



BABA FARID

SUGAR MILLS LIMITED

CONDENSED INTERIM FINANCIAL INFORMATION
For the Half Year Ended 31 March 2022 (Un-audited)

HALF YEARLY
REPORT
2022

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COMPANY INFORMATION

BOARD OF DIRECTORS

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

CHIEF FINANCIAL OFFICER

Mr. Wasif Mahmood

COMPANY SECRETARY

Mr. Muhammad Imran

AUDITORS

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

MILLS

5 K.M. Faisalabad Road, Okara
Tel: 044-2714418-21
Fax: 044-2522978

BANKERS

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

HUMAN RESOURCES & REMUNERATION COMMITTEE

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

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

SHARE REGISTRAR

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

REGISTERED OFFICE

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

LEGAL ADVISOR

M/S Ahmed & Pansota
Advocate and Legal Consultants
20 - Sir Gangaram Mansions
The Mall Lahore.
Tel: 042-37313549, 37313520
Tel: 042-36672102

DIRECTORS' REVIEW

The Directors of your Company are pleased to present the Un-Audited Accounts of the Company for the half year ended 31 March 2022 in compliance with the section 237 of the Companies Act, 2017.

INDUSTRY OVERVIEW

During the period under review, cultivated area of sugarcane crop is higher and yield per acre by the growers is also reportedly higher as compared to corresponding period of last year. The early start of crushing season also affected the yield and recovery of cane. The sugar recoveries in the area as compared to last year is lower due early harvesting. Even efforts made by agri team to promote better varieties of sugar cane and good practices couldn't improve the recovery rate.

For current crushing season 2021-22, notified support price of sugarcane is Rs. 225/- per 40 kg in Punjab & KPK and Rs. 250/- per 40 kg in the province of Sindh. Due to early start of crushing season from 15 November 2021 tough competition has been observed in cane procurement that resulted into price war like situation in the region in the first half of crushing season. Average sugarcane purchase cost is higher compared to last year.

PERFORMANCE OF THE COMPANY

The Company was able to crush 604,762.396 M. Tons sugarcane and produced 54,026.500 M. Tons of white refined sugar at an average recovery of 8.936% during the period ended March 31, 2022 as compared to corresponding period of last year sugarcane crushing was 457,224.825 M. Tons and production was 41,501.500 M. Tons of white refined sugar at an average recovery of 9.072%.

Net sales were recorded at Rs. 1,100.741 million during the period under review as compared to Rs. 1,256.745 million against the corresponding period of last year.

The Company suffered pretax loss of Rs. 73.353 million during the period under review as compared to pretax loss of Rs. 16.793 million in the corresponding period of last year. The increase in loss is because of higher sugarcane procurement cost along with effect of inflation coupled with increase in financial cost mainly due to substantial rise of Kibor rate.

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

RESEARCH AND DEVELOPMENT

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

RELATIONSHIP WITH GROWERS

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

FUTURE OUT LOOK

According to surveys the sugarcane crop size in current crushing season estimated to be approx. 20-25% higher than last year and keeping in view the reported increased crop yield, we expect the sugar production of this year will be substantially higher as compared to last year. In view of this, it is expected that sugar prices would remain under pressure. In this sugar surplus situation in the country that lead to depressed sugar prices many sugar mills will not be able to clear farmer's payments in timely manner unless the sugar export will be allowed to international market. Though allowing sugar exports seems extremely difficult in present political scenario. Although if allowed, this export will also be greatly helpful to the country in this extremely low FCY reserve position. The option of sugar export is not only important for this year rather for next year as well because industry is expecting another bumper cane crop next year.

During last couple of months, State Bank of Pakistan (SBP) has increased base rate by 450 bps which has jacked up the mark up rates which will result in substantially increased borrowing cost of the Company. Any further increase in mark-up/SBP discount rates may adversely affect the profitability of the Company. Inflationary pressure is also high. That may also increase cost of business.

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

CORPORATE GOVERNANCE

Best Corporate Practices

Directors are committed to good corporate governance and comply with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 and the Rule Book of Pakistan Stock Exchange. The composition of the Board of Directors (the Board") is as follows:

The total number of Directors are seven as per following:

- Male: Five
- Female: Two

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

The Board has formed committees comprising of members given below:

AUDIT COMMITTEE

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

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

HR AND REMUNERATION COMMITTEE

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

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

NOMINATION COMMITTEE

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

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

RISK MANAGEMENT COMMITTEE

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

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

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

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

ACKNOWLEDGEMENT

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

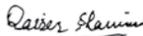
For and on behalf of the Board

Baba Farid Sugar Mills Limited



Muhammad Shamim Khan

Director



Mrs. Qaiser Shamim Khan

Chairperson



Mr. Farid-ud-Din Ahmad

Director

Lahore, 24 May 2022

ڈائریکٹرز کی جائزہ رپورٹ

کمپنی کے ڈائریکٹر کمینیز ایکٹ 2017ء کی دفعہ 237 کی تعمیل میں 31 مارچ 2022ء کو ختم ہونے والی پہلی ششماہی کے لئے کمپنی کے غیر نظر ثانی شدہ حسابات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

صنعت کا مجموعی جائزہ

زیر جائزہ مدت کے دوران گنے کی فصل کا کاشت شدہ رقبہ زیادہ ہے اور کاشتکاروں کی طرف سے گزشتہ سال کے مقابلے میں ایکڑ پیداوار بھی زیادہ بتائی گئی ہے۔ کرشنگ سیزن کے جلد آغاز سے گنے کی پیداوار اور ریکوری بھی متاثر ہوئی ہے۔ علاقہ میں شوگر ریکوریز جلد کٹائی کی وجہ سے گزشتہ سال کے مقابلے کم ہے۔ گنے کی بہتر اقسام کو فروغ دینے کے لئے زرعی ٹیم کی طرف سے کوششیں بھی کی گئیں اور یہ اچھے عوامل ریکوری شرح کو بہتر نہیں کر سکے۔

موجودہ کرشنگ سیزن 2021-22 کیلئے پنجاب اور کے پی کے میں گنے کی امدادی قیمت -/225 روپے فی من اور صوبہ سندھ میں -/250 روپے فی من کا اعلان کیا گیا ہے۔ 15 نومبر 2021 سے کرشنگ سیزن کے جلد آغاز کی وجہ سے گنے کی خریداری میں سخت مقابلہ دیکھا گیا جس کے نتیجے میں کرشنگ سیزن کی پہلی ششماہی میں خطے میں قیمت جنگ کی صورت حال پائی گئی۔ گنے کی اوسط قیمت خرید گزشتہ سال کے مقابلے زیادہ ہے۔

کمپنی کی کارکردگی

31 مارچ 2022ء کو ختم ہونے والی مدت کے دوران کمپنی نے 604,762.396 میٹرک ٹن گنے کی کرشنگ کی اور 8.936 فیصد اوسط ریکوری کے ساتھ 54,026.500 میٹرک ٹن سفید ریفا سنڈ چینی بنائی جبکہ اس کے مقابلے میں گذشتہ سال 457,224.825 میٹرک ٹن گنے کی کرشنگ کی اور 9.072 فیصد اوسط ریکوری کے ساتھ 41,501.500 میٹرک ٹن سفید ریفا سنڈ چینی بنائی۔ گزشتہ سال کی اسی مدت میں 1,256.745 ملین روپے خالص فروخت کے مقابلے میں زیر جائزہ مدت کے دوران 1,100.741 ملین روپے درج کی گئی۔

کمپنی کو زیر جائزہ مدت کے دوران ٹیکس سے قبل 73.353 ملین روپے کا نقصان ہوا جبکہ گزشتہ سال کی اسی مدت میں ٹیکس سے قبل 16.793 ملین روپے کا نقصان ہوا تھا۔ کمپنی کے نقصانات میں اضافہ کا بہر شرح کافی بڑھ جانے کی وجہ سے مالی لاگت میں اضافہ اور افراط زر کے اثر کے ساتھ گنے کی خریداری کی زیادہ لاگت کی وجہ سے ہوا ہے۔

تمام تر کوششیں عمل کارکردگی بہتر بنانے، جدید ترین ٹیکنالوجی آلات نصب کرنے، کڑی نگرانی کی بدولت پیداواری اخراجات کو کم کرنے، اچھا معیاری گنا حاصل کرنے کے لئے کاشتکاروں کو مسلسل جدید بہتر بیج کی اقسام، کھادیں، ادویات وغیرہ اور دیگر باہم سہولیات پہنچا کر کمپنی کی پیداوار اور منافع کو بڑھانے کے لئے کی جارہی ہیں، جس کے نتیجے میں بالآخر چینی کی ریکوری زیادہ اور گنے کے کاشتکاروں کو مالی فوائد بھی حاصل ہوں گے۔

تحقیق و ترقی

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

کاشتکاروں سے تعلقات

ہمیشہ کی طرح کاشتکاروں کی ادائیگی ہماری اولین ترجیح رہی ہے جو ہماری کامیابی کا کلیدی کردار ہے اور ہم ترجیحی بنیادوں پر کاشتکاروں کی ادائیگی کے لیے پوری کوشش کر رہے ہیں۔ ہم اپنے کاشتکاروں کو باقاعدگی سے مالی اور ٹیکنیکی مدد فراہم کرتے ہیں۔

مستقبل کا نقطہ نظر اور جاری تشویش مفروضہ:

سروے کے مطابق موجودہ کرشنگ سیزن میں گنے کی فصل کے سائز کا تخمینہ گزشتہ سال سے تقریباً 25-20 فیصد زیادہ لگایا گیا ہے اور بیان کی گئی فصل کی زیادہ پیداوار کے پیش نظر، یہ توقع ہے کہ اس سال چینی کی پیداوار گزشتہ سال کے مقابلے کافی زیادہ ہوگی۔ ان تمام کے مدنظر، چینی کی قیمتیں دباؤ کے تحت رہیں گی۔ ملک میں وافر چینی کی اس صورت حال کی وجہ سے چینی کی قیمتیں دباؤ میں ہیں بہت سی چینی کی ملیں کسانوں کی ادائیگیوں بروقت انداز میں نہیں کر سکیں گی جب تک کہ بین الاقوامی مارکیٹ میں چینی برآمد کرنے کی اجازت نہ دی جائے گی۔ اگرچہ موجودہ سیاسی منظر نامہ میں اس کی برآمد کی اجازت بہت مشکل نظر آتی ہے۔ پھر بھی اگر اجازت دی دے گی، یہ برآمد اس بہت زیادہ کم FCY ریزروپوزیشن میں ملک کے لئے بھی بہت زیادہ مددگار ہوگی۔ چینی کی برآمد کا آپشن نہ صرف اس سال کے لئے بلکہ اگلے سال کے لئے بھی اہم ہے کیونکہ انڈسٹری کو اگلے سال بھی گنے کی بھر فصل متوقع ہے۔

گزشتہ چند مہینوں کے دوران، اسٹیٹ بینک آف پاکستان (SBP) نے بیس ریٹ میں 450bps کا اضافہ کیا ہے جس سے مارک اپ کی شرحوں میں اضافہ ہوا ہے جس کے نتیجے میں کمپنی کی مالی لاگت میں اضافہ ہوگا۔ مارک اپ کی شرحوں میں مزید اضافہ کمپنی کے منافع کو بری طرح متاثر کر سکتا ہے۔

سیلز ٹیکس کی چوری اور چینی کی غیر دستاویزی تجارت شوگر انڈسٹری کو درپیش دو بڑے چیلنجز تھے۔ یہ مسائل گنے، چینی کی قیمتوں میں عدم استحکام اور ملک میں چینی کی دستیابی کے لیے حکومت کی جانب سے منصوبہ بندی میں رکاوٹ کی بنیادی وجہ تھے۔ ان مسائل کو ختم کرنے کے لئے 11 نومبر 2021 کو، ایف بی آر نے ٹریک اور ٹریلس سٹم کے نفاذ کے حوالہ سے سیلز ٹیکس جنرل آرڈر نمبر 05 آف 2021-22 جاری کیا۔ آرڈر کے مطابق، 11 نومبر 2021 سے موثر کسی شوگر بیگ کو ٹیکس اسٹیمپس/ایونیک شناختی مارکنگ (UTMs) کے بغیر پروڈکشن سائٹ یا فیکٹری سے منتقل کرنے کی اجازت نہیں ہوگی، جو کہ صرف ایف بی آر کے لائسنس یافتہ وینڈر سے حاصل خریدی گئی ہیں۔ ایف بی آر نے ٹریک اور ٹریلس سٹم کے نفاذ میں شاندار کامیابی حاصل کی اور نتائج کافی تسلی بخش ہیں۔ یہ ایف بی آر کی جانب سے حاصل کیا گیا ایک سنگ میل ہے جس کے نتیجے میں شوگر ملوں کو مکمل طور پر کھپلائٹ کرنے کے لیے ہمارے میدان ملے گا اور ایف بی آر کی آمدنی میں خاطر خواہ اضافہ ہوگا۔ اب ایف بی آر کو شوگر کی تجارت کو دستاویزی کرنے کے عملی طریقے بھی تلاش کرنے چاہئیں جو ایک اور مشکل کام ہے۔

کارپوریٹ گورننس

بہترین کارپوریٹ عوامل

ڈائریکٹرز، بہترین کارپوریٹ گورننس پر عملدرآمد اور فہرستی کمپنیز (کارپوریٹ گورننس کا ضابطہ) ریگولیشنز، 2017 اور پاکستان اسٹاک ایکسچینج کی رول بک کی ضروریات کو پورا کرتے ہیں۔ بورڈ آف ڈائریکٹرز (بورڈ) کی تشکیل حسب ذیل کے مطابق ہے:

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

مرد : 5

خاتون : 2

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

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

آڈٹ کمیٹی

بورڈ نے حسب ذیل کے مطابق کمیٹی کے چیئر مین سمیت تین ارکان پر مشتمل آڈٹ کمیٹی تشکیل دی ہے۔ کمیٹی کوڈ کے تقاضوں کے مطابق باقاعدگی سے اجلاس کرتی ہے۔ کمیٹی داخلی آڈٹ مینوبل اور داخلی آڈٹ سسٹم کے جائزہ میں مدد کرتی ہے۔

(i) جناب فرید الدین احمد (چیئر مین) اور

(ii) محترمہ سارہ ہاجرہ خان

(iii) جناب ملک منظور حسین ہمایوں

ایچ آر اینڈ ریمریشن کمیٹی

بورڈ نے کوڈ آف کارپوریٹ گورننس کی تعمیل میں، حسب ذیل کے مطابق کمیٹی کے چیئر مین سمیت تین ارکان پر مشتمل ہیومن ریورس کمیٹی تشکیل دی ہے:

(i) جناب فرید الدین احمد (چیئر مین) اور

(ii) جناب عدنان احمد خان

(iii) جناب ملک منظور حسین ہمایوں

نامینیشن کمیٹی

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

دی ہے:

(i) جناب ملک منظور حسین ہمایوں (چیئرمین)

(ii) جناب فرید الدین احمد

رسک مینجمنٹ کمیٹی

بورڈ نے کوڈ آف کارپوریٹ گورننس کی تعمیل میں، حسب ذیل کے مطابق کمیٹی کے چیئرمین سمیت دو ارکان پر مشتمل رسک مینجمنٹ کمیٹی

تشکیل دی ہے:

(i) جناب ملک منظور حسین ہمایوں (چیئرمین)

(ii) جناب فرید الدین احمد

مناسب داخلی مالیاتی کنٹرول

ڈائریکٹرز داخلی مالیاتی کنٹرول کی بابت اپنی ذمہ داری سے بخوبی آگاہ ہیں۔ انتظامیہ اور آڈیٹرز (اندرونی اور بیرونی دونوں) کے

ساتھ مشاورت کے ذریعے، وہ توثیق کرتے ہیں کہ کمپنی کی طرف سے مناسب کنٹرول نافذ کئے گئے ہیں۔

اظہار تشکر

ڈائریکٹرز کارکنوں، عملے اور انتظامی ٹیم کے ارکان کی لگن اور محنت کا اعتراف کرتے ہیں۔ کاشت کار ہماری صنعت کا کلیدی عنصر

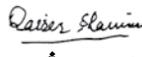
ہیں اور ہم ان کے مسلسل تعاون پر ان کا شکریہ ادا کرتے ہیں۔ کمپنی کے ڈائریکٹرز بینکوں اور مالیاتی اداروں کی مالی مدد اور تعاون پر بھی ان

کے شکر گزار ہیں۔

منجانب بورڈ

بابا فرید شوگر ملز لمیٹڈ


فرید احمد


محترمہ قصبہ شمیم خانہ


محمد شمیم خانہ

INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF BABA FARID SUGAR MILLS LIMITED

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of BABA FARID SUGAR MILLS LIMITED (the "Company") as at March 31, 2022 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarters ended March 31, 2022 and March 31, 2021 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended March 31, 2022.

Emphasis of matter paragraph - Material uncertainty relating to Going Concern

We draw attention to Note 1.2 to the condensed interim financial statements, which indicates that the Company incurred a net loss of Rs. 127.526 million during the period ended March 31, 2022 and, as of that date, the Company's current liabilities exceeded its current assets by Rs. 197.296 million. The accumulated

losses have exceeded the issued, subscribed and paid up capital by Rs. 2,507.924 million as at March 31, 2022 and accumulated losses as of that date amounted to Rs. 2,602.424 million. These conditions, along with other matters as set forth in Note 1.2, indicate the existence of a material uncertainty which may cast doubt about the Company's ability to continue as a going concern. However, these condensed interim financial statements have been prepared on a going concern basis based on the sponsors' commitment to provide financial support to the Company and availability of profitable future projections.

Considering the mitigating factors mentioned in the note 1.2, these condensed interim financial statements have been prepared on going concern basis. Our conclusion is not modified in respect of this matter.

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

LAHORE
Dated: 24 May 2022

Bdo Ebrahim & Co.
BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

UDIN: RR202210131NX1mR0gH8

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Un-Audited)

As at March 31, 2022

	Note	(Un-Audited) March 31, 2022 (Rupees)	(Audited) September 30, 2021
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	8	3,061,141,597	2,836,086,866
Capital work in progress	9	12,100,000	107,105,808
		3,073,241,597	2,943,192,674
Long term deposits	10	1,664,850	1,337,050
		3,074,906,447	2,944,529,724
CURRENT ASSETS			
Stores, spares and loose tools	11	130,319,734	128,614,530
Stock in trade	12	3,203,471,601	4,336,426
Trade debts	13	3,024,904	4,576,692
Short term investment	14	617,076	100,355,619
Loans and advances	15	124,369,679	135,380,853
Short term prepayments		541,976	1,707,038
Other receivables	16	113,313,672	126,937,594
Taxation -net		7,005,969	7,169,497
Cash and bank balances	17	321,676,272	26,945,258
		3,904,340,883	536,023,507
TOTAL ASSETS		6,979,247,330	3,480,553,231
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	18.1	700,000,000	700,000,000
Issued, subscribed and paid up share capital	18.2	94,500,000	94,500,000
Reserves			
Revenue reserves - accumulated losses		(2,602,423,609)	(2,494,620,374)
Directors' loans	19	2,802,700,000	2,302,700,000
Surplus on revaluation of fixed assets		1,871,139,674	1,890,862,444
		2,165,916,065	1,793,442,070
NON CURRENT LIABILITIES			
Loan from associated company	20	-	300,000,000
Lease liabilities	21	7,169,426	6,791,989
Long term loan	22	284,621,450	-
Deferred liabilities		419,903,642	377,296,536
		711,694,518	684,088,525
CURRENT LIABILITIES			
Trade and other payables	23	715,630,684	416,521,603
Unclaimed dividend		255,930	255,930
Due to Pattoki Sugar Mills Limited	24	13,866,698	14,426,698
Short term borrowing	25	2,878,415,007	20,295,945
Mark-up accrued		323,223,178	247,610,328
Current portion of long term liabilities		170,245,250	303,912,132
		4,101,636,747	1,003,022,636
TOTAL EQUITY AND LIABILITIES		6,979,247,330	3,480,553,231
CONTINGENCIES AND COMMITMENTS			
	26		

The annexed notes from 1 to 41 form an integral part of these condensed interim financial statements.

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


DIRECTOR


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER

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

For the Half Year Ended March 31, 2022

	Note	Half Year Ended		Quarter Ended	
		March 31,		March 31,	
		2022	2021	2022	2021
	 (Rupees) (Rupees)	
Sales - net	27	1,100,741,013	1,256,744,502	555,107,734	752,368,330
Cost of sales	28	(1,048,249,521)	(1,171,934,608)	(516,876,696)	(717,464,092)
Gross profit		52,491,492	84,809,894	38,231,038	34,904,238
Selling and distribution expenses		(11,820,476)	(8,128,697)	(8,873,922)	(5,438,540)
General and administrative expenses		(51,584,925)	(40,071,941)	(25,132,208)	(20,651,103)
Other operating income		19,685,169	13,331,326	14,754,173	7,004,066
		(43,720,232)	(34,869,312)	(19,251,957)	(19,085,577)
Operating profit		8,771,260	49,940,582	18,979,081	15,818,661
Financial charges		(82,124,289)	(66,733,530)	(67,906,529)	(46,362,668)
Loss before taxation		(73,353,029)	(16,792,948)	(48,927,448)	(30,544,007)
Taxation	29	(54,172,976)	(16,249,372)	(44,255,428)	(9,999,469)
Loss after taxation		(127,526,005)	(33,042,320)	(93,182,876)	(40,543,476)
Loss per share - basic and diluted (Rupees)	30	(13.49)	(3.50)	(9.86)	(4.29)

The annexed notes from 1 to 41 form an integral part of these condensed interim financial statements.

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


DIRECTOR


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-Audited)

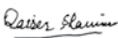
For the Half Year Ended March 31, 2022

	Half Year Ended		Quarter Ended	
	March 31,		March 31,	
	2022	2021	2022	2021
 (Rupees) (Rupees)	
Loss for the period	(127,526,005)	(33,042,320)	(93,182,876)	(40,543,476)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	(127,526,005)	(33,042,320)	(93,182,876)	(40,543,476)

The annexed notes from 1 to 41 form an integral part of these condensed interim financial statements.

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


DIRECTOR


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-Audited)

For the Half Year Ended March 31, 2022

Note	Half year ended March 31, 2022	2021
 (Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(73,353,029)	(16,792,948)
Adjustments for items not involving movement of funds:		
Depreciation	8 49,804,695	45,345,253
Profit on investment	6,861,430	-
Provision for gratuity	2,957,053	1,820,781
Loss on sale of store items	-	278,368
Financial charges	82,124,289	66,733,530
Net cash flow before working capital changes	68,394,438	97,384,984
(Increase) / decrease in current assets		
Stores and spares	(1,705,204)	13,708,558
Stock in trade	(3,199,135,175)	(2,000,056,107)
Trade debts	1,551,788	(18,055,706)
Loans and advances	11,011,174	(2,304,873)
Short term prepayments	1,165,062	2,285,987
Other receivable	13,623,922	5,178,637
	(3,173,488,433)	(1,999,243,504)
Increase / (decrease) in current liabilities		
Trade and other payables	299,109,081	171,245,554
Cash used in operations	(2,805,984,914)	(1,730,612,966)
Income taxes paid	(17,458,331)	(20,326,779)
Employees retirement benefits paid	(517,596)	(58,254)
Financial charges paid	(6,511,439)	(3,932,938)
Net cash used in operating activities	(2,830,472,280)	(1,754,930,937)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to operating fixed assets	(19,573,223)	(39,035,638)
Additions to capital work in progress	(160,280,395)	(35,948,894)
Redemption of short term investment	100,000,000	-
Additions in long term deposits	(327,800)	(901,700)
Net cash used in investing activities	(80,181,418)	(75,886,232)
CASH FLOWS FROM FINANCING ACTIVITIES		
Due to Pattoki Sugar Mills Limited - net	(560,000)	(27,852,987)
Payment of loan from associated company - net	(450,000,000)	-
Long term loan obtained	299,956,000	-
Directors' loan obtained	500,000,000	20,000,000
Lease liability paid	(2,130,350)	(847,781)
Short term borrowings-net	2,858,119,062	1,605,380,461
Net cash generated from financing activities	3,205,384,712	1,596,679,693
Net increase / (decrease) in cash and cash equivalents	294,731,014	(234,137,476)
Cash and cash equivalents at the beginning of the period	26,945,258	356,447,809
Cash and cash equivalents at the end of the period	321,676,272	122,310,333

The annexed notes from 1 to 41 form an integral part of these condensed interim financial statements.

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


DIRECTOR


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER

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

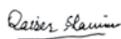
For the Half Year Ended March 31, 2022

	Issued, subscribed and paid-up share capital	Surplus on revaluation of fixed assets	Directors' loan	Accumulated loss (Revenue Reserves)	Total
(Rupees)					
Balance as at October 01, 2020	94,500,000	1,933,262,901	1,982,700,000	(2,659,091,730)	1,351,371,171
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	(21,200,229)	-	21,200,229	-
Directors contributions/loan	-	-	20,000,000	-	20,000,000
Total comprehensive loss for the period	-	-	-	(33,042,320)	(33,042,320)
Balance as at March 31, 2021	94,500,000	1,912,062,672	2,002,700,000	(2,670,933,821)	1,338,328,851
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	(21,200,228)	-	21,200,228	-
Directors contributions/loan	-	-	300,000,000	-	300,000,000
Total comprehensive income for the period	-	-	-	155,113,219	155,113,219
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
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	(19,722,770)	-	19,722,770	-
Directors contributions/loan	-	-	500,000,000	-	500,000,000
Total comprehensive loss for the period	-	-	-	(127,526,005)	(127,526,005)
Balance as at March 31, 2022	94,500,000	1,871,139,674	2,802,700,000	(2,602,423,609)	2,165,916,065

The annexed notes from 1 to 41 form an integral part of these condensed interim financial statements.

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


DIRECTOR


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-Audited) For the Half Year Ended March 31, 2022

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, V. Filter cake and Bagass.

1.2 Going concern assumption

The Company incurred a net loss of Rs. 127.526 million during the period ended March 31, 2022 as of that date, the Company's current liabilities exceeded its current assets by Rs. 197.296 million as compared to previous period Rs. 250.380 million. The accumulated losses have exceeded the issued, subscribed and paid up capital by Rs. 2,507.924 million as at March 31, 2022 and accumulated losses as of that date amounted to Rs. 2,602.424 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. During the period under review the Company has produced 1,080,530 sugar bags which are 30.18% higher as compared to previous period. The Company is also expecting the higher sales revenue on the basis of increased production, resultantly the Company's current ratio has been improved as compared to previous year i.e 0.95 (September 30, 2021: 0.53). The Company has also profitable future projections and sponsor's commitment to provide financial support to the Company as and when required. Based on these factors, these financial statements have been prepared on a going concern basis.

The acquisition in 2019 has further brought strength, experience and efficiency to the Company. Specifically, the acquisition has the potential to: facilitate expansion and efficient growth of business; strengthen the management and finances; and improve financial planning; thereby facilitating business to be carried on more advantageously and economically with enhanced profitability.

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

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

2. GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

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

3. BASIS OF PREPARATION

3.1 Statement of compliance

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

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

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

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

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

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

These condensed interim financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended September 30, 2021 which have been prepared in accordance with approved accounting and reporting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

The comparative statement of financial position presented in these condensed interim financial statements have been extracted from the annual audited financial statements of the Company for the year ended September 30, 2021, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial statements for the half year ended March 31, 2021.

3.2 Basis of measurement

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

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

3.3 Functional and presentation currency

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

4. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES THERE IN

4.1 The accounting policies adopted and methods of computation followed in the preparation of these condensed interim financial statements are same as those for the preceding annual financial statements for the year ended September 30, 2021.

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

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

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

Certain standards, amendments and interpretations to accounting standards are effective for accounting periods beginning on October 1, 2021 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

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

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after October 1, 2022 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

5. SEASONALITY OF OPERATIONS

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

6. TAXATION

The provisions for taxation for the half year and quarter ended March 31, 2022, have been made using the estimated effective tax rate applicable to expected total annual earnings. The applicable income tax rate for the Tax Year 2023 is 29%. Income tax expense is recognized in each interim period based on best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

7. ESTIMATES

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

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended September 30, 2021.

8. OPERATING FIXED ASSETS

	Note	(Un-Audited) March 31, 2022 (Rupees)	(Audited) September 30, 2021
Fixed assets	8.1	3,047,220,625	2,825,949,119
Right of use assets	8.2	13,920,972	10,137,747
		<u>3,061,141,597</u>	<u>2,836,086,866</u>

8.1.6 Fair value measurement (revalued 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. This valuation is considered to be level 2 in fair value hierarchy due to significant observable inputs used in the valuation.

	Note	(Un-Audited) March 31, 2022 (Rupees)	(Audited) September 30, 2021
8.2 Right of use assets			
Vehicles			
Opening net book value (NBV)		10,137,747	1,513,176
Additions during the period / year at cost	8.3	-	10,499,880
Additions during the period / year at cost (undelivered)	8.4	4,797,000	-
Depreciation charge for the period / year		(1,013,775)	(1,875,309)
		<u>13,920,972</u>	<u>10,137,747</u>

8.3 This represents vehicles obtained on finance lease from the Bank Al Habib Limited during the period.

8.4 This represents vehicles obtained on finance lease from the Bank Al Habib Limited during the period, however these have not been delivered to the Company as at the reporting date, therefore no depreciation has been charged against these vehicles.

	Note	(Un-Audited) March 31, 2022 (Rupees)	(Audited) September 30, 2021
9. CAPITAL WORK IN PROGRESS			
Building	9.1.1	-	12,775,893
Plant and machinery	9.1.3	12,100,000	94,329,915
		<u>12,100,000</u>	<u>107,105,808</u>

9.1 Movement of carrying amount is as follows:

9.1.1 Building

Opening balance	12,775,893	6,282,560
Additions (at cost)	15,046,548	6,493,333
Transferred to operating fixed assets	(27,822,441)	-
Closing balance	<u>-</u>	<u>12,775,893</u>

9.1.2 Building consists of construction of sugar godown, cane yard, weigh bridge, changing room, officers hostel have been completed during the period and accordingly have been transferred to operating fixed assets.

9.1.3 Plant and machinery

Opening balance	94,329,915	59,862,294
Additions (at cost)	145,233,847	132,430,208
Transferred during the period / year	(227,463,762)	(97,962,587)
Closing balance	<u>12,100,000</u>	<u>94,329,915</u>

9.1.4 Plant and machinery (TTS applicator and AC Regenerative System) is under installation process and expected to be completed by September 30, 2022.

	Note	(Un-Audited) March 31, 2022 (Rupees)	(Audited) September 30, 2021
10. LONG TERM DEPOSITS			
Leased deposit		1,664,850	1,337,050
11. STORES, SPARES AND LOOSE TOOLS			
Stores		100,704,085	71,223,488
Spares		45,567,240	72,337,651
		146,271,325	143,561,139
Loose tools		89,958	94,940
Less: Provision for obsolete stores and spares	11.2	(16,041,549)	(15,041,549)
		130,319,734	128,614,530

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.

		(Un-Audited) March 31, 2022 (Rupees)	(Audited) September 30, 2021
11.2 Movement of provision for obsolete stores and spares			
Opening balance		15,041,549	15,041,549
Provision during the period / year		1,000,000	-
		16,041,549	15,041,549
12. STOCK IN TRADE			
Work-in process:			
Sugar		4,643,714	3,622,833
Molasses		510,588	678,196
		5,154,302	4,301,029
Finished goods:			
Sugar		3,047,095,384	35,397
Molasses		151,221,915	-
		3,198,317,299	35,397
		3,203,471,601	4,336,426

12.1 Stock-in-trade up to a maximum amount of Rs. 2,879,055 million (September 30, 2021: Nil) are under hypothecation/pledge of commercial banks as security for short term borrowings.

	Note	(Un-Audited) March 31, 2022 (Rupees)	(Audited) September 30, 2021
13. TRADE DEBTS			
Unsecured			
Considered good		3,024,904	4,576,692
Considered doubtful		382,652,520	382,652,520
		385,677,424	387,229,212
Less: Provision for doubtful debts		(382,652,520)	(382,652,520)
		3,024,904	4,576,692
14. SHORT TERM INVESTMENT			
At fair value through profit or loss - Mutual funds			
HBL Asset Management Limited			
HBL Islamic Money Market Fund	14.1	617,076	100,355,619
14.1 HBL Islamic Money Market Fund			
Opening		100,355,619	-
Acquired during the period / year		-	100,000,000
Bonus / dividend		261,457	355,619
Less: Redemption		(100,000,000)	-
Closing		617,076	100,355,619
14.1.1 Movement of HBL Islamic Money Market Fund is as follow;			
Opening units		991,907	-
Units acquired during the period / year		-	988,392
Less: Redemption		(988,392)	-
Bonus / dividend units (net of tax)		2583	3,514
		6,099	991,907
Applicable price/ closing price		101	101
		617,076	100,355,619
Fair value adjustment		-	-
Closing fair value		617,076	100,355,619

	Note	(Un-Audited) March 31, 2022 (Rupees)	(Audited) September 30, 2021
15. LOANS AND ADVANCES			
Advances - (Unsecured - considered good)			
To employees	15.1	528,041	107,105
Advances against supplies and services (Unsecured)			
Considered good			
Advances to cane growers	15.2	95,444,603	85,102,219
Advances for store purchases	15.3	28,397,035	50,171,529
		123,841,638	135,273,748
		124,369,679	135,380,853

- 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 Nil (September 30, 2021: Rs. 1.490 million) against right of use asset / finance lease (car) which is not received until the period / 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	(Un-Audited) March 31, 2022 (Rupees)	(Audited) September 30, 2021
16. OTHER RECEIVABLES			
Unsecured - Considered good			
Sales tax	16.1	5,918,266	19,542,188
Subsidy receivable on exports	16.2	105,742,500	105,742,500
Tax refund due from Government		1,652,906	1,652,906
		113,313,672	126,937,594

- 16.1** This includes sales tax against unclaimed invoices which have been claimed subsequent to the reporting date.
- 16.2** 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.

	Note	(Un-Audited) March 31, 2022 (Rupees)	(Audited) September 30, 2021
17. CASH AND BANK BALANCES			
Cash in hand		8,351,880	476,473
Cash at banks			
Current accounts	17.1	313,324,392	26,468,785
		<u>321,676,272</u>	<u>26,945,258</u>

17.1 Cash with bank in current accounts do not carry any interest or mark-up except for Bank Al Habib Limited which has T-Call facility arrangement and carries a mark up ranging from 8.25% to 9% per annum.

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

		(Un-Audited) March 31, 2022 (Rupees)	(Audited) September 30, 2021
18. SHARE CAPITAL			
18.1 Authorized share capital			
70,000,000 (September 30, 2021: 70,000,000) ordinary shares of Rs. 10/- each		700,000,000	700,000,000
18.2 Issued, subscribed and paid up share capital			
6,400,000 (September 30, 2021: 6,400,000) ordinary shares of Rs. 10/- each (fully paid in cash)		64,000,000	64,000,000
3,050,000 (September 30, 2021: 3,050,000) fully paid bonus shares of Rs. 10/- each		30,500,000	30,500,000
		<u>94,500,000</u>	<u>94,500,000</u>

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

	(Un-Audited) March 31, 2022 (Rupees)	(Audited) September 30, 2021
19. DIRECTORS' LOANS		
Unsecured		
Others (other than banking companies)		
Directors	2,460,700,000	2,110,700,000
Chief Executive	342,000,000	192,000,000
	2,802,700,000	2,302,700,000
19.1 Movement of loan is as follows:		
Opening balance	2,302,700,000	1,982,700,000
Obtained during the period/year		
Mr. Muhammad Shamim Khan	180,000,000	160,000,000
Mrs. Qaiser Shamim Khan	170,000,000	150,000,000
Mr. Nauman Ahmed Khan	-	-
Mr. Adnan Ahmed Khan	150,000,000	10,000,000
	500,000,000	320,000,000
Repaid during the period / year	-	-
Closing balance	2,802,700,000	2,302,700,000

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

	Note	(Un-Audited) March 31, 2022 (Rupees)	(Audited) September 30, 2021
20. LOAN FROM ASSOCIATED COMPANY			
Unsecured:			
Naubahar Bottling Company (Private) Limited	20.1	-	300,000,000
From associated company			
Balance as at October 01		600,000,000	900,000,000
Obtained during the period / year		-	-
Repayments/adjustment made during the period / year		(450,000,000)	(300,000,000)
		150,000,000	600,000,000
Current portion shown under current liabilities		(150,000,000)	(300,000,000)
		-	300,000,000

20.1 The Company obtained unsecured loan from M/s Naubahar Bottling Company (Private) Limited - the associated company that carries mark-up at the rate of 3 month's KIBOR plus 0.5% per annum. The effective mark-up rate charged by Naubahar Bottling Company (Private) Limited during the period ranging from 8.28% to 11.12% (September 30, 2021: 7.75% to 7.89%) per annum. The management has repaid the amount against these loans subsequent to the reporting period.

	(Un-Audited) March 31, 2022 (Rupees)	(Audited) September 30, 2021
21. LEASE LIABILITIES		
Secured:		
Against right of use assets		
Lease liabilities	12,080,126	10,704,121
Less: Current portion shown under current liabilities	(4,910,700)	(3,912,132)
	<u>7,169,426</u>	<u>6,791,989</u>
21.1 Maturity analysis-contractual undiscounted cash flow		
Less than one year	5,945,890	4,608,152
One to five year	6,043,839	7,190,102
More than five year	-	-
Total undiscounted lease liability	<u>11,989,729</u>	<u>11,798,254</u>

21.2 When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate which 9.84% to 13.18% per annum (September 30, 2021: 8.64% to 9.03% per annum).

21.3 The lease facility has been obtained from Bank Al Habib Limited. The assets is owned by the Bank. The above liabilities were obligations under leases with bank for lease of vehicles. This includes lease liabilities against which vehicles have not been delivered to the Company as at March 31, 2022.

	(Un-Audited) March 31, 2022 (Rupees)	(Audited) September 30, 2021
22. LONG TERM LOAN		
Secured:		
From Banking company		
Bank Al Habib Limited	299,956,000	-
	<u>299,956,000</u>	<u>-</u>
Current portion shown under current liabilities	22.1 (15,334,550)	-
	<u>284,621,450</u>	<u>-</u>

22.1 The Company obtained secured loan from Bank Al Habib Limited of Rs. 300 million (September 30, 2021: Nil). This carries mark-up at the rate of 3 month Average KIBOR plus 1% per annum. This loan is secured against charge over Land, Building, Plant & machinery, personal Guarantees of Directors and Corporate Guarantee of M/s Almoiz Industries Limited (Associated Company).

	Note	(Un-Audited) March 31, 2022 (Rupees)	(Audited) September 30, 2021
23. TRADE AND OTHER PAYABLES			
Trade creditors	23.1 & 23.2	190,480,712	113,836,697
Accrued liabilities		32,317,182	25,270,101
Advances from customers /contract liabilities (unsecured)	23.4	469,713,290	255,302,967
Workers' Profit Participation Fund	23.5	12,012,840	11,306,963
Workers' Welfare Fund	23.7	3,578,937	3,578,937
Taxes and duties payable		6,666,083	6,364,290
Sales tax payable		831,104	831,112
Other liabilities		30,536	30,536
		<u>715,630,684</u>	<u>416,521,603</u>

23.1 This includes payable to cane growers amounting to Rs. 2.289 million (September 30, 2021: Nil) as at the balance sheet date against sugarcane seed which have been paid/adjusted subsequently.

23.2 This includes Rs. 15.393 million (September 30, 2021: Nil) payable to Thal Industries Corporation Limited and Rs. 5.348 million (September 30, 2021: Nil) to Al-Moiz Industries Limited (the related parties) against purchase of stores, plant and machinery and steel products.

23.3 The maximum amount due to Thal Industries Corporation Limited and Al-Moiz Industries Limited at the end of any month during the period was Rs. 15.910 million (September 30, 2021: Rs. 9.482 million) and Rs. 7.994 million (September 30, 2021: Rs. 9.600 million), respectively.

23.4 The advance from customers' balances includes an amount of Rs. 236.65 million (September 30, 2021: Rs. 236.65 million) and trade creditors includes an amount of Rs. 28.507 million (September 30, 2021: Rs. 28.785 million) which are long outstanding at the reporting date. However, due to un-availability of third party confirmation, on produce basis these balance have not been adjusted/written back and the Company will complete the due legal process before adjusting these balances.

	(Un-Audited) March 31, 2022 (Rupees)	(Audited) September 30, 2021
23.5 Workers' Profit Participation Fund		
Balance at October 01,	11,306,963	2,131,256
Interest at prescribed rate	705,877	228,364
Less: Amount paid to fund	-	-
	<u>12,012,840</u>	<u>2,359,620</u>
Current period/ year's allocation at 5%	-	8,947,343
	<u>12,012,840</u>	<u>11,306,963</u>

23.6 Interest on Workers' profit (participation) fund has been provided at the rate of 12.48% (September 30, 2021: 10.72%).

	Note	(Un-Audited) March 31, 2022 (Rupees)	(Audited) September 30, 2021
23.7 Workers' Welfare Fund			
Balance at October 01,		3,578,937	-
Interest at prescribed rate		-	-
Less: Amount paid to fund		-	-
		<u>3,578,937</u>	<u>-</u>
Current period/ year's allocation at 2%		-	3,578,937
		<u>3,578,937</u>	<u>3,578,937</u>
24. DUE TO PATTOKI SUGAR MILLS LIMITED			
Unsecured:			
Pattoki Sugar Mills Limited (PSML)	24.1	13,866,698	14,426,698
24.1 Movement of amount due to Pattoki Sugar Mills Limited (PSML) is as follow:			
Opening balance		14,426,698	43,829,685
Add: acquired during the year		-	-
Less: Expenses paid on behalf of PSML (for legal cases)		560,000	1,550,000
Less: Sales tax paid to Government and adjusted against PSML		-	16,122,797
Less: Loan repaid on behalf of PSML		-	-
Less: Repaid during the year		-	11,730,190
		<u>13,866,698</u>	<u>14,426,698</u>

24.2 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	(Un-Audited) March 31, 2022 (Rupees)	(Audited) September 30, 2021
25. SHORT TERM BORROWING			
Secured:			
Banking companies:			
Cash finance (Conventional financing)			
MCB Bank Limited	25.1	599,995,022	-
Bank Al Falah Limited	25.2	237,893,334	-
Bank Al Habib Limited	25.3	679,062,419	-
Islamic mode of financing			
Askari Bank Limited	25.4	499,999,901	-
Meezan Bank Limited	25.5	699,974,120	-
MCB Islamic Bank Limited	25.6	161,490,211	-
Running finance			
Bank Al Habib Limited	25.7	-	20,295,945
		<u>2,878,415,007</u>	<u>20,295,945</u>

- 25.1 This represents cash finance facility from MCB Bank Limited aggregated to Rs. 600 million (September 30, 2021: Rs. 300 million) This facility is secured by first exclusive charge of Rs. 316 million on pledge of sugar bags (50 kg each) stored in mills premises. Collateral value: Rs. 315.789 million with security margin 5%. It carries markup rate 1 month KIBOR plus 0.75% per annum.
- 25.2 This represents cash finance facility from Bank Al Falah Limited aggregated to Rs. 300 million (September 30, 2021: Rs. 300 million) and carries mark-up at the rate 1 month KIBOR plus 2% per annum on utilized limits. This facility is secured against white refined sugar bags at 10% margin, personal guarantees of the directors.
- 25.3 This represents cash finance facility from Bank Al-Habib Limited aggregated to Rs. 700 million (September 30, 2021: Rs. 700 million) to meet the working capital requirements and are secured against pledge of white refined sugar bags at 22% margin. This loan is subject to mark up at the rate of 1 month average KIBOR plus 0.75% per annum.
- 25.4 This represents cash finance facility under Islamic financing arrangement from Askari Bank Limited aggregated to Rs. 500 million (September 30, 2021: Rs. 500 million) and carries mark-up at the rate 6 month KIBOR plus 1% per annum on utilized limits. This facility is secured against white refined sugar bags at 25% margin, personal guarantees of the directors, corporate guarantee of Naubhar Bottling Company (Private) Limited, subordination of loan from related parties and directors.
- 25.5 This represents cash finance facility under Islamic financing arrangement from Meezan Bank Limited aggregated to Rs. 700 million (September 30, 2021: Rs. 300 million) and carries mark-up at 6 month KIBOR plus 0.75% per annum on utilized limits. This facility is secured against white refined sugar bags at 27% margin, personal guarantees of three directors and subordination of loan from directors amounting to Rs. 2,302.700 million.
- 25.6 This represents cash finance facility under Islamic financing arrangement from MCB Islamic Bank Limited aggregated to Rs. 200 million (September 30, 2021: Rs. Nil) and carries mark-up at the rate 3 months KIBOR plus 1.10% per annum on utilized limits. This facility is secured against white refined sugar bags at 15% margin, personal guarantees of directors, and subordination of loan from directors for Rs. 1,982 million.
- 25.7 During the prior 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 1 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.

26 CONTINGENCIES AND COMMITMENTS

26.1 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. The figures are not quantifiable due to old cases.

- 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. The figures are not quantifiable due to old cases.

- 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 (September 30, 2021: 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 (September 30, 2021: 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 (September 30, 2021: 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 (September 30, 2021: Rs. 9.894 million).
- h) Demand amounting to Rs. 41.616 million has been created by DCIR vide order dated August 04, 2017 against the Company on account of sales tax audit for the tax year 2014 and certain amount were held recoverable. The Company being aggrieved filed appeal before CIR (A). CIR (A) remanded back the case for fresh adjudication. Thereafter in fresh proceedings an amount of Rs. 3.416 million has been established vide order dated March 28, 2019. This has also been challenged before CIR Appeals. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 3.416 million.
- i) Demand amounting to Rs. 10.137 million has been created by DCIR vide order dated November 12, 2018 against the Company on account of inadmissible input tax adjustment for the period July 2016 to November 2017. The Company being aggrieved filed appeal before CIR (A). CIR (A) remanded back the case for fresh adjudication. The case decided against the Company and an amount of Rs. 10.211 million has been paid to the Department under protest and also appeal has been filed against this order. The Company expects a favorable outcome of the proceedings.
- j) As per SRO of 77(1) / 2013 dated February 07, 2013, the Federal Government allowed reduced rate@0.5% FED on local sales of white crystalline sugar equivalent to the quantity actually exported by the sugar manufacturer as per quota allotted. Sales tax and Federal Excise returns for the tax

periods from November 2013 to June 2014 were analysed by the Commissioner Inland Revenue and it was observed that registered person had declared local sales on which Company was required to charge and pay FED @ 8% in VAT mode under the provision of section 3 and 7 of the Federal Excise Act, 2005. The Commissioner Inland Revenue created a demand amounting to Rs. 65.084 million along with default surcharge and penalty of Rs. 3.254 million on short payment of FED based that Company charged and paid FED at the rate of 0.5% without fulfilling the conditions as mentioned in SRO 77(1) 2013. Being aggrieved with the order passed by the Deputy Commissioner Inland Revenue, the Company preferred appeal before the Commissioner Inland Revenue (Appeals-I), Karachi.

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

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

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

- l) Demand amounting to Rs. 10.163 million has been created by DCIR against the Company on account of some discrepancies were observed in the sales tax returns for the period from July 2016 to November 2017. The Company being aggrieved filed appeal before CIR (A). CIR (A) remanded back the case for fresh adjudication. Thereafter in fresh proceedings an amount of Rs. 10.163 million has been demanded by DCIR. This has also been challenged before CIR Appeals. The CIR (A) vide order in Appeal No. STA/40/LTU/2019/07 dated September 26, 2019 annulled order of DCIR. Being aggrieved with the order department has filed second appeal to Appellate Tribunal IR. The Company expects a favourable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 10.163 million.
- m) Income tax Audit for Tax Year 2015, 2016, 2017, 2018 and 2019 u/s 177 of Income Tax Ordinance, 2001 were selected by Commissioner Income Tax through his discretionary powers vested under this section. The DCIR has created a demand amounting to Rs. 7,606,899 million against all these years. The Company has challenged it before CIR Appeals which is pending for adjudication. The Company is confident of favourable outcome.
- n) Sales tax Audit for Tax Year 2017, 2018 and 2019 u/s 25 of Sales Tax 1990 were selected by Commissioner Income Tax through his discretionary powers vested under this section. The DCIR has requested information in this regard and the Company has obtained stay order from Honourable High Court of Sindh, Karachi.
- o) The Company is facing claims, launched in the labour courts, pertaining to staff retirement benefits, salaries and others related matters. The claims amount can't be quantified due to nature of the claims. The figures are not quantifiable due to old cases.

- p) 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.
- q) The Competition Commission of Pakistan (CCP) initiated the inquiry against all the sugar mills due to price hike based on export of Sugar. CCP decided the case against the sugar mills and imposed penalty on all the sugar mills and Sugar Mills Association amounting to Rs. 44 billion. As per CCP decision maximum penalty of Rs. 8.512 million was imposed on the Company. According to majority of lawyers, the CCP decision was based on veto powers used by the chairman of committee which is bad in law and cannot hold in superior courts. The Company along with others sugar industries filed a petition against this decision in the higher courts. The Honorable Court has granted a stay to the Company against this penalty.
- r) The FBR had opened the proceeding against the Company u/s 161/205 for the tax year 2018. The department has raised the demand of Rs. 17.585 million. Being aggrieved from the decision of the assessing officer, the Company has filed an appeal against the said order in Inland Revenue Appellate Tribunal. The Company is confident to defend the case.
- s) The FBR had opened the proceeding against the Company u/s 161/205 for the tax year 2019. The department has raised the demand of Rs. 12.546 million. Being aggrieved from the decision of the assessing officer, the Company had filed an appeal against the said order in Inland Revenue Appellate Tribunal. The Company is confident to defend the case.
- t) The FBR issued an assessment order against the Company under the Sales Tax Act, 1990 by mentioning that the Company had claimed Input tax in violation of Section 8 of the Act, and raised a liability of Rs. 25.322 million. Being aggrieved from the decision of the assessing officer, the Company had filed an appeal before the CIR (A). The Company is confident to defend the case on the basis of legal grounds available in the law.

26.2 Commitments

- a) The Company is committed as at the balance sheet date in respect of capital expenditure of Rs. 150 million (September 30, 2021: Rs. 60 million).
- b) The amount of future lease rentals on vehicle contract and the period in which payments will become due are as follows:

	Note	(Un-Audited) March 31, 2022 (Rupees)	(Audited) September 30, 2021
Less than one year	21.1	5,945,890	4,608,152
Between one and five years	21.1	6,043,839	7,190,102
More than five years		-	-
		<u>11,989,729</u>	<u>11,798,254</u>

Half year Ended		Quarter Ended	
March 31,		March 31,	
2022	2021	2022	2021

..... (Rupees)

..... (Rupees)

27. SALES

Sales				
Manufacturing - local				
Sugar	789,207,961	1,271,266,866	305,965,460	682,459,980
By products sales				
Molasses (Note 27.1)	395,336,416	171,224,412	268,492,206	171,224,412
Baggasse	31,043,630	-	27,261,881	-
V.F. Cakes	5,965,758	8,435,993	2,241,804	7,121,555
	1,221,553,765	1,450,927,271	603,961,351	860,805,947
	(120,812,752)	(194,182,769)	(48,853,617)	(108,437,617)
Less: Sales tax				
	1,100,741,013	1,256,744,502	555,107,734	752,368,330
27.1 Molasses:				
Sale under				
DTRE (Duty & Tax Remission for Exporters)	390,770,606	114,500,000	268,426,347	114,500,000

27.2 Due to sale under Duty & Tax remission for exporters the Company has not charged sales tax on molasses for those customers which fall under DTRE.

Half year Ended		Quarter Ended	
March 31,		March 31,	
2022	2021	2022	2021

..... (Rupees)

..... (Rupees)

28. COST OF SALES

Raw materials and expenses thereon	3,888,444,741	2,929,178,244	2,648,973,635	2,041,485,651
Other overheads:				
Salaries, wages and other benefits	100,941,904	80,880,365	57,561,239	43,182,068
Chemical consumed	43,178,261	15,202,520	29,859,327	9,105,782
Packing material consumed	35,746,801	21,338,092	25,193,344	14,387,097
Stores and spares consumed	15,860,560	5,654,879	8,493,283	2,356,216
Repair and maintenance	96,732,361	58,286,482	37,329,150	22,189,566
Other factory overheads	2,582,713	3,187,974	820,871	1,427,618
Vehicle running expenses	3,548,387	2,745,417	1,915,982	1,426,035
Fee and subscription	30,000	30,000	-	-
Insurance	1,023,794	56,438	-	-
Depreciation	48,327,053	44,331,388	25,887,195	22,323,271
Fuel and power	10,968,121	11,098,916	8,314,137	8,366,276
	358,939,955	242,812,471	195,374,528	124,763,929
Opening work in process	4,301,029	4,882,467	69,594,400	38,432,918
Closing work in process	(5,154,302)	(4,144,452)	(5,154,302)	(4,144,452)
	(853,273)	738,015	64,440,098	34,288,466
Cost of goods manufactured	4,246,531,423	3,172,728,730	2,908,788,261	2,200,538,046
Opening stock of finished goods	35,397	252,091,911	806,405,734	769,812,079
Closing stock of finished goods	(3,198,317,299)	(2,252,886,033)	(3,198,317,299)	(2,252,886,033)
	(3,198,281,902)	(2,000,794,122)	(2,391,911,565)	(1,483,073,954)
	1,048,249,521	1,171,934,608	516,876,696	717,464,092

29. TAXATION

Current	14,005,327	19,055,313	7,184,911	11,489,670
Deferred	40,167,649	(2,805,941)	37,070,517	(1,490,201)
	54,172,976	16,249,372	44,255,428	9,999,469

29.1 As at March 31, 2022, deferred tax asset amounting Rs. 505.593 million (September 30, 2021: Rs. 404.013 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 carried forward upto 5 years.

30. LOSS PER SHARE - BASIC AND DILUTED

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

	Half year Ended		Quarter Ended	
	March 31,		March 31,	
	2022	2021	2022	2021
 (Rupees) (Rupees)	
Loss after taxation	(127,526,005)	(33,042,320)	(93,182,876)	(40,543,476)
Weighted average number of ordinary shares	9,450,000	9,450,000	9,450,000	9,450,000
Loss per share - basic and diluted - (Rs.)	(13.49)	(3.50)	(9.86)	(4.29)

31. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction 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 Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

There were no financial instruments held by the Company which are measured at fair value as of March 31, 2022 and September 30, 2021 except short term investment which is stated under level 1 as disclosed under note 37 of these financial statements.

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.

32. FINANCIAL RISK MANAGEMENT

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

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

The condensed interim financial statements does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the year ended September 30, 2021.

The Company's financial risk management objective and policies are consistent with that disclosed in the annual financial statements for the year ended September 30, 2021.

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

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

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

34. CORRESPONDING FIGURES

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

34.2 In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim statement of financial position comprise of balances as per the audited annual financial statements of the Company for year ended September 30, 2021 and the corresponding figures in the condensed interim statement of profit or loss and the condensed interim comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity comprise of balances of comparable period as per the condensed interim financial statements of the Company for the half year ended March 31, 2021.

	(Un-Audited) March 31, 2022 Number	(Audited) September 30, 2021 Number
35. CAPACITY AND PRODUCTION		
Crushing Capacity on the basis of 160 days (Metric tons)	560,000	560,000
Actual crushing (Metric tons)	604,762.396	457,224.825
Sugar production from cane (Metric tons)	54,026.500	41,501.500
Recovery of sugar cane (percentage)	8.936%	9.072%

35.1 Actual production per day has been increased as compared to designed capacity due to replacement of old machines with modern machines.

35.2 Designed crushing capacity has been stated as per record submitted to District Officer of Industries, Prices, Weights and Measures department.

36. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

Name of parties	Nature of relationship	Nature of transactions	Note	March 31, 2022		March 31, 2021	
				Transactions during the period	Closing balance	Transactions during the year	Closing balance
----- Rupees -----							
Naubahar Bottling Company (Private) Limited	Associated Company	Long term loans Long term loan paid Mark-up payable Mark-up charged on long term loans		- 450,000,000 - 16,094,685	150,000,000 - 263,575,076 -	- - 35,042,411 -	900,000,000 - 219,721,632 -
The Thal Industries Corporation Limited	Associated Company	Payable - Net Sale -store items Purchases - store items Purchases - Plant and machinery		- 517,140 11,097,261 4,813,454	15,393,575 - - -	- 15,248,100 - 10,365,497	6,211,997 - - -
Al-Moiz Industries Limited	Associated Company	Payable - Net Sale of scrap Purchase of Chemicals/ Store Items Adjustment		- 2,646,985 7,995,000 -	5,348,105 - - -	- 5,744,790 - 4,169,000	1,949,190 - - -
Directors/shareholders Mr. Muhammad Shamim Khan Mrs. Qaiser Shamim Khan Mr. Nauman Ahmed Khan Mr. Adnan Ahmed Khan Executives	Key management personnel	Directors' contribution/loan Directors' contribution/loan Directors' contribution/loan Directors' contribution/loan		180,000,000 170,000,000 - 150,000,000	1,246,300,000 1,159,600,000 54,800,000 342,000,000	10,000,000 - - 10,000,000	916,300,000 839,600,000 54,800,000 192,000,000
		Remuneration paid		15,381,634	-	11,688,018	-

36.1 Basis of relationship with the company

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

Name of related party	Country of Incorporation/ origin	Relationship	Basis of Association	Shareholdings
Naubahar Bottling Company (Private) Limited	Pakistan	Associated	Common management	Nil
Al-Moiz Industries Limited	Pakistan	Associated	Common management	Nil
Moiz Textile Limited	Pakistan	Associated	Common management	Nil
The Thal Industries Corporation Limited	Pakistan	Associated	Common management	Nil
Mr. Muhammad Shamim Khan	Pakistan	Director	Shareholding	29.1623%
Mrs. Qaiser Shamim Khan	Pakistan	Director	Shareholding	28.0002%
Mr. Adnan Ahmed Khan	Pakistan	Chief Executive	Shareholding	20.0002%
Mr. Nauman Ahmed Khan	Pakistan	Director	Shareholding	20.0002%
Malik Manzoor Hussain Humayun	Pakistan	Director	Shareholding	0.0169%
Mr. Farid ud Din Ahmed	Pakistan	Director	Shareholding	0.0021%
Mrs. Sarah Hajra Khan	Pakistan	Director	Shareholding	0.0032%

37. FINANCIAL INSTRUMENTS BY CATEGORY

	Note	Original carrying			Fair value			Total
		Financial assets at amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	
----- Rupees -----								
On-Balance sheet financial instruments								
As at March 31, 2022								
Financial assets								
At cost or amortised cost								
Long term deposits	10	1,664,850	-	1,664,850	-	-	-	-
Trade debts	13	3,024,904	-	3,024,904	-	-	-	-
Loans and advances	15	528,041	-	528,041	-	-	-	-
Short term investment	14	617,076	-	617,076	617,076	-	-	617,076
Cash and bank balances	17	321,676,272	-	321,676,272	-	-	-	-
		327,511,143	-	327,511,143	617,076	-	-	617,076
Financial liabilities at amortised cost								
Loan from associated company	20	-	150,000,000	150,000,000	-	-	-	-
Lease liabilities	21	-	12,080,126	12,080,126	-	-	-	-
Long term loan	22	-	299,956,000	299,956,000	-	-	-	-
Due to Pattoki Sugar Mills Limited	24	-	13,866,698	13,866,698	-	-	-	-
Trade and other payables	23	-	222,828,430	222,828,430	-	-	-	-
Unclaimed dividend		-	255,930	255,930	-	-	-	-
Short term borrowing	25	-	2,878,415,007	2,878,415,007	-	-	-	-
Mark-up accrued		-	323,223,178	323,223,178	-	-	-	-
		-	3,900,625,369	3,900,625,369	-	-	-	-
On-Balance sheet financial instruments								
As at September 30, 2021								
Financial assets								
At cost or 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	-	-	100,355,619
Cash and bank balances	17	26,945,258	-	26,945,258	-	-	-	-
		133,321,724	-	133,321,724	100,355,619	-	-	100,355,619
Financial liabilities at amortised cost								
Loan from associated company	20	-	600,000,000	600,000,000	-	-	-	-
Lease liabilities	21	-	10,704,125	10,704,125	-	-	-	-
Trade and other payables	24	-	139,137,334	139,137,334	-	-	-	-
Unclaimed dividend	23	-	255,930	255,930	-	-	-	-
Due to Pattoki Sugar Mills Limited		-	14,426,698	14,426,698	-	-	-	-
Short term borrowing	25	-	20,295,945	20,295,945	-	-	-	-
Mark-up accrued		-	247,610,328	247,610,328	-	-	-	-
		-	1,032,430,360	1,032,430,360	-	-	-	-

37.1 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.

37.2 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.

38. NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

There are no reportable events after the balance sheet date.

39. IMPACT OF COVID -19 ON THE FINANCIAL STATEMENT

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 March 31, 2022. 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. The management will continue to monitor the potential impact and will take all steps possible to mitigate any effects. In light of ongoing COVID-19 pandemic, the Company has reviewed its exposure to business risks and has not identified any significant impact on the Company's operations or decline in revenue during the period ended March 31, 2022.

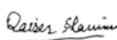
40. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial statements were authorized for issue on May 24, 2022 by the Board of Directors of the Company.

41. GENERAL

- 41.1 Amounts have been rounded off to the nearest rupees unless otherwise stated.
- 41.2 The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended March 31, 2022 and 2021 were not subject to limited scope review by the auditors as scope of review covered only cumulative figures.
- 41.3 At the time of the meeting of Board of Directors, the Chief Executive Officer is not available in Pakistan. Therefore, as prescribed under section 232 of Companies Act, 2017, these financial statements are signed by two Directors and the Chief Financial Officer.


DIRECTOR


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER

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