominee to approve such transactions till the next Annual General Meeting.

There is no specific interest of the directors in these special resolutions, except that mentioned above.



CHAIRMAN'S REVIEW

I am pleased to present this report to the shareholders of Baba Farid Sugar Mills Limited (the Company) and it gives me the immense pleasure to present the financial and other information for the year ended September 30, 2021 and to appraise them on the overall performance of the Board and effectiveness of the role played by the Board in achieving the Company's Goals, Corporate Objectives and Strategy based on Strategic Planning which are in line with the Vision and Mission of the Company.

The fiscal year 2020-21 began with the COVID-19 pandemic at its peak. Global economic experts predicted this would lead to devastating economic disruption for countries regardless of their size, wealth or growth trajectories. The IMF predicted that the global GDP would fall to -4.4% and that of Pakistan would fall to -0.4%. The pandemic did indeed batter Pakistan's economy, putting immense pressure on the Government to keep the ship afloat. Emergency measures including restricted public activity, extensive health systems strengthening and provision of immediate relief to the most vulnerable segments of society further constrained the Pakistan's already narrow fiscal space. Pakistan witnessed a V-shaped economic recovery showing growth in agriculture, large scale manufacturing, construction and export sectors. The policy rate remained unchanged at 7% till September 2021 which kept the business sentiment positive however afterward policy rate has been revised 2-3 times ahead of expected schedule to curb the demand and inflation.

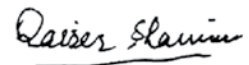
We believe in steadily improving the governance framework of the Company. For this purpose, a formal and effective mechanism in place for evaluation of the Board. Therefore, as required under the Code of Corporate Governance, an annual evaluation of the Board of the Company was carried out, the purpose was to ensure and measure the Board's overall performance and effectiveness and bench marked against expectations in the context of objectives set for the Company. The Board made arrangements for orientation of Directors to acquaint them with the Rules, Regulations & Laws issued by the Regulatory Authorities and enable them to effectively govern the affairs of the Company for and on behalf of the shareholders.

The Board met the duties as required under the Companies Act, 2017 and the Code of Corporate Governance, applicable to the Company which include approval of significant policies, establishing a sound system of internal controls, approval of budgets and financial results, along with approval of significant investments. The Audit Committee and the Human Resource & Remuneration Committee were chaired by the independent director, indicating our commitment to the highest levels of governance and transparency. The Audit Committee has continued to supervise the financial reporting processes and ensuring timely and accurate communication of information to all stakeholders.

The Board ensures that reasonable time is available for discussion on the agenda during Board Meetings. All written notices, including the agenda, supporting documents and other working papers of meetings were circulated with-in a reasonable time prior to the meetings. Further, the Board has a fiduciary responsibility for the proper direction and control of the activities of the Company. This responsibility includes such areas of stewardship as the identification and control of the Company's business risks, the integrity of management information systems and transparent reporting to shareholders. The Company continues to deal with the current challenging business environment and strategic changes to improve the future sustainability, the Board is fully responsive and actively guided the Management. I am confident that the Management will successfully device necessary

adjustments in the Company's operations, financial management and growth strategy. Looking ahead, the Company aims to further enhance its competitive position by expanding allowable manufacturing capabilities, strengthening research and development by leveraging its expertise. The Board and management are focused on creating enduring value for all stakeholders through improved operational efficiencies, cost controls, portfolio diversification and leveraging strong customer relationships.

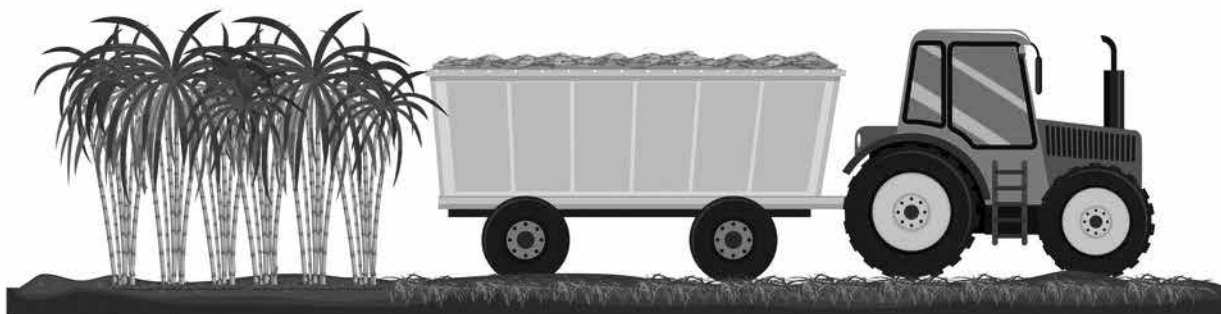
I would like to place on record, my sincere appreciation for devotion of duty, loyalty and hard work of the executives, officers, staff members and workers for smooth running of the Company's affairs and hope that they will continue for enhancement of productivity with great zeal and spirit under the blessings of Almighty Allah. And thanks to all the Government functionaries, banking and non-banking financial institutions, suppliers and shareholders for their continued support and cooperation for the betterment and prosperity of the Company.



Lahore:
27 December, 2021

Mrs. Qaiser Shamim Khan
Chairperson

DIRECTOR'S REPORT TO THE MEMBERS



The Directors of your Company are pleased to present the 43rd Annual Report together with the Audited Accounts and Auditor's report thereon for the Financial Year Ended 30 September 2021.

INDUSTRY OVERVIEW

The year 2020-2021 was a very challenging due to continuous global outbreak of Corona Virus. The impact of Covid-19, pandemic fear, market downturns and restrictions on business and individual activities, have created significant volatility in the global economy and led to reduced economic activity. The force-shutdown of the businesses resulted in global recession. However, to overcome this crisis, the Government and State Bank of Pakistan played a key role in mitigating the economic impact of the pandemic by bringing relief measures and policies to support the local industries. During the year, there have been no change concerning the nature of business. For crushing season 2020-21, notified support price of sugarcane were revised to Rs. 200 per 40 kg from Rs. 190 per 40 kg in the Province of Punjab, whereas due to short supply, price war pushed prices further upward throughout crushing season. The average sugarcane cost was Rs. 256.51 per 40 kg as compared to Rs. 223.63 per 40 kg during last crushing season which is higher by 14.70% that resulted in increase in production cost. The overall sugar recovery remained comparatively low due to early start of crushing season. However, sugar prices remained at good levels due to demand-supply gap in the country.

PERFORMANCE OF THE COMPANY

The evident improvement in the Company's sugar production and profitability is mainly due to the endeavors of management and staff, improved production efficiencies, better relationship with Growers and other stakeholders and experience of the management. The Company's Operating and financial performance is also elaborated below:

Operating Performance

During the crushing season 2020-21 the mill operated for 116 days as compared to 115 days of last season and crushed 457,224.825 metric tons of sugarcane to produce 41,501.500 metric tons of sugar compared to 290,029.359 metric tons of sugarcane crushed to produce 25,159.000 metric tons of sugar during last season. During the year under review, the sucrose recovery slightly increased to 9.072% as against 8.700% for the last year. The company also produced 21,414.992 metric tons of molasses during the period under review compared to 14,187.500 metric tons produced during the corresponding period last year.

Financial Performance

The summarized financial performance of your Company for the financial year 2020/21 compared to last year is presented as follows:

Description	2020-21	2019-20
	(Amount in Rupees)	
Net Sales	3,864,161,244	1,783,548,117
Cost of Sales	(3,613,466,224)	(1,754,710,139)
Gross Profit	250,695,020	28,837,978
Other Income	138,316,106	37,564,543
Other expenses & taxes	(266,792,277)	(352,481,563)
Net Profit / (Loss)	122,218,849	(286,079,042)
Earnings / (Loss) Per Share	12.93	(30.27)
Gross Profit Ratio	0.06	0.02
P/E Ratio	4.07	(1.21)
Market Price Per Share	52.63	36.57

The improvement is result of more crushing and sugar production along-with better sugar and molasses prices.

EARNING PER SHARE

The earning per share of the company for the year under review stood at Rs. 12.93 (2020: Loss per share 30.27).

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 will not only increase 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.

The Company has invested in research and development initiatives, focusing on the cane breed improvement, and the development of energy crops, production technologies and machinery to sustain its growth momentum.

PERSONNEL DEVELOPMENT

Human resources are one of its greatest assets for the Company and employees at all levels are continuously

provided with learning opportunities which can help sharpen their functional skills and complement technique. Employees are encouraged to invent and be involved in innovation projects. As a part of its proactive human resources management process, the Company has worked with local and central educational institutes to offer opportunities to learn skills and knowledge relevant to the Company's business to build a pool of qualified staff.

RELATIONSHIP WITH GROWERS

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

- Consistently follow the policy of timely payments of sugarcane to growers.
- Fulfill farmers' financial requirements by providing them financial assistance in the form of agri input. During period under review, substantial amount of agriculture loans were advanced to growers in the form of seed, fertilizers and pesticides.
- Enhance technical skills through various extension and advisory programs.
- Provide better quality and better yield varieties of sugarcane resulting in increased productivity in sugarcane yield per acre.

FUTURE OUTLOOK AND GOING CONCERN ASSUMPTION

The Crushing season 2021-22 has started and is expected to be more challenging one for the sugar industry. The Government of Punjab has notified the sugarcane price at Rs. 225/- per 40 kg. The sugarcane situation in the procurement area of the Company has slightly improved due to higher acreage. Considering the current condition of the industry, lower sucrose recovery, short supply of cane and the high sugarcane support price will be the major hindrances towards the profitability.

The government must ensure the price of sugar is reflective of the price of sugarcane to create a conducive business environment for the industry as well as develop policies to promote agriculture by providing better yielding seeds to farmers.

In order to safeguard the interest of all stakeholders following the start of the COVID-19, the Company continues to take appropriate measures, including strict implementation of protocols on health and employees safety. These measures have so far permitted continuity of the operations of the Company. We would also like to take this opportunity to appreciate the various relief measures initiated by the government and the State Bank of Pakistan to support the business industry to mitigate the adverse impact of Covid-19.

Going forward the Company is expected to perform better. Though the impact of higher sugarcane prices, higher interest rates and inflationary pressure may subdue the profitability while sugar prices to determine the extent of profitability. It is expected that Company will improve further in its operations and this is essentially due to better management and commitment by professional management and its team. These ingredients will hopefully revive the Company on overall basis.

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 SOCIAL RESPONSIBILITY

The Company has always strived to play its due role in the society and fulfill its responsibility towards the people and environment of Pakistan. In line with its corporate social responsibility policies, the Company has endeavored to improve the overall conditions of

the people living around the manufacturing plant and the surrounding areas.

SAFETY, HEALTH AND ENVIRONMENT

Following the outbreak of the pandemic, measures were and are being taken by your Company, including strict implementation of protocols on health and employee safety, to ensure all staff members are protected as best possible from this virus. In this regard, the Company follows applicable laws and regulations. The safety of staff remains a top priority for the Company. Personal protection equipment is provided to all staff and steps like social distancing, contact tracing, random testing, etc. were introduced by the Company to ensure the wellbeing of employees and continuity of business. The Company also facilitates Covid-19 tests of its staff as appropriate and at its cost, and allows them to work from home as and when appropriate.

The Management of Baba Farid Sugar Mills Limited (BFSML) believes that protection of environment is important for survival of every person and as such the Company attaches utmost importance to provide healthy atmosphere to its employees and to the society at large. Your company continued to be conscious of its social responsibility and the management has taken appropriate measures to achieve pollution free environment.

MATERIAL CHANGES

No material changes and commitments affecting the financial position of the company were observed between the end of financial year of the company to which the financial statements relate and the date of the report.

RISK AND UNCERTAINTIES

The company is exposed to the following risks and uncertainties:

- Increased competition among the mills due to lesser availability of sugarcane crop
- Higher prices of Sugarcane and Packing material
- Market disruption due to change in Govt. policies regarding Sale of Sugar
- Foreign currency fluctuation

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The Company has fully complied with requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. A Statement of Compliance is

provided under the relevant section of the report
Following are the Statements on Corporate and Financial Reporting Framework:

- The financial statements prepared by the management of the Company present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance.
- Key operating and financial data for last six (6) years in summarized form is annexed.
- Statement of pattern of Shareholding, alongwith categories of shareholding of the company is annexed in the report.
- There is nothing outstanding against your Company on account of taxes, duties, levies and charges except for those which are being made in normal course of business.

BOARD OF DIRECTORS

The total number of Directors on the Board is 7 and its composition is as follows:

- Male Directors 5
- Female Directors 2

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

During the year 4 Board meetings were held. The minutes of the meetings were appropriately recorded and circulated. Attendance of such meetings was as under:

Name of Directors	Designation	No. of Meeting Attended
Mrs. Qaiser Shamim Khan	Chair Person	4
Mr. Adnan Ahmed Khan	Chief Executive	3
Mr. Muhammad Shamim Khan	Director	4
Mr. Nauman Ahmed Khan	Director	4
Mrs. Sarah Hajra Khan	Director	3
Mr. Farid Ud Din Ahmed	Independent Director	4
Mr. Malik Manzoor Hussain Humayoon	Independent Director	4

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 of corporate governance. 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) Mr. Malik Manzoor Hussain Humayoon
- iii) Mrs. Sarah Hajra Khan;

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. Malik Manzoor Hussain Humayoon.
- iii) Mr. Adnan Ahmed Khan;

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.

RELATED PARTIES TRANSACTIONS

All transactions with related parties have been executed at arm's length and have been properly disclosed in the financial statements of the Company.

AUDITORS

The present auditors M/s BDO Ebrahim and Co. (Chartered Accountants) retire and being eligible to offer themselves for reappointment.

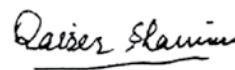
ACKNOWLEDGMENT

We would like to thank all financial institutions having a business relationship with the Company and our customers for their continued support and cooperation. We would also like to share our deepest appreciation for our staff for their dedication, loyalty and hard work.

For and on behalf of Board
Baba Farid Sugar Mills Limited



Adnan Ahmed Khan
Chief Executive



Mrs. Qaiser Shamim Khan
Chairperson

Lahore: 27th December, 2021

ڈائریکٹرز کی ارکان کو رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 30 ستمبر 2021 کو ختم ہونے والے مالی سال کے لئے 43 ویں سالانہ رپورٹ معائنہ پر نظر ثانی شدہ حسابات اور آڈیٹر کی رپورٹ، بخوشی پیش کر رہے ہیں۔

انڈسٹری کا جائزہ

سال 2020-2021 کو روٹا وائرس کی مسلسل عالمی وباء کی وجہ سے بہت مشکل تھا۔ COVID-19 کے اثرات، وبائی بیماری کا خوف، مارکیٹ میں مندی اور کاروباری اور انفرادی سرگرمیوں پر پابندیوں نے عالمی معیشت میں نمایاں اتار چڑھاؤ پیدا کیا ہے اور معاشی سرگرمیوں میں کمی کا باعث بنے ہیں۔ کاروباروں کی زبردستی بندش کے نتیجے میں عالمی کساد بازاری ہوئی۔ تاہم، اس بحران پر قابو پانے کے لیے، حکومت اور اسٹیٹ بینک آف پاکستان نے مقامی صنعتوں کی مدد کے لیے ریلیف اقدامات اور پالیسیاں لاکرو بائی بیماری کے معاشی اثرات کو کم کرنے میں کلیدی کردار ادا کیا۔ سال کے دوران کاروبار کی نوعیت سے متعلق کوئی تبدیلی نہیں آئی۔

حالیہ کرشنگ سیزن 2020-21 کیلئے گئے کی کم سے کم قیمت خرید پنجاب کے لئے -190 روپے فی من سے تبدیل کر کے -200 روپے فی من مقرر کی گئی، جبکہ فراہمی کی قلت کی وجہ سے قیمت جنگ نے پورے کرشنگ سیزن میں قیمتوں کو مزید بڑھا دیا۔ اس سال گئے کی منی اوسط قیمت خرید 256.51 روپے رہی۔ جبکہ گزشتہ سال یہ قیمت 223.63 روپے رہی جو کہ گزشتہ سال کے مقابلے میں 14.70% بلند ہے۔ جس کے نتیجے میں پیداواری لاگت بھی بڑھی ہے۔ کرشنگ سیزن کے جلد آغاز کی وجہ سے مجموعی شوگر ریکوری تقابلی کم رہی۔ تاہم، چینی کی قیمتیں ملک میں طلب۔ رسد کے خلا کی وجہ سے اچھی سطح پر رہی ہیں۔

کمپنی کی کارکردگی

کمپنی کی چینی کی پیداوار اور منافع میں واضح بہتری بنیادی طور پر انتظامیہ اور عملہ کی کوششوں، بہتر پیداواری صلاحیت، کاشتکاروں اور دیگر اسٹیک ہولڈرز کے ساتھ بہتر تعلقات اور انتظامیہ کے تجربے کی بدولت ممکن ہوئی۔ کمپنی کی آپریٹنگ اور مالیاتی کارکردگی بھی ذیل میں بیان کی گئی ہے۔

آپریٹنگ کارکردگی

کرشنگ سیزن 2020-21 کے دوران، کل گزشتہ سیزن میں 115 دنوں کے مقابلے 116 دنوں تک چلائی گئی اور کمپنی نے 457,224.825 میٹرک ٹن گنے کی کرشنگ کی اور 41,501.500 میٹرک ٹن سفید ریفائنڈ چینی بنائی جبکہ اس کے مقابلے میں گزشتہ سال 290,029.359 میٹرک ٹن گنے کی کرشنگ کی اور 25,159.000 میٹرک ٹن سفید ریفائنڈ چینی بنائی۔ زیر جائزہ سال کے دوران، سکروس ریکوری گزشتہ سال کی 8.700% سے معمولی بڑھ کر 9.072% ہو گئی۔ کمپنی نے گزشتہ سال کی اسی مدت کے دوران پیدا شدہ 14,187.500 میٹرک ٹن کے مقابلے میں زیر جائزہ مدت کے دوران 21,414.992 میٹرک ٹن مولا س بھی پیدا کیا۔

مالی کارکردگی

گزشتہ سال کے مقابلے مالی سال 2020-21 کے لئے کمپنی کی مالی کارکردگی کا خلاصہ حسب ذیل ہے:

روپے ملین میں

تفصیل	2020-21	2019-20
خالص فروخت	3,864,161,244	1,783,548,117
فروخت لاگت	(3,613,466,224)	(1,754,710,139)
مجموعی منافع	250,695,020	28,837,978
دیگر آمدنی	138,316,106	37,564,543
دیگر اخراجات اور ٹیکسز	(266,792,277)	(352,481,563)
خالص منافع / (نقصان)	122,218,849	(286,079,042)
آمدنی / (نقصان) فی شیئر (روپے)	12.93	(30.27)
مجموعی منافع تناسب	0.06	0.02
P/E تناسب	4.07	(1.21)
مارکیٹ قیمت فی شیئر	52.63	36.57

یہ بہتری چینی اور مولاس کی بہتر قیمتوں کے ساتھ ساتھ زیادہ کرشنگ اور چینی کی پیداوار کا نتیجہ ہے۔

فی شیر آمدنی

زیر جائزہ سال کے لئے کمپنی کی فی شیر آمدنی 12.93 روپے (2020: 30.27 روپے فی شیر نقصان) رہی ہے۔

تحقیق و ترقی

زری تحقیق و ترقی کمپنی کی پالیسی کا ایک لازمی حصہ ہے جس میں بہترین زرعی طریقوں کے ساتھ ترقی پسند کاشتکاروں کے ذریعے گئے 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۔ کمپنی نے اپنی نمو کی رفتار کو مستحکم رکھنے کے لئے گنے کے بیج، اور انرجی کراپس کی ڈولپمنٹ، پروڈکشن ٹیکنالوجیز اور مشینری کی بہتری پر توجہ مرکوز رکھتے ہوئے تحقیق و ترقی کے اقدامات میں سرمایہ کاری کی ہے۔

عملہ کی ڈولپمنٹ

انسانی وسائل کمپنی کے لیے اس کے سب سے بڑے اثاثوں میں سے ایک ہیں اور ہر سطح پر ملازمین کو مسلسل سیکھنے کے مواقع فراہم کیے جاتے ہیں جو ان کی فنکشنل مہارتوں کو تیز کرنے اور تکنیک کی تکمیل میں مدد کر سکتے ہیں۔ ملازمین کو ایجادات اور اختراعی منصوبوں میں شامل ہونے کی ترغیب دی جاتی ہے۔ اپنے فعال انسانی وسائل کے انتظام کے عمل کے ایک حصے کے طور پر، کمپنی نے مقامی اور مرکزی تعلیمی اداروں کے ساتھ کام کیا ہے تاکہ کافی تعداد میں اہل عملہ تیار کرنے اور کمپنی کے کاروبار سے متعلقہ ہنر اور علم سیکھنے کے مواقع فراہم کیے جائیں۔

کاشتکاروں کے ساتھ تعلقات

کمپنی کسان برادری کے ساتھ خوشگوار تعلقات سے لطف اندوز ہوتی ہے کیونکہ وہ کاشتکاروں کو اپنی ریڑھ کی ہڈی سمجھتی ہے۔ تعلقات کو برقرار رکھنے اور مزید تقویت دینے کے لئے، کمپنی اچھے اصولوں کو ترجیح دیتی ہے اور کوشش کرتی ہے کہ؛

- کاشتکاروں کو گنے کی بروقت ادائیگی کی پالیسی پر مستقل طور پر عمل کرے۔
- کسانوں کی مالی ضروریات کو اپنے ذرائع سے مالی مدد فراہم کر کے پورا کرے۔ زیر جائزہ مدت کے دوران، بیج، کھاد اور کیڑے مار دواؤں کی شکل میں کاشت کاروں کو خیر رقم زرعی قرضے کی مدد فراہم کی گئی ہے۔
- مختلف توسیعی اور مشاورتی پروگراموں کے ذریعے تکنیکی مہارتوں کو بڑھانا۔
- گنے کی بہتر کوالٹی اور بہتر پیداوار کی اقسام فراہم کرے جس کے نتیجے میں گنے کی فی ایکڑ پیداوار میں اضافہ ہوتا ہے۔

مستقبل کا نقطہ نظر اور گونگ کنسرن مفروضہ

کرشنگ سیزن 2021-22 شروع ہو چکا ہے اور توقع ہے کہ شوگر انڈسٹری کے لیے زیادہ چیلنجنگ ہوگا۔ حکومت پنجاب نے گنے کی قیمت -/225 روپے فی 40 کلوگرام مقرر کی ہے۔ زیادہ رقبہ کی وجہ سے کمپنی کے خریداری کے علاقے میں گنے کی صورتحال قدرے بہتر ہوئی ہے۔ صنعت کی موجودہ حالت کو مد نظر رکھتے ہوئے، کم سکروس ریکوری، گنے کی کم فراہمی اور گنے کی کم سے کم زیادہ قیمت منافع کی راہ میں بڑی رکاوٹیں ہوں گی۔

حکومت کو اس بات کو یقینی بنانا چاہیے کہ چینی کی قیمت گنے کی قیمت کی عکاسی کرے تاکہ صنعت کے لیے سازگار کاروباری ماحول پیدا کیا جاسکے اور ساتھ ہی کسانوں کو بہتر پیداوار دینے والے بیج فراہم کر کے زراعت کو فروغ دینے کی پالیسیاں تیار کی جائیں۔

COVID-19 کے آغاز کے بعد تمام اسٹیک ہولڈرز کے مفادات کے تحفظ کے لیے اور ملازمین کی حفاظت سے متعلق پروٹوکول پر سختی سے عمل درآمد سمیت مناسب اقدامات کرنا جاری رکھے ہوئے ہے۔ ان اقدامات نے اب تک کمپنی کے کاموں کو جاری رکھنے کی اجازت دی ہے۔ ہم اس موقع پر حکومت اور اسٹیٹ بینک آف پاکستان کی جانب سے COVID-19 کے منفی اثرات کو کم کرنے کے لیے کاروباری صنعت کی مدد کے لیے شروع کیے گئے مختلف امدادی اقدامات کو سراہتے ہیں۔

آگے بڑھتے ہوئے کمپنی سے بہتر کارکردگی کی توقع ہے۔ اگرچہ گنے کی زیادہ قیمتوں، سودی بلند شرح اور افراط زر کے دباؤ کے اثرات منافع کو کم کر سکتے ہیں جبکہ چینی کی قیمتیں منافع کی حد کا تعین کرتی ہیں۔ امید کی جاتی ہے کہ کمپنی اپنے کاموں میں مزید بہتری لائے گی اور یہ بنیادی طور پر پیشہ ورانہ انتظامیہ اور اس کی ٹیم کے بہتر انتظامات اور عزم کی وجہ سے ہے۔ امید ہے کہ یہ اجزاء کمپنی کو مجموعی طور پر بحال کریں گے۔

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

کارپوریٹ سماجی ذمہ داری

کمپنی نے ہمیشہ معاشرے میں اپنا مناسب کردار ادا کرنے اور پاکستان کے لوگوں کے ماحول کی خاطر اپنی ذمہ داری پوری کرنے کی کوشش کی ہے۔ اپنی کارپوریٹ سماجی ذمہ داری کی پالیسیوں کے مطابق، کمپنی نے مینوفیکچرنگ پلانٹ اور ارد گرد کے علاقوں میں رہنے والے لوگوں کے مجموعی حالات کو بہتر بنانے کی کوشش کی ہے۔

حفاظت، صحت اور ماحولیات

وبائی بیماری کے پھیلنے کے بعد، آپ کی کمپنی کی طرف سے اقدامات کیے گئے اور کیے جارہے ہیں، بشمول صحت اور ملازمین کی حفاظت سے متعلق پروٹوکول پر سختی سے عمل درآمد، اس بات کو یقینی بنانے کے لیے عملے کے تمام اراکین کو اس وائرس سے ہر ممکن حد تک محفوظ رکھا جائے۔ اس سلسلے میں، کمپنی قابل اطلاق قوانین اور ضوابط کی پیروی کرتی ہے۔ عملے کی حفاظت کمپنی کی اولین ترجیح ہے۔ تمام عملے کو ذاتی تحفظ کا سامان فراہم کیا جاتا ہے اور کمپنی کی جانب سے ملازمین کی فلاح و بہبود اور کاروبار کے تسلسل کو یقینی بنانے کے لیے سماجی دوری، رابطے کا پتہ لگانے، ریٹڈ ٹیسٹنگ وغیرہ جیسے اقدامات متعارف کرائے گئے۔ کمپنی اپنے عملے کے Covid-19 ٹیسٹ کی سہولت بھی مناسب اور اپنے خرچہ پر فراہم کرتی ہے، اور جب بھی مناسب ہو گھر سے کام کرنے کی اجازت دیتی ہے۔

بافیلڈ گریڈ ملٹریٹڈ (BFSML) کی انتظامیہ اس بات پر یقین رکھتی ہے کہ ماحول کا تحفظ ہر فرد کی بقا کے لیے ضروری ہے اور اس لیے کمپنی اپنے ملازمین اور بڑے پیمانے پر معاشرے کو صحت مند ماحول فراہم کرنے کو انتہائی اہمیت دیتی ہے۔ آپ کی کمپنی اپنی سماجی ذمہ داری کا شعور رکھتی ہے اور انتظامیہ نے آلودگی سے پاک ماحول کے حصول کے لیے مناسب اقدامات کیے ہیں۔

مادی تبدیلیاں

کمپنی کے مالیاتی سال کے اختتام اور رپورٹ کی تاریخ کے درمیان کمپنی کی مالی حالت کو متاثر کرنے والی کوئی مادی تبدیلیاں اور وعدے نہیں دیکھے گئے۔

خطرات اور غیر یقینی صورتحال

- کمپنی کو درج ذیل خطرات اور غیر یقینی صورتحال کا سامنا ہے:
- گنے کی فصل کی کم دستیابی کی وجہ سے ملوں کے درمیان مسابقت میں اضافہ
- گنے اور پیننگ میٹرل کی زیادہ قیمتیں۔
- چینی کی فروخت سے متعلق حکومتی پالیسیوں میں تبدیلی کی وجہ سے مارکیٹ میں خلل۔
- غیر ملکی کرنسی میں اتار چڑھاؤ

کوڈ آف کارپوریٹ گورننس کی تعمیل کا بیان

کمپنی نے فہرستی کمپنیز (کارپوریٹ گورننس کا ضابطہ) ریگولیشنز، 2019 کے تقاضوں پر مکمل طور پر عمل کیا ہے۔ تعمیل کا بیان رپورٹ کی متعلقہ سیکشن کے تحت فراہم کیا گیا ہے:

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کے بیان مندرجہ ذیل ہیں:

- کمپنی کی انتظامیہ تیار کردہ مالیاتی حسابات کمپنی کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتی ہے۔
- کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیاروں کی پیروی کی گئی ہے اور ان سے کسی مادی انحراف کا انکشاف اور وضاحت کی گئی ہے۔
- اندرونی کنٹرول کا نظام صنعت کی ضروریات اور جدید انتظامی اصولوں کے مطابق ڈیزائن ہے اور اسکی مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- کمپنی کے گونگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- کارپوریٹ گورننس کے بہترین عوامل سے کوئی مادی انحراف نہیں کیا گیا ہے۔
- گزشتہ چھ سال کا کلیدی آپریشننگ اور مالیاتی ڈیٹا رپورٹ ہذا سے منسلک ہے۔
- نمونہ حصص داری کا بیان مع کمپنی کے شیئرز ہولڈنگ کی کیلنگ ریز رپورٹ میں لف ہے۔
- ٹیکسز، ڈیوٹیز، لیویز اور چارجز کی مد میں آپ کی کمپنی کے خلاف کوئی بقایا جات نہیں ہیں ماسوائے جو معمول کے کاروبار میں کی جارہی ہیں۔

بورڈ آف ڈائریکٹرز

بورڈ پڑ ڈائریکٹرز کی کل تعداد 7 ہے اور اس کی تشکیل حسب ذیل کے مطابق ہے:

- مرد ڈائریکٹرز 5
- خاتون ڈائریکٹرز 2

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

زیر جائزہ سال کے دوران بورڈ آف ڈائریکٹرز کے چار (4) اجلاس منعقد ہوئے۔ اجلاس کی کارروائیاں موزوں طریقہ سے ریکارڈ اور ترسیل کی گئی۔ بورڈ کے اجلاسوں میں ہر ایک ڈائریکٹر کی حاضری حسب ذیل ہے۔

نام ڈائریکٹرز	عہدہ	تعداد حاضری
محترمہ قیصر شمیم خان	چیئر پرسن	4
جناب عدنان احمد خان	چیف ایگزیکٹو	3
جناب محمد شمیم خان	ڈائریکٹر	4
جناب نعمان احمد خان	ڈائریکٹر	4
محترمہ سارہ ہاجرہ خان	ڈائریکٹر	3
جناب فرید الدین احمد	آزاد ڈائریکٹر	4
جناب ملک منظور حسین ہمایوں	آزاد ڈائریکٹر	4

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 مینٹل اور انٹرنل آڈٹ سسٹم کے جائزہ میں بورڈ کی مدد کرتی ہے۔

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

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 اینڈ ریمزیشن کمیٹی تشکیل دی ہے۔

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

نامینیشن کمیٹی

بورڈ نے کوڈ آف کارپوریٹ گورننس کی تعمیل میں، مندرجہ ذیل کے مطابق کمیٹی کے چیئر مین سمیت دواکان پر مشتمل نامینیشن کمیٹی تشکیل دی ہے۔

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

رسک مینجمنٹ کمیٹی

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

- (i) جناب ملک منظور حسین ہمایوں (چیئر مین)
- (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 کیا گیا ہے۔

متعلقہ پارٹی لین دین

متعلقہ پارٹیوں کے ساتھ تمام لین دین قابل رسائی قیمتوں پر کیا گیا اور جس کا کمپنی کے مالی حسابات میں مناسب طریقہ سے انکشاف کیا گیا ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز BDO ابراہیم اینڈ کمپنی (چارٹرڈ اکاؤنٹنٹس) ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر، دوبارہ تقرری کے لئے خود کو پیش کرتے ہیں۔

اظہار تشکر

ہم کمپنی اور اپنے صارفین کے ساتھ کاروباری تعلقات رکھنے والوں کی مسلسل حمایت اور تعاون کے لیے ان تمام مالیاتی اداروں کا شکریہ ادا کرتے ہیں۔ ہم اپنے عملے کی لگن، وفاداری اور محنت کو دل کی گہرائیوں سے سراہتے ہیں۔

منجانب بورڈ

بابا فرید شوگر ملز لمیٹڈ

Raiser Khan

محترمہ قیصر شمیم خان

چیئر پرسن

Ednan Ahmad Khan

عدنان احمد خان

چیف ایگزیکٹو

لاہور: 27 دسمبر 2021ء

SIX YEARS SUMMARY OF FINANCIAL HIGHLIGHTS

OPERATING PERFORMANCE:

		2021	2020	2019	2018	2017	2016
Sugar Production:							
Cane crushed	(M.Tons)	457,225	290,029	26,976	208,594	393,035	261,931
Average sucrose recovery	(%)	9.072	8.70	5.58	8.80	9.11	9.17
Sugar produced	(M.Tons)	41,502	25,159	1,936	18,262	35,497	23,943
Operating period	Days	116	115	22	93	128	100
Operating results:							
Sales	(000'Rs.)	3,864,161	1,783,548	121,607	1,381,821	1,932,149	1,264,121
Cost of sales	(000'Rs.)	3,613,466	1,754,710	478,697	1,545,650	1,737,483	1,124,993
Gross profit/ (Loss)	(000'Rs.)	250,695	28,838	(357,090)	(163,829)	194,666	139,128
Gross Profit to Net Sales	(%)	0.06	0.02	(2.94)	(0.12)	0.10	0.11
Net Profit / (Loss) before Taxation	(000'Rs.)	166,421	(276,941)	(627,625)	(378,293)	23,957	3,237
Net Profit / (Loss) after Taxation	(000'Rs.)	122,219	(286,079)	(682,625)	(374,066)	29,538	12,485
Net Profit/ (Loss) to Net Sales	(%)	0.03	(0.16)	(5.61)	(0.27)	0.02	0.01
Shareholders' Equity:							
Paid up capital	(000'Rs.)	94,500	94,500	94,500	94,500	94,500	94,500
Reserves & surplus	(000'Rs.)	1,698,942	1,256,871	771,630	235,256	599,079	561,815
Shareholders' equity	(000'Rs.)	1,793,442	1,351,371	866,130	329,756	693,579	656,315
Break-up value per share	Rupees	18.98	14.30	9.17	3.49	7.34	6.95
Earnings / (Loss) per share	Rupees	12.93	(30.27)	(72.24)	(39.58)	3.13	1.32
P/E Ratio	Rupees	4.07	(1.21)	(0.68)	(0.96)	14.34	21.59
Market Price Per Share	Rupees	52.63	36.57	49.25	38.00	44.88	28.50
Financial position:							
Current assets	(000'Rs.)	536,024	897,653	296,437	805,554	965,169	808,353
Fixed capital expenditure	(000'Rs.)	2,943,193	2,830,740	2,822,993	2,495,993	2,518,371	2,475,983
Total assets	(000'Rs.)	3,480,553	3,728,568	3,119,430	3,302,135	3,484,127	3,284,924
Current liabilities	(000'Rs.)	1,003,023	1,100,007	900,442	2,084,145	1,777,059	1,780,773
Long term debts	(000'Rs.)	306,792	901,016	965,960	600,000	700,000	500,000
Total liabilities	(000'Rs.)	1,687,111	2,377,197	2,253,300	2,972,379	2,790,548	2,628,609
Current ratio	(%)	0.53	0.82	0.33	0.39	0.54	0.45
Debt equity ratio	(%)	0.94	1.76	2.60	9.01	4.02	4.01

FORM-34

THE COMPANIES ACT, 2017

(SECTION 227(2)(F))

PATTERN OF SHAREHOLDING

1. Incorporation Number **0006535**

2. Name of the Company **BABA FARID SUGAR MILLS LIMITED**

2.1 Pattern of holding of the shares held by the shareholders as at **30/09/2021**

2.2 Number of Shareholders	Shareholdings		Total Shares Held
	From	To	
627	1	100	15,595
382	101	500	70,795
35	501	1,000	27,472
38	1,001	5,000	93,421
2	5,001	10,000	12,662
1	10,001	15,000	10,500
1	35,001	40,000	37,668
3	910,001	915,000	2,734,635
2	975,001	980,000	1,956,942
1	1,115,001	1,120,000	1,115,049
1	1,640,001	1,645,000	1,640,784
1	1,730,001	1,735,000	1,734,477
1,094			9,450,000

2.3	Categories of shareholders	Shares Held	Percentage
2.3.1	Directors, Chief Executive Officer, and their spouse and minor children	9,183,987	97.1850%
2.3.2	Associated Companies, undertakings and related parties. (Parent Company)	0	0.0000%
2.3.3	NIT and ICP	1,000	0.0106%
2.3.4	Banks Development Financial Institutions, Non Banking Financial Institutions.	100	0.0011%
2.3.5	Insurance Companies	0	0.0000%
2.3.6	Modarabas and Mutual Funds	0	0.0000%
2.3.7	Shareholders holding 10% or more	9,181,887	97.1628%
2.3.8	General Public		
	a. Local	253,732	2.6850%
	b. Foreign	0	0.0000%
2.3.9	Others (to be specified) - Joint Stock Companies	11,181	0.1183%

CATEGORIES OF SHARE HOLDERS

As on 30th September 2021

S. No.	NAME	HOLDING	%AGE
<u>DIRECTORS, CEO THEIR SPOUSE AND MINOR CHILDREN</u>			
1	MR. MUHAMAMD SHAMIM KHAN (CDC)	1,640,784	17.3628
	MR. MUHAMAMD SHAMIM KHAN	1,115,049	11.7995
2	MRS. QAISER SHAMIM KHAN (CDC)	911,545	9.6460
	MRS. QAISER SHAMIM KHAN	1,734,477	18.3543
3	MR. ADNAN AHMED KHAN (CDC)	911,545	9.6460
	MR. ADNAN AHMED KHAN	978,471	10.3542
4	MR. NAUMAN AHMED KHAN (CDC)	911,545	9.6460
	MR. NAUMAN AHMED KHAN	978,471	10.3542
5	MALIK MANZOOR HUSSAIN HUMAYUN	1,600	0.0169
6	MR. FARID UL DIN AHMED	200	0.0021
7	MRS. SARAH HAJRAH KHAN	300	0.0032
		9,183,987	97.1850
<u>ASSOCIATED COMPANIES</u>			
		0	0.0000
<u>NIT & ICP</u>			
1	M/S INVESTMENT CORPORATION OF PAKISTAN	1,000	0.0106
		1,000	0.0106
<u>BANKS, DEVELOPMENTS, FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS</u>			
1	M/S FIDELITY INVESTMENT BANK LTD.	100	0.0011
		100	0.0011
<u>JOINT STOCK COMPANIES</u>			
1	AKIK CAPITAL (PRIVATE) LIMITED (CDC)	1,100	0.0116
2	CENTRAL DEPOSITORY COMPANY OF PAKISTAN LTD.(CDC)	25	0.0003
3	MAPLE LEAF CAPITAL LIMITED (CDC)	1	0.0000
4	SALIM SOZER SECURITIES (PVT.) LTD. (CDC)	6,055	0.0641
5	SARFRAZ MAHMOOD (PRIVATE) LTD. (CDC)	500	0.0053
6	SCANDIA LIMITED (CDC)	3,500	0.0370
		11,181	0.1183
<u>SHARES HELD BY THE GENERAL PUBLIC (FOREIGN)</u>			
		0	0.0000
<u>SHARES HELD BY THE GENERAL PUBLIC (LOCAL)</u>			
		253,732	2.6850
		253,732	2.6850
TOTAL:		9,450,000	100.0000

S. No.	NAME	HOLDING	%AGE
<u>SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL</u>			
1	MR. MUHAMAMD SHAMIM KHAN (CDC)	2,755,833	29.1623
2	MRS. QAISER SHAMIM KHAN (CDC)	2,646,022	28.0002
3	MR. ADNAN AHMED KHAN (CDC)	1,890,016	20.0002
4	MR. NAUMAN AHMED KHAN (CDC)	1,890,016	20.0002
		<hr/> 9,181,887	<hr/> 97.1628

SHAREHOLDERS HOLDING 5% OR MORE OF TOTAL CAPITAL

1	MR. MUHAMAMD SHAMIM KHAN (CDC)	2,755,833	29.1623
2	MRS. QAISER SHAMIM KHAN (CDC)	2,646,022	28.0002
3	MR. ADNAN AHMED KHAN (CDC)	1,890,016	20.0002
4	MR. NAUMAN AHMED KHAN (CDC)	1,890,016	20.0002
		<hr/> 9,181,887	<hr/> 97.1628

During the financial year the trading in shares of the company by the Directors, CEO, CFO, Company Secretary and their spouses and minor children is as follows

S. No.	NAME	SALE	PURCHASE
1	MR. MUHAMAMD SHAMIM KHAN	0	1,115,049
2	MRS. QAISER SHAMIM KHAN	0	1,734,477
3	MR. ADNAN AHMED KHAN	0	978,471
4	MR. NAUMAN AHMED KHAN	0	978,471
5	MALIK MANZOOR HUSSAIN HUMAYUN	0	1,400

STATEMENT OF COMPLIANCE

WITH LISTED COMPANIES

(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2021



M/s. Baba Farid Sugar Mills Limited ("the Company") has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") in the following manner:

1. The total number of directors are seven as per the following:
 - a. Male: 05
 - b. Female: 02
2. The composition of the Board of Directors (the Board") is as follows:

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

Determination of number of Independent Directors comes to 2.33 (rounded to 2) which is based on seven elected Directors. The fraction of one-third number is not rounded up, as the Two elected independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently, as per applicable laws and regulations. As they fulfill the necessary requirements as per applicable laws and regulations, hence, appointment of a third Independent Director is not warranted.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board /shareholders as empowered by the relevant provisions of the Act and these regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recordings and circulating minutes of meeting of the board.
8. The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The Board has arranged Directors' Training program of the following:

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

Remaining four directors are exempted from such training as they have fourteen years of education and fifteen years of experience on the board of the listed company
10. The Board has approved appointment of chief financial officer, company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief financial officer and chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:

AUDIT COMMITTEE

Names	Designation held
Mr. Farid ud Din Ahmad	Chairman/ Independent
Mrs. Sarah Hajra Khan	Member / Non-Executive
Mr. Malik Manzoor Hussain Humayoon	Member / Independent

HR AND REMUNERATION COMMITTEE

Names	Designation held
Mr. Farid ud Din Ahmad	Chairman/ Independent
Mr. Adnan Ahmed Khan	Member / Executive (CEO)
Mr. Malik Manzoor Hussain Humayoon	Member / Independent

RISK MANAGEMENT COMMITTEE

Names	Designation held
Mr. Malik Manzoor Hussain Humayoon	Chairman / Independent
Mr. Farid ud Din Ahmad	Member / Independent

NOMINATION COMMITTEE

Names	Designation held
Mr. Malik Manzoor Hussain Humayoon	Chairman/ Independent
Mr. Farid ud Din Ahmad	Member/ Independent

1. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
2. The frequency of meetings (quarterly/ half yearly/ yearly) of the committees held during the financial year ended 30th September 2021 were as per following:

Names	Number of Meetings Held
Audit Committee	6
HR and Remuneration Committee	1
Risk Management Committee	1
Nomination Committee	1

3. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with policies and procedures of the Company;
4. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with international federation of accountant (IFAC) guidelines on code of ethics as adopted by Institute of chartered accountants of Pakistan and that they and partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
5. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
6. We confirm that all requirements of the Regulations 3, 6, 7, 8, 27, 32, 33, and 36 of the Regulations have been complied with.
7. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33, and 36 are below:
 - As per regulation 35, "Disclosure of significant policies on website" the Company may post the following on its website:

Key element of its significant policies
 Brief synopsis of terms of reference of the Board Committees
 Key element of the directors' remuneration policy

However, these have not been posted on the website as, the updating of website customization is still in progress and will soon be complied with.

Qaiser Shamim

Mrs. Qaiser Shamim Khan
 Chairperson

27th December 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Baba Farid Sugar Mills Limited

Review Report on The Statement of Compliance Contained In Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Baba Farid Sugar Mills Limited for the year ended September 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended September 30, 2020.

Further we highlight below instances of non-compliance with the requirement of the regulations as reflected in the paragraph reference where it is stated in the statement of Compliance:

Paragraph Reference	Description
I 18	Independent director in which fraction is not rounded up as "One".
II 19	Disclosure of significant policies has not been posted on the Company website.



BDO EBRAHIM & CO.

Chartered Accountants

Engagement Partner: Muhammad Imran

Lahore: 24 December 2020



BABA FARID
SUGAR MILLS LIMITED

INDEPENDENT AUDITOR'S REPORT

To the Members of Baba Farid Sugar Mills Limited Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **BABA FARID SUGAR MILLS LIMITED (the Company)**, which comprise the statement of financial position as at September 30, 2021, and the statement of profit or loss, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2021 and of the profit and other comprehensive income, its cash flows and the changes in equity for the year then ended.

Basis for Opinion

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

Material uncertainty relating to Going Concern

We draw attention to Note 4 to the financial statements, which indicates that the Company's current liabilities exceeded its current assets by Rs. 466.999 million as at September 30, 2021. The accumulated losses have exceeded the issued, subscribed and paid up capital by Rs. 2,400.120 million as at September 30, 2021 and accumulated losses as of that date amounted to Rs. 2,494.620 million. These conditions, along with other matters as set forth in Note 4, 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 profitable future cashflow projections and the sponsors' commitment to provide financial support to the Company and other mitigating factors mentioned in the note 4.

Considering the mitigating factors mentioned in the note 4, these financial statements have been prepared on going concern basis. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Sr.No	Key audit matters	How the matter was addressed in our audit
1.	Capital expenditures	
	<p>The Company continued to invest in capital projects with significant capital expenditure incurred during the year ended September 30, 2021. The significant level of capital expenditure requires consideration of the nature of the costs incurred to ensure that their capitalization in property, plant and equipment meets the specific recognition criteria in the Company's accounting policy, in particular for assets constructed / installed by the Company and the useful economic lives assigned by management are appropriate. For these reasons, we considered it to be a key audit matter.</p> <p>Refer to notes 8.1, 9 and 10 to the financial statements for accounting policies and the relevant detailed disclosures.</p>	<p>Our audit work included assessing and testing the design and operation of its key controls over capital expenditure and testing the amounts capitalized to supporting evidence and evaluating whether assets capitalized satisfied the required recognition criteria. We also assessed the useful economic lives assigned with reference to the Company's historical experience.</p> <p>We reviewed the minutes of the Company's Board of Directors and Audit Committee to evaluate the completeness of management's consideration of any events that warranted changes to the useful economic lives.</p> <p>We visited the sites where significant capital projects are ongoing to understand the nature of the projects.</p> <p>The adequacy of the disclosures presented in the financial statements regarding property, plant and equipment was also assessed, based on the applicable accounting standards and requirements of Companies Act, 2017.</p>
2.	Contingencies	
	<p>As disclosed in note 31.1 to the financial statements, the Company is involved in certain legal and tax proceedings against the Company. The appeals were filed by the Company against these orders at respective forum.</p> <p>Management judgement is involved in assessing the accounting for claims, and in particular in considering the probability of a claim being successful and we have accordingly designated this as a focus area of the audit. The risk related to the claims is mainly associated with the completeness of the disclosure, and the completeness of the provisions in the financial statements.</p> <p>No provision has been made in the financial statements for the liability that may arise in the event of a decision against the Company as the management is of the opinion, based on advice of legal and tax advisor that the decision is likely to be in the favor of the Company.</p> <p>There are significant uncertainties attached to the future outcome of these pending matters and, therefore, are considered as key audit matters.</p>	<p>In response to the risk of completeness of the disclosures and the completeness of the provisions in the financial statements, we obtained external confirmations directly from legal and tax advisors.</p> <p>We undertook number of procedures to verify the appropriateness of contingencies in the financial statements. This included, among others:</p> <ul style="list-style-type: none"> • We discussed the cases with management, and reviewed correspondence and other documents exchanged between the Company and the other parties involved in the disputes. • We read the minutes of the Board meetings, and inspected the company's legal expenses, in order to ensure all cases have been identified. • We tested provisions recorded in the accounting records, and reviewed the disclosures for completeness based on our procedures detailed above. • We followed the progress of each case and the Company's estimate of the cost to be incurred;

Sr.No	Key audit matters	How the matter was addressed in our audit
		<ul style="list-style-type: none"> • We considered the impact on future case costs from changes arising in the regulatory environment; • We obtained confirmations from legal advisors for current status on pending previous cases and any new case filed during the year; • Checked orders by relevant authority on previous lawsuits / cases appearing in the financial statements; and • Obtained legal advice on the above cases with the legal advisors to ensure that the outflow is possible and not probable.
3.	Revenue recognition	
	<p>The Company focuses on revenue as a key performance measure which could create an incentive for revenue to be recognized before the control of the goods have been transferred to customers and the customer can direct the use of and substantially obtain all the benefits from the goods, resulting in a significant risk associated with revenue from an audit perspective.</p> <p>Due to the significant risk associated with revenue recognition and the work effort from the audit team, the recognition of revenue is considered to be a key audit matter.</p> <p>Refer to note 7.22 and 32 to the financial statements for accounting policies and the relevant detailed disclosures.</p>	<p>Our audit procedures included considering the appropriateness of the Company's revenue recognition accounting policies and assessing compliance with the policies in accordance with the applicable financial reporting framework.</p> <p>We developed an understanding of relevant business process and performed the following procedures:</p> <ul style="list-style-type: none"> • Control testing over the point of transfer of control of the goods to customers and the customers can direct the use of and substantially obtain all the benefits from the goods, was supported by substantive audit procedures including, amongst others: • Performing predictive analytical tests on the different revenue streams. • Testing a sample of sales transactions around year end to ensure inclusion in the correct period. • Testing of a sample of sales and trade receivables at year end by agreeing a sample of open invoices at year end to subsequent receipts from customers.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss, statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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



BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

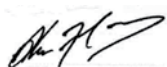
LAHORE: DECEMBER 24, 2021

STATEMENT OF FINANCIAL POSITION

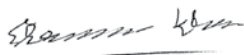
As At 30 September 2021

	Note	2021 Rupees	2020 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	8	2,836,086,866	2,764,595,619
Operating fixed assets	9	107,105,808	66,144,854
Capital work in progress		2,943,192,674	2,830,740,473
Long term deposits	10	1,337,050	174,500
		2,944,529,724	2,830,914,973
CURRENT ASSETS			
Stores, spares and loose tools	11	128,614,530	78,745,755
Stock in trade	12	4,336,426	256,974,378
Trade debts	13	4,576,692	8,668,169
Short term investment	14	100,355,619	-
Loans and advances	15	135,380,853	77,522,001
Short term deposits and prepayments	16	1,707,038	3,118,478
Other receivables	17	126,937,594	116,176,230
Taxation - net	29	7,169,497	-
Cash and bank balances	18	26,945,258	356,447,809
		536,023,507	897,652,820
TOTAL ASSETS		3,480,553,231	3,728,567,793
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	19.1	700,000,000	700,000,000
Issued, subscribed and paid up capital	19.2	94,500,000	94,500,000
Reserves		(2,494,620,374)	(2,659,091,730)
Revenue reserves - accumulated losses		2,302,700,000	1,982,700,000
Directors' loans	20	1,890,862,444	1,933,262,901
Surplus on revaluation of fixed assets	21	1,793,442,070	1,351,371,171
NON CURRENT LIABILITIES			
Loan from associated company	22	300,000,000	900,000,000
Lease liabilities	23	6,791,989	1,015,700
Deferred liabilities	24	377,296,536	376,173,598
		684,088,525	1,277,189,298
CURRENT LIABILITIES			
Trade and other payables	25	416,521,603	764,479,221
Unclaimed dividend		255,930	255,930
Due to Pattoki Sugar Mills Limited	26	14,426,698	43,829,685
Short term borrowing	27	20,295,945	105,000,000
Mark-up accrued	28	247,610,328	185,753,366
Taxation - net	29	-	184,369
Current portion of long term liabilities	30	303,912,132	504,753
		1,003,022,636	1,100,007,324
CONTINGENCIES AND COMMITMENTS	31	-	-
TOTAL EQUITY AND LIABILITIES		3,480,553,231	3,728,567,793

The annexed notes from 1 to 61 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

STATEMENT OF PROFIT OR LOSS

For the year ended 30 September 2021

	Note	2021 Rupees	2020 Rupees
Sales	32	3,864,161,244	1,783,548,117
Cost of sales	33	(3,613,466,224)	(1,754,710,139)
Gross profit		250,695,020	28,837,978
Selling and distribution expenses	34	(14,523,650)	(8,082,408)
General and administrative expenses	35	(79,325,441)	(63,214,970)
Other operating expenses	36	(13,458,780)	(78,873,542)
Other income	37	138,316,106	37,564,543
		31,008,235	(112,606,377)
Operating profit / (loss)		281,703,255	(83,768,399)
Financial charges	38	(115,282,684)	(193,172,392)
Profit / (loss) before taxation		166,420,571	(276,940,791)
Taxation	39	(44,201,722)	(9,138,251)
Profit / (loss) after taxation		122,218,849	(286,079,042)
Earning / (loss) per share - Basic and diluted (Rupees)	42	12.93	(30.27)

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

The annexed notes from 1 to 61 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

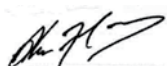

CHIEF FINANCIAL OFFICER

STATEMENT OF COMPREHENSIVE INCOME

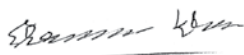
For the year ended 30 September 2021

	Note	2021 Rupees	2020 Rupees
Profit/ (loss) after taxation		122,218,849	(286,079,042)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability	24.3.4	(147,950)	169,134
Related tax effect		-	(49,049)
		(147,950)	120,085
Items that may be reclassified subsequently to profit or loss		-	-
Total comprehensive income / (loss) for the year		122,070,899	(285,958,957)

The annexed notes from 1 to 61 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

STATEMENT OF CASH FLOWS

For the year ended 30 September 2021

	Note	2021 Rupees	2020 Rupees
Cash flows from operating activities			
Profit / (loss) before taxation		166,420,571	(276,940,791)
Adjustments for items not involving movement of funds:			
Depreciation	8.8	93,330,759	93,766,794
Provision for staff retirement gratuity	24.3.4	5,525,822	2,842,064
Gain on sale of fixed assets	37	(3,639,229)	-
Profit on investment	37	418,375	-
Provision for doubtful debts	36	-	77,491,042
Liabilities written back	37	(103,548,738)	(24,010,753)
Financial charges	38	115,282,684	193,172,392
Net cash flow before working capital changes		273,790,244	66,320,748
Decrease / (increase) in current assets			
Stores, spares and loose tools		(49,868,775)	(29,160,161)
Stock in trade		252,637,952	(256,974,378)
Trade debts		4,091,477	(8,668,169)
Loans and advances		(57,858,852)	(62,385,644)
Trade deposits and short term prepayments		1,411,440	(2,533,656)
Other receivables		(10,919,354)	12,895,046
		139,493,888	(346,826,962)
Increase / (decrease) in current liabilities			
Trade and other payables		(244,408,879)	178,945,611
		168,875,253	(101,560,603)
Taxes paid		(55,129,320)	(24,223,824)
Payment against staff retirement gratuity		(730,077)	-
Financial charges paid		(53,425,722)	(93,981,217)
Net cash generated from/ (used) in operating activities		59,590,134	(219,765,644)
Cash flows from investing activities			
Additions to operating fixed assets		(154,735,311)	(40,794,417)
Additions to capital work in progress		(40,960,954)	(58,974,722)
Proceeds from sale of fixed assets		4,315,000	-
Short term investment		(100,000,000)	-
Long term deposits		(1,162,550)	(174,500)
Net cash used in investing activities		(292,543,815)	(99,943,639)
Cash flows from financing activities			
Repayments of long term financing		-	(100,000,000)
Due to Pattoki Sugar Mills Limited		(29,402,987)	(60,237,009)
Loan from associated company - Net		(300,000,000)	(65,960,400)
Directors' loans		320,000,000	771,200,000
Lease liability paid		(2,441,828)	(224,547)
Short term borrowings-net		(84,704,055)	105,000,000
Net cash (used in)/ generated from financing activities		(96,548,870)	649,778,044
Net (decrease)/ increase in cash and cash equivalents		(329,502,551)	330,068,761
Cash and cash equivalents at the beginning of the year		356,447,809	26,379,048
Cash and cash equivalents at the end of the year		26,945,258	356,447,809

The annexed notes from 1 to 61 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2021

	Note	Issued, subscribed and paid-up capital	Surplus on revaluation of fixed assets	Directors' loans	Revenue Reserves	Total
		Ordinary shares			Accumulated losses	
		----- (Rupees) -----				
Balance as at October 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
Transfer from surplus on revaluation of fixed assets incremental depreciation-net of deferred tax		-	(45,608,544)	-	45,608,544	-
Director contribution / loan	20.1	-	-	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
Total comprehensive income for the year						
Profit for the year		-	-	-	122,218,849	122,218,849
Remeasurement of defined benefit liability - net		-	-	-	(147,950)	(147,950)
Transfer from surplus on revaluation of fixed assets incremental depreciation-net of deferred tax		-	(42,400,457)	-	42,400,457	-
Director contribution / loan	20.1	-	-	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

The annexed notes from 1 to 61 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2021

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Baba Farid Sugar Mills Limited ("the Company") was incorporated in 1978 under the Companies Act 1913 (now Companies Act, 2017) as a Public Limited Company and its shares are quoted at Pakistan Stock Exchange. It is principally engaged in the manufacturing and sale of sugar including its by-products i.e. molasses and V.Filter cake.
- 1.2 Nil (2020: 4,806,468) ordinary shares of the Company which represent Nil (2020: 50.862%) of the issued, subscribed and paid up share capital of the Company are held by Naubahar Bottling Company (Private) Limited which is incorporated / registered in Pakistan under Pakistani laws. The registered address of the associated company is 38-40 Grand Trunk Road, Industrial Estate Model Town, Gujranwala, Punjab. The associated company (2020: Holding company) is engaged in the manufacturing and distribution of Pepsi Cola soft drinks in Pakistan. The Chief Executive of the associated company (2020: Holding Company) is Mr. Muhammad Shamim Khan.

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

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. 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.

4. GOING CONCERN ASSUMPTION

The Company's current liabilities exceeded its current assets by Rs. 466.999 million as at September 30, 2021. The accumulated losses have exceeded the issued, subscribed and paid up capital by Rs. 2,400.120 million as at September 30, 2021 and accumulated losses as of that date amounted to Rs. 2,494.620 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 conversion of losses amounting to Rs. 286.079 million to profit amounting to Rs. 122.219 million is due to improved operational efficiency and on the other hand the Company has made net revenue from sales of Rs. 3,864.161 million resultantly earned gross profit of Rs. 250.695 million as compared to previous year gross profit of Rs. 28.838 million. The management of the Company is very much confident on the basis of current financial results that the Company will become more financially viable in coming years. Based on these factors, these financial statements have been prepared on a going concern basis based on the profitable future projections and sponsor's commitment to provide financial support to the Company.

The acquisition has further brought strength, experience and efficiency to the Company. Specifically, the acquisition has the potential to: facilitate expansion and efficient growth of business; strengthen the management and finances; and improve financial planning; thereby facilitating business to be carried on more advantageously and economically with enhanced profitability.

It is expected to yield better returns to the shareholders and additional benefits for other stakeholders. It is expected that the Company shall become more financially viable in comparison to its current status. Consequently, the Acquirers will be able to pass on parts of the expected benefits to the other stakeholders such as the Government, employees, general body of consumers and the society at large. The Sponsors have appointed an experienced Board of Directors and professional management team to revive sugar mills operations and explore new markets. They are confident that it will be able to expand the Company's business and operate more efficiently and profitably.

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

5. BASIS OF PREPARATION

5.1 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.

5.2 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.

The preparation of financial statements in conformity with accounting and reporting standards requires management to make estimates, assumptions and use judgments that effect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

Judgments and estimates made by the management that may have a significant risk of material adjustments to the financial statements in subsequent years are disclosed in note 41.

5.3 Functional and presentation currency

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

6. NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

The Company has adopted all the new standards and amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year:

6.1 Effective in current year and not relevant to the Company

		Effective date (annual periods beginning on or after)
IFRS 3	Business Combinations - The amendments narrowed and clarified the definition of a business, the amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets.	January 01, 2020
IFRS 16	Leases - The objective of the amendment is to give timely relief to lessees to covid-19-related rent concessions while still enabling them to provide useful information about their leases to investors.	January 01, 2020
IFRS 7	Financial Instruments "disclosures"	January 01, 2020
IFRS 9	Financial Instruments	January 01, 2020
IAS 1	Presentation of Financial Statements - amendments to its definition of material to make it easier for companies to make materiality judgements.	January 01, 2020
IAS 39	Financial Instruments: Recognition and Measurement	January 01, 2020
IAS 41	Agriculture.	January 01, 2020

6.2 The following International Financial Reporting Standards (IFRS Standards) and amendments not yet effective

		Effective date (annual periods beginning on or after)
IFRS 16	COVID-19 - Related Rent Concessions	January 01, 2021
	<p>The International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate.</p> <p>Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criterias are met:</p>	
a)	The change in lease payments result in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;	
b)	Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and	
c)	there is no substantive change to the other terms and conditions of the lease.	

The standard is not likely to have any effect on Company's financial statements.

		Effective date (annual periods beginning on or after)
IFRS 3	Business Combinations - amendments updating a reference to the Conceptual Framework	January 01, 2022
IFRS 4	Insurance Contracts - Amendments regarding the expiry date of the deferral approach	January 01, 2023
IFRS 9	Financial Instruments - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.	January 01, 2022
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of current and non-current liabilities.	January 01, 2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Amendment regarding the definition of accounting estimates, the standard defines the concept of a "change in accounting estimates.	January 01, 2023
IAS 12	Income taxes - Amendment regarding clarifying how companies account for deferred tax on leases and decommissioning obligations	January 01, 2023
IAS 16	Property, Plant and equipment - The amendments clarify the prohibition on an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.	January 01, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - The amendments specify the costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.	January 01, 2022

The IASB issued 'Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)' with amendments that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after January 1, 2021. The standard is not likely to have any effect on Company's financial statements.

The following new standards and interpretations have been issued by the IASB, which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

IFRS 1	First time adoption of International Financial Reporting Standard
IFRS 17	Insurance Contracts

7. SIGNIFICANT ACCOUNTING POLICIES

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

7.1 Property, plant and equipment

a) Owned assets

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for freehold land, buildings on freehold land, and plant & machinery which are carried at revalued amount and capital work-in-progress which is stated at cost less impairment losses.

Depreciation is charged on all fixed assets by applying the reducing balance method at the rates specified in note 8. The rates are determined to allocate the cost of an asset less estimated residual value, if not insignificant, over its useful life.

Depreciation on assets is charged from the month of addition while no depreciation is charged for the month in which assets are disposed off.

Increases in the carrying amounts arising on revaluation of fixed assets is recognised, net of tax, in other comprehensive income and accumulated revaluation surplus in shareholders' equity and value of fixed assets. If an assets' carrying amount is increased as a result of revaluation, the increase will be recognized in other comprehensive income. However, the increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss. If an assets' carrying amount is decreased as a result of revaluation, the decrease shall be recognized in profit or loss. However, the decrease shall be recognized in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that assets.

Maintenance and normal repairs are charged to income as and when incurred while cost of major replacements and improvements, if any, are capitalized.

Gains and losses on disposal and retirement of an asset are included in the statement of profit or loss.

Surplus on revaluation of operating fixed assets

Surplus arising on revaluation is credited to surplus on revaluation of property plant and equipment. This surplus on revaluation, to the extent of incremental depreciation is transferred to accumulated profit, net of deferred tax.

b) Capital work in progress

Capital work-in-progress are stated at cost less impairment losses, if any, and consists of expenditure incurred, advances made and other costs directly attributable to operating fixed assets in the course of their construction and installation. Cost also includes applicable borrowing costs. Transfers are made to relevant operating fixed assets category as and when assets are available for use intended by the management.

c) Impairment of non-financial assets

The carrying amount of the Company's non-financial assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indications exist, the assets' recoverable amounts are estimated in order to determine the extent of impairment loss, if any.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that is largely independent from other assets and group. Impairment losses are recognized as expense in the statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Impaired assets are reviewed for possible reversal of the impairment at each statement of financial position date. Reversal of the impairment losses are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment losses had been recognized. A reversal of impairment loss is recognized in the statement of profit or loss.

7.2 Leases

Right of use assets

The right of use asset is measured at cost, as the amount equal to initially measured lease liability adjusted for lease prepayments made at or before the commencement date, initial direct cost incurred less any lease incentives received.

The right of use asset is subsequently depreciated using reducing balance 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.

Lease liability

The lease liability was measured upon initial recognition at the present value of the future lease payments over the lease term, discounted with the specific incremental borrowing rate. Subsequently lease liabilities are measured at amortized cost using the effective interest rate method.

Subsequently lease liabilities are measured at amortized cost using the effective interest rate 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 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.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of its assets (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

7.3 Intangible assets

Costs that are directly associated with identifiable software products controlled by the Company and have probable economic benefits beyond one year are recognized as intangible assets. These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is provided on a straight line basis over the asset's estimated useful lives.

7.4 Investment property

Investment property is property which is held either to earn rental income or for capital appreciation or for both. Investment property is initially recognized at cost, being the fair value of the consideration given. Subsequent to initial recognition investment property is carried at fair value. The fair value is determined annually by an independent approved valuer. The fair value is based on market value being the estimated amount for which a property could be exchanged on the date of valuation between knowledgeable and willing buyer and seller in an arms length transaction.

Any gain or loss arising from a change in fair value is recognized in the income statement.

Rental income from investment property is accounted for as described in note 7.22.

When an item of property, plant and equipment is transferred to investment property following a change in its use, differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognized in surplus on revaluation of property, plant and equipment, if it is a gain. Upon disposal of the item the related surplus on revaluation of property, plant and equipment is transferred to retained earnings. Any loss arising in this manner is recognized immediately in the income statement.

For a transfer from inventories to investment property that will be carried at fair value any difference between the fair value of the property at that date and its previous carrying amount shall be recognized in the income statement.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes.

7.5 Investment in associates

Investment in associates where the Company holds 20% or more of the voting power of the investee companies and where significant influence can be established are accounted for using the equity method. Investment in associates other than those described as above are classified as "Fair value through OCI".

In case of investments accounted for under the equity method, the method is applied from the date when significant influence is established until the date when that significant influence ceases.

7.6 Investments in subsidiary

Investment in unquoted subsidiary is initially valued at cost. At subsequent reporting dates, the Company reviews the carrying amount of the investment to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

7.7 Stores, spares and loose tools

These are valued at lower of weighted average cost and net realizable value less impairment, if any, except for items in transit, which are valued at cost comprising of invoice value plus other charges paid thereon till the statement of financial position date. The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stores, spares and loose tools. For items which are slow moving and / or identified as surplus to the company's requirements, adequate provision is made for any excess book value over estimated realisable value.

Spares parts of capital nature which can be used only in connection with an item of property, plant and equipment are classified as tangible fixed assets under the plant and machinery category and are depreciated on over a time period not exceeding the useful life of related assets.

7.8 Stock-in-trade

These are valued at lower of cost and net realizable value. Cost is determined as follows:

Raw and packing materials	- weighted average cost
Raw and packing materials in transit	- Invoice value plus other expenses incurred thereon
Work in process	- Cost of material as above plus proportionate production overheads
Finished goods	- Average cost of manufacture which includes proportionate production overheads including duties and taxes paid thereon, if any.
By products	- At net realizable value

Adequate provision is made for slow moving and obsolete items.

Net realizable value represents the estimated selling prices in the ordinary course of business less expenses incidental to make the sale.

7.9 Trade debts and other receivables

Trade debts and other receivables are recognized and carried at original invoiced amount which is the fair value of the consideration to be received in future for goods sold less provision for doubtful amounts. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company is required to recognize allowance for doubtful debts on all financial assets carried at amortized cost in accordance with Expected Credit Loss (ECL) requiring to recognize the loss irrespective whether the loss event has occurred. Default or delay in payments are considered indicators that the receivable is impaired.

7.10 Taxation

a) Current

The charge for current year is higher of the amount computed on taxable income at the current rates of taxation after taking into account tax credits and rebates, if any, and minimum tax computed at the prescribed rate on turnover or alternative corporate tax. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

b) Deferred

Deferred tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release - 27 of the Institute of Chartered Accountants of Pakistan.

Deferred tax asset is recognised for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets are realised or the liabilities are settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the statement of profit or loss, except in case of items charged or credited directly to equity in which case it is included in the statement of comprehensive income.

7.11 Borrowings

Loans and borrowings are recorded at the proceeds received. Finance cost are accounted for on accrual basis and are shown as interest and mark-up accrued to the extent of the amount remaining unpaid.

Short term borrowings are classified as current liabilities unless the Company has unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Borrowing cost on long term finances and short term borrowings which are obtained for the acquisition of qualifying assets are capitalized as part of cost of that asset. All other borrowing costs are charged to the statement of profit or loss in the period in which these are incurred. Borrowing cost also includes exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost as allowed under IAS 23 "Borrowing cost".

7.12 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

7.13 Provisions

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

7.14 Operating lease/Ijarah

Operating lease/ijarah in which a significant portion of the risks and rewards of ownership are retained by the lessor/Muj'ir (lessor) are classified as operating leases/Ijarah. Payments made during the period are charged to profit and loss on a straight-line basis over the period of the lease/Ijarah.

The SECP has issued directive (vide SRO 431(I)/2007 dated May 22, 2007) that Islamic Financial Accounting Standard 2 (IFAS-2) shall be followed in preparation of the financial statements by companies while accounting for Ijarah (Lease) transactions as defined by said Standard. The Company has adopted the above said standard.

7.15 Cash and bank balances

Cash in hand and at banks are carried at nominal amount.

7.16 Cash and cash equivalents

For the purposes of cash flow statement, cash and cash equivalents consist of cash in hand, cheques in hand and balances with banks net of borrowings not considered as being in the nature of financing activities.

7.17 Dividend and appropriation to reserve

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are approved.

7.18 Financial instruments

7.18.1 Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, fair value through other comprehensive income and amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the financial assets of the Company as at statement of financial position date are carried at amortized cost.

Amortized cost

A financial asset is measured at amortized cost if it meets both the following conditions and is not designated as at fair value through profit or loss:

- it is held with in a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt Instrument - FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity Instrument - FVOCI

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Impairment

The Company recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company recognizes loss allowance for Expected Credit Losses (ECLs), except for the following, which are measured at 12-month ECLs, on financial assets measured at amortized cost and contract assets. The Company measures loss allowance at an amount equal to lifetime ECLs.

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether the financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company applies the IFRS 9 simplified approach to measure the expected credit losses which uses a lifetime expected loss allowance. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. Management uses actual credit loss experience over a past years to base the calculation of ECL.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

7.18.2 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

7.18.3 Recognition and measurement

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

7.18.4 Derecognition

The financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial assets. The financial liabilities are de-recognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired.

7.19 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

7.20 Foreign currency transactions and translation

Transactions in foreign currencies are translated into Pak Rupees at the rates of exchange approximating those prevailing on the date of transactions or at the contract rate. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange approximating those prevailing at the balance sheet date or at the contract rate. Exchange gains and losses are included in the statement of profit or loss currently.

7.21 Employee benefits

The Company's employees benefits comprise of gratuity scheme and compensated absences for eligible employees.

7.21.1 Staff retirement benefits

Defined benefit plan (Gratuity Fund)

The Company operates an un-funded gratuity scheme for all its permanent employees who have attained retirement age, died or resigned during service period and have served for the minimum qualification period. Provision is based on the actuarial valuation of the scheme carried out as at September 30, 2021 using the Projected Unit Credit Method in accordance with IAS-19 "Employee Benefits" and resulting vested portion of past service cost has been charged to income in the current year. The remeasurement gains / losses as per actuarial valuation done at financial year end are recognized immediately in other comprehensive income and all other expenses are recognized in accordance with IAS 19 "Employee Benefits" in the statement of profit or loss.

7.21.2 Compensated absences

The Company accounts for these benefits in the period in which the absences are earned.

7.22 Revenue recognition

Revenue comprises the fair value for the sale of goods net of sales taxes and discounts. Revenue from the sale of goods is recognized when control of the goods passes to customers and the customers can direct the use of and substantially obtain all the benefits from the goods.

Revenue is recognized when specific criteria have been met for each of the Company's activities as described below.

Revenue from contracts with customers

Sale of goods

- Sale of goods is recognized when the Company has transferred control of the products to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Revenue from the sale of goods is recognized at the point in time when the performance obligations arising from the contract with a customer is satisfied and the amount of revenue that it expects to be entitled can be determined. This usually occurs when control of the asset is transferred to the customer, which is when goods are dispatched or delivered to the customer.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue is disclosed net of returns, rebates, discounts and other allowances.

Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due.

Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

Others

- Scrap sales are recognized on delivery to customers at realized amounts.
- Return on deposit is accrued on time proportion basis by reference to the principle outstanding and the applicable rate of return.
- Rental income is recognized on accrual basis.
- All other income is recognized on accrual basis.
- Dividend on equity investments is recognized as income when the right to receive payment is established.

7.23 Related party transactions

Transactions and contracts with the related parties are based on the policy that all transactions between the Company and related parties are carried out at agreed terms. These prices are determined in accordance with the methods prescribed in the Companies Act, 2017.

7.24 Borrowing costs

Interest charges on long term loans are capitalized for the period up to the date of commencement of commercial production of the respective plant and machinery acquired out of the proceeds of such loans. All other interest and charges are treated as expenses during the year.

7.25 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' results are reviewed regularly by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Company has only one reportable segment.

7.26 Contingencies

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

7.27 Share capital

Share capital is classified as equity and recognized at the face value. Incremental costs, net of tax, directly attributable to the issue of new shares are shown as a deduction in equity.

7.28 Earnings per share

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

7.29 Financial assets - due from Government of Pakistan

SECP through SRO 1177(I)/ 2021 dated September 13, 2021 has notified that in respect of companies holding financial assets due from Government of Pakistan, the requirements of IFRS 9 with respect to application of ECL method shall not be applicable till June 30, 2022 and such company shall follow relevant requirements of IAS 39 in respect of referred financial assets during the exemption period. Financial assets - due from Government are stated initially at the fair value, subsequent to initial recognition. These are stated at their amortized cost as reduced by appropriate provision for impairment, known impaired receivables are written off, while receivables considered doubtful are fully provided for.

The allowance for doubtful accounts is based on the Company's assessment at the collectability of counterparty accounts. The Company regularly reviews its trade debts that remain outstanding past their applicable payment terms and establishes allowance and potential write-offs by considering facts such as historical experience, credit quality, age of the accounts receivable balances and current economic conditions that may affect customers ability to pay.

8. OPERATING FIXED ASSETS

	Note	2021 Rupees	2020 Rupees
Fixed Assets	8.1	2,825,949,119	2,763,082,443
Right of use assets	8.11	10,137,747	1,513,176
		<u>2,836,086,866</u>	<u>2,764,595,619</u>

8.1 The following is the statement of fixed assets;

Description	Freehold land	Buildings on freehold land	Plant and machinery	Electric installation	Tools and equipment	Vehicles	Furniture and fixtures	Office and other equipments	Total
	(Rupees)								
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
Disposals (NBV)	-	-	-	-	-	(48,905)	-	-	(48,905)
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	<u>1,260,192,500</u>	<u>221,542,290</u>	<u>1,323,968,991</u>	<u>6,714,244</u>	<u>5,967,161</u>	<u>339,389</u>	<u>1,543,817</u>	<u>5,680,727</u>	<u>2,825,949,119</u>
Gross carrying value basis year ended September 30, 2021									
Cost / revalue	1,260,192,500	487,635,689	2,366,651,513	16,682,166	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	<u>1,260,192,500</u>	<u>221,542,290</u>	<u>1,323,968,991</u>	<u>6,714,244</u>	<u>5,967,161</u>	<u>339,389</u>	<u>1,543,817</u>	<u>5,680,727</u>	<u>2,825,949,119</u>
Net carrying value basis year ended September 30, 2020									
Opening net book value (NBV)	1,260,192,500	273,509,000	1,275,000,000	448,387	852,457	403,266	686,844	4,730,543	2,815,822,997
Additions / Transfer (at cost)	-	-	33,834,943	1,909,433	2,189,460	188,035	844,370	1,793,646	40,759,887
Disposals (NBV)	-	-	-	-	-	-	-	-	-
Depreciation charge	-	(27,350,900)	(64,898,189)	(136,757)	(250,914)	(118,260)	(115,984)	(629,437)	(93,500,441)
Closing net book value	<u>1,260,192,500</u>	<u>246,158,100</u>	<u>1,243,936,754</u>	<u>2,221,063</u>	<u>2,791,003</u>	<u>473,041</u>	<u>1,415,230</u>	<u>5,894,752</u>	<u>2,763,082,443</u>
Gross carrying value basis year ended September 30, 2020									
Cost / revalue	1,260,192,500	487,635,689	2,221,807,055	11,590,528	6,584,175	11,539,317	6,847,181	17,487,742	4,023,684,187
Accumulated depreciation	-	(241,477,589)	(977,870,301)	(9,369,465)	(3,793,172)	(11,066,276)	(5,431,951)	(11,592,990)	(1,260,601,744)
Net book value	<u>1,260,192,500</u>	<u>246,158,100</u>	<u>1,243,936,754</u>	<u>2,221,063</u>	<u>2,791,003</u>	<u>473,041</u>	<u>1,415,230</u>	<u>5,894,752</u>	<u>2,763,082,443</u>
Depreciation rate % per annum	-	10	5	10	10	20	10	10	

8.2 Free hold land of the Company is located at 5-km Faisalabad Road, District Okara, Punjab with an area covering 72.011 acres (2020: 72.011 acres). The building on freehold land and other immovable assets of the Company are constructed / located at above mentioned freehold land and address.

8.3 Plant and machinery includes transfer from capital work-in-progress amounting to Rs. 97.962 million (2020: 4.140 million).

8.4 Free hold land, buildings, plant & machinery were revalued by independent valuer - M/s. Tristar International Consultants (Private) Limited as at September 30, 2019 on the basis of market value. The revaluation resulted in surplus aggregating to Rs. 349.215 million. Had there been no revaluation on that date, the book value of operating fixed assets would have been lower by Rs. 2,151.711 million (2020: Rs. 2,211.430 million).

8.5 Had there been no revaluation, the net book value of the assets as at September 30, 2021 would have been as under.

Description	Note	2021 Rupees	2020 Rupees
Land		7,959,798	7,959,798
Buildings		9,878,857	10,976,508
Plant and machinery		636,153,914	519,920,883
		<u>653,992,569</u>	<u>538,857,189</u>

8.6 The forced sale value of free hold land, building and plant & machinery is Rs. 1,071.163 million, 218.807 million and 956.250 million, respectively as at September 30, 2019.

8.7 The depreciation charge for the year is as follows:

	Note	2021 Rupees	2020 Rupees
Fixed asset		91,455,450	93,500,441
Right of use assets		1,875,309	266,353
		<u>93,330,759</u>	<u>93,766,794</u>
8.8 The depreciation charge for the year has been allocated as follows:			
Cost of sales	33	90,607,320	92,636,760
General and administrative expenses	35	2,723,439	1,130,034
		<u>93,330,759</u>	<u>93,766,794</u>

8.9 The following operating fixed assets were disposed off during the year:

Description	Cost	Accumulated depreciation	Net Book value	Adjustments / Proceeds (Net of Sales Tax)	Gain / (Loss)	Mode of disposal	Particulars of buyers
	(Rupees)						
Vehicles							
Tractors	2,070,000	2,022,851	47,149	2,602,564	2,555,415	Negotiation	Aleem Akbar
Old cars	1,500,000	1,498,344	1,656	1,085,470	1,083,814	Negotiation	M.Iqbal
Total - 2021	<u>3,570,000</u>	<u>3,521,195</u>	<u>48,805</u>	<u>3,688,034</u>	<u>3,639,229</u>		
Total - 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		

8.10 Fair value measurement (revalued property, plant and equipment)

8.10.1 Fair value measurement of free hold land is based on the valuations carried out by an independent valuer M/s. Tristar International Consultants (Private) Limited as at September 30, 2019 on the basis of market value.

8.10.2 Fair value measurement of revalued land is based on assumptions considered to be level 2 inputs.

8.10.3 Valuation techniques used to derive level 2 fair values - Land

Fair value of land has been derived using a sales comparison approach. Sale prices of comparable land in close proximity are adjusted for differences in key attributes such as location and size of the property. The most significant input in this valuation approach is price / rate per canal in particular locality. This valuation is considered to be level 2 in fair value hierarchy due to significant observable inputs used in the valuation.

	Note	2021 Rupees	2020 Rupees
8.11 Right of use assets			
The following is the statement of right of use assets:			
Vehicle			
Year ended September 30, 2021			
Net carrying value basis			
Opening net book value		1,513,176	-
Addition during the period		10,499,880	1,779,530
Depreciation charged during period		(1,875,309)	(266,354)
		10,137,747	1,513,176
Gross carrying value basis			
Cost		12,279,410	1,779,530
Accumulated depreciation	8.11.1	(2,141,663)	(266,354)
Net book value		10,137,747	1,513,176
8.11.1 Accumulated depreciation			
Opening balance		266,354	-
Charge for the year		1,875,309	266,354
Closing balance		2,141,663	266,354
Depreciation rate % per annum		20%	20%

8.11.2 This represents vehicles obtained on finance lease from Bank Al Habib Limited as further detailed in note 23.

9. CAPITAL WORK IN PROGRESS

This comprises of:

Building	12,775,893	6,282,560
Plant and machinery	94,329,915	59,862,294
	107,105,808	66,144,854

	Building Rupees	Plant and machinery Rupees	Total Rupees
9.1 Movement of carrying amount			
Year ended September 30, 2021			
Opening balance	6,282,560	59,862,294	66,144,854
Additions (at cost)	6,493,333	132,430,208	138,923,541
Transferred to operating fixed assets	-	(97,962,587)	(97,962,587)
Closing balance	12,775,893	94,329,915	107,105,808
Year ended September 30, 2020			
Opening balance	6,282,560	887,572	7,170,132
Additions (at cost)	-	63,114,906	63,114,906
Transferred to operating fixed assets	-	(4,140,184)	(4,140,184)
Closing balance	6,282,560	59,862,294	66,144,854

9.2 Building consists of construction of sugar godown, which is still under construction and expected to be completed on November 30, 2021.

9.3 Parts of plant and machinery is under installation process and expected to be completed on December 31, 2021.

	Note	2021 Rupees	2020 Rupees
10. LONG TERM DEPOSITS			
Long term deposits (Leased)	10.1	1,337,050	174,500
10.1 Movement of carrying amount			
Opening balance		174,500	-
Addition during the year		1,162,550	174,500
Written off during the year		-	-
Closing balance		1,337,050	174,500
10.2			
This comprises of security deposits with the Bank in respect of leasing facility availed during the and prior year.			

11. STORES, SPARES AND LOOSE TOOLS

Stores	11.1	71,223,488	46,711,006
Spares	11.1	72,337,651	47,001,772
		143,561,139	93,712,778
Less: Provision for obsolete stores and spares	11.2	(15,041,549)	(15,041,549)
		128,519,590	78,671,229
Loose tools		94,940	74,526
		128,614,530	78,745,755

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.

	2021 Rupees	2020 Rupees
11.2 Movement of provision for obsolete stores and spares		
Opening balance	15,041,549	15,041,549
Provision during the year	-	-
Reversal during the year	-	-
Written off during the year	-	-
	15,041,549	15,041,549

	Note	2021 Rupees	2020 Rupees
12. STOCK IN TRADE			
Work in process			
- Sugar	33	3,622,833	4,671,507
- Molasses		678,196	210,960
		4,301,029	4,882,467
Finished goods			
- Sugar	33	35,397	252,091,911
- Molasses		-	-
		4,336,426	256,974,378
12.1	Stock-in-trade up to a maximum amount of Rs. Nil (2020: Rs. 140.00 Million) are under hypothecation of commercial banks as security for short term borrowings.		
13. TRADE DEBTS			
Unsecured			
Considered good		4,576,692	8,668,169
Considered doubtful	13.1	382,652,520	382,652,520
		387,229,212	391,320,689
Less: Provision for impairment allowance	13.1	(382,652,520)	(382,652,520)
		4,576,692	8,668,169
13.1	Movement of provision for impairment allowance is as follows:		
Balance as at October 1,		382,652,520	305,161,478
Adjustment on account of:			
Doubtful debts written off		-	-
Recovery of doubtful debts		-	-
Provision made for doubtful debts		-	77,491,042
Net adjustment		-	77,491,042
Closing balance		382,652,520	382,652,520
14. SHORT TERM INVESTMENT			
At fair value through profit or loss - Mutual funds			
HBL Asset Management Limited			
HBL Islamic Money Market Fund	14.1	100,355,619	-
14.1 HBL Islamic Money Market Fund			
Opening		-	-
Acquired during the year		100,000,000	-
Bonus / dividend		355,619	-
Closing		100,355,619	-

	Note	2021 Rupees	2020 Rupees
14.1.1 Movement of HBL Islamic Money Market Fund is as follow;			
Opening units		-	-
Units acquired during the year		988,392.32	-
Bonus / dividend units (net of tax)		3,514.91	-
		991,907.23	-
Applicable price / closing price		101.1744	-
		100,355,619	-
Fair value adjustment		-	-
Closing fair value		100,355,619	-

15. LOANS AND ADVANCES

Advances - (Unsecured - considered good)			
To employees	15.1	107,105	138,598
Advance against supplies and services (Unsecured)			
Considered good			
Advances to cane growers	15.2	85,102,219	53,010,771
Advances for store purchases	15.3	50,171,529	24,372,632
		135,273,748	77,383,403
		135,380,853	77,522,001

- 15.1** This represents advance given to employees against salary and expenses. 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 receivable on demand.
- 15.2** This include advances to various sugar cane growers in the form of fertilizers, seeds and pesticides. These advances are unsecured, interest free and will be adjusted in sugar cane payment.
- 15.3** This includes advances to vendors and service providers and are settled as and when the items are received and services are rendered. This also includes an advance amounting to Rs. 1.490 million against right of use asset / finance lease (car) which is not received until the year end.
- 15.4** Financial asset under this caption is advance to employees which are trivial for the decision making of users of the financial statements hence no impact on measurement has been considered.

	Note	2021 Rupees	2020 Rupees
16. SHORT TERM DEPOSITS AND PREPAYMENTS			
Short term deposit	16.1	-	2,430,000
Prepaid insurance		1,707,038	688,478
		<u>1,707,038</u>	<u>3,118,478</u>

- 16.1** This represents Rs. Nil (2020: Rs. 2.430 Million) security deposit paid to Utility Stores Corporation of Pakistan against the tender of sale of sugar.

17. OTHER RECEIVABLES

(Considered good)			
Sales tax	17.1	19,542,188	7,654,482
Tax refund due from Government		1,652,906	1,810,896
Subsidy receivable on exports	17.2	105,742,500	105,742,500
Other receivables (related parties)	17.3	-	968,352
		<u>126,937,594</u>	<u>116,176,230</u>

- 17.1** This represents sales tax against unclaimed invoices which have been claimed subsequent to the reporting date.

- 17.2** 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.

- 17.3** This comprises amounts receivable from related parties as follows:

Al-Moiz Industries Limited	-	955,470
The Thal Industries Corporation Limited	-	12,882
	<u>-</u>	<u>968,352</u>

17.4 The aging of Al-Moiz Industries Limited at the balance sheet date is as follows:

	2021 Rupees	2020 Rupees
1-30 days	-	-
31-180 days	-	955,470
181-365 days	-	-
Over 1 year	-	-
	-	955,470

17.5 The aging of The Thal Industries Corporation Limited at the balance sheet date is as follows:

1-30 days	-	-
31-180 days	-	12,882
181-365 days	-	-
Over 1 year	-	-
	-	12,882

17.6 The maximum amount due from Al-Moiz Industries Limited at the end of any month during the year was Rs. 9.600 million (2020: Rs. 4.244 Million). The balance includes past due balance but this is not impaired.

17.7 The maximum amount due from The Thal Industries Corporation Limited at the end of any month during the year was Rs. 9.482 million (2020: Rs. 0.322 Million). The balance includes past due balance but this is not impaired.

	Note	2021 Rupees	2020 Rupees
18. CASH AND BANK BALANCES			
Cash in hand		476,473	436,837
Cash at banks			
Current accounts	18.1	26,468,785	356,010,972
		26,945,258	356,447,809

18.1 Cash with bank in current accounts do not carry any interest or mark-up. There is no impact on measurement of bank balances due to implementation of IFRS 9.

18.2 In some bank accounts, the Company has not conducted any transactions since long and the bank had marked account as dormant.

19. SHARE CAPITAL

19.1 Authorized share capital

2021 Number of ordinary shares of Rs. 10/- each	2020		2021 Rupees	2020 Rupees
70,000,000	70,000,000	Ordinary shares of Rs. 10/- each	700,000,000	700,000,000
19.2 Issued, subscribed and paid up capital:				
6,400,000	6,400,000	Fully paid in cash	64,000,000	64,000,000
3,050,000	3,050,000	Fully paid bonus shares	30,500,000	30,500,000
9,450,000	9,450,000		94,500,000	94,500,000

19.2.1 Movement of share capital is as follows:

Opening balance	9,450,000	94,500,000
Bonus shares issued during the year	-	-
Closing balance	9,450,000	94,500,000

19.2.2 There is no shareholder agreement for voting rights, board selection, rights of first refusal and block voting.

19.2.3 As at September 30, 2021 M/s Naubahar Bottling Company (Private) Limited (Associated company) / (2020: Holding Company) Nil (2020: 4,806,468 (50.862%) shares of the Company. These shares have been sold to sponsor directors during the year.

20. DIRECTORS' LOANS

	2021 Rupees	2020 Rupees
Unsecured		
Directors		
Others (other than banking companies)		
Directors	2,110,700,000	1,800,700,000
Chief Executive	192,000,000	182,000,000
	2,302,700,000	1,982,700,000

20.1 Movement of loan is as follows:

	2021 Rupees	2020 Rupees
Opening balance	1,982,700,000	1,211,500,000
Obtained during the year from;		
Mr. Muhammad Shamim Khan	160,000,000	309,800,000
Mrs. Qaiser Shamim Khan	150,000,000	246,600,000
Mr. Nauman Ahmed Khan	-	32,800,000
Mr. Adnan Ahmed Khan	10,000,000	182,000,000
	320,000,000	771,200,000
Repaid during the year	-	-
Closing balance	2,302,700,000	1,982,700,000

20.2 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.

21. SURPLUS ON REVALUATION OF FIXED ASSETS

Balance brought forward	2,211,430,165	2,275,667,551
Revaluation during the year	-	-
Less: Transferred to equity in respect of incremental depreciation charged during the year - (net of deferred tax)	42,400,457	45,608,544
Related deferred tax liability during the year transferred to profit and loss account	17,318,496	18,628,842
	59,718,953	64,237,386
	2,151,711,212	2,211,430,165
Less: Related deferred tax effect:		
Balance as at October 01	278,167,264	296,796,106
Effect of change in rate	-	-
Deferred tax impact for the period	-	-
Incremental depreciation charged during the year transferred to profit and loss account	(17,318,496)	(18,628,842)
	260,848,768	278,167,264
	1,890,862,444	1,933,262,901

21.1 The Company's freehold land, buildings on freehold land, plant and machinery have been revalued by Tristar International Consultants (Private) Limited, an independent valuer not connected with the Company and approved by Pakistan Banks' Association (PBA). The basis of revaluation for items of these fixed assets were as follows:

Freehold land

Fair market value of freehold land was assessed through inquiries to real estate agents and property dealers in near vicinity of freehold land. Different valuation methods and exercises were adopted according

to experience, location and other usage of freehold land. Valuer had also considered all relevant factors as well.

Buildings on freehold land

Construction specifications were noted for each building and structure and new construction rates are applied according to construction specifications for current replacement values. After determining current replacement values, depreciation was calculated to determine the current assessed market value.

Plant and machinery

Suppliers and different sugar plant consultants in Pakistan and abroad were contacted to collect information regarding current prices of comparable sugar plant to determine current replacement value. Fair depreciation factor for each item is applied according to their physical condition, usage and maintenance.

- 21.2 Had there been no revaluation, the net book value of the specific classes of operating assets would have been as follows:

	Note	2021 Rupees	2020 Rupees
Freehold land		7,959,798	7,959,798
Buildings on freehold land		9,878,857	10,976,508
Plant and machinery		636,153,914	519,920,883
22. LOAN FROM ASSOCIATED COMPANY			
Unsecured:			
Naubahar Bottling Company (Private) Limited	22.1	300,000,000	900,000,000
22.1 From associated company			
Balance as at October 01		900,000,000	965,960,400
Obtained during the year		-	100,000,000
Repayments / adjustment made during the year		(300,000,000)	(165,960,400)
		600,000,000	900,000,000
Current portion shown under current liabilities	30	(300,000,000)	-
		300,000,000	900,000,000

- 22.2 The Company obtained unsecured loan from M/s Naubahar Bottling Company (Private) Limited - the associated company (2020: holding company) that carries mark-up at the rate of 3 month's KIBOR plus 0.5% per annum. The effective mark-up rate charged by Naubahar Bottling Company (Private) Limited during the year ranging from 7.75% to 7.89% (2020: 7.53% to 14.36%) per annum. The management for the time being does not intend to repay any amount against these loans except for Rs. 300 million during the next financial year, accordingly the same amount has been classified under the current portion of long term liabilities.

	Note	2021 Rupees	2020 Rupees
23. LEASE LIABILITIES			
Secured			
Against right of use assets			
Lease liabilities	23.1	10,704,121	1,520,453
Less: Current portion shown under current liabilities		(3,912,132)	(504,753)
		<u>6,791,989</u>	<u>1,015,700</u>
23.1 Movement of lease liabilities is as follows:			
Opening		1,520,453	-
Add: Recognized during the year		10,913,300	1,633,193
Add: Interest expense for the period / year		712,196	111,807
Less: Payment made during the period		(2,441,828)	(224,547)
Closing		<u>10,704,121</u>	<u>1,520,453</u>
23.2 Maturity analysis-contractual undiscounted cash flows			
Less than one year		4,608,152	603,012
One to five year		7,190,102	1,079,744
More than five year		-	-
Total undiscounted lease liability		<u>11,798,254</u>	<u>1,682,756</u>
23.3	When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate which range from 8.64% to 9.03% per annum (2020: 8.28% to 14.74 %).		
23.4	The lease facility has been obtained from Bank Al Habib Limited. The asset is owned by the Bank. The above liabilities were obligations under leases with bank for lease of vehicles.		

	Note	2021 Rupees	2020 Rupees
24. DEFERRED LIABILITIES			
Deferred taxation	24.1	369,590,877	373,411,635
Provision for gratuity	24.3	7,705,659	2,761,963
		<u>377,296,536</u>	<u>376,173,598</u>

	Note	2021 Rupees	2020 Rupees
24.1 Deferred taxation			
Deferred tax liability comprises as follows:			
Taxable temporary differences			
Surplus on revaluation of fixed assets		260,848,768	278,167,264
Tax depreciation allowances		108,742,109	95,244,371
		<u>369,590,877</u>	<u>373,411,635</u>
24.2 The gross movement in the deferred tax liability during the year is as follows:			
Balance as at October 01,		373,411,635	386,808,417
Charge to profit and loss account	39	(3,820,758)	(13,445,831)
Charge to other comprehensive income		-	49,049
		<u>369,590,877</u>	<u>373,411,635</u>

24.2.1 As at September 30, 2021, deferred tax asset amounting Rs. 404.013 million (2020: Rs. 434.757 million) on unused tax losses, impairment loss and gratuity have not been recognised in the financial statements as a matter of prudence as in the opinion of the management there is no certainty regarding realisability of the amount. The management intends to re-assess the recognition of deferred tax asset as at September 30, 2022. The loss can be carry forwarded upto 5 years.

24.3 Provision for gratuity

24.3.1 General description

The scheme provides for terminal benefits for all its permanent employees who qualify for the scheme. The defined benefit payable to each employee at the end of his service comprises of total number of years of his service multiplied by last drawn gross salary.

Annual charge is based on actuarial valuation carried out by an independent approved valuer M/s TRT Associates as at September 30, 2021 using the Projected Unit Credit method.

The Company faces the following risks on account of gratuity:

Final salary risk - The risk that the final salary at the time of cessation of service is greater than what the Company has assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macro-economic factors), the benefit amount would also increase proportionately.

Discount rate fluctuation - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

Demographic Risks: Mortality Risk - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Withdrawal Risk - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

24.3.2 Significant actuarial assumptions

Following are significant actuarial assumptions used in the valuation:

	2021 Percentage Per annum	2020 Percentage
Discount rate	10.50	9.75
Expected rate of increase in salary	9.50	8.75
Expected average remaining working life time of employees	7 years	8 years

24.3.3 Reconciliation of payable to defined benefit plan

	2021 Rupees	2020 Rupees
Present value of obligation		
Liability recognized in balance sheet	7,705,659	2,761,963

24.3.4 Movement of the liability recognized in the statement of financial position

Opening net liability	2,761,963	89,033
Charge for the year	5,525,822	2,842,064
Remeasurement chargeable to other comprehensive income	147,950	(169,134)
Benefit Paid during the year	(730,076)	-
Closing net liability	7,705,659	2,761,963

24.3.5 Movement in present value of defined benefit obligations

Present value of obligation at the start of the year	2,761,963	89,033
Current service cost	4,309,495	2,830,939
Past service cost	982,630	-
Interest cost	233,697	11,125
Remeasurements:		
Actuarial (gain) / losses from changes in financial assumption	4,475	(17,426)
Experience adjustments	143,475	(151,708)
Benefit paid during the year	(730,076)	-
Closing present value of defined benefit obligations	7,705,659	2,761,963

24.3.6 Charge for the year

	2021 Rupees	2020 Rupees
Current service cost	4,309,495	2,830,939
Past service cost	982,630	-
Interest cost	233,697	11,125
Charge for the year	5,525,822	2,842,064

24.3.7 The expected charge in respect of defined benefit plan for the year ending September 30, 2022 will be 5.914 million.

24.3.8 Total remeasurement charge in other comprehensive income

Remeasurement of plan obligation		
Actuarial (gain) / losses from changes in demographic assumption	-	-
Actuarial (gain) / losses from changes in financial assumption	4,475	(17,426)
Experience adjustment	143,475	(151,708)
	147,950	(169,134)

24.3.9 Sensitivity analysis

The impact of 1% change in following variables on defined benefit obligation is as follows:

	Increase in assumption	Decrease in assumption
Discount rate + 100 bps	7,187,268	241,370
Discount rate - 100 bps	8,261,558	254,712
Salary increase + 100 bps	8,261,376	254,525
Salary increase - 100 bps	7,187,179	241,755

24.3.10 Maturity profile

	2021 Rupees	2020 Rupees
Time in year		
1	440,492	220,246
2	2,283,376	1,141,688
3	2,136,327	712,109
4	3,069,756	767,439
5-11 onwards	1,172,341,326	195,390,221

The average duration of the defined benefit obligation is 8 years.

24.3.11 Year wise comparison is as follows:

	2021	2020	2019	2018	2017
			Rupees		
Present value of defined benefit obligation	7,705,659	2,761,963	89,033	3,661,253	3,051,154
Experience adjustment on obligation	143,475	(151,708)	-	(617,565)	378,046

	Note	2021 Rupees	2020 Rupees
25. TRADE AND OTHER PAYABLES			
Trade creditors	25.2, 25.3 & 25.4	113,836,697	96,899,268
Accrued liabilities		25,270,101	18,243,603
Advances from customers (unsecured)	25.5	255,302,967	530,524,532
Workers' Profit Participation Fund	25.6	11,306,963	2,131,256
Workers' Welfare Fund	25.9	3,578,937	-
Taxes and duties payable		6,364,290	9,610,652
Sales tax payable		831,112	106,738,755
Other liabilities		30,536	331,155
		416,521,603	764,479,221

25.1 There is no payable to cane growers as at the balance sheet date.

25.2 This includes Rs. Nil (2020: Rs. 0.044 million) payable to Imporient Chemicals (Private) Limited against purchase of chemical.

25.3 This includes Rs. Nil (2020: Rs. 9.265 million) payable to Thal Industries Corporation Limited and Rs. Nil (2020: Rs. 7.156 million) to Al-Moiz Industries Limited (the related parties) against payment of purchase of plant and machinery and steel products.

25.4 The maximum amount due to Thal Industries Corporation Limited and Al-Moiz Industries Limited at the end of any month during the year was Rs. 9.482 million (2020: Rs. 9.265 million) and Rs. 9.600 million (2020: Rs. 7.156 million) respectively.

25.5 The advance from customers' balances includes an amount of Rs. 236.65 million (2020: Rs. 340.197 million) and trade creditors includes an amount of Rs. 28.785 million which are long outstanding at the reporting date and are adjustable against the payment to be made to the Sponsor Sellers as per 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. During the year an amount of Rs. 103.549 million (2020: Rs. Nil) has been written back based on confirmations received from the relevant parties mentioning that no balance is owed from the Company.

	Note	2021 Rupees	2020 Rupees
25.6 Workers' Profit Participation Fund			
Balance as at October 01,		2,131,256	1,872,644
Interest at prescribed rate	25.8	228,364	258,612
Less: Amount paid to fund		-	-
		2,359,620	2,131,256
Current year's allocation at 5%	36	8,947,343	-
		11,306,963	2,131,256

25.7 The Company retains the allocation of this fund for its business operations till the amounts are paid.

25.8 Interest on Workers' profit (participation) fund has been provided at the rate of 10.72% (2020: 13.81%).

	Note	2021 Rupees	2020 Rupees
25.9 Workers' Welfare Fund			
Balance as at Oct 01,		-	-
Interest at prescribed rate		-	-
Less: Amount paid to fund		-	-
		-	-
Current year's allocation at 2%		3,578,937	-
		3,578,937	-
26. DUE TO PATTOKI SUGAR MILLS LIMITED			
Unsecured:			
Pattoki Sugar Mills Limited (PSML)	26.2	14,426,698	43,829,685
26.1 Movement of amount due to Pattoki Sugar Mills Limited (PSML) is as follow:			
Opening balance		43,829,685	104,066,694
Add: acquired during the year		-	114,989,376
Less: Expenses paid on behalf of PSML		1,550,000	250,000
Less: Sales tax paid to Government and adjusted against PSML		16,122,797	-
Less: Loan repaid on behalf of PSML		-	24,230,166
Less: Repaid during the year		11,730,190	150,746,219
Closing balance		14,426,698	43,829,685

26.2 This represents balance payable to M/s Pattoki Sugar Mills Limited (PSML) - the ex holding company as settlement balance. During the year the Company has paid expenses in respect of old cases and wrongly claimed input as agreed with PSML.

	Note	2021 Rupees	2020 Rupees
27. SHORT TERM BORROWING			
Secured:			
Banking companies			
Cash Finance (Islamic financing)			
Askari Bank Limited	27.1	-	105,000,000
Running Finance			
Bank Al Habib Limited	27.3	20,295,945	-
		20,295,945	105,000,000

- 27.1 This represents cash finance facility under Islamic financing arrangement from Askari Bank Limited aggregated to Rs. 500 million (2020: Rs.500 million) and carries mark-up at the rate six month KIBOR plus 1% per annum (2020: same) on utilized limits. This facility is secured against white refined sugar bags at 25% margin, personal guarantees of the directors and subordination of loan from directors.
- 27.2 During the year the Company had availed cash finance facilities from various banks aggregated to Rs. 1600 million (2020: Rs. 800 million) and carries mark-up ranging from one month KIBOR plus 0.75% to 2.5% per annum (2020: one month KIBOR plus 0.75% to 1% per annum) on utilized limits. These facilities were 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 and subordination of loan from directors. During the year these have been fully paid.
- 27.3 During the year the Company had availed a running finance facility from Bank Al Habib Limited aggregated to Rs. 50 million (2020: Rs. 50 million) and carries mark-up at the rate one month KIBOR plus 0.75% (2020: 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.

	Note	2021 Rupees	2020 Rupees
28. MARK UP ACCRUED			
Secured			
Long term financing from associated company		247,480,391	184,669,221
Short term borrowings		12,147	1,064,763
Mark-up on lease		117,790	19,382
		<u>247,610,328</u>	<u>185,753,366</u>
29. TAXATION - NET			
Advance income tax		55,191,977	24,223,824
Less: Provision for taxation	39	(48,022,480)	(24,408,193)
Net (asset) / liability		<u>(7,169,497)</u>	<u>184,369</u>
30. CURRENT PORTION OF LONG TERM LIABILITIES			
Liabilities against assets subject to finance lease	23	3,912,132	504,753
Loan from associated company	22	300,000,000	-
		<u>303,912,132</u>	<u>504,753</u>

31. CONTINGENCIES AND COMMITMENTS

31.1 Contingent liabilities

- a) The LTU-FBR has preferred a reference before Income Tax Appellate (ITAT) for the assessment year 1996 - 1997 against the decision of CIT appeals. The department has also filed petition for leave to appeal before the honorable Supreme Court of Pakistan for the assessment year 1999 - 2000 and tax year 2006 against the order in the favour of the company by the honorable High Court of Sindh.

In the opinion of the tax advisor the ultimate appellate decision is likely to be in Company's favour, hence no provision is made in these accounts as there will be no tax impact of the matter in view of brought forward tax losses. In view of the favorable decision of the higher appellate forums on the like issue in prior years the management is hopeful about favorable outcome in above matters. Hence no provision is made in these account as there will be no tax impact of the matter in view of brought forward losses.

- b) The Company has filed reference application before the Honorable High Court of Sindh against the decision of ITAT in respect of assessment year 2000 - 2001, the reference application is pending before the honorable High Court Sindh. The Company has also filed the appeal before the Commissioner of income tax appeals against addition made by the assessing officer for the assessment year 2002 - 2003 which is pending for adjudication. In view of the favorable decision of the higher appellate forums on the like issue in prior years the management is hopeful about favorable outcome in above matters. Hence no provision is made in these account as there will be no tax impact of the matter in view of brought forward losses.
- c) The Company has filed an appeal before the Tribunal against the order of Commissioner Inland Revenue disallowing refund of further tax on the ground that the incidence of the tax has been passed on the consumers and the Company is not entitled to claim refund in terms of Section 3 (B) of the sales Tax Act, 1990. The management of the Company is of the view that outcome of the suit would be in favour of the company.
- d) Demand amounting to Rs. 3.825 million has been created by DCIR vide order dated November 03, 2017 against the Company for adjustment of input tax. The Company being aggrieved filed input tax rectification application. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 3.825 million (2020: Rs. 3.825 million).
- e) Demand amounting to Rs. 2.528 million has been created by DCIR vide order dated November 07, 2018 against the Company for adjustment of input tax for the period of January 2018. The Company being aggrieved filed input tax rectification application. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 2.528 million (2020: Rs. 2.528 million).
- f) Demand amounting to Rs. 12.648 million has been created by DCIR vide order dated December 16, 2018 against the Company for adjustment of input tax for the period of February 2018. The Company being aggrieved filed input tax rectification application. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 12.648 million (2020: Rs. 12.648 million).
- g) Demand amounting to Rs. 9.894 million has been created by DCIR vide order dated December 20, 2018 against the Company for adjustment of input tax for the period of March 2018. The Company being aggrieved filed input tax rectification application. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 9.894 million (2020: Rs. 9.894 million).

h) Demand amounting to Rs. 41.616 million has been created by DCIR vide order dated August 04, 2017 against the Company on account of sales tax audit for the tax year 2014 and certain amount were held recoverable. The Company being aggrieved filed appeal before CIR (A). CIR (A) remanded back the case for fresh adjudication. Thereafter in fresh proceedings an amount of Rs. 3.416 million has been established vide order dated March 28, 2019. This has also been challenged before CIR Appeals. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 3.416 million.

i) Demand amounting to Rs. 10.137 million has been created by DCIR vide order dated November 12, 2018 against the Company on account of inadmissible input tax adjustment for the period July 2016 to November 2017. The Company being aggrieved filed appeal before CIR (A). CIR (A) remanded back the case for fresh adjudication. The case decided against the Company and an amount of Rs. 10.211 million has been paid to the Department under protest and also appeal has been filed against this order. The Company expects a favorable outcome of the proceedings.

j) As per SRO of 77(1) / 2013 dated February 07, 2013, the Federal Government allowed reduced rate@0.5% FED on local sales of white crystalline sugar equivalent to the quantity actually exported by the sugar manufacturer as per quota allotted. Sales tax and Federal Excise returns for the tax periods from November 2013 to June 2014 were analysed by the Commissioner Inland Revenue and it was observed that registered person had declared local sales on which Company was required to charge and pay FED @ 8% in VAT mode under the provision of section 3 and 7 of the Federal Excise Act, 2005. The Commissioner Inland Revenue created a demand amounting to Rs. 65.084 million along with default surcharge and penalty of Rs. 3.254 million on short payment of FED based that Company charged and paid FED at the rate of 0.5% without fulfilling the conditions as mentioned in SRO 77(1) 2013. Being aggrieved with the order passed by the Deputy Commissioner Inland Revenue, the Company preferred appeal before the Commissioner Inland Revenue (Appeals-I), Karachi.

The CIR (A) vide order in appeal No. STA/91/LTU/2019/09 vacated order of Deputy Commissioner and passed order in favour of the Company. The department has filed an appeal against this order to Appellate Tribunal IR. The Company expects a favourable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 68.338 million.

k) As per SRO of 77(1) / 2013 dated February 07, 2013 read with the SRO 1072 (1) / 2013 dated December 27, 2013, the Federal Government allowed reduced rate@0.5% FED on local sales of white crystalline sugar equivalent to the quantity actually exported by the sugar manufacturer as per quota allotted by the ECC in its meeting held on January 10, 2013. Sales tax and Federal Excise returns for the tax periods from February 2013 to October 2013 were analysed by the Commissioner Inland Revenue and it was observed that registered person had declared local sales on which Company was required to charge and pay FED @ 8% in VAT mode under the provision of section 3 and 7 of the Federal Excise Act, 2005. The Commissioner Inland Revenue created a demand amounting to Rs. 15.393 million along with default surcharge and penalty of Rs. 0.769 million on short payment of FED based that Company charged and paid FED at the rate of 0.5% without fulfilling the conditions as mentioned in SRO 77(1) 2013. Being aggrieved with the order passed by the Deputy Commissioner Inland Revenue, the Company preferred appeal before the Commissioner Inland Revenue (Appeals-I), Karachi. The CIR (A) vide order in appeal No. STA/90/LTU/2019/06 vacated order of Deputy Commissioner and passed order in favour of the Company.

The department has filed an appeal against this order to Appellate Tribunal IR. The Company expects a favourable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 16.163 million.

l) Demand amounting to Rs. 10.163 million has been created by DCIR against the Company on account of some discrepancies were observed in the sales tax returns for the period from July 2016 to November 2017. The Company being aggrieved filed appeal before CIR (A). CIR (A) remanded back the case for

fresh adjudication. Thereafter in fresh proceedings an amount of Rs. 10.163 million has been demanded by DCIR. This has also been challenged before CIR Appeals. The CIR (A) vide order in Appeal No. STA/40/LTU/2019/07 dated September 26, 2019 annulled order of DCIR. Being aggrieved with the order department has filed second appeal to Appellate Tribunal IR. The Company expects a favourable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 10.163 million.

- m) Income tax Audit for Tax Year 2015, 2016, 2017, 2018 and 2019 u/s 177 of Income Tax Ordinance, 2001 were selected by Commissioner Income Tax through his discretionary powers vested under this section. The DCIR has created a demand amounting to Rs. 7,606.899 million against all these years. The Company has challenged it before CIR (Appeals) which is pending for adjudication. The Company is confident of favourable outcome.
- n) Sales tax Audit for Tax Year 2017, 2018 and 2019 u/s 25 of Sales Tax 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 other 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.

31.2 Commitments

- a) The Company is committed as at the balance sheet date in respect of capital expenditure of Rs. 60.00 million (2020: 80.00 million).
- b) The amount of future lease rentals on vehicle contract and the period in which payments will become due are as follows:

	Note	2021 Rupees	2020 Rupees
Less than one year	23.2	4,608,152	603,012
Between one and five years	23.2	7,190,102	1,079,744
More than five years		-	-
		<u>11,798,254</u>	<u>1,682,756</u>

	Note	2021 Rupees	2020 Rupees
32. SALES			
Sales			
Manufacturing - local			
Sugar		4,010,059,852	1,820,525,242
By products sales:			
Molasses	32.1	456,225,170	227,000,000
V.F.Cake		14,851,836	646,026
		471,077,006	227,646,026
Less: Sales tax			
Sugar		(582,659,297)	(264,529,285)
Molasses		(32,158,359)	-
V.F.Cake		(2,157,958)	(93,866)
		(616,975,614)	(264,623,151)
		3,864,161,244	1,783,548,117
32.1 Molasses:			
Sale under			
DTRE (Duty & Tax Remission for Exporters)		234,900,000	227,000,000
Others		221,325,170	-
		456,225,170	227,000,000
33. COST OF SALES			
Raw materials consumed			
Opening stock		-	-
Purchases		2,932,016,764	1,621,497,880
		2,932,016,764	1,621,497,880
Closing stock		-	-
		2,932,016,764	1,621,497,880
Stores, spares and consumables		7,545,412	8,254,227
Packing materials consumed		21,376,587	11,832,746
Chemicals consumed		15,202,520	10,730,634
Salaries, wages and other benefits	33.1	138,340,703	111,377,355
Fuel and power		16,972,590	21,021,112
Repair and maintenance		127,228,980	125,637,337
Depreciation	8.8	90,607,320	92,636,760
Vehicle running expenses		5,159,401	3,899,469
Fee and subscription		60,000	49,700
Insurance		56,438	38,211
Other factory overheads		6,261,557	4,709,086
		428,811,508	390,186,637
Work in process			
Opening		4,882,467	-
Closing	12	(4,301,029)	(4,882,467)
		581,438	(4,882,467)
Cost of goods manufactured		3,361,409,710	2,006,802,050
Finished goods			
Opening		252,091,911	-
Closing	12	(35,397)	(252,091,911)
		252,056,514	(252,091,911)
		3,613,466,224	1,754,710,139

33.1 This amount includes Rs. 3.481 million (2020: Rs. 2.050 million) in respect of employees' retirement benefits.

	Note	2021 Rupees	2020 Rupees
34. SELLING AND DISTRIBUTION EXPENSES			
Salaries, wages and other benefits	34.1	3,192,992	2,231,316
Stacking, restacking and carriage		6,882,931	5,134,349
Insurance		646,727	716,743
Commission on sale of sugar		3,801,000	-
		<u>14,523,650</u>	<u>8,082,408</u>

34.1 This amount includes Rs. 0.055 million (2020: Rs. 0.047 million) in respect of employees' retirement benefits.

35. GENERAL AND ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits	35.1	55,268,351	39,573,845
Traveling and conveyance		84,816	137,724
Rent, rates and taxes		241,500	1,236,000
Telephone and postage		966,418	896,236
Printing and stationery		1,279,175	1,034,173
Fee and subscription		2,409,841	2,743,841
Insurance		2,142,089	-
Repair and maintenance		4,112,539	4,833,630
Vehicle running expenses		2,925,721	2,334,125
Entertainment		1,519,523	123,664
Legal and professional charges		3,758,906	356,610
Charity and donations	35.2	-	4,895,683
Depreciation	8.8	2,723,439	1,130,034
Miscellaneous		1,893,123	3,919,405
		<u>79,325,441</u>	<u>63,214,970</u>

35.1 This amount includes Rs. 1.989 million (2020: Rs. 0.745 million) in respect of employees' retirement benefits.

35.2 Donations

This represents amounts paid for sidqas and distribution of house hold items to local community during the Covid 19. Donations were not made to any donee in which any director of the Company or his spouse had any interest at any time during the year.

	Note	2021 Rupees	2020 Rupees
36. OTHER OPERATING EXPENSES			
Auditors' remuneration			
Audit fee		550,000	500,000
Half yearly review fee		307,500	307,500
Group reporting		-	500,000
Review of code of corporate governance		50,000	50,000
Out of pocket expenses		25,000	25,000
		932,500	1,382,500
Provision for doubtful debt	36.1	-	77,491,042
Workers' Profit Participation Fund		8,947,343	-
Workers' Welfare Fund		3,578,937	-
		13,458,780	78,873,542

36.1 This represents provision for doubtful debts during the prior year on prudence basis as chances of recoveries are remote.

37. OTHER INCOME

Income from non-financial assets			
Gain on sale of fixed assets	8.9	3,639,229	-
Profit on investment		418,375	-
Margin charged on agri products	37.1	6,092,638	2,361,044
Sale of scrap		24,617,126	11,143,738
Miscellaneous income		-	49,008
Liabilities no longer payable written back	37.2 & 3	103,548,738	24,010,753
		138,316,106	37,564,543

37.1 This represents rate difference / margin charged to cane growers on provision of fertilizers and seeds.

37.2 This includes advance from customers amounting to Rs. 103.549 million (2020: creditors Rs. 24.011 million) written back for excess balances which are confirmed to be no longer payable.

	2021 Rupees	2020 Rupees
38. FINANCIAL CHARGES		
Mark-up / interest on:		
Short term financing	51,211,294	79,614,291
Loan from associated company	62,811,170	113,096,406
Worker's profit participation fund	228,364	258,612
Lease	712,196	111,807
	114,963,024	193,081,116
Bank charges and commission	319,660	91,276
	115,282,684	193,172,392

	Note	2021 Rupees	2020 Rupees
39. TAXATION			
Current	39.1	48,022,480	24,408,193
Prior year adjustments		-	(1,824,111)
Deferred tax		(3,820,758)	(13,445,831)
		<u>44,201,722</u>	<u>9,138,251</u>

39.1 As the tax charge represent alternate minimum tax (turnover) under the income Tax Ordinance, 2001, numerical reconciliation between the average effective tax rate and the applicable tax rate is not prepared and presented.

39.2 The rate of tax has been fixed at 29% for Tax Year 2022 and onwards by taxation authorities.

39.3 Comparison of tax provision against tax assessments

Years		Excess/ (Short)	Tax provision (Rupees)	Tax assessment / tax return
	Note			
2019-20	39.4	-	24,408,193	24,408,193
2018-19	39.4	(24,990)	1,824,111	1,849,101
2017-18	39.4	-	12,012,897	12,012,897

39.4 Minimum tax for tax year 2017, 2018, 2019 and 2020 of Rs. 47.191 million, Rs. 62.772 million, Rs. 1.849 million and Rs. 2.512 million was fully adjusted against the tax credits under section 65B. The Company has claimed tax credit at the rate of 10% for tax year 2019 based on the appeals filed by the general Industry in the Courts.

39.5 As at September 30, 2021, as per the treatments adopted in tax returns filed that are based on the applicable tax laws and decisions of appellate authorities on similar matters, the provision in the financial statements for income tax is sufficient as there are strong grounds that the said treatments are likely to be accepted by the tax authorities.

40. ACCOUNTING ESTIMATES AND JUDGMENTS

The Company's main accounting policies affecting its result of operations and financial conditions are set out in note 8. Judgments and assumptions have been required by the management in applying the Company's accounting policies in many areas. Actual results may differ from estimates calculated using these judgments and assumptions. Key sources of estimation, uncertainty and critical accounting judgments are as follows:

a) Income taxes

The Company takes into account relevant provisions of the current income tax laws while providing for current and deferred taxes as explained in note 8.10 to these financial statements.

b) Defined benefit plan

Certain actuarial assumptions have been adopted by external professional valuer (as disclosed in note 24.3) for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect unrecognized gains and losses in those years.

c) Property, plant and equipment

The estimates for revalued amounts, if any, of different classes of property, plant and equipment, are based on valuation performed by external professional valuers and recommendations of technical teams of the Company. Further, the Company reviews the value of the assets for possible impairment on an annual basis.

Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment. As explained in note 9 to these financial statements, the Company has revalued its free hold land as on September 30, 2019.

d) Stores and spares

Management has made estimates for realizable amount of slow moving and obsolete stores and spares items to determine provision for slow moving and obsolete items. Any future change in the estimated realizable amounts might affect carrying amount of stores and spares with corresponding affect on amounts recognized in profit and loss account as provision / reversal.

e) Financial instruments

The fair value of the financial instruments that are not traded in an active market is determined by using valuation techniques based on assumption that are dependent on conditions existing at the balance sheet.

f) Provision for doubtful receivables

The Company uses a provision matrix to calculate ECLs for trade receivables and other receivables. The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

g) Fair value measurement

A number of assets and liabilities included in the financial statements require measurement at, and / or disclosure of, fair value. The fair value measurement of the Establishment's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilised are (the fair value hierarchy):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

h) Provision and contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on its judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the balance sheet date.

i) Impairment of assets

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated using criteria given in respective accounting standards to determine the extent of impairment loss, if any.

j) Stock-in-trade

The Company reviews the carrying amount of stock-in-trade on a regular basis. Carrying amount of stock in-trade is adjusted where the net realizable value is below the cost. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

41. 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	September 30, 2021		September 30, 2020	
			Transactions during the period	Closing balance	Transactions during the year	Closing balance
----- Rupees -----						
Naubahar Bottling Company (Private) Limited	Associated Company	Long term loans	-	600,000,000	100,000,000	900,000,000
		Long term loans - paid/adjusted	300,000,000	-	165,960,400	-
		Mark-up payable	-	247,480,391	-	184,669,221
The Thal Industries Corporation Limited	Associated Company	Mark-up charged on long term loan	62,811,170	-	-	-
		Receivable balance	-	-	113,096,406	-
		Payable- Net	-	-	-	-
		Sale - Store items	15,248,100	-	322,042	9,252,137
		Purchases - store items	11,620,587	-	8,896,967	-
		Purchases - plant and machinery	4,123,738	-	23,000,000	-
		Paid / received / adjustment (net)	9,748,361	-	-	-
Al-Moiz Industries Limited	Associated Company	Payable-net	-	-	-	6,200,554
		Receivable balance	-	-	-	-
		Sale of scrap	13,428,601	-	13,134,468	-
		Sale of store item	1,503,684	-	-	-
		Paid / received / adjustment (net)	1,323,104	-	-	-
		Purchases- steel items	9,600,101	-	7,427,833	-
		Purchases- store item	454,740	-	-	-
Directors / shareholders						
Mr. Muhammad Shamim Khan		Directors' contribution/loan	160,000,000	1,066,300,000	309,800,000	906,300,000
Mrs. Qaiser Shamim Khan		Directors' contribution/loan	150,000,000	989,600,000	246,600,000	839,600,000
Mr. Nauman Khan		Directors' contribution/loan	-	54,800,000	32,800,000	54,800,000
Mr. Adnan Ahmed Khan		Directors' contribution/loan	10,000,000	192,000,000	182,000,000	182,000,000
Executives	Key management Personnel					
		Remuneration paid	27,386,315	-	17,986,756	-

41.1 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	Basis of Association	Shareholdings
			2021	2020		
Naubahar Bottling Company (Private) Limited	Pakistan	Associated	Common management	Nil	Shareholding	50.8600%
Al-Moiz Industries Limited	Pakistan	Associated	Common management	Nil	Common management	Nil
Moiz Textile Limited	Pakistan	Associated	Common management	Nil	Common management	Nil
The Thal Industries Corporation Limited	Pakistan	Associated	Common management	Nil	Common management	Nil
Mr. Muhammad Shamim Khan	Pakistan	Director	Shareholding	29.1623%	Shareholding	17.3600%
Mrs. Qaiser Shamim Khan	Pakistan	Director	Shareholding	28.0002%	Shareholding	9.6400%
Mr. Adnan Ahmed Khan	Pakistan	Chief Executive	Shareholding	20.0002%	Shareholding	9.6400%
Mr. Nauman Khan	Pakistan	Director	Shareholding	20.0002%	Shareholding	9.6400%
Malik Manzoor Hussain Humayun	Pakistan	Director	Shareholding	0.0169%	Shareholding	0.0021%
Mr. Farid ul din Ahmed	Pakistan	Director	Shareholding	0.0021%	Shareholding	0.0021%
Mrs. Sarah Hajra Khan	Pakistan	Director	Shareholding	0.0032%	Shareholding	0.0032%

41.2 The details of compensation paid to key management personnel are shown under the heading of "Remuneration of Chief Executive, Directors and Executive (note 46)". There are no transactions with key management personnel other than under their terms of employment except otherwise stated.

41.3 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Company considers all members of its management team, including the Chief Executive Officer and the Directors to be key management personnel.

42. EARNING / (LOSS) PER SHARE - BASIC AND DILUTED (RUPEES)

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

	2021	2020
Profit / (loss) after taxation - (Rupees)	122,218,849	(286,079,042)
Weighted average number of ordinary shares	9,450,000	9,450,000
Profit / (loss) per share - (Rupees)	12.93	(30.27)

43. RECONCILIATION OF MOVEMENT OF LIABILITIES AND EQUITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Short & Long term Loans and others	Directors contribution	Liabilities Associated company	Total
	(Rupees)			
Balance as at October 1, 2020	151,062,334	1,982,700,000	900,000,000	3,033,762,334
Contribution / borrowings obtained	4,045,852,160	320,000,000	-	4,365,852,160
Repayment of financing	(4,162,401,030)	-	-	(4,162,401,030)
Payment / adjustment	-	-	(300,000,000)	(300,000,000)
	(116,548,870)	320,000,000	(300,000,000)	(96,548,870)
Balance as at September 30, 2021	34,513,464	2,302,700,000	600,000,000	2,937,213,464

43.1 There is no movement in the dividend during the year, therefore no reconciliation has been prepared.

43.2 There is Rs. Nil (2020: Rs. 114.989 million) as non cash transactions in the financing activities against the adjustment of balance of M/s Pattoki Sugar Mills Limited during the period. Further, there is also Rs. 10.913 million (2020: Rs. 1.521 million) non cash transaction of lease obligation.

44. FINANCIAL INSTRUMENTS

Financial risk management

The Company has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

44.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if the counter party fails completely to perform as contracted and arise principally from trade debts, loans and advances, trade deposits, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is as follows:

	2021 Rupees	2020 Rupees
Long term deposits	1,337,050	174,500
Trade debts	4,576,692	8,668,169
Loans and advances	107,105	138,598
Short term investment	100,355,619	-
Short term deposits	-	2,430,000
Other receivables	-	968,352
Bank balances	26,468,785	356,010,972
	132,845,251	368,390,591

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty. To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Credit terms are approved by the approval committee. Where considered necessary, advance payments are obtained from certain parties. There is no separate credit period defined.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

The maximum exposure to credit risk for trade debts at the balance sheet date by geographic region is as follows:

	2021 Rupees	2020 Rupees
Export	-	-
Domestic	4,576,692	8,668,169
	4,576,692	8,668,169

Trade receivables by geographical split is as follows:

	LC	Sales		Trade debts (Rupees)	
		Others	Total	Outstanding balance	
		(Rupees)		2021	2020
Country					
Pakistan	-	3,864,161,244	3,864,161,244	4,576,692	8,668,169
Total	-	3,864,161,244	3,864,161,244	4,576,692	8,668,169

The maximum exposure to credit risk for trade debts at the balance sheet date by type of customer is as follows:

This was included balance amounting to Rs. 3.348 million receivable from Six-B Food Industries (Private) Limited which was not past due during the year.

The maximum amount due from Six-B Food Industries (Private) Limited at the end of any month during the year was Rs. 10.041 million.

	2021 Rupees	2020 Rupees
Dealers / industries	4,576,692	8,668,169
End-user customers	-	-
	4,576,692	8,668,169

The aging of trade receivable at the reporting date is:

	2021 Rupees	2020 Rupees
Not past due	-	-
Past due 1-30 days	-	-
Past due 30-180 days	4,576,692	8,668,169
Past due more than 180 days	-	-
	<u>4,576,692</u>	<u>8,668,169</u>

The company's most significant customers are Six-B Food Industries (Private) Limited and dealers from whom the receivable was Rs. 3.348 million (2020: Rs. Nil).

Based on the past experience, consideration of financial position, past track records and recoveries, the Company believes that impairment allowance is necessary in respect of trade debtors past due, accordingly appropriate impairment loss has been recorded in these financial statements.

On the prudence basis an amount of Rs. Nil (2020: Rs. 77.491 million) has been charged to profit and loss account during the year.

The Company's bank balances can be assessed with reference to external credit ratings as follows:

	Rating Agency	Short Term	Long Term	2021 Rupees	2020 Rupees
Bank Al-Habib Limited	PACRA	A1+	AA+	-	274,985
Bank Al-Habib Limited	PACRA	A1+	AA+	12,651,410	98,870,246
Bank Al-Habib Limited	PACRA	A1+	AA+	599	599
Allied Bank Limited	PACRA	A1+	AAA	1,320,855	59,008
United Bank Limited	VIS	A-1+	AAA	-	-
MCB Bank Limited	PACRA	A-1+	AAA	1,190,365	37,729,041
National Bank of Pakistan	PACRA	A-1+	AAA	79,736	79,736
Habib Bank Limited	JCR-VIS	A-1+	AAA	7,360,062	78,791,173
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	-	-
Summit Bank Limited	VIS	NA	NA	-	-
Bank Alfalah Limited	PACRA	A1+	AA	1,157,800	31,559,513
JS Bank Limited	PACRA	A1+	AA-	-	-
The Bank of Punjab	PACRA	A1+	AA	-	-
Askari Bank Limited	PACRA	A1+	AA+	154,665	5,181,977
Apna Microfinance Bank Limited	PACRA	A3	BBB+	-	-
Soneri Bank Limited	PACRA	A1+	AA-	157,305	5,275,000
Meezan Bank Limited	VIS	A-1+	AA+	2,395,988	98,189,694

Cash and bank balances

The Company held cash and cash equivalents amounting to Rs. 26.945 million (2020: Rs. 356.011 million). These cash and cash equivalents are held with banks and financial institutions counterparties, which are rated A to AA+, based on PACRA ratings. Impairment on cash and cash equivalents has been measured on a 12 month expected loss basis and reflects short term maturities of the exposure. The Company considers its cash and cash equivalents have low credit risk based on the external ratings of the counterparties. 12

month probabilities of default are based on historical data supplied by PACRA rating agency for each credit rating. Loss given default (LGD) parameters generally reflect assumed recovery rates based on recovery rates assumed in Basel Guidelines for unsecured exposures.

Advances, deposits and other receivables

Advances, deposits and other receivables mainly comprise of advances to employees against salaries, receivables from related parties and deposits with government entities. The Company has assessed, based on historical experience and available securities, that the expected credit loss associated with these financial assets is trivial and therefore no impairment charge has been accounted for.

44.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

	Carrying amount	Contractual cash flow	One to twelve months	One to two years	Two to five years
	----- (Rupees) -----				
2021					
Financial liabilities					
Loan from associated company	600,000,000	676,500,000	338,250,000	-	338,250,000
Mark-up accrued	247,610,328	247,610,328	247,610,328	-	-
Lease liabilities	10,704,121	1,682,756	603,012	1,079,744	-
Due to Pattoki Sugar Mills Limited	14,426,698	14,426,698	14,426,698	-	-
Trade and other payables	139,137,334	139,137,334	139,137,334	-	-
Short term borrowing	20,295,945	20,295,945	20,295,945	-	-
Unclaimed dividend	255,930	255,930	255,930	-	-
	<u>1,032,430,356</u>	<u>1,099,908,991</u>	<u>760,579,247</u>	<u>1,079,744</u>	<u>338,250,000</u>
2020					
Financial liabilities					
Loan from associated company	900,000,000	1,014,750,000	-	-	1,014,750,000
Mark-up accrued	185,753,366	185,753,366	185,753,366	-	-
Lease liabilities	1,520,453	1,682,756	603,012	1,079,744	-
Due to Pattoki Sugar Mills Limited	43,829,685	43,829,685	43,829,685	-	-
Trade and other payables	115,474,026	115,474,026	115,474,026	-	-
Short term borrowing	105,000,000	105,000,000	105,000,000	-	-
Unclaimed dividend	255,930	255,930	255,930	-	-
	<u>1,351,833,460</u>	<u>1,466,745,763</u>	<u>450,916,019</u>	<u>1,079,744</u>	<u>1,014,750,000</u>

44.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. The company is exposed to currency risk and interest rate risk only.

a) **Currency risk**

The Company is exposed to currency risk on trade debts, import of raw materials and stores and spares and export sales that are denominated in a currency other than the respective functional currency of the Company, primarily in U.S. dollar. The Company's exposure to foreign currency risk is as follows:

	2021 Rupees	2020 Rupees
Trade debts	-	-
Gross balance sheet exposure	-	-
Outstanding letters of credit	-	-
Net exposure	-	-

The following significant exchange rates applied during the year:

	Average rate		Reporting date rate	
	2021	2020	2021	2020
USD to PKR	163.15	164.93	158.30	165.40

Sensitivity analysis

At reporting date, if the PKR had strengthened by 10% against the US dollar with all other variables held constant, post tax profit for the year would have been lower by the amount shown below.

	2021 Rupees	2020 Rupees
Effect on profit or loss		
Loss	-	-

The weakening of the PKR against US dollar would have had an equal but opposite impact on the post tax profits / loss.

b) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long term loans and short term borrowings. These are benchmarked to variable rates which expose the Group to cash flow interest rate risk. At the balance sheet date the interest rate profile of the Group's interest - bearing financial instruments is as follows:

	2021 Effective rate	2020	2021 Carrying amount Rupees	2020 Carrying amount Rupees
Financial liabilities				
Variable rate instruments:				
Loan from associated company	7.950%	10.560%	600,000,000	900,000,000
Short term borrowings	8.530%	11.309%	20,295,945	105,000,000
			<u>620,295,945</u>	<u>1,005,000,000</u>

Effective interest rates are also mentioned in the respective notes to the financial statements.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2021.

	Profit and loss 100 bp increase	100 bp decrease
As at September 30, 2021		
Cash flow sensitivity - Variable rate financial liabilities	(6,202,959)	6,202,959
As at September 30, 2020		
Cash flow sensitivity - Variable rate financial liabilities	(10,050,000)	10,050,000

The sensitivity analysis prepared is not necessarily indicative of the effects on (loss) / profit for the year and assets / liabilities of the Company.

Interest rate risk management

The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The long and short term borrowing and loans and advances by the Company has variable rate pricing that is mostly dependent on Karachi Inter Bank Offered Rate ("KIBOR") as indicated in respective notes.

44.4 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Company is exposed to price risk as there is a financial instrument (short term investment) at the reporting date that are sensitive to price fluctuations.

	2021 Price	2020	2021 Carrying amount Rupees	2020 Carrying amount Rupees
Financial liabilities				
Variable rate instruments:				
Short term investment	101.17	-	100,355,619	-

Cash flow sensitivity analysis for variable rate instruments

A change of 10% price rate at the reporting date would have decreased / (increased) loss for the year by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2021.

	Profit and loss	
	100 bp increase	100 bp decrease
As at September 30, 2021		
Cash flow sensitivity - Variable rate financial liabilities	10,035,562	(10,035,562)
As at September 30, 2020		
Cash flow sensitivity - Variable rate financial liabilities	-	-

The sensitivity analysis prepared is not necessarily indicative of the effects on (loss) / profit for the year and assets / liabilities of the Company.

44.5 Risk management strategy related to sugarcane supplies

The Company is exposed to the following risks relating to its sugarcane supplies.

The Company is subject to various laws and regulations in Pakistan. The Company has established environmental policies and procedures aimed at ensuring compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

Climate and other risks

Due to inherent nature of the agricultural products, it contains elements of significant risks and uncertainties which may adversely affect business and resultant profitability, including but not limited to the following:

- adverse weather conditions such as floods etc. affecting the quality and quantity of production; and
- potential insect, fungal and weed infestations resulting in crop failure and reduced yields

The Company is principally dependent upon the Government's measures for flood control. The Company provides to cane growers an effective preventive pesticide / insecticide / fungicide program, regularly monitors the crops for any infestations and takes immediate curative measures.

Supply and demand risk

The price of sugarcane is driven by consumer demand of sugar as well as Government's intervention in setting of minimum / support price for the grower. Surplus production or bumper crop may result in a lower selling price hence affecting profitability of the Company adversely. The Company manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analysis for projected harvest volume and analysis.

45. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The different levels for fair value estimation used by the Company have been explained as follows;

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level-1).
- Inputs other than quoted prices included within level - 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level-2).
- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (Level-3).

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

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

The Company has valued its some of 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.

The following is categorization of assets measured at fair value at September 30, 2021:

2021				
	Level 1	Level 2	Level 3	Total
	Rupees			
Assets:				
Free hold land	-	1,260,192,500	-	1,260,192,500
Buildings	-	221,542,290	-	221,542,290
Plant and machinery	-	1,323,968,991	-	1,323,968,991
2020				
	Level 1	Level 2	Level 3	Total
	Rupees			
Assets:				
Free hold land	-	1,260,192,500	-	1,260,192,500
Buildings	-	246,158,100	-	246,158,100
Plant and machinery	-	1,243,936,754	-	1,243,936,754

There were no transfers between Levels 1 and 2 & Levels 2 and 3 during the year and there were no changes in valuation techniques during the periods.

46. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors		Executives	
	2021	2020	2021	2020	2021	2020
	----- (Rupees) -----					
Managerial remuneration	-	-	-	-	16,176,211	14,617,471
House rent allowance	-	-	-	-	6,468,543	2,451,238
Utility expenses	-	-	-	-	1,618,349	612,516
Bonus (performance)	-	-	-	-	2,637,212	305,531
Reimbursable expenses	-	-	-	-	356,000	-
Gratuity	-	-	-	-	130,000	-
	-	-	-	-	27,386,315	17,986,756
Number of persons	1	1	7	7	10	11

- 46.1 The Company also provides the Executives with Company maintained house. Additionally the Executives were provided free use of Cellular phone and company maintained cars in accordance with their terms of employment.
- 46.2 The Chief executive and directors of the company have waived their rights to receive meeting fee. No remuneration have been paid to executive / non executive directors of the Company.

47. RECOVERABLE AMOUNTS AND IMPAIRMENTS

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless otherwise stated in financial statements.

48. CAPACITY AND PRODUCTION

	2021 Number	2020 Number
Crushing Capacity on the basis of operating days (Metric tons)	560,000	560,000
Actual crushing (Metric tons)	457,224.825	290,029.359
Sugar production from cane (Metric tons)	41,501.50	25,159.00
Recovery of sugar cane (percentage)	9.072%	8.700%

- 48.1 Actual production per day has been increased as compared to designed capacity due to replacement of old machines with modern machines. (2020: Under utilisation of the capacity is mainly due to non availability of better quality sugar cane and frequent plant breakdown during the last year).
- 48.2 Designed crushing capacity for the year ended 2020 has been restated as per record submitted to District Officer of Industries, Prices, Weights and Measures department which were erroneously mentioned.

49. NUMBER OF EMPLOYEES

Number of employees at September 30

Permanent

Head office

Factory

Contractual / temporary

Head office

Factory

Average number of employees during the year

Permanent

Head office

Factory

Contractual / temporary

Head office

Factory

2021
Number

2020
Number

4

4

88

61

1

-

310

303

4

3

75

33

1

-

307

268

50. CAPITAL RISK MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitor the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitor the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

The Company's objectives when managing capital are:

- (i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- (ii) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The management at all times seeks to earn returns higher than its weighted average cost of capital, by increasing efficiencies in operations, so as to increase profitability.

	2021 Rupees	2020 Rupees
The proportion of debt to equity at the year end was:		
Total Borrowings (notes 20, 22, 23, 27 and 30)	2,933,700,066	2,989,220,453
Less: Balances with banks (note 18)	(26,945,258)	(356,447,809)
Net debt	2,906,754,808	2,632,772,644
Total equity - including surplus on fixed asset	1,793,442,070	1,351,371,171
Total capital	4,700,196,878	3,984,143,815
Gearing ratio	62%	66%

In accordance with the terms of agreement with the lenders of short term finances (as referred to in note 27 to these financial statements), the Company is required to comply with certain financial covenants in respect of capital requirements which the Company has complied with throughout the reporting period.

51. RISK MANAGEMENT FRAMEWORK

The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee. The audit committee oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

52. 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. However, no significant reclassification has been made during the year.

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

53.1 During the year the Company has obtained borrowings from directors.

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

54. NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

There are no reportable events after the balance sheet date.

55. FINANCIAL INSTRUMENTS BY CATEGORY

Note	Carrying amount			Fair value			
	Financial assets at amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
On-Balance sheet financial instruments							
As at September 30, 2021							
Financial assets							
At amortised cost							
Long term deposits	10	1,337,050	-	1,337,050	-	-	-
Trade debts	13	4,576,692	-	4,576,692	-	-	-
Loans and advances	15	107,105	-	107,105	-	-	-
Short term investment	14	100,355,619	-	100,355,619	100,355,619	-	-
Cash and bank balances	18	26,945,258	-	26,945,258	-	-	-
		133,321,724	-	133,321,724	100,355,619	-	-
Financial liabilities at amortised cost							
Loan from associated company	22	-	300,000,000	300,000,000	-	-	-
Lease liabilities	23	-	10,704,125	-	-	-	-
Trade and other payables	25	-	139,137,334	139,137,334	-	-	-
Unclaimed dividend		-	255,930	255,930	-	-	-
Due to Pattoki Sugar Mills Limited	26	-	14,426,698	14,426,698	-	-	-
Short term borrowing	27	-	20,295,945	20,295,945	-	-	-
Mark-up accrued	28	-	247,610,328	247,610,328	-	-	-
		-	732,430,360	721,726,235	-	-	-
On-Balance sheet financial instruments							
As at September 30, 2020							
Financial assets at amortised cost							
Long term deposits	10	174,500	-	174,500	-	-	-
Trade debts	13	8,668,169	-	8,668,169	-	-	-
Loans and advances	15	138,598	-	138,598	-	-	-
Short term deposits	16	2,430,000	-	2,430,000	-	-	-
Other receivables	17	968,352	-	968,352	-	-	-
Cash and bank balances	18	356,447,809	-	356,447,809	-	-	-
		368,827,428	-	368,827,428	-	-	-
Financial liabilities at amortised cost							
Loan from holding company	22	-	900,000,000	900,000,000	-	-	-
Lease liability	22	-	1,520,453	1,520,453	-	-	-
Trade and other payables	25	-	115,474,026	115,474,026	-	-	-
Unclaimed dividend	26	-	255,930	255,930	-	-	-
Due to ex holding company	28	-	43,829,685	43,829,685	-	-	-
Short term borrowing		-	105,000,000	105,000,000	-	-	-
Mark-up accrued		-	185,753,366	185,753,366	-	-	-
		-	1,351,833,460	1,351,833,460	-	-	-

55.1 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.

55.2 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.

56. SEASONALITY OF OPERATIONS

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

57. OPERATING SEGMENTS

These financial statements have been prepared on the basis of single reportable segments.

Sugar Sales represents 89.49% (2020: 88.89%) of the total sales of the Company.

The Company's sales relate to the customers in Pakistan.

All non - current assets of the company as at September 30, 2021 are located in Pakistan.

No sale accounted for 10% or more of total sales was made to any customer during the year (2020: Utility Store Corporation of Pakistan (Private) Limited was sold Rs. 200.640 million (11.02%) and Chashma Sugar Mills Limited was sold Rs. 227.00 million (12.72%)).

58. IMPACT OF COVID -19 ON THE FINANCIAL STATEMENTS

In March 2020, the World Health Organization ("WHO") declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. In the first few months of 2020 the virus had spread globally, and its negative impact had gained momentum. The management considers presently this outbreak does not have any impact on the amounts being reported in the Company's statement of financial position as at September 30, 2021. While this is still an evolving situation as at the time of issuing these financial statements yet, to date the operations of the Company have continued uninterrupted during this pandemic, future effects cannot be predicted. However, we have been informed by the management that it will continue to monitor the potential impact and will take all steps possible to mitigate any effects.

59. DISCLOSURE REQUIREMENT FOR ALL SHARE ISLAMIC INDEX

The Company is not listed on All Share Islamic Index, therefore no disclosure has been made in this regards in these financial statements as required by the Fourth Schedule of Companies Act, 2017.

60. DATE OF AUTHORIZATION OF ISSUE

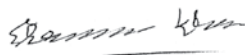
These financial statements were authorized for issue on December 27, 2021 by the Board of Directors of the Company.

61. GENERAL

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

Proxy Form

No. of Shares

Folio No./CDC Participant ID

I/We _____
of _____

Being member of BABA FARID SUGAR MILLS LIMITED hereby appoint

Mr./Miss/Mrs. _____

of failing him/her _____

being a member of the company a my/our proxy to attend, act and vote for me/us and on my/us and on my/or behalf, at the 43rd Annual General Meeting of the company to be held Registered Office, 2-D-1, Gulberg III, Lahore on Friday, the 28th January, 2022 at 4.00 p.m. and every adjournment thereof.

As witness my hand this _____ day of _____ 2022

Signed by the said _____ of _____

1. Witness's Signature

Name: _____

CNIC No. _____

Address: _____

Member's Signature

2. Witness's Signature

Name: _____

CNIC No. _____

Address: _____

Revenue Stamp
Rs. 50/-

Date _____

Place _____

Notes: _____

1. This form of proxy, in order to be effected must be deposited duly completed at the registered office 2-D-1, Gulberg III, Lahore, not less than 48 hours before the time for holding the meeting.
2. A Proxy must be a member of the company.
3. Signature should agree with the specimen registered with the company.
4. CDC shareholder's entitled to attend and vote at this meeting must bring with them their Computerized National Identity Card / passport in original to provide his/her identity.

بابا فرید شوگر ملز لمیٹڈ

مختار نامہ

میں / ہم ----- کا / کے -----
بحیثیت رکن بابا فرید شوگر ملز لمیٹڈ اور حال حصص، بمطابق شیئر رجسٹر فو لیو نمبر -----
اور ایسی ڈی سی پارٹیسپنٹ (شرکت آئی ڈی نمبر) -----
اور سب اکاؤنٹ ذیلی کھاتہ نمبر -----
محترم / محترمہ -----
کو اپنے / ہمارے ایماء پر ----- مورخہ 28 جنوری 2022ء بروز جمعہ بوقت 4:00 بجے -----
کو منعقد ہونے کمپنی کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت اپنا / ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔
آج بروز ----- بتاریخ ----- 2022ء کو دستخط کیے گئے۔

گواہان

1-

پچاس روپے کے رسید ٹکٹ پر دستخط

دستخط: -----
نام: -----
پتہ: -----
کمپیوٹرائزڈ شناختی کارڈ نمبر: -----

2-

دستخط کمپنی کے نمونہ دستخط سے
مماثل ہونے چاہئیں

دستخط: -----
نام: -----
پتہ: -----
کمپیوٹرائزڈ شناختی کارڈ نمبر: -----

نوٹ:

- 1- ایک ممبر (رکن) جو اجلاس میں شرکت نہیں کر سکتا وہ اس فارم کو مکمل کرے اور دستخط کرنے کے بعد اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل رجسٹرڈ آفس کے پتے پر ارسال کرے۔
- 2- سی ڈی سی شیئر ہولڈر ہونے کی صورت میں درج بالا کے علاوہ ذیل میں درج ہدایات پر بھی عمل کرنا ہوگا۔
- الف۔ فرد ہونے کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور / یا وہ جس کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات قواعد و ضوابط کے مطابق اپ لوڈ ہوں انہیں کمپنی کی جانب سے دی گئی ہدایت کی روشنی میں پراکسی فارم جمع کرانا ہوگا۔
- ب۔ مختار نامے پر بطور گواہان دو افراد کے دستخط ہونے چاہئیں اور ان کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر فارم پر درج ہوں۔
- ج۔ پیشکش اونرز (مستفید ہونے والے فرد) کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی منسلک کرنی ہوگی جسے نائب مختار نامہ کے ہمراہ پیش کرے گا۔
- د۔ اجلاس کے وقت نائب کو اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔
- و۔ کارپوریٹ ادارہ ہونے کی صورت میں بحیثیت ممبر (رکن) بورڈ آف ڈائریکٹرز قرار داد / مع نامزد کردہ شخص / انارنی کے نمونہ دستخط پاور آف انارنی (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختار نامہ) کے ہمراہ کمپنی میں جمع کرانا ہوگا۔



IF UNDELIVERED, PLEASE RETURN TO

**BABA FARID
SUGAR MILLS LIMITED**
2-D-1, GULBERG III, LAHORE