



FARAN SUGAR MILLS LTD.

Focusing on sustainable **REVITALIZATION**

Annual Report 2020



Contents

Vision and Mission	04	Annual Events	40
Corporate Information	06	Corporate Social Responsibility	42
Company Profile	10	DuPont Analysis	43
Core Values	14	Statement of Value Added	44
Code of Conduct	15	Investor Information - Six Years	45
Corporate Strategy	16	Horizontal and Vertical Analysis	46
Major Milestones	18	Quarterly Performance Analysis	48
Management Structure	20	Graphs	49
Critical Performance Indicators	21	Chairman's Review Report	52
Board of Directors	22	Directors' Report	53
Geographical Presence	26	Directors' Report (Urdu)	67
Group Structure	27	Review Report	68
Sugar Industry Overview	28	Statement of Compliance	70
Cane Crushing History	32	Independent Auditors' Report	72
Engaging with our Growers	33	Financial Statements	76
Our Employees	36	Notice of Annual General Meeting	128
Our Health, Safety & Environment	37	Pattern of Shareholders	132
SWOT Analysis	38	Categories of Shareholding	133
Risk Management	39	Form of Proxy	



FARAN SUGAR MILLS LTD.

Focusing on QUALITY

Improve the quality of our product



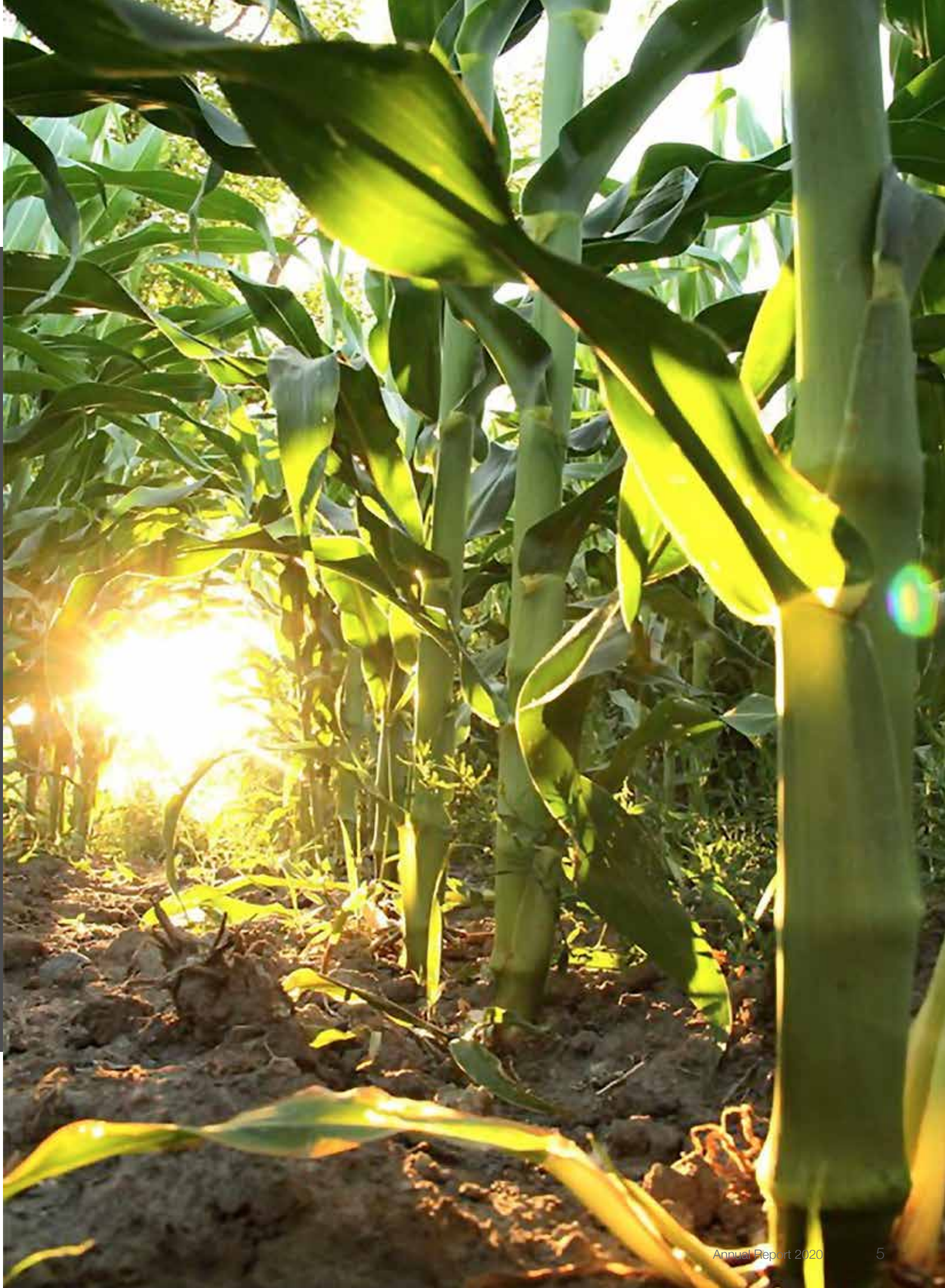


Vision

Faran Sugar Mills Limited will thrive as a proactive partner in prosperity of the nation, recognized as a center for state-of-the-art industrial facilities. Above all, Faran Sugar Mills will strive to be a model business entity where all primary stakeholders are intricately woven in progressive pattern, imperative for the economic growth of the nation.

Mission

Faran Sugar Mills Limited strives to fulfill its commitments to the society. Our strategic business vision, sound business principles are aimed at quality production with maximum operating efficiency that eventually contribute towards national economy and social well-being of all the stakeholders. Pride in our heritage and a strong sense of community is reinforced by proactive planning and enhanced by effective management.



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
Muhammad 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 Sarfaraz 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.

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) 34322864

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



FARAN SUGAR MILLS LTD.

Focusing on TRAINING

we motivate and train our workforce





Company Profile

Faran Sugar Mills Limited is an agri-based company, engaged in the business of manufacturing and selling of refined sugar. The company is a part of **Amin Bawany Group** which is a leading business group having interest in diversified businesses such as Sugar, Insurance, Modaraba, Particle Board, Ethanol production, Trading, Power, Digital Marketing, Food and other important business sectors of Pakistan.

Having a legacy of diversified experience in industrial sector, FARAN SUGAR MILLS LIMITED, commenced its operation in 1981 with an aim to be one of the best sugar mills in the industry.

The mill is located at Shaikh Bhirkio District Tando M. Khan which is considered as a suitable sugarcane growing area. The plant commenced commercial production in 1983 with installed cane crushing capacity of 2,000 TCD which, after successive capacity enhancements, has now been reached above 10,500 TCD.

Al-Hamdulillah, Faran Sugar is ranked amongst top sugar mills operating in the province of Sindh in terms of production. The diversified portfolio of our customers includes the manufacture of cereals, confectionary, syrups, drinks, ice creams, biscuits, and so on. Having one of the most efficient sugarcane processing facilities, We strive to take market leading position through anticipating all the important factors that affect our business verticals. We are committed towards achieving the highest standards of quality and environmental care.

SANHA Halal Associates Pakistan Pvt Limited has renewed '**HALAL CERTIFICATION**'. Halal certification is a process which ensures the features and quality of the products according to the rules established by the Islamic Council and signifies that our product is allowed to be consumed or used by humans according to Shariah / Islamic Law. The SANHA certificate thus serves as an authoritative testimony to the Halal suitability of a product.

VIS-Credit Rating Company Limited has maintained 'A- / A-2' (A minus / A – Two) The long term rating of 'A –' signifies good credit quality with adequate protection factors. Risk factors are considered variable if changes occur in the economy. Short term rating of 'A-2' depicts good certainty of timely payment. Liquidity factors and company fundamentals are sound with good access to capital markets, risk factors are small and outlook on the assigned rating is 'Stable'.



FARAN SUGAR MILLS LTD.

We are proud to say
that FSML is a **RIBA
/ INTEREST FREE
CORPORATE ENTITY.**

The company has made long-term investment in distillery unit namely, Unicol Limited which was formed in accordance with the terms of a Joint Venture agreement amongst the three leading sugar mills of Sindh. It is one of Pakistan largest ENA Ethanol producer and leading food grade CO₂ supplier. It was ranked amongst the top 100 exporters of Pakistan for the year 2018. It has designed production capacity of 200,000 liters or 160 M. Tons of Ethanol from sugarcane molasses per day. Presently 100% of its Ethanol is being exported, majority of which is destined for Europe, Middle East, Africa and Far East Markets. It also has invested in purification and liquification of CO₂ which is a by-product. Its plant has a capacity of 72 M. tons of CO₂ per day. Its certification endorse product quality and good manufacturing practices in line with its vision, these certification includes ISO-9001, ISO 14001, ISO-FSSC-22000, OHSAS-18001, GMP

Pakistan has a strong and increasing customer base and has a great potential for expansion in bakery and food industry. As part of a long term diversification strategy, FSML has invested in “UniFood Industries Limited” which is engaged in food business under Joint Venture arrangement with leading sugar mills. The project is located at Tehsil Hub District, Lasbella, Baluchistan and commenced commercial production in March 2018 of its signature brand “GOOD GOODIES”, with a wide range of Long cakes and Cupcakes.

Alhamdulillah, Faran Sugar is managing its working capital as well as long-term financing requirements through Shariah compliant financial modes. We are proud to say that FSML is a **RIBA / INTEREST FREE CORPORATE ENTITY.**

We continued our focus on rehabilitation/ modernization of our manufacturing facilities and equipment for long-term sustainability. We take guidance from renowned local and foreign technical consultants of various engineering fields to improve the overall efficiency of our plant with object to create sustainable future growth.



FARAN SUGAR MILLS LTD.

Focusing on RE ENERGIZING

Upgrade and enhanced our equipment





Core Values



INNOVATION

We believe in relentless commitment to continuous improvement and encourage ideas from all stakeholders. For this, we define quality, as understanding the customers' expectation.



LEADERSHIP

Managerial and professional competence is vital for our success, therefore we value leadership qualities coupled with drive to challenge the status quo.



EXCELLENCE

We are committed to excellence in all spheres of performance and have firm belief that our core values emerges from satisfying our customers' needs of quality management.



ETHICS & INTEGRITY

We constantly strive to establish and maintain highest professional and ethical standards and strongly believe that honesty, ethical behavior and integrity are the land mark of our success. Choosing the course of the highest integrity has always been our intent.



EMPLOYEES' GROWTH & DEVELOPMENT

Our philosophy is to create a congenial working environment where dignity and value of the personnel is considered as top responsibility. We focus on encouraging and empowering employees to contribute to the company's success.



PROFITABILITY

We have developed an attitude to successfully discharge our responsibilities to maximize returns to our stakeholders by constantly meeting their expectations.



TEAMWORK

High performance teams can accomplish what individuals cannot. Therefore, we strive to develop a team of professionals having relevant specialization in respective domain.

Code of Conduct

“Our focus on finding every opportunity which reduces cost while improving operations based on ethical conduct remains crucial to our continued success”.

Company’s code of conduct set out the minimum standards expected from the entire team. By this, we are able to maintain excellent eminence amongst all of business partners in a professional manner. We have a firm conviction that employees have an obligation to themselves and to the company to raise any matter of business conduct or ethics that cause concern. No one is allowed to commit an illegal or unethical act.

It is the company’s policy to conduct its operations in accordance with the highest business ethical considerations to comply with all statutory regulations and to confirm to the best-accepted standards of good corporate citizenship. The policy applies to all directors and employees of the company regardless of function grade or standing.

In general, we treat our personnel as company’s ambassadors to all our stakeholders therefore expected to promote the company’s best interest maintaining integrity and confidentiality in all dealings.

Business ethics help protect both the employees and the company from unfounded indictment of pretext or deception and fraud. Further ensures, any fraud that has or might have taken place, must be properly investigated and dealt with in a timely manner.

The company’s activities and operations are carried out in strict compliance of all applicable laws and highest ethical standards. While dealing with stakeholders, the company is strictly prohibited to be engaged, directly or indirectly, in any malpractices.

Corporate funds and assets will be utilized solely for the company’s objectives in a lawful manner.

We will support a precautionary approach to environmental challenges and within the company’s sphere of influence, undertake initiatives to promote greater environmental safety and encourage the development and diffusion of environmental friendly technology.

Employees are expected to safeguard confidential information and must not without authority; disclose such information about company activities to any outside source that are not entitled to such information.

Any dealings between staff and outside organization in which they have a direct, indirect, or family connection must be fully disclosed to the management.

We will not discriminate against any employee for any reason such as race, religion, political conviction, or gender, and will treat everyone with full dignity and with respect for their private lives.

Any violation of this conduct shall be promptly reported to the management by any employee having knowledge thereof.

Corporate Strategy

Our unique corporate strategy gets aligned with the resource allocation system and flow down to the operational levels, thus ensuring its implementation at all levels along with the achievement of the intended results.

Financial

To reduce cost and time over runs which results in improved financial result. To maximize profits by investing surplus funds in profitable avenues. To make investment decisions by ranking projects on the basis of best economic indicators. Growth and superior return to all stake holders.

Learning and Growth

Motivate and train our workforce, revitalize our equipment base and attain full autonomy in financial and decision making matters. To enhance the technical and commercial skills through modern HR management practices. Continuously develop technical and managerial skills at all levels and stay abreast of latest technologies and high performing human resources.

Customer

Improve the quality of our product to make delightful customers & to be perceived as a Reliable and Efficient company. To provide most reliable supplies to the customers through cost effective means.

Internal Process

To set up task forces with representation from all relevant departments to improve internal business decision making and strategic planning. Availability of updated information to the shareholders and customers. To use most effective business practices and formulation to the shareholders and customers. To use most effective business practices and formulation to the shareholders and customers. To use most effective business practices and formulate a framework of synergic organization with the change in culture.





Major Milestones

1981

Incorporation of the company

1984

Listed on Karachi & Lahore stock exchanges

1990

Crushing capacity further increased to 3,700 TCD

2004

De-Bottle Necking at Mill I & II to increase capacity to 7,500 TCD.

Investment in Unicol Limited, a distillery unit established as Joint venture with two other sugar millers

Commencement of commercial production at Mill 1 with 2,000 TCD

Crushing capacity enhanced to 2,700 TCD

Second line started and capacity enhanced to 6,500 TCD

1983

1988

1994

2008

Successfully
Deployed Enterprise
Resource (ERP).

2015

Record-breaking recovery
rate 11.137%
Highest dividend
announced Rs. 6.75 /
share

2017

Achieved Highest Crushing of
993,309 M.Ton
Highest ever production of
106,318 M. Tons

2019

Assigned 'A- / A-2' (A
minus / A – Two) Credit
Rating by JCR. Awarded
HALAL Certificate by
SANHA Halal Associates
Pakistan Pvt Limited

Completed Modernization
and Expansion of plant
initiated in 2011 which
enhanced crushing
capacity to 9,000 TCD.

2012

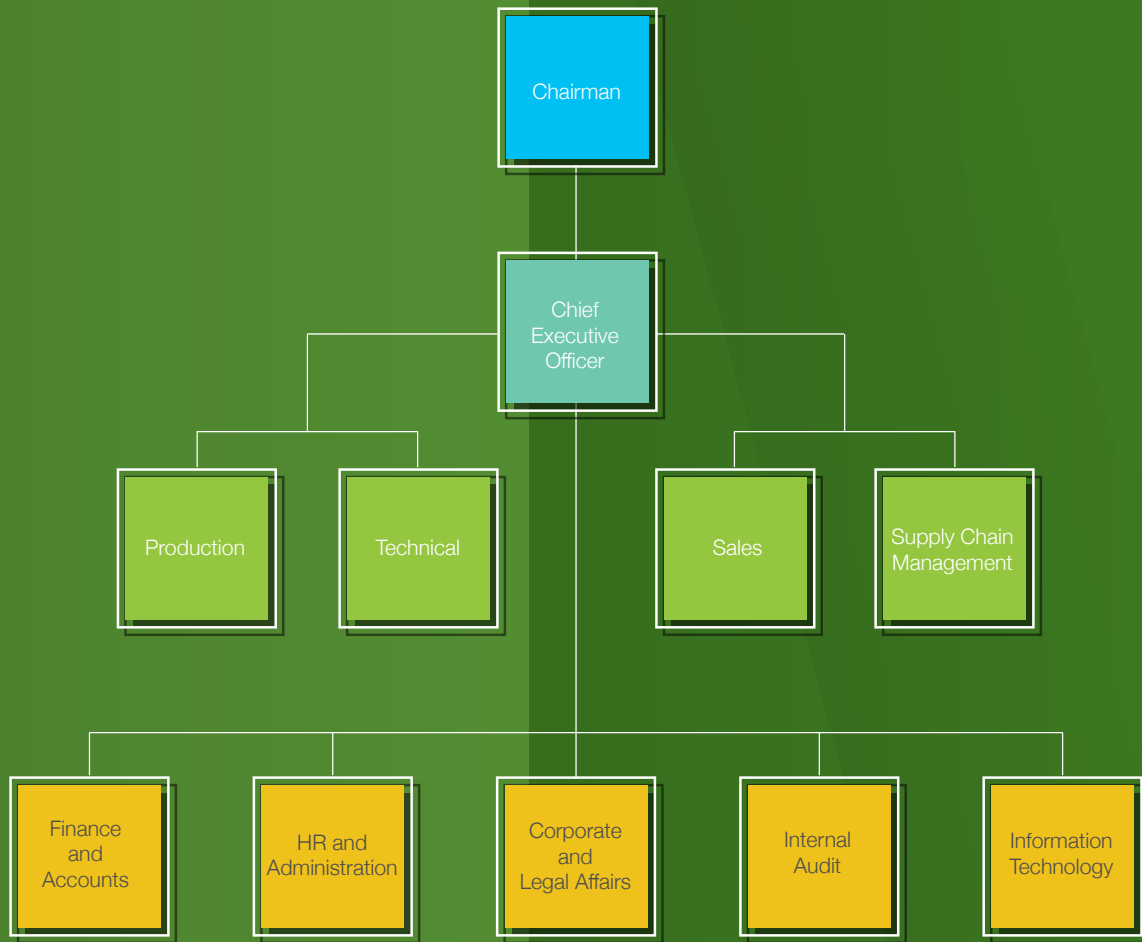
Highest ever Turnover of
Rs. 6.9 Billion
Highest ever Profitability
of Rs. 482.6 Million
Highest ever EPS of Rs.
19.30 per share

2016

Achived Highest Export
Sale of Sugar
89,761 M.Tons

2018

Management Structure



Key Management Positions

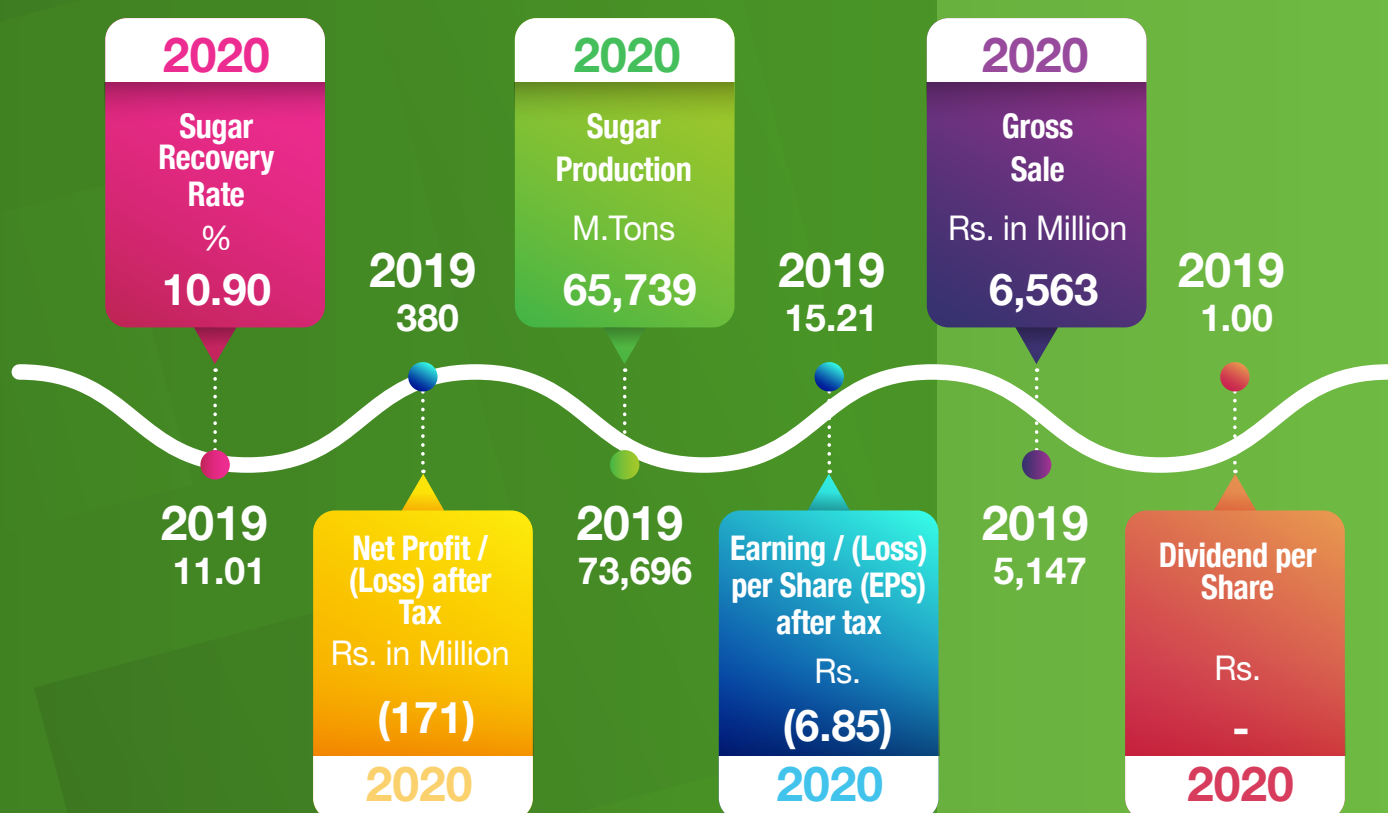
Director Operations
Altaf Waheed

Resident Director
Riaz Jawed Suleri

Chief Operating Officer
Khalid Hayat Khan

CFO & Company
Secretary
Muhammad Ayub

Critical Performance Indicators



Board of Directors



Muhammad Omar Amin Bawany
Chairman

Mr. Muhammad Omar Bawany acquired his education from Karachi American School and then went to American College of Switzerland and obtained Associate Degree. Under his wise management, Annoor Textile Mills operated successfully. He is on the Board of Director of Faran Sugar Limited since 1984 and currently he is the Chairman of Faran Sugar Mills and Faran Power Ltd. He is also the Chief Executive of B.F Modaraba managed by E.A Management and is on the Boards of Reliance Insurance Company, Unicol Limited and Uni-Food Industries Ltd.

Ahmed Ali Bawany
Chief Executive

Mr. Ahmed Ali Bawany is on the Board of Directors of the Faran Sugar Mills since 1995. He got his schooling from CAS, Karachi. For pursuing further education, he went to USA and got degree in business entrepreneurship from University of Southern California. Currently, he is the Chief Executive of Faran Sugar Mills Ltd and Faran Power Ltd. He has also served as Chairman of Pakistan Sugar Mills Association-Sindh Zone in the year 2014. Besides Faran Sugar, he is actively involved in Unicol Ltd in the capacity of director, which is a Joint Venture engaged in the production and marketing of Ethanol and food grade CO₂. He is also on the Board of Reliance Insurance Company, UniEnergy and is the Chairman of B.F Modaraba and Uni-Food Industries Ltd.





Hamza Omar Bawany
Director

Mr. Hamza Omar Bawany is the Founding CEO of UniFood Industries Ltd. which was established in 2017. As CEO, he played a pivotal role in starting the food business and launching the brand Good Goodies. Mr. Hamza has a diverse working experience in various fields such as Manufacturing, FMCG and Islamic Banking. For over 10 years he has served as Chief Operating Officer of Sind Particle Board Mills Ltd. He acquired his BBA and MBA degree in Marketing and Finance from IBA, Karachi in 2002 and was awarded Certificate of Director Education by Pakistan Institute of Corporate Governance in 2017. He has also served as Director on Boards of Reliance Insurance Company Ltd and B.F. Modaraba.

Bilal Omar Bawany
Director

Mr. Bilal Bawany completed his primary schooling from CAS school and did his A' levels from Karachi Grammar School. He then went on to pursue Bachelors in Electrical Engineering from the American University of Sharjah, graduating with honors, and an MBA from IBA. He has worked with leading companies in Abu Dhabi, Scotland and Pakistan including Baker Hughes and Avanceon. He joined Faran Sugar Mills in 2010 and brought with him a rich technical experience which helped Faran Sugar in reaching new levels of efficiency, optimization and expansion. He joined Board of Directors of Faran Sugar Mills in 2015 and is also an active Board member of UniEnergy, which is a Joint Venture for Wind Power Generation.



Board of Directors



Mr. Mohammed Altamash Bawany
Director

Mr. Mohammed Altamash Bawany has joined the Board of Directors in 2016. He holds a Bachelor's of Science degree in Mechanical Engineering from the American University in Dubai and The Georgia Institute of Technology in the United States. While having worked for the KS&EW under the Ministry of Defense in Pakistan, he has gained extensive hands-on experience in mechanical design and manufacturing. Furthermore, he has worked on multiple large-scale projects with a focus on new technologies and disruptive innovation in the U.A.E. As the Business Development Manager and founding member at one of the most promising technology startups in Middle East, he has further polished his skills in strategic consulting, and business development techniques and tactics.

Mr. Irfan Zakaria Bawany
Director

Mr. Irfan Zakaria Bawany has been serving the board since March 2013. He was re-elected as independent non-executive director in March 2019 for tenure of three years. He is also a non-executive director of Reliance Insurance Company Limited since 1991. He is CEO of Anam Fabrics (Pvt.) Limited. He has served on the Board of Pioneer Cables Limited from 1983 to 1991. He has diversified experience in electrical Cable Manufacturing and textile made up business. After receiving a B.B.A (Accounting) from the University of Houston, USA, he was certified as a Fellow Member of the Texas Society of Certified Public Accountants. He is a certified director from Pakistan Institute of Corporate Governance (P.I.C.G).





Mr. Ahmad Ghulam Hussain
Director

Mr. Ahmad Ghulam Hussain: is currently the CEO of Agro Processors and Atmospheric Gases Pvt Ltd. (APAG) since 1990 after completing his Bachelors of Economics and MPA from the University of Southern California (USA). He has worked under the Mayor of Los Angeles in the City Economic Development Office. After joining APAG, he immediately and enthusiastically became involved in the inception and launch of Soya Supreme (a household name in Pakistan), successfully launching the brand in 1991. He headed the Sales and Marketing Dept. and has been responsible for professionalizing the department and setting up a complete network of distribution. Under his leadership, the company has also started manufacturing and marketing sauces like mayonnaise and ketchup under the brand name of SMART. He is also a Director of APAG Oil Pvt. limited.

Mr. Ahmad Ghulam Hussain is currently a voluntary active member and has been the former President of Rotary Club Sunset Millennium, Karachi & former Assistant Governor of Rotary District and hence, headed the various community uplifting projects of the club. He has also worked voluntarily as Director, Aga Khan Education Services Pakistan for six years and he also remained Director of Focus Humanitarian Assistance for 4 years.

Mr. Sheikh Asim Rafiq
Director

Mr. Sheikh Asim Rafiq is NIT's Head of Internal Audit and is responsible for the internal audit of all central functions as well as the twenty three branches of the company spread all over Pakistan. Mr. Rafiq also represents NIT as Nominee Director on the Boards of various listed companies. Prior to joining NIT in 2009 as Head of Internal Audit, he worked for Arif Habib Investments Management Limited as Senior Vice President- Head of Funds Accounting & Operations. He qualified as Chartered Accountant from the Institute of Chartered Accountants of Pakistan in 2004 with training from A.F. Ferguson & Co. (a member firm of PWC network).



Geographical Presence



Group Structure



Sugar Industry Overview

KEY ATTRIBUTES

DYNAMICS OF SUGAR INDUSTRY 2019-20

World Sugar Production
166 million tons:

Number of Mills: 90
Operated: 79

Province	Mills	Operated
Punjab	46	41
Sindh	38	32
KPK	6	6

Listed Sugar
Companies:
23

Sugar Cane Area
(In Hectares Avg.):
1,060,000

Sugar Cane Production:
67.769 million tons

Sugar Cane
Crushing:
48.717 million tons

Sugar Production:
4.819 million tons

Sugar Consumption:
5.6 million tons

Currently, about 110 countries produce sugar from either sugar cane or beet, and eight countries produce sugar from both cane and beet. Sugarcane, on average, accounts for nearly 80% of global sugar production. The remaining 20% comes from sugar beets, which are grown mostly in the temperate zones of the Northern Hemisphere. Beet sugar is primarily produced in northern Europe, including northern France, Belgium, the Netherlands, Germany, and Poland.

The world's largest sugar producer by far is Brazil followed by India. In 2019-20, World Sugar's production was amounted around 166 million tons. Brazil was the largest sugar-producing country in the world, yielding approximately 30 million metric tons of sugar followed by India which produced around 28.9 million metric tons according to the USDA – Sugar: World Markets

Pakistan is the 8th largest country in the world in terms of sugar production and world's 5th largest producer of sugarcane. Sugarcane is the primary raw material for the production of sugar. Among the provinces, Punjab accounts for around 65 percent of sugarcane area, Sindh around 25 percent, and Khyber Pakhtunkhwa around 10 percent.

The sugar industry in Pakistan is the 2nd largest agro based industry comprising 90 sugar mills with annual crushing capacity of over 65-70 million tones. Sugarcane farming and sugar manufacturing contribute significantly to the national exchequer in the form of various taxes and levies. Sugar manufacturing and its by-products have contributed significantly towards the foreign exchange resources through export/import substitution.

Pakistan has experienced surplus production in the past years in comparison to its domestic's consumption. But since last year, sugarcane area and production are on a decreasing trend due to multiple factors. Sugar production of the country for the season 2019-20 was also reported to down by 7% to 4.8% million metric tons from 5.26 million metric tons produced in the previous season

2018-19 as per provisional data of Pakistan Sugar Mills Association (PSMA). As per provisional data of PSMA, the mills operating in the Sindh zone crushed 14.28 million metric tons of sugar cane against 15.930 million metric tons in the previous season 2018-19, down by 10% and produced 1.459 million metric tons of sugar with average recovery of 9.89% against 1.719 million metric tons produced with average recovery 10.47% in the previous season 2018-19.

The country exported a huge quantity in previous seasons due to surplus production earned precious foreign exchange for the country. But the government had to import sugar in last quarter of 2020 due to shortage of sugar and decided to import another 0.5 million tons of sugar in the ongoing season 2020-21 to overcome the shortage of refined sugar.

Sugarcane Area and Production by Province:

Province	Area ('000' Hectares)			Production ('000' Tons)		
	2017-2018	2018-2019	2019-2020	2017-2018	2018-2019	2019-2020
Punjab	860	735	N/A	55,070	43,896	44,130
Sindh	332	334	N/A	20,610	17,670	18,010
KPK	148	111	N/A	7,610	5,394	5,624
Baluchistan	-	-	N/A	-	-	-
Total	1,340	1,180	1,060	83,290	66,960	67,769

N/A - Not Available

Sources: MNFSR & Pakistan Sugar Mills Association (PSMA)

Cane Crushing, Production and Recovery & Molasses Production in Pakistan:

Period	Sugar			Molasses
	Cane Crushing	Production	Recovery	Production
	M.T	M.T	%	M.T
2019-20	48,717,544	4,819,793	9.89	2,191,920
2018-19	49,768,113	5,210,744	10.47	2,239,565
2017-18	65,615,550	6,576,534	10.16	2,954,622
2016-17	70,989,948	7,005,678	9.87	3,077,962
2015-16	50,042,249	5,082,110	10.16	2,246,540
2014-15	50,795,218	5,139,566	10.12	2,247,137
2013-14	56,460,524	5,587,568	9.90	2,524,202

Source: Pakistan Sugar Mills Association (PSMA)

Sugar Cane Indicative Price per 40 kg in comparison with Season's Avg. Retail Price per kg:

Period	Sugar price (Rs.)			Season Avg. retail/kg (Rs.)
	Sindh	Punjab	KPK	
2020-2021	202	200	200	N/A
2019-2020	192	190	190	N/A
2018-2019	182	180	180	58.80
2017-2018	182	180	180	53.57
2016-2017	182	180	180	61.43
2015-2016	172	180	180	63.76

Source: Pakistan Bureau of Statistics (PBS), Government of Pakistan / PSMA

N/A - Not Available

Sugar Industry Overview

Production Share of Top Players

S.No.	Sugar Mill	Region	Production in 2020 (M.T.)	Ranking	Production in 2019 (M.T.)	Ranking
1	JDW	Punjab & Sindh	548,220	1	640,278	1
2	Tandlianwala	Punjab	265,420	2	255,375	2
3	Hamza	Punjab	189,479	3	231,006	3
4	Etihad	Punjab	185,211	4	183,332	4
5	Sheikoo	Punjab	153,620	5	146,505	8
6	Chasma	KPK	151,013	6	166,252	5
7	R.Y.K	Punjab	149,200	7	155,186	6
8	A.K.T	Sindh	147,575	8	-	-
9	Deharki	Sindh	122,831	9	147,213	7
10	Layyah	Punjab	113,693	10	130,627	10
11	Two Star	Punjab	102,492	-	131,553	9

Source: Pakistan Sugar Mills Association (PSMA)

10 Largest Sugar Producers & Consumers in the World based on 2017-18

S.No.	10 Largest Sugar Producers		10 Largest Sugar Consumers	
	Name	Production (in Million M.T)	Name	Consumption (in Million M.T)
1	Brazil	29.925	India	27.000
2	India	28.900	European Union	18.300
3	European Union	17.003	China	15.400
4	China	10.400	USA	11.100
5	Thailand	8.294	Brazil	10.650
6	USA	7.393	Indonesia	7.356
7	Russian Federation	7.800	Russian Federation	6.100
8	Mexico	5.596	Pakistan	5.600
9	Pakistan	5.260	Mexico	4.349
10	Australia	4.285	Egypt	3.250

Source: Pakistan Sugar Mills Association (PSMA)

Sugar Industry – Outlook for Season 2020-21

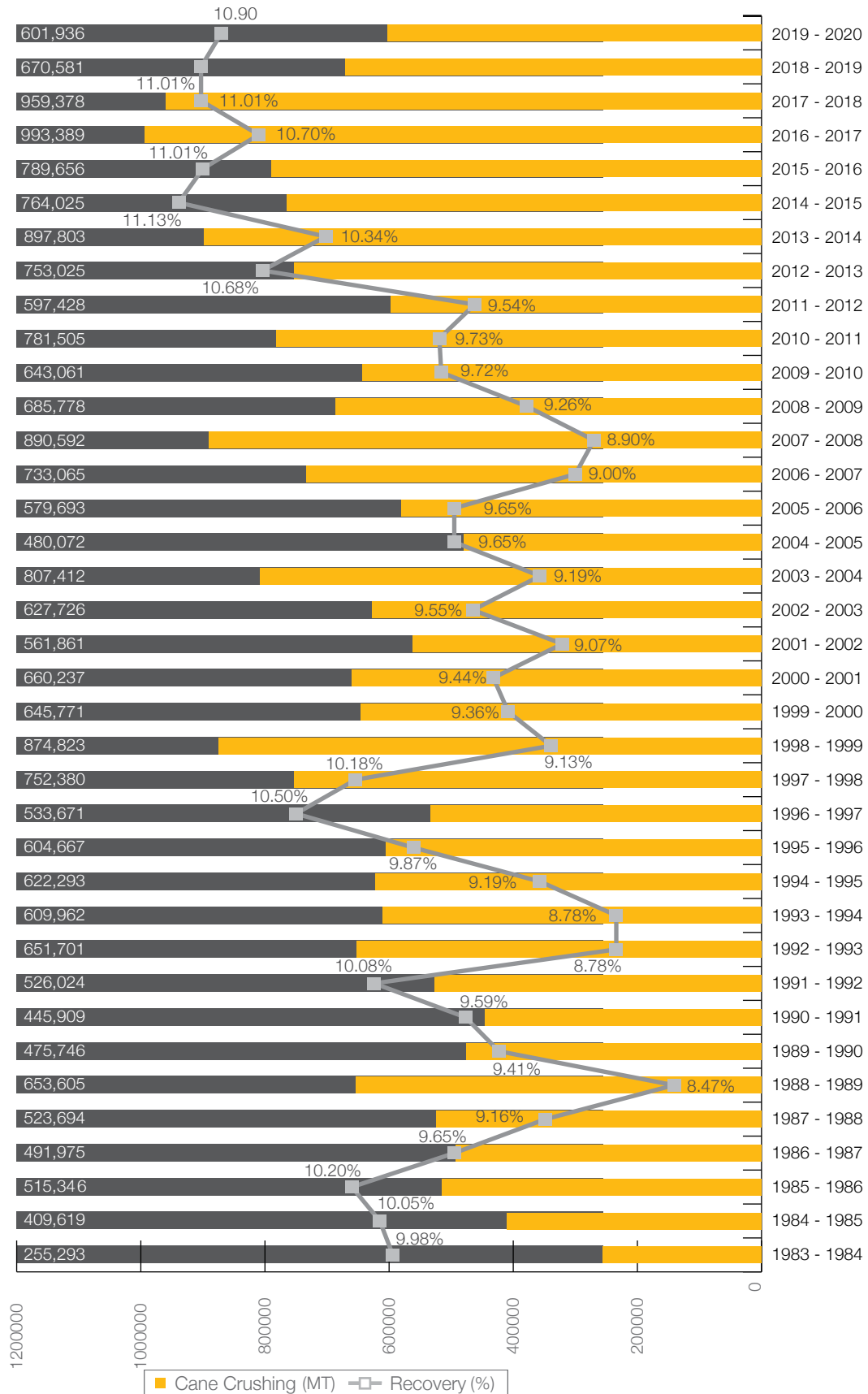
- Global Sugar Production for Marketing Year (MY) 2020/21 is estimated up 16 million metric tons raw value (tons) to 182 million; Higher in United States, India, and Brazil Up 10 to 40 Percent
- World largest sugar producer Brazil's is expected to increase by over 40% to more than 42 million tons and India, 2nd largest producer in the world, is forecast to rebound 17 percent to 33.8 million tons on higher yields and area.
- Sugar production in the EU and Thailand is projected to decline.
- Global sugar consumption is forecast to increase in the 2020/21 season by 6.2 metric tons to approximately 177 MMT compared to the 2019/20 season

- Pakistan's Marketing Year (MY) 2020/21 sugar production is forecast at 5.9 million metric tons (MMT), a six percent increase from the current year's revised estimate due to an expected increase in sugarcane area. But local estimation is around between 5 to 5.2 million tons

SUPPLY CHAIN



Cane Crushing History



Engaging with our Growers

Pakistan is ranked 5th in the world on the basis of the overall area under cultivation but in terms of sugar production we are at 9th position. Our team of experienced professionals remain in contact with the farmers throughout the year. We continued to promote 3L (Land Laser leveling) and leveled around 11,743 acres and 54,082 acres land laser leveled during the project period of 5 years (2015-16 to 2019-20). Besides higher crop productivity, 3L provides further benefits like better distribution and saving of precious water, improve efficiencies in nutrient uses and precision farming. Our Solar Energy tube well program is running successfully and we have already installed 121 solar tube wells up to season 2019-20 as compared to 64 tube wells in 2017-18. Besides above, 27 new Promising lines of different Sugar Cane Institutes are under trials.

Resultantly average yield per acre increased to 945 Mds per acre at our FSML Farm and 690 Mds per Acre in overall Zone Area of around 25000 acres. We also enhanced our Biological control program and applied 0.713 million Bio Cards in cane fields. Trainings program continued for farmers & field Staff with the co-ordination of Government, agricultural research institutes and agro based private companies as we conducted more than 69 coordinated village meetings on different topics. 21 field demonstrations plots with introduction of mechanized sugarcane planter, ring pit planting methods at different locations with excellent results.



Delivering Value Through Research and Development

We have been providing RD & E services to our farmers since last 17 years. Our goal is to develop sustainable Sugarcane quality crop production in operational area of Faran Sugar Mill Ltd. We along with our farmers are working Co-Operatively to build a comprehensive Research Development & Extension (RD&E) long term relation, having numerous benefits for both.



Biological Control Activities

Biological control based sugarcane Integrated Pest Management (IPM) Program in collaboration with the internationally acclaimed scientist, Dr. A.I Mohiuddin and his team of agricultural technologists was implemented at Faran Sugar Mills Limited's cane procurement area. We have been the pioneer organization that patronized this environment-friendly technology in the sugar industry. Because of uninterrupted operation of the biological based Sugarcane IPM Program since 1989, FSML has been protected from any catastrophe such as sudden fare-up of the insect pests.

Our decade old facility of Biological Control Laboratory assists in fighting all sorts of crop deceases organically by actively monitoring, careful targeting of pesticides and herbicides, avoiding 'blanket' treatments and reducing environmental loading. Because of regular field monitoring and pest scouting, almost all the imminent threat of pests' fare-up were timely handled by the biological lab system with appropriate action. In addition to this, among several other factors responsible for increasing or at least sustaining the sugar recovery, biological control program has also been an important contributor.

Cane Research Development and Extension Program (RD & EP)

Over the past several years, our cane team of experienced professionals remain in contact with farmers and work on sustainable sugarcane production and identify the Gaps in Agronomical practices. Our extensive Cane Development program covered these below mentioned points

- Sustainable sugarcane quality production-
- Multiplication of high yielding / high sucrose and drought resistant varieties-
- High Efficiency Irrigation System (HEIS)
- Introduction of 3L Technology-Latest Agro Farm Machinery
- Inter cropping technology
- Integrated pest management program (IPM) and
- Mechanized Cultivation of sugarcane.

The main objective of Cane Development is to facilitate the cane growers in adoption of Latest Crop Production Technology (LCPT), efficient use of available resources to overcome the prevailing challenges and increasing the production per unit area which ultimately will boost up growers economy.

Introduction of Sugarcane Trash Mulching

Every hectare of sugarcane harvested leaves behind about 10 tons of dried leaves of sugarcane. Our R & D introduced Trash Mulching machines. Trash mulching plays an important role in reducing borers infestation and is a good source of organic matter which is helpful for soil health and improve soil fertility.



Our Employees

“We are committed to create a culture, comprising of best working environment, remuneration, incentives and opportunities for personal growth, which induces highly qualified professionals to be retained and associated with the company for a significant period”.

Employees are the lifeblood of our organization, and ensuring their job satisfaction leads to increased productivity and profits. When staff members are happy, they tend to have a positive attitude, a better ability to focus, are more apt to collaborate with others and have greater interest in their work.

At Faran, we plan, develop and implement strategies aimed at increasing the level of employee engagement across our business and build a better internal communication system.

We firmly believe in equality of opportunity for all regardless of gender, age, race, physical ability, religion and political conviction as laid down in company's code of conduct and Ethics. The company seriously takes its obligation to the disabled and seeks not to discriminate against current or prospective employees because of any disability.

We encourage our employees to get education through our Education Assistance Scheme. This scheme provides financial assistance towards the costs of education and aimed at providing self-development and improved qualifications that benefit the employee and our business.

We arrange appropriate training programs and also send our executives / staff members to different workshops / trainings programs relating to their roles in the Company

Quality management system (QMS) training for the concerned was arranged during the year which defined a formalized system to documents processes, procedures, and responsibilities for achieving quality policies, objectives and improving processes.

FSM enjoys the Blessing to send employees for Hajj annually since its inception. Five employees were sent to perform Hajj during the year.



Our Health, Safety and Environment

“The company conducts its business with the highest concern for the health and safety of its employees, contractors, customers, neighbors and the general public, and for the environment in which it operates”.

Health and Safety of our employees has been the hallmark of Faran Sugar Mills Ltd. The company ensures that employees and where applicable contractors, are aware of potential hazards and of the company's requirements for health, safety and environmental friendly working practices. Safety drills are carried out regularly to ensure that the state of preparedness and emergency response time remain within established limits.

FSML recognizes that safe operations depend not only on technically sound plant and equipment but also on competent people and an active HSE strategy. We firmly believe that all our operational activities must adhere to our safety policies.

Our Health and Safety Department focuses on ensuring that the needs of the injured person are met at all costs in conjunction with the medical practitioners and sound rehabilitation procedures.

The company has well defined health and safety policies and seeks to identify and eliminate occupational health hazards, and is committed to providing a safe workplace for all its employees and strives for zero injuries.

Policies are regularly reviewed to ensure that the standards set are linked to industry's best practices. Health and safety training is provided to employees to ensure that they perform their work in accordance to the laid down policies. In this respect, in-house training sessions for free safety, first aid, defensive driving and occupational health and safety are carried out routinely.

In House safety and fire drill trainings were conducted in-house during the year that enables the management to ensure a safe and healthy work environment. It also helps the employees to recognize safety hazards and correct them. FSML also arrange a fire drill for practicing how a building would be evacuated in the event of a fire or other emergencies.



SWOT Analysis

SWOT Analysis is a strategic planning tool used to evaluate the Strengths, Weaknesses, Opportunities and Threats, involved in a project or in a business venture. It involves specifying the objectives of the business venture or project and identifying the internal and external factors that are favourable and unfavourable to achieve that objectives.



STRENGTH

- In house power generation
- Basic essential food
- No homogeneous commodity
- Ample human resource deployment sector



WEAKNESSES

- High volatility in sugar-cane price and refine sugar
- Minimum support price for sugar cane and no minimum selling price for refine sugar
- No comprehensive policy for sugar industry and an ad-hoc policy is changed from time to time without thorough study



OPPORTUNITIES

- Growth in consumption to drive the demand for sugar
- Value addition in by-product to earn additional income
- Alternative power generation at cheap rate
- Improvement in sugar yield (sucrose recovery) R&D resulting reduction in cost of production



THREATS

- Government regulations are key risks to the industry
- Government's attempt to control inflation by curbing sugar prices
- Diversion of cane area to alternative crops for better earning by growers
- Fall in the sugar price in both the international and domestic market
- Intervention by the State Bank of Pakistan by imposing certain conditions for short term borrowings (working capital loan)
- Relaxing government levies on import of refined sugar and absence of permanent policy of export of refined / raw sugar
- The unstable political and economic scenario of Pakistan
- Natural climates: sugar cane crop requires huge quantity of water and inadequate rain causes shortage of water resulting acute shortage of cane cultivation
- Sugarcane varieties are prone to diseases that hamper the crop yield

Risk Management

Faran sugar's business activities are subject to significant risk factors that could have a material impact on strategic, operational, financial performance and compliance. Hence Board has established a structured approach by adopting effective risk corrective actions to mitigate these risks to acceptable levels. Our senior management is involved in identification of risks, implementation of corrective measures and monitoring of controls. Following is the outline of some of the material risks being faced by our company:

Sugarcane Development

Given the huge competition for sugarcane following capacity expansion to above 10,000 TCD of the mills, FSML efforts in terms of cane development activities has a key bearing on cane availability.

Procurement Planning

Typically, FSML co-ordinate with about 1,700 to 1,800 growers/farmers for procurement of sugarcane. Since area allotted to factory is termed as in-zone around 50 miles radius, so as to ensure consistent supply of cane, it becomes very important to develop harmonious and good relations with these growers so that they do not switch to alternate cash crops to other millers.

Price Risk

Before start of season, Govt. issues notification of sugarcane rate. Factory offers this rate to growers, in case of bumper crop at notified rate and in case of shortage of cane; rate may go well above notified rate. The rates are fluctuated through out the season to procure more and more cane. If cane is short, millers offers special subsidies (price & transport) to procure more cane. This factor affects the cost of sugar.

Maintenance

Before start of the season every miller exerts efforts to minimize the stoppages due to technical grounds.

Recovery Risk

Sugar content extraction made possible by efficient milling and minimization of losses.

Given the huge competition for sugarcane following capacity expansion to above 10,000 TCD of the mills, FSML efforts in terms of cane development activities has a key bearing on cane availability.

Annual Events

2019-2020

Hajj Balloting

FSM enjoys the Blessing to send three employees for Hajj every year since its inception, 85 Employees have since been selected through an open balloting process. In the current year one additional employee will be sent for umrah.

Free Eye Camp for General Public

Arrangement of free Eye Camp at the Mill premises have been a regular event for the last 14 years. Elaborate arrangements are made at the premises and the camps are being attended by prominent Eye Surgeons equipped with Phaco Mulcification technology and all other relevant equipment and surgical instruments, Lenses, Spectacles, Medicines are also provided, in collaboration with Blind Association of Pakistan, which provide technical assistance. 11,793 Patients attended the camps and 1,476 Operations were conducted successfully. Follow up examinations are also conducted with provision of medicines to all and sundry.

Medical Care Facilitation

Medical care of FSM employees is a prominent feature amongst the facilities being provided to FSM employee's, salient features of the program envisages:

- i. Regular Medicine Medical Check-up.
- ii. Provision of Medicines, hospitalization and Ambulance Facilities.
- iii. Full fledged Dispensary Equipped with qualified Doctor and Dispensers, with all type of standardized Medicines available in addition to social security department coverage.
- iv. Hepatitis B, screening of all employees including their families and contractor labour, with 3 monthly vaccinations doze to non-defected persons.
- v. Hepatitis C, screening +ve cases treated with 6 months course.
- vi. Blood grouping and HIV / AIDs (secret screening) and treatment thereof.
- vii. Employee's children studying at FSM School are also provided all type of vaccination and medical examination.

Free Medical Camps

FSM is known in the vicinity, in providing free of charge medical care. Regular free medical camps are arranged with the specialist Doctors availability. Every year four medical camps are arranged in different area ranging from 2 kilometers to 25 kilometers, five thousand to five thousand five hundred patients are being provided specialist services, provision of standardized medicines. Mills Dispensary is open for general public on every Friday for medical consultation, with provision of free medicines.

Sports Activities

Engaging employees and their children in healthy activities have always been the preference of FSM Management. Establishment of officers and workers clubs, play grounds, provision of Sports goods, Snooker Table, Table Tennis Table, Badminton and volley Ball Nets. Proper Cricket and Football Grounds under elaborate arrangement of Pavilion, Cemented Pitch, Flood Lights are some of the main features.

Annual sport tournament of Cricket, Volley Ball, Badminton, Tug of War, Races are being arranged amongst both Officers and Workers Clubs. Prize Distribution Ceremonies are arranged after every Tournament during Off-Season.

Sports activities at FSM School are also arranged at a big grassy playground. Provision of sports grounds and annual sports day are some regular events at school.

Corporate Social Responsibility

“The benefits of a corporate social responsibility program are clear: higher productivity among employees, enhanced reputation in the marketplace, more robust communities and successful businesses contributing to the strength of the economy”.

At Faran Sugar, we have always been supportive in efforts to improve the literacy rate in the vicinity of our mills. We are successfully running a secondary school in Sheikh Bhirkio, where approximately 900 plus students are being prepared to be good citizens by gaining high standard of education.

To achieve one of the company's health and wellbeing objectives, we regularly organize medical camps at our mills in which highly experienced team of Doctors, Child specialist & physicians examine the poor patients and provide free of cost medicines to everyone. FSML has been arranging eye camp for the last 13 years and adequate arrangements are made at premises and the camps are being attended by prominent Eye Surgeons equipped with Phaco Mulcification technology and all other relevant equipment and surgical instruments, Lenses, Spectacles, Medicines are also provided, in collaboration with Blind Association of Pakistan, which provide technical assistance. 11,162 Patients attended the camps and 1,374 Operations were conducted successfully. Follow up examinations are also conducted with provision of medicines to all and sundry.

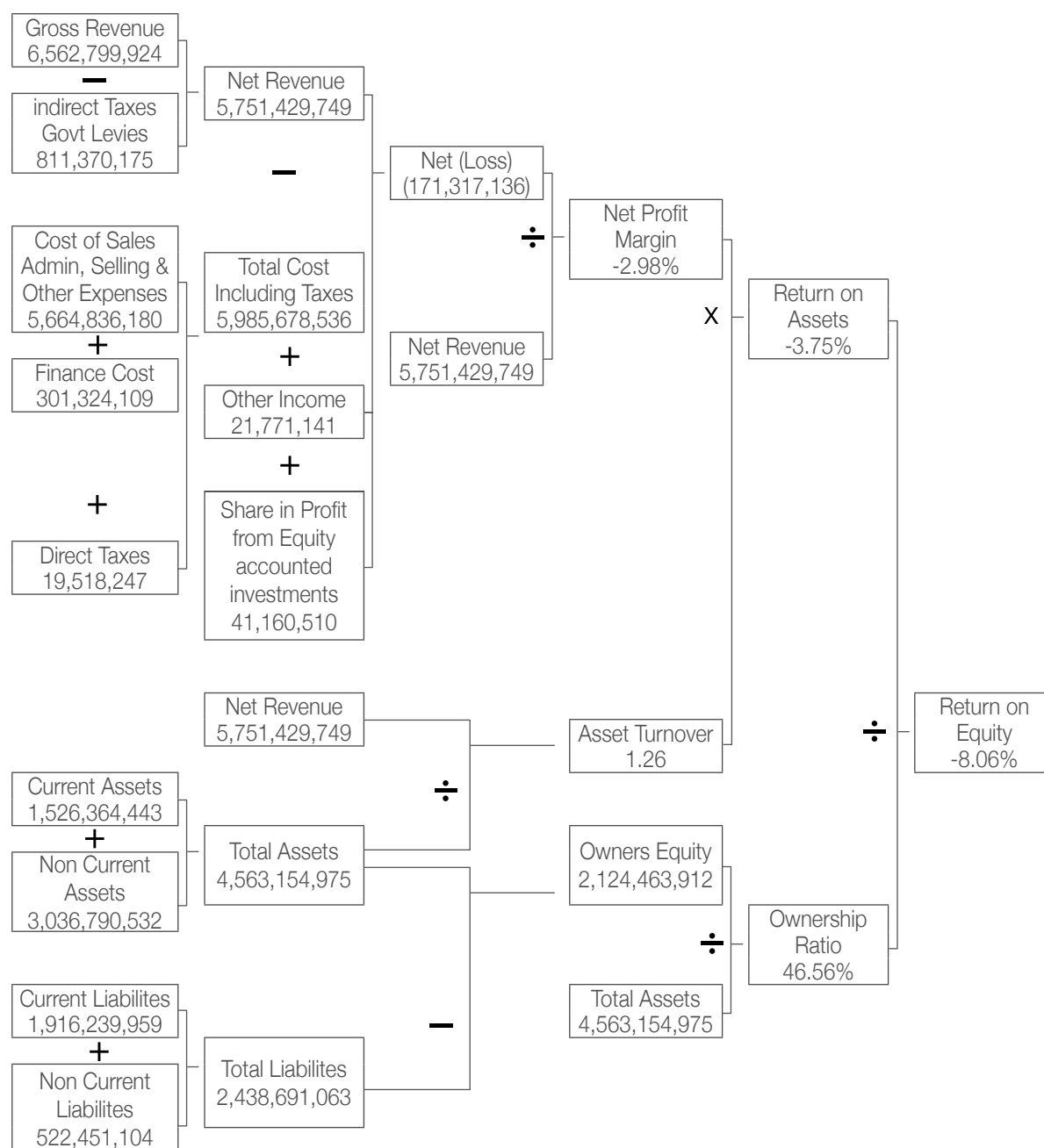
FSML is known in the vicinity, in providing free of charge medical care. Regular free medial camps are arranged with the specialist Doctors availability. Every year four medical camps are arranged in different area ranging from 2 kilometers to 25 kilometers, four to five thousand patients are being provided specialist services, provision of standardized medicines. Mills Dispensary is open for general public on every Friday for medical consultation, with provision of free medicines.

During the year FSML also arrange a Tree Plantation Campaign, where various type of trees were planted by employees on MILL Site and surrounding areas, which create clean and healthy environment.

Medical care of FSM employees is a prominent feature amongst the facilities being provided to FSML employee's, salient features of the program envisages:

1. Regular Medicine Medical Check-up.
2. Provision of Medicines, hospitalization and Ambulance Facilities.
3. Full-fledged Dispensary Equipped with qualified Doctor and Dispensers, with all type of standardized Medicines available in addition to social security department coverage.
4. Hepatitis B, screening of all employees including their families and contractor labor, with 3 monthly vaccinations doze to non-defected persons.
5. Hepatitis C, screening +ve cases treated with 6 months course.
6. Blood grouping and HIV / AIDs (secret screening) and treatment thereof.
7. Employee's children studying at FSM School are also provided all type of vaccination and medical examination.

DuPont Analysis



Statement of Value Added

by FSML during 2019 - 2020

	2020 Rupees		2019 Rupees
VALUE ADDED AS FOLLOWS			
Gross Sales	6,562,799,924		5,145,702,700
Other Income	21,771,141		557,874,840
Share of Profit in Associate	41,160,510		227,579,037
	6,625,731,575		5,931,156,577
Less : Total Expenses	5,183,559,964		4,086,713,685
Total Value Added	1,442,171,611		1,844,442,893
VALUE DISTRIBUTED AS FOLLOWS			
	Rupees	%	Rupees %
To Employees	372,532,399	26%	376,369,086 20%
To Government	835,354,480	58%	677,599,131 36%
To Shareholders (as Dividend)	-	0%	25,006,955 1%
To Financial Institutions	301,324,109	21%	310,379,413 17%
Retained in Business as			
Net Earnings	(171,317,135)	-12%	355,438,154 19%
Depreciation	104,277,759	7%	99,650,154 5%
	(67,039,376)	-5%	455,088,309 25%
Total Value Distributed	1,442,171,611	100%	1,844,442,893 100%

Investor Information - Six Year

		2015	2016	2017	2018	2019	2020
OPERATIONAL							
Cane Crushing	M.tons	764,025	789,657	993,389	959,378	670,581	601,936
Processing-Raw Sugar	M.tons	-	-	-	-	-	-
Sugar Production	M.tons	85,052	86,785	106,318	105,633	73,696	65,739
Molasses Production	M.tons	38,235	35,825	49,347	52,081	31,459	27,475
Sugar Recovery	%	11.13	11.00	10.70	11.01	11.005	10.90
Molasses Recovery	%	5.00	4.54	4.97	5.42	4.69	4.56
Average Crushing / Day	M.tons	6,822	7,593	7,198	6,662	7,535	5,733
Season Commenced	Date	8-Dec-14	24-Nov-15	14-Nov-16	28-Nov-17	13-Dec-18	25-Nov-19
Season Ended	Date	29-Mar-15	6-Mar-16	31-Mar-17	20-Apr-18	11-Mar-19	8-Mar-20
Duration of season (days)	Days	112	104	138	144	89	105
PROFIT & LOSS ACCOUNT							
Sales Revenue	Rs. In Million	3,084.63	7,028.13	4,758.79	6,447.84	5,145.70	6,562.80
Net Revenue	Rs. In Million	2,938.40	6,529.70	4,435.67	6,291.20	4,619.07	5,751.43
Gross Profit	Rs. In Million	323.24	687.32	(97.05)	548.21	282.98	268.54
Selling & Admin Exp.	Rs. In Million	113.15	134.72	155.06	347.71	198.12	175.65
Operating Profit	Rs. In Million	305.70	552.61	(252.78)	200.50	84.86	92.89
Profit before Tax	Rs. In Million	296.54	630.77	(178.61)	624.38	521.23	(151.80)
Profit after Tax	Rs. In Million	309.77	504.84	(184.05)	442.37	380.45	(171.32)
Earning before interest & Tax	Rs. In Million	401.19	668.86	(37.80)	780.45	831.61	149.53
BALANCE SHEET							
Share Capital	Rs. In Million	250.07	250.07	250.07	250.07	250.07	250.07
Reserves	Rs. In Million	1,295.38	1,654.26	1,345.25	1,787.43	2,070.06	1,874.39
Shareholders' Equity	Rs. In Million	1,545.45	1,904.33	1,595.32	2,037.38	2,320.13	2,124.46
Property Plant and Equipment	Rs. In Million	1,257.18	1,530.27	1,570.41	1,730.37	1,874.59	1,884.93
Working Capital	Rs. In Million	152.35	254.86	(433.90)	(171.54)	(192.65)	(389.88)
Long Term Loan	Rs. In Million	166.57	252.24	204.23	309.31	242.88	247.80
CASH FLOW ANALYSIS							
Net cash generated from operating activities	Rs. In Million	(102.27)	1,269.55	(2,063.79)	306.72	951.78	(163.93)
Net cash used in investing activities	Rs. In Million	(285.35)	(340.67)	(226.93)	(230.94)	(82.82)	76.43
Net cash generated from / (used in) financing activities	Rs. In Million	427.97	(544.91)	1,828.15	(33.19)	(497.25)	(147.86)
PROFITABILITY RATIOS							
Gross Profit Ratio	%	11.00	10.53	(2.19)	8.71	6.13	4.67
Net Profit / Ratio	%	10.54	7.73	(4.15)	7.03	8.24	(2.98)
Earning before Interest & Tax Margin	%	13.65	10.24	(0.85)	12.41	18.00	2.60
Operating Leverage Ratio	%	(93.90)	54.59	329.45	5,174.87	24.64	334.57
Return on Share Holder Equity	%	20.04	26.51	(11.54)	21.71	16.40	(8.06)
Return on Capital Employed	%	23.43	31.02	(2.10)	33.26	32.45	6.30
LIQUIDITY RATIOS							
Current Ratio	Times	1.06	1.19	0.86	0.94	0.93	0.80
Quick Ratio	Times	0.03	0.33	0.05	0.09	0.20	0.18
Cash to Current Liabilities	Times	0.02	0.33	0.02	0.03	0.15	0.08
Cash flow from Operations to Sales	Times	0.01	0.21	(0.42)	0.09	0.29	0.05
Activity / Turnover Ratios							
Inventory turnover ratio	Times	1.82	4.28	3.38	3.48	3.67	7.54
No. of days in inventory	Days	200.55	85.23	107.94	104.84	99.57	48.43
Debtors turnover ratio	Times	202.31	433.84	103.65	46.19	29.01	36.94
No of days in receivables	Days	1.80	0.84	3.52	7.90	12.58	9.88
Creditors turnover ratio	Times	7.03	11.40	9.83	9.31	4.51	8.14
No of days in payables	Days	51.95	32.02	37.13	39.18	81.01	44.86
Operating cycle	Days	150.40	54.05	74.33	73.55	31.14	13.45
Total Asset Turnover	Times	0.64	1.68	0.86	1.09	0.82	1.26
Fixed Asset Turnover	Times	2.34	4.27	2.82	3.64	2.46	3.05
INVESTMENT/ MARKET RATIOS							
Earning per Share After Tax	Rs.	12.39	20.19	(7.36)	17.69	15.21	(6.85)
Earning per Share Before Tax	Rs.	11.86	25.22	(7.14)	24.97	20.84	(6.07)
Market value per share (year end)	Rs.	80.00	144.00	79.07	75.00	36.5	50.00
Break-Up Value per Share	Rs.	61.80	76.15	63.79	81.47	92.78	84.95
Price earning ratio (P/E)	Times	6.46	7.13	(10.74)	4.24	2.40	(7.30)
Cash Dividend per share	Rs.	6.75	5.00	-	3.75	1.00	-
Stock Dividend per share	%	0%	0%	0%	0%	0%	0%
Dividend payout	%	54%	25%	0%	21%	7%	0%
Dividend yield	%	8%	0.03	0.06	0.05	0.03	-
Dividend cover	Times	1.84	4.04	(1.47)	4.72	15.21	-
CAPITAL STRUCTURE RATIOS							
Financial Leverage Ratio	Times	43.13%	13.25%	143.75%	1.10	0.76	0.77
Weighted average Cost of Debt	%	8.28	6.21	6.32	7.33	11.35	12.25
Debt to Equity Ratio	%	10.78%	13.25%	12.80%	15.18%	0.10	0.12
Interest Cover	Times	3.83	17.56	(0.27)	5.00	2.68	0.50

Horizontal & Vertical Analysis

Balance Sheet

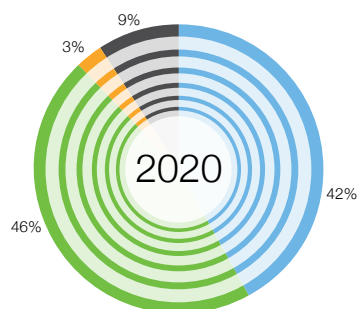
	2015	2016	2017	2018	2019	2020
Rs. In Thousands-----						
Assets						
Non Current Assets	1,918,536	2,305,885	2,541,306	2,921,648	3,169,107	3,036,791
Current Assets	2,676,338	1,592,115	2,612,328	2,852,011	2,467,791	1,526,364
Total	<u>4,594,874</u>	<u>3,898,000</u>	<u>5,153,634</u>	<u>5,773,659</u>	<u>5,636,898</u>	<u>4,563,155</u>
Equity and Liabilities						
Share Holder Equity	1,545,445	1,904,333	1,595,317	2,037,501	2,320,130	2,124,464
Non Current Liabilities	119,464	179,135	126,954	224,485	154,624	126,929
Deferred Liabilities	405,974	477,281	385,137	488,243	501,703	395,522
Current Liabilities	2,523,991	1,337,251	3,046,226	3,023,430	2,660,441	1,916,240
Total	<u>4,594,874</u>	<u>3,898,000</u>	<u>5,153,634</u>	<u>5,773,659</u>	<u>5,636,898</u>	<u>4,563,155</u>

VERTICAL ANALYSIS % of balance Sheet total

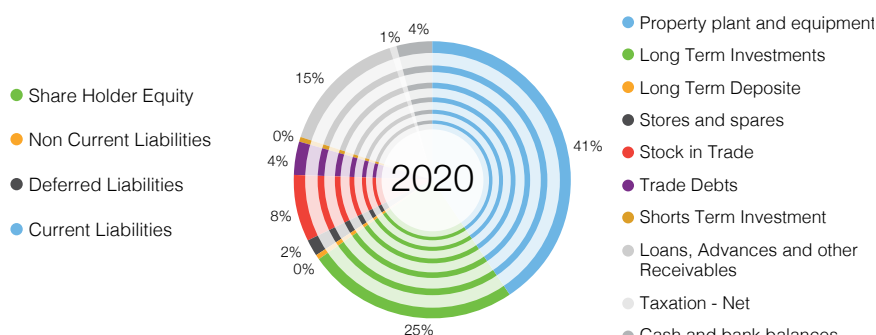
	2015	2016	2017	2018	2019	2020
Assets						
Non Current Assets	42%	59%	49%	51%	56%	67%
Current Assets	58%	41%	51%	49%	44%	33%
Total Assets	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
Equity and Liabilities						
Share Holder Equity	34%	49%	31%	35%	41%	46.56%
Non Current Liabilities	3%	5%	3%	4%	3%	2.78%
Deferred Liabilities	9%	12%	7%	9%	9%	8.67%
Current Liabilities	55%	34%	59%	52%	47%	41.99%
Total Equity and Liabilities	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

HORIZONTAL ANALYSIS Year on Year

	2015 over 2014	2016 over 2015	2017 over 2016	2018 over 2017	2019 over 2018	2020 over 2019
Assets						
Non Current Assets	20%	20%	10%	15%	8%	-4%
Current Assets	110%	-41%	64%	9%	-13%	-38%
Total Assets	<u>60%</u>	<u>-15%</u>	<u>32%</u>	<u>12%</u>	<u>-2%</u>	<u>-19%</u>
Equity and Liabilities						
Share Holder Equity	19%	23%	-16%	28%	14%	-8%
Non Current Liabilities	103%	50%	-29%	77%	-31%	-18%
Deferred Liabilities	6%	18%	-19%	27%	3%	-21%
Current Liabilities	125%	-47%	128%	-1%	-12%	-28%
Total Equity and Liabilities	<u>60%</u>	<u>-15%</u>	<u>32%</u>	<u>12%</u>	<u>-2%</u>	<u>-19%</u>



Composition of Balance Sheet - Shareholders Equity and Liabilities



Composition of Balance Sheet - Assets

Horizontal & Vertical Analysis

Profit and Loss Account

	2015	2016	2017	2018	2019	2020
----- Rs. In Thousands-----						
Net Sales	2,950,658	6,529,699	4,435,671	6,291,202	4,619,072	5,751,430
Cost of Sales	(2,615,166)	(5,842,377)	(4,533,389)	(5,742,988)	(4,336,087)	(5,482,886)
Gross Profit	335,492	687,322	(97,718)	548,213	282,984	268,544
Operating Expenses	(113,145)	(134,716)	(155,060)	(347,713)	(198,122)	(175,651)
Other Operating Expenses	(69,035)	(39,180)	(11,377)	(40,378)	(38,708)	(6,299)
Other Operating Income	154,523	17,005	136,050	324,826	557,875	21,771
Operating Profit	307,835	530,430	(128,105)	484,948	604,030	108,365
Share in profit of associate	95,494	116,258	90,305	295,537	227,579	(301,324)
Finance Cost	(104,656)	(38,095)	(140,807)	(156,099)	(310,379)	41,161
Profit / (Loss) before taxation	298,673	608,594	(178,607)	624,387	521,229	(151,799)
Taxation	13,227	(125,930)	(5,439)	(182,016)	(140,784)	(19,518)
Profit / (Loss) after taxation	311,900	482,663	(184,046)	442,371	380,445	(171,317)

VERTICAL ANALYSIS	2015	2016	2017	2018	2019	2020
% of Sales						
Net Sales	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Sales	-88.63%	-89.47%	-102.20%	-91.29%	-93.87%	-95.33%
Gross Profit	11.37%	10.53%	-2.20%	8.71%	6.13%	4.67%
Operating Expenses	-3.83%	-2.06%	-3.50%	-5.53%	-4.29%	-3.05%
Other Operating Expenses	-2.34%	-0.60%	-0.26%	-0.64%	-0.84%	-0.11%
Other Operating Income	5.24%	0.26%	3.07%	5.16%	12.08%	0.38%
Operating Profit	10.43%	8.12%	-2.89%	7.71%	13.08%	1.88%
Share in profit of associate	3.24%	1.78%	2.04%	4.70%	4.93%	-5.24%
Finance Cost	-3.55%	-0.58%	-3.17%	-2.48%	-6.72%	0.72%
Profit / (Loss) before taxation	10.12%	9.32%	-4.03%	9.92%	11.28%	-2.64%
Taxation	0.45%	-1.93%	-0.12%	-2.89%	-3.05%	-0.34%
Profit / (Loss) after taxation	10.57%	7.39%	-4.15%	7.03%	8.24%	-2.98%

HORIZONTAL ANALYSIS	2015	2016	2017	2018	2019	2020
Year on Year	over 2014	over 2015	over 2016	over 2017	over 2018	over 2019
Net Sales	-35.32%	121.30%	-32.07%	41.83%	-26.58%	24.51%
Cost of Sales	-38.47%	123.40%	-22.21%	26.70%	-24.50%	26.45%
Gross Profit	7.51%	104.87%	-114.22%	-664.90%	-48.38%	-5.10%
Operating Expenses	-29.02%	19.07%	15.10%	124.24%	-43.02%	-11.34%
Other Operating Expenses	226.69%	-43.25%	-70.96%	254.91%	-4.14%	-83.73%
Other Operating Income	31.05%	-88.99%	700.03%	139.94%	71.75%	-96.10%
Operating Profit	23.40%	72.31%	-124.15%	-478.55%	24.56%	-82.06%
Share in profit of associate	85.59%	21.74%	-22.32%	227.27%	-22.99%	-232.40%
Finance Cost	24.55%	-63.60%	269.62%	10.86%	98.84%	-113.26%
Profit / (Loss) before taxation	37.71%	103.77%	-129.35%	-449.59%	-16.52%	-129.12%
Taxation	-122.53%	-1052.07%	-95.68%	3246.39%	-22.65%	-86.14%
Profit / (Loss) after taxation	97.19%	54.75%	-138.13%	340.36%	-14.00%	-145.03%

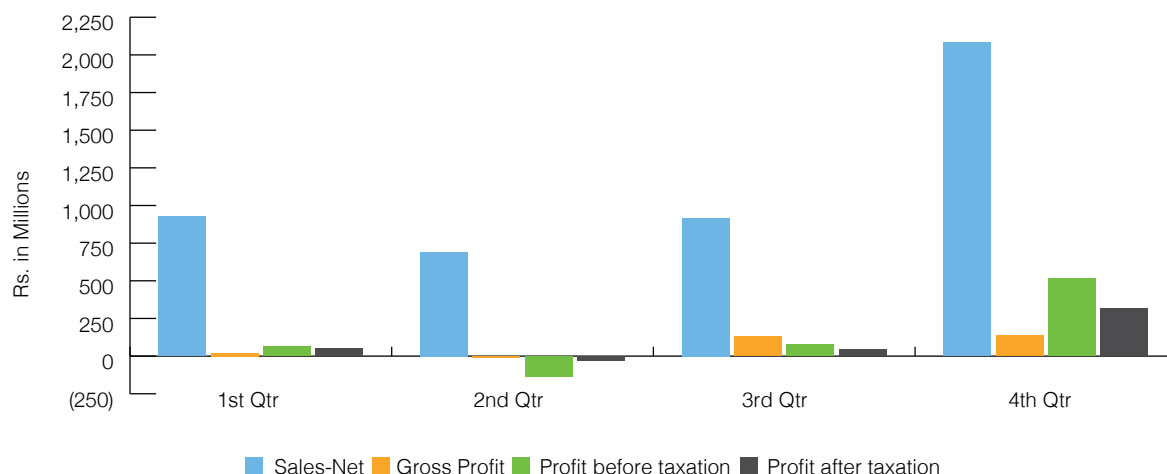
Quarterly Performance Analysis

Variance Analysis of Quarterly Profit and Loss Account

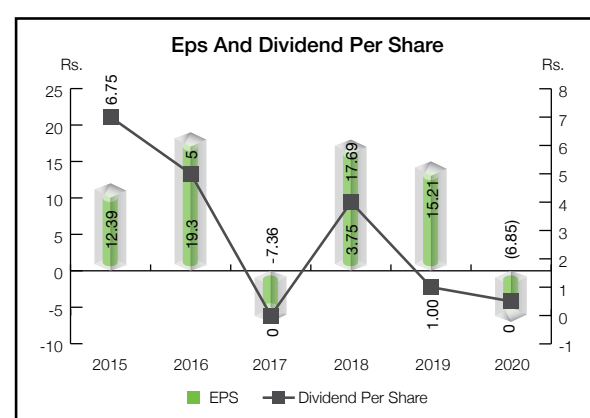
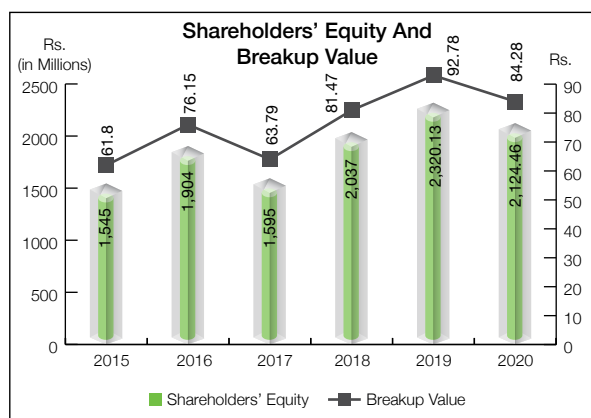
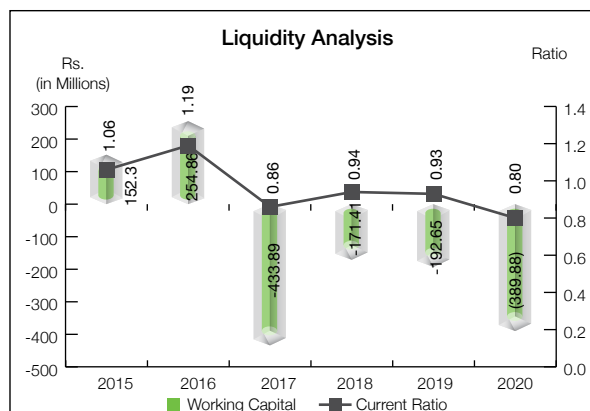
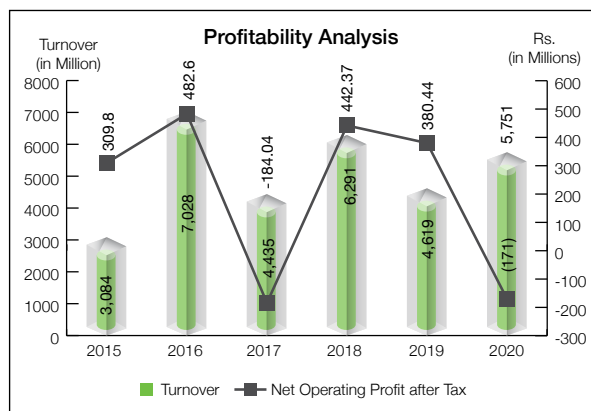
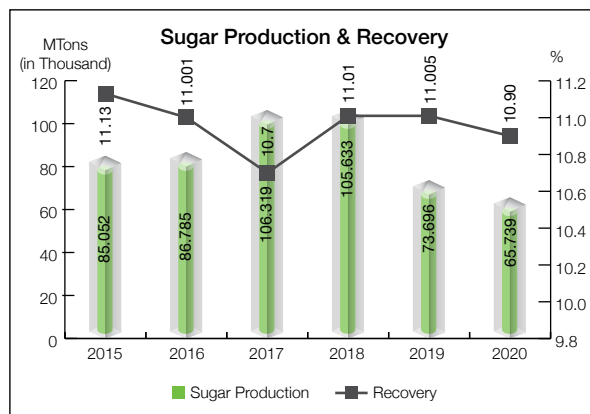
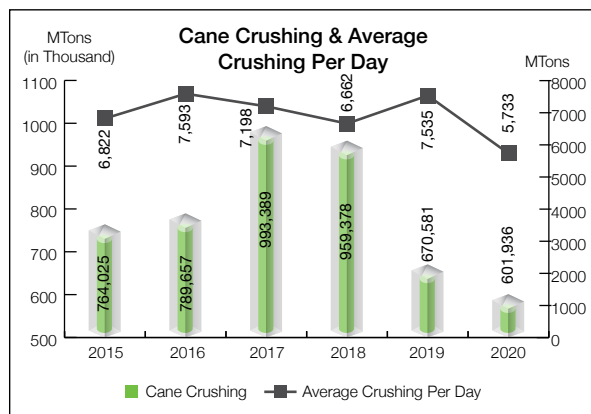
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	2nd Qtr over 1st Qtr	3rd Qtr over 2nd Qtr	4th Qtr over 3rd Qtr
	-----Rupees-----						
Sales-Net	1,517,870,795	994,420,883	1,362,676,003	1,876,462,068	34.49%	37.03%	37.70%
Cost of Sales	(1,434,321,654)	(1,071,203,711)	(1,215,538,867)	(1,761,821,930)	25.32%	13.47%	44.94%
Gross Profit	83,549,141	(76,782,828)	147,137,136	114,640,138	191.90%	-291.63%	-22.09%
Operating Expenses	(44,286,088)	(52,363,229)	(31,966,738)	(47,035,157)	-18.24%	-38.95%	47.14%
Other Expenses	(3,905,809)	(2,639,183)	236,744	9,443	32.43%	-108.97%	-96.01%
Finance Cost	(39,580,335)	(94,159,298)	(103,887,231)	(63,697,245)	-137.89%	10.33%	-38.69%
Other Income	5,816,276	6,826,014	2,110,280	7,018,571	-17.36%	-69.08%	232.59%
Share in Profit form equity accounted investment-net	58,691,667	(67,857,162)	83,571,667	(33,245,661)	215.62%	-223.16%	-139.78%
Profit before taxation	60,284,852	(286,975,686)	97,201,858	(22,309,911)	576.03%	-133.87%	-122.95%
Taxation	(19,880,762)	111,785,451	(34,707,883)	(76,715,054)	662.28%	-131.05%	121.03%
Profit after taxation	40,404,090	(175,190,235)	62,493,975	(99,024,965)	533.60%	-135.67%	-258.46%

Interim Result with Annual Result



	As on Dec-31, 2019	As on Mar-31, 2020	As on Jun-30, 2020	As on Sep-30, 2020	% Variance in Annual from		
					1st Qtr	2nd Qtr	3rd Qtr
	-----Rupees-----						
Sales-Net	1,517,870,795	2,512,291,678	3,874,967,681	5,751,429,749	278.91%	128.93%	48.43%
Cost of Sales	(1,434,321,654)	(2,505,525,365)	(3,721,064,233)	(5,482,886,163)	282.26%	118.83%	47.35%
Gross Profit	83,549,141	6,766,313	153,903,448	268,543,586	221.42%	3868.83%	74.49%
Operating Expenses	(44,286,088)	(96,649,317)	(128,616,055)	(175,651,212)	296.63%	81.74%	36.57%
Other Expenses	(3,905,809)	(6,544,992)	(6,308,248)	(6,298,805)	61.27%	-3.76%	-0.15%
Finance Cost	(39,580,335)	(133,739,633)	(237,626,864)	(301,324,109)	661.30%	125.31%	26.81%
Other Income	5,816,276	12,642,290	14,752,570	21,771,141	274.31%	72.21%	47.58%
Share in Profit form equity accounted investment	58,691,667	(9,165,495)	74,406,171	41,160,510	-29.87%	-549.08%	-44.68%
Profit before taxation	60,284,852	(226,690,834)	(129,488,978)	(151,798,889)	-351.80%	-33.04%	17.23%
Taxation	(19,880,762)	91,904,689	57,196,807	(19,518,247)	-1.82%	-121.24%	-134.12%
Profit after taxation	40,404,090	(134,786,145)	(72,292,171)	(171,317,136)	-524.01%	27.10%	136.98%



Graph



Halal certificate

<p>Tel : + 92 (0) 21 3529 5283 Fax : + 92 (0) 21 3529 5284 E-mail : karachi@sanha.org.pk info@sanha.org.pk Web : www.sanha.org.pk</p>	 <p>الهيئة لتوثيق الحلال بباكستان</p>	<p>SANHA HALAL ASSOCIATES PAKISTAN (PVT.) LIMITED. Suite C2, Plot 10 C Zarbana Commercial Lane No. 02 Phase-V, D.H.A., Karachi, Pakistan.</p>				
First Issue Date: 18/07/2019	Expiry Date: 18/07/2020	Expiry Date: 17/07/2021				
<p><i>Faran Sugar Mills Limited: ad-loc/Yark/004/1020</i></p> <p>This serves to confirm that the products listed on Pages 2 hereafter of:</p> <p style="text-align: center;">FARAN SUGAR MILLS LIMITED.</p> <p style="text-align: center;">located at</p> <ul style="list-style-type: none"> Head Office: 43-1-E (B), P.E.C.H.S, Block-6, Off Razi Road, Shahrah-e-Faisal, Karachi Manufacturing Plant: Tando Ebrahim Bawany, Shaikh Bhirkio, District Tando Muhammad Khan <p>have been certified Halaal by our organisation as per Pakistan Standard PS:3733-2016.</p>						
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">Scope</td> <td>Manufacturing of White Refine Sugar</td> </tr> <tr> <td>Category</td> <td>E</td> </tr> </table>			Scope	Manufacturing of White Refine Sugar	Category	E
Scope	Manufacturing of White Refine Sugar					
Category	E					
<p>for SANHA Halal Associates Pakistan</p> <div style="display: flex; justify-content: space-around; align-items: flex-end;"> <div style="text-align: center;">  <p>Shoaib Adam (Mufti) Shari'ah Advisor</p> </div> <div style="text-align: center;">  <p>Yousuf Abdul Razzaq (Mufti) CEO</p> </div> </div> <p>NB:</p> <ol style="list-style-type: none"> This document is issued for trade confirmation purposes only and is NOT valid as a display certificate. This certificate remains the property of SANHA and must be returned upon demand. Misuse of this document constitutes fraud. 						
<p>Punjab Office: House# 269, Block A, PCSIR Housing Society, Phase 2, Lahore, Pakistan. Tel: +: +92 (0) 342 365 3655 E-mail: lahore@sanha.org.pk</p> <p>HALAAL Helpline: E-mail: helpline@sanha.org.pk</p>						
Doc. #: SANHA/PR-12-FM-02	Issue Date: 14-May-2015	Revision No: Original				
Review Date: 13-May-2018		Page: 1 of 2				

It is indeed a pleasure to inform you that **FSML** has renewed '**HALAL CERTIFICATION**' from **SANHA Halal Associates Pakistan Pvt Limited**. Halal certification is a process which ensures the features and quality of the products according to the rules established by the Islamic Council and signifies that our product is allowed to be consumed or used by humans according to Shariah / Islamic Law. The SANHA certificate thus serves as an authoritative testimony to the Halal suitability of a product.

Credit Rating

RATING REPORT

Faran Sugar Mills Limited

REPORT DATE:

March 20, 2020

RATING ANALYSTS:

Talha Iqbal

talha.iqbal@vis.com.pk

Madeeh Ahmed

madeeh.ahmed@vis.com.pk

RATING DETAILS

Rating Category	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
Entity	A-	A-2	A-	A-2
Rating Outlook	Stable		Stable	
Rating Date	March 20, 2020		February 15, 2019	

COMPANY INFORMATION

Incorporated in 1981	External auditors: M/s Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants
Public Listed Company	Chairman: Muhammad Omar Amin Bawany
Key Shareholders :	Chief Executive Officer: Ahmed Ali Bawany
Ahmed Ali Bawany - 16.10%	
Rukhsana Omar - 8.52%	
National Investment Unit Trust - 8.48%	
Shahdia Amin - 8.15%	
Ayesha Amin - 7.02%	
Gulshanara Amin - 5.94%	
Roshan Ara Mohd Amin - 5.50%	

APPLICABLE METHODOLOGY(IES)

Applicable Rating Criteria: Corporates (May, 2016)

<https://www.vis.com.pk/kc-meth.aspx>

VIS Credit Rating Company Limited performed credit rating of FSML and assigned 'A- / A-2' (A minus / A – Two). The long term rating of 'A –' signifies good credit quality with adequate protection factors. Risk factors are considered variable if changes occur in the economy. Short term rating of 'A-2' depicts good certainty of timely payment. Liquidity factors and company fundamentals are sound with good access to capital markets, risk factors are small and outlook on the assigned rating is 'Stable'.

Chairman's Review Report

For the year ended September 30, 2020

It is my pleasure to present to the shareholders, the review of the financial performance of the Company and overall performance of the Board and the effectiveness of its role to attain the organization's aims and objectives.

The outbreak of the Covid-19 pandemic had a major impact on our economy, but it did not affect operation activities of sugar industry, however, sugar demand remained sluggish as well as selling price remained under pressure. In view of the COVID-19 pandemic, the State Bank of Pakistan (SBP) launched numerous financing schemes to minimize impact of COVID-19 pandemic to local economy.

We have also availed pay-roll financing and Temporary Economic Refinance Facility (TERF) under these concessionary SBP financing schemes and reviewing further cost saving projects for sustainability of the business and long term benefits of the Company.

The season 2019-20 was very stressful and challenging due to shortage of cane, exorbitant cane rate due to lower crop size and subdued sugar price. However, sugar price jumped in last quarter of the year under reviewed due to supply and demand gap. Hence, we, enabled to curtail our loss despite of these difficult business conditions.

The composition of the Board of Directors reflects mix of varied backgrounds and rich experience in the fields of business, finance, banking and regulations. The Board carried out the annual review of its effectiveness and performance on a self-assessment basis. The Board also ensures compliance of all regulatory requirements by the Management. The Board is ably assisted by its Committees. The Audit Committee reviews the financial statements and ensures that the accounts fairly represent the financial position of the Company. It also ensures effectiveness of internal controls. The HR Committee overviews HR policy framework and recommends for selection and compensation of senior management team.

On behalf of the board of Directors, I wish to acknowledge the contribution of all our staff members in the success of the Company.



Muhammad Omar Amin Bawany
Chairman

Karachi,
January 28, 2021

Directors' Report

For the year ended September 30, 2020

Dear Shareholders,

In the name of ALLAH, the most gracious and most merciful, your directors present Annual Report and Audited Financial Statements of the Company for the year ended September 30, 2020.

Financial Performance:

The outbreak of the Covid-19 pandemic had a major impact on the global economy, including Pakistan, as economic activities were significantly impaired. Sugar demand also remained sluggish as well as selling price remained under pressure. The government intervention to sugar sector also made situation worst. However, demand and selling price improved in last quarter of the year under review due to demand supply gap.

Financial results are summarized as follows:

	2020	2019
	Rs. '000	Rs. '000
Local Sales	5,940,734	4,653,414
Export Sales	622,065	492,288
Gross sales	6,562,799	5,145,702
(Loss) / Profit before taxation	(192,959)	293,650
Share in profit from equity accounted investments-Net	41,160	227,579
	(151,799)	521,229
Less: Taxation		
Current	(124,777)	(99,508)
Prior year	(1,573)	(5,896)
Deferred asset / (tax)	106,832	(35,380)
	(19,518)	(140,784)
(Loss) / Profit after Taxation	(171,317)	380,445
(Loss) / Earnings per Share	(6.85)	15.21

Gross sales during the period were Rs. 6.562 billion including export sale of Rs 622 million vis-à-vis Rs. 5.145 billion including export sale of Rs. 492.288 for the corresponding period of 2018-19; increase by 27 % mainly due to higher selling price as compared to previous year. But higher selling price did not offset overall cost of production which remained high mainly due to exorbitant rate of sugar-cane. The industry ended up paying extremely high competitive rates for sugarcane due to supply and demand gap as crop size was shorter in this season-2019-20. The profitability of sugar sector is driven mainly by the margin between cane price, main raw material and refined sugar. And, there is a certain level of prices volatility involved given their cyclical nature. Finance cost was very high due to massive short-term borrowing as well as increase in financing rate, but remained almost at same level of previous year. Huge financing obtained during the year due to sluggish sales and stuck up export subsidy. Domestic selling price of refined sugar was very depressed during the crushing season 2019-20. Covid-19 Pandemic has also slowed down the whole economy and caused to sluggish sale of sugar in the domestic market. The distribution & selling expenses decreased significantly as compared to last year due to decrease in export related cost. Hence, the company sustained loss due to factors narrated above.

Unicol Limited did not continue its momentum and showed moderate profitability due to delay in shipments. Uni-Food limited reported a loss as projected due to its limited operation and continuous investment in creating a brand image and its distribution network in order to increase its sales volume.

Directors' Report

For the year ended September 30, 2020

Operational Performance:

For season 2019-20, the support prices were fixed at Rs190 for per 40 kg for Punjab and Khyber Pukhtunkhwa and Rs192 for per 40 kg for Sindh; again higher price of sugarcane (controlled by Government) with no mechanism for corresponding fluctuation in the prices of sugar. We had to pay very high competitive price of cane rather to pay support price of Rs.192 per 40 kg as fixed by the Sindh Government to run our mills at optimal capacity.

The season 2019-20 was very stressful and challenging due to shortage of cane and high volatility in cane rate due to lower crop size. Hike in selling price of refined sugar mainly attributed to expensive cane bought by millers at average exorbitant rate of cane Rs250- 280 per 40kg.

Pakistan has experienced surplus production in the past years in comparison to its domestic consumption. But since last year, sugarcane area and production are on a decreasing trend due to multiple factors. Sugar production of the country for the season 2019-20 was also reported to down by 7% to 4.8% million metric tons from 5.26 million metric tons produced in the previous season 2018-19. The mills operating in the Sindh zone crushed 14.28 million metric tons of sugar cane against 15.930 million metric tons in the previous season 2018-19, down by 11% and produced 1.459 million metric tons of sugar with average recovery of 9.89% against 1.719 million metric tons produced with average recovery 10.47% in the previous season 2018-19.

We started our mills on 25 November 2019, but majority of mills of Sindh Zone had to shut down due to non-supply/ insufficient quantum of cane. FSML also stopped cane crushing on 21st December 2019 due to inadequate supplies of cane at very high rate. We resumed our mills on 31st December 2019, but our mills' cane crushing and sugar production were also down by around 10% due to insufficient availability of cane. The comparative summarized operating result of your mills for season-2019-20 is as follows:

		Season 2019-20	Season 2018-19
Season commenced	Date	25 - November - 2019	13 - December - 2018
Season end	Date	08 - March - 2020	11 - March - 2019
Duration of Operation	Days	105	89
Sugar-cane Crushed	Metric tons	601,936	670,581
Sugar Production	Metric tons	65,739	73,696
Recovery	%	10.900	11.005
Minimum Support Price	Per 40 kg	192	182

Considering the shortage of sugar in the month of October / November 2020, the Federal government allowed import of sugar to private sector and also abolished all import levies on import of sugar in order to maintain and control domestic market price and allowed to import 300,000 tons refined sugar through TCP with exemption of sales tax and income tax and 300,000 tons with concessional withholding tax of 0.25% and 1% sales tax in a bid to lower its domestic prices. But price of sugar remained higher after the import of sugar due to supply and demand gap and traders taken full advantages of exemption/ relaxation in import duties / taxes; but local producer had to pay all local taxes that may collapse local industry due to this discrimination.

SANHA Halal Associates Pakistan Pvt. Limited has renewed 'HALAL CERTIFICATION'. Halal certification is a process which ensures the features and quality of the products according to the rules established by the Islamic Council and signifies that our product is allowed to be consumed or used by humans according to Shariah / Islamic Law. The SANHA certificate thus serves as an authoritative testimony to the Halal suitability of a product.

Liquidity management and capital structure:

Your Company has been resorting all its financial needs since financial year 2004-05 through only Shariah **Compliant** Products from prominent Islamic banks and providing **HALAL** earnings to its stakeholders. The Company has substantial approved finance facilities limit around 5 billion under various products of Islamic financing to meets its huge working capital needs as well as long term financing. In view of the **COVID-19** pandemic, the State Bank of Pakistan (SBP) has taken number of decisions and announced variety of financing schemes to bolster the economy to minimize impact of Covid-19 pandemic to local economy which included concessional financing, gradually decrease in policy/ discount rate, relaxation in certain rules, deferral in loan repayment, procedures facilitation paper-based clearing operations and waiving charges for online fund transfers etc. We have also availed pay-roll financing and Temporary Economic Refinance Facility (TERF) under these concessionary SBP financing schemes under Islamic products. Alhamdulillah, we are **RIBA / INTEREST FREE COPORATE ENTITY**. Huge financing was obtained during the year due to sluggish sales and stuck up export subsidy. Nevertheless, we managed efficiently our financing requirements to ensure to discharge all obligations timely.

During the year, **V I S Credit Rating Company Limited** performed credit rating and maintained assigned rating of previous year i.e. **'A- / A-2' (A minus / A – Two)**. The long term rating of **'A -'** signifies good credit quality with adequate protection factors. Risk factors are considered variable if changes occur in the economy. Short term rating of **'A-2'** depicts good certainty of timely payment. Liquidity factors and company fundamentals are sound with good access to capital markets, risk factors are small and outlook on the assigned rating is **'Stable'**.

Expansion and Modernization Projects:

The Company cautiously review its required capital expenditure and expending only in selective area of cost saving projects or major necessary overhauling on the basis of projected future cash inflows and IRR for sustainability of the business and long term benefits of the Company. The Company has been extended approval of long term financing of 600 million under Temporary Economic Refinance Facility (TERF), concessional financing scheme of SBP, for various cost saving projects and considering to avail further financing to achieve same objectives.

Unicol Limited - Distillery Project:

During the year, the sales revenue of the Ethanol segment recorded at Rs. 5.70 billion (2019: Rs. 5.31 billion) which is 7.34% higher than the last year. This was mainly due to the significant appreciation of US Dollar against Pak Rupee. The sales revenue of CO2 segment recorded at Rs. 119.30 million (2019: Rs. 192.69 million) which is 38.09% lower than the last year. This was mainly due to the demand and supply imbalance in the market. The gross sale recorded at 5.82 billion (2019: Rs. 5.50 billion) which is 5.85% higher than the last year. The cost of sales recorded to Rs. 4.70 billion (2019: Rs. 3.79 billion) which is 23.86% higher than the last year. The gross profit margin for the year recorded at 19% (2019: 31%) which is 12% lower as compared to last year. After taking into consideration various expenses and taxes the Company was able to post an after tax profit of Rs. 523.76 million (2018-19: Rs. 1,109.76 million), out of which our shares of profit of Rs. 174.5 million (2018-19: Rs.369.9 million) has been reflected in shares of profit from equity accounted investees-net.

The Board of Directors of Unicol at its meeting held on December 08, 2020 has proposed a final cash dividend @12.5% (Rs.1.25 per share) for the year ended September 30, 2020. This is in addition to the interim cash dividends already paid @ 45% (Rs. 4.5per share) aggregated to 57.5%.

Faran Power Limited- 26.5 MW bagasse base High Pressure power project had achieved major milestones- Tariff approval, LOS and generation license. But project has been halted due to CPPA

Directors' Report

For the year ended September 30, 2020

denial to sign IA and PPA. The Company is taking appropriate action to initiate the Project.

UniEnergy Limited – a joint venture 50MW wind power project, has been granted Letter of Intent and formally allotted land for setting up the project at Jhimpir, district Thatta. The Company is in the start-up phase and has not yet commenced its operations, the principal activity of UEL will be to build, operate and maintain wind power generating project of 50 Mega Watts for the generation and supply of electric power in relation thereof. The Company obtained Letter of Intent from Alternative Energy Development Board on October 16, 2015, which was extended upto April 25, 2019. Uni-Energy has applied for further extension, and the management is hopeful that it will be extended in due course. FSML has made an equity investment of Rs. 19.99 million.

Uni-Food Industries Limited (UFIL) - Uni-Food Industries Limited (UFIL) - joint venture food project has started its commercial production in March 2018 of its signature brand "GOOD GOODIES". The company reported Rs. 387.7 million loss for its financial year ended 30th June 2020 (2018-19: Rs. 417 million), out of which our adjusted shares of loss of Rs. 133.664 (2018-19: Rs. 142.413 million) has been reflected in shares of loss from equity accounted investees-net. Presently, the Company is facing immense competition from the existing market players and marketing challenges due to COVID/lockdown situation in the country. However, rigorous efforts are being made to establish a nationwide distribution network & a brand image and add new products to achieve better in sale volume and to reduce cost.

We are eagerly pursuing these projects, but, our focus will never divert from our base / core operations.

Financial Reporting Frame Work:

In compliance with the requirements of Revised Code of Corporate Governance 2019, your Directors' report that:

- ❖ The financial statements prepared by the management present fairly its state of affairs, the result of its operation, cash flows and changes in equity.
- ❖ The company has maintained proper books of accounts as required by the law.
- ❖ Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- ❖ The accounting policies and disclosures are in accordance with the International Financial Reporting Standards (IFRS) as applicable in Pakistan, unless otherwise disclosed.
- ❖ The system of internal control is sound in design and effectively implemented and being monitored.
- ❖ There is no significant doubt as to the ability of the Company to continue as a going concern.
- ❖ There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- ❖ The summary of key operating and financial data and graphic presentation of the important statistics for last six year annexed.
- ❖ Information against outstanding duties, levies and charges is given in the notes to the Accounts
- ❖ The Company operates funded Provident fund scheme. The fair value of assets based on latest un-audited accounts of the fund amounted to Rs 59.31 million.

Board of Directors

During the year four meetings of Board of Directors were held. Participation of Directors as follows

Name of Directors	No. of BOD Meetings attended	No. of Audit Committee Meetings attended	No. of HR&R Meetings attended
Total no. of meetings held during the year	4	4	1
Mr. Muhammad Omar Bawany	4	4	N/A
Mr. Ahmed Ali Bawany	4	N/A	1
Mr. Bilal Omar Bawany	4	N/A	N/A
Mr. Hamza Omar Bawany	4	4	1
Mr. Mohammad Altamash Ahmed Bawany	2	N/A	N/A
Mr. Irfan Zakaria Bawany	4	4	1
Mr. Sheikh Asim Rafique	3	N/A	N/A
Mr. Ahmed Ghulam Hussain	4	N/A	N/A

Leave of absence was granted to Directors who could not attend some meetings.

N/A - Not Applicable

Corporate Social Responsibility (CSR)

FSML has been actively participating in welfare activities at large and mainly for surrounding communities. FSML supports the communities by spending on education, health, community physical activities and support to humanitarian and social work organization.

Further detail of our CSR activities has been highlighted in this Annual Report.

Our People and Training

The Company firmly believes that its employees are its main asset which manage and control and other assets/ resources of the company and has remained focus on providing the most supportive and conducive environment to all employees. FSML strongly believes in investing in its human capital in order to equip them with up-to-date knowledge and skills to create and sustain a culture of high performance in a competitive and rapidly changing business environment.

Pattern of Share Holding

The Company is listed on Pakistan Stock Exchange. There were 2249 shareholders of the Company as on 30th September 2020. The detail pattern of shareholding and categories of shareholding of the Company as on 30th September 2020 are annexed to this Annual Report.

No trading in shares of the company was made by the Directors, CFO and company secretary and their spouse & minor children of the company during the year.

Statutory Auditors:

The present auditors Rehman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountant, have conveyed their willingness to be re-appointed as auditors for the next year.

Directors' Report

For the year ended September 30, 2020

Contribution towards Economy:

Your company is a noteworthy contributor to the national economy. The Company has contributed to the national exchequer Rs.835 million (2018-19 Rs. 678 million) on account of Sales tax / Federal excise duty, Income Tax and other statutory levies which are 58% of value generated by the Company.

Dividend

In light of company financial and cash flow position, future projected inflows and keeping in mind the upcoming projects, we have decided to recommend no cash dividend / stock dividend for the year under reviewed.

Post Balance Sheet Events

There has been no material events since September 30, 2020 to the date of this report except:

- orders passed in terms of section 122(1) of the Income tax ordinance 2001 creating exaggerated income tax demand of Rs. 19.21 billion for four tax years on frivolous and flimsy grounds without applying judicial mind and due process of law as disclosed in detail in Note 20.1 of Audited Accounts under reviewed and;
- Declaration of final cash dividend disclosed in notes to the Accounts, if any. The effect of such declaration shall be reflected in next year's financial statements.

Next Season and Future Outlook

Pakistan has experienced surplus production in the past many years in comparison to its domestic's consumption. But since last two years, sugarcane area and production are on a decreasing trend due to multiple factors and carry forward stock also exhausted in the country. The country exported a huge quantity in previous seasons due to surplus production and earned precious foreign exchange for the country. But government had to import sugar in last quarter of 2020 due to shortage of sugar. The government has decided to import another 0.5 million tonnes of sugar in the ongoing season 2020-21 to overcome the shortage of refined sugar. The government is also mulling to exempt commercial import of sugar from duties and taxes by invoking food security provisions. However, provisional estimates suggest that local production of sugar will be higher than last season. But owing to low carryover stocks, TCP, in consultation with provinces, will be advised to initiate imports early and provinces may be advised to release this sugar at retail stage at subsidised and control rates.

The sugar industry is regulated and the Company operates in regulated environment. The Government policies and regulations affect our operations and profitability to a large extent. The support prices for the sugarcane are fixed by the provincial governments every year and it is increased without anticipating refined sugar price. Sugarcane is the main ingredient of sugar industry and comprise 80-85% of the total cost of production. High government taxes also contributes in enhancing the cost. For ongoing season 2020-21, the support prices have been fixed at Rs. 200 for per 40 kg for Punjab and Khyber Pakhtunkhwa and Rs. 202 for per 40 kg for Sindh; again higher price of sugarcane (controlled by Government) with no mechanism for corresponding fluctuation in the prices of sugar.

Majority of sugar Industry started its crushing in November 2020 to overcome shortage of sugar in the country. We started our mills on 23 November 2020. But growers were not willing to supply at support price and asking very high price and millers are paying very exorbitant rate to run their mill at optimum capacity and there is no any government agency to control this cane price which will ultimately result in hefty cost of refined sugar.

In ongoing season 2020-21, the Federal Board of Revenue (FBR) had deputed again its staff under section 40B of Sales Tax Act 1990 in factory premises to keep surveillance to confirm actual production and stock position of all sugar mills of the country. With willingness and support of Pakistan Sugar Mills Association (PSMA), the FBR initiated to implement Video Analytical System (VAS) for electronic monitoring sugar production in real time under section 40C of Sales Tax Act 1990 read with S.R.O 889(I)/2020 dated 21st September 2020.

As there is also improvement in domestic selling price of refined sugar in response to higher production cost of refined sugar due to tremendous cost of cane, and decline in KIBOR rate, initiate of cost saving projects as well as anticipation of improvement in Unicol profitability, we expect, Insha Allah, the bottom line to show better results on year-to-year basis

Acknowledgement

The Board of Directors places on record its appreciation for the support by its shareholders, valued customers, growers and financial institutions. Our management team, staff members and workers also deserve a vote of thanks for all of their continued dedication and hard work.

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

On behalf of the Board of Directors



Ahmed Ali Bawany
Chief Executive

Karachi: January 28, 2021

قیمت میں بھی بہتری ہے، لاگت کی بچت کے منصوبے شروع کرنے کے ساتھ ساتھ یونیکول منافع میں بہتری کی توقع کریں، انشاء اللہ، سال بہ سال بنیادوں پر بہتر نتائج ظاہر کرنے کے لئے پرامید ہیں۔

اعتراف

بورڈ آف ڈائریکٹر اپنے حصص یافتگان، قابل قدر گراہوں، کاشتکاروں اور مالیاتی اداروں کی حمایت کے لئے اس کی تعریف ریکارڈ کرتا ہے۔ ہماری انتظامی ٹیم، عملے کے ممبران اور کارکنان بھی ان کی ساری لگن اور محنت کے لئے شکریہ کے مستحق ہیں۔ اللہ سبحانہ و تعالیٰ ہمیں ان غیر معمولی حالات کو کامیابی کے ساتھ قابو کرنے کی توفیق عطا فرمائے، آمین! بورڈ آف ڈائریکٹرز کی جانب سے



احمد علی بوائانی

چیف ایگزیکٹو

کراچی: 28 جنوری 2021

بیلنس شیٹ کے بعد والے واقعات

اس رپورٹ کی تاریخ میں 30 ستمبر 2020 سے لے کر اب تک مادی تبدیلیاں نہیں کی گئیں۔

انکم ٹیکس آرڈیننس 2001 کی دفعہ 122 (1) کی شرائط میں آرڈرز منظور کئے گئے جن سے انکم ٹیکس کی 20 ارب روپے تک کی طلب پیدا ہو جاتی ہے۔ 19.21 ارب چار ٹیکس سالوں کے لئے جو عدالتی ذہن اور قانون کے مطابق عمل کئے بغیر غیر قانونی اور دو ٹوک بنیادوں پر بغیر کسی جائزے کے تحت آڈٹ اکاؤنٹس کے نوٹ 20.1 میں تفصیل سے انکشاف کیا گیا ہے۔

اکاؤنٹس کو نوٹ میں حتمی نقد منافع کا انکشاف، اگر کوئی ہے۔ اس طرح کے اعلان کا اثر آئندہ سال کے مالی بیانات میں ظاہر ہوگا۔

اکلائمنٹ اور مستقبل کا نظارہ

پاکستان نے اپنے گھریلو استعمال کے مقابلے میں گزشتہ کئی سالوں میں زلند پیداوار کا تجربہ کیا ہے۔ لیکن پچھلے دو سالوں سے، متعدد عوامل کی وجہ سے گئے کا رقبہ اور پیداوار کم ہو رہے ہیں اور ملک میں آگے بڑھنے والا اسٹاک بھی ختم ہو گیا ہے۔ زلند پیداوار کی وجہ سے ملک نے پچھلے سیزن میں بڑی مقدار میں ایکسپورٹ کیا اور ملک کے لئے قیمتی زر مبادلہ حاصل کیا۔ لیکن حکومت کو چینی کی قلت کی وجہ سے 2020 کی آخری سہ ماہی میں چینی درآمد کرنا پڑی۔ بہتر چینی کی قلت پر قابو پانے کے لئے حکومت نے رواں سیزن 2020، 21 میں مزید 0.5 ملین ٹن چینی درآمد کرنے کا فیصلہ کیا ہے۔ حکومت فوڈ سکیورٹی کی دفعات پر زور دے کر چینی کی تجارتی درآمد کو فرائض اور ٹیکس سے چھوٹ دینے پر بھی غور کر رہی ہے۔ تاہم، عارضی تخفیف بتاتے ہیں کہ چینی کی مقامی پیداوار گزشتہ سیزن کے مقابلے میں زیادہ ہوگی۔ لیکن کم کیری اور اسٹاک کی وجہ سے، ٹی سی پی، صوبوں کی مشاورت سے، درآمدات جلد شروع کرنے کا مشورہ دے گی اور صوبوں کو مشورہ دیا جاسکتا ہے کہ وہ اس چینی کو خوردہ مرحلے پر رعایتی اور کنٹرول کی شرح پر جاری کرے۔

شوگر انڈسٹری کو ریگولیٹ کیا جاتا ہے اور کمپنی ریگولیٹری ماحول میں چلتی ہے۔ حکومت کی پالیسیاں اور ضوابط ہمارے آپریشن اور منافع کو کافی حد تک متاثر کرتے ہیں۔ صوبائی حکومتوں کے ذریعہ ہر سال گئے کے لئے معاون قیمتوں میں فکس کیا جاتا ہے اور بہتر چینی کی قیمت کی توقع کیے بغیر اس میں اضافہ کیا جاتا ہے۔ گنا چینی کی صنعت کا ایک اہم جزو ہے اور پیداوار کی کل لاگت کا 80-85٪ ہے۔ زیادہ سرکاری ٹیکس بھی قیمت بڑھانے میں معاون ہے۔ جاری سیزن 2020، 21 کے لئے، سپورٹ کی قیمتیں پنجاب اور خیبر پختونخوا کے ٹی 40 کے 200 روپے۔ 202 سندھ کے لئے 40 کلوگرام میں؛ ایک بار پھر گئے کی اعلیٰ قیمت (حکومت کے زیر کنٹرول) چینی کی قیمتوں میں اسی طرح کے اتار چڑھاؤ کے لئے کوئی طریقہ کار نہیں ہے۔

شوگر انڈسٹری کی اکثریت نے نومبر 2021 میں ملک میں شوگر کی قلت پر قابو پانے کے لئے اپنی کرٹنگ شروع کی۔ ہم نے 23 نومبر 2020 کو اپنی ملوں کا آغاز کیا۔ لیکن کاشتکار حمایت کی قیمت پر سپلائی کرنے اور بہت زیادہ قیمت نا طلب کرنے پر راضی نہیں تھے اور ملز زیادہ سے زیادہ استعداد سے مل کو چلانے کے لئے بہت زیادہ شرح ادا کر رہی ہیں اور اس گئے کی قیمت پر قابو پانے کے لئے کوئی سرکاری ایجنسی نہیں ہے۔ جس کا نتیجہ بالآخر بہتر چینی کی بھاری قیمت میں نکلے گا۔

جاری سیزن 2020، 21 میں، فیڈرل بورڈ آف ریونیو (ایف بی آر) نے فیکٹری کے احاطے میں سیلز ٹیکس ایکٹ 1990 کی دفعہ 40 بی کے تحت اپنے عملے کو دوبارہ تعینات کیا تھا تاکہ ملک کی تمام شوگر ملوں کی اصل پیداوار اور اسٹاک کی پوزیشن کی نگرانی کی۔ پاکستان شوگر ملز ایسوسی ایشن (پی ایس ایم اے) کی رضامندی اور تعاون سے، ایف بی آر نے سیلز ٹیکس ایکٹ 1990 کے سیکشن 40 سی اور ایس آر او 889 کے تحت حقیقی وقت میں الیکٹرانک مانیٹرنگ شوگر پروڈکشن کے لئے ویڈیو تجزیاتی نظام (VAS) کو نافذ کرنے کا انعقاد کر دیا ہے۔

چونکہ گئے کی زبردست لاگت، اور KIBOR کی شرح میں کمی کی وجہ سے بہتر چینی کی اعلیٰ پیداوار لاگت کے جواب میں بہتر چینی کی ملکی فروخت

کارپوریٹ سماجی ذمہ داری (CSR)

ایف ایس ایل ایل بڑے پیمانے پر اور خاص طور پر آس پاس کی کمیونٹیز کے لئے فلاحی سرگرمیوں میں بڑھ چڑھ کر حصہ لے رہا ہے۔ ایف ایس ایل ایل تعلیم، صحت، معاشرتی جسمانی سرگرمیوں اور انسانیت سوز اور سماجی کام کرنے والی تنظیم کی مدد پر خرچ کر کے کمیونٹیز کی حمایت کرتا ہے۔

اس سالانہ رپورٹ میں ہماری CSR سرگرمیوں کی مزید تفصیل روشنی ڈالی گئی ہے۔

ہمارے لوگ اور تربیت

کمپنی پختہ یقین رکھتی ہے کہ اس کے ملازمین اس کا اصل اثاثہ ہیں جو کمپنی کے دوسرے اثاثوں / وسائل کا نظم و نسق اور کنٹرول کرتے ہیں اور تمام ملازمین کو سب سے زیادہ معاون اور سازگار ماحول ثابت کرنے پر توجہ مرکوز رکھے ہوئے ہے۔ ایف ایس ایل ایل مسابقتی اور تیزی سے بدلتے ہوئے کاروباری ماحول میں اعلیٰ کارکردگی کی ثقافت کو تشکیل دینے اور اسے برقرار رکھنے کے لئے جدید ترین علم اور مہارت سے آراستہ کرنے کے لئے اپنے انسانی سرمائے میں سرمایہ کاری پر پختہ یقین رکھتا ہے۔

شیر ہولڈنگ کا پیٹرن

یہ کمپنی پاکستان اسٹاک ایکسچینج میں درج ہے۔ 30 ستمبر 2020 تک اس کمپنی کے 2249 حصص یافتگان تھے۔ 30 ستمبر 2020 تک کمپنی کے حصص یافتگی کے زمرے اور اقسام کا تفصیلی نمونہ اس سالانہ رپورٹ سے منسلک ہے۔

سال کے دوران کمپنی کے حصص میں کوئی ٹریڈنگ ڈائریکٹرز، سی ایف او اور کمپنی سکریٹری اور ان کے شریک حیات اور کمپنی کے نابالغ بچوں نے نہیں کی تھی۔

قانونی آڈیٹرز:

موجودہ آڈیٹر رحمان سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹ، نے اگلے سال کے لئے دوبارہ آڈیٹر مقرر ہونے پر آمادگی ظاہر کی ہے۔

معیشت کی طرف حصہ:

آپ کی کمپنی قومی معیشت میں قابل ذکر شرکت کار ہے۔ کمپنی نے سیلز ٹیکس / فیڈرل ایکسائز ڈیوٹی، انکم ٹیکس اور دیگر قانونی محصولات کے حساب سے قومی خزانے میں 835 ملین روپے (678.19:2018 ملین روپے) میں حصہ ڈالا ہے جو کمپنی کے ذریعہ پیدا کردہ قدر کا 58% ہے۔

منافع

کمپنی کی مالی اور نقد روانی کی پوزیشن کی روشنی میں، مستقبل میں پیش گوئی کی جانے والی آمدنی اور آنے والے منصوبوں کو مد نظر رکھتے ہوئے، ہم نے جائزہ لیا گیا سال کے لئے کسی نقد منافع / اسٹاک لابانش کی سفارش کرنے کا فیصلہ نہیں کیا ہے۔ یا

- کمپنی نے قانون کے مطابق اکاؤنٹس کی مناسب کتابیں برقرار رکھی ہیں۔
- مالی بیانات کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو ہوتی ہیں اور محاسبہ کا تخمینہ معقول اور محتاط فیصلے پر مبنی ہوتا ہے۔
- g اکاؤنٹنگ پالیسیاں اور انکشافات بین الاقوامی مالیاتی رپورٹنگ معیارات (IFRS) کے مطابق ہیں جو پاکستان میں قابل اطلاق ہیں، جب تک کہ انکشاف نہیں کیا جاتا۔
- اندرونی کنٹرول کا نظام ڈیزائن میں مستحکم ہے اور مؤثر طریقے سے نافذ کیا جاتا ہے اور ان کی نگرانی کی جا رہی ہے۔
- کمپنی کی Going concern کے طور پر جاری رکھنے کی صلاحیت کے بارے میں کوئی خاص شبہ نہیں ہے۔
- کارپوریٹ گورننس کے بہترین طریقہ کار سے کسی قسم کی مراعات نہیں ہوئی ہیں، جیسا کہ فہرست سازی کے ضوابط میں تفصیل ہے۔
- کلیدی آپریٹنگ اور مالی اعداد و شمار کا خلاصہ اور گزشتہ چھ سال سے منسلک اہم اعداد و شمار کی گرافک پیش کش۔
- اکاؤنٹس کو دئے گئے نوٹ میں بقایا فرائض، محصولات اور چارجز کے خلاف معلومات دی جاتی ہیں
- کمپنی فنڈڈ پروویڈنٹ فنڈ اسکیم چلاتی ہے۔ فنڈ کے تازہ ترین غیر آڈٹ شدہ کھاتوں پر مبنی اثاثوں کی مناسب قیمت 59.31 ملین روپے تھی۔

بورڈ آف ڈائریکٹرز

سال کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس ہوئے۔ ڈائریکٹرز کی شرکت مندرجہ ذیل ہے

ڈائریکٹرز کا نام	بورڈ آف ڈائریکٹرز کا اجلاس مین شرکت کی تعداد	آڈٹ کمیٹی کا اجلاس مین شرکت کی تعداد	ایچ آر اور آر کمیٹی کا اجلاس مین شرکت کی تعداد
کل نمبر سال کے دوران ہونے والی ملاقاتوں کا	4	4	1
محمد عمر باواہی	4	4	N/A
احمد علی باواہی	4	N/A	1
بلال عمر باواہی	4	N/A	N/A
حمزہ عمر باواہی	4	4	1
محمد انیش احمد باواہی	2	N/A	N/A
عرفان زکریا باواہی	4	4	1
شیخ عاصم رفیق	3	N/A	N/A
احمد غلام حسین	4	N/A	N/A

غیر حاضری کی چھٹی ان ڈائریکٹرز کو دی گئی تھی جو کچھ اجلاسوں میں شرکت نہیں کر سکتے تھے۔

یونیکول لمیٹڈ

ایک سال کے دوران، ہتھنول کی فروخت کی آمدنی Rs. 5.70 بلین (2019:5.31 ارب روپے) جو پچھلے سال کے مقابلے میں 7.34٪ زیادہ ہے۔ اس کی بنیادی وجہ پاک روپے کے مقابلے میں امریکی ڈالر میں نمایاں تعریف تھی۔ CO2 کی فروخت آمدنی Rs. 119.30 بلین (2019:192.69 بلین روپے) جو پچھلے سال کے مقابلے میں 38.09٪ کم ہے۔ اس کی بنیادی وجہ مارکیٹ میں طلب اور رسد میں عدم توازن ہے۔ مجموعی فروخت 5.82 بلین (2019:5.50 بلین روپے) ریکارڈ کی گئی جو گذشتہ سال کے مقابلے میں 5.85 فیصد زیادہ ہے۔ فروخت کی لاگت میں Rs. 4.70 بلین (2019:3.79 بلین روپے) جو پچھلے سال کے مقابلے میں 23.86٪ زیادہ ہے۔ سال کے مجموعی منافع کا مارجن 19 (2019:31٪) ریکارڈ کیا گیا جو گذشتہ سال کے مقابلے میں 12 فیصد کم ہے۔ مختلف اخراجات اور ٹیکسوں کے بعد کمپنی نے Rs. 523.76 بلین (2018:1,09.76 بلین روپے)، جس میں سے ہمارے حصص کا منافع Rs. 174.5 بلین (2018:369.9 بلین روپے)

یونیکول کے بورڈ آف ڈائریکٹرز نے 08 دسمبر 2020 کو منعقدہ اپنے اجلاس میں 30 ستمبر 2020 کو ختم ہونے والے سال کے لئے 12.5٪ (فی حصص روپے 1.25) حتمی نقد ڈوؤنڈ کی تجویز پیش کی ہے۔ یہ پہلے ہی عبوری نقد ڈوؤنڈ کے علاوہ ہے

فاران پاور لمیٹڈ۔ 26.5 میگاواٹ کے بگاس بیسڈ ہائی پریشر پاور پروجیکٹ نے اہم سنگ میل حاصل کیا ہے۔ ٹیرف کی منظوری، ایل او ایس اور جزیشن لائسنس۔ لیکن سی پی پی اے کے آئی اے اور پی پی اے پر دستخط کرنے سے انکار کی وجہ سے اس منصوبے کو روک دیا گیا ہے۔ کمپنی اس منصوبے کو شروع کرنے کے لئے مناسب کارروائی کر رہی ہے۔

یونی ایز جی لمیٹڈ UEL۔ مشترکہ منصوبے کے تحت 50 میگا واٹ ونڈ پاور پراجیکٹ کو، جھمپیر، ضلع ٹھٹھہ میں پروجیکٹ کے قیام کے لئے لیٹر آف انٹنٹ اور باضابطہ طور پر مختص اراضی دی گئی ہے۔ UEL کی سرگرمی 50 میگا واٹ کے ونڈ پاور جزیٹنگ پروجیکٹ کی تعمیر، چلانے اور اس کو برقرار رکھنے کے ہوگی جس کے سلسلے میں بجلی کی بجلی کی فراہمی ہوگی۔ کمپنی نے 16 اکتوبر 2015 کو متبادل توانائی ترقیاتی بورڈ سے خط کا ارادہ حاصل کیا، جس کی توسیع 25 اپریل 2019 تک کی گئی تھی۔ یون۔اے جی نے مزید توسیع کے لئے درخواست دی ہے، اور انتظامیہ کو امید ہے کہ اس کی مدت میں توسیع کی جائے گی۔ ایف ایس ایم ایل نے 19.99 بلین روپے ایکویٹی سرمایہ کاری کی ہے۔

یونی فوڈ انڈسٹریز لمیٹڈ (UEL) - یونی فوڈ انڈسٹریز لمیٹڈ (UEL) - جوائنٹ وینچر فوڈ پروجیکٹ نے اپنے دستخطی برانڈ GOOD GOODIES کے مارچ 2018 میں اپنی تجارتی پیداوار کا آغاز کیا ہے۔ کمپنی کو 30 جون 2020 کو ختم ہونے والے سال کے لئے 388.26 بلین روپے (2018:417 بلین روپے) کا نقصان ہوا جس میں سے ہمارے حصص 133.664 بلین روپے تھے۔ (2018:142.413 بلین روپے)۔ اس وقت کمپنی کو ملک میں کوویڈ / لاک ڈاؤن صورتحال کی وجہ سے موجودہ مارکیٹ پلیٹرز اور مارکیٹ مارکیٹنگ کے چیلنجوں سے بے حد مسابقت کا سامنا ہے۔ تاہم، ملک بھر میں تقسیم کے نیٹ ورک اور برانڈ امیج کے قیام اور فروخت کی مقدار میں بہتر حصول اور لاگت کو کم کرنے کے لئے نئی مصنوعات کو شامل کرنے کے لئے سخت کوششیں کی جارہی ہیں۔

ہم ان پروجیکٹس کو بے تابی سے چلا رہے ہیں، لیکن، ہماری توجہ کبھی بھی اپنے بنیادی کاموں سے نہیں ہٹے گی

مالی رپورٹنگ فریم ورک:

کارپوریٹ گورننس 2019 کے ترمیم شدہ کوڈ کی ضروریات کی تعمیل میں، آپ کے ڈائریکٹرز کی رپورٹ ہے کہ:

- انتظامیہ کے ذریعہ تیار کردہ مالی بیانات اس کی امور کی منصفانہ حیثیت، اس کے آپریشن، نقد بہاؤ اور ایکویٹی میں تبدیلی کا نتیجہ پیش کرتے ہیں۔

اکتوبر / نومبر 2020 کے مہینے میں چینی کی قلت پر غور کرتے ہوئے وفاقی حکومت نے نجی شعبے میں چینی کی درآمد کی اجازت دی اور گھریلو مارکیٹ کی قیمت کو برقرار رکھنے اور اسے کنٹرول کرنے کے لئے چینی کی درآمد پر لگنے والی تمام درآمدی محصولات کو بھی ختم کر دیا اور 300,000 ٹن درآمد کی اجازت دی۔ ٹی سی پی کے ذریعہ شوگر سیلز ٹیکس اور انکم ٹیکس کی چھوٹ کے ساتھ اور 300,000 ٹن رعایتی ودہولڈنگ ٹیکس کے ساتھ 0.25% اور 1 فیصد سیلز ٹیکس اپنی گھریلو قیمتوں کو کم کرنے کے لئے۔ لیکن رسد اور طلب کے فرق کی وجہ سے چینی کی درآمد کے بعد چینی کی قیمت زیادہ رہی اور تاجروں نے درآمدی ڈیوٹی / ٹیکس میں چھوٹ / نرمی کے پورے فولڈ اٹھائے۔ لیکن مقامی پروڈیوسر کو وہ تمام مقامی ٹیکس ادا کرنا پڑا جو اس امتیاز کی وجہ سے مقامی صنعت کو گرا سکتے ہیں۔

ایف ایس ایم ایل نے SANHA حلال ایسوسی ایٹ پاکستان پرائیویٹ لمیٹڈ کی جانب سے 'حلال تصدیق نامہ' کی تجدید کی ہے۔ حلال تصدیق ایک ایسا عمل ہے جو اسلامی کونسل کے قائم کردہ قواعد کے مطابق مصنوعات کی خصوصیات اور معیار کو یقینی بناتا ہے اور اس بات کی نشاندہی کرتا ہے کہ ہماری مصنوعات کو شریعت / اسلامی قانون کے مطابق انسانوں کے ذریعہ استعمال یا استعمال کرنے کی اجازت ہے۔ اس طرح SANHA سرٹیفکیٹ کسی مصنوع کی حلال مناسبت کی مستند گواہی کا کام کرتا ہے۔

لیکویڈیٹی منجمنٹ اور کیپیٹل ڈھانچہ:

آپ کی کمپنی مالی سال 2004 2005 کے بعد سے اپنی ساری مالی ضروریات کو نامور اسلامی بینکوں کے صرف شرعی مصنوعات کے ذریعے حل کر رہی ہے اور اس کے اسٹیک ہولڈرز کو حلال آمدنی فراہم کر رہی ہے۔ اس کمپنی نے اسلامی فنانسنگ کی متعدد مصنوعات کے تحت منظور شدہ فنانس سہولیات کی حد تک محدود وسائل رکھے ہیں تاکہ اس کے کام کے بڑے سرمایے کی ضروریات کو پورا کیا جاسکے اور ساتھ ہی طویل مدتی فنانسنگ بھی کی جاسکے۔ COVID-19 وبائی امراض کے پیش نظر، اسٹیٹ بینک آف پاکستان (SBP) نے متعدد فیصلے لئے ہیں اور مقامی معیشت پر COVID-19 وبائی امراض کے اثرات کو کم سے کم کرنے کے لئے معیشت کو مستحکم کرنے کے لئے متعدد طرح کی فنانسنگ اسکیموں کا اعلان کیا ہے۔ پالیسی / ڈسکاؤنٹ ریٹ میں کمی، کچھ قواعد / طریقہ کار میں نرمی، قرض کی ادائیگی میں التواء، کاغذ پر مبنی کلیئرس آپریشنز کی سہولت اور آن لائن فنڈ کی منتقلی کے لئے چارجرز کا خاتمہ شامل ہے۔ ہم نے پے رول فنانسنگ اور عارضی معاشی ریلیف سہولت (TERF) کے تحت بھی فائدہ اٹھایا ہے۔ اسلامی مصنوعات کے تحت یہ مراعات یافتہ اسٹیٹ بینک فنانسنگ اسکیمیں۔ الحمد للہ، ہم RIBA سے پاک کمپنی ہیں۔ سست فروخت اور برآمدی سبڈی میں پھنس جانے کی وجہ سے سال کے دوران بھاری فنانسنگ حاصل کی گئی۔ بہر حال، تمام ذمہ داریوں کو بروقت نبھانا یقینی بنانے کے لئے ہم نے اپنی فنانسنگ کی ضروریات کو مؤثر طریقے سے نبھایا۔

سال کے دوران، VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے کریڈٹ ریٹنگ کی اور گزشتہ سال کی تفویض کردہ درجہ بندی کو برقرار رکھا یعنی 2-A / A- (minus / A-Two) طویل مدتی درجہ بندی تحفظ کے مناسب عوامل کے ساتھ اچھی کریڈٹ کے معیار کی نشاندہی کرتی ہے۔ اگر معیشت میں تبدیلیاں آتی ہیں تو خطرات کے عوامل کو متغیر سمجھا جاتا ہے۔ 2-A کی قلیل مدتی درجہ بندی میں بروقت ادائیگی کی عمدہ یقینی گئی ہے۔ لیکویڈیٹی عوامل اور کمپنی کے بنیادی اصول سرمائے منڈی میں اچھی رسائی کے ساتھ مستحکم ہیں، خطرے والے عوامل چھوٹے ہیں اور تفویض کردہ درجہ بندی پر نقطہ نظر مستحکم ہے۔

توسیع اور جدید کاری کے منصوبے:

کمپنی محتاط طور پر اپنے مطلوبہ سرمایہ اخراجات کا جائزہ لے رہی ہے اور لاگت کی بجٹ کے منصوبوں کے انتخابی شعبے میں خرچ کرنا یا کمپنی کے کاروبار میں استحکام اور طویل مدتی فولڈ کے متوقع مستقبل میں کیش فلو اور آئی آر آر کی بنا پر اہم ضروری اور ہالنگ۔ کمپنی کو لاگت کی بجٹ کے متعدد منصوبوں کے لئے عارضی معاشی ری فنانس سہولت (TERF) کے تحت 600 ملین کی طویل مدتی فنانسنگ، منظوری دے دی گئی ہے اور اسی مقصد کو حاصل کرنے کے لئے مزید مالی اعانت حاصل کرنے پر غور کیا گیا ہے۔

ہوئی ہے۔ لہذا ، مذکورہ عوامل کی وجہ سے کمپنی کو نقصان برداشت کرنا پڑا۔

یونیکول لمیٹڈ نے اپنی رفتار جاری نہیں رکھی اور ترسیل میں تاخیر کے سبب اعتدال پسند منافع ظاہر کیا۔ یونی فوڈ لمیٹڈ نے اپنے فروخت کا حجم بڑھانے کے اپنے برانڈ آپریشن اور اس کی تقسیم کے نیٹ ورک کو بنانے کے لئے محدود کارروائی اور مستقل سرمایہ کاری کی وجہ سے ہونے والے نقصان کی اطلاع دی۔

آپیشل کارکردگی:

سیزن 20-2019 کے لئے ، پنجاب اور خیبر پختونخواہ کے لئے 40 روپے فی 40 کلوگرام کی قیمت 190 روپے اور سندھ کے لئے 192 روپے فی 40 کلوگرام مقرر کی گئی تھی۔ ایک بار پھر گنے کی اعلیٰ قیمت (حکومت کے زیر کنٹرول) چینی کی قیمتوں میں اسی طرح کے اتار چڑھاؤ کے لئے کوئی طریقہ کار طے نہیں ہے۔ ہمیں زیادہ سے زیادہ صلاحیت پر اپنی ملوں کو چلانے کے لئے صوبہ سندھ کی جانب سے طے شدہ 192 روپے فی 40 کلوگرام سپورٹ قیمت ادا کرنے کے بجائے گنے کی بہت زیادہ مسابقتی قیمت ادا کرنا پڑی۔

گنے کی کمی اور فصل کی مقدار کم ہونے کی وجہ سے گنے کی شرح میں زیادہ اتار چڑھاؤ کی وجہ سے موسم 20-2019 بہت دباؤ اور مشکل تھا۔ بہتر چینی کی قیمت میں اضافے کی وجہ بنیادی طور پر ملوں کے ذریعہ خریدار مہنگے گنے کی قیمت ہے جو اوسط کی اوسط حد سے زیادہ کی شرح پر 240 سے 280 فی 40 کلوگرام ہے۔

پاکستان نے گذشتہ برسوں میں اپنے گھریلو استعمال کے مقابلے میں زلند پیداوار کا تجربہ کیا۔ لیکن پچھلے سال سے ، گنے کا رقبہ اور پیداوار متعدد عوامل کی وجہ سے کم ہو رہے رجحان پر ہے۔ گذشتہ سیزن 19-2018 میں پیدا ہونے والے 5.26 ملین میٹرک ٹن سے سال 20-2019 کے سیزن میں ملک میں چینی کی پیداوار بھی ۷ فیصد سے کم ہو کر 4.28٪ ملین میٹرک ٹن رہ گئی تھی۔ سندھ زون میں کام کرنے والی ملوں نے گذشتہ سیزن 19-2018 میں 15.98 ملین ملین میٹرک ٹن کے مقابلے میں 14.28 ملین میٹرک ٹن گنے کو پیلا، جس میں 1.719 ملین میٹرک کے مقابلے میں 10.47٪ اوسط وصولی کے ساتھ 1.459 ملین میٹرک ٹن چینی پیدا ہوئی۔

ہم نے 25 نومبر 2019 کو اپنی ملیں شروع کیں، لیکن گنے کی عدم فراہمی / ناکافی مقدار کے باعث سندھ زون کی زیادہ تر ملوں کو بند کرنا پڑا۔ انتہائی اعلیٰ شرح پر گنے کی ناکافی سپلائی کی وجہ سے ایف ایس ایم ایل نے 21 دسمبر 2019 کو گنے کی کرشنگ بھی روک دی۔ ہم نے 31 دسمبر 2019 کو اپنی ملیں دوبارہ شروع کیں، لیکن ہماری ملوں کی گنے کی کرشنگ اور چینی کی پیداوار میں بھی گنے کی ناکافی فراہمی کے سبب 10 فیصد کے قریب کمی واقع ہوئی۔ آپ کی ملوں کا تقابلی خلاصہ آپریٹنگ نتیجہ سیزن - 20-2019 کے لئے ہے۔

سیزن کا آغاز	تاریخ	2019-20 سیزن	2018-19 سیزن
سیزن ختم	تاریخ	08 مارچ 2020	11 مارچ 2019
کام کا دورانیہ	دن	105	89
گنے کی کرشنگ	میٹرک ٹن	601,936	670,581
چینی کی پیداوار	میٹرک ٹن	65,739	73,696
ریکوری	فیصد	10.900	11.005
کم سے کم سپورٹ قیمت	40 کلوگرام فی	192	182

محترم حصص داروں،

سب سے زیادہ رحمدل اللہ کے نام پر، آپ کے ڈائریکٹرز 30 ستمبر 2020 کو ختم ہونے والی سال کی کمپنی کی سالانہ رپورٹ اور آڈٹ شدہ مالیاتی اعداد و شمار پیش کرتے ہیں۔

2019	2020	
Rs. '000	Rs. '000	
4,653,414	5,940,734	مقامی فروخت
492,288	622,065	برآمدات
5,145,702	6,562,799	مجموعی فروخت
293,650	(192,959)	قبل از ٹیکس منافع / (نقصان)
227,579	41,160	ایکویٹی اکاؤنٹ سرمایہ کاری - منافع میں حصہ - نیٹ
521,229	(151,799)	کم: ٹیکس
(99,508)	(124,777)	موجودہ
(5,896)	(1,573)	پچھلا سال
(35,380)	106,832	موخر اثاثہ / (ٹیکس)
(140,784)	(19,518)	(نقصان) / منافع بعد از ٹیکس
380,445	(171,317)	(نقصان) / منافع فی شیئر
15.21	(6.85)	

مالیاتی کارکردگی:

کوڈ - 19 وبائی بیماری کے وباء نے پاکستان سمیت عالمی معیشت پر بڑا اثر ڈالا، کیونکہ معاشی سرگرمیاں نمایاں طور پر خراب ہو گئیں۔ چینی کی طلب میں بھی کمی رہی اور ساتھ ہی فروخت کی قیمت بھی دباؤ میں رہی۔ شوگر سیکٹر میں حکومتی مداخلت نے بھی صورتحال کو بدترین کر دیا۔ تاہم، طلب اور رسد کے فرق کی وجہ سے جائزے کے تحت سال کی آخری سہ ماہی میں طلب اور فروخت کی قیمت میں بہتری آئی ہے۔

مالی نتائج کا خلاصہ یہ ہے:

اس عرصے کے دوران مجموعی فروخت 6.562 ارب روپے جن میں 622 ملین روپے کی برآمد فروخت شامل ہے۔ بمقابلہ سال 2018-19 کی اسی مدت کے لئے 5.145 بلین روپے بشمول برآمدات 492.288 ملین کی مجموعی فروخت ہوئی۔ پچھلے سال کے مقابلے میں زیادہ قیمت فروخت ہونے کی وجہ سے 27 فیصد بڑھیں۔ لیکن اعلیٰ قیمت فروخت نے پیداوار کی مجموعی لاگت کو پورا نہیں کیا جو بنیادی طور پر گنے کی بے حد شرح کی وجہ سے زیادہ رہا۔ صنعت اس بار گنے کی سپلائی اور طلب کے فرق کی وجہ سے انتہائی زیادہ مسابقتی نرخوں کی ادائیگی کر چکی ہے کیونکہ اس سیزن 2019-20 میں فصل کا سائز کم تھا۔ چینی کے شعبے کا منافع بنیادی طور پر گنے کی قیمت، اہم خام مال اور بہتر چینی کے مابین کے فرق سے ہوتا ہے۔ چونکہ دونوں اجناس ہیں، ان کی چکر کم نوعیت کے پیش نظر قیمتوں میں اتار چڑھاؤ شامل ہے۔ بڑے پیمانے پر قلیل مدتی قرضے کے ساتھ ساتھ فنانسنگ کی شرح میں اضافے کی وجہ سے فنانس لاگت بہت زیادہ تھی، لیکن پچھلے سال کی اسی سطح پر رہی۔ سست فروخت اور برآمدی سبسڈی میں پھنس جانے کی وجہ سے سال کے دوران بھاری مالی قرض حاصل کیے گئے۔ کرٹنگ سیزن 2019-20 کے دوران بہتر چینی کی گھریلو فروخت قیمت بہت کم رہی۔ کوویڈ-19 پانڈیمک نے پوری معیشت کو بھی سست کر دیا ہے اور اس کی وجہ سے گھریلو مارکیٹ میں چینی کی فروخت سست ہوئی ہے۔ برآمد اور متعلقہ لاگت میں کمی کی وجہ سے پچھلے سال کے مقابلے میں تقسیم اور فروخت کے اخراجات میں نمایاں کمی واقع

Independent Auditor's Review Report

To the Members of M/S. Faran Sugar Mills Limited

Review Report on the Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ('the Regulations') prepared by the Board of Directors of M/s. Faran Sugar Mills Limited ('the Company') for the year ended September 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations, and report if it does not, and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended September 30, 2020.

Further, we highlight below the Company's explanation for non-compliance with non-mandatory requirements of the Code as stated in paragraph 18 of the Statement of Compliance:

S. No.	Nature of Requirement	Paragraph No.	Description of the Non-Compliance
1	Non-mandatory	18	As per Regulation 06 of the Listed Companies (Code of Corporate Governance) Regulations, 2019, a listed company shall have at least two or one-third members of the Board of Directors, whichever is higher, as independent directors. Further, it requires a listed company to explain the reasons, in its Statement of Compliance, if any fraction contained in such one-third number is not rounded up as one.

S. No.	Nature of Requirement	Paragraph No.	Description of the Non-Compliance
1	Non-mandatory	18	Since the total number of directors of the Company is 8, its one-third fraction comes to 2.66. In contrast, during the year ended September 30, 2020, the number of independent directors of the Company has been 2. However, as stated in clause 18 of the Statement of Compliance, the existing independent directors have the requisite skills, knowledge and diversified work experience to take independent decision in the interest of the Company.
2	Non-mandatory	19	Considering the volume and nature of transactions and corporate structure of the Company, positions of CFO and Company Secretary have not been segregated. However, the Company may segregate the duties of two offices should the need arise.

Karachi.

Date: January 28, 2021


 RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
 Chartered Accountants

Statement of Compliance with Listed Companies

(Code of Corporate Governance) Regulations, 2019

Name of Company: **FARAN SUGAR MILLS LIMITED**

Year Ending: September 30, 2020

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 8 as per the following:

- a) Male: - 8
- b) Female: - Nil

2. The composition of board is as follows:

Category	Name
Independent Director	<i>Mr. Irfan Zakaria Bawany</i>
	<i>Mr. Ahmed Ghulam Hussain</i>
Non-Executive Director	<i>Mr. Omar Amin Bawany</i>
	<i>Mr. Hamza Omar Bawany</i>
	<i>Mr. Muhammad Altamash Ahmed Bawany</i>
	<i>Mr. Sheikh Asim Rafiq – NIT</i>
Executive Director	<i>Mr. Ahmed Ali Bawany</i>
	<i>Mr. Bilal Omar Bawany</i>

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained by the Company.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Six out of Eight Directors have already either attended directors' training from recognized institution or have met the criteria of requisite education on the listed Companies under regulation 20(2) of the Regulations. The criteria of training certification for the remaining directors will be complied in due course
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

a) Audit Committee

<i>Mr. Irfan Zakaria Bawany</i>	Chairman
<i>Mr. Muhammad Omar Amin Bawany</i>	Member
<i>Mr. Hamza Omar Bawany</i>	Member

b) HR and Remuneration Committee

<i>Mr. Irfan Zakaria Bawany</i>	Chairman
<i>Mr. Ahmed Ali Bawany</i>	Member
<i>Mr. Hamza Omar Bawany</i>	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly / half yearly / yearly) of the committee were as per following:

a) Audit Committee	–	Quarterly
b) HR and Remuneration Committee	–	Yearly

15. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with except Fraction (0.66) contained in one-third number for Independent directors has not been rounded up as one, as the existing independent directors have the requisite skills, knowledge and diversified work experience to take independent decision in the interest of the Company; and

19. Considering volume & nature of transactions and corporate structure of the Company, positions of CFO and Company Secretary are not segregated. However, we may segregate duties of two offices if situation needed.



MUHAMMAD OMAR AMIN BAWANY
Chairman

Independent Auditors' Report

To the members of Faran Sugar Mills Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of Faran Sugar Mills Limited ('the Company'), which comprise the statement of financial position as at September 30, 2020, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information ('the financial statements'), and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and, respectively, give a true and fair view of the state of the Company's affairs as at September 30, 2020 and of the loss, total comprehensive loss, changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters are addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. However, we have determined that there are no key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. However, we have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditors' Report

To the members of Faran Sugar Mills Limited

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Based on our audit, we further report that in our opinion:

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

- (d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Muhammad Waseem.



RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Karachi
Date: January 28, 2021

Financial STATEMENT



MENTS

Statement of Financial Position

As at September 30, 2020

ASSETS	Note	2020	2019
		----- Rupees -----	
Non-current assets			
Property, plant and equipment	5	1,884,930,704	1,874,593,502
Long term investments	6	1,141,756,234	1,279,384,332
Long term deposits	7	10,103,594	15,128,694
		3,036,790,532	3,169,106,528
Current assets			
Stores and spares	8	83,974,351	82,920,357
Stock in trade	9	384,560,366	1,070,394,211
Trade debts	10	183,347,585	128,065,098
Short term investment	11	1,515,500	-
Loans, advances, deposits, other receivables	12	676,746,090	732,064,904
Taxation - net		35,958,571	58,729,809
Cash and bank balances	13	160,261,980	395,616,672
		1,526,364,443	2,467,791,051
Total assets		4,563,154,975	5,636,897,579
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital	14	400,000,000	400,000,000
Issued, subscribed and paid up capital	14	250,069,550	250,069,550
Capital reserve			
Share premium		8,472,152	8,472,152
Surplus on re-measurement of investment		1,134,849	477,273
		9,607,001	8,949,425
Revenue reserves			
General reserve		49,952,868	49,952,868
Unappropriated profit		1,814,834,493	2,011,158,584
		1,864,787,361	2,061,111,452
		2,124,463,912	2,320,130,427
Non-current liabilities			
Long term borrowings from banking companies	15	126,928,993	154,623,652
Deferred liabilities	16	395,522,111	501,702,805
		522,451,104	656,326,457
Current liabilities			
Trade and other payables	17	360,289,683	966,416,874
Accrued mark up		30,444,548	73,206,156
Current maturity of long term liabilities	18	120,713,951	88,252,899
Unclaimed dividend		10,825,556	10,104,424
Short term borrowings from banking companies	19	1,393,966,221	1,522,460,342
		1,916,239,959	2,660,440,695
Contingency and commitment	20		
Total equity and liabilities		4,563,154,975	5,636,897,579

The annexed notes from 1 to 38 form an integral part of these financial statements.



Ahmed Ali Bawany
Chief Executive Officer



Muhammad Omar Bawany
Chairman



Muhammad Ayub
Chief Financial Officer

Statement of Profit or Loss

For the year ended September 30, 2020

	Note	2020 ----- Rupees -----	2019
Sales revenue - net	21	5,751,429,749	4,619,071,612
Cost of sales	22	(5,482,886,163)	(4,336,087,350)
Gross profit		268,543,586	282,984,262
Administrative expenses	23	(158,665,059)	(170,534,980)
Selling and distribution costs	24	(16,986,153)	(27,586,890)
		(175,651,212)	(198,121,870)
Operating profit		92,892,374	84,862,392
Other income	25	21,771,141	557,874,840
Other expenses	26	(6,298,805)	(38,707,689)
		15,472,336	519,167,151
		108,364,710	604,029,543
Finance costs	27	(301,324,109)	(310,379,413)
		(192,959,399)	293,650,130
Share of profit or loss of associates - net	28	41,160,510	227,579,037
(Loss) / profit before taxation		(151,798,889)	521,229,167
Taxation	29	(19,518,247)	(140,784,058)
(Loss) / profit after taxation		(171,317,136)	380,445,109
(Loss) / earnings per share - basic and diluted	30	(6.85)	15.21

The annexed notes from 1 to 38 form an integral part of these financial statements.



Ahmed Ali Bawany
Chief Executive Officer



Muhammad Omar Bawany
Chairman



Muhammad Ayub
Chief Financial Officer

Statement of Comprehensive Income

For the year ended September 30, 2020

	2020	2019
	----- Rupees -----	
(Loss) / profit after taxation	(171,317,136)	380,445,109
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
Increase / decrease in the fair value of investment in certificates of B.F. Modaraba	657,576	(4,039,394)
Total comprehensive (loss) / income for the year	(170,659,560)	376,405,715

The annexed notes from 1 to 38 form an integral part of these financial statements.



Ahmed Ali Bawany
Chief Executive Officer



Muhammad Omar Bawany
Chairman



Muhammad Ayub
Chief Financial Officer


Statement of Changes in Equity

For the year ended September 30, 2020

		Capital reserves	Revenue Reserve			
	Issued, subscribed and paid up capital	Share premium	General reserve	Unappropriated profits	Surplus on re- measurement of available for sale investment	Total
	----- (Rupees) -----					
Balance as at September 30, 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 year ended September 30, 2019						
- Profit after taxation	-	-	-	-	380,445,109	380,445,109
- Other comprehensive loss	-	-	(4,039,394)	-	-	(4,039,394)
	-	-	(4,039,394)	-	380,445,109	376,405,715
Transactions with owners						
Final dividend paid for the year ended September 30, 2018 (@ Rs. 3.75 per share)	-	-	-	-	(93,776,081)	(93,776,081)
Balance as at September 30, 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 year ended September 30, 2020						
- Loss after taxation	-	-	-	-	(171,317,136)	(171,317,136)
- Other comprehensive loss	-	-	657,576	-	-	657,576
	-	-	657,576	-	(171,317,136)	(170,659,560)
Transactions with owners						
Final dividend paid for the year ended September 30, 2019 (@ Re. 1.00 per share)	-	-	-	-	(25,006,955)	(25,006,955)
Balance as at September 30, 2020	250,069,550	8,472,152	1,134,849	49,952,868	1,814,834,493	2,124,463,912

The annexed notes from 1 to 38 form an integral part of these financial statements.


Ahmed Ali Bawany
Chief Executive Officer


Muhammad Omar Bawany
Chairman


Muhammad Ayub
Chief Financial Officer

Statement of Cash Flows

For the year ended September 30, 2020

	Note	2020 ----- Rupees -----	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	31	302,268,445	1,372,144,797
Income tax paid		(103,579,851)	(95,256,704)
Market Committee fee paid		(5,808,805)	(16,398,543)
Payment to Workers' Profit Participation Fund		(14,375,610)	(17,405,040)
Finance cost paid		(342,431,035)	(294,155,868)
Net cash (used in) / generated from operating activities		(163,926,856)	948,928,641
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(117,736,260)	(245,235,218)
(Purchase) / sale of short term investments - net		(1,922,957)	36,068,437
Investment in equity accounted investee		(95,553,800)	(103,409,140)
Proceeds from sale of property, plant and equipment		4,166,740	4,298,500
Dividend received		276,228,734	226,746,237
Interest received		6,224,494	2,849,765
Long term deposits - net		5,025,100	(1,285,738)
Net cash generated from / (used in) investing activities		76,432,051	(79,967,157)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(24,285,823)	(90,964,881)
Diminishing Musharaka financing obtained		15,848,449	58,486,811
Repayments under Diminishing Musharaka financing		(98,753,604)	(124,921,955)
Financing obtained for payment of wages and salaries		87,825,212	-
Short term finance - net		(128,494,121)	(339,852,488)
Net cash used in financing activities		(147,859,887)	(497,252,513)
Net (decrease) / increase in cash and cash equivalents		(235,354,692)	371,708,971
Cash and cash equivalents at the beginning of the year		395,616,672	23,907,701
Cash and cash equivalents at the end of the year	13	160,261,980	395,616,672

The annexed notes from 1 to 40 form an integral part of these financial statements.



Ahmed Ali Bawany
Chief Executive Officer



Muhammad Omar Bawany
Chairman



Muhammad Ayub
Chief Financial Officer

Notes to the Financial Statements

For the year ended September 30, 2020

1. STATUS AND NATURE OF BUSINESS

Faran Sugar Mills Limited ("the Company") was incorporated in Pakistan on November 03, 1981 as a public limited company under the Companies Act, 1913 (repealed with the enactment of the Companies Ordinance, 1984 on October 08, 1984 and subsequently by the Companies Act, 2017 on May 30, 2017). The shares of the Company are listed on Pakistan Stock Exchange (PSX). The principal business of the Company is the production and sale of white sugar.

Following are the principal operating locations of the Company:

Head office: The registered office of the Company is situated at Bungalow No.43-1-E(B) Block 6 P.E.C.H.S., Karachi.

Mill: The mill is located at Sheikh Bhirkio, District Tando Mohammad Khan, Sindh.

2. BASIS OF PREPARATION

2.1 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:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Provision of, and directives issued under, the Companies Act, 2017.

Where the provisions of, and directives issued under, the Companies Act, 2017 differ from the IFRS, the former have been followed.

2.2 Basis of measurement

These financial statements have prepared under the historical cost convention except for:

- (a) Long term investment in quoted equity securities of B.F Modarba which are carried at fair value through other comprehensive income; and
- (b) Short term investment in quoted equity securities which are carried at fair value through profit or loss.

2.3 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

2.4 Use of judgements and estimates

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Notes to the Financial Statements

For the year ended September 30, 2020

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note reference	Area of judgement	Brief description of the judgement applied
4.1	Property, plant and equipment	Whether the consumption of future economic benefits embodied in the Company's fixed assets is reduced over time and, accordingly, whether it is appropriate to use 'diminishing balance method' as the depreciation method.
4.2	Investment in subsidiary	Whether the Company has control over M/s. Faran Power Limited.
4.2	Investment in associates	Whether the Company has significant influence over M/s. Unicol Limited, M/s. Uni Energy Limited and M/s. UniFood Industries Limited.
4.11	Timing of revenue recognition	<i>Local sales revenue:</i> Whether control of the promised goods is transferred to the customer when the goods are dispatched from the Company's premises; <i>Export sales revenue:</i> Whether control of the promised goods is transferred to the customer when the goods are loaded onto the shipping vessel and, as an acknowledgement thereof, a bill of lading is issued by the shipping company."
7.3(b)(i)	Investment in B.F. Modaraba	Whether the investment is a long-term strategic investment and the irrevocable election to present subsequent changes in the fair value of the investment in other comprehensive income (as described in the IFRS 9 'Financial Instruments') can be applied.
15.2.1	Financing for payment of wages and salaries	Whether the financing contains an element of government grant that should be recognized separately as deferred income.

Notes to the Financial Statements

For the year ended September 30, 2020

(b) Assumptions and other major sources of estimation uncertainty

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note reference	Area of estimation uncertainty	Brief description of the assumption or the source of estimation uncertainty
4.1	Property, plant and equipment	Estimation of useful lives and residual values of the operating fixed assets
4.3	Stores and spares	Estimation of the net realizable value of stores and spares inventory and recognition of the provision for slow-moving items
16.1.1	Deferred taxation	Recognition of deferred tax assets on unused tax losses and unused tax credits - availability of future taxable profit against which deductible temporary differences and unused tax losses and unused tax credits can be utilised

3. NEW ACCOUNTING PRONOUNCEMENTS

3.1 Amendments to approved accounting standards effective during the year ended September 30, 2020:

During the year, certain new accounting and reporting standards / amendments / interpretations became effective and applicable to the Company. However, since such updates do not have any effect on these financial statements, the same have not been disclosed here.

3.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after the dates specified below:

- Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after January 01, 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The application of the amendment is not likely to affect the financial statements of the Company.
- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after January 01, 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality

Notes to the Financial Statements

For the year ended September 30, 2020

judgments when preparing their general purpose financial statements in accordance with IFRS Standards. The amendments are not likely to affect the financial statements of the Company.

- Interest rate benchmark reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after January 01, 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has, in turn, led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.
- Amendments to IFRS 16 - IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after June 01, 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:
 - a. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
 - b. any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
 - c. there is no substantive change to the other terms and conditions of the lease.

The above amendments are not likely to affect the financial statements of the Company.

- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after January 01, 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8. The amendments are not likely to affect the financial statements of the Company.

Notes to the Financial Statements

For the year ended September 30, 2020

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after January 01, 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are not likely to affect the financial statements of the Company.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after January 01, 2022 clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are not likely to affect the financial statements of the Company.
- Annual Improvements to IFRS standards 2018-2020:

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after January 01, 2022:

- a. IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- b. IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- c. IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The above amendments are not likely to affect the financial statements of the Company.

Notes to the Financial Statements

For the year ended September 30, 2020

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied consistently to all years presented.

4.1 Property, plant and equipment

Operating fixed assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any, except free hold land and capital work in progress which are stated at cost less impairment, if any. Cost includes expenditure that are directly attributable to the acquisition of the asset.

Subsequent costs are included in an asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. Cost incurred to replace a component of an item of property, plant and equipment is capitalized, the asset so replaced is retired from use and its carrying amount is derecognized. Normal repairs and maintenance are charged to the statement of profit or loss during the period in which they are incurred.

Major spare parts qualify for recognition as property, plant and equipment when an entity expects to use them during more than one year. Transfers are made to relevant operating assets category as and when such items are available for use.

Depreciation of an asset begins from the date of commencement of reporting period i.e, (quarter) in which when it is the asset becomes available for use and continues till the date it is disposed of. Depreciation on all property, plant and equipment is charged to the statement of profit or loss using the reducing balance method over the asset's useful life at the rates specified in note 5.1 to these financial statements.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year in which the asset is derecognized.

Capital work-in progress

Capital work-in-progress is stated at cost less impairment if any, and consists of expenditure incurred and advances made in respect of property, plant and equipment in the course of their construction and installation. Transfers are made to operating fixed assets as and when the assets become available for use.

4.2 Long term investments

Investment in subsidiary

A subsidiary is an entity over which the Company has control. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity (which is the Company has existing rights that give it the current ability to direct the relevant activities of the entity).

Notes to the Financial Statements

For the year ended September 30, 2020

In these financial statements, investment in subsidiary is carried at its cost less accumulated impairment loss recognized thereon (if any).

Investment in associates

An entity is an associate over which the Company has significant influence. The Company is considered to have significant influence over an entity when it has the power to participate in the financial and operating policy decisions of the entity (but not control or joint control of those policies).

The Company accounts for its investments in associates using the equity method. Under this method investment is initially recognized at cost, being the fair value of consideration given and includes acquisition charges associated with such investments. Subsequently, the Company's share in profit / loss of the investee is recognized in the statement of profit or loss. Distributions received from the investee reduce the carrying amount of the investment. Adjustment to the carrying amount are also made for changes in the investor's proportionate interest in the investee arising from changes in the investee's other comprehensive income.

Where the Company's share of loss of an associates equal or exceeds its interest in the associates, the Company discontinues to recognize its shares of further losses except to the extent that Company has incurred legal or constructive obligation or made payment on behalf of the associates. If the associate subsequently reports profits, the Company resumes recognizing its share of those profit only after its share of the profit equals the share of losses not recognized.

4.3 Stores and spares

Stores and spares excluding items in transit are valued at lower of average cost and net realizable value.

Items in transit are valued at cost comprising invoice values plus other charges incurred thereon accumulated to the reporting date.

Provisions are made in the financial statements for obsolete and slow moving stores and spares based on management's best estimate regarding their future usability.

4.4 Stock-in-trade

Basis of valuation

All items of stock-in-trade are valued at the lower of cost and their net realizable value as of the reporting date.

Determination of cost

The cost of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Notes to the Financial Statements

For the year ended September 30, 2020

The costs of conversion of inventories include costs directly related to the units of production, such as direct labour. They also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. The allocation of fixed production overheads to the costs of conversion is based on the normal capacity of the production facilities (which is the production expected to be achieved on average over a number of periods or seasons under normal circumstances, taking into account the loss of capacity resulting from planned maintenance). However, in periods of abnormally high production, the amount of fixed overhead allocated to each unit of production is decreased so that inventories are not measured above cost. Variable production overheads are allocated to each unit of production on the basis of the actual use of the production facilities.

Notwithstanding the above, since by-products, by their nature, are immaterial, they are measured at their net realizable value.

The cost of the items consumed or sold and those held in stock at the reporting date is determined using the weighted average cost formula.

Determination of net realizable value

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories may not be recoverable if those inventories are damaged, if they have become wholly or partially obsolete, or if their selling prices have declined. The cost of inventories may also not be recoverable if the estimated costs of completion or the estimated costs to be incurred to make the sale have increased.

Inventories are usually written down to net realisable value item by item. In some circumstances, however, it is deemed appropriate to group similar or related items which may be the case with items of inventory relating to the same product line that have similar purposes or end uses, are produced and marketed in the same geographical area, and cannot be practicably evaluated separately from other items in that product line.

The Company estimates the net realisable value of inventories based on the most reliable evidence available, at the reporting date, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at the end of the reporting period.

While estimating the net realisable value, the Company also takes into consideration the purpose for which the inventory is held. For example, the net realisable value of the quantity of inventory held to satisfy firm sales contracts is based on the contract price. If the sales contracts are for less than the inventory quantities held, the net realisable value of the excess quantity is based on general selling prices.

Raw materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when a decline in the price of materials indicates that the cost of the finished products exceeds net realisable value, the materials are written down to net realisable value. In such circumstances, the replacement cost of the materials is used as the measure of their net realisable value.

Notes to the Financial Statements

For the year ended September 30, 2020

A new assessment is made of net realisable value in each subsequent period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed (i.e. the reversal is limited to the amount of the original write-down) so that the new carrying amount is the lower of the cost and the revised net realisable value.

4.5 Trade debts

These are carried at their transaction price less any allowance for lifetime expected credit losses. A receivable is recognized when the goods are delivered to customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

4.6 Financial assets

4.6.1 Initial recognition, classification and measurement

The Company recognizes a financial asset when and only when it becomes a party to the contractual provisions of the instrument evidencing investment. The Company classifies its financial assets into either of following three categories:

- (a) financial assets measured at amortized cost.
- (b) fair value through other comprehensive income (FVOCI);
- (c) fair value through profit or loss (FVTPL); and

(a) *Financial assets measured at amortized cost*

A financial asset is measured at amortized cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(b) *Financial assets at FVOCI*

A financial asset is classified as at fair value through other comprehensive income when it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(c) *Financial assets at FVTPL*

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income, as aforesaid.

Notes to the Financial Statements

For the year ended September 30, 2020

However, for an investment in equity instrument which is not held for trading, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment.

Such financial assets are initially measured at fair value.

4.6.2 Subsequent measurement

(a) *Financial assets measured at amortized cost*

These assets are subsequently measured at amortized cost (determined using the effective interest method) less accumulated impairment losses.

Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognized in the statement of profit or loss.

(b) *Financial assets at FVOCI*

These are subsequently measured at fair value less accumulated impairment losses.

A gain or loss on a financial asset measured at fair value through other comprehensive income in accordance is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Interest is calculated using the effective interest method and is recognised in profit or loss.

(c) *Financial assets at FVTPL*

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in the statement of profit or loss. However, for an investment in equity instrument which is not held for trading and for which the Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment, such gains or losses are recognized in other comprehensive income. Further, when such investment is disposed off, the cumulative gain or loss previously recognised in other comprehensive income is not reclassified from equity to profit or loss.

4.6.3 Impairment

The Company recognises a loss allowance for expected credit losses in respect of financial assets measured at amortised cost.

For trade receivables, the Company applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance.

For other financial assets, the Company applies the IFRS 9 'General Approach' to measuring expected credit losses whereby the Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that

Notes to the Financial Statements

For the year ended September 30, 2020

financial instrument has increased significantly since initial recognition. However, if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company measures expected credit losses on financial assets in a way that reflects an unbiased and probability-weighted amount, time value of money and reasonable and supportable information at the reporting date about the past events, current conditions and forecast of future economic conditions. The Company recognises in profit or loss, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

4.6.4 De-recognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

4.7 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand, bank balances and short term borrowings from banks which are repayable on demand and form an integral part of the Company's cash management, (if any).

4.8 Financial liabilities

"Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

4.9 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle liability simultaneously.

Notes to the Financial Statements

For the year ended September 30, 2020

4.10 Provisions and contingent liabilities

Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4.11 Revenue

Revenue from sale of goods

Typically, all the contracts entered into by the Company with its customers contain a single performance obligation i.e. the transfer of goods promised in the contract (which may be sugar, molasses or bagasse).

The Company does not expect to have contracts with its customers where the period between the transfer of the promised goods the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction price for the time value of money.

Revenue from sale of goods is recognized when the customer obtains control of the promised

Notes to the Financial Statements

For the year ended September 30, 2020

goods. This is further analyzed as below:

- (a) In case of local sale of goods, the customer is deemed to have obtained control of the promised goods being when the goods are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the goods.

Delivery occurs when the goods have been dispatched from the Company's premises and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have elapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

- (b) Revenue from export sales is recognised when the customer obtains control of the goods being when the goods are loaded on to the shipping vessel, and in case of export through land transportation, when the goods are dispatched from the Company's premises, and there remains no other unfulfilled obligation to be satisfied by the Company.

Export subsidy

Export subsidy is recognized as income in the period in which it becomes receivable i.e. when all the prescribed eligibility criteria have been met and the receipt of the related proceeds from the concerned government authority is probable.

4.12 Staff retirement benefits - Provident fund (defined contribution plan)

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution and will have no legal or constructive obligation to pay further amounts. Obligations for the defined contributions plans are recognized as an employee benefit expense in profit or loss when they are due.

The Company operates a recognized provident fund for all its eligible permanent employees. Equal monthly contributions are made by the Company and employees to the fund at the rate of 9% of basic salary. The Company's contribution is charged to the statement of profit or loss.

4.13 Ijarah lease arrangements

Upon its inception, an Ijarah lease contract entered into with a bank / other financial institution is evaluated to establish if it meets the Shariah essentials of Ijarah financing as approved by the Shariah Board of the State Bank of Pakistan including, in particular, the essential that, during the entire term of the lease, the lessor should retain title to the assets and bear all risks and rewards pertaining to ownership. If, in substance, all the prescribed Shariah essentials are assessed to be met, the contract is accounted for in accordance with the requirements of the Islamic Financial Accounting Standard (IFAS) 2 'Ijarah' (notified by the Securities & Exchange Commission of Pakistan vide its S.R.O. 431(I)/2007 dated May 22, 2007) whereby the Ijarah payments are recognized as an expense in the statement of profit or loss on a straight-line basis over the Ijarah term. If, however, it is assessed that the Shariah essentials prescribed for Ijarah financing are not met, the lease contract is accounted in accordance with the requirements of the International Financial Reporting Standard (IFRS) 16 'Leases'.

Notes to the Financial Statements

For the year ended September 30, 2020

4.14 Other income

Interest income

Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

Dividend income

Dividends received from investments measured at fair value through profit or loss and at fair value through other comprehensive income are recognized in the statement of profit or loss when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of a part of the cost of an investment. In this case, dividend is recognized in other comprehensive income if it relates to an investment measured at fair value through other comprehensive income.

4.15 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of impairment loss for a cash generating unit is allocated to the assets of the unit pro rata with the carrying amounts of those assets. The increase in the carrying amounts shall be treated as reversals of impairment losses for individual assets and recognized in profit or loss.

4.16 Foreign currency translation

Foreign currency transactions are translated into Pak Rupee using the exchange rates prevailing on the transaction date. At each reporting date, monetary assets and liabilities denominated in foreign currencies are retranslated using the exchange rates prevailing at the reporting date.

Notes to the Financial Statements

For the year ended September 30, 2020

All realized and unrealized foreign exchange gains or losses are recognized in the statement of profit or loss.

4.17 Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which such costs are capitalized as part of the cost of that asset.

4.18 Taxation

Income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income taxes are not accounted for if they arise from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is measured using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses and credits only if it is probable that future taxable amounts will be available to utilise those temporary differences and unused tax losses and credits.

Judgment and estimates

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. There may be transactions and calculations for which the ultimate tax determination is uncertain as these matters are being contested at various legal forums. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable

Notes to the Financial Statements

For the year ended September 30, 2020

profits to allow the benefit of part or all of that recognised deferred tax asset to be utilised. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Offsetting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.19 Dividend distribution

Dividend distribution is recognised as a liability in the period in which the dividends are approved by the Company's shareholders.

		2019	2018
	Note	----- Rupees -----	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	1,815,891,679	1,823,419,911
Capital work in progress	5.2	69,039,025	51,173,591
		<u>1,884,930,704</u>	<u>1,874,593,502</u>

Notes to the Financial Statements

For the year ended September 30, 2020

5.1 Operating fixed assets

As at September 30, 2018

Cost	8,197,145	231,962,222	109,397,757	5,738,868	2,254,512,393	4,657,905	4,810,869	20,910,738	28,354,474	4,849,761	99,587,894	2,772,980,026
Accumulated depreciation	-	(121,298,628)	(54,535,411)	(5,189,343)	(914,986,716)	(4,435,570)	(4,106,804)	(14,821,072)	(15,448,640)	(3,187,156)	(61,884,036)	(1,199,893,376)
Net book value	8,197,145	110,663,594	54,862,346	549,525	1,339,525,677	222,335	704,065	6,089,666	12,905,834	1,662,605	37,703,858	1,573,086,650

Movement during the year ended September 30, 2019

Opening net book value	8,197,145	110,663,594	54,862,346	549,525	1,339,525,677	222,335	704,065	6,089,666	12,905,834	1,662,605	37,703,858	1,573,086,650
Additions / transfers	-	-	-	-	37,111,552	-	8,643,296	1,374,354	1,341,916	-	5,068,700	53,539,818
Direct additions -	91,493,632	-	135,594,046	-	50,908,922	-	-	9,388,508	10,419,634	-	-	297,804,742
Transfer from CWIP -	91,493,632	-	135,594,046	-	88,020,474	-	8,643,296	10,762,862	11,761,550	-	5,068,700	351,344,560
Disposals	-	-	-	-	-	-	-	(828,000)	-	-	(6,272,360)	(7,100,360)
Cost -	-	-	-	-	-	-	-	597,361	-	-	5,141,854	5,739,215
Accumulated depreciation -	-	-	-	-	-	-	-	(230,639)	-	-	(1,130,506)	(1,361,145)
Depreciation for the year	-	(10,658,244)	(10,961,100)	(52,926)	(67,615,389)	(21,414)	(285,062)	(1,113,991)	(1,537,027)	(107,982)	(7,297,018)	(99,650,154)
Closing net book values	99,690,777	100,005,350	179,495,292	496,599	1,359,930,762	200,921	9,062,299	15,507,898	23,130,357	1,554,623	34,345,034	1,823,419,911

As at September 30, 2019

Cost	99,690,777	231,962,222	244,991,803	5,738,868	2,342,532,867	4,657,905	13,454,165	30,845,600	40,116,024	4,849,761	98,384,234	3,117,224,226
Accumulated depreciation	-	(131,956,872)	(65,496,511)	(5,242,269)	(982,602,105)	(4,456,984)	(4,391,866)	(15,337,702)	(16,985,667)	(3,295,138)	(64,039,200)	(1,293,804,315)
Net book value	99,690,777	100,005,350	179,495,292	496,599	1,359,930,762	200,921	9,062,299	15,507,898	23,130,357	1,554,623	34,345,034	1,823,419,911

Movement during the year ended September 30, 2020

Opening net book value	99,690,777	100,005,350	179,495,292	496,599	1,359,930,762	200,921	9,062,299	15,507,898	23,130,357	1,554,623	34,345,034	1,823,419,911
Additions / transfers	-	-	-	-	90,531,444	-	671,514	298,980	3,868,488	-	4,500,400	99,870,826
Direct additions -	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from CWIP -	-	-	-	-	90,531,444	-	671,514	298,980	3,868,488	-	4,500,400	99,870,826
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Cost -	-	-	-	-	-	-	-	-	-	-	(5,079,500)	(5,079,500)
Accumulated depreciation -	-	-	-	-	-	-	-	-	-	-	1,958,201	1,958,201
Depreciation for the year	-	(9,631,726)	(15,220,527)	(47,828)	(67,863,837)	(19,351)	(921,924)	(1,553,220)	(2,389,379)	(97,582)	(3,121,299)	(3,121,299)
Closing net book values	99,690,777	90,373,624	164,274,765	448,771	1,382,598,368	181,570	8,811,889	14,253,658	24,609,467	1,457,041	29,191,750	1,815,891,679

As at September 30, 2020	99,690,777	231,962,222	244,991,803	5,738,868	2,433,064,311	4,657,905	14,125,679	31,144,580	43,984,512	4,849,761	97,805,134	3,212,015,552
Cost	-	(141,588,598)	(80,717,038)	(5,290,097)	(1,050,465,943)	(4,476,335)	(5,313,790)	(16,890,922)	(19,375,045)	(3,392,720)	(68,613,384)	(1,396,123,873)
Accumulated depreciation	99,690,777	90,373,624	164,274,765	448,771	1,382,598,368	181,570	8,811,889	14,253,658	24,609,467	1,457,041	29,191,750	1,815,891,679
Net book value	%0	%10	%10	%10	%5	%10	%10	%10	%10	%10	%20	%20

Notes to the Financial Statements

For the year ended September 30, 2020

5.1.1 Particulars of the Company's immovable fixed assets are as follows:

Freehold land approximately represents 176 acres of land situated at Sheikh Bhirkio, District Tando Mohammad Khan, Sindh on which factory and non-factory buildings (utilized as manufacturing facility for production of sugar) are constructed and 1155.55 sq. yard land situated at 43/1/E(B) on which Head Office Building is constructed.

5.1.2 Depreciation charge for the year has been allocated as follows:

	Note	2020 ----- Rupees -----	2019 ----- Rupees -----
Cost of sales	22	77,514,914	78,295,047
Administration expense	23	26,762,845	21,355,107
		<u>104,277,759</u>	<u>99,650,154</u>

5.2 Capital work in progress

	Land and Buildings	Plant and Machinery	Total
	----- (Rupees) -----		
Balance as at September 30, 2018	133,638,217	23,644,716	157,282,933
Additions during the year	93,449,461	98,245,939	191,695,400
Transfers to operating fixed asset	(227,087,678)	(70,717,064)	(297,804,742)
Balance as at September 30, 2019	-	51,173,591	51,173,591
Net Additions during the year		17,865,434	17,865,434
Balance as at September 30, 2020	-	69,039,025	69,039,025

	Note	2020 ----- Rupees -----	2019 ----- Rupees -----
6. LONG TERM INVESTMENTS			
Investment in subsidiary	6.1	99,970	99,970
Investment in associates	6.2	1,136,771,415	1,275,057,089
Investment in certificates of B.F. Modaraba	6.3	4,884,849	4,227,273
		<u>1,141,756,234</u>	<u>1,279,384,332</u>

6.1 Investment in subsidiary - At cost

	2020	2019
--- Number of shares ---		
	9,970	9,970
Ordinary shares of Rs. 10/- each	99,970	99,970

6.1.1 In December 2016, the Company got its new subsidiary company incorporated in the name of M/s. Faran Power Limited ('FPL'), a public unlisted company. The authorized and paid up capital of FPL is Rs. 50 million and Rs. 0.1 million respectively, which is presently wholly owned by the Company. The principal activity of FPL is to generate power and supply to Hyderabad Electric Supply Corporation (HESCO) via Central Power Purchasing Authority (CPPA); however, FPL has not yet commenced its business operations. The registered office of FPL is situated at 43/1/E(B), P.E.C.H.S Block 6, Karachi.

Notes to the Financial Statements

For the year ended September 30, 2020

6.1.2 In accordance with the provisions of section 228(1) of the Companies Act, 2017, the Company is required to prepare the consolidated financial statements of the Group (comprising the Company and the aforementioned subsidiary company) for the year ended September 30, 2020. However, keeping in view the fact that FPL has not yet commenced its business operations and, at the reporting date, it had no material assets or liabilities, the Company, under section 228(7) of the Companies Act, 2017, applied to the Securities and Exchange Commission of Pakistan (SECP) for seeking exemption from the requirement to prepare consolidated financial statements. Management expects that this exemption will be granted in due course.

6.1.3 As per its unaudited financial information for the year ended June 30, 2020, as of the reporting date, FPL had no assets or liabilities except for the cash balance held in a bank account, amounting to Rs. 0.1 million representing the initial capital injection made by the Company in the form of equity. Further, during the said reporting period, FPL neither generated any revenues nor incurred any expenses.

6.1.4 The aforementioned unaudited financial information of FPL shall be available for inspection at the registered office of the Company and shall be sent to the members on request without any cost.

		2020	2019
		----- Rupees -----	
6.2	Investment in associates	Note	
	<i>Unquoted investments</i>		
	Unicol Limited	6.2.1	1,076,576,140
	Uni Energy Limited	6.2.2	20,147,998
	UniFood Industries Limited	6.2.3	40,047,277
			<u>1,136,771,415</u>
			<u>1,275,057,089</u>

6.2.1 Investment in Unicol Limited

As at September 30, 2020, the Company held 49,999,998 (2019: 49,999,998) ordinary shares of M/s. Unicol Limited (UL) which gives the Company 33.33% (2019: 33.33%) voting power in UL. The Company's arrangement with the associate entails diversification of business activities, and is part of its strategic investment. The principal business activity of UL is to produce ethanol from sugarcane molasses. The registered office of UL is situated at 3rd Floor Modern Motors House, Beaumont Road, Karachi.

(a) Carrying amount of the investment and changes therein

	2020	2019
	----- Rupees -----	
Cost of investment: 10,499,998 shares of Rs.10/- each	104,999,980	104,999,980
Bonus shares issued: 39,500,000 shares	395,000,000	395,000,000
	<u>499,999,980</u>	<u>499,999,980</u>
Accumulated share of profit:		
Opening balance	676,987,144	532,064,798
Cash dividend received during the year	(274,999,984)	(224,999,987)
Share of profit for the year	174,589,000	369,922,333
	<u>576,576,160</u>	<u>676,987,144</u>
Carrying amount as of the reporting date	<u>1,076,576,140</u>	<u>1,176,987,124</u>

Notes to the Financial Statements

For the year ended September 30, 2020

(b) Summarized financial information of the associate

Based on its unaudited financial statements for the year ended September 30, 2020, the summarized financial information of M/s. Unicol Limited is as under:

	2020	2019
	----- Rupees -----	
Current assets	3,096,379,000	3,086,880,000
Non-current assets	2,605,031,000	2,782,007,000
Current liabilities	2,343,134,000	2,186,675,000
Non-current liabilities	128,548,000	151,251,000
Revenue	5,823,337,000	5,501,599,000
Profit after tax for the year	523,767,000	1,109,767,000
Other comprehensive income for the year	-	-
Total comprehensive income for the year	523,767,000	1,109,767,000

6.2.2 Investment in Uni Energy Limited

As at September 30, 2020, the Company held 1,999,998 (2019: 1,999,998) ordinary shares of M/s. Uni Energy Limited (UEL) which gives the Company 20% (2019: 20%) voting power in UEL. The Company's arrangement with the associate entails diversification of business activities, and is part of its strategic investment. The principal business activity of UEL is to produce power from wind, solar and other alternate power sources, however, it has not commenced its operations yet. The registered office of UEL is situated at 3rd Floor Modern Motors House, Beaumont Road, Karachi.

(a) Carrying amount of the investment and changes therein

	Note	2020	2019
		----- Rupees -----	
Cost of investment: 1,999,998 shares of Rs.10/- each		19,999,980	19,999,980
Accumulated share of loss / profit:			
Opening balance		(88,066)	(157,890)
Share of profit for the year	(i)	236,084	69,824
		148,018	(88,066)
Carrying amount as of the reporting date		20,147,998	19,911,914

- (i) The share of profit for the year has been calculated based on profits as adjusted by its unaudited financial information for the first quarter ended September 30, 2020.

Notes to the Financial Statements

For the year ended September 30, 2020

(b) Summarized financial information of the associate

Based on its audited financial statements for the year ended June 30, 2020, the financial information of M/s. Uni Energy Limited is summarized below:

	2020	2019
	----- Rupees -----	
Current assets	49,987,304	46,765,353
Non-current assets	53,845,804	55,404,870
Current liabilities	3,390,598	2,610,558
Non-current liabilities	-	-
Revenue	-	-
Profit after tax for the year	1,036,330	349,118
Other comprehensive income for the year	-	-
Total comprehensive income / (loss) for the year	1,036,330	349,118

6.2.3 Investment in UniFood Industries Limited

As at September 30, 2020, the Company held 44,162,604 (2019: 34,607,224) ordinary shares of M/s. UniFood Industries Limited (UFIL) which gives the Company 34.67% (2019: 34.67%) voting power in UFIL. The Company's arrangement with the associate entails diversification of business activities, and is part of its strategic investment. The principal business activity of UFIL is to produce bakery and other confectionary products. The registered office of the company is situated at 43/1/E(B) P.E.C.H.S, Block 6, Karachi.

During the year, the Company made a further investment in 9.55 million ordinary shares of UFIL at a price of Rs. 10 per share. The investment has been made in order to enable UFIL expand its distribution network across Pakistan to enhance market penetration and for extensive marketing campaigns in shape of TV advertisement, print media, digital media and other trade and customer related activities to establish a brand image.

(a) Carrying amount of the investment and changes therein

	2020	2019
Note	----- Rupees -----	
Cost of investment: 44,162,604 shares of Rs. 10/ each (2019: 34,607,224 shares of Rs. 10 each)	441,626,040	346,072,240
Accumulated share of loss:		
Opening balance	(267,914,189)	(125,501,069)
Share of loss for the year	(133,664,574)	(142,413,120)
	(401,578,763)	(267,914,189)
Carrying amount as of the reporting date	40,047,277	78,158,051

- (i) The share of loss for the year has been calculated based on profits as adjusted by its un-audited financial information for the first quarter ended September 30, 2020.

Notes to the Financial Statements

For the year ended September 30, 2020

(b) Summarized financial information of the associate

Based on its audited financial statements for the year ended June 30, 2020, the financial information of M/s. UniFood Industries Limited is summarized below:

	2020	2019
	----- Rupees -----	
Current assets	207,755,803	306,588,078
Non-current assets	913,083,916	926,873,858
Current liabilities	277,575,617	349,122,475
Non-current liabilities	511,507,011	424,179,808
Revenue	677,117,624	488,255,313
Loss for the year after taxation	387,782,741	410,807,076
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	387,782,741	410,807,076

6.3 Investment in B.F. Modaraba - related party (Quoted investment permissible under Sharia)

As at September 30, 2020, the Company held 939,394 (2019: 939,394) certificates of M/s. B.F. Modaraba ('the Modaraba') which gives the Company 12.50% (2019: 12.50%) voting power in the Modaraba. The principal business activity of the Modaraba is trading of sugar, investment in quoted securities, leasing, musharika and murahaba transactions. The registered office of Modaraba is situated at 43/1/E(B) P.E.C.H.S Block 6 Karachi. Mr. Muhammad Omar Amin Bawany, the Chairman of the Board of Directors of the Company, also acts as the Chief Executive of the Modaraba.

(a) Carrying amount of the investment and changes therein

	2020	2019
	----- Rupees -----	
Cost of the investment: 939,394 certificates (including 144,980 bonus certificates)	3,750,000	3,750,000
Unrealised gain on re-measurement:		
Opening balance	477,273	4,516,667
Decline in fair value during the year	657,576	(4,039,394)
	1,134,849	477,273
Carrying amount as of the reporting date	4,884,849	4,227,273

(b) Other relevant information

- Since the investment is a long-term strategic investment (i.e. not held for trading purposes), in accordance with the provisions of the International Financial Reporting Standard (IFRS) 9 'Financial Instruments', the Company has made an irrevocable election to present subsequent changes in the fair value of the investment in other comprehensive income.
- During the year ended September 30, 2020, the Company did not receive any dividend from M/s. B.F. Modaraba (2019: None).

Notes to the Financial Statements

For the year ended September 30, 2020

	Note	2020	2019
		----- Rupees -----	
7. LONG TERM DEPOSITS			
Security deposits in respect of:			
- Utilities		2,754,094	8,549,094
- Ijarah financing facility		7,329,500	6,559,600
- Others		20,000	20,000
		<u>10,103,594</u>	<u>15,128,694</u>
8. STORES AND SPARES			
Stores inventory		75,035,142	71,229,414
Spares inventory		17,777,320	17,631,549
Packing materials		2,951,334	5,848,839
		<u>95,763,796</u>	<u>94,709,802</u>
Less: Provision for slow moving stores and spares		<u>(11,789,445)</u>	<u>(11,789,445)</u>
		<u>83,974,351</u>	<u>82,920,357</u>
9. STOCK IN TRADE			
Finished goods	9.1	381,647,677	1,062,061,495
Work in process		2,912,689	8,332,717
		<u>384,560,366</u>	<u>1,070,394,211</u>
9.1	As of the reporting date, the value of stock pledged against bank borrowings amounted to Rs. 307.98 million (2019: Rs. 908.19 million).		
10. TRADE DEBTS - unsecured, considered good		2020	2019
		----- Rupees -----	
Local receivables		<u>183,347,585</u>	<u>128,065,098</u>

10.1 Ageing analysis of the balances due from related parties as of the reporting date

Party name	September 30, 2020				Total
	Not yet due	1-30 days past due	31-60 days past due	More than 60 days past due	
	----- Rupees -----				
UniFood Industries Limited	4,500,000	-	-	-	4,500,000
	<u>4,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,500,000</u>
	September 30, 2019				
Party name	Not yet due	1-30 days past due	31-60 days past due	More than 60 days past due	Total
	----- Rupees -----				
UniFood Industries Limited	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements

For the year ended September 30, 2020

	2020	2019
	----- Rupees -----	
10.2 Maximum aggregate amounts outstanding during the year		
Unicol Limited	61,900,000	4,800,000
UniFood Industries Limited	4,500,000	93,000

11. SHORT TERM INVESTMENTS - At fair value through profit or loss

Investment in quoted equity securities

2020	2019		2020		2019	
-- (Number of shares) --	Script name		Cost	Fair value	Cost	Fair value
			----- Rupees -----			
5,000	- Oil and Gas Development Company		728,856	518,000	-	-
2,500	- Pakistan State Oil Company Limited		545,925	500,500	-	-
25,000	- Fauji Cement Company Limited		424,237	497,000	-	-
			1,699,018	1,515,500	-	-

11.1 Unrealized loss on remeasurement of investments as of the reporting date

Market value of the investment	1,515,500	-
Cost of investment	(1,699,018)	-
	(183,518)	-

11.2 Movement in unrealized loss on remeasurement of investments

At the beginning of the year	-	(12,793,242)
Change in fair value of investment during the year	(407,457)	(12,836,251)
Loss realised during the year on disposal of investment	223,939	25,629,493
At the end of the year	(183,518)	-

		2020	2019
		----- Rupees -----	
12. LOANS, ADVANCES, DEPOSITS AND OTHER RECEIVABLES	Note		
Unsecured, considered good			
Loans (interest-free)	12.1	30,958,348	16,227,481
Advances (interest-free)	12.2	73,267,560	168,145,685
Deposits	12.3	23,126,440	1,000,000
Other receivables	12.4	549,393,742	546,691,738
		676,746,090	732,064,904
12.1 Loans (interest-free)			
Loan to growers		30,234,747	13,969,117
Loan to employees	12.1.1	723,601	2,258,364
		30,958,348	16,227,481

12.1.1 These loans have been provided to employees in accordance with the terms of employment. These loans are recovered through deduction from monthly payroll.

Notes to the Financial Statements

For the year ended September 30, 2020

		2020	2019
	Note	----- Rupees -----	
12.2 Advances (interest-free)			
Advance to suppliers		63,149,875	89,401,483
Advance to contractors		68,785	1,788,785
Advance sales tax		4,766,189	71,845,800
Other advances		5,282,711	5,109,617
		<u>73,267,560</u>	<u>168,145,685</u>
12.3 Deposits			
Bid Money	12.3.1	20,559,500	1,000,000
TERF Deposits		2,566,940	-
		<u>23,126,440</u>	<u>1,000,000</u>

12.3.1 This represents amount deposited with M/s. Utility Stores Corporation and Pakistan Army against the Tender for supply of sugar.

12.4 Other receivables

Freight subsidy receivable		457,985,758	457,985,758
Sales tax receivable	16.2	56,424,979	56,424,979
Excise duty receivable	16	7,005,677	7,005,677
Road cess receivable		7,180,538	7,180,538
Others	12.4.1	20,796,790	18,094,786
		<u>549,393,742</u>	<u>546,691,738</u>

12.4.1 This includes an amount of Rs. 4.99 million (2019: Rs. 3.60 million) due from M/s. Uni Food Industries Limited, an associated concern.

		2020	2019
	Note	----- Rupees -----	
13. CASH AND BANK BALANCES			
Cash at bank			
- In current accounts		101,925,441	81,943,108
- In deposit accounts with Islamic banks	13.1	55,040,757	312,809,107
		<u>156,966,198</u>	<u>394,752,215</u>
Cash in hand		3,295,782	864,457
		<u>160,261,980</u>	<u>395,616,672</u>

13.1 These represent balances held in deposit accounts carrying profit at the rates ranging from 2.96% to 6.01% (2019: 6.1% to 10.5%).

14. AUTHORIZED, ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2020	2019		2020	2019
--- Number of shares ---			----- Rupees -----	
<u>40,000,000</u>	40,000,000	Authorized capital	<u>400,000,000</u>	400,000,000
		Ordinary shares of Rs. 10/- each		
		Issued, Subscribed and Paid up Capital		
		Ordinary shares of Rs. 10/- each		
<u>18,201,714</u>	18,201,714	For Cash	<u>182,017,140</u>	182,017,140
<u>6,805,241</u>	6,805,241	As bonus shares	<u>68,052,410</u>	68,052,410
<u>25,006,955</u>	25,006,955		<u>250,069,550</u>	250,069,550

14.1 There are no agreements among shareholders for voting rights, board selection, rights of first refusal and block voting.

Notes to the Financial Statements

For the year ended September 30, 2020

15. LONG TERM BORROWINGS FROM BANKING COMPANIES	Note	2020 ----- Rupees -----	2019 ----- Rupees -----
Diminishing Musharaka financing	15.1	79,919,774	154,623,652
Financing for payment of wages and salaries	15.2	47,009,219	-
		<u>126,928,993</u>	<u>154,623,652</u>

15.1 Diminishing Musharaka financing

Facilities obtained from Islamic banks

	Movement in Diminishing Musharaka facilities during the year ended September 30, 2020			Total outstanding balance as at September 30,	
	I	II	III	2020	2019
	----- Rupees -----				
Opening balance	157,445,650	54,881,370	30,549,531	242,876,551	309,311,695
Obtained during the year	10,756,860	-	5,091,589	15,848,449	58,486,811
	<u>168,202,510</u>	<u>54,881,370</u>	<u>35,641,120</u>	<u>258,725,000</u>	<u>367,798,506</u>
Payments made during the year	(56,037,952)	(27,440,885)	(15,274,767)	(98,753,604)	(124,921,955)
	<u>112,164,558</u>	<u>27,440,485</u>	<u>20,366,353</u>	<u>159,971,396</u>	<u>242,876,551</u>
Current maturity shown under current liabilities	(42,427,960)	(27,440,485)	(10,183,177)	(80,051,622)	(88,252,899)
	<u>69,736,598</u>	<u>-</u>	<u>10,183,176</u>	<u>79,919,774</u>	<u>154,623,652</u>

15.1.1 The principal terms and conditions of the above financing facilities are as under:

	Diminishing Musharaka facility		
	I	II	III
Purpose:	For procurement of plant and machinery		
Facility amount (Rs.):	207,021,000	68,603,000	36,000,000
Installment frequency	Monthly / Quarterly	Quarterly	Semi-annually
Markup rate (formula):	6-Month KIBOR + 0.5% to KIBOR + 1%	3-Month KIBOR + 0.5%	6-Month KIBOR + 0.5%
Markup rate (floor):	5%	6%	4%
Markup rate (cap):	18%	25%	20%
Security:	Pari Passu / Ranking Charge over plant and machinery of Rs. 370 million (2019: Rs. 370 million)	First Pari Passu / Joint Pari Passu Hypothecation Charge over plant and machinery of Rs. 200 million (2019: Rs. 200 million)	First Pari Passu Hypothecation Charge over land, buildings, plant and machinery of Rs. 48 million (2019: Rs. 48 million)

Notes to the Financial Statements

For the year ended September 30, 2020

	2020	2019
	----- Rupees -----	
15.2 Financing for payment of wages and salaries		
Total amount borrowed	87,825,212	-
Less: Element of government grant recognized as deferred income	(6,755,037)	-
	81,070,175	-
Add: Effect of unwinding of the loan	1,654,682	-
	82,724,856	-
Less: Current maturity shown under current liabilities	(35,715,637)	-
	47,009,219	-

15.2.1 From June 2020 to September 2020, the Company obtained long term financing facilities amounting, in aggregate, to Rs. 87.825 million from M/s. Bank Alfalah Limited under the State Bank of Pakistan (SBP's) Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns notified vide IH & SMEFD Circular No. 7 of 2020 dated April 22, 2020. The principal terms and conditions of the facilities are as follows:

- (a) The applicable markup rate ranges between 1.5% to 2.25% per annum;
- (b) The tenure of the facility is 2.5 years (including 6-month grace period ending on December 31, 2020); and
- (c) The loan is to be repaid in 8 equal quarterly instalments commencing from January 2021.

Since the facilities carry interest rate ranging between 1.5% to 2.25% p.a. which are well below the market interest rate of 8.5% (determined as 3-Month KIBOR as at the date of disbursement plus 1%), in accordance with Circular 11 of 2020 dated August 17, 2020 issued by the Institute of Chartered Accountants of Pakistan (ICAP), the financing is considered to contain an element of government grant as per the IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance' ('the standard'). Accordingly, the Company measured the loan liability at its fair value of Rs. 81.07 million (determined on a present value basis) and recognized the difference between the disbursement proceeds received from the bank and the said fair value, amounting to Rs. 6.75 million, as deferred income in the statement of financial position. Subsequently, a portion of this deferred income shall be recognized as other income in profit or loss in proportion to the recognition of interest cost on the outstanding loan balance (based on the effective interest rate method).

Notes to the Financial Statements

For the year ended September 30, 2020

16. DEFERRED LIABILITIES	Note	2020	2019
		----- Rupees -----	----- Rupees -----
Deferred taxation - net	16.1	278,444,709	385,277,552
Sales tax payable	16.2 / 12	109,419,576	109,419,576
Provision for excise duty	12	7,005,677	7,005,677
Deferred government grant	16.3	652,149	-
		<u>395,522,111</u>	<u>501,702,805</u>
16.1 Deferred taxation - net			
<i>Deferred tax liability arising in respect of:</i>			
Property, plant and equipment		296,719,207	287,148,420
Investment in associates		86,486,424	101,548,072
		<u>383,205,632</u>	<u>388,696,491</u>
<i>Deferred tax asset arising in respect of:</i>			
Provision for slow moving stock		(3,418,939)	(3,418,939)
Deferred Tax Assets on business losses		(101,341,984)	-
		<u>(104,760,923)</u>	<u>(3,418,939)</u>
		<u>278,444,709</u>	<u>385,277,552</u>

- 16.1.1** Deferred tax asset on business losses amounting to Rs. 57 million have been recognized in respect of current year losses, while deferred tax assets of Rs. 44.3 million relating to business losses of previous years have been recognized only to the extent of future probable profits, based on cash flow and profitability projections considered sufficient against which these amounts can be adjusted.

16.2 Sales tax payable

This represents the amount of further tax collected in terms of repealed section 3(1A) of the Sales Tax Act, 1990 and paid to the extent disclosed in note 13 to these financial statements in view of the judgment of the Honourable High Court of Sindh against the said levy. The Collectorate's appeal with the Honourable Supreme Court of Pakistan was remanded back to the Honourable High Court of Sindh where it is currently pending for further adjudication.

16.3 Deferred government grant	Note	2020	2019
		----- Rupees -----	----- Rupees -----
Total deferred government grant	15.2	6,755,037	-
Less: Effect of unwinding of income	25	(1,156,196)	-
		<u>5,598,841</u>	<u>-</u>
Less: Current maturity shown under current liabilities		(4,946,692)	-
		<u>652,149</u>	<u>-</u>

Notes to the Financial Statements

For the year ended September 30, 2020

	Note	2020 ----- Rupees -----	2019 ----- Rupees -----
17. TRADE AND OTHER PAYABLES			
Creditors:			
- Raw materials		20,485,901	169,227,277
- Stores and spares		76,558,200	59,911,439
		97,044,101	229,138,716
Accrued liabilities	17.1	51,945,485	42,633,407
Advance and deposit from customers	18.2	33,574,461	469,746,566
Sales tax payable		112,149,641	138,758,038
Workers' Profit Participation Fund	17.3	4,439,446	18,815,056
Workers' Welfare Fund	17.4	38,641,793	38,641,793
Provision for market committee		2,209,912	7,314,766
Special Excise Duty payable	17.5	13,208,869	13,208,869
Other liabilities		7,075,974	8,159,663
		360,289,683	966,416,874

17.1 Accrued liabilities

This includes amount of Rs. 8.47 million (2019: Rs. 13.96 million) due to M/s. Reliance Insurance Limited, an associated concern, as of the reporting date.

17.2 Advances and deposits from customers

During the year, the performance obligations underlying the opening contract liability of Rs. 469.75 million were satisfied in full. Accordingly, the said liability was recorded as revenue during the year.

In addition, information regarding the timing of satisfaction of performance obligations underlying the closing contract liability of Rs. 33.57 million is not presented since the expected duration of all the contracts entered into with the customers is less than one year.

	2020 ----- Rupees -----	2019 ----- Rupees -----
17.3 Workers' Profit Participation Fund		
Balance at the beginning of the year	18,815,056	20,449,412
Allocation for the year	-	15,770,684
	18,815,056	36,220,096
Less: payment during the year	(14,375,610)	(17,405,040)
	4,439,446	18,815,056
17.4 Workers' Welfare Fund		
Balance at the beginning of the year	38,641,793	32,648,933
Allocation for the year	-	5,992,860
	38,641,793	38,641,793
Less : payment during the year	-	-
	38,641,793	38,641,793

Notes to the Financial Statements

For the year ended September 30, 2020

17.4.1 Workers Welfare Fund (WWF) was established under Workers Welfare Fund Ordinance, 1971 which was under purview of the Federal Government. After the 18th Constitutional amendment introduced in 2010, provinces enacted their own WWF Acts, and claimed jurisdiction over its collection. Management considers that there is lack of clarity on this matter, and these amounts will be paid when the uncertainty is removed. However, provision is being recognized to comply with the legal requirements.

17.5 Special Excise Duty payable

This represents the amount of provision made on account of Special Excise Duty (SED) provided for the month of May and June 2011. In February 2013, the Honourable High Court of Sindh decided the petition in the favour of the Company following which the Commissioner Inland Revenue - Large Taxpayers' Unit filed an appeal against the said decision in the Honorable Supreme Court of Pakistan where it is currently pending for further adjudication.

18.	CURRENT MATURITY OF LONG TERM LIABILITIES	Note	2020	2019
			----- Rupees -----	-----
	Current maturity of:			
	- Diminishing Musharaka financing	15.1	80,051,622	88,252,899
	- Financing for payment of wages and salaries	15.2	35,715,637	-
	- Deferred government grant	16.3	4,946,692	-
			<u>120,713,951</u>	<u>88,252,899</u>
19.	SHORT TERM BORROWINGS - Secured			
	Istisna / Salam finance	19.1	<u>1,393,966,221</u>	<u>1,522,460,342</u>

19.1 This represents the amount availed against Islamic finance facilities provided by various Islamic banks. As at the reporting date, the aggregate limit of these available finances amounted to Rs. 4,700 million (2019: Rs. 4,200 million). These finances are secured against pledge of refined sugar and first pari passu charge over 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 + 0.30% to 1.5% per annum).

20. CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

This include penalty imposed by State Bank of Pakistan (SBP) of Rs. 9,647,674/- as 15% of the shipment value of such export consignments which, according to interpretation of SBP, were delayed by 1 or 2 days. The Company has filed Constitutional petition in the Honorable High Court of Sindh challenging such penalty which, according to Company, was within stipulated time as required under SBP circulars. The Company's legal advisor is of the view that it is probable that the decision will be in favor of the Company and no financial liability is likely to arise.

Subsequent to balance sheet date, the Commissioner Inland Revenue Zone II, LTO selected the case of company for tax year 2015, 2017, 2018 and 2019 for audit under section 177(1). The Assistant / Deputy Commissioner (Audit-I) Inland Revenue after notice and hearing, then passed orders in terms of Section 122(l) of identical nature resulting in demand of Rs.5.007

Notes to the Financial Statements

For the year ended September 30, 2020

billion for tax year 2015 against declared loss of Rs 51.629 million, demand of Rs.5.86 billion for tax year 2017 against declared income of Rs. 426.78 million, demand of Rs. 5.30 billion for tax year 2018 against declared loss of Rs.223.54 million, and a demand of Rs.3.05 billion for tax year 2019 against declared loss of Rs. 311.68 million. The Company filed appeals against the impugned orders and impugned demand for the aforesaid years before the Commissioner (Appeals) Inland Revenue, where stay of demand for tax years 2017 to 2019 was granted vide stay order reference # CIR (A-1)/Stay Order/ 2020/481 dated December 28, 2020, till January 11, 2021 or decision of appeal, whichever is earlier. The Company also filed Constitutional Petitions before the Honorable Sindh High Court, Karachi for all aforesaid tax years, where the respondents have been restrained by the High Court vide order not to enforce recovery of the impugned demand.

In the opinion of the tax advisor of the Company, the above assessments have been framed on frivolous and flimsy grounds without applying judicial mind and without due process of law. The Company, therefore, based on the opinion of its legal counsel, has not made any provision in these financial statements against the above impugned orders and impugned demands.

20.2 Commitments

Commitments in respect of corporate guarantee provided to Alternate Energy Development Board (AEDB) on behalf of Faran Power Limited amounted to Rs. 11.17 million (2019: Rs. 10.54 million), and capital expenditure contracted for but not yet incurred amounted to Rs. 101.83 million approximately (2019: Rs. 54.46 million).

		2020	2019
	Note	----- Rupees -----	
21. SALES REVENUE - net			
Revenue from local sales - net	21.1	5,129,364,280	4,126,783,405
Revenue from export sales		622,065,469	492,288,207
		<u>5,751,429,749</u>	<u>4,619,071,612</u>
21.1 Revenue from local sales - net			
Sales of goods to local customers - gross		5,940,734,455	4,653,414,493
Less: Sales tax / Federal excise duty		(811,370,175)	(526,631,088)
		<u>5,129,364,280</u>	<u>4,126,783,405</u>
22. COST OF SALES			
Opening stock of finished goods		1,062,061,495	1,292,125,638
Add: Cost of finished goods purchased		123,652,820	31,920,000
Cost of finished goods manufactured	22.1	4,678,819,526	4,074,103,207
		<u>5,864,533,841</u>	<u>5,398,148,845</u>
Closing Stock of finished goods		(381,647,677)	(1,062,061,495)
		<u>5,482,886,163</u>	<u>4,336,087,350</u>

Notes to the Financial Statements

For the year ended September 30, 2020

		2020	2019
	Note	----- Rupees -----	
22.1 Cost of finished goods manufactured			
Raw materials consumed		4,046,982,893	3,404,504,222
Conversion costs incurred	22.1.1	626,416,605	674,758,510
		<u>4,673,399,498</u>	<u>4,079,262,732</u>
Opening stock of work in process		8,332,717	3,173,192
Closing stock of work in process		(2,912,689)	(8,332,717)
		<u>5,420,028</u>	<u>(5,159,525)</u>
		<u>4,678,819,526</u>	<u>4,074,103,207</u>
22.1.1 Conversion costs incurred			
Salaries, wages and benefits	22.1.1.1	284,015,676	280,768,153
Repairs and maintenance		103,527,448	139,195,702
Depreciation	5.1.2	77,514,914	78,295,047
Stores and spares consumed		67,271,567	81,741,296
Packing materials consumed		40,164,214	43,357,356
Fuel and power		24,527,946	20,425,218
Insurance		14,282,509	15,436,797
Vehicle running expenses		5,930,812	7,156,667
Freight		4,649,462	4,332,532
Others		4,532,057	4,049,742
		<u>626,416,605</u>	<u>674,758,510</u>

22.1.1.1 This includes Rs. 3.08 million (2019: Rs. 3.01 million) in respect of staff retirement benefits.

		2020	2019
	Note	----- Rupees -----	
23. ADMINISTRATIVE EXPENSES			
Salaries and benefits	23.1	88,516,723	79,830,249
Vehicle running		6,337,744	5,007,347
Legal charges		2,669,087	2,614,987
Professional services		166,950	17,021,673
Fees and subscription		5,285,710	5,414,344
Utilities charges		1,914,810	1,840,181
Telephone, postage and telegraph		1,958,744	1,794,587
Traveling and conveyance charges		1,836,018	4,207,994
Rent, rates and taxes		703,500	3,492,179
Ijarah lease rental		9,720,216	8,547,902
Printing and stationery		1,215,976	960,645
Repairs and maintenance		1,943,593	2,284,968
IT related expenses		963,450	1,057,441
Advertisement expenses		258,075	304,100
Auditors' remuneration	23.2	1,028,000	953,000
Depreciation	5.1.2	26,762,845	21,355,107
Insurance		2,932,869	2,065,095
Provision for slow moving stores and spares		-	7,273,471
General expenses		4,450,749	4,509,710
		<u>158,665,059</u>	<u>170,534,980</u>

23.1 This includes Rs. 2.31 million (2019: Rs. 2.13 million) in respect of staff retirement benefits.

Notes to the Financial Statements

For the year ended September 30, 2020

		2020	2019
	Note	----- Rupees -----	
23.2 Auditors' remuneration			
Statutory audit fee		828,000	753,000
Half yearly review		200,000	200,000
		<u>1,028,000</u>	<u>953,000</u>
24. SELLING AND DISTRIBUTION COSTS			
Export expenses		4,585,270	16,916,989
Handling, transportation and storage		12,400,883	10,669,901
		<u>16,986,153</u>	<u>27,586,890</u>
25. OTHER INCOME			
Reversal of the provision for unpaid sugarcane cost	25.1	-	527,602,913
Sale of scrap		11,456,687	8,363,007
Profit on deposit accounts		6,224,494	2,849,765
Dividend income		1,228,750	1,746,250
Gain on sale of property, plant and equipment		1,045,441	2,937,355
Exchange gain		-	14,282,170
Amortization of deferred government grant		1,156,196	-
Miscellaneous income		659,573	93,380
		<u>21,771,141</u>	<u>557,874,840</u>

25.1 Reversal of the provision for unpaid sugarcane cost

In its financial statements for the year ended September 30, 2018, the Company had recognized a provision of Rs. 527.603 million for the additional price payable to sugarcane growers (in respect of the crushing season 2017-18) at the rate of Rs. 22 per maund i.e. the difference between the minimum sugarcane price of Rs. 182 per maund as notified by the government and Rs. 160 per maund paid to the growers in that season. The said provision was recognized based on the interim order passed, on January 30, 2018, by the Honourable High Court of Sindh ('the High Court') in the Constitutional Petitions No. D-8666 of 2017, 7951 of 2017, 219 of 2018 and 440 of 2018 as well as on account of the Company's constructive obligation arising from its established past practice of fair dealing with sugarcane growers.

However, during the year ended September 30, 2019, certain new developments arose whereby the sugar industry, as a whole, treated the price of Rs. 160 per maund paid to their respective sugarcane growers during the crushing season 2017-18 as full and final settlement of their liability towards sugarcane growers keeping in view the fact that, there had been no further demand / claim from any of the sugarcane growers in respect of that season and, also that, based on the opinion of the Company's legal counsel, the industry's standpoint that the aforesaid settlement at Rs. 160 per maund has become a past and closed transaction is likely to result in a favorable outcome as and when the proceedings of the High Court (adjourned on January 30, 2018) are to be recommenced subsequent to the final verdict of the Honourable Supreme Court of Pakistan in the Civil Appeal no. 48 / 2015 which is awaited.

In view of the development that arose in previous year referred to above, as well as keeping in perspective the fact that the Cane Commissioner had also issued a certificate to the Company to the effect that it had cleared its total liability towards sugarcane growers in relation to the crushing season 2017-18, the aforesaid provision of Rs. 527.603 million recognized in the year 2017-18 had been reversed in the financial statements for the year ended September 30, 2019.

Notes to the Financial Statements

For the year ended September 30, 2020

	Note	2020 ----- Rupees -----	2019 ----- Rupees -----
26. OTHER EXPENSES			
Provision for Workers' Profit Participation Fund		-	15,770,684
Provision for Workers' Welfare Fund		-	5,992,860
Donation	26.1	3,977,659	4,107,894
Exchange loss		1,913,689	-
Loss realized on sale of investments in quoted equity securities		223,939	12,836,251
Unrealized loss on remeasurement of investments in quoted equity securities to fair value		183,518	-
		<u>6,298,805</u>	<u>38,707,689</u>

26.1 Donation

26.1.1 This includes an amount of Rs. 3.59 million (2019: Rs. 3.71 million) paid to M/s. Begum Aisha Bawany Taleem-ul-Quran Trust ('the Trust'). Mr.Omar Amin Bawany, Chairman of the Company, also acts as the Managing Trustee of the Trust.

26.1.2 Except as disclosed in note 26.1.1 above, none of the directors or their spouses have any interest in the donee organizations.

	Note	2020 ----- Rupees -----	2019 ----- Rupees -----
27. FINANCE COSTS			
Markup on long term finance		27,077,329	29,763,908
Markup on short term finance		270,163,661	277,768,532
Bank charges		4,083,119	2,846,973
		<u>301,324,109</u>	<u>310,379,413</u>
28. SHARE OF PROFIT OR LOSS OF ASSOCIATES - net			
Unicol Limited	6.2.1	174,589,000	369,922,333
Uni Energy Limited	6.2.2	236,084	69,824
Uni Food Industries Limited	6.2.3	(133,664,574)	(142,413,120)
		<u>41,160,510</u>	<u>227,579,037</u>
29. TAXATION			
Current	29.1	124,777,173	99,507,948
Prior		1,573,918	5,896,064
		<u>126,351,091</u>	<u>105,404,012</u>
Deferred		(106,832,843)	35,380,046
		<u>19,518,247</u>	<u>140,784,058</u>

29.1 Status of income tax assessments

The income tax assessments of the Company are deemed to have been finalized up to, and including, the tax year 2020 (accounting year ended September 30, 2019) based on the returns of income filed by the Company with the concerned taxation authority. As per section 120 of the Income Tax Ordinance, 2001 ('the Ordinance'), a tax return filed by a taxpayer is treated as an assessment order issued by the concerned taxation authority unless the same is selected for re-assessment / audit as per the legal provisions stipulated in the Ordinance.

Notes to the Financial Statements

For the year ended September 30, 2020

29.2 The numerical reconciliation between tax expense and accounting loss / profit has not been presented for the current year in these financial statements as the total income of the Company for the current year attracted the provision of minimum tax under section 113 of the Income Tax Ordinance, 2001.

	2020	2019
	----- Rupees -----	
30. (LOSS) / EARNINGS PER SHARE		
30.1 Basic (loss) / earnings per share		
(Loss) / profit after taxation	<u>(171,317,136)</u>	<u>380,445,109</u>
	----- Number -----	
Weighted average number of ordinary shares outstanding during the year	<u>25,006,955</u>	<u>25,006,955</u>
	----- Rupees -----	
(Loss) / earnings per share - basic	<u>(6.85)</u>	<u>15.21</u>
30.2 Diluted loss / earnings per share		

There was no dilutive effect on the basic loss / earnings per share of the Company, since there were no potential ordinary shares in issue as at the reporting date.

Notes to the Financial Statements

For the year ended September 30, 2020

31. CASH GENERATED FROM OPERATIONS	Note	2020	2019
		----- Rupees -----	
(Loss) / profit before taxation		(151,798,889)	521,229,167
Adjustment for non-cash and other items:			
- Depreciation	5.1.2	104,277,759	99,650,154
- Provision for slow moving stores and spares	23	-	7,273,471
- Provision for Market Committee fee		703,951	1,083,977
- Reversal of the provision for unpaid sugarcane cost	25	-	(527,602,913)
- Profit on deposit accounts	25	(6,224,494)	(2,849,765)
- Dividend income	25	(1,228,750)	(1,746,250)
- Gain on sale of property, plant and equipment	25	(1,045,441)	(2,937,355)
- Amortization of deferred government grant	25.	(1,156,196)	-
- Provision for Workers' Profit Participation Fund	26	-	15,770,684
- Provision for Workers' Welfare Fund	26	-	5,992,860
- Loss realized on sale of investments	26	223,939	12,836,251
- Unrealized loss on remeasurement of investments	26	183,518	-
- Finance costs	27	301,324,109	310,379,413
- Share of profit / loss of associates - net	28	(41,160,510)	(227,579,037)
		204,098,995	211,500,657
Working capital changes			
(Increase) / decrease in current assets			
- Stores and spares		(1,053,994)	(15,276,139)
- Stock in trade		685,833,845	224,904,619
- Trade debts		(55,282,487)	62,355,942
- Loans, advances, deposits and other receivables		55,318,814	346,618,901
Increase / (decrease) in current liabilities			
- Trade and other payables		(586,646,728)	542,040,817
		98,169,450	1,160,644,140
Cash generated from operations		302,268,445	1,372,144,797

Notes to the Financial Statements

For the year ended September 30, 2020

32. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise of the Company's subsidiary, associates, key management personnel (including directors) and staff provident fund. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment while contribution to the provident fund is in accordance with staff service rules. Remuneration of Chief Executive, Directors and executives is disclosed in note 37.4 to the financial statements. Transactions with related parties during the year, other than those disclosed elsewhere in the financial statements, are given below:

	2020	2019
	----- Rupees -----	
Transactions with associates		
Sale of goods	509,394,655	378,561,426
Balances outstanding with associate		
Due from / (to) Unicol Limited	153,891	(175,786,322)
Due from UniFood Industries Limited:		
- trade receivable against sale of sugar	4,500,000	-
- other receivables	4,990,000	3,621,454
Balances outstanding with other related party		
Due to Reliance Insurance Limited	8,475,640	13,963,532
Transactions with other related parties		
Insurance premium paid	23,930,343	14,400,000
Provident fund contribution	5,392,400	5,152,829
Donation	3,596,750	3,709,926
Provident Fund (receivable) / payable	(2,560,697)	804,008
33. FINANCIAL INSTRUMENTS		
33.1 Categories of financial assets and liabilities		
33.1.1 Financial assets		
At amortised cost		
Long term deposits	10,103,594	15,128,694
Trade debts	183,347,585	128,065,098
Loans, deposits and other receivables	71,591,037	33,063,903
Cash and bank balances	160,261,980	395,616,672
	425,304,196	571,874,367
At fair value through profit or loss		
Short term investments in quoted equity securities	1,515,500	-
At fair value through other comprehensive income		
Long term investment in B.F. Modaraba	4,884,849	4,227,273

Notes to the Financial Statements

For the year ended September 30, 2020

	2020	2019
	----- Rupees -----	
33.1.2 Financial liabilities		
At amortised cost		
Long term borrowings from banking companies	247,642,944	242,876,551
Trade and other payables	191,849,933	756,993,119
Accrued mark up	30,444,548	73,206,156
Short term borrowings from banking companies	1,393,966,221	1,522,460,342
	<u>1,863,903,647</u>	<u>2,595,536,167</u>

33.2 Risks arising from financial instruments

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

33.2.1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

A financial asset is regarded as credit impaired as and when it falls under the definition of a 'defaulted' financial asset. For the Company's internal credit management purposes, a financial asset is considered as defaulted when it is past due for 90 days or more.

The Company writes off a defaulted financial asset when there remains no reasonable probability of recovering the carrying amount of the asset through available means. Written off financial assets are not subject to enforcement activity.

Maximum exposure to credit risk and its management strategies

Following is the quantitative analysis of the Company's exposure to credit risk at the reporting date:

	Note	2020	2019
		----- Rupees -----	
Long term deposits		10,103,594	15,128,694
Trade debts	(a)	183,347,585	128,065,098
Loans, deposits and other receivables		71,591,037	33,063,903
Bank balances	(b)	156,966,198	394,752,215
		<u>422,008,414</u>	<u>571,009,910</u>

Notes to the Financial Statements

For the year ended September 30, 2020

Note 'a' - Credit risk management of trade debts

The Company attempts to control credit risk arising from dealings with customers by monitoring credit exposures and continually assessing the creditworthiness of its customers. As part of its credit risk management strategy, the Company receives advances from customers against sales of goods. In addition, the Company has a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored.

As of the reporting date, the aging analysis of trade debts was as follows:

	September 30, 2020		September 30, 2019	
	Gross carrying amount	Provision for expected credit losses	Gross carrying amount	Provision for expected credit losses
	----- Rupees -----			
Not past due	183,347,585	-	128,065,098	-
Past due 1 to 180 days	-	-	-	-
More than 180 days	-	-	-	-
	<u>183,347,585</u>	<u>-</u>	<u>128,065,098</u>	<u>-</u>

Based on past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debtors considered good do not require any impairment. The Company trades on advance basis instead of credit basis, therefore, credit risk is usually not involved. Further, substantial amount of debtors have been collected post year end, therefore, expected credit loss has not been considered.

Note 'b' - Credit risk management of bank balances

To minimize its exposure to credit risk, the Company maintains its cash balances only with banks with high quality credit worthiness. As of the reporting date, the external credit ratings of the Company's major bankers were as follows:

Bank Name	Credit Rating Agency	Rating	
		Short term	Long term
Bank Al Habib	PACRA	A-1+	AA+
Habib Bank Limited	JCR-VIS	A-1+	AAA
Bank Al-Falah Limited	PACRA	A-1+	AA+
United Bank Limited	JCR-VIS	A-1+	AAA
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+
Muslim Commercial Bank Limited	PACRA	A-1+	AAA
Bank Al-Barka Islamic Limited	PACRA	A-1	A
Meezan Bank Limited	JCR-VIS	A-1+	AA+
Askari Bank Limited	PACRA	A-1+	AA+
Faysal Bank Limited	PACRA	A-1+	AA
JS Bank Limited	PACRA	A-1+	AA-
Standard Chartered Limited	PACRA	A-1+	AAA
Soneri Bank Limited	PACRA	A-1+	AA-
Dubai Islamic Bank Limited	JCR-VIS	A-1+	AA

Notes to the Financial Statements

For the year ended September 30, 2020

Concentration of credit risk

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. As of the reporting date, the Company was not exposed to any major concentrations of credit risk.

33.2.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities:

	September 30, 2020			
	Carrying amount	Contractual cash flows	Twelve months or less	One to five years
	----- (Rupees) -----			
Non-derivative financial liabilities				
Long term borrowings from banking companies	247,642,944	247,642,944	120,713,951	126,928,993
Trade and other payables	191,849,933	191,849,933	191,849,933	-
Accrued markup	30,444,548	30,444,548	30,444,548	-
Short term borrowings from banking companies	1,393,966,221	1,393,966,221	1,393,966,221	-
	1,863,903,647	1,863,903,647	1,736,974,654	126,928,993

	September 30, 2019			
	Carrying amount	Contractual cash flows	Twelve months or less	One to five years
	----- (Rupees) -----			
Non-derivative financial liabilities				
Long term borrowings from banking companies	242,876,551	242,876,551	88,252,899	154,623,652
Trade and other payables	756,993,119	756,993,119	756,993,119	-
Accrued markup	73,206,156	73,206,156	73,206,156	-
Short term borrowings from banking companies	1,522,460,342	1,522,460,342	1,522,460,342	-
	2,595,536,167	2,595,536,167	2,440,912,515	154,623,652

Notes to the Financial Statements

For the year ended September 30, 2020

33.2.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk

i) Currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to a change in a foreign exchange rate. It arises mainly where receivables and payables exist due to transactions in foreign currency. As of the reporting date, the Company was not exposed to any foreign currency risk.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As of the reporting date, the Company was exposed to cash flow interest rate risk on the long term and short term financing obtained from banks.

Since all the borrowings of the Company are variable rate borrowings, as of the reporting date, the Company was not exposed to fair value risk on its borrowings.

Exposure to interest rate risk:

At the reporting date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	Effective interest rate (%)		Carrying amount (Rs.)	
	2020	2019	2020	2019
Financial liabilities				
- Long term financing	7.37% - 12.40%	10.52% - 14.83%	247,642,944	242,876,551
- Short term finance	7.44% - 15.02%	11.76% - 15.02%	1,393,966,221	1,522,460,342
Financial assets				
- Bank deposits - pls account	2.99% - 6.01%	6.1% - 10.5%	55,040,757	312,809,107

Sensitivity analysis:

As of the reporting date, if average KIBOR interest rate on borrowings had been 100 basis points higher / lower with all other variables held constant, profit before taxation for the year would have been lower / higher by Rs. 15.81 million (2019: Rs. 14.55 million) respectively, mainly as a result of higher / lower net interest expense.

iii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/ mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. As of the reporting date, the Company was not exposed to any material price risk.

Notes to the Financial Statements

For the year ended September 30, 2020

34. FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the management recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. However, during the year, there were no transfers between the levels of the fair value hierarchy.

Following is the fair value hierarchy of the assets carried at fair value:

	Level 1	Level 2	Level 3	Total
	Rupees			
September 30, 2020				
- Investment in B.F. Modaraba	4,884,849	-	-	4,884,849
- Short term investments	1,515,500	-	-	1,515,500
	<u>6,400,349</u>	<u>-</u>	<u>-</u>	<u>6,400,349</u>
September 30, 2019				
- Investment in B.F. Modaraba	<u>4,227,273</u>	<u>-</u>	<u>-</u>	<u>4,227,273</u>

35. CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, sustain future development of the business, safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on capital, which the Company defines as net profit or loss after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

Notes to the Financial Statements

For the year ended September 30, 2020

Following is the quantitative analysis of what the Company manages as capital:

	2020	2019
	----- Rupees -----	
Borrowings		
Long term borrowings	247,642,944	242,876,551
Share capital and reserves		
Issued, subscribed and paid up capital	250,069,550	250,069,550
General reserves and unappropriated profit	1,863,652,512	2,060,634,179
	2,113,722,062	2,310,703,729
	2,361,365,007	2,553,580,280

36. OPERATING SEGMENT

These financial statements have been prepared on the basis of a single reportable segment as the Company's asset allocation decisions are based on a single, integrated business strategy, and the Company's performance is evaluated on an overall basis.

- 36.1** Revenue from sales of sugar represents 91.01% (2019: 90.93%) of total revenue whereas remaining represents revenue from sale of molasses, sale of bagasse and sale of power.
- 36.2** All non current assets of the Company as at September 30, 2020 are located in Pakistan.
- 36.3** Revenue includes Rs. 622.065 million (2019: Rs. 492.288 million) relating to customers located outside Pakistan.

37. DISCLOSURES REQUIRED BY THE COMPANIES ACT, 2017

37.1 Plant capacity and actual production

	2020		2019	
	Quantity (metric tons)	No. of days	Quantity (metric tons)	No. of days
Sugarcane crushing capacity	1,620,000	180	1,620,000	180
Sugarcane crushed	601,936	105	670,581	89
White sugar produced	65,739		73,696	

- 37.1.1** The main reason for under utilization of the installed capacity is limited availability of sugarcane.

Notes to the Financial Statements

For the year ended September 30, 2020

37.2 Number of employees

	2020	2019
	----- Number -----	
Total number of employees as at September 30	615	588
Average number of employees during the year	602	725

37.3 Investments made by the provident fund

The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

37.4 Remuneration of the Chief Executive, Directors and Executives

		2020			
		Chief Executive	Directors	Executives	Total
Note		----- Rupees -----			
Managerial remuneration		12,763,636	12,567,273	19,588,868	44,919,777
Contribution to provident fund		-	-	1,834,297	1,834,297
Other perquisites and benefits	37.4.1	1,276,364	1,256,727	20,226,504	22,759,595
		14,040,000	13,824,000	41,649,669	69,513,669

Number of persons	1	2	9
-------------------	---	---	---

		2019			
		Chief Executive	Directors	Executives	Total
		----- Rupees -----			
Managerial remuneration		11,105,455	10,985,455	15,867,480	37,958,390
Contribution to provident fund		-	-	1,511,221	1,511,221
Other perquisites and benefits	37.4.1	1,110,545	1,098,545	16,686,725	18,895,815
		12,216,000	12,084,000	34,065,426	58,365,426

Number of persons	1	2	8
-------------------	---	---	---

37.4.1 Other perquisites and benefits mainly include house rent allowance, utilities allowance, medical allowance and bonus.

37.4.2 Two non-executive directors were paid fees to attend the board meetings amounting to Rs. 160,000 (2019: Rs. 220,000).

37.4.3 The Chief Executive, executive directors and executives are provided with free use of Company-maintained cars in accordance with their terms of service.

37.5 Impact of COVID-19 on these financial statements

As in the rest of the world, Covid-19 adversely affected lifestyle and business operations in Pakistan. The Company complies with SOPs prescribed by the Federal and Provincial Governments. Sales and export activities were not affected during lockdown, and the shipments were dispatched as per schedule with minor disruptions. The Company remained up to date in all its financial commitments. Management believes that going concern assumption of the Company remains valid, and there are no material implications that require specific disclosure in the financial statements.

Notes to the Financial Statements

For the year ended September 30, 2020

38. GENERAL

38.1 Reclassification of corresponding figures

Certain corresponding figures in these financial statements have been rearranged and reclassified for the purpose of comparison and better presentation which are as follows:

Reclassification from component	Reclassification to component	Rupees
Stores and spares consumed (Cost of sales)	Fuel and power (Cost of sales)	<u>3,448,808</u>

38.2 Date of authorization of the financial statements for issue

These financial statements have been authorized for issue by the Board of Directors of the Company in their meeting held on January 28, 2021.

38.3 Level of rounding

Figures in these financial statements have been rounded off to the nearest rupee.



Ahmed Ali Bawany
Chief Executive Officer



Muhammad Omar Bawany
Chairman



Muhammad Ayub
Chief Financial Officer

Notice of Annual General Meeting

Notice is hereby given that the 39th Annual General Meeting of the Company will be held on Wednesday, February 24, 2021 at 2:00 PM at the Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Clifton, Karachi, to transact the following business:

Ordinary Business

1. To confirm the minutes of last Annual General Meeting held on January 28, 2020.
2. To receive, consider and approve annual audited financial statement of the Company for the year ended September 30, 2020 together with the reports of the auditors' and directors' thereon.
3. To appoint auditor of the company for the year September 30, 2021, and to fix their remuneration. The retiring auditors M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants have given their consent and offered themselves for re-appointment of Auditors of the company for the year ending September 30, 2021.

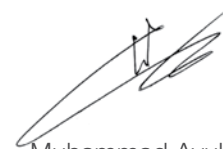
Special Business

4. To consider and ratify related party transactions as required by Companies Act, 2017.
5. To consider and approve enhancement in monthly emolument of the Chairman, Chief Executive and a working Director, w.e.f. October 2020
6. To consider and approve renewal of Investment upto un-utilized amount of Rs. 630 million and Corporate Guarantee; if required, in the Uni-Energy Limited.
7. To consider and approve renewal of investments upto un-utilized amount of Rs. 113.5 million, in Uni-Food industries Limited (UFIL).
8. To transact any other business with permission of the Chair.

Karachi.

Dated: January 28, 2021

BY ORDER OF THE BOARD



Muhammad Ayub
Company Secretary

Notes:

1. The share transfer books of the company will remain closed from February 18, 2021 to February 24, 2021 (Both days inclusive).
2. A member entitled to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend and vote in his/her Behalf, proxies in order to be effective must be received by the Company at its registered office not later than 48 hours before the time of the meeting.
3. The shareholders are requested to notify the Company immediately the change in their address, if any.
4. Any individual Beneficial Owner of CDC, entitled to vote at the meeting, must bring original NIC with him/her to prove his/her identity, and in case of a proxy, a copy of Shareholder's attested NIC must be attached with the proxy form, Representative of corporate members should bring the usual documents required for such purpose.

5. Submission of CNIC / NTN: (Mandatory)

Under directives of SECP, it is mandatory for the shareholders to provide a copy of the Computerized National Identity Card (CNIC), In case of individuals, a National Tax Number (NTN) in case of corporate entity. Therefore, all shareholders are requested to immediately send the required information to the share registrar of the company.

6. Availability of Annual Audited Financial Statements on the Company's website

In accordance with the provisions of Section 223(7) of the Companies Act, 2017, the audited financial statements of the Company for the year ended September 30, 2020, are available on the Company's website (<http://www.faran.com.pk>).

7. Unclaimed / Unpaid dividend and Shares Certificates

Shareholders who could not collect their dividend /physical shares are advised to contact Share Registrar or our Registered Office to enquire and collect their unclaimed dividend/shares, if any. In compliance with section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such unclaimed dividend and shares for a period of 3 years or more from the date it is due and payable shall be deposited to the credit of Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to Securities and Exchange Commission of Pakistan (SECP).

8. Video Conference facility

Members can also avail video conference facility, In this regard, please fill the following form and submit to registered address of the company ten days before holding of the annual general meeting. If the company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to meeting, the company will arrange a video conference facility.

I/We, of the Faran Sugar Mills Limited, holder of ordinary shares as per registered Folio #/CDC Account No. hereby opt for video conference facility.

9. Transmission of Financial Statements & Notices through E-mail

The Securities and Exchange Commission of Pakistan (SECP) through its Notification S.R.O. 787(I)/2014 dated September 8, 2014 has permitted companies to circulate Audited Financial Statements along

Notice of Annual General Meeting

with Notice of Annual General Meeting to its members through e-mail. Accordingly, members are requested to send their consent and e-mail addresses for receiving Audited Financial Statements and Notices through e-mail. In order to avail this facility, a standard request form is available at the Company's website

Statement under section 134 of the Companies Act, 2017

The statement sets out the material facts concerning "Special Businesses" to be transacted at the Annual General Meeting of the Company to be held on February 24, 2021. The approval of the Members of the Company will be sought for

Item No. 4 of the Agenda

During the financial year ended September 30, 2020 the Company carried out transactions with its associated companies and related parties in accordance with its policies and applicable laws and regulation. Related party transactions require shareholders' approval under section 208 of the Companies Act, 2017. Such transactions are being placed before the shareholders for their approval through special resolution proposed to be passed in the Annual General Meeting.

The shareholders are requested to ratify the transactions which have been disclosed in Note no. 32 of the Financial Statements for the year ended September 30, 2020 and further to authorize the Board of Directors to conduct transactions with related parties or associated companies for the year ending September 30, 2020.

Party wise breakup of transactions as disclosed in Note no. 32 of the Financial Statements for the year ended September 30, 2020 is given below

Name of Related Party	Nature of Transaction	Amount (Rs.)
Associates		
Unicol Limited	Sales made	494,678,105
Unicol Limited	Dividend Income received	274,999,984
Uni-Food Industries Limited	Sales made	14,716,550
Uni-Food Industries Limited	Investment made	95,553,800
Common Directorship		
Begum Aisha Bawany Taleem-ul-Quran Trust	Donation	3,596,750
Reliance Insurance Company Limited	Insurance Premium paid	23,930,343
Provident Fund Trust	Charge for Staff Provident Fund	5,392,400

Item No. 5 of the Agenda

Chairman, Vice Chairman and Chief Executive Remuneration

The Board of Directors in its meeting held on January 28, 2021 recommended to approve remuneration along with other benefits as per service rule for the Chairman and Chief Executive, and a Director, w.e.f. October 01, 2020 for this purpose that the following resolution be passed with or without modification.

"Resolved that the consent of the Company be and hereby accorded to the aggregate remuneration to Mr. Ahmed Ali Bawany – Chief Executive, a sum of Rs. 1,263,600/- per month and Mr. Bilal Omar Bawany, Director, a sum of Rs. 331,560/- per month w.e.f. from October 01, 2020, and other benefits as per service rules."

“Further resolved that the monthly honorarium of Rs. 912,600/- for the Chairman is approved”

Item No. 6 of the Agenda

The Company had obtained the approval from shareholders for investment upto Rs. 650 million in the equity of Uni-Energy Limited (UEL). UEL has been granted Letter of Intent and formally allotted land for setting up the project at Jhampir, district Thatta. The JV partners have made initial equity investment in the Company to meet the ongoing financial requirements for the project. The government has, so far, not notified the tariff for the project. FSML has made an equity investment of Rs. 19.99 million till date following the approval of the shareholders. The remaining amount will be invested by FSML as and when required by Uni-Energy Limited. All the relevant/required material information has already been disseminated to shareholders of the company in the EOGM held on October 27, 2015 and in AGM held on January 27, 2018.

“Resolved that the consent and approval be and is hereby accorded for renewal of investment up to un-utilized amount of Rs. 630 million and corporate guarantee, if required, in the Uni-Energy Limited.”

Item No. 7 of the Agenda

The Company had obtained approval from the shareholders for investment of Rs. 455 million in the equity of Uni Food Industries Limited (UFIL) and Corporate guarantee. UFIL commenced commercial production in March 2018. All the relevant/required material information has already been disseminated to shareholders of the company in the EOGM held on November 17, 2016 and AGM held on January 28, 2019.

The Company obtained further equity investment of Rs. 140 million in the UNI-FOOD INDUSTRIES LIMITED – an associate joint venture unlisted public company (UFIL), in AGM held on January 28, 2020, for induction of new line/ expanding existing line of production, expanding distribution network across Pakistan to enhance market penetration and for extensive marketing campaigns in shape of TV advertisements, print media, digital media and other trade and customer related activities to establish a brand image. The Company has invested Rs. 481.5 million till date.

“Resolved that the consent and approval be and is hereby accorded for renewal of investment up to un-utilized amount of Rs. 113.5 million and corporate guarantee, if required, in the Uni-Food Industries Limited.”

Pattern of Shareholders

For the year ended September 30, 2020

No. of Shareholders	From	Shareholding	To	Total Shares Hold
1191	1	-	100	20,663
539	101	-	500	127,158
159	501	-	1000	130,329
201	1001	-	5000	474,722
58	5001	-	10000	446,286
16	10001	-	15000	200,552
12	15001	-	20000	216,348
7	20001	-	25000	164,730
12	25001	-	30000	335,120
4	30001	-	35000	133,327
5	35001	-	40000	195,516
1	40001	-	45000	42,913
2	45001	-	50000	92,602
1	50001	-	55000	51,775
1	55001	-	60000	59,194
1	75001	-	80000	75,500
2	90001	-	95000	182,600
3	95001	-	100000	300,000
1	100001	-	105000	101,500
2	105001	-	110000	213,056
1	120001	-	125000	120,600
1	130001	-	135000	132,426
2	145001	-	150000	293,366
1	150001	-	155000	151,395
1	160001	-	165000	162,000
1	165001	-	170000	167,401
2	180001	-	185000	365,322
1	200001	-	205000	203,500
1	230001	-	235000	232,825
1	255001	-	260000	256,209
1	305001	-	310000	305,328
1	315001	-	320000	318,221
1	325001	-	330000	327,500
1	335001	-	340000	338,701
1	340001	-	345000	342,529
1	420001	-	425000	420,199
1	475001	-	480000	479,573
1	480001	-	485000	482,470
1	495001	-	500000	497,585
1	530001	-	535000	530,572
1	550001	-	555000	551,265
1	820001	-	825000	823,740
1	1140001	-	1145000	1,140,115
1	1275001	-	1280000	1,275,431
1	1460001	-	1465000	1,462,940
1	1615001	-	1620000	1,616,875
1	2120001	-	2125000	2,120,274
1	2295001	-	2300000	2,299,512
1	4025001	-	4030000	4,025,190
2249				25,006,955

Sr. No.	Catagories of Shareholders	Number of Shareholders	Total Shares Hold	Percentage %
1	INDIVIDUALS	2174	19,639,214	78.54
2	INVESTMENT COMPANIES	1	4,500	0.02
3	INSURANCE COMPANIES	2	169,724	0.68
4	JOINT STOCK COMPANIES	31	931,108	3.72
5	FINANCIAL INSTITUTIONS	4	28,689	0.11
6	MODARABAS	1	231	0
7	OTHERS	17	1,000,476	4
8	CHARITABLE TRUSTS	1	18,000	0.07
9	MUTUAL FUND	8	2,680,774	10.72
10	WELFARE SOCIETY	1	47,102	0.19
11	EMPLOYEES PENSION FUND	3	391,209	1.56
12	EMPLOYEES BENEVOLENT FUND	1	8,990	0.04
13	GRATUITY FUND	1	5,000	0.02
14	EMPLOYEES PROVIDENT FUND	1	10,000	0.04
15	COOPERATIVE SOCIETIES	1	438	0
16	VOLUNTARY PENSION FUND	2	71,500	0.29
		2249	25,006,955	100

Categories of Shareholding

As at September 30, 2020

Folio	Name of Company	Holding	Percentage %
14902-000021	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	2120274	8.48
00480	A.A.BAWANY FOUNDATION	497585	1.99
15974-000023	CDC - TRUSTEE NBP ISLAMIC STOCK FUND	327500	1.31
20662	ZAIBUNISA FOUNDATION	318221	1.27
03277-078335	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	256209	1.02
03277-093619	AMIN TAI (PRIVATE) LIMITED	182663	0.73
03277-022406	MEHRAN SUGAR MILLS LTD	162000	0.65
02683-000023	STATE LIFE INSURANCE CORP. OF PAKISTAN	151395	0.61
04010-000021	FAWAD YUSUF SECURITIES (PVT.) LIMITED	120600	0.48
14415-000021	CDC - TRUSTEE NAFA PENSION FUND EQUITY SUB-FUND ACCOUNT	106000	0.42
05819-000023	CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	101500	0.41
06726-000023	CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	92000	0.37
03277-007041	HABIB SUGAR MILLS LTD	90600	0.36
03277-026972	WESTBURY (PRIVATE) LTD	75500	0.3
00478	O.A.TRADING COMPANY (PVT) LTD.	59194	0.24
03277-003397	PAKISTAN MEMON EDUCATIONAL & WELFARE	47102	0.19
03277-008399	O.A.TRADING CO.(PVT) LTD	42913	0.17
03277-001339	PREMIER FASHIONS (PVT) LTD	40000	0.16
04366-029417	SUPER PETROCHEMICALS PRIVATE LIMITED	40000	0.16
15727-000022	CDC - TRUSTEE PAKISTAN PENSION FUND	38000	0.15
03277-040179	YOUSUF YAQOOB KOLIA AND COMPANY (PVT.) Ltd	34500	0.14
15719-000023	CDC-TRUSTEE ALHAMRA ISLAMIC PENSION FUND - EQUITY SUB FUND	33500	0.13
20133	MADINA ESTATES PROPERTIES LTD	30437	0.12
07179-000020	MUHAMMAD SALIM KASMANI SECURITIES (Pvt.) Ltd	30000	0.12
18176-000027	AKIK CAPITAL (PRIVATE) LIMITED	30000	0.12
14431-000029	CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT	29000	0.12
16402-000020	CDC - TRUSTEE NBP ISLAMIC ACTIVE ALLOCATION EQUITY FUND	29000	0.12
03889-000077	NATIONAL BANK OF PAKISTAN	26520	0.11
22177	O.A.MANAGEMENTS	25612	0.1
03277-003361	MADINA ESTATES & PROPERTIES (PVT) LTD	22064	0.09
22172	O.A.INDUSTRIES	19923	0.08
22173	O.R.& SONS	19923	0.08
22174	NAAFAY MANAGEMENTS	19923	0.08
03277-007330	RELIANCE INSURANCE COMPANY LTD.	18329	0.07
04424-002648	BEGUM AISHA AHMED AND LATIF BAWANY FOUNDATION	18000	0.07
03277-048757	TRUSTEES OF MIRPURKHAS SUGAR MILLS LTD	10000	0.04
22175	SHAHEDA ASSOCIATE	9961	0.04
22176	AYESHA ASSOCIATE	9961	0.04
03277-082127	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	8990	0.04
22679	MR. AUZAIR RAZZAK	7947	0.03
17632-000021	CDC - TRUSTEE NBP ISLAMIC REGULAR INCOME FUND	7000	0.03
00479	EBRAHIM BAWANY FOUNDATION	5923	0.02
03277-008930	TRUSTEES AL-ABBAS SUGAR MILLS LTD EMP.GF	5000	0.02
16881-000023	SAKARWALA CAPITAL SECURITIES (PRIVATE.) LTD	5000	0.02
03277-010498	PERWAIZ TRADING CORP.(PVT) LTD	4700	0.02
03277-100990	SAAS ENTERPRISES (PVT.) LIMITED	4500	0.02
03277-104940	AL HAYY TRADING (PRIVATE) LIMITED	4500	0.02
00477	EBRAHIM TRADING CO (PVT) LTD	4414	0.02
03277-049694	MARINE SERVICES (PVT.) LIMITED	3000	0.01
06684-154214	YOUSUF YAQOOB KOLIA AND COMPANY (PRIVATE) LTD	3000	0.01
14373-000027	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	3000	0.01
05348-000021	HH MISBAH SECURITIES (PRIVATE) LIMITED	2500	0.01
14241-000022	FIKREES (PRIVATE) LIMITED	2310	0.01

Categories of Shareholding

As at September 30, 2020

Folio	Name of Company	Holding	Percentage %
03889-000028	NATIONAL BANK OF PAKISTAN	1731	0.01
04184-000022	AZEE SECURITIES (PRIVATE) LIMITED	1000	0
04366-000020	MULTILINE SECURITIES (PVT) LIMITED	1000	0
14670-000020	MULTILINE SECURITIES (PVT) LIMITED -	1000	0
22537	A.SATTAR MOTIWALA SEC PVT LTD	802	0
04978-006361	STOCK MASTER SECURITIES (PVT) LTD	519	0
05736-000015	NCC - PRE SETTLEMENT DELIVERY ACCOUN	500	0
12195-000021	CDC - TRUSTEE ABL STOCK FUND	500	0
19967	NATIONAL INDUSTRIAL CO-OP	491	0
00364-242907	KHOJA (PIRHAI) SHIA ISNA ASHARI JAMAT	438	0
22704	GHULAMAN-E-ABBAS EDUCATIONAL AND	350	0
00518	NATIONAL BANK OF PAKISTAN	346	0
10611-000020	AKD SECURITIES LIMITED - AKD TRADE	288	0
22534	OMEGA SECURITIES PVT LTD	235	0
21875	CONSOLIDATED MODARABA (PVT)LTD	231	0
03525-054825	NAEEM'S SECURITIES (PVT) LTD	152	0
18990	M/S NAEEM SECURITY LTD.	150	0
03525-057191	SARFRAZ MAHMOOD (PRIVATE) LTD	133	0
20653	MUSLIM COMMERCIAL BANK LTD.	92	0
00620-000021	TAURUS SECURITIES LIMITED	78	0
21080	M/S CONSOLIDATED TRADING &	11	0
03525-087235	MAPLE LEAF CAPITAL LIMITED	1	0

DIRECTOR,CEO,AND THEIR SPOUSE	Shares Held	Percentage %
MR. MUHAMMAD OMAR BAWANY	254722	1.02
MR. AHMED ALI BAWANY	4025190	16.1
MR. HAMZA OMAR BAWANY	644029	2.58
MR. BILAL OMAR BAWANY	551265	2.2
MR. ALTAMASH AHMED ALI	2500	0.01
MR. IRFAN ZAKARIA BAWANY	2625	0.01
MR. AHMED GHULAM HUSSAIN	2500	0.01
MRS. RUKSANA OMAR	2131256	8.52

SHARE HOLDERS HOLDING FIVE PERCENTS OR MORE INTREST	Shares Held	Percentage %
MR. AHMED ALI BAWANY	4025190	16.1
ROSHAN ARA MOHAMMAD AMIN	1462940	5.85
RUKSANA OMAR BAWANY	2131256	8.52
AYESHA AMIN	1755004	7.02
SHAHIDA AMIN	2037074	8.15
GULSHANRA AMIN	2299512	9.19
NATIONAL INVESTMENT UNIT TRUST	2120274	8.48

Form of Proxy

IMPORTANT

Instrument of Proxy will not be considered as valid unless it is deposited or received at the Company's Head Office at 43-1-E(B), P.E.C.H.S., Block 6, off Razi Road, Shahrah-e-Faisal, Karachi not later than 48 hours before the time of holding the meeting.

Registered Folio/ Participant's

ID No. & A/c No. _____

No. of Shares held _____

I/We _____

of _____

being member of Faran Sugar Mills Limited, hereby appoint _____

_____ of _____

another member of the Company as my/ our proxy to attend & vote for me/ us and on my/ our behalf at the 39th Annual General Meeting of the Company to be held on Wednesday, February 24, 2021 at 2:00 pm and at any adjournment thereof.

WITNESSES

1. Signature _____

Name _____

Address _____

CNIC or Passport No. _____

2. Signature _____

Name _____

Address _____

CNIC or Passport No. _____

Signature of
Shareholder

Please affix
Revenue
Stamp
Rs.5

پروکسی فارم

فاران شوگر ملز لمیٹڈ

39 واں سالانہ اجلاس



FARAN SUGAR MILLS LTD.

اہم نوٹ

پراکسی انسٹرومنٹ اس وقت تک قابل قبول نہیں ہوگا جب تک یہ جنرل
میننگ کے وقت سے 48 گھنٹے پہلے کمپنی کے ہیڈ آفس میں وصول نہ
ہو جائے۔

رجسٹرڈ فوئیو نمبر / پارٹسپنٹ کرنے والے کی شناخت نمبر
اکاؤنٹ نمبر
شیئرز کی تعداد

میں مسمیٰ / مسماة _____ سکنہ _____

ضلع _____ بحیثیت ممبر فاران شوگر ملز لمیٹڈ مسمیٰ / مسماة _____

سکنہ _____ کو بطور مختار (پراکسی) مقرر کرتا / کرتی ہوں تاکہ وہ میری جگہ اور میری

طرف سے کمپنی کے سالانہ اجلاس عام (یا جو بھی صورت حال ہو) جو مورخہ بدھ، فروری 24, 2021 کو دوپہر 2 بجے بقام دی انسٹیٹیوٹ

اف چارٹرڈ اکاؤنٹنٹس اف پاکستان، کلفٹن کراچی میں منعقد ہو رہا ہے۔ اس میں اور اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور ووٹ ڈالے۔



دستخط شیئرز ہولڈر

گواہان

1- دستخط _____

نام _____

پتہ _____

NIC/ پاسپورٹ نمبر _____

2- دستخط _____

نام _____

پتہ _____

NIC/ پاسپورٹ نمبر _____








www.jamapunji.pk










**Be aware, Be alert,
Be safe**

Learn about investing at
www.jamapunji.pk

Key features:

-  Licensed Entities Verification
-  Scam meter*
-  Jamapunji games*
-  Tax credit calculator*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event
notifications, corporate and
regulatory actions)
-  Jamapunji application for
mobile device
-  Online Quizzes



Jama Punji is an Investor
Education Initiative of
Securities and Exchange
Commission of Pakistan

 jamapunji.pk

 [@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices



FARAN SUGAR MILLS LTD.

43-1-E(B), P.E.C.H.S., Block 6,
off Razi Road, Shahrah-e-Faisal, Karachi.
UAN:92-21-111-BAWANY (229-269)
FAX: 92-21-34322864
Email:info@faran.com.pk
Web:www.faran.com.pk