



# Quarterly Report

Quarter Ended September 30, 2020

# DIRECTORS' REVIEW



We are pleased to present un-audited financial results of the Company for third quarter ended September 30, 2020.

## FINANCIAL RESULTS

		Quarter ended September 30	
		2020	2019
Net Sales	(Rs. Million)	8,960	8,188
Net Income after Tax	(Rs. Million)	1,816	1,445
Earnings per Share	(Rupees)	196.6	156.5

Country's economic environment remained difficult amid COVID-19. The overall business environment, however, improved to some extent at the end of H1 2020 owing to ease in lockdowns, decrease in current account deficit and increase in foreign exchange reserves. Raffhan managed to successfully pass through this difficult phase focusing mainly around safety of employees, progressive customer relationship management and ensuring continuous and uninterrupted supply of products to customers. As a result, significant growth in revenue, coupled with favorable raw material prices resulted into better bottom-line growth during this period.

## BUSINESS REVIEW

Industrial ingredients business showed a strong recovery post Covid-19 restriction and performed well during Q3 2020. Improved demand was witnessed from consuming industries especially textile and paper & corrugation. Food business remained as the mainstay of our business stimulated by demand coming back post Covid lockdowns from confectionery, processed food, baking and other foods etc. We continued to invest in product innovation, delivering excellent customer service and greater focus on value added products to sustain our business growth. Our better planning, pricing actions, improved execution and customer engagement remained supportive to retain our positioning in the market.

Animal Nutrition ingredients business also continued to perform well mainly attributable to better demand from consuming segments.

## BUSINESS RISKS, CHALLENGES AND FUTURE PROSPECTS

The outlook for the rest of the year remains challenging considering ongoing inflationary pressures, political instability, expected gas shortages and vulnerability of exchange rate. These factors can impact negatively on income. However, we continue to strive for top line growth in all our business segments, strengthen our presence in the mark place while controlling costs.

Despite challenges, we remain committed to achieve growth both in top and bottom line, pursue strategic expansion and improve shareholders value by adopting proactive approach, cost optimization measures and excellence in all aspects of our business.

# DIRECTORS' REVIEW

## ACKNOWLEDGEMENT

The management would like to thank our customers who are the most valued asset of the Company for their loyalty and trust. We also recognize the continued support of our shareholders, bankers and suppliers and our esteemed employees who always work with their full dedication and commitment to deliver exceptional and innovative services to all our business partners.

May Allah give us the courage to face the challenges ahead. A'meen!

On behalf of the Board



Usman Qayyum  
Chief Executive &  
Managing Director

October 28, 2020

# IMPORTANT NOTES TO SHAREHOLDERS

Please go through the following notes. It will be appreciated if you please respond to your relevant portion at the earliest -

## **CNIC Copy**

Members are requested to submit a copy of their valid CNIC (only physical shareholders), if not already provided to the Shares Registrar of the Company. Corporate account holders should submit National Tax Number, if not yet submitted. In case of non-submission of CNIC/NTN Certificate (copy), all future dividends will be withheld.

## **Dividend Mandate/E-Dividend**

In accordance with the provisions of Section 242 of the Companies Act, 2017, a listed company, is required to pay cash dividend to the shareholders ONLY through electronic mode directly into the bank account designated by the entitled shareholders.

In order to receive dividends directly into their bank account, shareholders are requested to fill in Dividend Mandate Request Form available at the Company's website [www.rafhanmaize.com](http://www.rafhanmaize.com) and send it duly signed along with copy of CNIC to the Company's Shares Registrar in case of physical shares. In case the shares are held in CDC, then the Form must be submitted directly to shareholder's broker/participant/CDC Account Services.

In case of non-receipt of the above information, the Company will be constrained to withhold payment of dividend to such shareholders.

## **Circulation of Annual Audited Financial Statements via CD/USB/DVD**

Annual Financial Statements of the Company for the financial year ended December 31, 2019 have been placed on the Company's website: [www.rafhanmaize.com](http://www.rafhanmaize.com).

Securities and Exchange Commission of Pakistan (SECP) vide its SRO No.470(1)/2016 dated May 31, 2016 has allowed companies to circulate their Annual Audited Financial Statements along with notice of general meeting to its members through CD/DVD/USB at their registered addresses.

However, shareholders who wish to receive the hard copy of Annual Audited Financial Statements along with notice of general meeting shall have to fill the request form which is available at the Company's website [www.rafhanmaize.com](http://www.rafhanmaize.com) and send it to our Shares Registrar or Company Secretary at their respective mailing addresses given at the end of these notes.

## **Unclaimed Shares/Unpaid Dividend**

In compliance of Section 244 of the Companies Act 2017, a Final Notice was given by the Company on March 27, 2018 that the shares of Rafhan Maize Products Co. Limited/dividend declared by the Company, details whereof are appearing on the Company's website [www.rafhanmaize.com](http://www.rafhanmaize.com) have remained unclaimed or unpaid for a period of three years from the date these have become due and payable. In case of non-receipt of any claim by the respective shareholders to above referred Final Notice, the Company shall proceed to deposit the unclaimed/unpaid amount with the Federal Government pursuant to the provisions of sub-section 2 of section 244 of the Companies Act, 2017.

# IMPORTANT NOTES TO SHAREHOLDERS

## **Deduction of Income Tax from Dividend under Section 150**

Pursuant to the provisions of the Finance Act, 2019, effective July 1, 2019, the rates of deduction of withholding tax from dividend payments under the Income Tax Ordinance have been revised as under:

For filers of income tax returns	15%
For non-filers of income tax returns	30%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, all the shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date for payment of any future cash dividend otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as Joint-holder (s) based on their shareholding proportions, in case of joint accounts.

In this regard, all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them, if not provided yet, to our Shares Registrar at the earliest, in writing as follow, otherwise it will be assumed that shares are equally held:

Company Name	Folio/ CDS A/C #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name & CNIC #	Share holding Propor- -tion (No. of Shares)	Name & CNIC #	Share holding Propor- -tion (No. of Shares)

In another clarification by Federal Board of Revenue, valid tax exemption certificate for claim of exemption U/S 150, 151 and 233 of the Income Tax Ordinance, 2001 is required where statutory exemption under Clause 47B of Part-IV of the Second Schedule is available. Such certificate U/S 159(1) of the Income Tax Ordinance, 2001 issued by concerned Commissioner of Inland Revenue is to be produced to avail tax exemption.

For any query/problem/information, the investors may contact the Company and/or the Shares Registrar at the phone numbers/ e-mail addresses given at the end of these notes.

The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or its Shares Registrar M/s FAMCO Associates (Pvt.) Ltd. The shareholders while sending NTN or NTN certificates, as the case may be, must quote Company name and their respective folio numbers.

# IMPORTANT NOTES TO SHAREHOLDERS

## Centralized Cash Dividend Register (CCDR)

Central Depository Company (CDC) has developed Centralized Cash Dividend Register (CCDR), an eServices web portal which would incorporate details pertaining to cash dividends paid, unpaid or withheld by listed companies. The CCDR will help to maintain history of dividends paid to shareholders by listed companies and access of 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 the centralized register and using the same for their record purposes.

You may access CCDR via <https://eservices.cdaccess.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 e-mail addresses.

## Consent for Video Conference Facility

Members can also avail video conference facility at Lahore and Karachi. In this regard, please fill the following request and submit to registered address of the Company 10 days before holding of general meeting.

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

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of general meeting along with complete information necessary to enable them to access such facility.

I/We, \_\_\_\_\_ of \_\_\_\_\_ being a member of Rafhan Maize Products Co. Limited holder of \_\_\_\_\_ Ordinary Shares as per Registered Folio No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_.

\_\_\_\_\_  
Signature of Member

### Company Contact:

Mr. Mustafa Kamal Zuberi  
Company Secretary  
Rafhan Maize Products Co. Limited,  
Rakh Canal East Road, Faisalabad.  
Tel. No. 041-8540121-23 Ext. 217 & 348  
E-mail: [corporate@rafhanmaize.com](mailto:corporate@rafhanmaize.com)

### Shares Registrar:


Mr. Fakhar Abbasi  
M/s FAMCO Associates (Pvt.) Ltd.  
8-F, Next to Hotel Faran, Nursery  
Block-6, PECHS, Shahrah-e-Faisal, Karachi.  
Tel. No. 021-34380101-05 Ext. 118  
E-mail: [info.shares@famco.com.pk](mailto:info.shares@famco.com.pk)

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

## As at September 30, 2020

Notes	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	(Rupees in thousands)	
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	6,464,765	6,607,175
Employees retirement benefits	88,701	88,701
Long term loans	7,372	7,522
Long term deposits	34,844	34,844
	6,595,682	6,738,242
<b>CURRENT ASSETS</b>		
Stores and spares	820,732	820,899
Stock in trade	5,704,223	4,054,883
Trade debts	1,613,181	1,675,573
Loans and advances	58,583	121,794
Short term prepayments	226,410	77,076
Other receivables	32,484	42,469
Cash and bank balances	6,619,556	5,329,222
	15,075,170	12,121,916
<b>CURRENT LIABILITIES</b>		
Current portion of long term financing	118,412	-
Current portion of deferred income	7,189	-
Short term financing	5,219	-
Contract liabilities	471,095	227,358
Trade and other payables	3,100,259	2,617,924
Lease liabilities	1,353	5,211
Unpaid dividend	911,648	10,344
Unclaimed dividend	14,030	14,057
Mark up accrued	4,681	1,062
Provision for taxation - net	157,828	310,766
	4,791,716	3,186,722
<b>WORKING CAPITAL</b>	10,283,454	8,935,194
<b>TOTAL CAPITAL EMPLOYED</b>	16,879,136	15,673,436
<b>NON CURRENT LIABILITIES</b>		
Long term financing	109,845	-
Long term portion of deferred income	7,189	-
Deferred taxation	860,431	871,499
	977,465	871,499
<b>NET CAPITAL EMPLOYED</b>	15,901,671	14,801,937
<b>REPRESENTED BY:</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Share capital	92,364	92,364
Reserves	15,809,307	14,709,573
<b>CONTINGENCIES AND COMMITMENTS</b>	7	
	15,901,671	14,801,937

The annexed notes 1 to 17 form an integral part of these accounts.

  
Muhammad Asdaf  
Chief Financial Officer

  
Usman Qayyum  
Chief Executive &  
Managing Director


  
Zulfikar Mannoo  
Director

# CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)

## For the nine months period ended September 30, 2020

	Note	Nine months ended (Un-audited)		Three months ended (Un-audited)	
		September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
			(Rupees in thousands)		
Sales - net	8	26,084,664	25,504,420	8,959,945	8,187,699
Cost of sales	9	(19,163,062)	(19,216,113)	(6,149,054)	(5,639,403)
<b>Gross profit</b>		6,921,602	6,288,307	2,810,891	2,548,296
Distribution expenses		(441,317)	(359,692)	(138,650)	(117,852)
Administrative expenses		(447,096)	(437,428)	(152,122)	(151,736)
Other income	10	369,764	278,646	145,493	71,339
Other operating expenses		(427,723)	(377,756)	(169,846)	(169,495)
		(946,373)	(896,230)	(315,125)	(367,744)
<b>Operating profit</b>		5,975,229	5,392,077	2,495,766	2,180,552
Finance cost		(23,663)	(15,650)	(11,342)	(5,572)
<b>Profit before taxation</b>		5,951,566	5,376,427	2,484,424	2,174,980
Taxation		(1,619,082)	(1,584,102)	(668,724)	(729,601)
<b>Profit after taxation</b>		4,332,484	3,792,324	1,815,700	1,445,379
<b>Earnings per share-basic and diluted-(Rupees)</b>		469.06	410.58	196.58	156.49

The annexed notes I to 17 form an integral part of these accounts.

  
Muhammad Asdaf  
Chief Financial Officer

  
Usman Qayyum  
Chief Executive &  
Managing Director

  
Zulfikar Manno  
Director

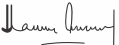


# CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)

## For the nine months period ended September 30, 2020

	Nine months ended (Un-audited)		Three months ended (Un-audited)	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	(Rupees in thousands)			
<b>Profit for the period</b>	4,332,484	3,792,324	1,815,700	1,445,379
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	4,332,484	3,792,324	1,815,700	1,445,379

The annexed notes 1 to 17 form an integral part of these accounts.

  
**Muhammad Asdaf**  
 Chief Financial Officer

  
**Usman Qayyum**  
 Chief Executive &  
 Managing Director


  
**Zulfikar Mannoo**  
 Director

# CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)

## For the nine months period ended September 30, 2020

		Nine months ended (Un-audited)	
		September 30, 2020	September 30, 2019
	Note	(Rupees in thousands)	
<b>Cash flows from operating activities</b>			
<b>Cash generated from operations</b>	11	5,109,470	647,296
Taxes paid		(1,783,088)	(1,648,077)
Employees retirement benefits paid		(51,038)	(45,186)
Interest received		337,184	200,064
		(1,496,942)	(1,493,199)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>		3,612,528	(845,903)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure incurred		(222,772)	(258,924)
Sale proceeds from disposal of property, plant and equipment		5,695	20,878
Long term loans disbursed		(5,359)	(3,400)
Receipt of long term loans - Employees		5,965	7,314
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		(216,470)	(234,132)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Disbursement of long term loan - bank		244,432	-
Repayment of lease liability		(4,095)	(3,723)
Short term Finances - secured		5,219	269,259
Dividend paid		(2,331,473)	(3,018,079)
Finance cost paid		(19,806)	(14,638)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		(2,105,723)	(2,767,181)
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		1,290,334	(3,847,216)
<b>Cash and cash equivalents at the beginning of the period</b>		5,329,222	4,262,536
<b>Cash and cash equivalents at the end of the period</b>		6,619,556	415,320

The annexed notes I to 17 form an integral part of these accounts.

  
**Muhammad Asdaf**  
 Chief Financial Officer

  
**Usman Qayyum**  
 Chief Executive &  
 Managing Director

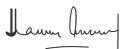
  
**Zulfikar Manno**  
 Director

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)

## For the nine months period ended September 30, 2020

	Share Capital	Capital Reserves		Revenue Reserves		Total	
		Share Premium	Other	General	Unappropriated Profit		
			(Rupees in thousands)				
<b>Balance as at 01 January 2019</b>	92,364	36,946	941	207	13,013,821	13,144,279	
<b>Total comprehensive income</b>							
Profit for the period	-	-	-	-	3,792,324	3,792,324	
Other comprehensive income	-	-	-	-	-	-	
	-	-	-	-	3,792,324	3,792,324	
<b>Transactions with owners of the Company recognised directly in equity</b>							
Final dividend 2018 (Rs. 125.00 per share)	-	-	-	-	(1,154,553)	(1,154,553)	
1st interim dividend 2019 (Rs. 100.00 per share)	-	-	-	-	(923,643)	(923,643)	
2st interim dividend 2019 (Rs. 100.00 per share)	-	-	-	-	(923,643)	(923,643)	
	-	-	-	-	(3,001,839)	(3,001,839)	
<b>Balance as at 30 September 2019</b>	<b>92,364</b>	<b>36,946</b>	<b>941</b>	<b>207</b>	<b>13,804,306</b>	<b>13,934,764</b>	
<b>Balance as at 01 January 2020</b>	<b>92,364</b>	<b>36,946</b>	<b>941</b>	<b>207</b>	<b>14,671,479</b>	<b>14,801,937</b>	
<b>Total comprehensive income</b>							
Profit for the period	-	-	-	-	4,332,484	4,332,484	
Other comprehensive income	-	-	-	-	-	-	
	-	-	-	-	4,332,484	4,332,484	
<b>Transactions with owners of the Company recognised directly in equity</b>							
Final dividend 2019 (Rs. 200.00 per share)	-	-	-	-	(1,847,286)	(1,847,286)	
1st interim dividend 2020 (Rs. 150.00 per share)	-	-	-	-	(1,385,464)	(1,385,464)	
	-	-	-	-	(3,232,750)	(3,232,750)	
<b>Balance as at 30 September 2020</b>	<b>92,364</b>	<b>36,946</b>	<b>941</b>	<b>207</b>	<b>15,771,213</b>	<b>15,901,671</b>	

The annexed notes 1 to 17 form an integral part of these accounts.

  
**Muhammad Asdaf**  
 Chief Financial Officer

  
**Usman Qayyum**  
 Chief Executive &  
 Managing Director

  
**Zulfikar Mannoo**  
 Director

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

## For the nine months period ended September 30, 2020 (Un-audited)

### 1. Corporate and general information

Raffhan Maize Products Company Limited ('the Company') was incorporated in Pakistan and was subsequently listed on Pakistan Stock Exchange Limited. Ingredient Incorporated Chicago, U.S.A., holds majority shares of the Company. The registered office of the Company is situated at Rakh Canal East Road, Faisalabad. The Company uses maize as the basic raw material to manufacture and sell a number of industrial products, principal ones being industrial starches, liquid glucose, dextrose, dextrin and gluten meals.

### 2. Basis of preparation

#### 2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

The condensed interim financial statements does not include information required for full annual financial statements and should be read in conjunction with the audited annual financial statements of the Company for the year ended 31 December 2019.

These condensed interim financial statements are being submitted to the shareholders as required by section 237 of the Companies Act, 2017 and the Rule Book of Pakistan Stock Exchange Limited.

The comparative statement of financial position presented in these condensed interim financial statements has been extracted from the audited annual financial statements of the Company for the year ended 31 December 2019, whereas comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been extracted from the un-audited condensed interim financial statements of the Company for the nine months period ended 30 September 2020.

#### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain employee retirement benefits and lease liabilities which are stated at present value.

#### 2.3 Functional and presentation currency

These condensed interim financial statements are presented in Pak Rupees which is also the Company's functional currency.

### 3. Summary of significant accounting policies

3.1 The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended 31 December 2019.

#### 3.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 October 2020.

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

## For the nine months period ended September 30, 2020 (Un-audited)

- Amendments to IAS 1 - Classification of current or non-current liability:- The amendments in Classification of Liabilities as Current or Non-current affect only the presentation of liabilities in the statement of financial position - not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. The amendment clarifies that classification depends on right available to the entity to defer the settlement for atleast twelve months at end of reporting period and is not affected by managements intension to exercise the right or not. It becomes effective on 1 January 2022.
- Amendments to IAS 37- Cost of fulfilling Onerous contract:-The changes in Onerous Contracts - Cost of Fulfilling a Contract specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendment is effective on 1 January 2022 and is not likely to have an impact on Company's financial statements.
- Amendments to IAS 16 Proceeds before intended use:- The amendment in the standard prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendment is effective on 1 January 2022 and is not likely to have an impact on Company's financial statements.
- Amendments to IFRS 9-Fees in 10% test for derecognition of financial Liabilities:- The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is effective on 1 January 2022 and is not likely to have an impact on Company's financial statements.

#### 4. Accounting estimates, judgements and financial risk management

The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by the management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements of the Company as at and for the year ended 31 December 2019,

#### 5. Property, plant and equipment

Operating property, plant and equipment  
Capital work-in-progress  
Right-of-use asset

		September 30 2020 (Un-audited)	31 December 2019 (Audited)
	Note	<b>(Rupees in thousands)</b>	
		6,342,837	6,499,682
		120,749	102,775
		1,179	4,718
		<b>6,464,765</b>	<b>6,607,175</b>

- 5.1 This includes the cost of property, plant and equipment that have been added and disposed-off during the period, detail of which is as follows:

	<b>Nine months ended (Un-audited)</b>			
	30 September 2020		30 September 2019	
	Additions	Deletions (Rupees in thousands)	Additions	Deletions
Factory building on freehold land	2,692	-	-	2,192
Plant and machinery	190,945	8,141	82,776	18,426
Laboratory equipment	1,885	-	-	1,661
Furniture and fittings	272	359	3,296	7,084
Vehicles	3,934	3,187	24,607	28,752
Office equipment	5,071	-	7,357	3,890
	<b>204,798</b>	<b>11,688</b>	<b>118,036</b>	<b>62,005</b>

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

## For the nine months period ended September 30, 2020 (Un-audited)

### 5.2 Capital work-in-progress

The movement in capital work-in-progress is as follows:

Opening balance  
Add: Additions during the period

Less: Transfers during the period  
Closing balance

Nine months ended (Un-audited)	
30 September 2020	30 September 2019
(Rupees in thousands)	
102,775	57,761
222,772	258,924
<u>325,547</u>	<u>316,685</u>
(204,798)	(118,036)
<u>120,749</u>	<u>198,649</u>

### 6. Loan from State Bank of Pakistan at reduced rate

During June 2020 loan was obtained from State Bank of Pakistan under refinance scheme for payment of wages and salaries at reduced rate of 3% Loan will be fully repaid by September 30, 2022 in eight equal quarterly installments.

Loan obtained  
Less: Present value of loan at market rate of 8.4%  
Government Grant

30 September 2020
(Rupees in thousands)
244,432
(228,257)
<u>16,175</u>

At initial recognition, loan is recorded at present value and government grant is recorded as deferred income. Loan will be amortized at market rate and government grant will be recognized as other income over term of the loan.

### 6.1 Movement of deferred income

Grant at initial recognition  
Less: Amortization of grant  
Closing balance

Note

10

30 September 2020
(Rupees in thousands)
16,175
(1,797)
<u>14,378</u>

### 7. Contingencies and commitments

#### Contingencies

- Counter guarantees given by the Company to its bankers as at reporting date amounting to Rs. 288,630 thousands (2019: Rs. 292,220 thousands)
- There is no material change in contingencies since the last audited published accounts.

#### Commitments

- Commitments in respect of capital expenditure
- Commitments in respect of purchase of corn
- Commitments in respect of forward exchange contracts

(Un-audited)	(Audited)
30 September 2020	31 December 2019
(Rupees in thousands)	
154,298	3,585
<u>6,072,960</u>	<u>7,006,834</u>
-	<u>88,066</u>

### 8. Sales - Net

Domestic  
Exports  
  
Less:  
Sales tax  
Trade discount and commission  
  
Revenue from contracts with customers

Nine months ended (Un-audited)		Three months ended (Un-audited)	
30 September 2020	30 September 2019	30 September 2020	30 September 2019
(Rupees in thousands)			
27,790,257	27,289,481	9,623,331	8,732,656
1,887,208	1,767,184	579,236	596,139
<u>29,677,465</u>	<u>29,056,665</u>	<u>10,202,567</u>	<u>9,328,795</u>
(3,581,281)	(3,540,750)	(1,234,427)	(1,139,035)
(11,520)	(11,495)	(8,195)	(2,061)
<u>(3,592,801)</u>	<u>(3,552,245)</u>	<u>(1,242,622)</u>	<u>(1,141,096)</u>
<u>26,084,664</u>	<u>25,504,420</u>	<u>8,959,945</u>	<u>8,187,699</u>

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

## For the nine months period ended September 30, 2020 (Un-audited)

9. <b>Cost of sales</b>	Nine months ended (Un-audited)		Three months ended (Un-audited)	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
		(Rupees in thousands)		
Opening stock of finished goods	2,190,371	1,451,585	1,910,657	1,318,739
Cost of goods manufactured	18,539,273	19,599,493	6,091,762	6,411,678
	20,729,644	21,051,078	8,002,419	7,730,417
Less: closing stock of finished goods	(1,972,079)	(2,191,159)	(1,972,079)	(2,191,159)
Cost of goods Sold - own manufactured	18,757,565	18,859,919	6,030,340	5,539,258
Cost of goods Sold - purchased Products	119,602	96,802	42,821	23,476
Freight and distribution cost	285,895	259,392	75,893	76,669
<b>Cost of goods sold</b>	<b>19,163,062</b>	<b>19,216,113</b>	<b>6,149,054</b>	<b>5,639,403</b>

10. <b>Other income</b>	Note	Nine months ended (Un-audited)	
		30 September 2020	30 September 2019
		(Rupees in thousands)	
<b>Income from financial assets:</b>			
Mark up on staff loans and profit on bank deposits		315,247	180,420
<b>Income from non-financial assets:</b>			
Profit on sale of scrap		44,120	44,927
Profit on sale of property, plant and equipment		4,470	17,908
Miscellaneous income		4,130	6,984
Foreign exchange gain		-	28,407
Amortization of deferred income	6.1	1,797	-
		<b>369,764</b>	<b>278,646</b>

11. <b>Cash Flows From Operating Activities</b>	Nine months ended (Un-audited)	
	30 September 2020	30 September 2019
	(Rupees in thousands)	
Profit before taxation	5,951,566	5,376,427
Adjustments for:		
Depreciation of property, plant and equipment	363,958	355,899
Provision for employees retirement benefits	51,038	50,834
Provision / (reversal) of doubtful debts	56,177	(9)
Unwinding of lease liability	238	593
Provision for slow moving and obsolete items	17,285	14,570
Gain on disposal of property, plant and equipment	(4,470)	(17,908)
Interest income	(315,247)	(180,420)
Amortization of deferred income	(1,797)	-
Finance cost	23,425	15,057
	190,607	238,617
<b>Cash generated from operations before working capital changes</b>	<b>6,142,173</b>	<b>5,615,043</b>
<b>Effect on cash flow due to working capital changes</b>		
(Increase) / decrease in current assets:		
Stores and spares	(15,641)	(259,836)
Stock in trade	(1,650,816)	(4,688,533)
Trade debts	6,215	(333,956)
Loans and advances	62,754	32,407
Long term deposits	-	7
Short term prepayments	(149,334)	16,730
Other receivables	(11,952)	6,253
	(1,758,775)	(5,226,929)
Increase in current liabilities:		
Contract liabilities	243,737	32,482
Trade and other payables	482,336	226,699
	726,073	259,181
<b>Net decrease in working capital</b>	<b>(1,032,702)</b>	<b>(4,967,748)</b>
<b>Cash generated from operations</b>	<b>5,109,470</b>	<b>647,296</b>

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

## For the nine months and period ended September 30, 2020 (Un-audited)

### 12. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise parent company, related group companies, local associated company, directors of the Company, key management personnel and staff retirement funds. Details of transactions with related parties, other than those disclosed elsewhere in these financial statements are as follows:

Name of parties	Nature of relationship	Basis of relationship / association	Nature and description of related party transactions	Nine months ended		Three months ended		Closing balance [asset/ (liability)]	
				(Un-Audited)		(Un-Audited)		(Un-Audited)	(Audited)
				Sep 30, 2020	Sep 30, 2019	Sep 30, 2020	Sep 30, 2019	Sep 30, 2020	December 31, 2019
<b>(Rupees in thousands)</b>									
<b>Parent Company</b>									
Ingredion Inc. U.S.A.	Holding	Shareholding of 71.04%	Services received	154,163	135,800	47,872	58,978	(31,257)	(40,819)
Ingredion Inc. U.S.A.	-do-	-do-	Dividend	2,296,391	2,132,363	984,168	656,112	(898,053)	-
Ingredion Inc. U.S.A.	-do-	-do-	Imports	63,610	61,790	16,568	6,584	(35,125)	(16,520)
Ingredion Inc. U.S.A.	-do-	-do-	Services provided	676	2,447	-	696	689	-
<b>Associates</b>									
Unilever Pakistan Foods Ltd.	Associate	Common directorship	Sales	1,086,194	949,021	237,028	206,933	136,462	113,581
Ingredion Holding LLC Kenya	-do-	Parent's subsidiary	Export sales	152,746	520,059	15,918	145,181	17,336	180,908
Ingredion Holding LLC Kenya	-do-	-do-	Services provided	1,574	2,892	759	605	1,574	856
Ingredion Singapore Pte. Ltd.	-do-	-do-	Export sales	2,096	8,096	-	3,953	(13,345)	(12,480)
Ingredion Germany GMBH	-do-	-do-	Imports	6,271	2,060	292	-	(3,088)	(4,773)
Ingredion Germany GMBH	-do-	-do-	Export sales	122,986	30,996	17,071	25,983	8,607	4,427
Ingredion Germany GMBH	-do-	-do-	Services received	-	146	-	40	(813)	(760)
National Starch & Chemical Thailand	-do-	-do-	Imports	57,095	15,533	-	2,073	-	(6,462)
National Starch & Chemical Thailand	-do-	-do-	Export sales	26,787	56,191	8,907	15,971	1,772	-
National Starch & Chemical Thailand	-do-	-do-	Services provided	-	879	879	-	-	-
Ingredion Malaysia Sdn. Bhd.	-do-	-do-	Export sales	60,474	29,644	13,037	16,829	2,894	5,008
Ingredion China Limited	-do-	-do-	Imports	-	-	-	-	-	(471)
Ingredion China Limited	-do-	-do-	Export sales	2,832	-	2,832	-	-	-
PT Ingredion, Indonesia	-do-	-do-	Export sales	104,590	82,495	23,183	25,509	23,060	21,565
Ingredion UK Limited	-do-	-do-	Export sales	2,336	-	-	-	-	-
Ingredion South Africa (PTY) Ltd.	-do-	-do-	Export sales	17,180	4,149	4,413	4,149	6,623	8,221
Ingredion NZ (PTY) Ltd.	-do-	-do-	Imports	2,299	-	2,299	-	-	-
<b>Other Related Parties</b>									
Employee Benefits	Other	Employee retirement fund	Contribution to funds	91,193	90,202	30,685	29,806	(14,249)	(13,713)
Key Management Personnel	-do-	Key management personnel	Remuneration	267,455	215,616	73,678	60,798	-	-

- The transactions were carried out at an arm's length basis,
- No buying and selling commission has been paid to any associated undertaking.

### 13. OPERATING SEGMENTS

- 13.1 These financial statements have been prepared on the basis of single reportable segment.
- 13.2 All non current assets of the Company as at 30 September 2020 are located in Pakistan.



# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

## For the nine months period ended 30 September 2020 (Un-audited)

### 14. Financial risk management

The Company's financial risk management objective and policies are consistent with that disclosed in financial statements as at and for the year 31 December 2019.

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 participants at the measurement date.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

30 September 2020						
Carrying amount			Fair value			
Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in thousands)						
Long term loans	-	14,534	-	-	-	-
Trade debts	1,613,181	1,613,181	-	-	-	-
Long term deposits	34,844	34,844	-	-	-	-
Other receivables	32,484	32,484	-	-	-	-
Cash and bank balances	6,619,556	6,619,556	-	-	-	-
	8,314,599	8,314,599	-	-	-	-
<b>Financial liabilities - not measured at fair value</b>						
Trade and other payables	2,529,378	2,529,378	-	-	-	-
Mark-up-accrued on short term running finances	4,681	4,681	-	-	-	-
Unpaid dividend	911,648	911,648	-	-	-	-
Unclaimed dividend	14,030	14,030	-	-	-	-
Long term financing	228,257	228,257	-	-	-	-
Lease liabilities	1,353	1,353	-	-	-	-
	3,689,348	3,689,348	-	-	-	-

#### Financial assets - not measured at fair value

#### Financial liabilities - not measured at fair value

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

## For the nine months period ended 30 September 2020 (Un-audited)

31 December 2019						
Carrying amount			Fair value			
Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
			(Rupees in thousands)			
Long term loans	15,141	-	15,141	-	-	-
Trade debts	1,675,573	-	1,675,573	-	-	-
Long term deposits	34,844	-	34,844	-	-	-
Other receivables	42,469	-	42,469	-	-	-
Cash and bank balances	5,329,222	-	5,329,222	-	-	-
	<b>7,097,249</b>	<b>-</b>	<b>7,097,249</b>	<b>-</b>	<b>-</b>	<b>-</b>
Trade and other payables	-	2,154,441	2,154,441	-	-	-
Mark-up-accrued on short term running finances	-	1,062	1,062	-	-	-
Unpaid dividend	-	10,344	10,344	-	-	-
Unclaimed dividend	-	14,057	14,057	-	-	-
Lease liabilities	-	5,211	5,211	-	-	-
	<b>-</b>	<b>2,185,115</b>	<b>2,185,115</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Financial assets - not measured at fair value**

Long term loans  
Trade debts  
Long term deposits  
Other receivables  
Cash and bank balances

**Financial liabilities - not measured at fair value**

Trade and other payables  
Mark-up-accrued on short term running finances  
Unpaid dividend  
Unclaimed dividend  
Lease liabilities

**15. Date of authorization for issue**


This un-audited condensed interim financial information was authorized for issue by the Board of Directors on October 28, 2020.

**16. Subsequent event - dividend**

The Directors in their meeting held on 28 October 2020 have proposed second interim cash dividend for the period ended 30 September 2020 of Rs.150/- per share, amounting to Rs.1,385,464 thousand (2019: Rs.100/- per share amounting to Rs.923,643 thousand). These condensed interim financial statements for the period ended 30 September 2020 does not include the effect of the above interim cash dividend which will be accounted for in the period in which it is declared.

**17. General**

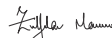
Figures in these accounts have been rounded off to the nearest thousand of rupees.



Muhammad Asdaf  
Chief Financial Officer



Usman Qayyum  
Chief Executive &  
Managing Director



Zulfikar Mannoo  
Director

# COMPANY INFORMATION

BOOK POST (Under Certificate of Posting)



## Plants:

### Rakh Canal Plant

Rakh Canal East Road, Faisalabad-38860.

Ph: (92-41) 8540121-22-23

Fax: (92-41) 8711016 - 8502197

### Cornwala Plant

5-Km Jaranwala-Khurrianwala Road,

Jaranwala - 37250.

Ph: (92-41) 4710121 & 23-27

### Mehran Plant

K.B. Feeder Road, Kotri,

Jamshoro-76090.

Ph: (92-223) 870894-98

## Board Of Directors

Pierre Perez y Landazuri Non-Executive  
Chairman

Usman Qayyum Executive  
Chief Executive & Managing Director

## Members:

James D. Gray Non-Executive  
Janet M. Bawcom Non-Executive  
Marcel Hergett Non-Executive  
Zulfikar Mannoo Non-Executive  
Mian M. Adil Mannoo Non-Executive  
Wisal A. Mannoo Non-Executive  
Muhammad Asdaf Executive  
Tabish Gauhar Independent & Non-Executive  
Tahir Jawaid Independent & Non-Executive

## Chief Financial Officer

Muhammad Asdaf

## Secretary

Mustafa Kamal Zuberi

## Audit Committee

Tabish Gauhar Chairman  
James D. Gray Member  
Janet M. Bawcom Member  
Marcel Hergett Member  
Zulfikar Mannoo Member

## Human Resource & Remuneration Committee

Tahir Jawaid Chairman  
Pierre Perez y Landazuri Member  
Janet M. Bawcom Member  
Usman Qayyum Member  
Zulfikar Mannoo Member

## Shares Transfer Committee

Usman Qayyum Chairman  
Muhammad Asdaf Member

## Bankers

Citibank, N.A.  
Habib Bank Ltd.  
Meezan Bank Ltd.  
MCB Bank Ltd.  
MCB Islamic Bank Ltd.  
National Bank of Pakistan  
Standard Chartered Bank (Pakistan) Ltd.

## Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Lahore - Karachi

## Legal Advisor

M. Ali Seena  
C/o Surridge & Beecheno, Karachi-74000

## Shares Registrar

FAMCO Associates (Pvt.) Ltd.  
8-F, Next to Hotel Faran, Nursery,  
Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi-75400  
Tel: (92-21) 34380101-5  
Fax: (92-21) 34380106  
E-mail: info.shares@famco.com.pk

## Registered Office & Shares Department

Rakh Canal East Road, Faisalabad.  
Ph: (92-41) 8540121-22-23  
Fax: (92-41) 8711016 - 8502197  
Website: www.rafhanmaize.com  
E-mail: corporate@rafhanmaize.com