

3RD QUARTER REPORT

CONDENSED INTERIM
FINANCIAL INFORMATION
For the 3rd Quarter Ended
30 June 2024
(Un-audited)

2024



BABA FARID
SUGAR MILLS LIMITED



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COMPANY INFORMATION

BOARD OF DIRECTORS

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

CHIEF FINANCIAL OFFICER

Mr. Wasif Mahmood

COMPANY SECRETARY

Mr. Muhammad Imran

AUDITORS

M/s BDO Ebrahim & Co.
Chartered Accountants
Office No. 4, 6th Floor, Askari Corporate Tower, 75/76
D-1, Main Boulevard, Gulberg-III, 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 of Punjab
Bank Al-Habib Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
Bank Alfalah Limited
Soneri Bank Limited
Allied Bank Limited
Askari Bank Limited
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

VISION & MISSION STATEMENTS

OUR VISION



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 exceed the expectations of all our stakeholders.

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

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

OUR MISSION

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.



DIRECTORS' REVIEW

On behalf of the Board of Directors, we are pleased to present the performance review of your Company together with the unaudited financial statements for the period that ended on June 30, 2024.

ECONOMIC & INDUSTRY OVERVIEW

During the nine months under review, Pakistan's economy struggled with notable challenges characterized by consistent inflation, national debt and uncertainty at both economic and political fronts leading to high policy rate. Despite efforts such as curbing unnecessary imports and crack down on smuggling, economic indicators depict mixed performance across various sectors during the review period. While the pace of economic recovery remains gradual, there is a consistent effort to rebuild business confidence. Persistent challenges such as sharply increasing cost of living, increased cost of doing business, consistently higher KIBOR rates and ongoing energy cost escalation continue to present obstacles to economic growth.

During the period under review, growers reported higher yields per acre compared to last year, however, industry's recoveries decreased due to adverse climate conditions and flooding in the region.

For the current crushing season 2023-24, the notified support price of sugarcane was Rs. 400/- per 40 kg in Punjab & KPK and Rs. 425/- per 40 kg in the province of Sindh. Crushing commenced on 25th November 2023. Average sugarcane purchase cost remained higher than the support price.

PERFORMANCE OF THE COMPANY

The Company was able to crush 524,174.100 M. Tons sugarcane and produced 52,798.400 M. Tons of white refined sugar at an average recovery of 10.068% during the Period ended 30 June 2024 as compared to 30 June 2023, sugarcane crushing of 455,913.605 M. Tons and the production of 45,338.900 M. Tons white refined sugar at an average recovery of 9.956%

Net sales were recorded at Rs. 3,258.131 million during the period under review as compared to Rs. 2,946.171 million during the corresponding period of last year.

The Company incurred pretax loss of Rs. 400.859 million during the current nine months as compared to pretax loss of Rs. 34.782 million in the corresponding period of last year. The main factor of this loss is the high interest cost. Other important factors include high cane procurement price and subdued sugar prices.

FUTURE OUTLOOK

While the sugarcane support price has increased substantially, sugar prices remained subdued due to the availability of excess stock.

The Company's operating environment will likely remain challenging in light of the difficult macro-economic conditions. Consequently, the Company continues to focus on plans that focus on bringing efficiency and reduce costs.

Though the impact of higher sugarcane prices and higher interest rates 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 of affairs

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 Board¹) is as follows:

The total number of Directors are seven as per following:

- Male: Five
- Female: Two

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

ADEQUACY OF INTERNAL CONTROLS

The Directors are aware of their responsibility with respect to internal financial controls, and adequate controls have been implemented by the Company.

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

Lahore: July 23, 2024



Adnan Ahmed Khan

Chief Executive Officer

ڈائریکٹرز کی جائزہ رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے، ہم 30 جون 2024 کو ختم ہونے والے عرصہ کے لئے کمپنی کے غیر نظر ثانی شدہ مالی حسابات کے ہمراہ کمپنی کی کارکردگی کا جائزہ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

اقتصادی اور صنعتی جائزہ

زیر جائزہ نو ماہ کے دوران پاکستان کی معیشت کو قابل ذکر مشکلات کا سامنا کرنا پڑا جس میں مسلسل افراط زر اور دونوں معاشی اور سیاسی محاذوں پر غیر یقینی صورتحال شامل ہے جس کی وجہ سے اسٹیٹ بینک آف پاکستان کی جانب سے پالیسی ریٹ کی سطح زیادہ رہی۔ غیر ضروری درآمدات کو روکنے اور اسمگلنگ کے خلاف کریک ڈاؤن جیسی کوششوں کے باوجود، زیر جائزہ مدت کے دوران مختلف شعبوں میں اقتصادی اشارے مخلوط کارکردگی کی عکاسی کرتے ہیں۔ اگرچہ معاشی بحالی کی رفتار بتدریج تیزی سے رہی ہے، کاروباری اعتماد کی بحالی کے لئے مستقل کوششیں جاری ہیں۔ زندگی گزارنے کی لاگت میں تیزی سے اضافہ، کاروبار کرنے کی لاگت میں اضافہ، بائمر کی شرح میں مسلسل اضافہ اور توانائی کی لاگت میں مسلسل اضافے جیسی مستقل مشکلات معاشی نمو کی راہ میں رکاوٹیں ڈال رہی ہیں۔

زیر جائزہ مدت کے دوران، کاشتکاروں نے گزشتہ سال کے مقابلے میں فی ایکڑ زیادہ پیداوار بیان کی ہے۔ تاہم، خطہ میں خراب موسمی حالات اور سیلاب کی وجہ سے انڈسٹری کی ریکوری کم رہی۔

موجودہ کرشنگ سیزن 2023-24 کیلئے پنجاب اور کے پی کے میں گنے کی امدادی قیمت -400 روپے فی 40 کلوگرام اور صوبہ سندھ میں -425 روپے 40 کلوگرام کا اعلان کیا گیا ہے۔ موجودہ سیزن میں کرشنگ 25 نومبر 2023 کو شروع ہوئی۔ گنے کی اوسط قیمت خرید امدادی قیمت سے زیادہ رہی ہے۔

کمپنی کی کارکردگی

کمپنی نے 30 جون 2024 کو ختم ہونے والی مدت کے دوران 524,174,100 میٹرک ٹن گنے کی کرشنگ کی اور 10.068 فیصد اوسط ریکوری کے ساتھ 52,798,400 میٹرک ٹن سفید ریٹائنڈ چینی بنائی جبکہ اس کے مقابلے 30 جون 2023 کو ختم ہونے والی مدت کے دوران 455,913,605 میٹرک ٹن گنے کی کرشنگ کی اور 9.956 فیصد اوسط ریکوری کے ساتھ 45,338,900 میٹرک ٹن سفید ریٹائنڈ چینی بنائی۔

گزشتہ سال کی اسی مدت میں 2,946,171 ملین روپے خالص فروخت کے مقابلے میں 3,258,131 ملین روپے درج کی گئی۔

کمپنی کو زیر جائزہ مدت کے دوران ٹیکس سے قبل 400,859 ملین روپے کا نقصان ہوا جبکہ گزشتہ سال کی اسی مدت میں ٹیکس سے قبل 34,782 ملین روپے کا نقصان ہوا تھا۔ اس نقصان کا اہم عنصر زیادہ شرح سود لاگت ہے۔ دیگر اہم عناصر میں گنے کی خریداری کی زیادہ قیمتیں اور چینی کی کم قیمتیں شامل ہیں۔

مستقبل کا نقطہ نظر

اگرچہ گنے کی امدادی قیمت میں خاطر خواہ اضافہ کیا گیا ہے، لیکن اضافی اسٹاک کی دستیابی کی وجہ سے چینی کی قیمتیں کم رہیں۔

مشکل بیکرواکنہ حالات کی روشنی میں کمپنی کا آپریٹنگ ماحول کمزور طور پر مشکل رہے گا۔ نتیجتاً، کمپنی کی توجہ ان منصوبوں پر مرکوز رہی ہے جو کارکردگی بڑھانے اور اخراجات کو کم کرتے ہیں۔

اگرچہ گنے کی زیادہ قیمتوں اور بلند شرح سود کے اثرات منافع کو کم کر سکتے ہیں جبکہ چینی کی قیمتیں منافع کی حد کا تعین کرتی ہیں۔ یہ توقع کی جا رہی ہے کہ کمپنی اپنے آپریٹنگز میں مزید بہتری لائے گی اور یہ بنیادی طور پر پیشہ ورانہ سنجیدگی اور اس کی ٹیم کی طرف سے بہتر انتظامات اور ان کے عزم کی وجہ سے ضروری ہے۔ امید ہے کہ یہ اجزاء مجموعی طور پر کمپنی کو بحال کریں گے۔

کارپوریٹ گورننس

بہترین کارپوریٹ گورننس

ڈائریکٹرز بہتر کارپوریٹ گورننس پر عملدرآمد اور فہم سٹیٹمنٹ (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:

مرد 5:

خواتین 2:

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

مناسب داخلی مالیاتی کنٹرول

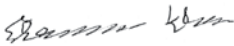
ڈائریکٹرز داخلی مالیاتی کنٹرول کی بابت اپنی ذمہ داری سے بخوبی آگاہ ہیں اور کمپنی کی طرف سے مناسب کنٹرول نافذ کئے گئے ہیں۔

اظہار تشکر

ڈائریکٹرز داخلی مالیاتی کنٹرولوں، 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 شکر ادا کرتے ہیں۔ کمپنی کے ڈائریکٹرز بینکوں اور مالیاتی اداروں کی مالی مدد اور تعاون پر بھی ان کے شکر گزار ہیں۔

منجانب بورڈ

بانی فریڈ شوگر مل لمیٹڈ



محمد شمیم خان

ڈائریکٹر



عدنان احمد خان

چیف ایگزیکٹو آفیسر

لاہور: 23 جولائی 2024ء

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2024 (UN-AUDITED)

	Note	(Un-Audited) 30 June 2024	(Audited) 30 September 2023
	 (Rupees)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	6	3,439,156,138	3,492,165,517
Right of use assets	7	11,777,526	20,090,211
Intangible Asset		896,300	-
Capital work in progress	8	8,973,813	1,656,275
		3,460,803,777	3,513,912,003
Long term deposits		674,400	525,400
		3,461,478,177	3,514,437,403
CURRENT ASSETS			
Stores, spares and loose tools		227,409,575	189,945,202
Stock in trade		4,368,311,688	726,722,121
Trade debts		11,063,003	-
Short term investment		306,441	-
Loans and advances		261,828,518	317,295,182
Short term deposits and prepayments		1,431,312	2,597,585
Other receivables		4,891,269	8,327,829
Tax refund due from the Government		9,232,115	41,665,004
Taxation -net		57,904,766	-
Cash and bank balances	9	149,376,860	116,810,909
		5,091,755,547	1,403,363,832
TOTAL ASSETS		8,553,233,724	4,917,801,235



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

	Note	(Un-Audited) 30 June 2024 (Rupees)	(Audited) 30 September 2023
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital		700,000,000	700,000,000
Issued, subscribed and paid up share capital	10	94,500,000	94,500,000
Reserves			
Revenue reserves - accumulated losses		(2,968,323,200)	(2,565,441,359)
Directors' loans	11	3,002,700,000	3,002,700,000
Surplus on revaluation of fixed assets		2,301,244,377	2,330,038,563
		2,430,121,177	2,861,797,204
NON CURRENT LIABILITIES			
Long term loan	12	216,644,667	194,971,400
Long term diminishing musharka	13	240,000,000	270,000,000
Lease liabilities		6,570,288	7,213,053
Deferred liabilities		360,883,693	371,932,435
		824,098,648	844,116,888
CURRENT LIABILITIES			
Trade and other payables		186,404,300	213,111,524
Contract Liabilities		428,745,055	408,485,470
Unclaimed dividend		255,930	255,930
Due to Pattoki Sugar Mills Limited		9,007,274	15,552,242
Short term borrowing	14	3,880,673,480	100,000,000
Mark-up accrued		566,038,777	305,335,771
Taxation -net		-	4,723,343
Current portion of long term liabilities		227,889,083	164,422,863
		5,299,013,899	1,211,887,143
TOTAL EQUITY AND LIABILITIES		8,553,233,724	4,917,801,235
CONTINGENCIES AND COMMITMENTS			
	15		

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


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE NINE MONTH ENDED 30 JUNE 2024 (UN-AUDITED)

	Note	Nine Month ended 30 June		Quarter ended 30 June	
		2024	2023	2024	2023
	 (Rupees)			
Sales - net	16	3,258,130,923	2,946,171,280	1,576,922,097	1,740,484,366
Cost of sales	17	(2,990,514,694)	(2,663,421,940)	(1,485,960,225)	(1,567,444,338)
Gross profit		267,616,229	282,749,340	90,961,872	173,040,028
Selling and distribution expenses		(24,649,922)	(32,692,633)	(5,993,241)	(3,732,935)
General and administrative expenses		(120,552,264)	(99,712,125)	(37,166,189)	(30,608,821)
Other operating expenses		(857,975)	-	-	-
Other operating income		72,921,444	101,360,271	10,805,674	5,459,096
		(73,138,717)	(31,044,487)	(32,353,756)	(28,882,660)
Operating profit		194,477,512	251,704,853	58,608,116	144,157,368
Financial charges		(595,336,908)	(286,486,675)	(290,459,176)	(129,703,937)
(Loss) / profit before taxation		(400,859,396)	(34,781,822)	(231,851,060)	14,453,431
Taxation		(30,816,631)	(17,501,691)	(17,322,949)	(21,402,004)
Loss after taxation		(431,676,027)	(52,283,513)	(249,174,009)	(6,948,573)
“(Loss)/earning per share - basic and diluted (Rupees)”		(45.68)	(5.53)	(26.37)	(0.74)

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

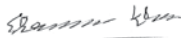
FOR THE NINE MONTH ENDED 30 JUNE 2024 (UN-AUDITED)

	Nine Month ended 30 June 2024 2023		Quarter ended 30 June 2024 2023	
 (Rupees).....			
Loss for the period	(431,676,027)	(52,283,513)	(249,174,009)	(6,948,573)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	(431,676,027)	(52,283,513)	(249,174,009)	(6,948,573)

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTH ENDED 30 JUNE 2024 (UN-AUDITED)

	Issued, subscribed and paid-up share capital	Surplus on revaluation of fixed assets	Directors' loans	Accumulated loss (Revenue reserves)	Total
	Rupees				
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
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	(30,016,288)	-	30,016,288	-
Directors contributions/loan	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(52,283,513)	(52,283,513)
Balance as at June 30, 2023	94,500,000	2,341,391,822	3,002,700,000	(2,719,122,542)	2,719,469,280
Balance as at October 01, 2023	94,500,000	2,330,038,563	3,002,700,000	(2,565,441,359)	2,861,797,204
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	(28,794,186)	-	28,794,186	-
Directors contributions/loan	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(431,676,027)	(431,676,027)
Balance as at June 30, 2024	94,500,000	2,301,244,377	3,002,700,000	(2,968,323,200)	2,430,121,177

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE NINE MONTH ENDED 30 JUNE 2024 (UN-AUDITED)

Note	Nine Month ended 30 June 2024	2023
 (Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(400,859,396)	(34,781,822)
Adjustments for items not involving movement of funds:		
Depreciation	83,790,798	84,175,470
Provision for gratuity	7,669,210	2,989,112
Liabilities written back	-	(3,607,770)
Gain on sale of property, plant and equipment	(84,307)	(7,772,448)
Loss/Gain on sale of store items	1,032,344	(609,007)
Financial charges	595,336,908	286,486,675
Net cash flow before working capital changes	286,885,557	326,880,210
(Increase) / decrease in current assets		
Stores and spares	(37,464,373)	8,951,855
Stock in trade	(3,641,589,567)	(1,378,579,900)
Trade debts	(11,063,003)	(13,665,767)
Loans and advances	55,466,664	(100,534,390)
Short term prepayments	1,166,273	(1,463,839)
Other receivable	3,436,560	6,733,028
	(3,630,047,446)	(1,478,559,013)
Increase in current liabilities		
Trade and other payables	(6,447,639)	681,402,365
Cash used in operations	(3,349,609,528)	(470,276,438)
Income taxes paid	(74,628,963)	(36,870,807)
Employees retirement benefits paid	(8,987,778)	(1,797,678)
Financial charges paid	(334,633,902)	(188,243,423)
Net cash used in operating activities	(3,767,860,171)	(697,188,346)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to operating fixed assets	(21,387,933)	(128,574,004)
Transfer from / Additions to capital work in progress	(9,036,984)	(4,183,019)
Sale proceed of disposal of property, plant and equipment	882,000	14,291,453
Addition of short term investment	(306,441)	-
Additions / Decrease in long term deposits	(149,000)	1,250,700
Net cash used in investing activities	(29,998,358)	(117,214,870)
CASH FLOWS FROM FINANCING ACTIVITIES		
Due to Pattoki Sugar Mills Limited - net	(5,046,210)	(1,018,001)
Addition in / Repayment of long term loan	88,339,932	(125,431,050)
Loan under diminishing musharaka	(30,000,000)	300,000,000
Lease liability paid	(3,542,722)	(4,041,000)
Short term borrowings-net	3,780,673,480	643,191,483
Net cash generated from financing activities	3,830,424,480	812,701,432
Net (decrease) / increase in cash and cash equivalents	32,565,951	(1,701,784)
Cash and cash equivalents at the beginning of the period	116,810,909	225,531,346
Cash and cash equivalents at the end of the period	149,376,860	223,829,562

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


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTH ENDED 30 JUNE 2024 (UN-AUDITED)

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.

1.2 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.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.1.1 These condensed interim financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended September 30, 2023 which have been prepared in accordance with approved accounting and reporting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last annual financial statements.

2.2 Basis of measurement

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

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

2.3 Functional and presentation currency

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

3. 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

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted and methods of computation followed in the preparation of these condensed interim financial statements are same as those for the preceding annual financial statements for the year ended September 30, 2023.

5 SEASONALITY OF OPERATIONS

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

	Note	(Un-Audited) 30 June 2024 (Rupees)	(Audited) 30 September 2023
6. OPERATING FIXED ASSETS			
Fixed assets	6.1	3,439,156,138	3,492,165,517
6.1 Opening net book value (NBV)		3,492,165,517	3,550,648,365
Additions (at cost) during the period / year	6.1.1	28,820,790	58,077,999
		3,520,986,307	3,608,726,364
Disposals (at NBV) during the period / year	6.1.3	(638,644)	(5,747,136)
Depreciation charged during the period / year		(81,191,525)	(110,813,711)
		(81,830,169)	(116,560,847)
Closing net book value (NBV)		3,439,156,138	3,492,165,517
6.1.1 Details of additions (at cost) during the period / year are as follows:			
Building on freehold land		1,972,406	15,575,219
Plant and machinery		12,540,000	13,832,101
Electrical installation		4,275,418	10,332,730
Tools and equipment		1,927,300	13,237,117
Vehicles		6,379,936	2,791,082
Furniture & fixtures		865,520	610,827
Office equipment		74,000	155,877
Computer and allied equipments		786,210	1,543,046
		28,820,790	58,077,999
6.1.2 Vehicles includes an amount of Rs. 5.713 million (2023: Nil) which is transferred from right of use assets based upon completion of leased terms.			
6.1.3 Details of disposals (at NBV) during the period / year are as follows:			
Plant and machinery		-	5,727,917
Vehicles		638,644	19,219
		638,644	5,747,136

	Note	(Un-Audited) 30 June 2024	(Audited) 30 September 2023
..... (Rupees)			
7. RIGHT OF USE ASSETS			
Vehicles	7.1	4,693,457	11,235,125
Agricultural land	7.2	7,084,069	8,855,086
		<u>11,777,526</u>	<u>20,090,211</u>
7.1 Vehicles			
Opening net book value (NBV)		11,235,125	14,848,919
Additions during the period / year at cost		-	37,590
Transfer to operating fixed asset during the period / year at NBV			
	7.1.1	(5,713,411)	(968,451)
Depreciation charge for the period / year		<u>(828,257)</u>	<u>(2,682,933)</u>
	7.1.2	<u>4,693,457</u>	<u>11,235,125</u>

7.1.1 Transferred vehicles includes two vehicles for which the title is not transferred to the company yet.

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

7.2 Agricultural land

Opening net book value (NBV)	8,855,086	9,445,425
Additions during the period / year at cost	-	-
Transfer to operating fixed asset during the period / year at NBV		
	-	-
Depreciation charge for the period / year	<u>(1,771,017)</u>	<u>(590,339)</u>
	<u>7,084,069</u>	<u>8,855,086</u>

	Note	(Un-Audited) 30 June 2024	(Audited) 30 September 2023
..... (Rupees)			
8. CAPITAL WORK IN PROGRESS			
Building	8.1.1	8,853,813	1,656,275
Plant and machinery	8.1.3	120,000	-
		<u>8,973,813</u>	<u>1,656,275</u>

8.1 Movement of carrying amount is as follows:

8.1.1 Building

Opening balance	1,656,275	4,318,237
Additions (at cost)	8,916,984	5,509,693
Transferred to operating fixed assets	<u>(1,719,446)</u>	<u>(8,171,655)</u>
Closing balance	<u>8,853,813</u>	<u>1,656,275</u>

8.1.2 Building consists of construction of two residential houses in the officers colony which have been completed during the period and accordingly these have been transferred to operating fixed assets.

	Note	(Un-Audited) 30 June 2024 (Rupees)	(Audited) 30 September 2023
8.1.3 Plant and machinery			
Opening balance		-	94,329,915
Additions (at cost)		120,000	133,133,849
Transferred during the period / year		-	(227,463,764)
Closing balance		120,000	-

9 CASH AND BANK BALANCES

Cash in hand		498,177	297,964
Cash at banks			
Deposit accounts	9.1	35,682,015	29,632,783
Current accounts		113,196,668	86,880,162
		149,376,860	116,810,909

9.1 Cash with bank in current accounts do not carry any interest or mark-up except for Bank Al Habib Limited which has T-Call facility arrangement and carries a mark up ranging from 20.50% to 20.70% (2023: 14.00% to 20.50%) per annum.

	Note	(Un-Audited) 30 June 2024 (Rupees)	(Audited) 30 September 2023
10 SHARE CAPITAL			
10.1 Authorized share capital			
70,000,000 (September 30, 2023: 70,000,000) ordinary shares of Rs. 10/- each		700,000,000	700,000,000
10.2 Issued, subscribed and paid up share capital			
6,400,000 (September 30, 2023 : 6,400,000) ordinary shares of Rs. 10/- each (fully paid in cash)		64,000,000	64,000,000
3,050,000 (September 30, 2023: 3,050,000) fully paid bonus shares of Rs. 10/- each		30,500,000	30,500,000
		94,500,000	94,500,000

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

	Note	(Un-Audited) 30 June 2024 (Rupees)	(Audited) 30 September 2023
11. DIRECTORS' LOANS			
Unsecured			
Directors			
Others (other than banking companies)			
Directors		2,635,700,000	2,635,700,000
Chief Executive		367,000,000	367,000,000
		<u>3,002,700,000</u>	<u>3,002,700,000</u>

11.1 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.

	Note	(Un-Audited) 30 June 2024 (Rupees)	(Audited) 30 September 2023
12. Long term Loan			
Secured:			
From Banking company			
Bank Al Habib Limited	12.1	214,533,750	259,527,150
Allied Bank Limited	12.2	200,000,000	66,666,668
		414,533,750	326,193,818
"Current portion shown under current liabilities"		(197,889,083)	(131,222,418)
		<u>216,644,667</u>	<u>194,971,400</u>

12.1 This is a term loan obtained from Bank Al Habib Limited with approved limit of Rs. 300 million (2023: Rs. 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.

12.2 This is revolving agri facility with approved limit of Rs. 200 million (2023: Rs. 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. LONG TERM DIMINISHING MUSHARAKA

	Note	(Un-Audited) 30 June 2024 (Rupees)	(Audited) 30 September 2023
Secured Banking Companies National Bank of Pakistan (Islamic mode) "Current portion shown under current liabilities"	13.1	270,000,000 (30,000,000) 240,000,000	300,000,000 (30,000,000) 270,000,000

- 13.1** This is a term loan obtained from National Bank of Pakistan- Aitemaad with approved limit of Rs. 300 million (2023: 300 million) 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 and first pari passu charge of Rs. 400 million on present and future fixed asset of the Company with 25% margin to be registered with SECP including constructive equitable mortgage of land and hypothecation of plant and machinery of Company.

14. SHORT TERM BORROWING

	Note	(Un-Audited) 30 June 2024 (Rupees)	(Audited) 30 September 2023
Secured: Banking companies: Cash finance	14.1	3,680,673,480	-
Short term Agri financing	14.2	200,000,000	100,000,000
		3,880,673,480	100,000,000

- 14.1** The Company has obtained the cash finance facilities from various banks that carry mark up at the rates ranging from 1 month to 9 month KIBOR plus 0.75% to 1.20% (2023: 1 month to 6 month KIBOR plus 0.75% to 1%) on the utilized limit. These facilities are secured against the pledge of white refined sugar at the margin ranging from 5% to 28%, personal guarantees of directors, corporate guarantee of M/s Al- Moiz Industries Limited (Associated company) 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 (2023: Rs. 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 guarantee of Al- Moiz Industries Limited (associated company), subordination of director's loan and pari passu charge over present and future fixed assets of the company.

15 CONTINGENCIES AND COMMITMENTS

15.1 Contingent liabilities

There is no significant change in contingencies from the preceding annual financial statements of the Company for the year ended September 30, 2023.

15.2 Commitments

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

	Note	(Un-Audited) 30 June 2024 (Rupees)	(Audited) 30 September 2023
Less than one year		2,389,198	3,935,917
Between one and five years		4,181,090	7,878,540
More than five years		-	-
		<u>6,570,288</u>	<u>11,814,457</u>

16. SALES

	Nine Month ended 30 June 2024 (Rupees)	2023	Quarter ended 30 June 2024	2023
Sales				
Manufacturing - local				
Sugar	3,317,758,335	2,480,867,208	1,702,546,075	1,780,830,177
Export sales (Note 16.1)	-	232,740,000	-	-
	<u>3,317,758,335</u>	<u>2,713,607,208</u>	<u>1,702,546,075</u>	<u>1,780,830,177</u>
By products sales				
Molasses (Note 16.2)	426,565,774	615,854,940	115,433,374	272,941,375
Baggasse	27,819,088	35,928,375	22,010,618	-
V.F. Cakes	28,462,655	14,699,735	-	-
	<u>3,800,605,852</u>	<u>3,380,090,258</u>	<u>1,839,990,067</u>	<u>2,053,771,552</u>
Less: Sales tax	(542,474,929)	(433,918,978)	(263,067,970)	(313,287,186)
	<u>3,258,130,923</u>	<u>2,946,171,280</u>	<u>1,576,922,097</u>	<u>1,740,484,366</u>

16.1 This represents export sales under the quota for export of sugar as per order of Cane Commissioner Punjab dated January 30, 2023 as approved by Economic Coordination Committee (ECC) of the Cabinet, in case No. ECC-12/02/2023 dated January 11, 2023. The Company has made sale to Golden Agri International Pte Limited, a Singapore based company. The total export of 1,724 MT had been made as per allocated quota to the Company.

16.2 Molasses:

	Nine Month ended 30 June 2024		Quarter ended 30 June 2024	
	2023		2023	
	(Rupees)			
Sale under				
Normal taxable supplies	177,000,000	345,854,940	-	272,941,375
DTR (Duty & Tax Remission for Exporters)	249,565,774	270,000,000	115,433,374	-
	426,565,774	615,854,940	115,433,374	272,941,375

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

17. COST OF SALES

Raw materials and expenses thereon	6,103,106,173	3,570,081,007	949,364	1,970,514
Other overheads:				
Stores, spares and consumables	12,003,521	23,466,931	1,207,690	186,038
Packing material consumed	51,875,991	38,954,770	159,129	180,268
Chemical consumed	33,210,058	33,572,270	(24,456)	(192,049)
Salaries, wages and other benefits	183,601,062	138,402,961	43,279,017	31,630,714
Fuel and power	24,292,946	18,782,964	4,933,039	5,037,452
Repair and maintenance	119,730,860	119,394,966	39,366,495	36,424,209
Depreciation	78,619,510	81,181,108	26,300,787	27,193,679
Vehicle running expenses	12,109,941	9,197,249	3,092,474	2,639,949
Fee and subscription	190,610	30,000	-	-
Insurance	1,061,155	988,046	-	-
Other factory overheads	12,302,434	7,949,568	2,851,495	437,166
	528,998,088	471,920,833	121,165,670	103,537,426
Opening work in process	12,339,911	5,413,703	11,755,802	11,456,148
Closing work in process	(11,867,611)	(11,877,114)	(11,867,611)	(11,877,114)
	472,300	(6,463,411)	(111,809)	(420,966)
Cost of goods manufactured	6,632,576,561	4,035,538,429	122,003,225	105,086,974
Opening stock of finished goods	714,382,210	530,146,487	5,720,401,077	3,364,620,340
Closing stock of finished goods	(4,356,444,077)	(1,902,262,976)	(4,356,444,077)	(1,902,262,976)
	(3,642,061,867)	(1,372,116,489)	1,363,957,000	1,462,357,364
	2,990,514,694	2,663,421,940	1,485,960,225	1,567,444,338

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

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

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

There were no financial instruments held by the Company which are measured at fair value as of June 30, 2024 and September 30, 2023.

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.

19. FINANCIAL RISK MANAGEMENT

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

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

The condensed interim financial statements does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the year ended September 30, 2023.

The Company's financial risk management objective and policies are consistent with that disclosed in the annual financial statements for the year ended September 30, 2023.

20. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

Name of parties	Nature of relationship	Nature of transactions	30 June 2024		30 June 2023	
			Transactions during the period	Closing balance	Transactions during the year	Closing balance
----- Rupees -----						
Naubahar Bottling Company (Private) Limited	Associated Company	Trade Payable- Net	-	274,797,895	-	-
		Long term loan paid	-	-	-	-
		Mark-up payable	-	264,084,254	-	264,084,254
		Mark-up charged on long term loans	-	-	-	-
		Sale of sugar	108,360,000	-	324,000,000	-
The Thal Industries Corporation Limited	Associated Company	Payable - Net	-	-	-	16,698,514
		Sale of operating fixed assets	-	-	7,371,000	-
		Purchases - store items	-	-	1,425,000	-
		Sale of store items	15,004,742	-	-	-
		Purchases - Plant and machinery	-	-	300,900	-
Al-Moiz Industries Limited	Associated Company	Receivable - Net	-	11,062,998	-	-
		Sale of scrap	28,145,250	-	23,968,451	-
		Purchase of chemicals/ store items	-	-	34,330,203	-
		Receivable- Net	-	-	-	2,505,588
Directors/shareholders						
Mr. Muhammad Shamim Khan		Directors' contribution/loan	-	1,356,300,000	290,000,000	1,356,300,000
Ms. Qaiser Shamim Khan		Directors' contribution/loan	-	1,199,600,000	210,000,000	1,199,600,000
Mr. Nauman Ahmed Khan		Directors' contribution/loan	-	79,800,000	25,000,000	79,800,000
Mr. Adnan Ahmed Khan		Directors' contribution/loan	-	367,000,000	175,000,000	367,000,000
Executives	"Key management " personnel	Remuneration paid	35,704,223	-	30,696,096	-

20.1 Basis of relationship with the company

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

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

21. CORRESPONDING FIGURES

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

22. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial statements were authorized for issue on July 23, 2024 by the Board of Directors of the Company.

23. GENERAL

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

23.2 The comparative figures as at 30 September 2023 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 30 June 2024 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 30 June 2024 and 30 June 2023 are neither audited nor reviewed.



CHIEF EXECUTIVE OFFICER



DIRECTOR










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