

**DIRECTORS' REPORT**

The Members,  
**Baba Farid Sugar Mills Limited,**  
KARACHI.

Assalam-o-Alaikum

The Board of Directors place before you the thirty first Annual Report of the Company together with audited Financial Statements for the year ended September 30, 2009.

**GENERAL**

The Crushing started on November 27, 2008 and ended on February 27, 2009. The company has not been able to crush sufficient quantity of sugar cane due to its scarcity. Sugar cane shortage pushed its prices well above than Government's notified price of Rupees 80 per 40 kilo grams. Lesser sugar cane crop triggered the price war and sugarcane prices sky-rocketed to unprecedented level in the history of the Pakistan's sugar industry. Due to these reasons, crushing season was of 93 days only, as compared to 121 days of the previous season. Due to shorter season and reduced crushing, production of sugar was 45% lesser than the previous year. The increase in sugar cane price and rising costs of all inputs including abrupt increase in minimum wages by the Government badly effected financial performance of the company.

The management sincerely appreciates its entire work force for its devotion and loyalty to the company during this difficult time.

Sugar prices remained high specially during the second half of the year and the company could have the benefit of higher subsequent sugar prices, if the sugarcane would have been available at reasonable prices. Further, menace of middleman in sugar procurement process if avoided could have also a positive impact as they are minting money at the cost of projects.

**OPERATING RESULTS**

The mills crushed a total quantity of 219,035 tons of sugar cane as compared to 422,544 tons of cane crushed during the previous season. A total quantity of 17,306 tons of sugar was produced during the season as compared to 31,579 tons produced during last season. Overall sucrose recovery achieved is 7.91% during the season under review as compared to 7.47% achieved during previous season.

The operating results of your Company for the season are summarized as under :-

	2008-2009	2007-2008
Season started	Nov 27, 2008	Nov 30, 2007
Season closed	Feb 27, 2009	Mar 30, 2008
Days worked	93	121
Sugarcane crushing (Tons)	219,035	422,544
Sugar recovery (%)	7.91	7.47
Sugar production (Tons)	17,306	31,579
Molasses Produced (Tons)	10,885	20,820
Molasses Recovery (%)	4.97	4.92