



BABA FARID
SUGAR MILLS LIMITED

<https://bfsml.com>



CONDENSED INTERIM
FINANCIAL INFORMATION
For the 1st Quarter Ended
31 December 2022 (Un-audited)

QUARTERLY
REPORT
2022

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COMPANY INFORMATION

BOARD OF DIRECTORS

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

CHIEF FINANCIAL OFFICER

Mr. Wasif Mahmood

COMPANY SECRETARY

Mr. Muhammad Imran

AUDITORS

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

MILLS

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

BANKERS

Habib Bank Limited
Bank Al-Habib Limited
MCB Bank Limited
Meezan Bank Limited
Bank Alfalah Limited
Soneri Bank Limited
Allied Bank Limited
Askari Bank Limited
National Bank of Pakistan - Aitemad

HUMAN RESOURCES & REMUNERATION COMMITTEE

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

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

SHARE REGISTRAR

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

REGISTERED OFFICE

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

LEGAL ADVISOR

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

DIRECTORS' REVIEW

The Directors of your Company are pleased to present the Un-Audited Accounts of the Company for the 1st Quarter Ended 31 December 2022 in compliance with the section 237 of the Companies Act, 2017.

INDUSTRY OVERVIEW

Sugarcane is among the largest crops of Pakistan. Sugar is second largest agro-based industry after textile in the country. Its production accounts for 3.7% in agriculture's value addition and 0.8% in GDP.

The crop size during current season is expected to remain more or less the same as was in last year. As per economic survey of Pakistan better sugarcane procurement price incentivized growers to dedicate more area to sugarcane and favorable weather conditions, better management and timely availability of quality inputs made the crop yield better. As a result of all the mentioned factors the sugar recovery is also improved considerably.

For current crushing season 2022-23, notified support price of sugarcane in Punjab was Rs. 300/- per 40 kg.

PERFORMANCE OF THE COMPANY

The Company was able to crush 186,319,230 M. Tons sugarcane and produced 17,077,500 M. Tons of white refined sugar at an average recovery of 9.530% during the Period ended 31 December 2022 as compared to 31 December 2021, sugarcane crushing of 200,100,397 M. Tons and production of 15,900,000 M. Tons white refined sugar at an average recovery of 8.359%.

Net sales were recorded at Rs. 688.298 million during the first quarter of current financial year as compared to Rs. 545.633 million during the corresponding period of last year.

The Company incurred pretax loss of Rs. 76.650 million during the quarter under review as compared to pretax loss of Rs. 24.426 million in the corresponding period of last year. The increase in loss is mainly because of high sugarcane procurement cost, lower sugar prices, higher markup rates and increased cost of doing business due to unprecedented higher inflationary pressure.

RESEARCH AND DEVELOPMENT

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

CORPORATE GOVERNANCE

Best Corporate Practices

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

The total number of Directors are seven as per following:

- Male: Five
- Female: Two

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

ADEQUACY OF INTERNAL CONTROLS

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

FUTURE OUTLOOK

The Crushing season 2022-23 has started and is expected to be more challenging one for the sugar industry. The Government of Punjab has notified the sugarcane price at Rs. 300/- per 40 kg. The sugarcane situation in the procurement area of the Company has slightly improved due to higher acreage and also the Company is observing a good recovery as compared to last year.

The government must ensure the price of sugar is reflective of the price of sugarcane and other costs in line with prevailing inflation to create a conducive business environment for the industry as well as develop policies to promote agriculture by providing seeds to farmers those are better in yield and recovery.

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

ACKNOWLEDGEMENT

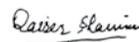
The Directors wish to acknowledge the devotion of the employees and are appreciative of their dedication and commitment. They also extend heartfelt appreciation to the Company's suppliers, customers, and bankers for their continued confidence and support.

For and on behalf of the Board

Baba Farid Sugar Mills Limited



Muhammad Shamim Khan
Director



Mrs. Qaiser Shamim Khan
Chairperson

Lahore: 27 January 2023

ڈائریکٹرز کی جائزہ رپورٹ

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

صنعت کا مجموعی جائزہ

گئے کا شمار پاکستان کی سب سے بڑی فصلوں میں ہوتا ہے۔ ملک میں ٹیکسٹائل کے بعد چینی دوسری سب سے بڑی زرعی صنعت ہے۔ اس کی پیداوار زراعت کے ویلویو ایڈیشن میں 3.7 فیصد اور جی ڈی پی میں 0.8 فیصد ہے۔ موجودہ سیزن کے دوران فصل کا سائز گزشتہ سال کے قریب رہنے کی توقع ہے۔ پاکستان کے اقتصادی سروے کے مطابق گنے کی خریداری کی بہتر قیمت نے کاشتکاروں کو گنے کے لیے زیادہ رقبہ وقف کرنے کی ترغیب دی اور موسم کی موافقت، بہتر انتظامات اور معیاری ان پٹس کی بروقت دستیابی نے فصل کی پیداوار کو بہتر بنایا۔ مذکورہ بالا تمام عناصر کے نتیجے چینی کی ریکوری بھی نمایاں طور پر بہتر ہوئی ہے۔

حالیہ کرشنگ سیزن 2022-23 کیلئے گنے کی کم سے کم قیمت خرید پنجاب کے لئے 300/- روپے فی 40 کلوگرام مقرر کی گئی ہے۔

کمپنی کی کارکردگی

کمپنی نے 31 دسمبر 2022 کو ختم ہونے والی پہلی سہ ماہی کے دوران 186,319,230 میٹرک ٹن گنے کی کرشنگ کی اور 9,530 فیصد اوسط ریکوری کے ساتھ 17,077,500 میٹرک ٹن سفید ریفاائنڈ چینی بنائی جبکہ اس کے مقابلے 31 دسمبر 2021 میں 200,100,397 میٹرک ٹن گنے کی کرشنگ کی اور 8,359 فیصد اوسط ریکوری کے ساتھ 15,900,00 میٹرک ٹن سفید ریفاائنڈ چینی بنائی۔

گزشتہ سال کی اسی مدت میں 545.633 ملین روپے خالص فروخت کے مقابلے حالیہ مالی سال کی پہلی سہ ماہی کے دوران 688.298 ملین روپے درج کی گئی۔

کمپنی کو زیر جائزہ سہ ماہی کے دوران ٹیکس سے قبل 76.650 ملین روپے کا نقصان ہوا جبکہ گزشتہ سال کی اسی مدت میں ٹیکس سے قبل 24.426 ملین روپے کا نقصان ہوا تھا۔ کمپنی کے نقصان میں اضافہ گنے کی خریداری کی قیمتوں میں اضافہ، چینی کی کم قیمتوں، زیادہ مارک اپ شرحوں اور غیر متوقع زیادہ افراط زر کے دباؤ کی وجہ سے کاروبار کرنے کی لاگت میں اضافہ سے منسوب ہے۔

تحقیق اور ترقی

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

کارپوریٹ گورننس

بہترین کارپوریٹ عوامل

ڈائریکٹرز بہتر کارپوریٹ گورننس پر عملدرآمد اور فہرستی کمپنیز (کارپوریٹ گورننس کا ضابطہ) ریگولیشنز، 2017 اور پاکستان اسٹاک ایکسچینج کی رول بک کی ضروریات کو پورا کرتے ہیں۔

بورڈ آف ڈائریکٹرز (بورڈ) کی تشکیل مندرجہ ذیل ہے:

ڈائریکٹرز کی کل تعداد مندرجہ ذیل کے مطابق سات ہے:

5: مرد

2: خواتین

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

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 کئے گئے ہیں۔

مستقبل کا نقطہ نظر:

کرشنگ سیزن 2022-23 شروع ہو چکا ہے اور شوگر انڈسٹری کے لئے ایک زیادہ چیلنجنگ سال ہونے کی توقع ہے۔ حکومت پنجاب نے گنے کی امدادی قیمت -300 روپے فی من مقرر کی ہے۔ کمپنی کے خریداری کے علاقہ میں گنے کی حالت فی ایکڑ زیادہ پیداوار کی وجہ سے معمولی بہتر ہے اور کمپنی گزشتہ سال کے مقابلے بہتر ریکوری کا مشاہدہ کر رہی ہے۔ حکومت کو اس بات کو یقینی بنانا چاہیے کہ چینی کی قیمت گنے کی قیمت اور موجودہ مہنگائی کے مطابق دیگر اخراجات کی عکاسی کرے تاکہ صنعت کے لیے سازگار کاروباری ماحول پیدا کیا جاسکے اور ساتھ ہی کسانوں کو بہتر پیداوار اور ریکوری دینے والے بیج فراہم کر کے زراعت کو فروغ دینے کے لیے پالیسیاں تیار کی جائیں۔

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

اظہار تشکر

ڈائریکٹرز کارکنوں، عملے اور انتظامی ٹیم کے ارکان کی لگن اور محنت کا اعتراف کرتے ہیں۔ وہ کمپنی کے سپلائرز، کسٹمر اور بینکوں کے تعاون اور مدد کے بھی تہہ دل سے مشکور ہیں اور ہم ان کے مسلسل تعاون پر ان کا شکریہ ادا کرتے ہیں۔

منجانب بورڈ

بابا فرید شوگر ملز لمیٹڈ

Ravish Khanna

محترمہ قیصر شمیم خان

چیئر پرسن

Shamim Khan

محمد شمیم خان

ڈائریکٹر

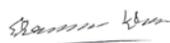
لاہور: 27 جنوری 2023ء

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Un-Audited)

As at December 31, 2022

	Note	(Un-Audited) December 31, 2022 (Rupees)	(Audited) September 30, 2021
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	7.1	3,556,430,400	3,565,497,284
Capital work in progress	7.3	903,550	4,318,237
		3,557,333,950	3,569,815,521
Long term deposits		1,862,450	1,862,450
		3,559,196,400	3,571,677,971
CURRENT ASSETS			
Stores, spares and loose tools		159,303,290	142,233,291
Stock in trade	8	1,368,441,695	535,560,190
Trade debts		8,218,132	8,258,625
Loans and advances		133,253,977	186,693,990
Short term prepayments and deposits		1,563,114	1,698,307
Other receivables		12,231,071	9,373,703
Tax refund due from Government		9,232,115	9,232,115
Taxation - net		34,085,464	32,487,650
Cash and bank balances		477,037,911	225,531,346
		2,203,366,769	1,151,069,217
TOTAL ASSETS		5,762,563,169	4,722,747,188
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	9.1	700,000,000	700,000,000
Issued, subscribed and paid up capital	9.2	94,500,000	94,500,000
Reserves			
Revenue reserves - accumulated losses		(2,756,527,712)	(2,696,855,317)
Directors' loans	10	3,002,700,000	3,002,700,000
Surplus on revaluation of fixed assets	11	2,360,721,760	2,371,408,110
		2,701,394,048	2,771,752,793
NON CURRENT LIABILITIES			
Lease liability		3,619,135	6,355,958
Loan from Associate	12	-	-
Long term Loan (Banking Companies)	13	615,031,135	321,629,268
Deferred liabilities		404,488,160	420,652,037
		1,023,138,430	748,637,263
CURRENT LIABILITIES			
Trade and other payables		1,006,574,933	263,323,136
Unclaimed dividend		255,930	255,930
Due to Pattoki Sugar Mills Limited (PSML)		16,376,241	16,656,242
Short term Borrowing	14	561,622,327	440,005,920
Mark-up accrued		295,062,617	298,446,922
Current portion of long term liabilities		158,138,643	183,668,982
		2,038,030,691	1,202,357,132
CONTINGENCIES AND COMMITMENTS	15		
TOTAL EQUITY AND LIABILITIES		5,762,563,169	4,722,747,188

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER

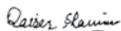
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-Audited) For the Quarter Ended December 31, 2022

	Note	December 31, 2022 (Rupees)	December 31, 2021
Sales	16	688,298,541	545,633,279
Cost of sales	17	(754,532,135)	(531,372,825)
Gross (Loss) / Profit		(66,233,594)	14,260,454
Selling and distribution expenses		(6,070,452)	(2,946,554)
General and administrative expenses		(30,772,138)	(26,452,717)
Other income		57,462,423	4,930,996
		20,619,833	(24,468,275)
Operating Loss		(45,613,761)	(10,207,821)
Financial charges		(31,036,087)	(14,217,760)
Loss before taxation		(76,649,848)	(24,425,581)
Taxation		6,291,103	(9,917,548)
Loss after taxation		(70,358,745)	(34,343,129)
Earning / (Loss) per share - Basic and diluted (Rupees)		(7.45)	(3.63)

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

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER

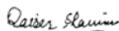
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-Audited)

For the Quarter Ended December 31, 2022

	December 31, 2022 (Rupees)	December 31, 2021
Profit / (Loss) after taxation for the year	(70,358,745)	(34,343,129)
Other comprehensive income		
Items that will not be reclassified to the statement of profit or loss		
Remeasurement of defined benefit liability	-	-
Related tax effect	-	-
	-	-
Items that may be reclassified to the statement of profit or loss in subsequent periods		
Surplus on revaluation of operating fixed assets	-	-
Related tax effect	-	-
	-	-
	-	-
Total comprehensive Income / (loss) for the period	(70,358,745)	(34,343,129)

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.


DIRECTOR


DIRECTOR

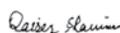

CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-Audited) For the Quarter Ended December 31, 2022

	December 31, 2022 (Rupees)	December 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(76,649,848)	(24,425,581)
Adjustments for items not involving movement of funds:		
Profit on Investment	-	293,256
Liabilities written back	(3,607,770)	-
Depreciation	27,772,139	23,158,475
Financial charges	31,036,087	14,217,760
Net cash flow before working capital changes	(21,449,392)	13,243,910
Decrease / (increase) in current assets		
Stores, spares and loose tools	(17,069,999)	(17,971,556)
Stock in trade	(832,881,505)	(871,663,708)
Trade debts	40,493	672,726
Loans and advances	53,440,013	21,134,451
Short term prepayments and deposits	135,193	549,494
Other receivables	(2,857,368)	(18,063,395)
	(799,193,173)	(885,341,988)
Increase / (decrease) in current liabilities		
Trade and other payables	746,859,567	566,106,985
Cash used in from operations	(73,782,998)	(305,991,093)
Taxes paid	(10,722,150)	(7,671,021)
Gratuity Paid	(748,438)	(331,062)
Financial charges paid	(34,420,392)	(106,561)
Net cash used in from operating activities	(119,673,978)	(314,099,737)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to operating fixed assets	(18,705,256)	(4,914,404)
(Additions) to / transfer from capital work in progress	3,414,687	(118,271,900)
Short term Investment	-	99,750,732
Long term deposits	-	-
Net cash used in investing activities	(15,290,569)	(23,435,572)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of long term financing	-	-
Due to Pattoki Sugar Mills Limited (PSML)	(280,001)	(410,000)
Loan from Associate	-	(300,000,000)
Long term Loan (Banking Companies)	266,666,667	299,956,000
Short term Borrowing- Net	121,616,407	651,080,823
Lease liability paid	(1,531,961)	(946,541)
Directors' contribution	-	350,000,000
Net cash generated from financing activities	386,471,112	999,680,282
Net (decrease) / increase in cash and cash equivalents	251,506,565	662,144,973
Cash and cash equivalents at the beginning of the Period	225,531,346	26,945,258
Cash and cash equivalents at the end of the Period	477,037,911	689,090,231

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER

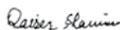
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-Audited)

For the Quarter Ended December 31, 2022

Note	Issued, subscribed and paid-up capital	Surplus on revaluation of fixed assets	Directors' loan	Revenue Reserves	Total
	Ordinary shares			Accumulated loss	
----- (Rupees) -----					
Balance as at October 01, 2021	94,500,000	1,890,862,444	2,302,700,000	(2,494,620,374)	1,793,442,070
Loss for the Period	-	-	-	(34,343,129)	(34,343,129)
Remeasurement of defined benefit liability - net	-	-	-	-	-
Surplus on revaluation of fixed assets	-	-	-	-	-
Transfer from surplus on revaluation of fixed assets incremental depreciation-net of deferred tax	-	(10,600,114)	-	10,600,114	-
Director contribution 10	-	-	350,000,000	-	350,000,000
	-	(10,600,114)	350,000,000	(23,743,015)	315,656,871
Balance as at December 31, 2021	94,500,000	1,880,262,330	2,652,700,000	(2,518,363,389)	2,109,098,941
Balance as at October 01, 2022	94,500,000	2,371,408,110	3,002,700,000	(2,696,855,317)	2,771,752,793
Loss for the Period	-	-	-	(70,358,745)	(70,358,745)
Remeasurement of defined benefit liability - net	-	-	-	-	-
Surplus on revaluation of fixed assets	-	-	-	-	-
Transfer from surplus on revaluation of fixed assets incremental depreciation-net of deferred tax	-	(10,686,350)	-	10,686,350	-
Director contribution	-	-	-	-	-
	-	(10,686,350)	-	(59,672,395)	(70,358,745)
Balance as at December 31, 2022	94,500,000	2,360,721,760	3,002,700,000	(2,756,527,712)	2,701,394,048

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-Audited) For the Quarter Ended December 31, 2022

1. LEGAL STATUS AND NATURE OF BUSINESS

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.

1.1 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.

2. GOING CONCERN ASSUMPTION

The Company incurred a net loss of Rs. 70.359 million during the period ended December 31, 2022 and, as of that date, the Company's current assets exceeded its current liabilities by Rs. 165.336 million. The accumulated losses have exceeded the issued, subscribed and paid up capital by Rs. 2,662.028 million as at December 31, 2022 and accumulated losses as of that date amounted to Rs. 2,756.528 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 Company's current ratio has been improved as compared to previous year i.e. 1.08 (2022: 0.96), on the other hand the company has made net revenue from sales of Rs. 688.299 millions (December 2021: Rs. 545.633) which is 26% higher than the sales made during the same quarter of the last year. Based on above facts these financial statements have been prepared on a going concern basis based on the sponsor's commitment to provide financial support to the Company.

3. BASIS OF PREPARATION

The condensed interim financial information is not audited and has been presented in condensed form and does not include all the information as is required to be provided in a full set of annual financial statements. This condensed interim financial information should be read in conjunction with the audited financial statements of the company for the year ended 30 September 2022.

The comparative figures as at 30 September 2022 in the condensed interim statement of financial position and the related notes to the condensed interim financial information are based on audited financial statements. The comparative condensed interim profit & loss account, condensed interim cash flow statement, condensed interim statement of changes in equity and related notes to the condensed interim financial information for the quarter ended 31 December 2022 are based on un-audited condensed interim financial information. The condensed interim profit & loss account and condensed interim statement of other comprehensive income for the quarters ended 31 December 2022 and 31 December 2021 are neither audited nor reviewed.

4. 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. USE OF ESTIMATES AND JUDGMENT

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and reported amount of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

- Staff retirement benefits
- Provisions
- Deferred taxation
- Contingencies
- Useful life of depreciable assets

6. 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 6.1 to these financial statements.

6.1 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.

6.2 Functional and presentation currency

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

7. PROPERTY, PLANT & EQUIPMENT

	Note	(Un-Audited) December 31, 2022 (Rupees)	(Audited) September 30, 2022
Operating fixed assets	7.1	3,542,225,127	3,550,648,365
Right of use assets	7.2	14,205,273	14,848,919
		<u>3,556,430,400</u>	<u>3,565,497,284</u>

	(Un-Audited) December 31, 2022 (Rupees)	(Audited) September 30, 2022
7.1 Operating Fixed Assets		
Opening net book value (NBV)	3,550,648,365	2,825,949,119
Revaluation during the period/ year	-	533,459,545
Additions (at cost) during the period / year	18,705,256	293,574,321
	<u>3,569,353,621</u>	<u>3,652,982,985</u>
Disposals (at NBV) during the period / year	-	-
Depreciation charged during the period / year	(27,128,494)	(102,334,620)
	<u>(27,128,494)</u>	<u>(102,334,620)</u>
Closing net book value (NBV)	<u>3,542,225,127</u>	<u>3,550,648,365</u>
Details of additions (at cost) during the period / year are as follows:		
Building on freehold land	8,218,966	27,822,441
Plant and machinery	6,392,000	246,081,082
Electrical installation	553,291	4,205,585
Furniture & fixtures	222,500	375,140
Tools and equipment	2,460,250	13,403,269
Office equipment	520,821	1,342,360
Vehicles	337,428	344,444
	<u>18,705,256</u>	<u>293,574,321</u>
7.2 Right of use assets		
The following is the statement of right of use assets:		
Vehicle		
Net carrying value basis		
Opening net book value	14,848,919	10,137,747
Addition during the period	-	7,106,810
Depreciation charged during period	(643,646)	(2,395,638)
	<u>14,205,273</u>	<u>14,848,919</u>
Gross carrying value basis		
Cost	19,386,220	19,386,220
Accumulated depreciation	(5,180,947)	(4,537,301)
Net book value	<u>14,205,273</u>	<u>14,848,919</u>
Depreciation rate % per annum	20%	20%

This represents vehicles obtained on finance lease from Bank Al Habib Limited

This includes an amount of Rs. 1.976 million against vehicles obtained on finance lease from the Bank Al Habib Limited, however these have not been delivered to the Company as at the reporting date, therefore, no depreciation has been charged against these vehicles.

	(Un-Audited) December 31, 2022	(Audited) September 30, 2022
 (Rupees)	
7.3 Capital work in progress		
This comprises of:		
Building	903,550	4,318,237
Plant and machinery	-	-
	903,550	4,318,237

7.3.1 Movement of carrying amount

	Building	Plant and Machinery	Total
 (Rupees)		
Period ended December 31, 2022			
Opening balance	4,318,237	-	4,318,237
Additions (at cost)	3,553,294	-	3,553,294
Transferred to operating fixed assets	(6,967,981)	-	(6,967,981)
Closing balance	903,550	-	903,550

Year ended September 30, 2022

Opening balance	12,775,893	94,329,915	107,105,808
Additions (at cost)	19,364,785	133,133,849	152,498,634
Transferred to operating fixed assets	(27,822,441)	(227,463,764)	(255,286,205)
Closing balance	4,318,237	-	4,318,237

	(Un-Audited) December 31, 2022	(Audited) September 30, 2022
 (Rupees)	
8. STOCK IN TRADE		
Work-in process:		
Sugar	57,333,735	4,903,115
Molasses	18,879,372	510,588
	76,213,107	5,413,703
Finished goods:		
Sugar	1,223,089,283	530,146,487
Molasses	69,139,305	-
	1,292,228,588	530,146,487
	1,368,441,695	535,560,190

9. SHARE CAPITAL

9.1 Authorized share capital

December 31 2022	September 30 2022		
Number of ordinary shares of Rs. 10/- each			
70,000,000	70,000,000	700,000,000	700,000,000

9.2 Issued, subscribed and paid up capital

December 31 2022	September 30 2022		
Number of ordinary shares of Rs. 10/- each			
6,400,000	6,400,000	64,000,000	64,000,000
3,050,000	3,050,000	30,500,000	30,500,000
9,450,000	9,450,000	94,500,000	94,500,000

10. DIRECTORS' LOANS

Unsecured

Directors

Others (other than banking companies)

	(Un-Audited) December 31, 2022 (Rupees)	(Audited) September 30, 2022
Opening balance	3,002,700,000	2,302,700,000
Obtained during the period / year		
Mr. Muhammad Shamim Khan	-	290,000,000
Mrs. Qaiser Shamim Khan	-	210,000,000
Mr. Nauman Ahmed Khan	-	25,000,000
Mr. Adnan Ahmed Khan	-	175,000,000
	-	700,000,000
Repaid during the period / year	-	-
Closing balance	3,002,700,000	3,002,700,000

- 10.1 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. The Director's loan is subordinated to financial institutions against banking facilities to the extent mentioned in respective financing agreements.

	(Un-Audited) December 31, 2022 (Rupees)	(Audited) September 30, 2022
11. SURPLUS ON REVALUATION OF FIXED ASSETS		
Balance brought forward	2,629,613,660	2,151,711,212
Revaluation during the Period	-	533,459,545
Less: Transferred to equity in respect of incremental depreciation charged during the period - (net of deferred tax)	10,686,350	39,445,539
Related deferred tax liability during the period transferred to profit and loss account	4,364,847	16,111,558
	15,051,197	55,557,097
	2,614,562,463	2,629,613,660
Less: Related deferred tax effect:		
Balance as at October 01	258,205,550	260,848,768
Effect of change in rate	-	-
Deferred tax impact for the period	-	13,468,340
Incremental depreciation charged during the period transferred to profit and loss account	(4,364,847)	(16,111,558)
	253,840,703	258,205,550
	2,360,721,760	2,371,408,110
12. LOAN FROM ASSOCIATE		
Unsecured:		
Naubahar Bottling Company (Private) Limited	12.1	-
12.1 From associated company		
Balance as at October 01	-	600,000,000
Obtained during the period	-	-
Repayments / adjustment made during the period	-	(600,000,000)
	-	-
Current portion shown under current liabilities	-	-
	-	-

12.2 The Company obtained unsecured loan from M/s Naubahar Bottling Company (Private) Limited - the associate company during the previous years, that carries mark-up at the rate of 3 month's KIBOR plus 0.5% per annum. The effective mark-up rate charged by Naubahar Bottling Company (Private) Limited during the period ranging from Nil (Sept 2022: 8.28% to 12.39%) per annum. This loan had been settled during the financial year ended September 30, 2022.

	Note	(Un-Audited) December 31, 2022 (Rupees)	(Audited) September 30, 2022
13. LONG TERM LOAN (BANKING COMPANIES)			
Secured:			
Bank Al Habib Limited	13.1	299,956,000	299,956,000
Allied Bank Limited		166,666,667	200,000,000
National Bank Limited- Aitemad		300,000,000	-
		<u>766,622,667</u>	<u>499,956,000</u>
Current portion shown under current liabilities		(151,591,532)	(178,326,732)
		<u>615,031,135</u>	<u>321,629,268</u>

13.1 This is a term loan obtained from Bank Al Habib Limited with approved limit of Rs. 300 million (2022: 300 million) and carries mark-up at the rate of 3 months average KIBOR plus 1% per annum. This facility is secured against the personal guarantees of directors, corporate guarantees of M/s Al-Moiz Industries Limited (Associated Company), subordination of directors loans and pari passu charge over present and future fixed asset of the Company (land, building, plant & machinery) with 25% margin amounting to Rs. 667 million.

13.2 This is revolving agri facility with approved limit of Rs. 200 million (2022: 200 million) and carries the markup at the rate of three month average KIBOR plus 1% per annum. This facility is secured against the personal guarantees of directors, corporate guarantees of M/s Al-Moiz Industries Limited (Associated Company), subordination of directors loans and pari passu charge over present and future fixed asset of the Company (land, building, plant & machinery) with 25% margin amounting to Rs. 267 million.

13.3 This is a term loan obtained from National Bank of Pakistan- Aitemaad with approved limit of Rs. 300 million (2022: Nil) and carries mark-up at the rate of 6 months KIBOR plus 1.50% per annum. This facility is secured against the personal guarantees of directors, , subordination of directors loans and pari passu charge over present and future fixed asset of the Company (land, building, plant & machinery) with 25% margin.

	Note	(Un-Audited) December 31, 2022 (Rupees)	(Audited) September 30, 2022
14. SHORT TERM BORROWING			
Secured:			
Cash Finance		511,622,327	379,999,462
Short term Agri finance		50,000,000	50,000,000
Running Finance		-	10,006,458
		<u>561,622,327</u>	<u>440,005,920</u>

14.1 During the period the Company had availed cash finance facilities from various banks aggregated to Rs. 511.622 million (2022 Rs. 3,000 million) that carries mark-up which range from one month KIBOR to six month KIBOR plus 0.75% to 1.50% per annum (2022: one month KIBOR to six month KIBOR plus 0.75% to 2% per annum) on utilized limits. These facilities were secured against pledge of white refined sugar bags at 5% to 25% margin, personal guarantees of the directors and subordination of loan from directors.

- 14.2 This represents the financing facility for procurement and supply of agricultural inputs to growers of the Company aggregated to Rs. 200 million (2022: 200 million). This facility carries the markup at the rate of relevant KIBOR plus 1% p.a. This facility is secured against the personal guarantees of directors, corporate guarantees of M/s Al- Moiz Industries Limited (Associated Company), subordination of directors loan and pari passu charge over present and future fixed assets of the Company.
- 14.3 During the period the Company has a running finance facility from Bank Al Habib Limited aggregated to Rs. 50 million (2022: Rs. 50 million) and carries mark-up at the rate one month KIBOR plus 0.75% (2022: same) on utilized limits. This facility was secured against on all present and future current assets of the Company for Rs. 67 million and personal guarantees of the directors.

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingent liabilities

There has been no significant change in the status of contingencies as reported in the preceding published annual financial statements of the Company for the year ended September 30, 2022.

15.2 Commitments

The Company is committed as at the balance sheet date in respect of lease payment of Rs. 6,547,111/-.

	(Un-Audited) December 31, 2022 (Rupees)	(Un-Audited) December 31, 2021
16. SALES		
Sales		
Manufacturing - local		
Sugar	631,928,289	483,242,501
By products sales:		
Molasses	129,821,940	126,844,210
Baggasse	17,963,533	3,781,749
V.F.Cake	3,838,430	3,723,954
	151,623,903	134,349,913
Less: Sales tax		
Sugar	(91,818,640)	(70,214,723)
Molasses	-	(653,839)
Baggasse	(2,877,290)	(549,485)
V.F.Cake	(557,721)	(541,088)
	(95,253,651)	(71,959,135)
	<u>688,298,541</u>	<u>545,633,279</u>

	(Un-Audited) December 31, 2022 (Rupees)	(Un-Audited) December 31, 2021
17. COST OF SALES		
Cane Procurement and expenses thereon	1,416,608,497	1,239,471,106
Stores, spares and consumables	10,339,275	7,367,277
Packing materials consumed	13,839,062	10,553,457
Chemicals consumed	7,882,430	13,318,934
Salaries, wages and other benefits	45,107,882	41,226,312
Fuel and power	5,002,874	2,653,984
Repair and maintenance	52,315,304	59,403,211
Depreciation	26,885,116	22,439,858
Vehicle running expenses	2,697,435	1,632,405
Insurance	988,046	1,023,794
Fee and subscription	30,000	30,000
Other factory overheads	5,717,719	3,916,195
	<u>1,587,413,640</u>	<u>1,403,036,533</u>
Work in process		
Opening	5,413,703	4,301,029
Closing	(76,213,107)	(69,594,400)
	<u>(70,799,404)</u>	<u>(65,293,371)</u>
Cost of goods manufactured	<u>1,516,614,236</u>	<u>1,337,743,162</u>
Finished goods		
Opening	530,146,487	35,397
Closing	(1,292,228,588)	(806,405,734)
	<u>(762,082,101)</u>	<u>(806,370,337)</u>
	<u>754,532,135</u>	<u>531,372,825</u>

17. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

Name of parties	Nature of relationship	Nature of balance	(Un-audited) December 31 2022	(Audited) September 30
			Closing balance	Closing balance
Naubahar Bottling Company (Private) Limited	Associated Company	Long term loan	-	-
		Mark-up payable	264,084,254	264,084,254
		Payable Sale of Sugar	200,000,000	-
The Thal Industries Corporation Limited	Associated Company	Payable-Net	1,425,000	-
Al-Moiz Industries Limited	Associated Company	Payable-Net	15,215,874	-
Directors/shareholders				
Mr. Muhammad Shamim Khan	Director	Directors' loan	1,356,300,000	1,356,300,000
Mrs.Qaiser Shamim Khan	Director	Directors' loan	1,199,600,000	1,199,600,000
Mr. Adnan Ahmed Khan	Director	Directors' loan	367,000,000	367,000,000
Mr.Nauman Ahmed Khan	Director	Directors' loan	79,800,000	79,800,000

18.1 Basis of relationship with the company

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

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

18.2

Name of Related Party	Relationship	Basis of Relationship	Quarter ended	
			December 31, 2022	December 31, 2021
Naubahar Bottling Co Pvt Limited	Associated	Common Directorship	Sale of goods	-
Amount received			200,000,000	
Repayment of loan			-	
			300,000,000	
Almoiz Industries Limited	Associated	Common Directorship	Sale of scrap	21,262,034
Purchase of Goods			19,087,263	
			2,665,000	
The Thal Industries Corporation Limited	Associated	Common Directorship	Sale of goods	-
Other purchases			1,425,000	
Purchase of Goods			-	
			3,009,314	

The company continues to have a policy whereby all transactions with related parties and associated undertakings are priced at comparable uncontrolled market price.

19. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

These condensed interim financial statements do not include all financial risk, management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended September 30, 2022. There have been no changes in any risk management policies since the year end. The carrying values of all financial and non-financial assets and liabilities are measured at other than amortized cost in these condensed interim financial statements to approximate their fair values.

20. 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.

21. SEASONALITY

Due to the seasonal availability of sugarcane, the production of sugar is carried out during the period of availability of sugarcane and costs incurred / accrued up to the reporting date have been accounted for. Accordingly, the costs incurred / accrued after the reporting date will be reported in the subsequent condensed interim financial statements. Due to seasonal nature the entire cane crushing and manufacturing of sugar is done from November to the following March. Sugar sales are made throughout the year.

22. DATE OF AUTHORIZATION OF ISSUE

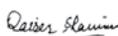
These financial statements were authorized for issue on January 27, 2023 by the Board of Directors of the Company.

23. GENERAL

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



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER

BOOK POST

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