

**THIRD QUARTERLY
ACCOUNTS
(UN-AUDITED)**

FOR THE PERIOD ENDED
JUNE 30, 2020



FARAN SUGAR MILLS LTD.

CORPORATE

INFORMATION

Date of Incorporation

November 3, 1981

Date of Commencement of Business

November 25, 1981

Board of Directors

Muhammad Omar Amin Bawany	Chairman
Ahmed Ali Bawany	Chief Executive
Hamza Omar Bawany	
Bilal Omar Bawany	
Mohammad Altamash Bawany	
Ahmed Ghulam Hussain	
Irfan Zakaria Bawany	
Sheikh Asim Rafiq	NIT

Audit Committee

Irfan Zakaria Bawany	Chairman
Muhammad Omar Amin Bawany	Member
Hamza Omar Bawany	Member

Human Resource & Remuneration Committee

Irfan Zakaria Bawany	Chairman
Ahmed Ali Bawany	Member
Hamza Omar Bawany	Member

Auditors

Rahman Serfaraz Rahim Iqbal Rafiq
Chartered Accountants

Chief Financial officer & Company Secretary

Muhammad Ayub

Legal Advisor

Ghulam Rasool Korai

Bankers (Islamic Banking Division)

Bank AL-Habib Ltd.
AL-Baraka Islamic Bank Ltd.
Bank AL-Falah Ltd.
Dubai Islamic Bank Ltd.
MCB Islamic Bank Ltd.
Habib Metropolitan Bank Ltd.
Meezan Bank Ltd.
United Bank Ltd.
Habib Bank Ltd.
Askari Bank Ltd.
Faysal Bank Ltd.
Standard Chartered Bank Ltd.

Share Registrar

C&K Management Associates (PVT.) Ltd. 404,
Trade Tower, Abdullah Haroon Road, Near
Metropole Hotel, Karachi.
Tel: (92-21) 35687639, 35685930

Registered Office

43-1-E (B), P.E.C.H.S. Block 6, off Razi Road,
Karachi Phone: (92-21) 34322851-54
UAN: 111-229-269
Fax: (92-21) 32 42 10 10

Mills

Shaikh Bhirkio,
Distt. Tando M. Khan.

E-mail & Website

info@faran.com.pk
www.faran.com.pk

Stock Exchange Symbol

FRSM

Registration Number

Company Registration Number - K-161/6698
National Tax Number – 0710379-4
Sales Tax Number – 01-01-2303-005-82

CHIEF EXECUTIVE REVIEW

FOR THE PERIOD ENDED JUNE 30, 2020

Dear Shareholders,

By the grace of Almighty ALLAH, on behalf of the Board of Directors, I present a brief review of the performance of your company for the Nine months ended June 30, 2019.

Financial results are summarized as follows:

	2020 Rs. '000	2019 Rs. '000
Gross sales	4,357,116	2,795,950
Loss before taxation	(203,895)	(206,939)
Share of profit in Associate - net	74,406	210,374
	(129,489)	3,435
Less: Taxation		
Current	(77,854)	(61,198)
Deferred	135,051	121,163
	57,197	59,965
(Loss) / Profit after Taxation	(72,292)	63,400
(Loss) / Earning per Share (Rs.)	(2.89)	2.54

Sales revenue grew by 55.85% mainly due to increase in both sales volume and selling price over the same corresponding period of last year. However, overall production cost remained high mainly due to exorbitant rate of sugar-cane which the industry overall ended up paying due to supply and demand gap as crops size was shorter in this season of 2019-2020. We had to pay those high competitive price of cane to run our mill at optimal capacity to avoid capacity losses which were more than the loss compared to paying higher cane rate.

The season 2019-20 was very stressful and challenging due to shortage of cane and high volatility in cane rate. As there is continuous improvement in domestic selling price of refined sugar and decline in KIBOR rate as well as anticipation of improvement in Unicol profitability, we expect, Insha Allah, the bottom line to show positive results on year-to-year basis

Unicol Limited also declared interim cash dividend @ 25% for the third quarter ended June 30, 2020 which aggregated to 45% for the year 2019-20 to date.

May Allah SWT bestow the strength upon us to see through these abnormal situations successfully, AMEEN!

Karachi:
July 27, 2020

Ahmed Ali Bawany
Chief Executive

چیف ایگزیکٹو کا جائزہ

مدت ختمہ 30 جون، 2020

معزز حصص یافتگان

اللہ تعالیٰ کے فضل سے، بورڈ آف ڈائریکٹرز کی جانب سے، میں آپ کی کمپنی کی 30 جون کو ختم ہونے والے تیسری سہ ماہی کی کارکردگی کا ایک مختصر جائزہ پیش کرتا ہوں۔ مالی نتائج کا خلاصہ مندرجہ ذیل ہیں:

30 جون، 2019	30 جون، 2020
----- روپے '000 -----	
2,795,950	4,357,116
(206,939)	(203,895)
210,374	74,406
3,435	(129,489)
(61,198)	(77,854)
121,163	135,051
59,965	57,197
63,400	(72,292)
2.54	(2.89)

مجموعی فروخت
(نقصان) قبل از ٹیکس
ایسوسی ایٹ میں منافع کا حصہ - منیٹ

کم: ٹیکسیشن

موجودہ

ڈیفرڈ

(نقصان) / منافع بعد از ٹیکس

(نقصان) / آمدنی فی شیئر (روپے)

اس سال اب تک فروخت میں 55.85% اضافہ ہوا جس کی بنیادی وجہ چینی کی فروخت کا حجم اور قیمت دونوں میں پچھلے سال کی اسی مدت کے مقابلے میں اضافہ ہے۔ البتہ پیداواری لاگت زیادہ رہی اس کی بڑی وجہ گنے کی بہت زیادہ قیمت ہے جو انڈسٹری کو مجموعی طور پر ادا کرنا پڑی جس کی بڑی وجہ اس سال میں ڈیمانڈ اینڈ سپلائی میں فرق اور گنے کی پیداوار میں کمی ہے۔ ہماری مل کو زیادہ سے زیادہ کپاسٹی پر چلانے اور نقصان میں کمی کو مد نظر رکھتے ہوئے گنے کی ہائی پرائس ادا کرنا پڑی۔

یہ سال بہت چیلنجنگ اور پریشان کن رہا جس کی بڑی وجہ گنے کی پیداوار میں قلت اور زیادہ قیمت ہے۔ جیسے جیسے چینی کی قیمت فروخت میں مسلسل بہتری آرہی ہے اور KIBOR کی شرح میں کمی اور ساتھ ہی ساتھ Unicol Limited کے منافع میں بہتری کی توقع ہے، ہم توقع کرتے ہیں، انشاء اللہ مثبت نتائج نظر آئیں گے۔

Unicol Limited نے 30 جون کو ختم ہونے والے تیسری سہ ماہی کے لئے 25% ڈیویڈنڈ کا اعلان کیا ہے، جو سال 2019-20 میں اب تک مجموعی 45% فیصد ہے۔

اللہ سبحانہ و تعالیٰ کامیابی سے ہمیں ان غیر معمولی حالات سے نپٹنے کے لئے طاقت عطا فرمائے، آمین!

احمد علی باوانی

چیف ایگزیکٹو

کراچی: 27 جولائی 2020

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

AS AT JUNE 30, 2020

ASSETS	Note	Un-Audited JUN-30-2020	Audited Sep-30-2019
		----- Rupees -----	
Non-current assets			
Property, plant and equipment	5	1,902,646,217	1,874,593,502
Long term investments	6	1,287,901,338	1,279,384,332
Long term deposits		10,093,594	15,128,694
		3,200,641,149	3,169,106,528
Current assets			
Stores and spares		91,859,377	82,920,357
Stock in trade		1,975,857,522	1,070,394,211
Trade debts		28,010,607	128,065,098
Short term investments		1,320,859	-
Loans, advances, deposits, prepayments and other receivables		633,018,418	732,064,904
Taxation - net		58,607,096	58,729,809
Cash and bank balances	7	120,040,288	395,616,672
		2,908,714,167	2,467,791,051
Total Assets		6,109,355,316	5,636,897,579
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital		400,000,000	400,000,000
Issued, subscribed and paid up capital		250,069,550	250,069,550
Capital reserve			
Share premium		8,472,152	8,472,152
Revenue reserves			
General reserve		49,952,868	49,952,868
Unappropriated profit		1,913,859,458	2,011,158,584
Surplus on re-measurement of investment		280,000	477,273
		1,964,092,326	2,061,588,725
		2,222,634,028	2,320,130,427
Non-current liabilities			
Long term finance		113,622,095	154,623,652
Deferred liabilities		366,652,137	501,702,805
		480,274,232	656,326,457
Current liabilities			
Trade and other payables		440,131,307	966,416,874
Accrued mark up		108,477,092	73,206,156
Short term finance - secured	8	2,764,041,020	1,522,460,342
Unclaimed dividend		10,600,884	10,104,424
Current portion of long term finance		83,196,754	88,252,899
		3,406,447,056	2,660,440,695
Contingency and commitment	9	-	-
Total equity and liabilities		6,109,355,316	5,636,897,579

The annexed notes from 1 to 13 forms an integral part of these financial statements.

Ahmed Ali Bawany
Chief Executive

Muhammad Omar Bawany
Chairman

Muhammad Ayub
Chief Financial Officer

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT - (UN-AUDITED)

FOR THE NINE MONTHS AND QUARTER ENDED JUNE 30, 2020

	For the Nine months ended		For the Quarter Ended	
	Jun 30, 2020	Jun 30, 2019	Jun 30, 2020	Jun 30, 2019
	----- Rupees -----		----- Rupees -----	
Turnover - net	3,874,967,681	2,535,302,763	1,362,676,003	916,980,242
Cost of sales	(3,721,064,233)	(2,389,833,945)	(1,215,538,867)	(784,569,765)
Gross profit	153,903,448	145,468,818	147,137,136	132,410,477
Administrative expenses	(114,259,872)	(103,641,628)	(31,692,959)	(37,601,695)
Selling and distribution costs	(14,356,183)	(9,662,184)	(273,779)	3,098,591
	(128,616,055)	(113,303,812)	(31,966,738)	(34,503,104)
Operating profit	25,287,393	32,165,006	115,170,398	97,907,373
Other income	14,752,570	13,591,728	2,110,280	5,055,786
Other expenses	(6,308,248)	(14,246,052)	236,744	(5,350,432)
	8,444,322	(654,324)	2,347,024	(294,646)
	33,731,715	31,510,682	117,517,422	97,612,727
Finance costs	(237,626,864)	(238,449,123)	(103,887,231)	(113,241,910)
	(203,895,149)	(206,938,441)	13,630,191	(15,629,183)
Share of profit from equity accounted investments	74,406,171	210,374,304	83,571,667	92,290,733
(Loss) / Profit before taxation	(129,488,978)	3,435,863	97,201,858	76,661,550
Taxation	57,196,807	59,964,710	(34,707,883)	(32,682,855)
(Loss) / Profit after taxation	(72,292,171)	63,400,573	62,493,975	43,978,695
(Loss) / Earnings per share - basic and diluted	(2.89)	2.54	2.50	1.76

The annexed notes from 1 to 13 forms an integral part of these financial statements.

Ahmed Ali Bawany
Chief Executive

Muhammad Omar Bawany
Chairman

Muhammad Ayub
Chief Financial Officer

CONDENSED STATEMENT OF COMPREHENSIVE INCOME - (UN-AUDITED)

FOR THE NINE MONTHS AND QUARTER ENDED JUNE 30, 2020

	For the Nine months ended		For the Quarter Ended	
	Jun 30, 2020	Jun 30, 2019	Jun 30, 2020	Jun 30, 2019
	----- Rupees -----		----- Rupees -----	
(Loss) / Profit after taxation	(72,292,171)	63,400,573	62,493,975	43,978,695
Other comprehensive loss				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized loss on re-measurement of investment in certificates of B.F. Modaraba	(197,273)	(3,569,697)	84,545	(1,409,091)
Total comprehensive (loss) / income for the year	<u>(72,489,444)</u>	<u>59,830,876</u>	<u>62,578,520</u>	<u>42,569,604</u>

The annexed notes from 1 to 13 forms an integral part of these financial statements.

Ahmed Ali Bawany
Chief Executive

Muhammad Omar Bawany
Chairman

Muhammad Ayub
Chief Financial Officer

	Issued, subscribed and paid up capital	Capital reserves	Revenue Reserve	Total		
		Share premium	Surplus on re-measurement of investment	General reserve	Unappropriated profits	
				Rupees		
Balance as at October 01, 2018	250,069,550	8,472,152	4,516,667	49,952,868	1,724,489,556	2,037,500,793
Total comprehensive income for the Nine months ended June 30, 2019						
- Profit after taxation	-	-	-	-	63,400,573	63,400,573
- Other comprehensive loss	-	-	(3,569,697)	-	-	(3,569,697)
	-	-	(3,569,697)	-	63,400,573	59,870,876
Transactions with owners						
Dividend paid @ Rs. 3.75 per share	-	-	-	-	(93,776,081)	(93,776,081)
Balance as at June 30, 2019	250,069,550	8,472,152	946,970	49,952,868	1,694,114,048	2,003,555,588
Balance as at October 01, 2019	250,069,550	8,472,152	477,273	49,952,868	2,011,158,584	2,320,130,427
Total comprehensive income for the Nine months ended June 30, 2020						
- Profit after taxation	-	-	-	-	(72,292,171)	(72,292,171)
- Other comprehensive loss	-	-	(197,273)	-	-	(197,273)
	-	-	(197,273)	-	(72,292,171)	(72,489,444)
Transactions with owners						
Dividend paid @ Rs. 1.00 per share	-	-	-	-	(25,006,955)	(25,006,955)
Balance as at June 30, 2020	250,069,550	8,472,152	280,000	49,952,868	1,913,859,458	2,222,634,028

Ahmed Ali Bawany
Chief Executive

Muhammad Omar Bawany
Chairman

Muhammad Ayub
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASHFLOWS (UN-AUDITED)

FOR THE NINE MONTHS ENDED JUNE 30, 2020

	Nine Months Ended Jun 30, 2020	Nine Months Ended Jun 30, 2019
	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH GENERATED FROM OPERATIONS		
(Loss) / Profit before taxation	(129,488,977)	3,435,863
Adjustments for:		
Depreciation	77,440,997	69,825,509
Share in profit from equity accounted investments	(74,406,171)	(210,374,304)
Dividend income	(1,228,750)	(1,746,250)
Gain on disposal of property, plant and equipment	(403,909)	(941,458)
Finance costs	234,364,948	236,335,601
Provision for market committee	-	(21,920,412)
Loss on re-measurement of investments carried at fair value	602,132	12,836,251
	236,369,247	84,014,937
	106,880,269	87,450,800
Working capital changes		
Increase in stores and spares	(8,939,020)	(20,855,139)
Increase in stock in trade	(905,463,311)	(1,389,192,688)
Decrease in trade debts	100,054,491	134,902,479
Decrease in loans, advances, deposits, prepayments and other receivables	104,841,486	298,680,881
(Decrease) / Increase in trade and other payables	(526,285,567)	275,311,851
	(1,235,791,921)	(701,152,616)
Cash generated from operating activities	(1,128,911,652)	(613,701,816)
Taxes paid	(77,731,147)	(75,918,762)
Finance cost paid	(199,094,012)	(169,887,711)
Net cash used in operating activities	(1,405,736,811)	(859,508,289)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(107,812,379)	(197,775,958)
Short term investments	(1,922,991)	36,068,437
Investment in equity accounted investee	(84,308,100)	(76,265,540)
Proceeds from sale of fixed assets	2,722,574	1,831,900
Dividend received	151,228,742	176,746,243
Long term deposits - net	(759,900)	4,519,262
Net cash used in investing activities	(40,852,054)	(54,875,656)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(24,510,495)	(91,017,652)
Loan from Director	(46,057,702)	(59,354,899)
Short term finance - net	1,241,580,678	1,076,687,170
Net cash used in financing activities	1,171,012,481	926,314,619
Net decrease in cash and cash equivalents	(275,576,384)	11,930,674
Cash and cash equivalents at the beginning of the year	395,616,672	94,907,701
Cash and cash equivalents at the end of the year	120,040,288	106,838,375

The annexed notes from 1 to 13 forms an integral part of these financial statements.

Ahmed Ali Bawany
Chief Executive

Muhammad Omar Bawany
Chairman

Muhammad Ayub
Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED JUNE 30, 2020

1. STATUS AND NATURE OF BUSINESS

The company was incorporated in Pakistan on November 03, 1981 as a Public Limited Company and listed on Pakistan stock exchange. The principal business of the company is to manufacture and sale of white sugar. The mill is located at Sheikh Bhirkio, Distt. Tando Mohammad Khan Sindh. Registered office of the company is situated at 43-1-E(B), P.E.C.H.S. Block 6, Karachi.

1.1 SEASONALITY OF OPERATIONS

Due to the seasonal availability of sugarcane, the production of sugar is carried out during the period of availability of sugar cane and cost incurred/ accrued up to the reporting date have been accounted for. Accordingly, the cost incurred/ accrued after the reporting date will be reported in the subsequent annual financial statements.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The condensed interim financial information are un-audited and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Pakistan Stock Exchange. The condensed interim financial information have been prepared in accordance with the requirements of the International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan. The condensed interim financial information do not include all the information and disclosures 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, 2019.

The comparative condensed balance sheet, presented in this condensed interim financial information, as at September 30, 2019 has been extracted from the annual audited financial statements of the Company for the year ended September 30, 2019 whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity for the quarter ended June 30, 2020 have been extracted from the condensed interim financial information for the quarter ended June 30, 2019.

2.2 Functional and Presentation Currency

This condensed interim financial statements is presented in Pakistani Rupee which is the Company's functional Currency

3. SIGNIFICANT ACCOUNTING POLICIES

These interim financial information have been prepared using the same accounting convention, basis of preparation and significant accounting policies as those applied in the preparation of the audited financial statements for the year ended September 30, 2019.

Amendments to certain accounting standards and new interpretations on approved accounting standards effective during the period were not relevant to the Company's operations and do not have any impact on the accounting policies of the Company.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the condensed interim financial information in conformity with approved accounting standards which require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

In preparing the condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the preceding published annual financial statements of the Company as at and for the year ended September 30, 2019.

		Un-Audited Jun 30, 2020	Audited Sep 30, 2019
	Note	Rupees	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating Fixed Assets	5.1	1,748,516,701	1,823,419,911
Capital Work in Progress		154,129,516	51,173,591
		1,902,646,217	1,874,593,502
5.1 Operating Fixed Assets			
Opening WDV		1,823,419,911	1,573,086,650
Additions to fixed asset during the period			
Plant and Machinery		-	88,020,474
Non Factory Building		-	227,087,678
Furniture and Fixtures		671,514	8,643,296
Office and Mill Equipment		-	10,762,862
Electrical Equipment		910,544	11,761,550
Vehicles		3,274,400	5,068,700
		4,856,458	351,344,560
Disposals		(2,318,930)	(1,361,145)
Depreciation for the period		(77,440,739)	(99,650,154)
		1,748,516,701	1,823,419,911
6. LONG TERM INVESTMENTS			
Equity accounted investment in Associates	6.1	1,283,771,368	1,275,057,089
Available for sale investments		4,030,000	4,227,273
Investment in subsidiary company		99,970	99,970
		1,287,901,338	1,279,384,332
6.1 Equity accounted investments			
Unicol Limited		1,165,578,466	1,176,987,124
Uni Energy Limited	6.1.1	19,911,913	19,911,914
Uni Food Industries Limited	6.1.1	98,280,989	78,158,051
		1,283,771,368	1,275,057,089
6.1.1	Carrying amounts of these equity accounted investees are adjusted on the basis of share of profit of their un-audited financial statements for the half year ended upto March 31, 2020.		

	Note	Un-Audited Jun 30, 2020	Audited Sep 30, 2019
7. CASH AND BANK BALANCES			
Cash in Bank			
Deposits accounts	7.1	1,545,467	312,809,107
Current accounts		110,255,667	81,943,108
		111,801,134	394,752,215
Cash in Hand		8,239,154	864,457
		120,040,288	395,616,672

7.1 These represent balances held in deposit accounts carrying profit at the rates ranging from 6% to 7.04% (Sep 30 2019: 6.1% to 10.5%).

8. SHORT TERM FINANCE - SECURED

This represents the availed amount of Islamic finance facilities provided by various banks. As at the reporting date, the aggregate limit of these available finances amounted to Rs. 4,200 million (Sep 2019: Rs. 4,200 million). These finances are secured against pledge of refined sugar and first pari passu charge on fixed assets of the Company including land, building and plant & machinery carrying profit at the rate of KIBOR + 0.50% to 1% per annum (2019: KIBOR + 0.3% to 1.5% per annum).

9. CONTINGENCY AND COMMITMENTS

9.1 Contingency

There is no material change in the contingencies as disclosed in the published annual financial statement for the year ended September 30, 2019.

9.2 Commitments

Commitments in respect of capital expenditure contracted for but not yet incurred amounting to Rs. 140 million approximately (2019: Rs. 65 million).

10. RELATED PARTY TRANSACTIONS AND BALANCES

	For the Nine months ended	
	Un-Audited Jun 30, 2020	Un-Audited Jun 30, 2019
	Rupees	
Transactions with Associate		
Share of profit in associates - net of tax	74,406,171	210,374,304
Sale of goods	499,492,652	375,458,419
Investment	84,308,100	76,265,540
Transactions with other related parties		
Insurance premium	19,130,343	10,800,000
Donation	3,596,750	1,037,000
Services received	374,288	407,680
Provident fund contribution	4,037,124	3,904,197
All transactions with related parties were carried out on arm's length		
	As At	
	Jun 30, 2020	Sep 30, 2019
	Rupees	
Advance received from Associate	-	175,786,322
Due from Associate	5,625,000	3,621,454

11. FINANCIAL RISK MANAGEMENT

The company's financial risk management objectives and policies are consistent with that disclosed in the financial statements for the year ended September 30, 2019.

12. AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the company at their meeting held on July 27, 2020.

13. GENERAL

- Figure have been rounded off to the nearest rupee.
- Figures, including comparatives, have been re-arranged and reclassified wherever necessary

Ahmed Ali Bawany
Chief Executive

Muhammad Omar Bawany
Chairman

Muhammad Ayub
Chief Financial Officer



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