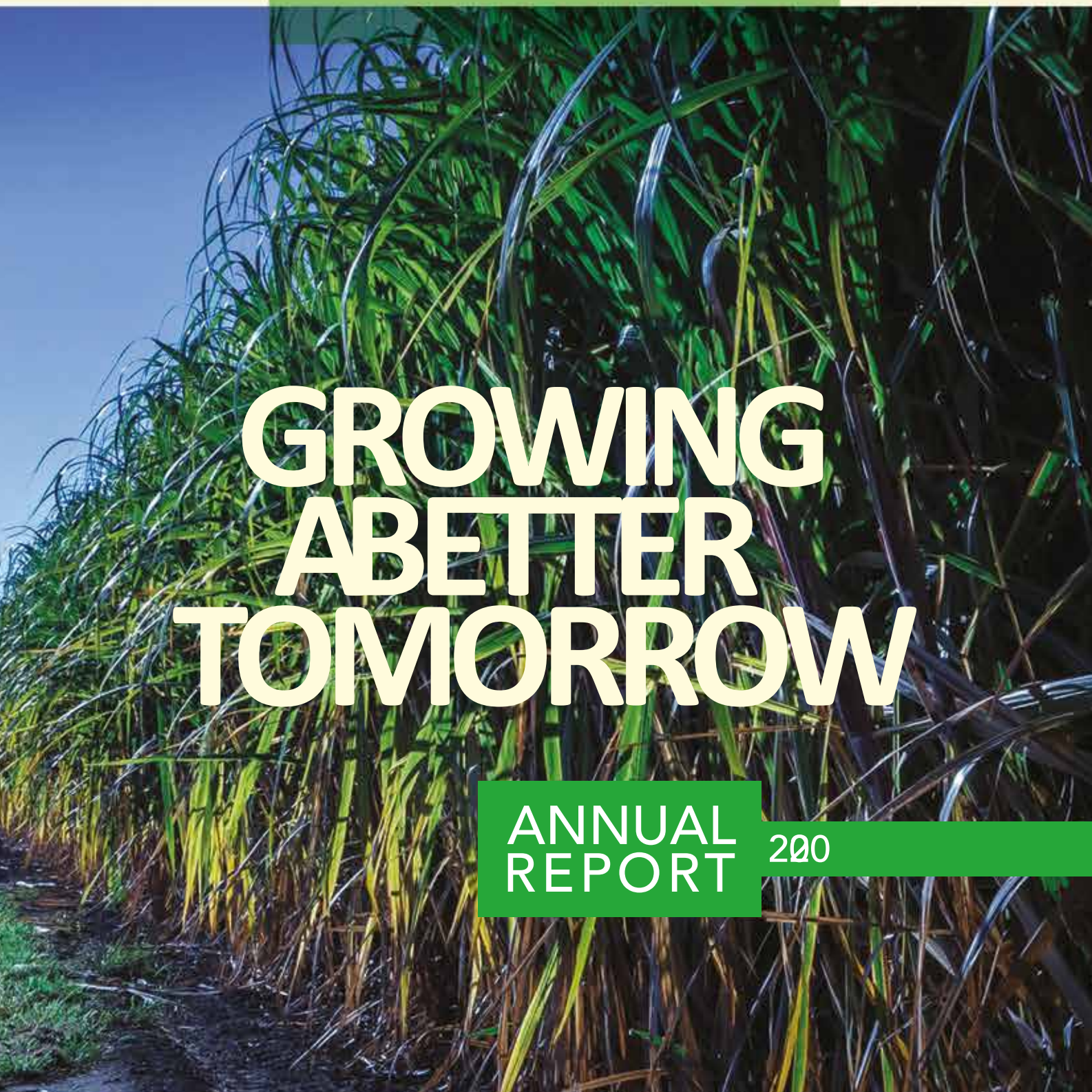
BABA FARID
SUGAR MILLS LIMITED



GROWING A BETTER TOMORROW

ANNUAL REPORT 20Ø0



TABLEOF CONTENTS

CompanyInformation 2
VisionStatement,MissionStatement,CorporateStrategy,CoreValues 3
NoticeofAnnualGeneralMeeting 4
StatementofMaterialFacts 8
Chairman'sReview 9
Director'sReport 11
Director'sReportUrdu 15
6YearsOperatingResults 19
PatternofHoldingofShares 20
CategoriesofShareHolders 21
CodeofCorporateGovernance 23
ReviewReporttotheMembers 26
IndependentAuditor'sReporttotheMembers 27
StatementofFinancialPosition 33
Statement of Profit or Loss 34
StatementofComprehensiveIncome 35
StatementofCashFlows 36
StatementofChangesinEquity 37
NotestotheFinancialStatements 38
ProxyForm

COMPANY INFORMATION

BOARDOFDIRECTORS

Mrs.QaiserShamimKhan	Chairperson
Mr.AdnanAhmedKhan	ChiefExecutive
Mr.MuhammadShamimKhan	ExecutiveDirector
Mr.NaumanAhmedKhan	Non-Executive
Mrs.SarahHajraKhan	Non-Executive
Mr.FaridudDinAhmed	IndependentDirector
MrMalikManzoorHussainHumayoon	IndependentDirector

CHIEFFINANCIALOFFICER

Mr.WasifMahmood

COMPANYSECRETARY

Mr.MuhammadImran

AUDITORS

BDOEbrahim&Co.
CharteredAccountants
F-2,FirstFloor,GraceCentre,
CanalBankRoad,1-BCanalPark,
Gulberg-II, Lahore
Tel:042-35875709-10
Fax:042-35717351
Email:info@bdo.com.pk

MILLS

5K.M.FaisalabadRoad,Okara
Tel:044-2522878,2524279
Fax:044-2522978

BANKERS

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

HUMANRESOURCES&REMUNERATION COMMITTEE

Mr.Farid-ud-DinAhmad	Chairman
Mr.AdnanAhmedKhan	Member
MrMalikManzoorHussainHumayoon	Member

AUDITCOMMITTEE

Mr.Farid-ud-DinAhmad	Chairman
Mrs.SarahHajraKhan	Member
MrMalikManzoorHussainHumayoon	Member

NOMINATIONCOMMITTEE

MrMalikManzoorHussainHumayoon	Chairman
Mr.Farid-ud-DinAhmad	Member

RISKMANAGEMENTCOMMITTEE

MrMalikManzoorHussainHumayoon	Chairman
Mr.Farid-ud-DinAhmad	Member

SHAREREGISTRAR

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

REGISTEREDOFFICE

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

LEGALADVISOR

M/SAhmed&Pansota
Advocate and Legal Consutants
20-SirGangaramMansions
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 mehtod 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.

NOTICEOFANNUAL GENERALMEETING

Notice is hereby given that the 42nd Annual General Meeting of the Shareholders of the Baba Farid Sugar Mills Limited will be held on Saturday, January 23, 2021 at 03.00 p.m. at Registered Office, 2-D-1, Gulberg III, Lahore and through electronically videolink/Zoomapplication,totransactthefollowingbusiness:

ORDINARYBUSINESS:

1. To Confirm minutes of the 41st Annual General Meeting of the Baba Farid Sugar Mills Limited held on 27-01-2020.

2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the financial year ended 30thSeptember2020togetherwiththeAuditor'sandBoardofDirectors'reportsthereon.

3. To appoint Auditors of the Company for the next financial year 30th September, 2020-21 and to fix their remuneration. The present Auditors, M/s. BDO Ebrahim & Co. Chartered Accountants, Lahore, retired and being eligible, have offered themselvesforreappointmentasAuditorsoftheCompany.

SPECIALBUSINESS:

4. Toconsiderandapprovethetransactionscarriedoutwithrelatedpartiesinnormalcourseofbusinessandifthought fit to pass the following resolutions as special resolutions with or without modification.

a) "RESOLVED thattransactionscarriedoutbytheCompanyinthenormalcourseofbusinesswithrelatedpartiesforthe period ended September 30, 2020 be and are hereby ratified, approved and confirmed"

Names	NatureofTransactions	Transactionsduring theperiod Amount(PKR)
NaubaharBottlingCompany(Pvt.)Limited	Long term loans (Net) - repaid Mark-up charged on Long Term Loan	65,960,400 113,096,406
TheThalIndustriesCorporationLimited	Purchases-Storeitems Purchase-Plant&Machinery Sale-StoreItems	8,896,967 23,000,000 322,042
AlmoizIndustriesLimited	Saleofscrap Purchase-Steelitems	13,134,468 7,427,833

b) "FURTHERRESOLVEDTHAT the Chief Executive Officer of the Company or his nominee be and is hereby authorized toapproveallthetransactionstobecarriedoutinthenormalcourseofbusinesswithrelatedpartiestillthenextAnnual 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"

5. TotransactanyotherbusinesswiththepermissionoftheChair.

BYORDEROFTHEBOARD



MUHAMMADIMRAN
CompanySecretary

Lahore:
December24,2020

NOTE:

1. Closure of Shares Transfer Books:

Share Transfer Books of the Company will remain closed from 16-01-2021 to 23-01-2021 (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. 042-35916714, Email address: corplink786@gmail.com by the close of business hours on 15th January, 2021 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 Office 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 2020 on Company's website www.bfsml.com. These are also available at PUCAR of PSX and shareholders may obtain these same through e-mail as well if any shareholder so desire.

3. Participation of AGM:

In view of the Coronavirus Pandemic and instructions / Guidelines of SECP and other Government Dept. / Institutions, the Company is required to 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 are encouraged to participate in the AGM electronically through video link / Zoom Application or in case of physical the members are requested to ensure guidelines to attend AGM in person i.e. hand sanitizers, masks and distant seating etc. and also encouraged to consolidate their attendance through proxies.

(a) Online Participation in AGM vis Zoom application: The shareholders may login and participate in the proceedings of AGM through their own smartphones / 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) by or before 22-01-2021.

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 procedures/requirements of online participation in AGM, the members may please contact on the above cited e-mail address or at +924235771066-71 during business hours.

Further, in case of physical the members are requested to ensure guidelines to attend AGM in person along with 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.

4. **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 _____.

5. **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.

6. **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.

7. **Submission of Copy of CNIC:**

Pursuant to the directives of the Securities and Exchange Commission of Pakistan (SECP) through its Notification No. SRO 831 (I) 2012 dated July 5, 2012 r/w SRO 19(I)/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.

8. **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).

9. **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

oftheCompanyarerequestedtoprovidethefollowingdetailsinordertocredittheircashdividendsdirectlyto theirinternationalbankaccountnumber(IBAN),ifdeclared:

(i) Incaseofbook-entrysecuritiesinCDS,toCDSParticipants;and
(ii) In case of physical securities to the Company's Share Registrar M/s. Corplink (Pvt.) Limited, as mentionedbelow.

1. NameofShareholder's_____
2. Father's/Husband'sName;_____
3. FolioNumber;_____
4. PostalAddress;_____
5. NameofBank;_____
6. NameofBranch;_____
7. AddressofBranch;_____
8. TitleofBankAccount;_____
9. BankAccountNumber(Completewithcode);_____
10. IBANNumber(Completewithcode);_____
11. CellNumber;_____
12. TelephoneNumber(ifany);_____
13. CNICNumber(attachcopy);_____
14. NTN(incaseofcorporateentity,attachcopy);_____

IBANnumber(InternationalBankAccountNumber)willbeprovidedbyyourbanker,containingalpha,number andwithoutanyspaceandgap.

To,ShareRegistrar

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

10. ElectronicTransmissionofAuditedFinancialStatements&NoticesofAGM:

SECP through its Notification SRO No. 787 (I) 2014 dated September 8, 2014 has allowed the circulation of AuditedFinancialStatementsalongwithNoticeofAnnualGeneralMeetingtothemembersoftheCompany throughemail.Therefore,allmembersoftheCompanywhowishtoreceivesoftcopyofAnnualReportare requested to send their email addresses. The financial report for electronic transmission could be downloaded fromCompany'swebsite:www.bfsml.com.TheCompanyhasalreadydispatchedhardcopyoftheAudited FinancialStatementtoitsshareholders.

11. PostalBallot/E-Voting:

In accordance with the Companies (Postal Ballot) Regulations, 2018, for any agenda item subject to the requirementsofSection143and144oftheCompaniesAct,2017,memberswillbeallowedtoexercisetheir rightofvotethroughpostalballoti.e.bypostore-voting,inthemannerandsubjecttotheconditionscontained intheaforesaidregulations.

12. ZakatDeclarations(CZ-50)

TheZakatwillbedeductedfromthedividendsatsourceattherateof2.5%ofthepaid-upvalueoftheshares (Rs. 10/-each) under Zakat and Ushar Laws and will be deposited within the prescribed period with the relevant authority,Pleasesubmityour ZakatDeclarationsunderZakatandUshrOrdinance,1980&Rule4ofZakat (Deduction&Refund)Rules,1981CZ-50form,incaseyouwanttoclaimexemption,withyourbrokersorthe Central Depository Company Ltd (In case the shares held in Investor Accounts Services on the CDC) or to our Registrars, M/s. Corplink (Pvt.) Limited 1-K, Commercial Model Town, Lahore (In case the shares are held in paper certificate form). The shareholders while sending the Zakat Declarations, as the case may be must quote companynameandrespectivefolionumbers.

STATEMENTOF MATERIALFACTS UNDERSECTION134(3)OFTHECOMPANIESACT2017

A statement required under this section relating to Special Business of agenda item No. 4 is appended to the Notice of this meeting held on 23rd January 2021 at 03:00 p.m at 2-D-1, Gulberg III, Lahore, being sent to the shareholders of the Company by Post.

STATEMENTU/S134(3)OFTHECOMPANIESACT,2017

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

a) TransactionwithNaubaharBottlingCompany(Pvt.)Limited:(HoldingCompany)

The related party transactions conducted with holding company i.e. M/s. Naubahar Bottling Company (Pvt.) Limited had to be approved by the Board duly recommended by the Audit Committee on quarterly basis pursuant to the Code of Corporate Governance, 2017. However, the majority of Company Directors were interested in these transactions due to their common directorship and holding of shares in the subsidiary company, the quorum of directors could not be formed for approval of these transactions pursuant to section 207 of the Companies Act, 2017 and therefore, these transactions have to be approved by the shareholders in the General Meeting.

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

The Company is and shall be conducting transactions of sales and purchase of goods with The Thal Industries Corporation Limited and Almoiz Industries Limited for the period commencing from October 1st, 2019 to period ends September 30, 2020 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:

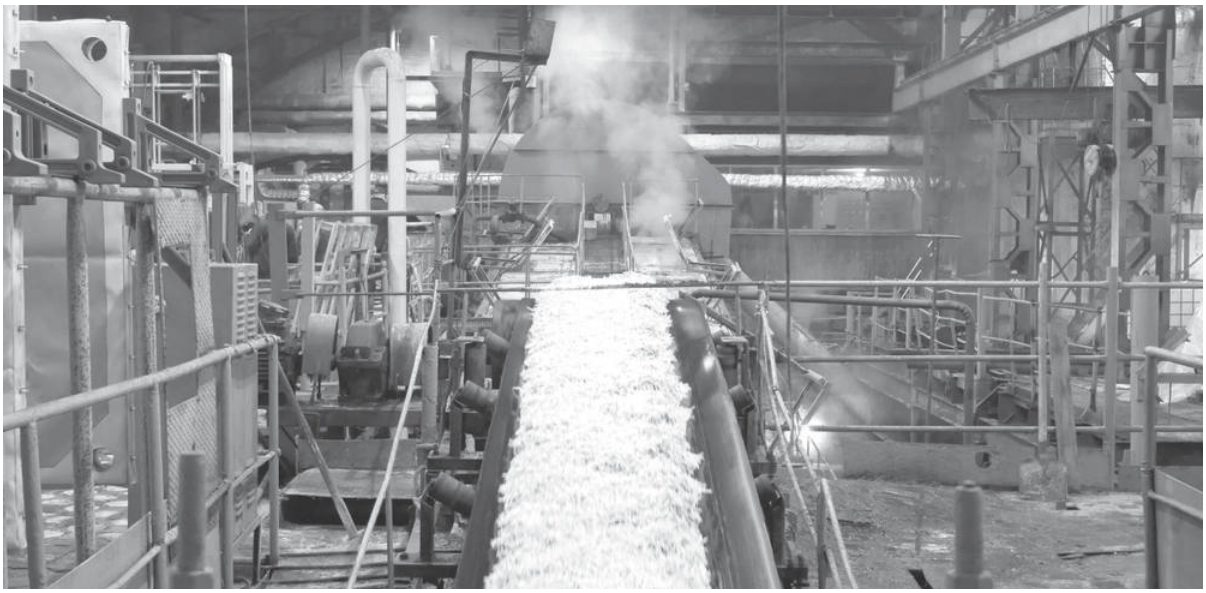
Names	Nature of Transactions	Transactions during the period Amount (PKR)	Pricing Policy
Naubahar Bottling Company (Pvt.) Limited	Long term loans (Net) - repaid Mark-up charged on Long Term Loan	65,960,400 113,096,406	As per decisions of the Boards of BFSML & NBC and Related Party Transactions Policy of BFSML
The Thal Industries Corporation Limited	Purchases-Store items Purchase-Plant & Machinery Sale-Store items	8,896,967 23,000,000 322,042	As per approved contract between BFSML & TICL and Related Party Transactions Policy of BFSML.
Almoiz Industries Limited	Sale of scrap Purchase-Steel items	13,134,468 7,427,833	As per approved contract between BFSML & AIL and Related Party Transactions Policy of BFSML.

The Directors are interested in the resolution to the extent of their common directorship and shareholding in the holding company and 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 (holding company) and respectively:

Mr. Muhammad Shamim Khan Mrs. Qaiser Shamim Khan
Mr. Adnan Ahmed Khan Mr. Nauman Ahmed Khan
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 Annaul 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 the 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, 2020 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.

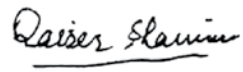
The financial year 2019-20 was very difficult year due to COVID-19 pandemic and economic conditions of the Country. Global and local business environment remained highly challenging, with the impact of COVID-19 spreading across the whole world which has posed serious threats and losses of lives, loss of employement, liquidity and more prominent to business continuity. Your Company is seasonal manufacturing Company, therefore, the impact of COVID-19 and post lockdown has not affected the operations / manufacturing facilities of the Company. The Board ensured that the Company take advantage of different schemes and concessions announced / allowed by the State Bank of Pakistan to conserve working capital.

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 ensured and measured the Board's overall performance and effectiveness and benchmarked 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 enabled 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 expending 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 string 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.



Mrs. Qaiser Shamim Khan
Chairperson

Lahore: 24, December 2020

DIRECTOR'SREPORT TOTHEMEMBERS



The Directors of your Company are pleased to present the Audited Accounts of the Company for the Year Ended 30 September 2020 in compliance with the section 237 of the Companies Act, 2017.

INDUSTRYOVERVIEW

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

For current crushing season 2019-20, notified support price of sugarcane in Punjab was Rs. 190/-per40kg.

PERFORMANCEOFTHECOMPANY

The Company was able to crush 290,029.359 M.Tons sugarcane and produced 25,159.000 M.Tons of white refined sugar at an average recovery of 8.700% during the year ended 30 September 2020 as compared to 30 September 2019, sugarcane crushing of 26,976.308 M. Tons and production of 1,935.600 M.Tons white refined sugar at an average recovery of 5.584%. This evident improvement in Company's sugar production is mainly due to the endeavors of management and staff, improved production efficiency, better relationship maintenance with growers, customers and vendors and experience of new management to run the mills.

FINANCIALHIGHLIGHTS

Net sales were recorded at Rs. 1,783.548 million during the current period as compared to Rs. 121.607 million during the corresponding period. Company suffered pretax loss of Rs. (276.941) million during the period under reference as compared to pretax loss of Rs. (627.625) million in the corresponding period. The decline in Company's losses were attributed to better management of affairs of the Company and operating plant at optimum capacity level under available circumstances.

Description	2020 (Rupees in Million)	2019
Sales-Net	1,783.548	121.607
Gross Profit / (Loss)	28.838	(357.092)
Net Profit / (Loss) before Taxation	(276.941)	(627.625)
Net Profit / (Loss) after Taxation	(286.079)	(682.625)
Earnings / (Loss) Per Share	(30.27)	(72.24)
Gross Profit / (Loss) Ratio	0.02	(2.94)
P/E Ratio	(1.21)	(0.68)
Market Price Per Share	36.57	49.25

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

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.

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

The acquisition of the Company by the Group allowed the management to better meet increasing demand of quality sugar. This will bring strength, experience and efficiency to the Company and will allow the Company to explore its full potential. This will ultimately be translated into better returns to the shareholders and better benefits for other stakeholders. It is expected that the Company shall become financially more viable in times to come.

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

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

CORPORATE GOVERNANCE

The Directors are pleased to state that the Company is compliant with the provisions of the Listed Companies (Code of Corporate Governance) Regulations, 2019 as required by Securities & Exchange Commission of Pakistan (SECP).

Following are the Statements on Corporate and Financial Reporting Framework:

The financial statements present fairly the state of affairs of the Company, the results of its operations, cash flows and changes in equity;

- Proper books of accounts of the Company have been maintained;

- Accounting policies as stated in the notes to the financial statements have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable prudent judgment;

- International Financial Reporting Standards, as applicable in Pakistan and the requirements of Companies Act, 2017 have been followed in preparation of the financial statements;

- The system of internal control is sound in design and has been effectively implemented and monitored;

- There are no doubts about the Company's ability to continue as going concern;

- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations;

- A statement regarding key financial data for the last six years is annexed to this report;

- Information about taxes and levies is given in the notes to the financial statements.

- There is no likelihood of any delayed payments or default in respect of all loans availed by the Company.

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	Chairperson	4
Mr. Adnan Ahmed Khan	Chief Executive	3
Mr. Muhammad Shamim Khan	Director	4
Mr. Nauman Ahmed Khan	Director	3
Mrs. Sarah Hajra Khan	Director	3
Mr. Farid Ud Din Ahmed	Independent Director	4
Mr. Malik Manzoor Hussain Humayoon	Independent Director	4

BEST CORPORATE PRACTICES

Directors are committed to good corporate governance and comply with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 and the Rule Book of Pakistan Stock Exchange. The statement of compliance with the CCG is annexed in this annual report. 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
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

The Board has formed committees comprising of members given below:

AuditCommittee

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 committeeassiststheBoardinreviewinginternalaudit manualandinternalauditsystem.

i) Mr.Farid-ud-DinAhmad(ChairmanoftheAudit Committee);and
ii) Mr.MalikManzoorHussainHumayoon
iii) Mrs.SarahHajraKhan;

HRandRemunerationCommittee

The Board has constituted a Human Resource Committee consisting of three members including Chairman of the committee as mentioned below, in compliancewiththeCodeofCorporateGovernance.

i) Mr.Farid-ud-DinAhmad(ChairmanoftheHRR Committee);and
ii) Mr.MalikManzoorHussainHumayoon.
iii) Mr.AdnanAhmedKhan;

NominationCommittee

The Board has constituted a Nomination Committee consistingoftwomembersincludingChairmanofthe committee as mentioned below, in compliance with theCodeofCorporateGovernance.

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

RiskManagementCommittee

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

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

AdequacyofInternalFinancialControls

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 controlshavebeenimplementedbytheCompany.

HOLDINGCOMPANY

Naubahar Bottling Company (Pvt.) Limited, holding company divested its all stake i.e., 50.8621% in the Company post balance sheet date. All shares by Naubahar Bottling Company (Pvt.) Limited were purchasedbysponsordirectors.

ACKNOWLEDGEMENT

TheDirectorswouldliketoexpresstheirappreciation for the dedication and hard work of the workers, staff andmembersofthemanagementteam.Growersare the key element of our industry and we thank them fortheircontinuedco-operation.TheDirectorsofthe Company are also thankful to the banks and financial institutions for the financial assistance and co-operation,whichtheyhaveextendedtotheCompany.

ForandonbehalfofBoard
BabaFaridSugarMillsLimited

AdnanAhmedKhan
ChiefExecutive

Mrs.QaiserShamimKhan
Chairperson

Lahore: 24 December 2020

ڈائریکٹرز کی ارکان کو رپورٹ

آپ کی کمپنی کے ڈائریکٹر کمپنیز ایکٹ 2017 کی دفعہ 237 کی تعمیل میں 30 ستمبر 2020 کو ختم ہونے والے مالی سال کے لئے نظر ثانی شدہ حسابات بخوشی پیش کر رہے ہیں۔

انڈسٹری کا جائزہ

زیر جائزہ مدت کے دوران فصل کا سائز تقابلی کم تھا اور کاشتکاروں کی طرف سے بیان کی گئی فی ایکڑ پیداوار بھی قابل ذکر حد تک کم تھی۔ تاہم، سکروس کے اجزاء گزشتہ کرشنگ سیزن سے بہتر تھے۔

حالیہ کرشنگ سیزن 20-2019 کیلئے پنجاب میں گنے کی امدادی قیمت -/190 روپے فی من مقرر کی گئی۔

کمپنی کی کارکردگی

30 ستمبر 2020 کو ختم ہونے والے سال کے دوران کمپنی نے 290,029.359 میٹرک ٹن گنے کی کرشنگ کی اور 8.700 فیصد اوسط ریکوری کے ساتھ 25,159.000 میٹرک ٹن سفید ریفائنڈ چینی بنائی۔ جبکہ اس کے مقابلے میں گذشتہ سال یعنی 30 ستمبر 2019، کو 26,976.308 میٹرک ٹن گنے کی کرشنگ کی اور 5.584 فیصد اوسط ریکوری کے ساتھ 1,935.600 میٹرک ٹن سفید ریفائنڈ چینی بنائی۔ کمپنی کی چینی کی پیداوار میں واضح بہتری بنیادی طور پر انتظامیہ اور عملہ کی کوششوں، بہتر پیداواری صلاحیت، کاشتکاروں، صارفین اور وینڈرز کے ساتھ بہتر تعلقات اور ملز کو چلانے کے لئے نئی انتظامیہ کے تجربے اور مہارت کی بدولت ممکن ہوئی۔

مالی جھلکیاں

موجودہ سال کے دوران خالص فروخت 1,783.548 ملین روپے درج کی گئی جبکہ گزشتہ سال کی اسی مدت کے دوران 121.607 ملین روپے تھی۔ زیر جائزہ مدت کے دوران کمپنی کو قبل از ٹیکس نقصان (276.941) ملین روپے ہوا جبکہ گزشتہ سال اسی مدت میں قبل از ٹیکس نقصان (627.625) ملین روپے ہوا تھا۔ کمپنی کے نقصانات میں کمی کمپنی کے امور کے بہتر انتظامات اور پلانٹ کو دستیاب حالات کے تحت اس کی زیادہ سے زیادہ کپیسٹی پر چلانے سے منسوب ہے۔

روپے ملین میں

تفصیل	30 ستمبر 2020	30 ستمبر 2019
خالص فروخت	1,783.548	121.607
مجموعی منافع/(نقصان)	28.838	(357.092)
ٹیکس سے پہلے منافع/(نقصان)	(276.941)	(627.625)
ٹیکس کے بعد منافع/(نقصان)	(286.079)	(682.625)
آمدنی/(نقصان) فی شیئر (روپے)	(30.27)	(72.24)
مجموعی منافع/(نقصان) تناسب	0.02	(2.94)
P/E تناسب	(1.21)	(0.68)
مارکیٹ قیمت فی شیئر	36.57	49.25

تمام تر کوششیں کمپنی کی پیداوار اور منافع کو بڑھانے کے لئے کی جارہی ہیں۔ جن میں کہ اچھی کارکردگی، جدید آلات کی تنصیب، گہری نگرانی کے ذریعے پیداواری لاگت میں کمی، گنے کے کاشتکاروں کو اچھے اور معیاری بیج کی فراہمی کے ساتھ ساتھ اچھی کھاد اور کیڑے مار ادویات کی فراہمی شامل ہے جس کے نتیجے میں چینی کی ریکوری میں اضافہ اور گنے کے کاشتکاروں کو مالی فائدہ ہوگا۔

تحقیق وترقی

زرعی تحقیق وترقی 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 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 خطیر رقم زرعی قرضے کی مد میں فراہم کی گئی ہے۔
- مختلف توسیعی اور مشاورتی پروگراموں کے ذریعے تکنیکی مہارتوں کو بڑھائے۔
- 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 گوئنگ کنسرن مفروضہ

اسپانسرز کی صنعت میں ایک معروف پروفائل ہے اور نہ صرف موجودہ ملوں کے آپریشنز سنبھال چکے ہیں بلکہ صوبہ کے پی میں بھی شوگر بیٹ سے شوگر ایکسٹریکشن کی توسیع رکھتے ہیں۔ مزید برآں، یہ گروپ چینی، مشروبات، اسٹیل، بجلی اور ٹیکسٹائل کے کاروبار میں بھی مصروف ہے، لہذا اس کا بھرپور متعلقہ تجربہ ہے۔ نوبہار بوٹلنگ کمپنی (پرائیویٹ) لمیٹڈ گروپ میں تیار کی جانے والی مجموعی چینی کا کافی حصہ استعمال کرتا ہے اور ہر سال اس طلب میں اضافہ متوقع ہے۔

کمپنی کی ایکوزیشن گروپ کو معیاری چینی کی بڑھتی ہوئی طلب کو بہتر طور پر پورا کرنے کی اجازت دیتی ہے جو کمپنی کو مزید مضبوط، تجربہ اور کارکردگی کو مزید بہتر بنائے گا۔ جو کہ آخر کار کمپنی کے شراکت داروں اور حصہ داروں کو بہتر نمو اور فوائد مہیا کرے گی اور اُمید کی جاتی ہے کہ کمپنی وقت گزرنے کے ساتھ ساتھ مالی طور پر مزید مضبوط ہوگی۔

آگے بڑھتے ہوئے اُمید ہے کہ کمپنی مزید بہتر نتائج ظاہر کرے گی کیونکہ اس نے پہلے ہی موجودہ سال میں نمایاں بہتر نتائج ظاہر کئے ہیں۔ یہ بنیادی طور پر معاملات کی نگرانی میں بہتر انتظامات کی وجہ سے ممکن ہوا ہے کیونکہ نئی انتظامیہ بہت تجربہ کار، اپنے کام اور عزم اور مخلصانہ پیشہ ورانہ انتظامیہ کی بڑی مخلص ٹیم ہے۔ امید کی جاسکتی ہے کہ یہ عناصر مجموعی بنیاد پر کمپنی کو دوبارہ زندہ کریں گے۔ نئی انتظامیہ کو یقین ہے کہ وہ کمپنی کے کاروبار کو بڑھانے، زیادہ مؤثر اور منافع بخش طریقے سے چلانے اور طویل مدت میں منافع بخش ادارہ بنانے کے قابل ہوں 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 گورننس

بہترین کارپوریٹ عوامل

ڈائریکٹرز بہتر کارپوریٹ گورننس پر عملدرآمد اور فہرستی کمپنیز (کارپوریٹ گورننس کا ضابطہ) ریگولیشنز، 2017 اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے قواعد پر عمل کرتے ہوئے خوشی محسوس کرتے ہیں۔

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

- مالیاتی حسابات کمپنی کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکوئٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- 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 معیارات اور کمپنیز ایکٹ 2017 کی ضروریات کی پیروی 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 گوئنگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک وشبہات نہیں ہیں۔
- مندرج ضوابط میں تفصیلی کارپوریٹ گورننس کے بہترین عوامل سے کوئی مادی انحراف نہیں کیا گیا ہے۔
- گزشتہ چھ سال کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا رپورٹ ہذا سے منسلک ہے۔
- ٹیکسز اور لیویز کے بارے معلومات مالیاتی گوشواروں کے نوٹس میں دی گئی ہیں۔
- کمپنی کی طرف سے حاصل کردہ تمام قرضوں کی بابت کوئی تاخیری ادائیگیاں یا نادہندگی نہیں ہے۔

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	چیئرپرسن	4
جناب عدنان احمد خان	چیف ایگزیکٹو	3
جناب محمد شمیم خان	ڈائریکٹر	4
جناب نعمان احمد خان	ڈائریکٹر	3
محترمہ سارہ ہاجرہ خان	ڈائریکٹر	3
جناب فریدالدین احمد	آزاد ڈائریکٹر	4
جناب ملک منظور حسین ہمایوں	آزاد ڈائریکٹر	4

بہترین کارپوریٹ عوامل

ڈائریکٹرز بہتر کارپوریٹ گورننس پر عملدرآمد اور فہرستی کمپنیز (کارپوریٹ گورننس کا ضابطہ) ریگولیشنز، 2017 اور پاکستان اسٹاک ایکسچینج کی رُول بک کی ضروریات کو پورا کرتے ہیں۔ CCG کی تعمیل کا بیان منسلک ہے۔ بورڈ آف ڈائریکٹرز (بورڈ) کی تشکیل مندرجہ ذیل ہے:

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

بورڈ نے حسبِ 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 ضابطے کے تقاضوں کو پورا کرتی ہے۔ کمیٹی انٹرنل آڈٹ مینوئل اور انٹرنل آڈٹ سسٹم کے جائزہ میں بورڈ کی مدد کرتی ہے۔

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

ایچ آر اینڈ ریمنریشن کمیٹی

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

- i) جناب فریدالدین احمد (چیئرمین 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 چیئرمین سمیت دو ارکان پر مشتمل نامینیشن کمیٹی تشکیل دی ہے۔

- i) جناب ملک منظور حسین ہمایوں (چیئرمین)
- ii) جناب فریدالدین احمد

رسک مینجمنٹ کمیٹی

بورڈ نے کوڈ آف کارپوریٹ گورننس کی تعمیل میں، مندرجہ 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 فریدالدین 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۔

ہولڈنگ کمپنی

نوبہار بوٹلنگ کمپنی (پرائیوٹ) لمیٹڈ، ہولڈنگ کمپنی نے بیلنس شیٹ تاریخ کے بعد اپنا تمام اسٹیک یعنی 50.8621 فیصد کمپنی میں ڈائیوسٹ کر دیا ہے۔ نوبہار بوٹلنگ کمپنی (پرائیوٹ) لمیٹڈ کے تمام حصص اپانسرز ڈائریکٹرز نے خرید لئے تھے۔

اظہار تشکر

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

منجانب بورڈ

بابا فرید شوگر ملز لمیٹڈ

Qaiser Shamim

محترمہ قیصر شمیم خان

چیئرپرسن

عدنان احمد خان

چیف ایگزیکٹو

لاہور: 24 دسمبر 2020ء

SIXYEARSSUMMARYOF FINANCIALHIGHLIGHTS

OPERATINGPERFORMANCE:

		2020	2019	2018	2017	2016	2015
SugarProduction:							
Canecrushed	(M.Tons)	290,029	26,976	208,594	393,035	261,931	249,228
Averagesucroserecovery	(%)	8.70	5.58	8.80	9.11	9.17	8.82
Sugarproduced	(M.Tons)	25,159	1,936	18,262	35,497	23,943	21,845
Operatingperiod	Days	115	22	93	128	100	94
Operatingresults:							
Sales	(000'Rs.)	1,783,548	121,607	1,381,821	1,932,149	1,264,121	1,638,079
Costofsales	(000'Rs.)	1,754,710	478,697	1,545,650	1,737,483	1,124,993	1,596,208
Gross profit	(000'Rs.)	28,838	(357,090)	(163,829)	194,666	139,128	41,871
Gross Profit to Net Sales		0.02	(2.94)	(0.12)	0.10	0.11	0.03
Net Profit / (Loss) before Taxation	(000'Rs.)	(276,941)	(627,625)	(378,293)	23,957	3,237	(204,862)
Net Profit / (Loss) after Taxation	(000'Rs.)	(286,079)	(682,625)	(374,066)	29,538	12,485	(198,714)
Net Profit/(loss) to Net Sales		(0.16)	(5.61)	(0.27)	0.02	0.01	(0.12)
Shareholders'Equity:							
Paidupcapital	(000'Rs.)	94,500	94,500	94,500	94,500	94,500	94,500
Reserves&surplus	(000'Rs.)	1,256,871	771,630	235,256	599,079	561,815	141,109
Shareholders'equity	(000'Rs.)	1,351,371	866,130	329,756	693,579	656,315	235,609
Break-upvaluepershare	Rupees	14.30	9.17	3.49	7.34	6.95	2.49
Earningspershare	Rupees	(30.27)	(72.24)	(39.58)	3.13	1.32	(21.03)
P/ERatio	Rupees	(1.21)	(0.68)	(0.96)	14.34	21.59	(1.30)
MarketPricePerShare	Rupees	36.57	49.25	38.00	44.88	28.50	27.30
Financialposition:							
Currentassets	(000'Rs.)	897,653	296,437	805,554	965,169	808,353	596,369
Fixedcapitalexpenditure	(000'Rs.)	2,830,740	2,822,993	2,495,993	2,518,371	2,475,983	2,037,779
Totalassets	(000'Rs.)	3,728,568	3,119,430	3,302,135	3,484,127	3,284,924	2,634,735
Currentliabilities	(000'Rs.)	1,100,007	900,442	2,084,145	1,777,059	1,780,773	1,594,060
Long term debts	(000'Rs.)	901,016	965,960	600,000	700,000	500,000	508,333
Totalliabilities	(000'Rs.)	2,377,197	2,253,300	2,972,379	2,790,548	2,628,609	2,399,126
Currentratio		0.82	0.33	0.39	0.54	0.45	0.37
Debtequityratio		1.76	2.60	9.01	4.02	4.01	10.18

FORM-34
THECOMPANIESACT,2017
(SECTION 227(2)(F)
PATTERNOFSHAREHOLDING

1.	IncorporationNumber	0006535
2.	NameoftheCompany	BABAFARIDSUGARMILLSLIMITED

2.1 Patternofholdingoftheshareheldbytheshareholdersasat 30/09/2020

2.2 Numberof Shareholders	Shareholdings From	Shareholdings To	Total SharesHeld
622	1	100	15,853
383	101	500	69,622
37	501	1,000	28,020
36	1,001	5,000	86,121
4	5,001	10,000	26,677
1	10,001	15,000	10,500
1	35,001	40,000	37,668
3	910,001	915,000	2,734,635
1	1,640,001	1,645,000	1,640,784
1	4,800,001	4,805,000	4,800,120
1,089			9,450,000

2.3	Categoriesofshareholders	SharesHeld	Percentage
2.3.1	Directors, Chief Executive Officers, andtheirspouseandminorchildren	4,376,119	46.3081%
2.3.2	AssociatedCompanies, undertakingsandrelated parties.(ParentCompany)	4,806,468	50.8621%
2.3.3	NITandICP	1,000	0.0106%
2.3.4	BanksDevelopment FinancialInstitutions,Non BankingFinancialInstitutions.	100	0.0011%
2.3.5	InsuranceCompanies	0	0.0000%
2.3.6	ModarabasandMutual Funds	0	0.0000%
2.3.7	Shareholdersholding10%ormore	6,447,252	68.2249%
2.3.8	GeneralPublic a. Local b.Foreign	 257,065 0	 2.7203% 0.0000%
2.3.9	Others (to be specified) JointStockCompanies	9,248	0.0979%

CATEGORIESOF SHAREHOLDERS

Ason30thSeptember2020

S.No.	NAME	HOLDING	%AGE
DIRECTORS,CEOTHEIRSPOUSEANDMINORCHILDREN			
1	MR.MUHAMAMDSHAMIMKHAN(CDC)	1,640,784	17.3628
2	MRS.QAISERSHAMIMKHAN(CDC)	911,545	9.6460
3	MR.ADNANAHMEDKHAN(CDC)	911,545	9.6460
4	MR.NAUMANAHMEDKHAN(CDC)	911,545	9.6460
5	MALIK MANZOOR HUSSAIN HUMAYUN	200	0.0021
6	MR. FARID UL DIN AHMED	200	0.0021
7	MRS.SARAHHAJRAHKHAN	300	0.0032
		4,376,119	46.3081
ASSOCIATEDCOMPANIES			
1	NAUBAHAR BOTTING COMPANY (PVT) LIMITED	6,348	0.0672
2	NAUBAHAR BOTTING COMPANY (PVT) LIMITED (CDC)	4,800,120	50.7949
		4,806,468	50.8621
NIT&ICP			
1	M/SINVESTMENTCORPORATIONOFPAKSTAN	1,000	0.0106
		1,000	0.0106
BANKS,DEVELOPMENTS,FINANCIALINSTITUTIONS, NONBANKINGFINANCIALINSTITUTIONS			
1	M/S FIDELITY INVESTMENT BANK LTD.	100	0.0011
		100	0.0011
JOINTSTOCKCOMPANIES			
1	CENTRAL DEPOSITORY COMPANY OF PAKISTAN LTD.(CDC)	25	0.0003
2	MAPLE LEAF CAPITAL LIMITED (CDC)	1	0.0000
3	SALIM SOZER SECURITIES (PVT.) LTD. (CDC)	5,722	0.0606
4	SARFRAZ MAHMOOD (PRIVATE) LTD. (CDC)	500	0.0053
5	SCANDIA LIMITED (CDC)	3,000	0.0317
		9,248	0.0979
SHARESHELDBYTHEGENERALPUBLIC(FOREIGN)		0	0.0000
SHARESHELDBYTHEGENERALPUBLIC(LOCAL)		257,065	2.7203
		257,065	2.7203
	TOTAL:	**9,450,000**	**100.0000**

S.No.	NAME	HOLDING	%AGE
SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL			
1	NAUBAHAR BOTTING COMPANY (PVT) LIMITED	4,806,468	50.8621
2	MR. MUHAMAMD SHAMIM KHAN (CDC)	1,640,784	17.3628
3	MRS. QAISER SHAMIM KHAN (CDC)	911,545	9.6460
4	MR. ADNAN AHMED KHAN (CDC)	911,545	9.6460
5	MR. NAUMAN AHMED KHAN (CDC)	911,545	9.6460
		9,181,887	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
	NIL		

STATEMENTOFCOMPLIANCE WITHLISTEDCOMPANIES (CODEOFCORPORATEGOVERNANCE)REGULATIONS,2020

The Baba Farid Sugar Mills Limited ("the Company") has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2020 ("the Regulations") in the following manner:

1. Thetotalnumberofdirectorsaresevenasperthefollowing:

   a. Male:05
   b. Female:02

2. The composition of the Board of Directors (the Board") is as follows:

Category	Names
IndependentDirectors	Mr.Farid-ud-DinAhmad Mr.MalikManzoorHussainHumayoon
Non-ExecutiveDirector	Mrs.QaiserShamimKhan Mr.NaumanAhmedKhan Mrs.SarahHajraKhan
ExecutiveDirectors	Mr.AdnanAhmedKhan(CEO) Mr.MuhammadShamimKhan
FemaleDirectors	Mrs.QaiserShamimKhan Mrs.SarahHajraKhan

   There are two Independent directors, however, as required fraction is not rounded up as one as this "clause" was added in the new regulation issued on September 25, 2020, and the Board was constituted before that date and the Regulation has provided relaxation that for the purpose of electing independent director, the Board shall be reconstitutednotlaterthanexpiryofitscurrentterms;

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

4. TheCompanyhaspreparedaCodeofConductandhasensuredthatappropriatestepshavebeentakentodisseminate itthroughouttheCompanyalongwithitssupportingpoliciesandprocedures;

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 approvalorupdatingismaintainedbytheCompany;

6. Allthepowersoftheboardhavebeendulyexercisedanddecisionsonrelevantmattershavebeentakenbytheboard /shareholdersasempoweredbytherelevantprovisionsoftheActandtheseregulations;

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Boardforthispurpose.TheBoardhascompliedwiththerequirementsoftheActandtheRegulationswithrespectto frequency,recordingsandcirculatingminutesofmeetingoftheboard.

8. TheBoardofDirectorshaveaformalpolicyandtransparentproceduresforremunerationofdirectorsinaccordance withtheActandtheseRegulations;

9. The Board arranged orientation courses for its directors (as and when needed) to apprise them of their duties and

responsibilities. One of the directors namely, Miss. Sarah Hajra Khan have already acquired certification under Director training programs conducted by Executive development center of The University of Lahore, a duly approved training institution by Security and Exchange Commission of Pakistan. 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. Two directors have obtained training subsequent to the reporting date.

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

Mr. Farid ud Din Ahmad (Chairman) – Independent Director
Mrs. Sarah Hajra Khan – Non-Executive Director
Mr. Malik Manzoor Hussain Hamayoon – Independent Director

HR AND REMUNERATION COMMITTEE

Mr. Farid ud Din Ahmad (Chairman) – Independent Director
Mr. Adnan Ahmed Khan – Chief Executive
Mr. Malik Manzoor Hussain Hamayoon – Independent Director

NOMINATION COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The frequency of meetings of the aforesaid committees were as per following:

a) Audit Committee: (6) meetings held during the year.
b) HR and Remuneration Committee: One held during the year.
c) Nomination committee – one held during the year
d) Risk Management Committee - One held during the year

15. The Board has set up an effective internal audit function supervised by a qualified Head of Internal Audit, who is considered suitably qualified and experienced for the purpose and are conversant with policies and procedures of the Company;

16. 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;

17. Thestatutoryauditorsorthepersonsassociatedwiththemhavenotbeenappointedtoprovideotherservicesexcept in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed thattheyhaveobservedIFACguidelinesinthisregard.

18. We confirm that all requirements of the Regulations 3, 6, 7, 8, 27, 32, 33, and 36 of the Regulations have been complied with, expect for Independent director in which fraction is not rounded up as one as this "clause" was added in the new regulation issued on September 25, 2020, and the Board was constituted before that date and the Regulation has provided relaxation that for the purpose of electing independent director, the Board shall be reconstituted not later thanexpiryofitscurrentterms.

19. Explanationfornon-compliancewithrequirements,otherthanregulations3,6,7,827,32,33,and36arebelow:

- As per regulation 35, "Disclosure of significant policies on website" the Company may post the followingonitswebsite:

Key element of its significant policies

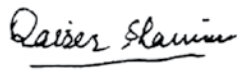
BriefsynopsisoftermsofreferenceoftheBoardCommittees
Keyelementofthedirectors'remunerationpolicy

However,thesehavenotbeenpostedonthewebsiteasdueto COVID19,AdministrativeandIToperationsatBaba Farid Sugar Mills Limited has been affected during the year, therefore, the updation of website is still in progress.

ForandonbehalfofBoardofDirectors,
BabaFaridSugarMillsLimited



Mr.AdnanAhmedKhan
ChiefExecutive



Mrs.QaiserShamimKhan
Chairperson

Lahore: 24 December 2020

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

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, 2020, and 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, 2020 and of the loss 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 incurred a net loss of Rs. 286.079 million during the year ended September 30, 2020 and, as of that date, the Company's current liabilities exceeded its current assets by Rs. 202.355 million. The accumulated losses have exceeded the issued, subscribed and paid up capital by Rs. 2,564.592 million as at September 30, 2020 and accumulated losses as of that date amounted to Rs. 2,659.092 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 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.	The Company continued to invest in capital projects with significant capital expenditure incurred during the year ended September 30, 2020. 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. Refer to notes 8.1, 9 and 10 to the financial statements for accounting policies and the relevant detailed disclosures.	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. 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. We visited the sites where significant capital projects are ongoing to understand the nature of the projects. 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.
2.	Contingencies	
	As disclosed in note 32.1 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. 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. 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. There are significant uncertainties attached to the future outcome of these pending matters and, therefore, are considered as key audit matters.	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. We undertook number of procedures to verify the appropriateness of contingencies in the financial statements. This included, among others: • 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
		• 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	
	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. 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. Refer to note 8.22 to the financial statements for accounting policies and the relevant detailed disclosures.	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. We developed an understanding of relevant business process and performed the following procedures: • 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.

Sr.No	Key audit matters	How the matter was addressed in our audit
4.	Inventory valuation	
	As at September 30, 2020, the Company held Rs. 335.720 million in inventories. Given the size of the inventory balance relative to the total assets of the Company and the estimates and judgements described below, the valuation of inventory required significant audit attention. As disclosed in Note 8.7 and 8.8, inventory is held at the lower of cost and net realizable value determined using the weighted average and average cost plus production overheads. At year end, the valuation of inventory is reviewed by management and the cost of inventory is reduced where inventory is forecast to be sold below cost. The determination of whether inventory will be realized for a value less than cost requires management to exercise judgement and apply assumptions. Management undertake the following procedures for determining the level of write down required: • Use inventory ageing reports together with historical trends to estimate the likely future salability of slow moving and older inventory items; • 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. • Perform a line-by-line analysis of remaining inventory to ensure it is stated at the lower of cost and net realizable value and a specific write down is recognized if required. Please refer to Note 8.7, 8.8, 12 & 13 to the financial statements for accounting policies and the relevant detailed disclosures, respectively.	• Our audit procedures involved assessing the Company's accounting policies over recognizing and valuation of inventory in compliance with applicable accounting standards. We tested the costing of the inventory and performed net realizable value testing to assess whether the cost of the inventory exceeds net realizable value. An analytical review was also performed on inventory. • We assessed the Company's disclosures in the financial statements in respect of inventory.

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.

ResponsibilitiesofManagementandBoardofDirectorsfortheFinancialStatements

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'sResponsibilitiesfortheAuditoftheFinancialStatements

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.

ReportonOtherLegalandRegulatoryRequirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) 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;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) 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.

BDOEBRAHIM&CO.
CHARTERED ACCOUNTANTS

LAHORE: DECEMBER 24, 2020

STATEMENTOF
FINANCIALPOSITION
AsAt30September2020

	Note	2020 Rupees	2019 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	9	2,764,595,619	2,815,822,997
Capital work in progress	10	66,144,854	7,170,132
		2,830,740,473	2,822,993,129
Long term deposits	11	174,500	-
		2,830,914,973	2,822,993,129
CURRENT ASSETS			
Stores, spares and loose tools	12	78,745,755	49,585,594
Stock in trade	13	256,974,378	-
Trade debts	14	8,668,169	77,491,042
Loans and advances	15	77,522,001	15,136,357
Short term deposits and prepayments	16	3,118,478	584,822
Other receivables	17	116,176,230	127,260,380
Cash and bank balances	18	356,447,809	26,379,048
		897,652,820	296,437,243
TOTAL ASSETS		3,728,567,793	3,119,430,372
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			
Revenue reserves - accumulated losses		(2,659,091,730)	(2,418,741,317)
Directors' loans	20	1,982,700,000	1,211,500,000
Surplus on revaluation of fixed assets	21	1,933,262,901	1,978,871,445
		1,351,371,171	866,130,128
NON CURRENT LIABILITIES			
Loan from holding company	23	900,000,000	965,960,400
Lease liability	24	1,015,700	-
Deferred liabilities	25	376,173,598	386,897,450
		1,277,189,298	1,352,857,850
CURRENT LIABILITIES			
Trade and other payables	26	764,479,221	609,544,364
Unclaimed dividend		255,930	255,930
Due to ex holding company	27	43,829,685	104,066,694
Short term borrowing	28	105,000,000	-
Mark-up accrued	29	185,753,366	86,562,191
Taxation - net	30	184,369	13,215
Current portion of long term liabilities	31	504,753	100,000,000
		1,100,007,324	900,442,394
CONTINGENCIES AND COMMITMENTS	32		
TOTAL EQUITY AND LIABILITIES		3,728,567,793	3,119,430,372

The annexed notes from 1 to 62 form an integral part of these financial statements.

CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER

STATEMENTOF
PROFITORLOSS
Fortheyearended30September2020

	Note	2020 Rupees	2019 Rupees
Sales	33	1,783,548,117	121,607,382
Cost of sales	34	(1,754,710,139)	(478,699,099)
Gross profit / (loss)		28,837,978	(357,091,717)
Selling and distribution expenses	35	(8,082,408)	(471,827)
General and administrative expenses	36	(63,214,970)	(30,665,594)
Other operating expenses	37	(78,873,542)	(86,201,097)
Other income	38	37,564,543	22,997,483
		(112,606,377)	(94,341,035)
Operating loss		(83,768,399)	(451,432,752)
Financial charges	39	(193,172,392)	(176,192,506)
Loss before taxation		(276,940,791)	(627,625,258)
Taxation	40	(9,138,251)	(54,999,835)
Loss after taxation		(286,079,042)	(682,625,093)
Loss per share - Basic and diluted (Rupees)	44	(30.27)	(72.24)

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

The annexed notes from 1 to 62 form an integral part of these financial statements.

CHIEF EXECUTIVE DIRECTOR CHIEF FINANCIAL OFFICER

STATEMENTOF
COMPREHENSIVEINCOME
Fortheyearended30September2020

		2020 Rupees	2019 Rupees
Loss after taxation for the year		(286,079,042)	(682,625,093)
Other comprehensive income			
Items that will not be reclassified to the statement of profit or loss			
Remeasurement of defined benefit liability	25.3	169,134	-
Related tax effect		(49,049)	-
		120,085	-
Surplus on revaluation of operating fixed assets	21	-	349,215,869
Related tax effect		-	(49,060,277)
		-	300,155,592
Items that may be reclassified to the statement of profit or loss in subsequent periods			
		-	-
Total comprehensive loss for the year		(285,958,957)	(382,469,501)

The annexed notes from 1 to 62 form an integral part of these financial statements.

CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER

STATEMENTOF CASHFLOWS

Fortheyearended30September2020

	Note	2020 Rupees	2019 Rupees
Cash flows from operating activities			
Loss before tax		(276,940,791)	(627,625,258)
Adjustments for items not involving movement of funds:			
Depreciation	9.7	93,766,794	75,726,346
Provision for staff retirement gratuity	25.3	2,842,064	170,460
Gain on sale of fixed assets	38	-	(3,622,818)
Doubtful advances written off	37	-	65,034,841
Doubtful other receivable written off	37	-	7,249,736
Provision for doubtful debts	37	77,491,042	12,505,195
Liabilities written back	38	(24,010,753)	(13,965,934)
Long term deposit written off		-	587,575
Gratuity balance written back	38	-	(3,742,680)
Provision for obsolete stores and spares	12	-	15,041,549
Financial charges	39	193,172,392	176,192,506
Net cash flow before working capital changes		66,320,748	(296,448,482)
Decrease / (increase) in current assets			
Stores, spares and loose tools		(29,160,161)	(21,005,816)
Stock in trade		(256,974,378)	51,731,844
Trade debts		(8,668,169)	109,833,053
Loans and advances		(62,385,644)	29,581,783
Trade deposits and short term prepayments		(2,533,656)	(584,822)
Other receivables		12,895,046	(28,767,616)
		(346,826,962)	140,788,426
Increase / (decrease) in current liabilities			
Trade and other payables		178,945,611	2,989,673
Cash used in operations		(101,560,603)	(152,670,383)
Taxes paid		(24,223,824)	(1,810,896)
Financial charges paid		(93,981,217)	(243,688,424)
Net cash used in operating activities		(219,765,644)	(398,169,703)
Cash flows from investing activities			
Additions to operating fixed assets		(40,794,417)	(2,107,171)
Additions to capital work in progress		(58,974,722)	(51,666,968)
Long term deposits		(174,500)	-
Net cash used in investing activities		(99,943,639)	(53,774,139)
Cash flows from financing activities			
Repayments of long term financing		(100,000,000)	(100,000,000)
Due to ex holding company		(60,237,009)	(1,575,375,537)
Loan from holding company - Net		(65,960,400)	965,960,400
Directors' loans		771,200,000	1,211,500,000
Lease liability paid		(224,547)	-
Short term borrowings-net		105,000,000	-
Net cash generated from financing activities		649,778,044	502,084,863
Net increase in cash and cash equivalents		330,068,761	50,141,021
Cash and cash equivalents at the beginning of the year		26,379,048	(23,761,973)
Cash and cash equivalents at the end of the year	42	356,447,809	26,379,048

The annexed notes from 1 to 62 form an integral part of these financial statements.

CHIEF EXECUTIVE DIRECTOR CHIEF FINANCIAL OFFICER

STATEMENTOF
CHANGESINEQUITY
Fortheyearended30September2020

	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, 2018	94,500,000	1,715,902,655	-	(1,773,303,026)	37,099,629
Total comprehensive loss for the year					
Loss for the year	-	-	-	(682,625,093)	(682,625,093)
Remeasurement of defined benefit liability - net	-	-	-	-	-
Transfer from surplus on revaluation of fixed assets incremental depreciation-net of deferred tax	-	300,155,592	-	-	300,155,592
Surplus on revaluation of fixed assets related to rate change	-	(37,186,802)	-	37,186,802	-
Directors contributions/loan	-	-	1,211,500,000	-	1,211,500,000
	-	262,968,790	1,211,500,000	(645,438,291)	829,030,499
Balance as at September 30, 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	-	-	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

The annexed notes from 1 to 62 form an integral part of these financial statements.

CHIEF EXECUTIVE DIRECTOR CHIEF FINANCIAL OFFICER

NOTESTOTHE FINANCIALSTATEMENTS

Fortheyearended30September2020

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 Baba Farid Sugar Mills Limited ("the Company") was incorporated in 1978 under the Companies Act 1913 (now Companies Act, 2017) as a Public Limited Company and its shares are quoted at Pakistan Stock Exchange. It is principally engaged in the manufacturing and sale of sugar including its by-products i.e. molasses and V.Filter cake.

1.2 4,806,468 (2019: 4,806,468) ordinary shares of the Company which represent 50.862% (2019: 50.862%) of the issued, subscribed and paid up share capital of the Company are held by Naubahar Bottling Company (Private) Limited which is incorporated / registered in Pakistan under Pakistani laws. The registered address of the Holding Company is 38-40 Grand Trunk Road, Industrial Estate Model Town, Gujranwala, Punjab. The Holding Company is engaged in the manufacturer and distributor of Pepsi Cola soft drinks in Pakistan. The Chief Executive of the Holding Company is Mr. Muhammad Shamim Khan.

1.3 Until June 13, 2019 M/s Pattoki Sugar Mills Limited (the Ex-holding Company) holds 7,696,072 (81.44%) shares of the Company. During the prior year as explained in note 3 the shares has been acquired by the Naubahar Bottling Company (Private) Limited (Holding Company) and other shareholders. M/s Pattoki Sugar Mills Limited has been mentioned in these financial statements as "Ex - holding Company".

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 incurred a net loss of Rs. 286.079 million during the year ended September 30, 2020 as compared to previous year Rs. 682.625 million and, as of that date, the Company's current liabilities exceeded its current assets by Rs. 202.355 million as compared to previous year Rs. 604.005 million. The accumulated losses have exceeded the issued, subscribed and paid up capital by Rs. 2,564.592 million as at September 30, 2020 and accumulated losses as of that date amounted to Rs. 2,659.092 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 reduction in losses from 682.625 million to 286.079 million is due to improved operational efficiency, resultantly the Company's current ratio has been improved as compared to previous year i.e. 0.82 (2019: 0.33), on the other hand the company has made net revenue from sales of Rs. 1,783.548 million resultantly earned gross profit of Rs. 28.838 million as compared to previous year gross loss of Rs. 357.092 million. Based on these factors, these financial statements have been prepared on a going concern basis based on the profitable future projections and sponsor's commitment to provide financial support to the Company.

As mentioned in note 3 to the financial statements 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 approved financial 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. CHANGE IN ACCOUNTING POLICES - IFRS 16 LEASES

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 Change in accounting policy

The Company has adopted IFRS 16 “Leases” from July 1, 2019 which is effective from the annual period beginning on or after January 1, 2019. The detail of new accounting policy adopted and the nature and effect of the changes from the previous accounting policy are set out below:

6.2 Effective in current year and are relevant to the Company.

IFRS 16 - Leases

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

Transition method and practical expedients utilised

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

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

- applied a single discount rate to a portfolio of leases with similar characteristics.

- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.

- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

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

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

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

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

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

There is no significant impact on financial statements at the application IFRS 16, as the Company do not have any lease. The Company consider the lease as short term and low in value.

Significant judgements

IFRS 16 requires the Company to assess the lease term as the non-cancellable lease term in line with the lease contract together with the period for which the Company has extension options which the Company is reasonably certain to exercise and the periods for which the Company has termination options for which the Company is reasonably certain not to exercise those termination options.

A portion of the lease contracts included within Company's lease portfolio includes lease contracts which are extendable through mutual agreement between the Company and the lessor or cancellable by both parties immediately or on short notice. In assessing the lease term for the adoption of IFRS 16, the Company concluded that such contracts are short-term in nature and payments made in respect of these leases are accordingly expensed in the statement of profit or loss.

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

7 NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED STANDARDS

7.1 Amendments that are effective in current year and relevant to the Company

The Company has adopted the amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

		Effective date (annual periods beginning on or after)
IFRS 8	Operating Segments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
IFRS 9	Financial Instruments - amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
IFRS 14	Regulatory Deferral Accounts - Original issue	July 01, 2018
IFRS 16	Leases - Original issue	January 01, 2019
IAS 19	Employee benefits - Amendments regarding plan amendments, curtailments or settlements	January 01, 2019
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding long-term interests in associates and joint ventures	January 01, 2019
IFRIC 23	Uncertainty over Income Tax Treatments	January 01, 2019

Other than the amendments to standards mentioned above, there are certain annual improvements made to IFRS that became effective during the year:

7.2 Amendments not yet effective

The following amendments to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

		Effective date (annual periods beginning on or after)
Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38,IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.		January 01, 2020
IFRS 3	Business Combinations - amendments to clarify the definition of a business	January 01, 2020
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 7	Financial Instruments: Disclosures - Amendments regarding pre-replacement issues in the context of the IBOR reform	January 01, 2023
IFRS 9	Financial Instruments - Amendments regarding pre-replacement issues in the context of the IBOR reform	January 01, 2020
IFRS 9	Financial Instruments - Amendments regarding the interaction of IFRS 4 and IFRS 9	January 01, 2023
IFRS 16	Leases - Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification	January 01, 2020
IFRS 17	Insurance Contracts - Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published	January 01, 2023
IAS 1	Presentation of Financial Statements - amendments regarding the definition of materiality	January 01, 2020
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of liabilities	January 01, 2022
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - amendments regarding the definition of materiality	January 01, 2020
IAS 16	Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	January 01, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous	January 01, 2022
IAS 39	Financial Instruments: Recognition and Measurement - Amendments regarding pre-replacement issues in the context of the IBOR reform	January 01, 2020

The annual improvements to IFRSs that are effective from the dates mentioned below against respective standards:

Annual improvements to IFRSs (2015 – 2017) Cycle:

		Effective date (annual periods beginning on or after)
IFRS 3	Business Combinations	January 01, 2019
IFRS 11	Joint Arrangements	January 01, 2019
IAS 12	Income Taxes	January 01, 2019
IAS 23	Borrowing Costs	January 01, 2019

7.3 Standards or interpretations not yet effective

The following new standards have been issued by the International Accounting Standards Board (IASB), which have been adopted locally by the Securities and Exchange Commission of Pakistan effective from the dates mentioned against the respective standard:

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 14	Regulatory Deferral Accounts
IFRS 17	Insurance Contracts

The Company expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements in the period of initial application.

7.4 Conceptual Framework for Financial Reporting by IASB

On March 29, 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately and contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of January 01, 2020, unless the new guidance contains specific scope outs.

The IASB issued 'Interest Rate Benchmark Reform which amended followings IFRS:

IFRS 7	Financial Instruments "disclosures"	January 01, 2020
IFRS 9	Financial Instruments	January 01, 2020
IAS 39	Financial Instruments: Recognition and Measurement	January 01, 2020

Interest Rate Benchmark Reform amended IFRS 7 and IFRS 9 and IAS 39 as a first reaction to the potential effects the IBOR reform could have on financial reporting, this amendment requiring additional disclosures around uncertainty arising from the interest rate benchmark reform.

8. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented except as disclosed in note 6 to these financial statements.

8.1 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 is 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 9. 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.

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

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.

8.3 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.

8.4 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 values 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 8.22.

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.

8.5 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.

8.6 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.

8.7 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.

8.8 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.

8.9 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.

8.10 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.

8.11 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".

8.12 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.

8.13 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.

8.14 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.

8.15 Cash and bank balances

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

8.16 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.

8.17 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.

8.18 Financial instruments

8.18.1 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.

8.18.2 Financial liabilities

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

8.18.3 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.

8.18.4 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.

8.19 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.

8.20 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.

8.21 Employee benefits

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

8.21.1 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, 2020 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.

8.21.2 Compensated absences

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

8.22 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 to 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.

8.23 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 an arm's length. These prices are determined in accordance with the methods prescribed in the Companies Act, 2017.

8.24 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.

8.25 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.

8.26 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.

8.27 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.

8.28 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.

8.29 Trade debts - due from Government of Pakistan

Trade debts 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.

9. OPERATING FIXED ASSETS

	Note	2020 Rupees	2019 Rupees
Fixed Assets	9.1	2,763,082,443	2,815,822,997
Right of use assets	9.9.4	1,513,176	-
		2,764,595,619	2,815,822,997

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

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, 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	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
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	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
Net carrying value basis year ended September 30, 2019									
Opening net book value (NBV)	1,080,150,000	154,429,539	1,137,582,296	498,208	821,563	767,241	529,045	3,749,714	2,378,527,606
Additions (at cost)	-	-	162,324,157	-	114,000	-	219,249	1,411,620	164,069,026
Revaluation	180,042,500	134,522,415	34,650,954	-	-	-	-	-	349,215,869
Disposals / transfers (NBV)	-	-	-	-	-	(263,158)	-	-	(263,158)
Depreciation charge	-	(15,442,954)	(59,557,407)	(49,821)	(83,106)	(100,817)	(61,450)	(430,791)	(75,726,346)
Closing net book value	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
Gross carrying value basis year ended September 30, 2019									
Cost/revalue	1,260,192,500	487,635,689	2,187,972,112	9,681,095	4,394,715	11,351,282	6,002,811	15,694,096	3,982,924,300
Accumulated depreciation	-	(214,126,689)	(912,972,112)	(9,232,708)	(3,542,258)	(10,948,016)	(5,315,967)	(10,963,553)	(1,167,101,303)
Net book value	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
Depreciation rate % per annum	-	10	5	10	10	20	10	10	

9.2 Free hold land of the Company is located at 5-km Faisalabad Road, District Okara, Punjab with an area covering 72.011 acres (2019: 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.

9.3 Plant and machinery includes transfer from capital work-in-progress amounting to Rs. 4.140 million (2019: 161.961 million).

9.4 Free hold land, buildings, plant & machinery were revalued by independent valuers 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. 2,211.430 million (2019: Rs. 1,978.871 million).

9.5 Had there been no revaluation, the net book value of the assets as at September 30, 2020 would have been as under.

Description	Note	2020 Rupees	2019 Rupees
Land		7,959,798	7,959,798
Building		10,976,508	12,196,121
Plant and machinery		519,920,883	512,878,031
		538,857,189	533,033,950

9.6 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.

9.7 The depreciation charge for the year has been allocated as follows:

	Note	2020 Rupees	2019 Rupees
Cost of sales	34	92,636,760	75,050,182
General and administrative expenses	36	1,130,034	676,164
		93,766,794	75,726,346

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

Description	Cost	Accumulated depreciation	Net Book value	Adjustments	Gain / (Loss)	Mode of disposal	Particulars of buyers
	(Rupees)						
Total - 2020	-	-	-	-	-		
Vehicles							
Tractors	1,920,000	1,870,616	49,384	1,970,000	1,920,616	Employee settlement/ Negotiation	Aleem Akbar / Faizan Farukh Lashari
Trolleys 8 Wheeler	660,000	659,276	733	1,020,000	1,019,267		Muhammad Javaid
Motorcycle	1,247,000	1,033,950	213,041	895,976	682,935		Misc.
Total - 2019	3,827,000	3,563,842	263,158	3,885,976	3,622,818		

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

9.9.1 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.

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

9.9.3 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.

		2020 Rupees	2019 Rupees
9.9.4	Right of use assets		
	The following is the statement of right of use assets:		
	Vehicle		
	Year ended September 30, 2020		
	Net carry value basis		
	Opening net book value	-	-
	Addition during the period	1,779,530	-
	Depreciation charged during period	(266,354)	-
		1,513,176	-
	Gross carry value basis		
	Cost	1,779,530	-
	Accumulated depreciation	(266,354)	-
	Net book value	1,513,176	-
	Depreciation rate % per annum	20%	-
10.	CAPITAL WORK IN PROGRESS		
	This comprises of:		
	Building	6,282,560	6,282,560
	Plant and machinery	59,862,294	887,572
		66,144,854	7,170,132

		Building	Plant and machinery	Total
		Rupees	Rupees	Rupees
10.1	Movement of carrying amount			
	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
	Year ended September 30, 2019			
	Opening balance	6,282,560	111,182,459	117,465,019
	Additions (at cost)	-	51,666,968	51,666,968
	Transferred to operating fixed assets	-	(161,961,855)	(161,961,855)
	Closing balance	6,282,560	887,572	7,170,132

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

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

	Note	2020 Rupees	2019 Rupees
11. LONG TERM DEPOSITS			
Long term deposit	11.1	174,500	-
11.1 Movement of carrying amount			
Opening balance		-	587,575
Addition during the year	11.2	174,500	-
Written off during the year		-	(587,575)
		174,500	-

11.2 This comprises of security deposit with leasing company in respect of leasing facility availed during the year.

	Note	2020 Rupees	2019 Rupees
12. STORES, SPARES AND LOOSE TOOLS			
Stores			
in hand	12.1	46,711,006	28,047,322
in transit		-	-
		46,711,006	28,047,322
Spares:			
in hand	12.1	47,001,772	36,061,783
in transit		-	-
		47,001,772	36,061,783
		93,712,778	64,109,105
Loose tools		74,526	518,038
Less: Provision for obsolete stores and spares	12.2	(15,041,549)	(15,041,549)
		78,745,755	49,585,594

12.1 Stores and spares also include items which may result in capital expenditure but are not distinguishable at the time of purchase. However, the stores and spares consumption resulting in capital expenditure are capitalized in cost of respective assets.

12.2 Movement of provision for obsolete stores and spares

	2020 Rupees	2019 Rupees
Opening balance	15,041,549	-
Provision during the year	-	15,041,549
Reversal during the year	-	-
Written off during the year	-	-
	15,041,549	15,041,549

	Note	2020 Rupees	2019 Rupees
13. STOCK IN TRADE			
Work in process			
- Sugar	34	4,671,507	-
- Molasses		210,960	-
		4,882,467	-
Finished goods			
- Sugar	34	252,091,911	-
- Molasses		-	-
		256,974,378	-

13.1 Stock-in-trade up to a maximum amount of Rs. 140.00 million (2019: Rs. Nil) are under hypothecation of commercial banks as security for short term borrowings.

14. TRADE DEBTS			
Unsecured			
Considered good		8,668,169	77,491,042
Considered doubtful	14.1	382,652,520	305,161,478
		391,320,689	382,652,520
Less: Provision for impairment allowance	14.1	(382,652,520)	(305,161,478)
		8,668,169	77,491,042
14.1 Movement of provision for impairment allowance is as follows:			
Balance as at October 1,		305,161,478	292,656,283
Adjustment on account of:			
Doubtful debts written off		-	-
Recovery of doubtful debts		-	-
Provision made for doubtful debts		77,491,042	12,505,195
Net adjustment		77,491,042	12,505,195
Closing balance		382,652,520	305,161,478
15. LOANS AND ADVANCES			
Advances - (Unsecured - considered good)			
To employees	15.1	138,598	71,300
Advance against supplies and services (Unsecured)			
Considered good			
Advances to cane growers	15.2	53,010,771	1,646,318
Advances for store purchases	15.3	24,372,632	13,418,739
		77,383,403	15,065,057
		77,522,001	15,136,357

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.

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	2020 Rupees	2019 Rupees
16. SHORT TERM DEPOSITS AND PREPAYMENTS			
Short term deposit	16.1	2,430,000	-
Prepayments			
Expenses		-	500,534
Insurance		688,478	84,288
		688,478	584,822
		3,118,478	584,822

16.1 This represents security deposit paid to Utility Stores Corporation of Pakistan against the tender of sale of sugar.

17. OTHER RECEIVABLES			
(Considered good)			
Sales tax		7,654,482	21,517,880
Tax refund due from Government		1,810,896	-
Subsidy receivable on exports	17.1	105,742,500	105,742,500
Other receivables (related parties)	17.2	968,352	-
		116,176,230	127,260,380

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

17.2 This comprises amounts receivable from related parties as follows:

Al-Moiz Industries Limited	955,470	-
The Thal Industries Corporation Limited	12,882	-
	968,352	-

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

	2020 Rupees	2019 Rupees
1-30 days	-	-
31-180 days	955,470	-
181-365 days	-	-
Over 1 year	-	-
	955,470	-

17.4 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	-

17.5 The maximum amount due from Al-Moiz Industries Limited at the end of any month during the year was Rs. 4.244 million (2019 : Nil). The balance includes past due balance but this is not impaired.

17.6 The maximum amount due from The Thal Industries Corporation Limited at the end of any month during the year was Rs. 0.322 million (2019 : Nil). The balance includes past due balance but this is not impaired.

	Note	2020 Rupees	2019 Rupees
18. CASH AND BANK BALANCES			
Cash in hand		436,837	530,253
Cash at banks			
Current accounts	18.1	356,010,972	25,848,795
		356,447,809	26,379,048

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

2020 Number of ordinary shares of Rs. 10/- each	2019		2020 Rupees	2019 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

	Numberof Shares	Rupees
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, 2020 M/s Naubahar Bottling Company (Private) Limited (Holding Company) holds 4,806,468 (50.862%) shares of the company.

	2020 Rupees	2019 Rupees
20. DIRECTORS' LOANS		
Unsecured		
Directors		
Others (other than banking companies)		
Directors	1,800,700,000	1,211,500,000
Chief Executive	182,000,000	-
	1,982,700,000	1,211,500,000

		2020 Rupees	2019 Rupees
20.1	Movement of loan is as follows:		
	Opening balance	1,211,500,000	-
	Obtained during the year		
	Mr. Muhammad Shamim Khan	309,800,000	596,500,000
	Mrs. Qaiser Shamim Khan	246,600,000	593,000,000
	Mr. Nauman Ahmed Khan	32,800,000	22,000,000
	Mr. Adnan Ahmed Khan	182,000,000	-
		771,200,000	1,211,500,000
	Repaid during the year	-	-
	Closing balance	1,982,700,000	1,211,500,000

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	2,275,667,551	1,978,827,460
Revaluation during the year	-	349,215,869
Less: Transferred to equity in respect of incremental depreciation charged during the year - (net of deferred tax)	45,608,544	37,186,802
Related deferred tax liability during the year transferred to profit and loss account	18,628,842	15,188,976
	64,237,386	52,375,778
	2,211,430,165	2,275,667,551
Less: Related deferred tax effect:		
Balance as at October 01	296,796,106	262,924,805
Effect of change in rate	-	-
Deferred tax impact for the period	-	49,060,277
Incremental depreciation charged during the year transferred to profit and loss account	(18,628,842)	(15,188,976)
	278,167,264	296,796,106
	1,933,262,901	1,978,871,445

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	2020 Rupees	2019 Rupees
Freehold land		7,959,798	7,959,798
Buildings on freehold land		10,976,508	12,196,121
Plant and machinery		519,920,883	512,878,031

22. LONG TERM FINANCING

Secured:			
Banking Companies	22.1	-	-
22.1 From banking companies			
Opening balances		-	200,000,000
Obtained during the year		-	-
Repayments made during the year		-	(100,000,000)
		-	100,000,000
Current portion shown under current liabilities		-	(100,000,000)
		-	-

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

		Note	2020 Rupees	2019 Rupees
23.	LOAN FROM HOLDING COMPANY			
	Unsecured:			
	Naubahar Bottling Company (Private) Limited	23.1	900,000,000	965,960,400
23.1	From holding company			
	Balance as at October 01		965,960,400	-
	Obtained during the year		100,000,000	965,960,400
	Repayments/adjustment made during the year		(165,960,400)	-
			900,000,000	965,960,400
	Current portion shown under current liabilities		-	-
			900,000,000	965,960,400

23.2 The Company obtained unsecured loan from M/s Naubahar Bottling Company (Private) Limited - the holding company that carries mark-up at the rate of 3 month's KIBOR plus 0.5% per annum. The effective mark-up rate charged by Naubahar Bottling Company (Private) Limited during the year ranging from 7.53% to 14.36% (2019: 11.02% to 14.35%) per annum. The management for the time being does not intend to repay any amount against these loans until the end of next financial year and hence no current maturity has been provided. These will be paid as and when convenient to the Company. During the year the Company had obtained excess amount which was returned to holding Company. The Company has no intention to pay any amount during the next financial year, hence no current liability has been provided.

24.	LEASE LIABILITIES			
	Secured:			
	Against right of use assets			
	Lease liabilities		1,520,453	-
	Less: Current portion shown under current liabilities		(504,753)	-
			1,015,700	-
24.1	Maturity analysis-contractual undiscounted cash flow			
	Less than one year		603,012	-
	One to five year		1,079,744	-
	More than five year		-	-
	Total undiscounted lease liability		1,682,756	-

24.2 When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate which range from 8.28% to 14.74% per annum.

24.3 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 vehicle.

25.	DEFERRED LIABILITIES			
	Deferred taxation	25.1	373,411,635	386,808,417
	Provision for gratuity	25.3	2,761,963	89,033
			376,173,598	386,897,450

		2020 Rupees	2019 Rupees
25.1	Deferred taxation		
	Deferred tax liability comprises as follows:		
	Taxable temporary differences		
	Surplus on revaluation of fixed assets	278,167,264	296,796,106
	Tax depreciation allowances	95,244,371	90,012,311
		373,411,635	386,808,417
25.2	The gross movement in the deferred tax liability during the year is as follow:		
	Balance as at October 1,	386,808,417	284,572,416
	Charge to profit and loss account	(13,445,831)	53,175,724
	Charge to other comprehensive income	49,049	49,060,277
		373,411,635	386,808,417

25.2.1 As at September 30, 2020, deferred tax asset amounting Rs. 434.757 million (2019: Rs. 374.963 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, 2021. The loss can be carry forwarded upto 5 years.

25.3 Provision for gratuity

25.3.1 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 basic salary including cost of living allowance.

Annual charge is based on actuarial valuation carried out by an independent approved valuer M/S Nauman Associates as at September 30, 2020 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.

	2020 Percentage Perannum	2019 Percentage
25.3.2 Significant actuarial assumptions		
Following are significant actuarial assumptions used in the valuation:		
Discount rate	9.75	12.50
Expected rate of increase in salary	8.75	11.50
Expected average remaining working life time of employees	8 years	6 years

	Note	2020 Rupees	2019 Rupees
25.3.3 Reconciliation of payable to defined benefit plan			
Present value of obligation			
Liability recognized in balance sheet		2,761,963	89,033
25.3.4 Movement of the liability recognized in the statement of financial position			
Opening net liability		89,033	3,661,253
Charge for the year		2,842,064	170,460
Remeasurement chargeable to other comprehensive income		(169,134)	-
Written back during the year		-	(3,742,680)
Closing net liability		2,761,963	89,033
25.3.5 Movement in present value of defined benefit obligations			
Present value of obligation at the start of the year		89,033	3,661,253
Current service cost		2,830,939	300,059
Past service cost		-	-
Interest cost		11,125	50,308
Gains and losses arising on plan settlements		-	(179,907)
Remeasurements:			
Actuarial (gain)/losses from changes in financial assumption		(17,426)	-
Experience adjustments		(151,708)	-
Benefit due but not paid (payable)		-	(3,742,680)
Closing present value of defined benefit obligations		2,761,963	89,033

	2020 Rupees	2019 Rupees
25.3.6 Charge for the year		
Current service cost	2,830,939	300,059
Past service cost	-	-
Interest cost	11,125	50,308
Gains and losses arising on plan settlements	-	(179,907)
Charge for the year	2,842,064	170,460

25.3.7 The expected charge in respect of defined benefit plan for the year ending September 30, 2021 will be 3.642 million.

25.3.8 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	(17,426)	-
Experience adjustment	(151,708)	-
	(169,134)	-

25.3.9 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	2,558,275	85,915
Discount rate - 100 bps	3,000,880	92,519
Salary increase + 100 bps	3,005,501	92,595
Salary increase - 100 bps	2,550,620	85,794

	2020 Rupees	2019 Rupees
25.3.10 Maturity profile		
Time in year		
1	220,246	-
2	1,141,688	48,949
3	712,109	574,600
4	767,439	63,272
5-11 onwards	195,390,221	34,339,782

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

25.3.11 Year wise comparison is as follows:

	2020	2019	2018	2017	2016
			Rupees		
Present value of defined benefit obligation	2,761,963	89,033	3,661,253	3,051,154	2,050,989
Experience adjustment on obligation	(151,708)	-	(617,565)	378,046	31,357

	Note	2020 Rupees	2019 Rupees
26. TRADE AND OTHER PAYABLES			
Trade creditors	26.1, 2 & 3	96,899,268	245,699,769
Accrued liabilities		18,243,603	13,475,505
Advances from customers (unsecured)	26.4	530,524,532	340,197,135
Workers' Profit Participation Fund	26.5	2,131,256	1,872,644
Taxes and duties payable		9,610,652	7,137,046
Sales tax payable		106,738,755	831,110
Other liabilities		331,155	331,155
		764,479,221	609,544,364

26.1 This includes Rs. 0.044 million (2019: Rs. 33.353 million) payable to Imporient Chemicals (Private) Limited against purchase of chemical.

26.2 This includes Rs. 9.265 million (2019: 0.690 million) payable to Thal Industries Corporation Limited and Rs. 7.156 million (2019: 0.337 million) to Al-Moiz Industries Limited (the related parties) against payment of purchase of plant and machinery and steel products.

26.3 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. 9.265 million (2019: 0.690 million) and Rs. 7.156 million (2019: 0.337 million) respectively.

26.4 The advance from customers' balances includes an amount of Rs. 340.197 million and trade creditors includes an amount of Rs. 28.785 million which are long outstanding at the reporting date are adjustable against the payment to be made to the Sponsor Sellers as per shareholders 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.

26.5 Workers' Profit Participation Fund

Balance as at October 01,		1,872,644	1,609,492
Interest at prescribed rate	26.7	258,612	263,152
Less: Amount paid to fund		-	-
		2,131,256	1,872,644
Current year's allocation at 5%	37	-	-
		2,131,256	1,872,644

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

26.7 Interest on Workers' profit (participation) fund has been provided at the rate of 13.81% (2019: 16.35%).

	Note	2020 Rupees	2019 Rupees
27. DUE TO EX - HOLDING COMPANY			
Unsecured:			
Pattoki Sugar Mills Limited (PSML)	28.1	43,829,685	104,066,694

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

28. SHORT TERM BORROWING			
Secured:			
Banking companies			
Cash Finance (Islamic financing)			
Askari Bank Limited	28.1	105,000,000	-

28.1 This represents cash finance facility under Islamic financing arrangement from Askari Bank Limited aggregated to Rs. 500 million (2019: Nil) and carries mark-up at the rate six month KIBOR plus 1% per annum (2019: Nil) on utilized limits. This facility is secured against white refined sugar bags at 25% margin, personal guarantees of the directors, corporate guarantee of holding company, subordination of loan from related parties and directors.

28.2 During the year the Company had availed cash finance facilities from various banks aggregated to Rs. 800 million (2019: Nil) and carries mark-up ranging from one month KIBOR plus 0.75% to 1% per annum (2019: Nil) 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, corporate guarantee of holding company, subordination of loan from related parties and directors. During the year these have been fully paid.

28.3 During the year the Company had availed a running finance facility from Bank Al Habib Limited aggregated to Rs. 50 million (2019: Nil) and carries mark-up ranging from one month KIBOR plus 0.75% (2019: Nil) on utilized limits. This facility was secured against on all present and future current assets of the Company for Rs. 67 million and personal guarantees of the directors. It has been fully paid during the year.

29. MARK UP ACCRUED		
Secured		
Long term financing	-	12,641,413
Long term financing from holding company	184,669,221	73,920,778
Short term borrowings	1,064,763	-
Mark-up on lease	19,382	-
	185,753,366	86,562,191

	Note	2020 Rupees	2019 Rupees
30. TAXATION - NET			
Advance income tax		24,223,824	1,810,896
Less: Provision for taxation	40	(24,408,193)	(1,824,111)
		184,369	13,215
31. CURRENT PORTION OF LONGTERM LIABILITIES			
Long term financing	22	-	100,000,000
Liabilities against assets subject to finance lease	24	504,753	-
		504,753	100,000,000

32. CONTINGENCIES AND COMMITMENTS

32.1 Contingent liabilities

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

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

b) The Company has filed reference application before the Honorable High Court of Sindh against the decision of ITAT in respect of assessment year 2000 - 2001, the reference application is pending before the honorable High Court Sindh. The Company has also filed the appeal before the Commissioner of income tax appeals against addition made by the assessing officer for the assessment year 2002 - 2003 which is pending for adjudication. In view of the favorable decision of the higher appellate forums on the like issue in prior years the management is hopeful about favorable outcome in above matters. Hence no provision is made in these account as there will be no tax impact of the matter in view of brought forward losses.

c) The Company has filed an appeal before the Tribunal against the order of Commissioner Inland Revenue disallowing refund of further tax on the ground that the incidence of the tax has been passed on the consumers and the Company is not entitled to claim refund in terms of Section 3 (B) of the sales Tax Act, 1990. The management of the Company is of the view that outcome of the suit would be in favour of the company.

d) Demand amounting to Rs. 3.825 million has been created by DCIR vide order dated November 03, 2017 against the Company for adjustment of input tax. The Company being aggrieved filed input tax rectification application. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 3.825 million (2019: Rs. 3.825 million).

e) Demand amounting to Rs. 2.528 million has been created by DCIR vide order dated November 07, 2018 against the Company for adjustment of input tax for the period of January 2018. The Company being

aggrieved filed input tax rectification application. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 2.528 million (2019: Rs. 2.528 million).

f) Demand amounting to Rs. 12.648 million has been created by DCIR vide order dated December 16, 2018 against the Company for adjustment of input tax for the period of February 2018. The Company being aggrieved filed input tax rectification application. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 12.648 million (2019: Rs. 12.648 million).

g) Demand amounting to Rs. 9.894 million has been created by DCIR vide order dated December 20, 2018 against the Company for adjustment of input tax for the period of March 2018. The Company being aggrieved filed input tax rectification application. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 9.894 million (2019: 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 it meeting held on January 10, 2013. Sales tax and Federal Excise returns for the tax periods from February 2013 to October 2013 were analysed by the Commissioner Inland Revenue and it was observed that

registered person had declared local sales on which Company was required to charge and pay FED @ 8% in VAT mode under the provision of section 3 and 7 of the Federal Excise Act, 2005.

The Commissioner Inland Revenue created a demand amounting to Rs. 15.393 million along with default surcharge and penalty of Rs. 0.769 million on short payment of FED based that Company charged and paid FED at the rate of 0.5% without fulfilling the conditions as mentioned in SRO 77(1) 2013. Being aggrieved with the order passed by the Deputy Commissioner Inland Revenue, the Company preferred appeal before the Commissioner Inland Revenue (Appeals-I), Karachi. The CIR (A) vide order in appeal No. STA/90/LTU/2019/06 vacated order of Deputy Commissioner and passed order in favour of the Company.

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

l) Demand amounting to Rs. 10.163 million has been created by DCIR against the Company on account of some discrepancies were observed in the sales tax returns for the period from July 2016 to November 2017. The Company being aggrieved filed appeal before CIR (A). CIR (A) remanded back the case for fresh adjudication. Thereafter in fresh proceedings an amount of Rs. 10.163 million has been demanded by DCIR. This has also been challenged before CIR Appeals. The CIR (A) vide order in Appeal No. STA/40/LTU/2019/07 dated September 26, 2019 annulled order of DCIR. Being aggrieved with the order department has filed second appeal to Appellate Tribunal IR. The Company expects a favourable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 10.163 million.

m) Income tax Audit for Tax Year 2016, 2017, 2018 and 2019 u/s 177 of Income Tax Ordinance, 2001 were selected by Commissioner Income Tax through his discretionary powers vested under this section. The DCIR has requested information in this regard and the Company has submitted its response and is confident of favourable outcome.

n) Sales tax Audit for Tax Year 2017, 2018 and 2019 u/s 25 of Sales Tax 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.

32.2 Commitments

a) The Company is committed as at the balance sheet date in respect of capital expenditure of Rs. 80.00 million (2019: 6.00 million).

b) The amount of future lease rentals on vehicle contract and the period in which payments will become due are as follows:

	2020 Rupees	2019 Rupees
Less than one year	603,012	-
Between one and five years	1,079,744	-
More than five years	-	-
	1,682,756	-

	Note	2020 Rupees	2019 Rupees
33. SALES			
Sales			
Manufacturing - local			
Sugar		1,820,525,242	114,874,295
By products sales:			
Molasses		227,000,000	16,389,999
V.F.Cake		646,026	2,385,000
		227,646,026	18,774,999
Less: Sales tax			
Sugar		(264,529,285)	(9,313,920)
Molasses		-	(2,381,453)
V.F.Cake		(93,866)	(346,539)
		(264,623,151)	(12,041,912)
		1,783,548,117	121,607,382
34. COST OF SALES			
Raw materials consumed			
Opening stock		-	-
Purchases		1,621,497,880	122,252,719
		1,621,497,880	122,252,719
Closing stock		-	-
		1,621,497,880	122,252,719
Stores, spares and consumables		8,254,227	8,895,560
Packing materials consumed		11,832,746	713,731
Chemicals consumed		10,730,634	1,241,536
Salaries, wages and other benefits	34.1	111,377,355	40,634,486
Fuel and power		21,021,112	11,414,524
Repair and maintenance		125,637,337	147,760,390
Depreciation	9.7	92,636,760	75,050,182
Vehicle running expenses		3,899,469	2,182,603
Fee and subscription		49,700	115,000
Insurance		38,211	-
Provision for slow moving stores and spares		-	15,041,549
Other factory overheads		4,709,086	1,664,975
		390,186,637	304,714,536
Work in process			
Opening		-	33,866,520
Closing	13	(4,882,467)	-
		(4,882,467)	33,866,520
Cost of goods manufactured		2,006,802,050	460,833,775
Finished goods			
Opening		-	17,865,324
Closing	13	(252,091,911)	-
		(252,091,911)	17,865,324
		1,754,710,139	478,699,099

34.1 This amount includes Rs. 2.050 million (2019: Rs. Nil) in respect of employees' retirement benefits.

	Note	2020 Rupees	2019 Rupees
35. SELLING AND DISTRIBUTION EXPENSES			
Salaries, wages and other benefits	35.1	2,231,316	400,728
Stacking, restacking and carriage		5,134,349	71,099
Insurance		716,743	-
		8,082,408	471,827

35.1 This amount includes Rs. 0.0466 million (2019: Rs. Nil) in respect of employees' retirement benefits.

	Note	2020 Rupees	2019 Rupees
36. GENERAL AND ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	36.1	39,573,845	15,869,758
Traveling and conveyance		137,724	78,798
Rent, rates and taxes		1,236,000	2,245,112
Telephone and postage		896,236	184,815
Printing and stationery		1,034,173	1,083,881
Fee and subscription		2,743,841	3,874,281
Insurance		-	463,818
Repair and maintenance		4,833,630	1,147,756
Vehicle running expenses		2,334,125	2,819,619
Entertainment		123,664	1,082,963
Legal and professional charges		356,610	463,000
Charity and donations	36.2	4,895,683	119,310
Depreciation	9.7	1,130,034	676,164
Miscellaneous		3,919,405	556,319
		63,214,970	30,665,594

36.1 This amount includes Rs. 0.745 million (2019: Rs. 0.170 million) in respect of employees' retirement benefits.

36.2 Donations

36.2.1 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	2020 Rupees	2019 Rupees
37. OTHER OPERATING EXPENSES			
Auditors' remuneration			
Audit fee		500,000	500,000
Half yearly review fee		307,500	248,750
Group reporting		500,000	-
Review of code of corporate governance		50,000	50,000
Out of pocket expenses		25,000	25,000
		1,382,500	823,750
Security deposits written off		-	587,575
Provision for doubtful debts	37.1	77,491,042	12,505,195
Advances written off	37.1	-	65,034,841
Other receivable written off	37.1	-	7,249,736
		78,873,542	86,201,097

37.1 This represents bad debts, doubtful advances and other receivables written off during the year on prudence basis as chances of recoveries are remote.

	Note	2020 Rupees	2019 Rupees
38. OTHER INCOME			
Income from non- financial assets			
Gain on sale of fixed assets		-	3,622,818
Margin charged on agri products	38.1	2,361,044	-
Sale of scrap		11,143,738	1,666,051
Miscellaneous income		49,008	-
Liabilities no longer payable written back	38.2 & 3	24,010,753	17,708,614
		37,564,543	22,997,483

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

38.2 This includes gratuity amounting to Rs. Nil (2019: 3.743 million) written back due to final settlement of employees during the year.

38.3 This also includes creditors amounting to Rs. 24.011 million (2019: 12.506 million) written back for excess balances which is not confirmed by them.

	2020 Rupees	2019 Rupees
39. FINANCIAL CHARGES		
Mark-up / interest on:		
Long term financing	-	19,114,969
Short term financing	79,614,291	-
Loan from ex -holding company	-	85,160,793
Loan from holding company	113,096,406	71,572,815
Worker's profit participation fund	258,612	263,152
Lease	111,807	-
	193,081,116	176,111,729
Bank charges and commission	91,276	80,777
	193,172,392	176,192,506

	Note	2020 Rupees	2019 Rupees
40. TAXATION			
Current	40.1	24,408,193	1,824,111
Prior year adjustments		(1,824,111)	-
Deferred tax		(13,445,831)	53,175,724
		9,138,251	54,999,835

40.1 As the tax charge represent alternates 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.

40.2 The rate of tax has been fixed at 29% for Tax Year 2020 and onwards by taxation authorities.

40.3 Comparison of tax provision against tax assessments

Years	Note	Excess/ (Short)	Tax provision (Rupees)	Tax assessment/ tax return
2018-19	40.4	(24,990)	1,824,111	1,849,101
2017-18	40.4	-	12,012,897	12,012,897
2016-17	40.4	(670)	21,662,092	21,662,762

40.4 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.

41. 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 25.3) 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 recommendation 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 instrument

The fair value of the financial instrument 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 stockin-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.

	2020 Rupees	2019 Rupees
42. CASH AND CASH EQUIVALENTS		
Cash and bank balances	356,447,809	26,379,048

43. 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, 2020		September 30, 2019	
			Transactions during the period	Closing balance	Transactions during the year	Closing balance
			---------- Rupees ----------			
Naubahar Bottling Company (Private) Limited	Holding Company	Long term loans	100,000,000	900,000,000	965,960,400	965,960,400
		Long term loans - paid/adjusted	165,960,400	-	-	-
		Mark-up payable	-	184,669,221	-	71,572,815
		Mark-up charged on long term loans	113,096,406	-	71,572,815	-
The Thal Industries Corporation Limited	Associated	Payable - Net	-	9,252,137	-	690,094
		Sale - Store items	322,042	-	-	-
		Purchases - Store items	8,896,967	-	-	-
		Purchases - Plant and machinery	23,000,000	-	690,094	-
Al-Moiz Industries Limited	Associated	Payable - Net	-	6,200,554	-	337,500
		Sale of scrap	13,134,468	-	-	-
		Purchases - Steel items	7,427,833	-	337,500	-
Directors/shareholders						
Mr. Muhammad Shamim Khan		Directors' contribution/loan	309,800,000	906,300,000	596,500,000	596,500,000
Mrs. Qaiser Shamim Khan		Directors' contribution/loan	246,600,000	839,600,000	593,000,000	593,000,000
Mr. Nauman Khan		Directors' contribution/loan	32,800,000	54,800,000	22,000,000	22,000,000
Mr. Adnan Ahmed Khan		Directors' contribution/loan	182,000,000	182,000,000	-	-
Executives	Key management	Remuneration paid	12,613,358	-	1,997,060	-

43.1 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	Relationship	Basis of Association	Shareholdings
Naubahar Bottling Company (Private) Limited	Pakistan	Holding	Shareholding	50.86%
Al-Moiz Industries Limited	Pakistan	Associated	Common management	Nil
Moiz Textile Limited	Pakistan	Associated	Common management	Nil
The Thal Industries Corporation Limited	Pakistan	Associated	Common management	Nil
Mr. Muhammad Shamim Khan	Pakistan	Director	Shareholding	17.36%
Mrs. Qaiser Shamim Khan	Pakistan	Director	Shareholding	9.64%
Mr. Adnan Ahmed Khan	Pakistan	Chief Executive	Shareholding	9.64%
Mr. Nauman Khan	Pakistan	Director	Shareholding	9.64%
Malik Manzoor Hussain Humayun	Pakistan	Director	Shareholding	0.0021%
Mr. Farid ul din Ahmed	Pakistan	Director	Shareholding	0.0021%
Mrs. Sarah Hajra Khan	Pakistan	Director	Shareholding	0.0032%

43.2 The details of compensation paid to key management personnel are shown under the heading of "Remuneration of Chief Executive, Directors and Executive (note 48)". There are no transactions with key management personnel other than under their terms of employment except otherwise stated.

43.3 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.

44. LOSS PER SHARE - BASIC AND DILUTED

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

	2020	2019
Loss after taxation - (Rupees)	(286,079,042)	(682,625,093)
Weighted average number of ordinary shares	9,450,000	9,450,000
Loss per share - (Rupees)	(30.27)	(72.24)

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

	Liabilities			
	Short & Long term Loans and others	Directors contribution	Holding company	Total
	(Rupees)			
Balance as at October 1, 2019	204,066,694	1,211,500,000	965,960,400	2,381,527,094
Contribution / borrowings obtained	3,438,719,502	771,200,000	100,000,000	4,309,919,502
Repayment of financing	(3,318,730,126)	-	-	(3,318,730,126)
Payment / adjustment	(175,450,933)	-	(165,960,400)	(341,411,333)
	(55,461,557)	771,200,000	(65,960,400)	649,778,044
Balance as at September 30, 2020	148,605,137	1,982,700,000	900,000,000	3,031,305,138

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

45.2 There is 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. 1.521 million non cash transaction of lease obligation.

46. 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.

46.1 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:

	2020 Rupees	2019 Rupees
Long term deposits	174,500	-
Trade debts	8,668,169	77,491,042
Loans and advances	138,598	71,300
Short term deposits	2,430,000	-
Other receivables	968,352	-
Bank balances	356,010,972	25,848,795
	368,390,591	103,411,137

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:

	2020 Rupees	2019 Rupees
Export	-	-
Domestic	8,668,169	77,491,042
	8,668,169	77,491,042

Trade receivables by geographical split is as follows:

	Sales			Trade debts	
	LC	Others	Total	Outstanding balance (Rupees)	
		(Rupees)		2020	2019
Country					
Pakistan	-	1,783,548,117	1,783,548,117	8,668,169	77,491,042
Total	-	1,783,548,117	1,783,548,117	8,668,169	77,491,042

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. 8.588 million receivable from Utility Stores Corporation of Pakistan which was not past due during the year.

The maximum amount due from Utility Stores Corporation of Pakistan at the end of any month during the year was Rs. 84.124 million.

	2020 Rupees	2019 Rupees
Dealers/industries	8,668,169	77,491,042
End-user customers	-	-
	8,668,169	77,491,042

The aging of trade receivable at the reporting date is:

	2020 Rupees	2019 Rupees
Not past due	-	-
Past due 1-30 days	-	-
Past due 30-180 days	8,668,169	77,491,042
Past due more than 180 days	-	-
	8,668,169	77,491,042

The company's most significant customers are Utility Stores Corporation of Pakistan and dealers from whom the receivable was 8.588 million (2019: Rs. 77.491 million).

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 as mentioned in note 37 and 6.1 appropriate impairment loss has been recorded in these financial statements.

On the prudence basis an amount of Rs. 77.491 million (2019: 12.505 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:

		Ratings		2020	2019
	Rating Agency	Short Term	Long Term	Rupees	Rupees
Bank Al-Habib Limited	PACRA	A1+	AA+	274,985	7,553,481
Bank Al-Habib Limited	PACRA	A1+	AA+	98,870,246	18,214,979
Bank Al-Habib Limited	PACRA	A1+	AA+	599	599
Allied Bank Limited	PACRA	A1+	AAA	59,008	-
United Bank Limited	VIS	A-1+	AAA	-	-
MCB Bank Limited	PACRA	A-1+	AAA	37,729,041	-
National Bank of Pakistan	PACRA	A-1+	AAA	79,736	79,736
Habib Bank Limited	JCR-VIS	A-1+	AAA	78,791,173	-
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	-	-
Summit Bank Limited	VIS	NA	NA	-	-
Bank Alfalah Limited	PACRA	A1+	AA	31,559,513	-
JS Bank Limited	PACRA	A1+	AA-	-	-
The Bank of Punjab	PACRA	A1+	AA	-	-
Askari Bank Limited	PACRA	A1+	AA+	5,181,977	-
Apna Microfinance Bank Limited	PACRA	A3	BBB+	-	-
Soneri Bank Limited	PACRA	A1+	AA-	5,275,000	-
Meezan Bank Limited	VIS	A-1+	AA+	98,189,694	-

Cash and bank balances

The Company held cash and cash equivalents amounting to 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.

46.2 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)				
2020					
Financial liabilities					
Loan from holding 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 ex holding company	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	-	-
Gratuity	2,761,963	2,761,963	-	-	2,761,963
Unclaimed dividend	255,930	255,930	255,930	-	-
	1,354,595,423	1,469,507,726	450,916,019	1,079,744	1,017,511,963
2019					
Financial liabilities					
Long term financing	100,000,000	114,590,000	114,590,000	-	-
Loan from holding company	965,960,400	1,089,120,351	-	-	1,089,120,351
Mark-up accrued	86,562,191	86,562,191	86,562,191	-	-
Trade and other payables	259,506,429	259,506,429	259,506,429	-	-
Unclaimed dividend	255,930	255,930	255,930	-	-
	1,412,284,950	1,550,034,901	460,914,550	-	1,089,120,351

46.3 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:

	2020 Rupees	2019 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	
	2020	2019	2020	2019
USD to PKR	164.93	143.05	165.40	164.50

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.

	2020 Rupees	2019 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:

Financial liabilities	2020 Effective rate	2019	2020 Carrying amount Rupees	2019 Rupees
Variable rate instruments:				
Long term financing	-	14.59%	-	100,000,000
Loan from holding company	10.560%	12.715%	900,000,000	965,960,400
Short term borrowings	11.309%	-	105,000,000	-
			1,005,000,000	1,065,960,400

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 2019.

	Profit and loss 100bp increase	100bp decrease
As at September 30, 2020		
Cash flow sensitivity - Variable rate financial liabilities	(10,050,000)	10,050,000
As at September 30, 2019		
Cash flow sensitivity - Variable rate financial liabilities	(10,659,604)	10,659,604

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.

46.4 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 not exposed to any price risk as there are no financial instruments at the reporting date that are sensitive to price fluctuations.

46.5 Risk management strategy related to sugar cane 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.

47. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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, 2020:

	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

	2019			
	Level 1	Level 2	Level 3	Total
	Rupees			
Assets:				
Free hold land	-	1,260,192,500	-	1,260,192,500
Buildings	-	273,509,000	-	273,509,000
Plant and machinery	-	1,275,000,000	-	1,275,000,000

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.

48. 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	
	2020	2019	2020	2019	2020	2019
	(Rupees)					
Managerial remuneration	-	-	-	-	14,617,471	1,997,060
House rent allowance	-	-	-	-	2,451,238	-
Utility expenses	-	-	-	-	612,516	-
Bonus	-	-	-	-	305,531	-
Reimbursable expenses	-	-	-	-	-	-
Gratuity	-	-	-	-	-	-
	-	-	-	-	17,986,756	1,997,060
Number of persons	1	1	7	7	11	3

48.1 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 2020 in accordance with their terms of employment.

48.2 The Chief executive and directors of the company have waived their rights to receive meeting fee.

49. 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.

50. CAPACITY AND PRODUCTION

	2020 Number	2019 Number
Designed crushing capacity (Metric tons/day)	3,000	3,000
Capacity on the basis of operating days (Metric tons)	345,000	66,000
Actual crushing (Metric tons)	290,029	26,976
Percentage of capacity attained (percentage)	84.07%	40.87%
Sugar production from cane (Metric tons)	25,129	1,936
Recovery of sugar cane (percentage)	8.7%	5.58%

50.1 Under utilisation of the Capacity is mainly due to non availability of better quality sugar cane. The Capacity is under utilized due to frequent plant breakdown during the last year.

51. NUMBER OF EMPLOYEES

	2020 Number	2019 Number
Number of employees at September 30		
Permanent		
Head office	4	2
Factory	61	5
Contractual/temporary		
Head office	-	-
Factory	303	247
Average number of employees during the year		
Permanent		
Head office	3	2
Factory	33	57
Contractual/temporary		
Head office	-	-
Factory	268	149

52. FINANCIAL INSTRUMENTS BY CATEGORY

	Note	Carrying amount			Fair value			
		Financial assets at amvortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
On-Balance sheet financial instruments								
As at September 30, 2020								
Financial assets								
At amortised cost								
Long term deposits	11	174,500	-	174,500	-	-	-	-
Trade debts	14	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	23	-	900,000,000	900,000,000	-	-	-	-
Lease liability	24	-	1,520,453	1,520,453	-	-	-	-
Trade and other payables	26	-	115,474,026	115,474,026	-	-	-	-
Unclaimed dividend		-	255,930	255,930	-	-	-	-
Due to ex holding company	27	-	43,829,685	43,829,685	-	-	-	-
Short term borrowing	28	-	105,000,000	105,000,000	-	-	-	-
Mark-up accrued	29	-	185,753,366	185,753,366	-	-	-	-
		-	1,351,833,460	1,351,833,460	-	-	-	-
On-Balance sheet financial instruments								
As at September 30, 2019								
Financial assets at amortised cost								
Long-term deposits	11	-	-	-	-	-	-	-
Trade debts - net of provisions	14	77,491,042	-	77,491,042	-	-	-	-
Loans and advances	15	71,300	-	71,300	-	-	-	-
Cash and bank balances	18	26,379,048	-	26,379,048	-	-	-	-
		103,941,390	-	103,941,390	-	-	-	-
Financial liabilities at amortised cost								
Long term financing	22	-	100,000,000	100,000,000	-	-	-	-
Loan from holding company	23	-	965,960,400	965,960,400	-	-	-	-
Trade and other payables	26	-	259,506,429	259,506,429	-	-	-	-
Due to ex holding company	27	-	104,066,694	104,066,694	-	-	-	-
Mark-up accrued	29	-	86,562,191	86,562,191				
		-	1,516,095,714	1,516,095,714	-	-	-	-

52.1 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.

52.2 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.

53. 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.

	2020 Rupees	2019 Rupees
The proportion of debt to equity at the year end was:		
Total Borrowings (notes 20, 23, 24, 28 and 31)	2,989,220,453	2,277,460,400
Less: Balances with banks (note 18)	(356,447,809)	(26,379,048)
Net debt	2,632,772,644	2,251,081,352
Total equity - including surplus on fixed asset	1,351,371,171	866,130,128
Total capital	3,984,143,815	3,117,211,480
Gearing ratio	66%	72%

In accordance with the terms of agreement with the lenders of long term finances (as referred to in note 22 to these financial statements), the Company is required to comply with certain financial covenants in respect of capital requirements which the Company has compiled with throughout the reporting period.

54. RISK MANAGEMENT FRAMEWORK

The Board of Directors has overall responsibility for establishment and over sight 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.

55. 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.

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

56.1 During the year the Company has obtained borrowings from holding company and directors.

56.2 Change in accounting policies in respect to adoption of IFRS -16 Leases.

56.3 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.

57. NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

There are no reportable events after the balance sheet date.

58. OPERATING SEGMENTS

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

Sugar Sales represents 88.89% (2019: 85.95%) 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, 2020 are located in Pakistan.

Sale to the customers accounts for more than 10% of the sales of the Company was to Utility Store Corporation of Pakistan (Private) Limited Rs. 200.640 million (11.02%) (2019: Nil) and to Chashma Sugar Mills Limited amounting to Rs. 227.00 million (12.72%) (2019: Nil).

59. 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. The rapid spread of the virus has caused governments around the world to implement stringent measures to help control its spread, including, without limitation, quarantines, "stay-at-home" or "shelter-in-place" orders, social distancing mandates, travel restrictions, and closures or reduced operations for businesses, governmental agencies, schools and other institutions. The industry, along with global economic conditions generally, has been significantly disrupted by the pandemic.

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Company for the year ended September 30, 2020 due to overall slowdown in economic activity and continuity of business operations. However, to reduce the impact on the performance of the Company, government have introduced a host of measures on both the fiscal and economic fronts by issuing certain circulars and notifications from time to time. The Company, however, believes that these events would not fundamentally impact the operations of the Company in ensuring periods. The management had analysed the events as these are indicative of conditions for a review of recoverable amounts of assets of the Company and consequently concluded that there is no change in recoverable amounts of Company's assets at the reporting date. However, the management and the Board of Directors of the Company continue to monitor the developing situation and impact if any will be accounted for in the financial statements for the subsequent periods.

The management of the Company is also closely monitoring the situation, and in response to the developments, taking all possible precaution and measures to safeguard health and safety of employees and other stakeholders, and also implemented a number of measures to minimise the impact to the extent possible.

60. 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.

61. DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue on December 24, 2020 by the Board of Directors of the Company.

62. GENERAL

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

CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER

ProxyForm

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 42nd Annual General Meeting of the company to be held Registered Office, 2-D-1, Gulberg III, Lahore on Saturday, the 23rd January, 2021 at 3.00 p.m. and every adjournment thereof:

As witness my hand this _____ day of _____ 2021

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 شگر ملز لمیٹڈ اور حال حصص، بمطابق شیئر رجسٹر فولیو نمبر----------

اور/یا سی ڈی سی پارٹیسپینٹ (شرکت آئی ڈی نمبر----------

اور سب اکاؤنٹ ذیلی کھاتہ نمبر----------

مختارم/ مختارمہ----------

کو اپنے/ہمارے ایماء پر----------مورخہ 23 جنوری 2021ء بروز ہفتہ بوقت 3:00 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 ----------2021ء کو دستخط کیے گئے۔

گواہان

-1

دستخط:----------

نام:----------

پتہ:----------

کمپیوٹرائزڈ شناختی کارڈ نمبر:----------

پچاس روپے کے رسید ٹکٹ پر دستخط

-2

دستخط:----------

نام:----------

پتہ:----------

کمپیوٹرائزڈ شناختی کارڈ نمبر:----------

دستخط کمپنی کے نمونہ دستخط سے مماثل ہونے چاہئیں

نوٹ:

1- ایک ممبر (رکن) جو اجلاس میں شرکت نہیں کرسکتا 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 سیکیورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات قواعد وضوابط 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۔ بینفشل 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 قرارداد/مع نامزد کردہ شخص/اٹارنی کے نمونہ دستخط پاور آف اٹارنی (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختار نامہ) کے ہمراہ کمپنی میں جمع کرانا ہوگا۔

www.jamapunji.pk

Jama Punji
سرمایہ کاری سمجھداری کے ساتھ



Be aware, Be alert, Be safe

Learn about investing at www.jamapunji.pk

Key features:

- Licensed Entities Verification
- Scam meter*
- Jamapunji games*
- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered
- Stock trading simulator (based on live feed from KSE)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes

jamapunji.pk @jamapunji_pk

Jama Punji is an Investor Education Initiative of Securites and Exchange Commission of Pakistan

SECP

*Mobile apps are also available for download for android and ios devices



IFUNDELIVERED,PLEASERETURNTO

BABAFARID
SUGARMILLSLIMITED
2-D-1,GULBERGIII,LAHORE