BABA FARID

SUGAR MILLS LIMITED



Condensed Interim Financial Statement (Un-Audited) For the 1st Quarter Ended December 31, 2018

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mrs. Naheed Roohi	Chairperson
Mr. Muhammad Sarwar	Chief Executive
Syed Qaissar Abbas Naqvi	Executive
Mr. Muhammad Shah Anjum	Non-Executive
Mr. Shahid Mahmood Qureshi	Non-Executive
Ms. Rafia Aslam	Non-Executive
Mr. Muhammad Ashraf	Independent Director

AUDIT COMMITTEE

Mr. Muhammad Ashraf	Chairman
Ms. Rafia Aslam	Member
Syed Qaissar Abbas Naqvi	Member
Mr. Shahid Mahmood Qureshi	Member

HR & R COMMITTEE

Mrs. Naheed Roohi	Member
Ms. Rafia Aslam	Member
Mr. Shahid Mahmood Qureshi	Member

COMPANY SECRETARY

Mr. Muhammad Ibrahim

CHIEF FINANCIAL OFFICER

Mr. Adnan Zulfiqar (ACA)

HEAD OF INTERNAL AUDIT

Mr. Ahmad Yar

AUDITORS

M/s Hasnain Ali & Co
Chartered Accountants
Room # 103, 1st Floor, Regency Plaza
Near Mini Market, Gulberg III, Lahore.
Tel; 042-35755212, Fax; 042-35755213
Email ; info@hac.com.pk

SHARE REGISTRAR

M/s. Corplink (Pvt.) Ltd.
Share Registrar & Corporate Consultants
Wing Arcade, 1-K, Commercial
Model Town, Lahore
Tel; 042-35916714, Fax; 042-35869037
Email ; corplink786@gmail.com

MILLS

5. K.M. Faisalabad Road
Okara
Tel; 0442-522878, 511878, Fax; 0442-522978

REGISTERED OFFICE

Suite - T 09, 3rd Floor, Hafeez Centre 75 - E/1
Main Boulevard, Gulberg III, Lahore
Tel; 042-35884180-5, Fax; 042-35884138-39
Email ; info@bfsml.com

BANKERS

Habib Bank Limited
Bank Al-Habib Limited

United Bank Limited

MCB Bank Limited
J.S Bank Limited

LEGAL ADVISOR

MOHSIN TAYEBALY & CO.
Corporate Legal Consultants | Barristers & Advocates | High Courts & Supreme Courts
Lahore Office: 102-C/1, St. John's Park (opp Fortress Stadium). Lahore Cantt, Lahore
Tel: (92-42) 36672102
Email: arshad.mirza@mtclaw.com.pk

The Members, Asslam-o-Alakum

Your Directors' have pleasure in presenting Un-audited Financial Statements of the Company for the 1st Quarter ended December 31, 2018

OPERATIONAL PERFORMANCE

Operating results for the year under review are summarized below:

		1st Quarter ended December 31, 2018	***1st Quarter ended December 31, 2017***
Season started		December 18, 2018	December 23, 2017
Crushing days		14	9
Sugarcane crushed	M.Tons	17,718.172	997.412
Sugar recovery	%	6.976	0.000
Sugar produced	M.Tons	505	0
Molasses recovery	%	4.192	0.000
Molasses produced	M.Tons	200.000	0.000

The Company started current Crushing Seasonon December 18,2018 and during the First Quarter Mill has crushed 17,718.172 M.Tones of Sugarcane as compared to 997.412M. Tones of corresponding Quarter of last year. Sugar production for the First Quarter is 505 M.Tones. Sugarcane minimum support price has remained same at Rs. 180 per 40 Kgs.

FINANCIAL RESULTS

The Comparative summarized financial results of the company are given below

	For The Period Ended December 31. 2018	
	2018	2017
	Rupees In Thousand	
Net Sales	21,965.00	197,370.00
Gross (Loss) /Profit	(95.50)	8,861.00
Operating (Loss) / Profit	(105.59)	998.00
(Loss) after Taxation	(135.27)	(24,418.00)
(Loss) per share - basic & diluted	(14.31)	(2.58)

FUTURE OUTLOOKS

In the current year , we are expecting that prices of sugar will be stable in the coming period

ACKNOWLEDGEMENT

The Board of directors deeply express their appreciation and pay their gratitude to sugarcane growers, valuable customers, shareholders, banks and Government departments for their continued support, trust, persistent cooperation and patronage which gives strength to pursue our corporate objectives with renewed vigor. The Board also acknowledges the valuable teamwork, devotion and dedication by the executives, employees and workers of the Company.

By behalf of the board

January 30, 2019.

(Muhammad Sarwar)
Chief Executive

BABA FARID SUGAR MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2018

	December 31, 2018 Rupees (Un-Audited)	September 30, 2018 Rupees (Audited)
ASSETS		
NON-CURRENT ASSETS		
Property, plant & equipment	2,480,740,849	2,495,992,625
Long term deposits	587,575	587,575
	2,481,328,424	2,496,580,200
CURRENT ASSETS		
Stores, spare parts and loose tools	47,199,725	43,621,327
Stock-in-trade	71,156,126	51,731,844
Trade debts	7,884,977	151,278,030
Loans and advances	103,153,155	116,855,614
Other receivables	105,742,500	105,742,500
Cash and bank balances	2,530,234	2,220,193
	337,666,717	471,449,508
TOTAL ASSETS	2,818,995,141	2,968,029,708
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized		
70,000,000 ordinary shares of Rs. 10/- each	700,000,000	700,000,000
Issued, subscribed and paid up capital	94,500,000	94,500,000
9,450,000 ordinary shares of Rs. 10/- each		
Accumulated (Loss)	(1,606,621,430)	(1,480,646,743)
Surplus on revaluation of property, plant & equipment	1,708,872,548	1,715,902,655
	196,751,118	329,755,912
NON-CURRENT LIABILITIES		
Long term financing-secured	100,000,000	100,000,000
Loan from holding company	500,000,000	500,000,000
Deferred liability	269,655,680	288,233,669
	869,655,680	888,233,669
CURRENT LIABILITIES		
Current portion of long term liabilities	125,000,000	125,000,000
Short term finance - Temporary Overdraft	26,376,144	25,982,166
Due to related party	1,065,681,862	1,154,442,231
Trade and other payables	376,007,326	278,288,794
Unclaimed Dividends	255,930	255,930
Interest and mark-up accrued	159,043,631	154,058,109
Taxation	223,450	12,012,897
	1,752,588,343	1,750,040,127
Contingencies & commitments	-	-
TOTAL EQUITY & LIABILITIES	2,818,995,141	2,968,029,708

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

Chief Executive Officer | Chief Financial Officer | Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED DECEMBER 31, 2018

	Note	1st Quarter Ended December 31, 2018 Rupees	1st Quarter Ended December 31, 2017 Rupees
Sales-net	9	21,965,005	197,370,138
Cost of sales	10	117,464,367	188,508,755
Gross Profit / (Loss)		(95,499,362)	8,861,383
Distribution costs		175,501	141,776
Administrative expenses		9,916,529	7,721,694
		10,092,030	7,863,470
Operating Profit / (Loss)		(105,591,392)	997,913
Other Income		4,462,846	-
Operating Profit / (Loss) Before Finance Cost		(101,128,546)	997,913
Finance cost		50,230,787	40,284,992
		(151,359,333)	(39,287,079)
Other operating (loss)		-	-
(Loss) before taxation		(151,359,333)	(39,287,079)
Taxation		16,087,946	14,869,064
(Loss) after taxation		(135,271,387)	(24,418,015)
(Loss) per share - basic and diluted		(14.31)	(2.58)

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

Chief Executive Officer | Chief Financial Officer | Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED DECEMBER 31, 2018

	Note	1st Quarter Ended December 31, 2018 Rupees	1st Quarter Ended December 31, 2017 Rupees
Income for the 1st quarter		(135,271,387)	(24,418,015)
Other Comprehensive Income for the 1st quarter:			
Other Comprehensive Income for 1st quarter:			
Total comprehensive (loss) for 1st quarter transferred to equity:		(135,271,387)	(24,418,015)

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

Chief Executive Officer | Chief Financial Officer | Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE FIRST QUARTER ENDED DECEMBER 31, 2018

	Issued, subscribed and paid-up capital	Accumulated (Loss)	Revaluation Surplus	Total
Balance as at October 01, 2017	94,500,000	(1,146,927,052)	1,746,005,655	693,578,603
Current year incremental depreciation - net of deferred tax		39,728,935	(39,728,935)	-
Total comprehensive income for the year		(373,448,626)		(373,448,626)
Surplus on revaluation of property, plant and equipment related to rate change			9,625,935	9,625,935
Balance as at September 30, 2018	94,500,000	(1,480,646,743)	1,715,902,655	329,755,912
Balance as at October 01, 2018	94,500,000	(1,480,646,743)	1,715,902,655	329,755,912
Current year incremental depreciation - net of deferred tax		9,296,700	(9,296,700)	-
Total comprehensive income for the quarter	-	(135,271,387)		(135,271,387)
Surplus on revaluation of property, plant and equipment related to rate change			2,266,593	2,266,593
Balance as at December 31, 2018	94,500,000	(1,606,621,430)	1,708,872,548	196,751,118

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

Chief Executive Officer | Chief Financial Officer | Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED DECEMBER 31, 2018

	Note	1st Quarter Ended December 31, 2018 Rupees	1st Quarter Ended December 31, 2017 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	**11**	151,254,292	111,830,146
Finance costs paid		(45,245,265)	(9,354,312)
Taxes paid		(12,170,399)	(21,844,111)
Net cash generated from operating activities		93,838,628	80,631,723
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(3,029,945)	(68,824,105)
Net cash (used in) investing activities		(3,029,945)	(68,824,105)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term loan		-	
Loan from related party		(88,760,369)	(12,093,548)
Net cash (used in) financing activities		(88,760,369)	(12,093,548)
Net increase / decrease in cash and cash equivalents		2,048,314	(285,930)
Cash and cash equivalents at the beginning of the year		481,920	767,850
Cash and cash equivalents at the end of the period		2,530,234	481,920

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

Chief Executive Officer | Chief Financial Officer | Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED DECEMBER 31, 2018

1 STATUS AND NATURE OF BUSINESS

1.1 Baba Farid Sugar Mills Limited ("the Company") was incorporated in 1978 under the Companies Act 1913 (now Companies Act, 2017) as a Public Limited Company and its shares are quoted at Pakistan Stock Exchange. It is principally engaged in the manufacturing and sale of sugar including its by-products i.e. molasses and V.Filter cake. The registered office of the Company is situated at Suit - T-09, 3rd Floor, 75-E/1 Main Boulevard, Gulberg III, Lahore and its manufacturing facilities are located in the district Okara, Punjab.

1.2 Going Concern Assumption

During the current financial period, the Company has earned a gross loss of Rs. 95,499,362 (2017: profit Rs. 8,861,383) and sustained loss for the quarter before tax amounting to Rs. 151,359,333 (2017: Rs.39,280,575).Further, the Company's equity is in negative however, the management has taken various measures to improve the financial position of the Company which include the sponsors' continued assurance for arrangement of funds as and when required, prompt discharging of its liabilities including financial obligations,securing growers' commitments for availability of quality sugarcane and hiring of competent management personnel for managing Company's affairs.

The management has firm belief that the above stated measures shall mitigate the doubt about the Company's ability to continue as a going concern and also justifies the preparation of these financial statements on going concern basis.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives shall prevail.

3 ACCOUNTING POLICIES

3.1 These financial statements have been prepared on the historical cost basis except for freehold land, buildings on freehold land and plant & machinery which are stated at revalued amounts.

3.2 The provision for the current taxation for the period represents the minimum tax on turnover and final liabilities will be determined on the basis of annual results. However, deferred taxation has been provided / reversed in this condensed interim financial information. The Company has accounted for deferred tax assets to the extent of un-absorbed tax depreciation.

3.3 Due to seasonal availability of sugar cane the manifesting of sugar is carried out during the period of sugar cane 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 financial information.

4 ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affects the application of policies and reported amounts of assets and liabilities, incomes and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about 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. Revision 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 - gratuity
- Provision for taxation
- Residual values and useful lives of depreciable assets
- Provisions and contingencies

In preparing this condensed interim financial information the significant estimates made by management in applying the Company's accounting policies and the key sources of estimation uncertainties were the same as those that applied to the financial information asat and for the year ended September 30, 2018.

	Note	1st Quarter Ended December 31, 2018 Rupees	Year Ended September 30, 2018 Rupees
5 PROPERTY, PLANT & EQUIPMENT			
Operating fixed assets		2,363,275,830	2,378,527,606
Capital Work in Progress		117,465,019	117,465,019
		2,480,740,849	2,495,992,625
6 LONG TERM FINANCING-SECURED			
JS Bank Limited	**6.1**	200,000,000	300,000,000
Less: Current portion		(100,000,000)	(100,000,000)
		100,000,000	200,000,000

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

7 LOAN FROM HOLDING COMPANY

Pattoki Sugar Mills Limited	525,000,000	525,000,000
Less: Current portion	(25,000,000)	(25,000,000)
	500,000,000	500,000,000

7.1 The Company obtained unsecured loan from M/s Pattoki Sugar Mills Limited (PSML) - the holding company that carries mark-up at the rate of 3 month's KIBOR plus 2% per annum. The effective mark-up ratecharged by PSML during the period ranged from 8.15% to 8.93%(2018: 8.04% to 8.14%)per annum and this loan is subordinate to the loan from JS Bank Limited.

8 CONTINGENCIES & COMMITMENTS

- The LTU-FBR has preferred a reference before Income Tax Appellate (ITAT) for the assessment year 1996-1997 against the decision of CIT appeals. The department has also filed petition for leave to appeal before the honorable Supreme Court of Pakistan for the assessment year 1999-2000 and tax year 2006 against the order in the favour of the company by the honorable High Court of Sindh. In the opinion of the tax advisor the ultimate appellate decision is likely to be in Company's favour, hence no provision is made in these accounts as there will be no tax impact of the matter in view of brought forward tax losses.

- The Company has filed reference application before the Honorable High Court of Sindh against the decision of ITAT in respect of assessment year 2000-2001, the reference application is pending before the honorable High Court Sindh. The Company has also filed the appeal before the Commissioner of income tax appeals against addition made by the assessing officer for the assessment year 2002 - 2003 which is pending for adjudication.

- In view of the favorable decision of the higher appellate forums on the like issue in prior years the management is hopeful about favorable outcome in above matters. Hence no provision is made in these account as there will be no tax impact of the matter in view of brought forward losses.

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

- The company (Baba Farid Sugar Mills Limited - BFSML) has issued a corporate guarantee for Rs. 300 million in favour of Apna Micro Finance Bank Limited. Against the said guarantee the bank agreed to finance facility to the local sugarcane growers upto an aggregate amount of Rs. 300 million.

	1st Quarter Ended December 31, 2018 Rupees	1st Quarter Ended December 31, 2017 Rupees
9 SALES-NET		
Local Sales	25,383,287	215,477,496
Export Sales	-	-
	25,383,287	215,477,496
Less : Sales tax and special excise duty	(3,418,282)	(18,107,358)
	21,965,005	197,370,138

	1st Quarter Ended December 31, 2018 Rupees	1st Quarter Ended December 31, 2017 Rupees
10 COST OF SALES		
Raw materials and expenses thereon	80,584,413	4,660,958
Manufacturing expenses	58,342,697	34,451,725
	138,927,110	39,112,683
Work in process		
Opening	33,866,520	30,439,554
Closing	(54,716,844)	(31,039,554)
	(20,850,324)	(600,000)
	118,076,786	38,512,683
Finished goods		
Opening	17,865,324	502,595,135
Closing	(16,439,282)	(352,397,181)
	1,426,042	150,197,954
Sale of by-products		
Molasses	-	-
V.F. Cakes	**(2,038,461)**	(201,882)
	(2,038,461)	(201,882)
	116,038,325	38,310,801
	117,464,367	188,508,755

	1st Quarter Ended December 31, 2018 Rupees	1st Quarter Ended December 31, 2017 Rupees
11 CASH GENERATED FROM OPERATIONS		
(Loss) before tax	(151,359,333)	(39,287,079)
Adjustment for:		
Depreciation	18,281,721	18,761,425
Finance costs	50,230,787	40,284,992
Provision for gratuity	-	-
	68,512,508	59,046,417
Operating profit before working capital changes	(82,846,825)	19,759,338
EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets		-
Stores, spare parts and loose tools	(3,578,398)	(5,952,760)
Stock-in-trade	(19,424,282)	149,597,955
Trade debts	143,393,053	(115,192,515)
Loans and advances	13,859,961	(27,294,114)
Trade deposits and short term prepayments	-	-
Other receivables	-	-
	134,250,334	1,158,566
Increase in current liabilities		-
Trade and other payables	99,850,783	90,912,242
	234,101,117	92,070,808
	151,254,292	111,830,146

12 TRANSACTION WITH RELATED PARTIES

Detail of transactions with related parties is as follows:

Name of related party	Nature of relationship	Nature of transaction	Amount (Rupees)
Imporient Chemicals (Pvt) Limited	**Associate**	**Common directorship**	**9,685,793**
Pattoki Sugar Mills Limited	**Associate**	**Holding company**	**70,093,919**

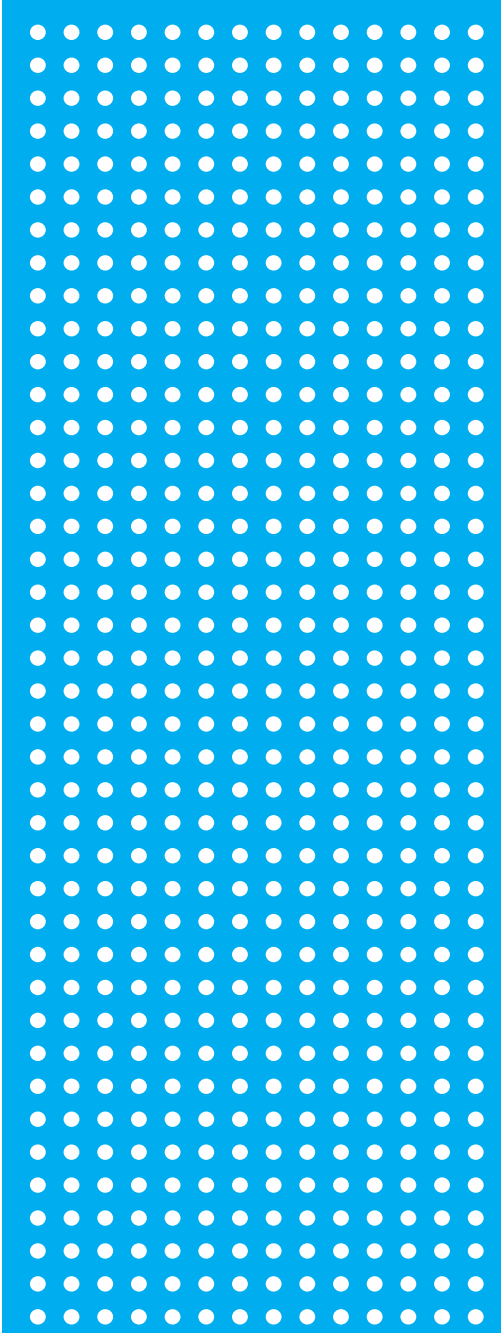
13 DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue on January 30, 2019 by the Board of Directors' of the Company.

14 CORRESPONDING FIGURES

- Figures in this condensed interim financial information have been rounded-off to the nearest Rupee; and
- Corresponding figures have been re-arranged, wherever necessary for the purpose of comparison.

Chief Executive Officer | Chief Financial Officer | Director



IF UNDELIVERED PLEASE RETURN TO

BABA FARID SUGAER MILLS LIMITED
Suite-T-09, 3rd Floor, Hafeez Center,
75-E/1, Main Boulevard,
Gulberg III, Lahore.