

# Faran Sugar

Mills Limited

40  
*years of challenging Journey*

Annual Report  
2021



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## 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 fulfil 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         |                 |
| Mouhammad Altamash Bawany |                 |
| Ahmed Ghulam Hussain      |                 |
| Irfan Zakaria Bawany      |                 |
| Sheikh Asim Rafiq         | NIT             |

## **AUDIT COMMITTEE**

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

## **HUMAN RESOURCE & REMUNERATION COMMITTEE**

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

## **AUDITORS**

Rahman Serfaraz Rahim Iqbal Rafiq  
Chartered Accountants

## **CHIEF FINANCIAL OFFICER & COMPANY SECRETARY**

Muhammad Ayub

## **LEGAL ADVISOR**

Ghulam Rasool Korai



### **BANKERS (ISLAMIC BANKING DIVISION)**

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

### **SHARE REGISTRAR**

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

### **REGISTERED OFFICE**

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

### **MILLS**

Shaikh Bhirkio,  
Distt. Tando M. Khan.

### **E-MAIL & WEBSITE**

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

### **STOCK EXCHANGE SYMBOL**

FRSM

### **REGISTRATION NUMBER**

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

# COMPANY PROFILE

**Faran Sugar Mills Limited (FSML)** is an agro-based company, engaged in the business of manufacturing and selling of **White Refined Sugar**. **FSML** was incorporated in Pakistan on November 03, 1981 as a public limited company. The shares of the Company are listed on Pakistan Stock Exchange (PSX). 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, Ethanol production, Trading, Power, Food, Construction and other important business sectors of Pakistan.

The registered office of the Company's Head office is situated at Bungalow no. 43-1-E(B), Block 6, P.E.C.H.S., Karachi and mills 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 (Average).

Al-Hamdulillah, **FSML** 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, etc. as well as Government Institution and Armed Forces. 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. **FSML** is committed towards achieving the highest standards of quality and environmental care. In financial year 2017-18, **FSML** exported huge quantum of white refined sugar around 89,761 M.tons, highest ever in Company's history; 2<sup>nd</sup> highest in Sindh Zone Mills; 7<sup>th</sup> highest in Pakistan.

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 CO<sub>2</sub> supplier. 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 liquifcation of CO<sub>2</sub> which is a by-product. Its plant has a capacity of 72 M. tons of CO<sub>2</sub> 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 and 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**" (**UFIL**) which is engaged in food business under Joint Venture arrangement with three 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. All products of **UniFood Industries Limited** are **Halal Certified** by **SANHA Halal Associates Pvt. Limited**.

**FSML** has obtained '**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. It is pertinent to mention that **FSML** is the only sugar mill in Sindh to qualify for Halal Certification.

**FSML** has been assigned A- / A-2' (A minus / A – Two) by **VIS-Credit Rating Company Limited**. 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'.

Alhamdulillah, **FSML** 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**.

**FSML** has been actively participating in welfare activities at large and mainly for surrounding communities. Our **Corporate Social responsibility (CSR)** initiative covers Education, Health Care activities, conducting sports events and support to humanitarian and social work organization. **FSML** believes that investing on welfare of society is a sign of **good corporate entity**. During the Covid-19 Pandemic, **FSML** has taken various measures for the safety of its staff members like implementation of SOP's and free vaccination to all its staff members. It is pertinent to mention here that our staff are **100%** vaccinated.

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.



# 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.

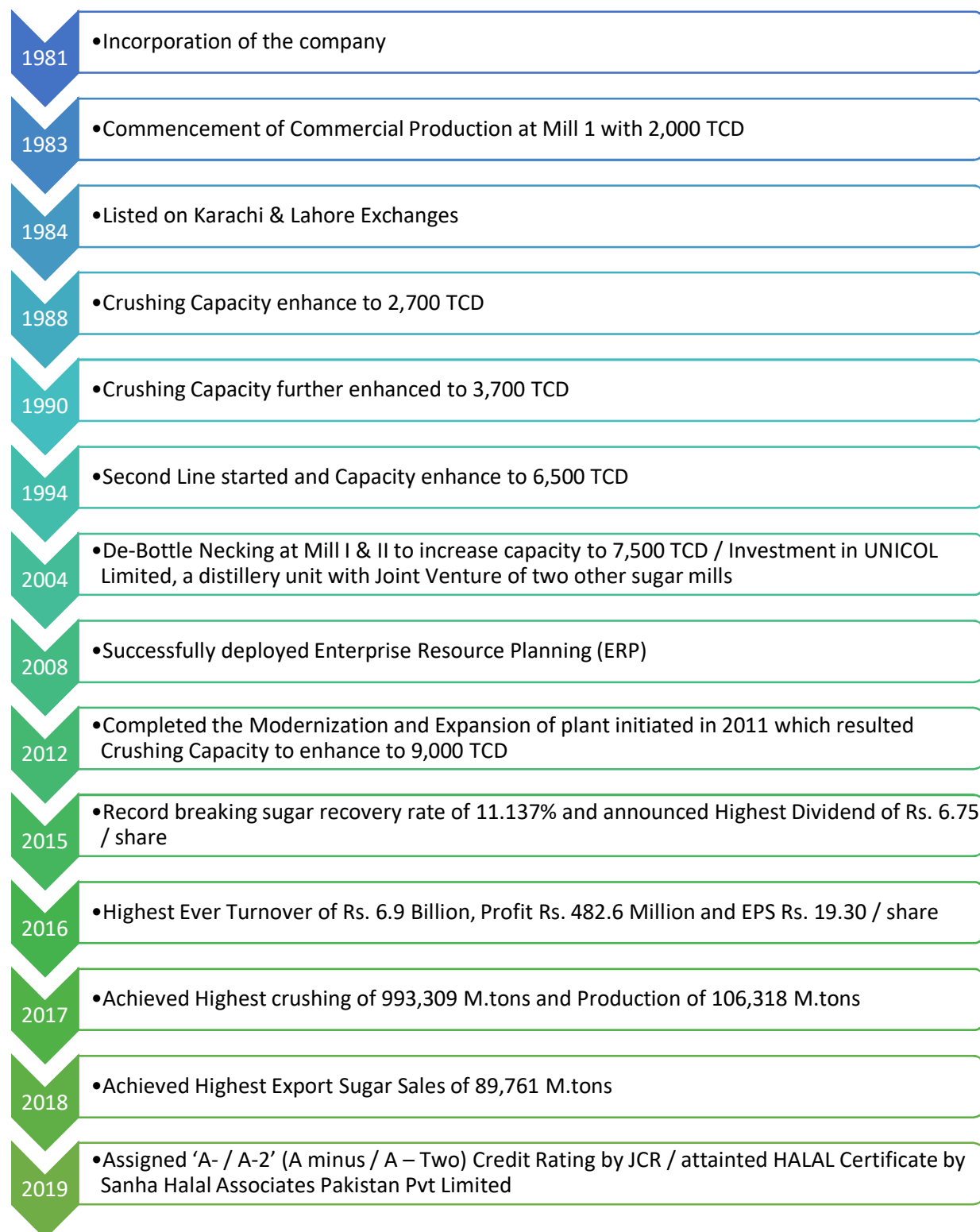
## ***CUSTOMER***

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.

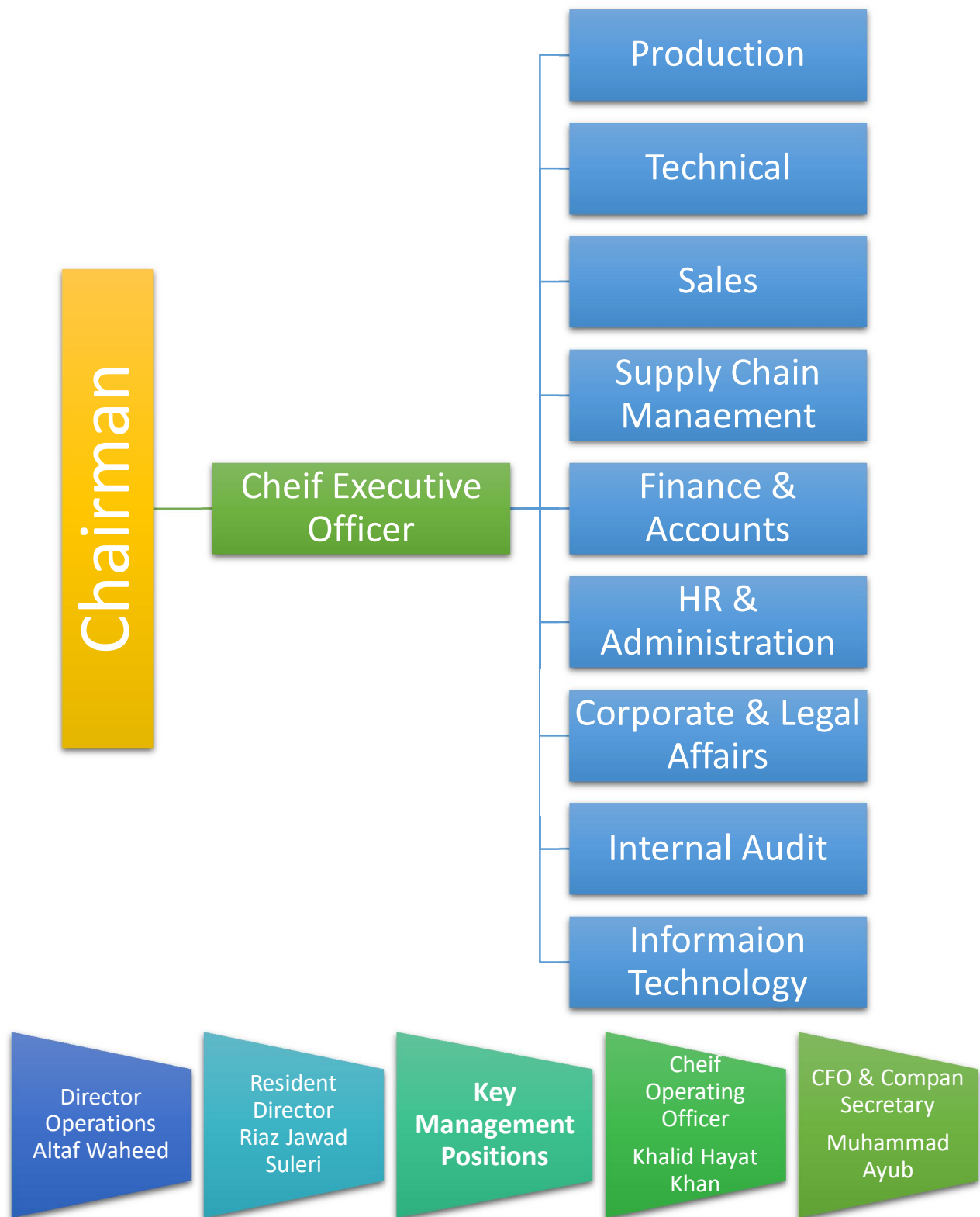
## ***INTERNAL PROCESS***

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 framework of synergic organization with the change in culture.

# MAJOR MILESTONES



# MANAGEMENT STRUCTURE





# 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 CO<sub>2</sub>. 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

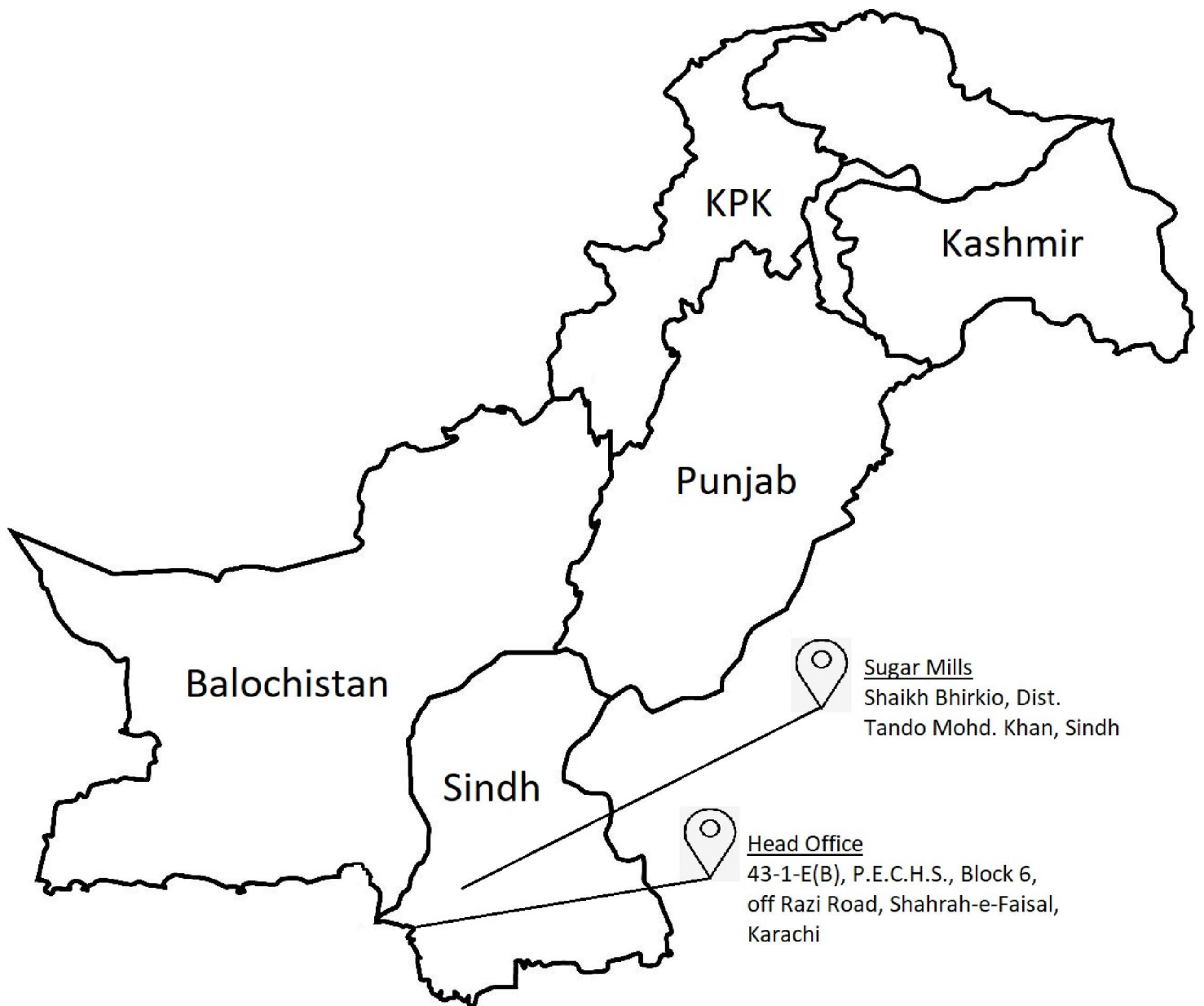
**Mr. Sheikh Asim Rafq**  
**Director**

Mr. Sheikh Asim Rafq 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. Rafq 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).

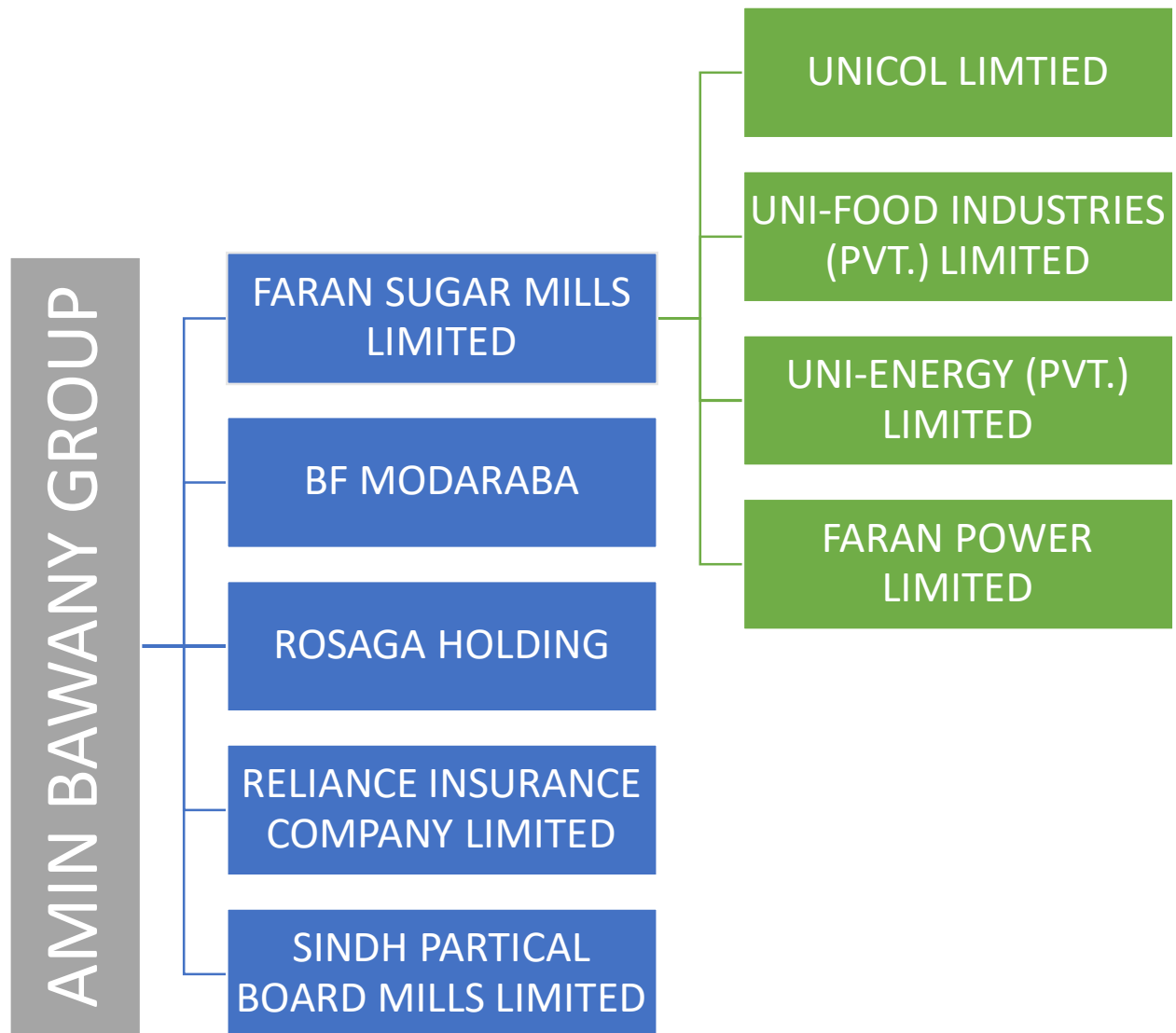




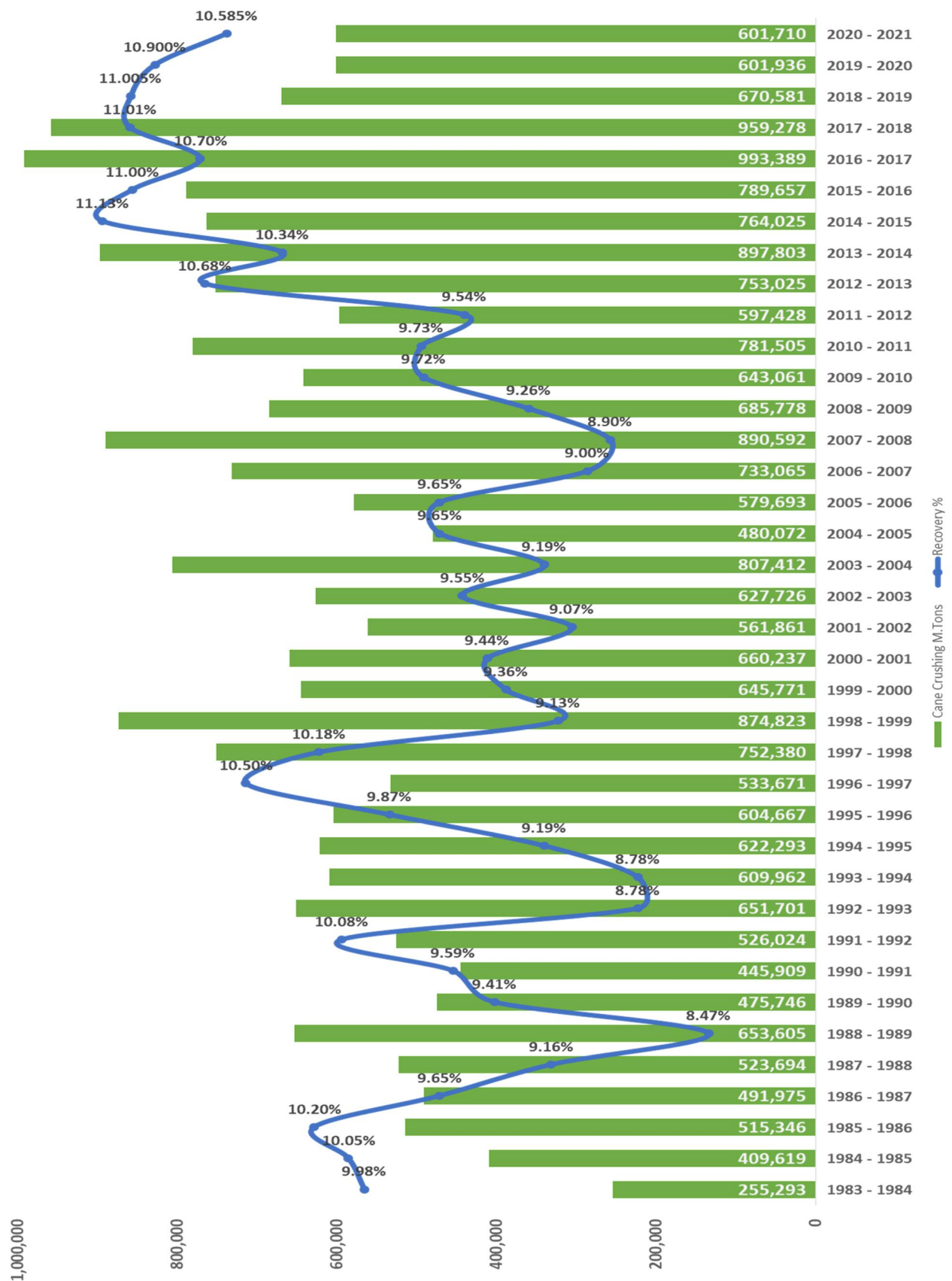
# GEOGRAPHICAL PRESENCE



# GROUP STRUCTURE



# 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 4,285.20 hectares up to Augsut-2021 and 21,895.54 hectares land laser leveled during the project period (2015-16 to 2020). 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 125 solar tube wells up to season 2020-21 as compared to 114 tube wells in 2019-20. Besides above, 27 new Promising lines of different Sugar Cane Institutes are under trials (also provide results of these trials).

Resultantly average yield per acre increased to 815 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 7.786 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 71 coordinated village meetings on different topics. 18 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 18 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

- Pure seed multiplication of early maturity and high sugar yield varieties with excellent ratoonnability.
- Sustainable sugarcane quality production.
- Promotion of latest Farm Machinery.
- Promotion of alternate source of energy (Solar Tube well).
- Introduced chip bud technology.
- Soil & water testing facility to growers.
- High Efficiency irrigation system (HEIS).
- Promoting mechanized cultivation of sugarcane.
- Promoting Inter cropping technology.
- Capacity building of growers and field staff.
- Latest promotional material of sugarcane.
- Arranging sugarcane seminars and workshops.

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.

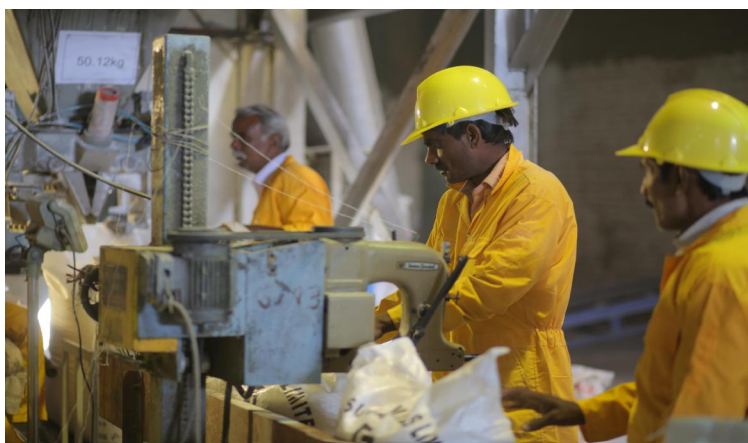
FSML recognizes that safe operations depend not only on technically sound plant and equipment but also on competent people and an active HSE strategy. We firmly believe that all our operational activities must adhere to our safety policies.

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 free 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 free 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 favorable and unfavorable 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 throughout 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 10,500 TCD of the mills, FSML efforts in terms of cane development activities has a key bearing on cane availability.

# ANNUAL EVENTS

## **Free Eye Camp for General Public**

Arrangement of free Eye Camp at the Mill premises have been a regular event for the last 15 years. Elaborate arrangements are made at the premises and the camps are being attended by prominent Eye Surgeons equipped with Pheco 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. 12,630 Patients attended the camps and 1,630 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 labor, with 3 monthly vaccinations doze to non-defected persons.
- v. Hepatitis C, screening +ve cases treated with 6 months course.
- vi. Employee's children studying at FSM School are also provided all type of vaccination and medical examination.
- vii. COVID-19 Vaccination arranged with the coordination of District Health Officer Tando Mohammad Khan, as per details hereunder;

1<sup>st</sup> Doze Vaccinated    571    Employees.

2<sup>nd</sup> Doze Vaccinated    613    Employees.

## **Free Medical Camps**

FSM 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, **9,644** 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.

## **Annual Tree Plantation Campaign**

Target of 2500 Plants to be planted in the year 2021 was achieved.

## **Sport Activities**

FSML Management has always promoted healthy activities in employees and their children. Our Mill site has established an officers and workers clubs, playgrounds with 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, and Flood Lights are some of the main features.

Annual tournaments of Cricket, Volley Ball, Badminton, Tug of war, Races are being arranged amongst both Officers and Workers. Prize distribution Ceremonies are arranged after every Tournament during Of-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 Multifocality 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.

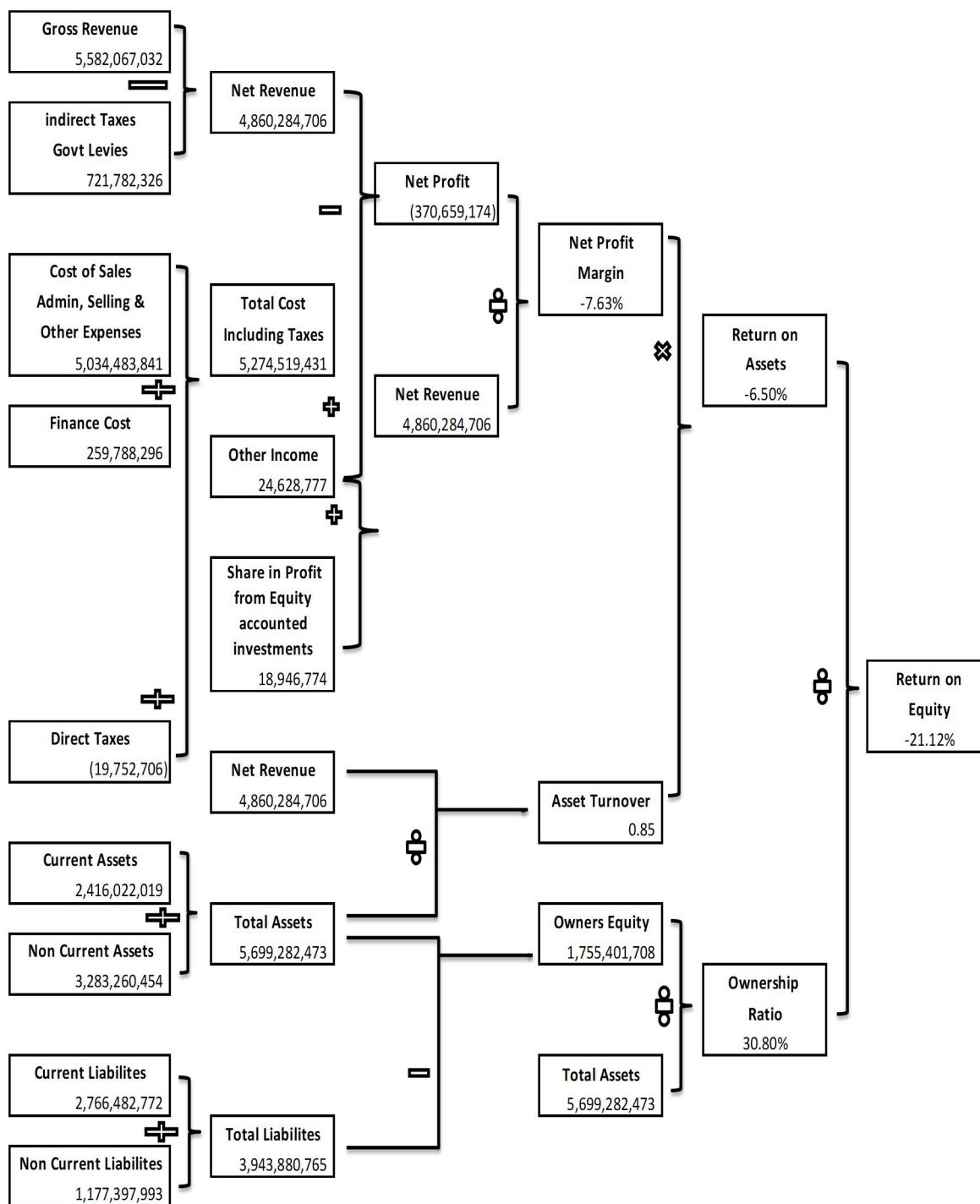
FSML is known in the vicinity, in providing free of charge medical care. Regular free medical camps are arranged with the specialist Doctors availability. Every year four medical camps are arranged in different area ranging from 2 kilometers to 25 kilometers, four to five thousand patients are being 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 Faran Sugar Mills Limited during 2020-2021

|                                     | 2021<br>Rupees  | %    | 2020<br>Rupees  | %    |
|-------------------------------------|-----------------|------|-----------------|------|
| <b>VALUE ADDED AS FOLLOWS</b>       |                 |      |                 |      |
| Gross Sales                         | 5,582,067,032   |      | 6,562,799,924   |      |
| Other Income                        | 24,628,777      |      | 21,771,141      |      |
| Share of Profit in Associate        | 18,946,774      |      | 41,160,510      |      |
|                                     | 5,625,642,583   |      | 6,625,731,575   |      |
| Less : Total Expenses               | (4,538,781,622) |      | (5,183,559,964) |      |
| Total Value Added                   | 1,086,860,961   |      | 1,442,171,611   |      |
| <b>VALUE DISTRIBUTED AS FOLLOWS</b> |                 |      |                 |      |
| To Employees                        | 386,956,340     | 36%  | 372,532,399     | 26%  |
| To Government                       | 706,379,932     | 65%  | 835,354,480     | 58%  |
| To Shareholders ( as Dividend )     | -               | 0%   | -               | 0%   |
| To Financial Institutions           | 259,788,296     | 24%  | 301,324,109     | 21%  |
| Retained in Business as             |                 |      |                 |      |
| Net Earnings                        | (370,659,173)   | -34% | (171,317,135)   | -12% |
| Depreciation                        | 104,395,566     | 10%  | 104,277,759     | 7%   |
|                                     | (266,263,607)   | -24% | (67,039,376)    | -5%  |
| Total Value Distributed             | 1,086,860,961   | 100% | 1,442,171,611   | 100% |

# INVESTOR INFORMATION- SIX YEAR

|                                                          |                | 2016      | 2017       | 2018      | 2019      | 2020      | 2021       |
|----------------------------------------------------------|----------------|-----------|------------|-----------|-----------|-----------|------------|
| <b>OPERATIONAL</b>                                       |                |           |            |           |           |           |            |
| Cane Crushing                                            | M.tons         | 789,657   | 993,389    | 959,378   | 670,581   | 601,936   | 601,718    |
| Sugar Production                                         | M.tons         | 86,785    | 106,318    | 105,633   | 73,696    | 65,739    | 63,691     |
| Molasses Production                                      | M.tons         | 35,825    | 49,347     | 52,081    | 31,459    | 27,475    | 28,238     |
| Sugar Recovery                                           | %              | 11.00     | 10.70      | 11.01     | 11.01     | 10.90     | 10.59      |
| Molasses Recovery                                        | %              | 4.54      | 4.97       | 5.43      | 4.69      | 4.56      | 4.69       |
| Average Crushing / Day                                   | M.tons         | 7,593     | 7,198      | 6,662     | 7,535     | 5,733     | 6,140      |
| Season Commenced                                         | Date           | 24-Nov-15 | 14-Nov-16  | 28-Nov-17 | 13-Dec-18 | 25-Nov-19 | 23-Nov-20  |
| Season Ended                                             | Date           | 6-Mar-16  | 31-Mar-17  | 20-Apr-18 | 11-Mar-19 | 8-Mar-20  | 28-Feb-21  |
| Duration of season ( days )                              | Days           | 104       | 138        | 144       | 89        | 105       | 98         |
| <b>PROFIT &amp; LOSS ACCOUNT</b>                         |                |           |            |           |           |           |            |
| Sales Revenue                                            | Rs. In Million | 7,028.13  | 4,758.79   | 6,447.84  | 5,145.70  | 6,562.80  | 5,582.07   |
| Net Revenue                                              | Rs. In Million | 6,529.70  | 4,435.67   | 6,291.20  | 4,619.07  | 5,751.43  | 4,860.28   |
| Gross Profit                                             | Rs. In Million | 687.32    | (97.05)    | 548.21    | 282.98    | 268.54    | 40.38      |
| Selling & Admin Exp.                                     | Rs. In Million | 134.72    | 155.06     | 347.71    | 198.12    | 175.65    | 213.93     |
| Operating Profit                                         | Rs. In Million | 552.61    | (252.78)   | 200.50    | 84.86     | 92.89     | 173.55     |
| Profit before Tax                                        | Rs. In Million | 630.77    | (178.61)   | 624.39    | 521.23    | (151.80)  | (390.41)   |
| Profit after Tax                                         | Rs. In Million | 504.84    | (184.05)   | 442.37    | 380.45    | (171.32)  | (370.66)   |
| Earnings before interest & Tax                           | Rs. In Million | 668.86    | (37.80)    | 780.49    | 831.61    | 149.53    | (130.62)   |
| <b>BALANCE SHEET</b>                                     |                |           |            |           |           |           |            |
| Share Capital                                            | Rs. In Million | 250.07    | 250.07     | 250.07    | 250.07    | 250.07    | 250.07     |
| Reserves                                                 | Rs. In Million | 1,654.26  | 1,345.25   | 1,787.31  | 2,070.06  | 1,874.39  | 1,505.33   |
| Shareholders' Equity                                     | Rs. In Million | 1,904.33  | 1,595.32   | 2,037.38  | 2,320.13  | 2,124.46  | 1,755.40   |
| Property Plant and Equipment                             | Rs. In Million | 1,530.27  | 1,570.41   | 1,730.37  | 1,874.59  | 1,884.93  | 2,184.23   |
| Working Capital                                          | Rs. In Million | 254.86    | (433.90)   | (171.54)  | (192.65)  | (389.88)  | (350.46)   |
| Long Term Loan                                           | Rs. In Million | 252.24    | 204.23     | 309.31    | 242.88    | 247.80    | 870.66     |
| <b>CASH FLOW ANALYSIS</b>                                |                |           |            |           |           |           |            |
| Net cash generated from operating activities             | Rs. In Million | 1,269.55  | (2,063.79) | 306.72    | 948.93    | (163.93)  | (1,412.22) |
| Net cash used in investing activities                    | Rs. In Million | (340.67)  | (226.93)   | (230.94)  | (79.97)   | 76.43     | (324.21)   |
| Net cash generated from / (used in) financing activities | Rs. In Million | (544.91)  | 1,828.15   | (33.19)   | (497.25)  | (147.86)  | 1,714.99   |
| <b>PROFITABILITY RATIOS</b>                              |                |           |            |           |           |           |            |
| Gross Profit Ratio                                       | %              | 10.53     | (2.19)     | 8.71      | 6.13      | 4.67      | 0.83       |
| Net Profit / Ratio                                       | %              | 7.73      | (4.15)     | 7.03      | 8.24      | (2.98)    | (7.63)     |
| Earnings before Interest & Tax Margin                    | %              | 10.24     | (0.85)     | 12.41     | 18.00     | 2.60      | (2.69)     |
| Operating Leverage Ratio                                 | %              | 54.59     | 329.45     | 5,174.87  | 24.64     | 334.57    | 1,209.21   |
| Return on Share Holder Equity                            | %              | 26.51     | (11.54)    | 21.71     | 16.40     | (8.06)    | (21.12)    |
| Return on Capital Employed                               | %              | 31.02     | (2.10)     | 33.26     | 32.45     | 6.30      | (4.71)     |
| <b>LIQUIDITY RATIOS</b>                                  |                |           |            |           |           |           |            |
| Current Ratio                                            | Times          | 1.19      | 0.86       | 0.94      | 0.93      | 0.80      | 0.87       |
| Quick Ratio                                              | Times          | 0.33      | 0.05       | 0.09      | 0.20      | 0.18      | 0.10       |
| Cash to Current Liabilities                              | Times          | 0.33      | 0.02       | 0.03      | 0.15      | 0.08      | 0.05       |
| Cash flow from Operations to Sales                       | Times          | 0.21      | (0.42)     | 0.09      | 0.30      | 0.05      | (0.21)     |
| <b>Activity / Turnover Ratios</b>                        |                |           |            |           |           |           |            |
| Inventory turnover ratio                                 | Times          | 4.28      | 3.38       | 3.48      | 3.67      | 7.54      | 6.74       |
| No. of days in inventory                                 | Days           | 85.23     | 107.94     | 104.84    | 99.57     | 48.43     | 54.18      |
| Debtors turnover ratio                                   | Times          | 433.84    | 103.65     | 46.19     | 29.01     | 36.94     | 29.70      |
| No of days in receivables                                | Days           | 0.84      | 3.52       | 7.90      | 12.58     | 9.88      | 12.29      |
| Creditors turnover ratio                                 | Times          | 11.40     | 9.83       | 6.42      | 4.51      | 8.14      | 15.29      |
| No of days in payables                                   | Days           | 32.02     | 37.13      | 56.83     | 81.01     | 44.86     | 23.88      |
| Operating cycle                                          | Days           | 54.05     | 74.33      | 55.91     | 31.14     | 13.45     | 42.59      |
| Total Asset Turnover                                     | Times          | 1.68      | 0.86       | 1.09      | 0.82      | 1.26      | 0.85       |
| Fixed Asset Turnover                                     | Times          | 4.27      | 2.82       | 3.64      | 2.46      | 3.05      | 2.23       |
| <b>INVESTMENT/ MARKET RATIOS</b>                         |                |           |            |           |           |           |            |
| Earnings per Share After Tax                             | Rs.            | 20.19     | (7.36)     | 17.69     | 15.21     | (6.85)    | (14.82)    |
| Earnings per Share Before Tax                            | Rs.            | 25.22     | (7.14)     | 24.97     | 20.84     | (6.07)    | (15.61)    |
| Market value per share (yearend)                         | Rs.            | 144.00    | 79.07      | 75.00     | 36.50     | 50.00     | 40.84      |
| Break-Up Value per Share                                 | Rs.            | 76.15     | 63.79      | 81.47     | 92.78     | 84.95     | 70.20      |
| Price earnings ratio (P/E)                               | Times          | 7.13      | (10.74)    | 4.24      | 2.40      | (7.30)    | (2.76)     |
| Cash Dividend per share                                  | Rs.            | 5.00      | -          | 3.75      | 1.00      | -         | -          |
| Stock Dividend per share                                 | %              | 0%        | 0%         | 0%        | 0%        | 0%        | 0%         |
| Dividend payout                                          | %              | 25%       | 0%         | 21%       | 7%        | 0%        | 0%         |
| Dividend yield                                           | %              | 0.03      | 0.06       | 0.05      | 0.03      | -         | -          |
| Dividend cover                                           | Times          | 4.04      | (1.47)     | 4.72      | 15.21     | -         | -          |
| <b>CAPITAL STRUCTURE RATIOS</b>                          |                |           |            |           |           |           |            |
| Financial Leverage Ratio                                 | Times          | 0.13      | 1.44       | 1.10      | 0.76      | 0.77      | 1.91       |
| Weighted average Cost of Debt                            | %              | 6.10      | 6.32       | 7.33      | 11.35     | 12.25     | 8.30       |
| Debt to Equity Ratio                                     | %              | 0.13      | 0.13       | 0.15      | 0.10      | 0.12      | 0.58       |
| Interest Cover                                           | Times          | 17.56     | (0.27)     | 5.00      | 2.68      | 0.50      | (0.50)     |

# HORIZONTAL & VERTICAL ANALYSIS

## Balance Sheet

|                                     | 2016                   | 2017             | 2018             | 2019             | 2020             | 2021             |
|-------------------------------------|------------------------|------------------|------------------|------------------|------------------|------------------|
| <b>ASSETS</b>                       | <b>Rs. In Thousand</b> |                  |                  |                  |                  |                  |
| Non-Current Assets                  | 2,305,885              | 2,541,306        | 2,921,648        | 3,169,107        | 3,036,791        | 3,283,260        |
| Current Assets                      | 1,592,115              | 2,612,328        | 2,852,011        | 2,467,791        | 1,526,364        | 2,416,022        |
| <b>Total</b>                        | <b>3,898,000</b>       | <b>5,153,634</b> | <b>5,773,659</b> | <b>5,636,898</b> | <b>4,563,155</b> | <b>5,699,282</b> |
| <b>EQUITY AND LIABILITIES</b>       |                        |                  |                  |                  |                  |                  |
| Share Holder Equity                 | 1,904,333              | 1,595,317        | 2,037,501        | 2,320,130        | 2,124,464        | 1,755,402        |
| Non-Current Liabilities             | 179,135                | 126,954          | 224,485          | 154,624          | 126,929          | 807,663          |
| Deferred Liabilities                | 477,281                | 385,137          | 488,243          | 501,703          | 395,522          | 369,735          |
| Current Liabilities                 | 1,337,251              | 3,046,226        | 3,023,430        | 2,660,441        | 1,916,240        | 2,766,483        |
| <b>Total</b>                        | <b>3,898,000</b>       | <b>5,153,634</b> | <b>5,773,659</b> | <b>5,636,898</b> | <b>4,563,155</b> | <b>5,699,282</b> |
| <b>VERTICAL ANALYSIS</b>            |                        |                  |                  |                  |                  |                  |
| <b>% of balance Sheet total</b>     | <b>2016</b>            | <b>2017</b>      | <b>2018</b>      | <b>2019</b>      | <b>2020</b>      | <b>2021</b>      |
| <b>ASSETS</b>                       |                        |                  |                  |                  |                  |                  |
| Non-Current Assets                  | 59%                    | 49%              | 51%              | 56%              | 67%              | 58%              |
| Current Assets                      | 41%                    | 51%              | 49%              | 44%              | 33%              | 42%              |
| <b>Total Assets</b>                 | <b>100%</b>            | <b>100%</b>      | <b>100%</b>      | <b>100%</b>      | <b>100%</b>      | <b>100%</b>      |
| <b>EQUITY AND LIABILITIES</b>       |                        |                  |                  |                  |                  |                  |
| Share Holder Equity                 | 49%                    | 31%              | 35%              | 41%              | 47%              | 31%              |
| Non-Current Liabilities             | 5%                     | 2%               | 4%               | 3%               | 3%               | 14%              |
| deferred Liabilities                | 12%                    | 7%               | 8%               | 9%               | 9%               | 6%               |
| Current Liabilities                 | 34%                    | 59%              | 52%              | 47%              | 42%              | 49%              |
| <b>Total Equity and Liabilities</b> | <b>100%</b>            | <b>100%</b>      | <b>100%</b>      | <b>100%</b>      | <b>100%</b>      | <b>100%</b>      |
| <b>HORIZONTAL ANALYSIS</b>          | <b>2016</b>            | <b>2017</b>      | <b>2018</b>      | <b>2019</b>      | <b>2020</b>      | <b>2021</b>      |
| <b>Year on Year</b>                 | <b>over</b>            | <b>over</b>      | <b>over</b>      | <b>over</b>      | <b>over</b>      | <b>Over</b>      |
|                                     | <b>2015</b>            | <b>2016</b>      | <b>2017</b>      | <b>2018</b>      | <b>2019</b>      | <b>2020</b>      |
| <b>ASSETS</b>                       |                        |                  |                  |                  |                  |                  |
| Non-Current Assets                  | 20%                    | 10%              | 15%              | 8%               | -4%              | 8%               |
| Current Assets                      | -41%                   | 64%              | 9%               | -13%             | -38%             | 58%              |
| <b>Total Assets</b>                 | <b>-15%</b>            | <b>32%</b>       | <b>12%</b>       | <b>-2%</b>       | <b>-19%</b>      | <b>25%</b>       |
| <b>EQUITY AND LIABILITIES</b>       |                        |                  |                  |                  |                  |                  |
| Share Holder Equity                 | 23%                    | -16%             | 28%              | 14%              | -8%              | -17%             |
| Non-Current Liabilities             | 50%                    | -29%             | 77%              | -31%             | -18%             | 536%             |
| deferred Liabilities                | 18%                    | -19%             | 27%              | 3%               | -21%             | -7%              |
| Current Liabilities                 | -47%                   | 128%             | -1%              | -12%             | -28%             | 44%              |
| <b>Total Equity and Liabilities</b> | <b>-15%</b>            | <b>32%</b>       | <b>12%</b>       | <b>-2%</b>       | <b>-19%</b>      | <b>25%</b>       |

# HORIZONTAL & VERTICAL ANALYSIS

## Profit and Loss Account

|                                 | 2016            | 2017        | 2018        | 2019        | 2020        | 2021        |
|---------------------------------|-----------------|-------------|-------------|-------------|-------------|-------------|
|                                 | Rs. In Thousand |             |             |             |             |             |
| Net Sales                       | 6,529,699       | 4,435,671   | 6,291,202   | 4,619,072   | 5,751,430   | 4,860,285   |
| Cost of Sales                   | (5,842,377)     | (4,533,389) | (5,742,988) | (4,336,087) | (5,482,886) | (4,819,903) |
| Gross Profit                    | 687,322         | (97,718)    | 548,213     | 282,984     | 268,544     | 40,381      |
| Operating Expenses              | (134,716)       | (155,060)   | (347,713)   | (198,122)   | (175,651)   | (213,929)   |
| Other Operating Expenses        | (39,180)        | (11,377)    | (40,378)    | (38,708)    | (6,299)     | (651)       |
| Other Operating Income          | 17,005          | 136,050     | 324,826     | 557,875     | 21,771      | 24,629      |
| Operating Profit                | 530,430         | (128,105)   | 484,948     | 604,030     | 108,365     | (149,570)   |
| Finance Cost                    | 116,258         | 90,305      | 295,537     | 227,579     | (301,324)   | (259,788)   |
| Share in profit of associate    | (38,095)        | (140,807)   | (156,099)   | (310,379)   | 41,161      | 18,947      |
| Profit / (Loss) before taxation | 608,594         | (178,607)   | 624,387     | 521,229     | (151,799)   | (390,412)   |
| Taxation                        | (125,930)       | (5,439)     | (182,016)   | (140,784)   | (19,518)    | 19,753      |
| Profit / (Loss) after taxation  | 482,663         | (184,046)   | 442,371     | 380,445     | (171,317)   | (370,659)   |

| VERTICAL ANALYSIS<br>% of Sales | 2016    | 2017     | 2018    | 2019    | 2019    | 2021    |
|---------------------------------|---------|----------|---------|---------|---------|---------|
| Net Sales                       | 100.00% | 100.00%  | 100.00% | 100.00% | 100.00% | 100.00% |
| Cost of Sales                   | -89.47% | -102.20% | -91.29% | -93.87% | -95.33% | -99.17% |
| Gross Profit                    | 10.53%  | -2.20%   | 8.71%   | 6.13%   | 4.67%   | 0.83%   |
| Operating Expenses              | -2.06%  | -3.50%   | -5.53%  | -4.29%  | -3.05%  | -4.40%  |
| Other Operating Expenses        | -0.60%  | -0.26%   | -0.64%  | -0.84%  | -0.11%  | -0.01%  |
| Other Operating Income          | 0.26%   | 3.07%    | 5.16%   | 12.08%  | 0.38%   | 0.51%   |
| Operating Profit                | 8.12%   | -2.89%   | 7.71%   | 13.08%  | 1.88%   | -3.08%  |
| Share in profit of associate    | 1.78%   | 2.04%    | 4.70%   | 4.93%   | -5.24%  | -5.35%  |
| Finance Cost                    | -0.58%  | -3.17%   | -2.48%  | -6.72%  | 0.72%   | 0.39%   |
| Profit / (Loss) before taxation | 9.32%   | -4.03%   | 9.92%   | 11.28%  | -2.64%  | -8.03%  |
| Taxation                        | -1.93%  | -0.12%   | -2.89%  | -3.05%  | -0.34%  | 0.41%   |
| Profit / (Loss) after taxation  | 7.39%   | -4.15%   | 7.03%   | 8.24%   | -2.98%  | -7.63%  |

| HORIZONTAL ANALYSIS<br>Year on Year | 2016<br>over<br>2015 | 2017<br>over<br>2016 | 2018<br>over<br>2017 | 2019<br>over<br>2018 | 2020<br>over<br>2019 | 2021<br>Over<br>2020 |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Net Sales                           | 121.30%              | -32.07%              | 41.83%               | -26.58%              | 24.51%               | -15.49%              |
| Cost of Sales                       | 123.40%              | -22.41%              | 26.68%               | -24.50%              | 26.45%               | -12.09%              |
| Gross Profit                        | 104.87%              | -114.22%             | -661.02%             | -48.38%              | -5.10%               | -84.96%              |
| Operating Expenses                  | 19.07%               | 15.10%               | 124.24%              | -43.02%              | -11.34%              | 21.79%               |
| Other Operating Expenses            | -43.25%              | -70.96%              | 254.91%              | -4.14%               | -83.73%              | -89.67%              |
| Other Operating Income              | -88.99%              | 700.03%              | 138.75%              | 71.75%               | -96.10%              | 13.13%               |
| Operating Profit                    | 72.31%               | -124.15%             | -478.55%             | 24.56%               | -82.06%              | -238.02%             |
| Share in profit of associate        | 21.74%               | -22.32%              | 227.27%              | -22.99%              | -232.40%             | -13.78%              |
| Finance Cost                        | -63.60%              | 269.62%              | 10.86%               | 98.84%               | -113.26%             | -53.97%              |
| Profit / (Loss) before taxation     | 103.77%              | -129.35%             | -449.59%             | -16.52%              | -129.12%             | -157.19%             |
| Taxation                            | -1052.07%            | -95.68%              | 3246.39%             | -22.65%              | -86.14%              | -201.20%             |
| Profit / (Loss) after taxation      | 54.75%               | -138.13%             | -340.36%             | -14.00%              | -145.03%             | -116.36%             |

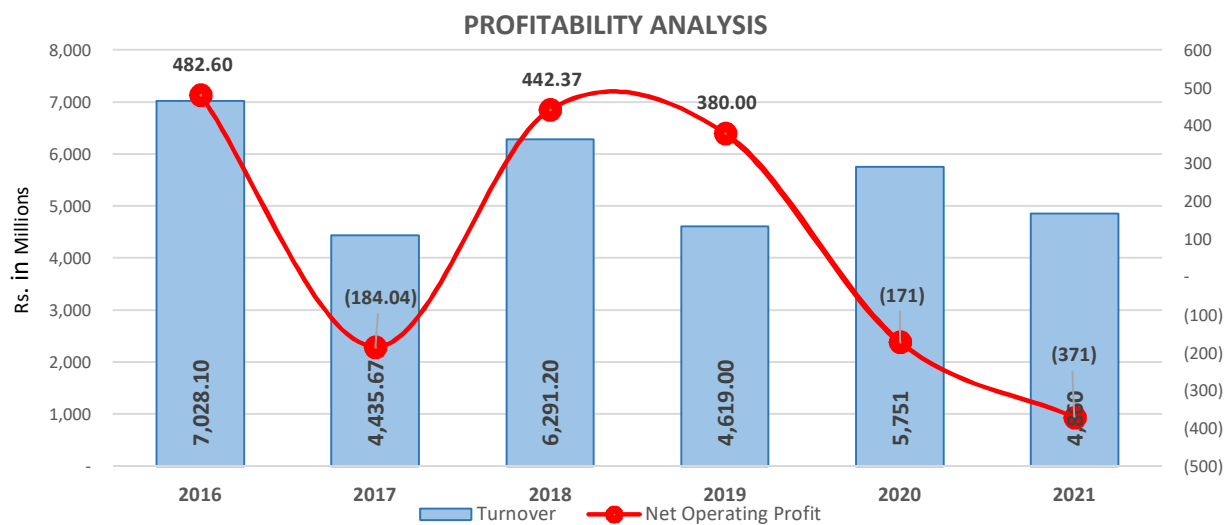
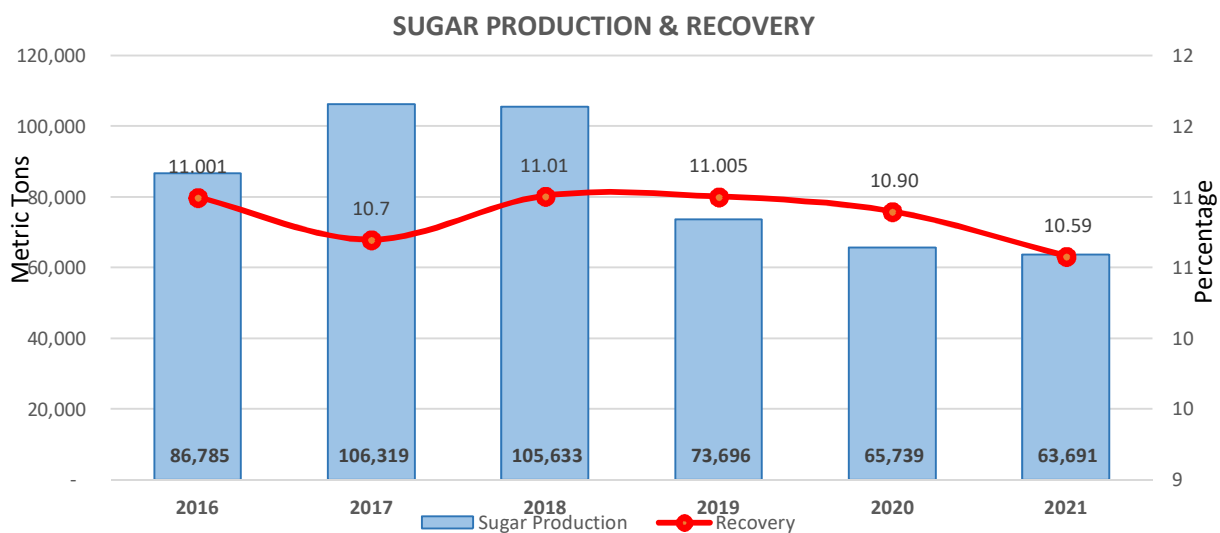
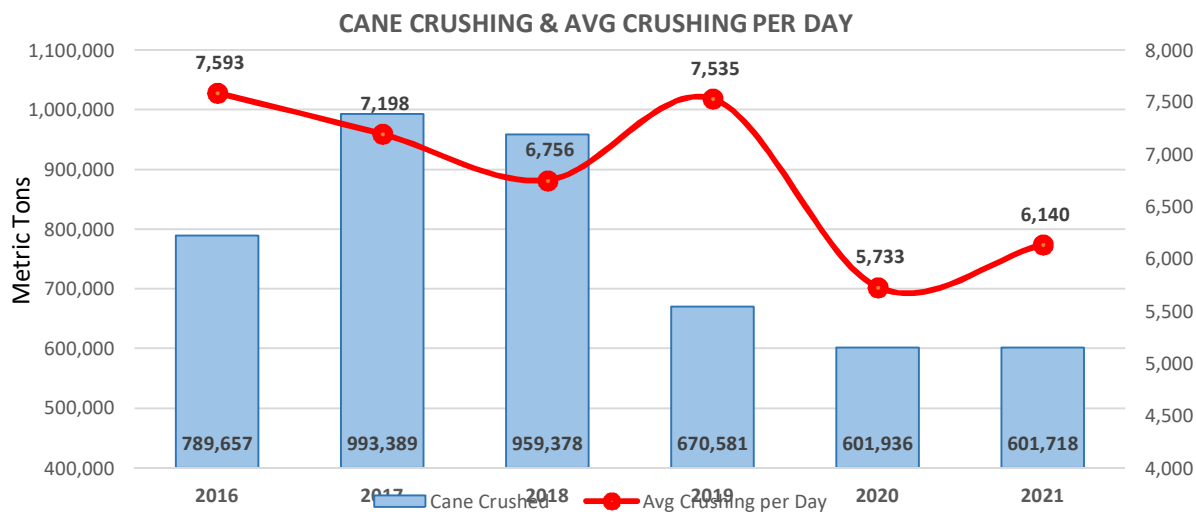
# QUARTERLY PERFORMANCE ANALYSIS

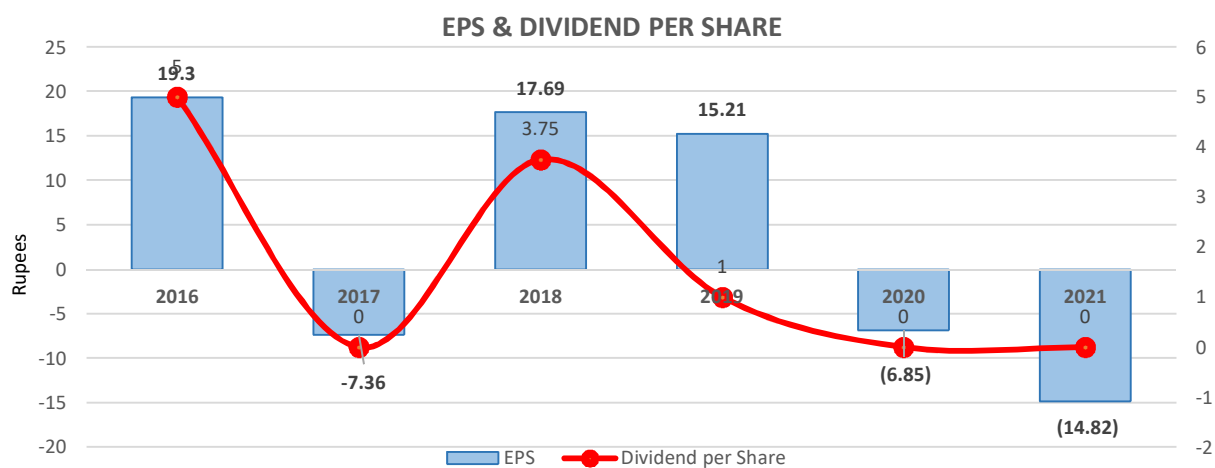
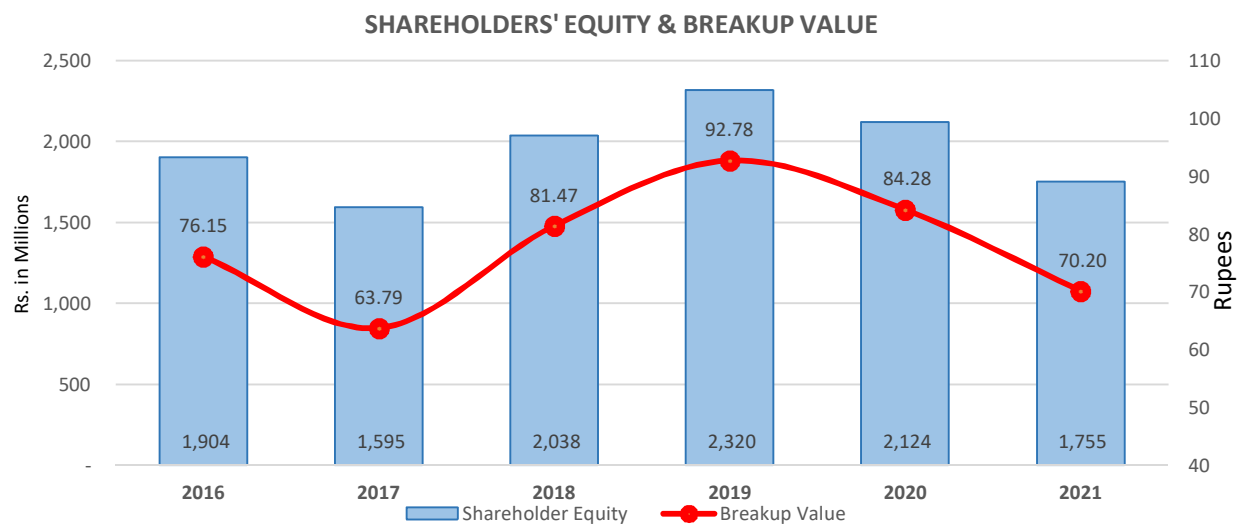
| Variance Analysis of Quarterly Profit and Loss Account | 1st Qtr                               | 2nd Qtr                               | 3rd Qtr                               | 4th Qtr                              | 2nd Qtr over 1st Qtr             | 3rd Qtr over 2nd Qtr | 4th Qtr over 3rd Qtr |
|--------------------------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|----------------------------------|----------------------|----------------------|
| Sales-Net                                              | 1,027,797,670                         | 1,305,960,557                         | 1,192,335,848                         | 1,334,190,631                        | -27.06%                          | -8.70%               | 11.90%               |
| Cost of Sales                                          | (988,034,458)                         | (1,311,800,981)                       | (1,194,484,937)                       | (1,325,583,069)                      | -32.77%                          | -8.94%               | 10.98%               |
| <b>Gross Profit</b>                                    | <b>39,763,212</b>                     | <b>(5,840,424)</b>                    | <b>(2,149,089)</b>                    | <b>8,607,562</b>                     | 114.69%                          | -63.20%              | -500.52%             |
| Operating Expenses                                     | (43,605,261)                          | (70,630,974)                          | (57,420,313)                          | (42,272,921)                         | -61.98%                          | -18.70%              | -26.38%              |
| Other Expenses                                         | (155,289)                             | (85,092)                              | (69,870)                              | (340,675)                            | 45.20%                           | -17.89%              | 387.58%              |
| Finance Cost                                           | (27,161,440)                          | (74,666,913)                          | (74,307,965)                          | (83,651,978)                         | -174.90%                         | -0.48%               | 12.57%               |
| Other Income                                           | 3,331,978                             | 6,981,192                             | (16,936)                              | 14,332,543                           | -109.52%                         | -100.24%             | -8472.67%            |
| Share in Profit form equity accounted investment-net   | 94,678,655                            | (17,676,841)                          | 1,049,047                             | (59,104,086)                         | 118.67%                          | -105.93%             | -5734.07%            |
| <b>Profit before taxation</b>                          | <b>66,851,855</b>                     | <b>(161,919,052)</b>                  | <b>(132,915,126)</b>                  | <b>(162,429,555)</b>                 | 342.21%                          | -17.91%              | 22.21%               |
| Taxation                                               | (15,452,845)                          | (40,371,257)                          | (1,829,883)                           | 77,406,690                           | -161.25%                         | -95.47%              | -4330.14%            |
| <b>Profit after taxation</b>                           | <b>51,399,010</b>                     | <b>(202,290,309)</b>                  | <b>(134,745,009)</b>                  | <b>(85,022,865)</b>                  | 493.57%                          | -33.39%              | -36.90%              |
| <b>Interim Result with Annual Result</b>               | <b>As on Dec-31, 2020<br/>1st Qtr</b> | <b>As on Mar-31, 2021<br/>2nd Qtr</b> | <b>As on Jun-30, 2021<br/>3rd Qtr</b> | <b>As on Sep-30, 2021<br/>Annual</b> | <b>% Variance in Annual from</b> |                      |                      |
|                                                        |                                       |                                       |                                       |                                      | <b>1st Qtr</b>                   | <b>2nd Qtr</b>       | <b>3rd Qtr</b>       |
| Sales-Net                                              | 1,027,797,670                         | 2,333,758,227                         | 3,526,094,075                         | <b>4,860,284,706</b>                 | 372.88%                          | 108.26%              | 37.84%               |
| Cost of Sales                                          | (988,034,458)                         | (2,299,835,439)                       | (3,494,320,377)                       | <b>(4,819,903,446)</b>               | 387.83%                          | 109.58%              | 37.94%               |
| <b>Gross Profit</b>                                    | <b>39,763,212</b>                     | <b>33,922,788</b>                     | <b>31,773,698</b>                     | <b>40,381,260</b>                    | 1.55%                            | 19.04%               | 27.09%               |
| Operating Expenses                                     | (43,605,261)                          | (114,236,235)                         | (171,656,548)                         | <b>(213,929,469)</b>                 | 390.60%                          | 87.27%               | 24.63%               |
| Other Expenses                                         | (155,289)                             | (240,381)                             | (310,251)                             | <b>(650,926)</b>                     | 319.17%                          | 170.79%              | 109.81%              |
| Finance Cost                                           | (27,161,440)                          | (101,828,353)                         | (176,136,318)                         | <b>(259,788,296)</b>                 | 856.46%                          | 155.12%              | 47.49%               |
| Other Income                                           | 3,331,978                             | 10,313,170                            | 10,296,234                            | <b>24,628,777</b>                    | 639.16%                          | 138.81%              | 139.20%              |
| Share in Profit form equity accounted investment       | 94,678,655                            | 77,001,814                            | 78,050,860                            | <b>18,946,774</b>                    | -79.99%                          | -75.39%              | -75.73%              |
| <b>Profit before taxation</b>                          | <b>66,851,855</b>                     | <b>(95,067,197)</b>                   | <b>(227,982,325)</b>                  | <b>(390,411,880)</b>                 | -684.00%                         | 310.67%              | 71.25%               |
| Taxation                                               | (15,452,845)                          | (55,824,102)                          | (57,653,984)                          | <b>19,752,706</b>                    | -227.83%                         | -135.38%             | -134.26%             |
| <b>Profit after taxation</b>                           | <b>51,399,010</b>                     | <b>(150,891,299)</b>                  | <b>(285,636,309)</b>                  | <b>(370,659,174)</b>                 | -821.14%                         | 145.65%              | 29.77%               |





# GRAPH





# CHAIRMAN'S REVIEW REPORT

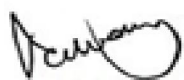
It is my pleasure to present to the shareholders, the review of the financial performance of the Company and overall performance of the Board and the effectiveness of its role to attain the organization's aims and objectives.

It was most stressful year due to high volatility in selling price of refined sugar, lower crops size , highest ever average cane price paid and continuance government administrative interference to control sugar price without understanding economy of sugar business. We reported huge loss due to these factors, but we managed to recover substantial amount of our losses which will reflect in first quarter report of next year.

The outbreak of the Covid-19 pandemic paralyzed the whole world, threatened from individual health to financial turmoil. However, Pakistan managed to tackle the challenge with relatively mild repercussions. Now almost economy activities have been normalized, but facing aftershocks of the lock down of the economy. The State Bank of Pakistan (SBP) timely launched numerous financing schemes to minimize impact of Covid-19 pandemic to local economy. During the year, we initiated certain cost saving projects by utilizing our approved financing limit under Temporary Economic Refinance Facility (TERF), concessional financing scheme of SBP, which will be fully operational in ongoing season 2021-22.

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 efforts of all our staff members.



Muhammad Omar Amin Bawany  
Chairman

Karachi,  
January 05, 2022

# DIRECTORS' REPORT

For the year ended September 30, 2021

## 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, 2021.

### Financial Performance:

It was most stressful and challenging year due to high volatility in selling price of refined sugar; went from rock-bottom to skyrocketing, exorbitant cane price and government administrative interference to curb sugar price without understanding ground realities which disturbed the entire supply chain system of sugar industry. We sustained huge loss on our early sale commitments but subsequent to balance sheet date we managed to recover some of our losses from our unsold stock.

### Financial results are summarized as follows:

|                                                       | 2021<br>Rs. '000 | 2020<br>Rs. '000 |
|-------------------------------------------------------|------------------|------------------|
| Local Sales                                           | 5,582,067        | 5,932,525        |
| Export Sales                                          | -                | 622,065          |
| Gross sales                                           | 5,582,067        | 6,554,590        |
| (Loss) before taxation                                | (409,359)        | (192,959)        |
| Share in profit from equity accounted investments-Net | 18,947           | 41,160           |
|                                                       | (390,412)        | (151,799)        |
| Less: Taxation                                        |                  |                  |
| Current                                               | (92,730)         | (124,777)        |
| Prior year                                            | -                | (1,573)          |
| Deferred asset / (tax)                                | 112,483          | 106,832          |
|                                                       | 19,753           | (19,518)         |
| (Loss) after Taxation                                 | (370,659)        | (171,317)        |
| (Loss) per Share                                      | (14.82)          | (6.85)           |

Gross sales declined by 14.8% mainly due to low sales volume decreased by 33%, despite of increase in selling price. Operating expenses remained almost at same level of previous year. However, selling and distribution expenses increased by Rs. 35 million due to increase in delivered based sale to registered buyers. Finance cost decreased by 17.65% to Rs.259.788 million from Rs.301.324 million, even facility need to hold our un-sold stock for longer period, mainly due to decrease in financing rate to single digit.

Demand and selling price of refined sugar subdued at the start of the season and had been showing downward trend and it was expected to be settled between Rs. 67 – 70 per kg due to government efforts to keep prices low and allowing import of free sales tax sugar to traders and TCP. Considering market trend, FSML continued to made sugar sale contracts to maintain its cash flows to timely pay to growers and to minimize financing cost. But, in middle of the season, surprisingly selling price of refined sugar took a sharp turn on the higher side in reaction to persistent high prices of cane. We had to pay all time high average rate for sugarcane in this season-2020-21 due to supply and demand gap to run our mill at optimal capacity to avoid capacity losses and inefficiencies, consequently incurring hefty cost of production cost mainly. As the profitability of sugar sector is driven mainly by the margin between cane price and refined sugar selling price, our gross profit touched to bottom and did not absorb all other operating and financing cost mainly due to our initial assessment of the sugar market and sale strategy adopted in the beginning of the season.

However, due to hefty cost of production of refined, insufficient availability of sugar in the country and firmed up of international sugar price causing rising cost of imports, the selling price of domestic sugar rebounded and jumped to triple digit which will cover majority of our losses on our remaining unsold stock, **Insha Allah**.

#### **Operational Performance:**

Pakistan has experienced surplus production in the past many years in comparison to its domestic's consumption and exported huge quantity. But production went down in 2018-19 & 2019-20 and carry forward stock also exhausted in the country and now from this season 2020-21, sugarcane area and production are on increasing trend.

For ongoing season 2020-21, the support prices were fixed at Rs. 200 for per 40 kg for Punjab and Khyber Pakhtunkhwa and Rs. 202 for per 40 kg for Sindh. Majority of sugar mills started its crushing in early month of November 2020 to overcome shortage of sugar in the country, but mostly mills of Sindh Zone closed at the end of February 2021 due to short crop against production capacity of the mills.

As per data reported by **PSMA**, sugar production of the country for the season 2020-21 was reported to 5.75 million metric tons against earlier estimation of 5.2 metric tons, up by 19% from 4.8 million metric tons produced in previous season 2019-20. The mills operating in the Sindh zone crushed 15.510 million metric tons of sugar cane against 14.286 million metric tons, up by 8.5% and produced 1.556 million metric tons of sugar with average recovery of 10.03% against 1.459 million metric tons produced in 2019-20, up by 6.4% with average recovery of 10.21%.

The comparative summarized operating result of your mills for season-2020-21 is as follows:

|                       |                    | <b>Season 2020-21</b> | <b>Season 2019-20</b> |
|-----------------------|--------------------|-----------------------|-----------------------|
| Season commenced      | <i>Date</i>        | 23 – November – 2020  | 25 – November – 2019  |
| Season end            | <i>Date</i>        | 28 – Feb – 2021       | 08 – March - 2020     |
| Duration of Operation | <i>Days</i>        | 98                    | 105                   |
| Sugar-cane Crushed    | <i>Metric tons</i> | 601,717               | 601,936               |
| Sugar Production      | <i>Metric tons</i> | 63,691                | 65,739                |
| Recovery              | <i>%</i>           | 10.585                | 10.900                |
| Minimum Support Price | <i>Per 40 kg</i>   | 202                   | 192                   |

The Government should have devised a mechanism to ensure adequate availability of cane at support price, at-least at reasonable price but the Government only focused to curb sugar price administratively without understanding the economy of sugar industry and its root cause which badly disturb whole supply chain of sugar Industry of the country.

After the close of the season, the government worked out cost of sugar without considering all cost component and fixed the sugar price s. It is not possible for all the mills to produce sugar at the same cost and offer the same rate due to various factors such as economies of scale, labor, equipment productivity and access to crop vary between various mills. The Competition Commission of Pakistan (CCP) issued a "Policy Note" cautioned that the price controls could provide temporary relief to the poor rather encourage hoarding by suppliers or impulsive buying by consumers and likely benefit to the industrial consumers. The Policy Note concluded that free trade in sugar would make consumers better off by discouraging hoarding and over-pricing in the domestic market. These measures would definitely impact the development of the competitive sugar industry in Pakistan, leading to economic efficiency.

# DIRECTORS' REPORT

For the year ended September 30, 2021

## **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 Rs.5.2 billion under various products of Islamic financing to meets its huge working capital needs and Rs. 1.1 billion long-term financing including TERF financing. Alhamdulillah, we are **RIBA / INTEREST FREE COPORATE ENTITY**. Huge financing was obtained during the year for timely payment to growers due to high volatility in sales and stuck-up export subsidy. Nevertheless, we managed efficiently our financing requirements through all available financing sources to ensure to discharge all obligations timely.

During the year, **JCR-VIS 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 has been extended a long-term financing of Rs.700 million under Temporary Economic Refinance Facility (TERF), concessional financing scheme of SBP, and expended most of the amount only on various cost saving projects which will be operational in ongoing season 2021-22.

## **Unicol Limited - Distillery Project:**

During the year the Company recorded ethanol production of 54,888 MT (2020: 41,618MT) which is 31.89% higher than the last year. The production yield recorded during the year is 19.3% per ton of molasses (2020: 18.3%). Operational days recorded at 335 days (2020: 261 days). The Company recorded ethanol export of 51,494 MT (2020: 39,306MT) which is 31.01% higher than the last year. The primary reason of increase in production and exports is due to the sufficient availability of molasses in the country as compared to the previous year.

The production and sales volume of the CO2 segment for the year recorded at 11,451MT (2020: 6,931 MT) and 10,360 MT (2020: 6,438 MT) respectively which is 65.22% and 60.92% higher than last year. The plant operational days of CO2 segment for the year stood at 292 days (2020: 195 days).

During the year, the sales revenue of the Ethanol segment recorded at Rs. 8.19 billion (2020: Rs. 5.70 billion) which is 43.60% higher than the last year. This was mainly due to the significant increase in the ethanol quantity sold as compared to the previous year along with the increase in average selling price. The sales revenue of CO2 segment recorded at Rs. 191.38 million (2020: Rs. 119.30 million) which is 60.42% higher than the last year.

After taking into consideration various expenses and taxes the Company was able to post an after-tax profit of Rs. 502.54 million compared to Rs. 523.76 million last year, out of which our shares of profit of Rs. 167.5 million (2019-20: Rs174.5 million) has been reflected in shares of profit from equity accounted investees.

The Board of Directors of the Company at its meeting held on December 14, 2021 has proposed a final cash dividend @ 10% (Rs. 1 per share) for the year ended September 30, 2021. This is in addition to the interim cash dividends already paid @ 30% (Rs. 3 per share), aggregated to 40% (2019-20: 57.5%).

**Faran Power Limited- 26.5 MW bagasse base High Pressure power project** had achieved major milestones-Tariff approval, LOS and generation license in 2017. But project has been halted due to CPPA denial to sign IA and PPA. The Company has principally decided to shelf the project as now project seems not financially viable due to significant increase in cost of project.

**UniEnergy Limited (UEL)– a joint venture 50MW wind power project**, has been granted Letter of Intent from Alternative Energy Development Board on October 16, 2015 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 was 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 JV partners have made initial equity investment in the Company to meet the ongoing financial requirements for the project. 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. 427 million loss for its financial year ended 30th June 2021 (2019-20: Rs. 403 million), out of which our adjusted shares of loss of Rs. 148.65 (2018-19: Rs. 133.664 million) has been reflected in shares of profit from equity accounted investees-net. However, after controlling COVID and ending lockdown in the country, we expect that the UFIL sale volume will increase; and adding new products/ variants will further improve sale volume and reduce cost.

#### **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



# DIRECTORS' REPORT

For the year ended September 30, 2021

- The Company operates funded Provident fund scheme. The fair value of assets based on latest un-audited accounts of the fund amounted to Rs --- 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 |
|---------------------------------------------------|------------------------------|------------------------------------------|-------------------------------|
| <b>Total no. of meetings held during the year</b> | <b>4</b>                     | <b>4</b>                                 | <b>1</b>                      |
| 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                             | 2                            | 2                                        | 1                             |
| Mr. Mohammad Altamash Ahmed Bawany                | 1                            | N/A                                      | N/A                           |
| Mr. Irfan Zakaria Bawany                          | 3                            | 3                                        | 1                             |
| Mr. Sheikh Asim Rafique                           | 4                            | 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.

## 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. We expend every year on these activities.

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

## Our People and Training

The Company firmly believes that its employees are its real asset of the company who manage and control and other assets/ resources of the company and has remained focus on proving 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 2205 shareholders of the Company as on 30th September 2021. The detail pattern of shareholding and categories of shareholding of the Company as on 30<sup>th</sup> September 2021 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.

**Contribution towards Economy:**

Your company is a noteworthy contributor to the national economy. The Company has contributed to the national exchequer Rs.808.8 million (2019-20 Rs. 835 million) on account of Sales tax / Federal excise duty, Income Tax and other statutory levies which are 14.5 % 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's has been no material changes since September 30, 2021 to the date of this report

**Next Season and Future Outlook**

In Pakistan, sugarcane production rises and falls in a 3-to-5-year cycle, depending on how the level of government support influences farmers' planting decisions, and on crop yields. The cycle continued with increased production in the following years, with 76 million metric ton in season 2020-21 and a forecast of 83 million metric ton in 2021-22.

As per estimation of United States Department of Agriculture (USDA), Pakistan, in marketing year (MY Oct/Sep) 2021/22 sugarcane production is forecast at 83 million metric tons (MMT), up ten percent from the revised 2020/21 estimate, due to increase in area and sugarcane yields. Sugarcane planting that will be harvested in the fall of 2021 has been completed and total area planted increased by eight percent compared to last year. This year, sugarcane farmers received good procurement prices. The government also supported farmers by directing sugar mill owners to pay sugarcane producers for the outstanding product that had been delivered to mills over the past few years. Based on the assurances of receiving a minimum support price (MSP) and on an increase in the procurement price, more area is being planted as farmers shift away from other crops to plant sugarcane in MY 2021/22. Pakistan's MY 2021/22 sugar production is forecast at 6.8 million metric tons (MMT), up 14 percent from the current year's revised estimate, due to significant increases in area and sugarcane yields. Sugar consumption for the same year is forecast at 6.2 MMT, six percent higher than last year's estimates. Provincial government and sugar industry players also estimated sugar production for the ongoing season above 6.5 million metric tons.

In a move to deregulate the sugar industry, the government formed Sugar Sector Reform Committee which drafted several proposals, including its deregulation to minimize the government's role in price-fixing. The Committee proposed amendments in Sugar Factories Control Act 1950. However, 2-3 years' time would be given to farmers to make adjustments. As per the draft, there will be no ban on import of sugar, stocks of sugar will be monitored for any decision of export, no any export subsidy, pricing of sugarcane to be on sucrose content basis, incentives to set up sugar refineries at Bin Qasim to process imported raw sugar, timeline for crushing sugarcane otherwise penalties of Rs5 million and 12 months imprisonment for those violating the timeline, to employ modern techniques to report accurate data about sugarcane crop production, abolishing

# DIRECTORS' REPORT

For the year ended September 30, 2021

Sugar Factories Establishment and Enlargement Act, 1966, by the provinces, free choice of area for crop cultivation for farmers as well as for private sector for setting up sugar mills, strictly implement registration of godowns Act, inspect the pledged stock, handle forward contracts/satta in the sugar sector, bringing the forward contracts under Pakistan Mercantile Exchange (PMEX) etc.

FBR implemented Track and Trace system in sugar Industry from ongoing season 2021-22 for electronic monitoring sugar production. The scope of electronic monitoring ranges from manufacturing of the products to its usage by the end users, no sugar bag will be allowed to move out of a production site, factory premises or manufacturing plant without affixation of activated stamps/Unique Identification Marking (UIMs) with effect from 11th November, 2021. FBR is vigorously moving from manual systems to automated technology, which is set to bring a commendable revolutionary change in the taxation system to prevent tax evasion. The Track and Trace System and many other similar initiatives and interventions are meant to increase revenues, promote transparency and thereby maximize tax compliance in Pakistan. FSML fully supported FBR initiative and compliance is being made in ongoing season.

We started our mills on 19th November 2021 and, by the grace of Allah, our mills performance is quite satisfactory and we are crushing appropriate quantum of sugar cane with average recovery rate to date is above 10.25%. We expect that our all-cost project saving will be operational in ongoing season and we will get maximum benefits from these project during this season, Insha Allah, as we obtained financing under TERF Scheme @ average 2.9 %, repayable in 10 years' time. However Kibor has increased to double digit and may further jump which will push our financing cost. The government is vigorously working to document economy and broaden tax bases, so we are diversifying our customer base to corporate sectors and government institutions, focusing on B2B sales to ensure timely sale to end users to maintain our cash flow requirements.

## 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 5, 2022

ایف بی آر نے چینی کی پیداوار کی الیکٹرانک نگرانی کے لیے رواں سیزن 2021-22 سے شوگر انڈسٹری میں ٹریک اینڈ ٹریس سسٹم نافذ کیا۔ الیکٹرانک مانیٹرنگ کا دائرہ کار مصنوعات کی تیاری سے لے کر آخری صارفین کے ذریعے اس کے استعمال تک ہے، کسی بھی چینی کے قبیلے کو کسی پروڈکشن سائٹ، فیکٹری کے احاطے یا مینوفیکچرنگ پلانٹ سے باہر جانے کی اجازت نہیں دی جائے گی، بغیر چالوڈاک ٹکٹ / منفرد شناختی نشان (UIMs) کے چسپاں کیے جائیں گے۔ 11 نومبر 2021 سے نافذ العمل ہوگا۔ ایف بی آر بھرپور طریقے سے مینوئل سسٹمز سے خود کار ٹیکنالوجی کی طرف گامزن ہے، جو ٹیکس چوری کو روکنے کے لیے ٹیکس کے نظام میں ایک قابل تحسین انقلابی تبدیلی لانے کے لیے تیار ہے۔ ٹریک اینڈ ٹریس سسٹم اور اسی طرح کے بہت سے دوسرے اقدامات اور مدد خلتوں کا مقصد محصولات میں اضافہ، شفافیت کو فروغ دینا اور اس طرح پاکستان میں ٹیکس کی تعمیل کو زیادہ سے زیادہ کرنا ہے۔ FSML نے FBR کے اقدام کی مکمل حمایت کی اور جاری سیزن میں تعمیل کی جارہی ہے۔

ہم نے اپنی مئی 19 نومبر 2021 کو شروع کیس اور اللہ کے فضل سے ہماری ملز کی کارکردگی کافی تسلی بخش ہے اور ہم گئے کی مناسب مقدار میں کرشنگ کر رہے ہیں جس کی اوسط ریکوری ریٹ آج تک 10.25 فیصد سے زیادہ ہے۔ ہم توقع کرتے ہیں کہ ہمارے تمام لاگت والے پروجیکٹ کی بچت جاری سیزن میں کام کرے گی اور ہم اس سیزن کے دوران ان پروجیکٹوں سے زیادہ سے زیادہ فوائد حاصل کریں گے، انشاء اللہ، جیسا کہ ہم نے TERF اسکیم کے تحت اوسطاً 2.9% پرو فٹ انسٹنگ حاصل کی ہے، جو 10 سال کے عرصے میں قابل ادائیگی ہے۔ تاہم KIBOR دوہرے ہندسے تک بڑھ گیا ہے اور مزید چھلانگ لگا سکتا ہے جس سے ہماری مالیاتی لاگت بڑھے گی۔ حکومت معیشت کو دستاویزی شکل دینے اور ٹیکس کی بنیادوں کو وسیع کرنے کے لیے بھرپور طریقے سے کام کر رہی ہے، اس لیے ہم اپنے کسٹمرز کو کارپوریٹ سیکٹر ز اور سرکاری اداروں میں متنوع کر رہے ہیں، B2B سیکٹر پر توجہ مرکوز کر رہے ہیں تاکہ اختتامی صارفین کو ہماری نقد بہاؤ کی ضروریات کو برقرار رکھنے کے لیے بروقت فروخت کو یقینی بنایا جاسکے۔

اعتراف

بورڈ آف ڈائریکٹرز اپنے شیئر ہولڈرز، قابل قدر صارفین، کاشتکاروں اور مالیاتی اداروں کے تعاون کے لیے اپنی تعریف کو ریکارڈ پر رکھتا ہے۔ ہماری انتظامی ٹیم، عملے کے اراکین اور کارکنان بھی اپنی مسلسل لگن اور محنت کے لیے شکریہ کے ووت کے مستحق ہیں۔

اللہ تعالیٰ ہمیں ان غیر معمولی حالات پر کامیابی سے قابو پانے کی توفیق عطا فرمائے، آمین!

بورڈ آف ڈائریکٹرز کی جانب سے



احمد علی داوانی  
چیف ایگزیکٹو

کراچی: 5 جنوری 2022

## قانونی آڈیٹرز:

موجودہ آڈیٹر زرعہان سرفراز جیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹ، نے اگلے سال کے لیے دوبارہ آڈیٹر کے طور پر تعینات ہونے پر رضامندی ظاہر کی ہے۔

## معیشت میں شراکت:

آپ کی کمپنی قومی معیشت میں قابل ذکر شراکت دار ہے۔ کمپنی نے سیلز ٹیکس / فیڈرل ایکسائز ڈیوٹی، انکم ٹیکس اور دیگر قانونی محصولات کی مد میں قومی خزانے میں 706 ملین روپے (2019-83520 ملین روپے) کا حصہ ڈالا ہے جو کمپنی کی طرف سے پیدا کردہ مالیت کا 65 فیصد ہے۔

## ڈیویڈنڈ

کمپنی کی مالیاتی اور کیش فلو پوزیشن، مستقبل میں متوقع آمدن اور آنے والے منصوبوں کو مدن میں رکھتے ہوئے، ہم نے زیر جائزہ سال کے لیے کوئی نقد ڈیویڈنڈ / اسٹاک ڈیویڈنڈ دینے کی سفارش کرنے کا فیصلہ کیا ہے۔

## ٹیلیفون شیٹ کے واقعات پوسٹ کریں۔

30 ستمبر 2021 سے اس رپورٹ کی تاریخ تک کوئی مادی تبدیلی نہیں ہوئی ہے۔

## اگلی سیزن اور مستقبل کا آؤٹ لک

پاکستان میں، گنے کی پیداوار 3 سے 5 سال کے چکر میں بڑھتی اور گرتی ہے، اس بات پر منحصر ہے کہ حکومتی امداد کی سطح کسانوں کے فصل لگانے کے فیصلوں اور فصل کی پیداوار پر کیسے اثر انداز ہوتی ہے۔ یہ سلسلہ اگلے سالوں میں بڑھتی ہوئی پیداوار کے ساتھ جاری رہا، جس میں سیزن 2020-21 میں 76 ملین میٹرک ٹن اور 2021-22 میں 83 ملین میٹرک ٹن کی پیش گوئی ہے۔

USDA کے محکمہ زراعت کے تخمینے کے مطابق پاکستان ملائنگ سال MY اکتوبر / ستمبر 2021/22 میں گنے کی پیداوار 83 ملین میٹرک ٹن (ایم ایم ٹی) ہونے کی پیش گوئی ہے، جو کہ 2020/21 کے نظر ثانی شدہ تخمینے سے 5 فیصد زیادہ ہے۔ رقبہ اور گنے کی پیداوار میں اضافے کی وجہ سے۔ گنے کی کاشت جو کہ 2021 کے موسم خزاں میں کی جائے گی مکمل ہو چکی ہے اور گزشتہ سال کے مقابلے میں لگائے گئے کل رقبہ میں آٹھ فیصد اضافہ ہوا ہے۔ اس سال گنے کی کاشتکاروں کو اچھی فصل کی قیمتیں ملی ہیں۔ حکومت نے شوگر مل مالکان کو گنے کے پڑاؤ سروس کو بھاپا پیداوار کے لیے ادائیگی کرنے کی ہدایت کرتے ہوئے کسانوں کی حمایت بھی کی جو گزشتہ چند سالوں میں ملوں کو فراہم کی گئی تھی۔ کم از کم امدادی قیمت (MSP) حاصل کرنے کی یقین دہانی اور خریداری کی قیمت میں اضافے کی بنیاد پر، زیادہ رقبہ لگا یا جا رہا ہے کیونکہ کسانوں نے دوسری فصلوں سے ہٹ کر MY 2021/22 میں گنے کی کاشت کی ہے۔ پاکستان کی MY 2021/22 چھٹی کی پیداوار 6.8 ملین میٹرک ٹن (MMT) ہونے کی پیش گوئی ہے، جو کہ رقبہ اور گنے کی پیداوار میں نمایاں اضافے کی وجہ سے، موجودہ سال کے نظر ثانی شدہ تخمینے سے 14 فیصد زیادہ ہے۔ اسی سال چھٹی کی قیمت 16.2 ایم ایم ٹی ہونے کی پیش گوئی کی گئی ہے، جو پچھلے سال کے اندازوں سے چھ فیصد زیادہ ہے۔ صوبائی حکومت اور شوگر انڈسٹری کے کھلاڑیوں نے بھی جاری سیزن میں چھٹی کی پیداوار 6.5 ملین میٹرک ٹن سے زیادہ کا تخمینہ لگایا۔

شوگر انڈسٹری کو ڈی ریگولیٹ کرنے کے اقدام میں، حکومت نے شوگر سیلٹر ریفرم کمیٹی تشکیل دی جس نے قیمتوں کے تعین میں حکومت کے کردار کو کم کرنے کے لیے ڈی ریگولیشن سمیت متعدد تجاویز کا مسودہ تیار کیا۔ کمیٹی نے شوگر فیئر پریزنسزول ایکٹ 1950 میں ترامیم کی تجویز پیش کی۔ تاہم، ایڈجسٹمنٹ کے لیے کسانوں کو 2-3 سال کا وقت دیا جائے گا۔ مسودے کے مطابق چھٹی کی درآمد کوئی پابندی نہیں ہوگی، ایکسپورٹ کے کسی بھی فیصلے پر چھٹی کے اسٹاک کی نگرانی کی جائے گی، کوئی ایکسپورٹ سبسڈی نہیں ہوگی، گنے کی قیمت رکواری کی بنیاد پر رکھی جائے گی، بین قاسم میں شوگر ریفرنسری کے قیام کے لیے مراعات دی جائیں گی۔ گنے کی کاشت کے لیے نان مل لائن بصورت دیگر 50 لاکھ روپے جرمانہ اور نان مل لائن کی خلاف ورزی کرنے والوں کو 12 ماہ قید، گنے کی فصل کی پیداوار کے بارے میں درست اعداد و شمار کی اطلاع دینے کے لیے جدید تکنیک استعمال کرنے، شوگر فیئر ری اسٹیبلشمنٹ اینڈ انٹار جمنٹ ایکٹ، 1966 کو ختم کر کے صوبے، کسانوں کے ساتھ ساتھ شوگر ملز کے قیام کے لیے نجی شعبے کے لیے فصل کی کاشت کے لیے رقبہ کا مفت انتخاب، گوداموں کے ایکٹ کی رجسٹریشن پر سختی سے عمل درآمد، گروئی رکھے ہوئے اسٹاک کا معائنہ، شوگر سیلٹر میں فارورڈ کنٹریکٹس / اسٹاک کو پینڈل کرنا، فارورڈ کنٹریکٹس لانا۔ پاکستان مرکٹس ایکسچینج (PMEX) وغیرہ کے تحت کئے جاسکیں گے۔

## بورڈ آف ڈائریکٹرز

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

کچھ اجلاسوں میں شرکت نہ کرنے والے ڈائریکٹرز کو غیر حاضری کی چھٹی دے دی گئی۔

| ڈائریکٹر کا نام                            | بورڈ آف ڈائریکٹرز کا اجلاس میں شرکت کی تعداد | آڈٹ کمیٹی کا اجلاس میں شرکت کی تعداد | ایچ آر آر آر کمیٹی کا اجلاس میں شرکت کی تعداد |
|--------------------------------------------|----------------------------------------------|--------------------------------------|-----------------------------------------------|
| کل نمبر سال کے دوران ہونے والی ملاقاتوں کا | 4                                            | 4                                    | 1                                             |
| محمد عمر یادانی                            | 4                                            | 4                                    | N/A                                           |
| احمد علی یادانی                            | 4                                            | N/A                                  | 1                                             |
| بال محمد یادانی                            | 4                                            | N/A                                  | N/A                                           |
| محمد عمر یادانی                            | 2                                            | 2                                    | 1                                             |
| محمد اسحاق احمد یادانی                     | 1                                            | N/A                                  | N/A                                           |
| عرفان زکریا یادانی                         | 3                                            | 3                                    | 1                                             |
| شیخ عاصم ربیع                              | 4                                            | N/A                                  | N/A                                           |
| احمد غلام حسین                             | 4                                            | N/A                                  | N/A                                           |

## کارپوریٹ سماجی ذمہ داری (CSR)

FSML بڑے پیمانے پر اور بنیادی طور پر آس پاس کی کمیونٹی کے لیے فلاحی سرگرمیوں میں بڑھ چڑھ کر حصہ لے رہی ہے۔ FSML تعلیم، صحت، کیونٹی کی جسمانی سرگرمیوں اور انسانی ہمدردی اور سماجی کام کی تنظیم کی مدد پر خرچ کر کے کمیونٹی کی مدد کرتا ہے۔ ہم ہر سال ان سرگرمیوں پر خرچ کرتے ہیں۔

ہماری CSR سرگرمیوں کی مزید تفصیل کو سالانہ رپورٹ میں اجاگر کیا گیا ہے۔

## ہمارے لوگ اور تربیت

کمپنی کا پختہ یقین ہے کہ اس کے ملازمین کمپنی کا اصل اثاثہ ہیں جو کمپنی کے دیگر اثاثوں / وسائل کا نظم و نسق اور کنٹرول کرتے ہیں اور تمام ملازمین کے لیے سب سے زیادہ معاون اور سازگار ماحول ثابت کرنے پر اپنی توجہ مرکوز رکھی ہے۔ FSML مسابقتی اور تیزی سے بدلتے ہوئے کاروباری ماحول میں اعلیٰ کارکردگی کا کلچر بنانے اور اسے برقرار رکھنے کے لیے اپنے انسانی سرمائے میں سرمایہ کاری کرنے پر پختہ یقین رکھتا ہے۔

## شیئر ہولڈنگ کا بیٹرن

کمپنی پاکستان اسٹاک ایکسچینج میں درج ہے۔ 30 ستمبر 2021 تک کمپنی کے 2205 شیئر ہولڈر تھے۔ 30 ستمبر 2021 تک کمپنی کے شیئر ہولڈنگ کا تفصیلی نمونہ اور زمرہ جات اس سالانہ رپورٹ کے ساتھ منسلک ہیں۔

سال کے دوران کمپنی کے ڈائریکٹرز، سی ایف او اور کمپنی سیکرٹری اور ان کے شریک حیات اور نابالغ بچوں کی طرف سے کمپنی کے شیئرز میں کوئی ٹریڈنگ نہیں کی گئی۔

کمپنی کے بورڈ آف ڈائریکٹرز نے 14 دسمبر 2021 کو ہونے والی اپنی میٹنگ میں 30 ستمبر 2021 کو ختم ہونے والے سال کے لیے حتمی نقد ڈیویڈنڈ @10% (1 روپے فی شیئر) تجویز کیا ہے۔ یہ عبوری نقد منافع کے علاوہ ہے۔ پہلے ہی @30% (3 روپے فی شیئر)، مجموعی طور پر 40% (2019-20: 57.5%)۔

فارن پاؤر لمیٹڈ-26.5 میگا واٹ بیگاس میس ہائی پریشر پاؤر پروڈیکٹ نے اہم سنگ میل حاصل کیے تھے۔ بیرف کی منظوری، ایل او ایس اور جزییشن لائسنس 2017 میں۔ لیکن سی پی اے کی جانب سے آئی اے اور پی پی اے پر دستخط کرنے سے انکار کی وجہ سے پروڈیکٹ روک دیا گیا ہے۔ کمپنی نے بنیادی طور پر پروڈیکٹ کو شلیف کرنے کا فیصلہ کیا ہے کیونکہ اب پروڈیکٹ کی لاگت میں نمایاں اضافے کی وجہ سے پروڈیکٹ مالی طور پر قابل عمل نہیں لگتا ہے۔

**UniEnergy Limited (UEL)** - ایک مشترکہ منصوبہ MW 50 ونڈ پاؤر پروڈیکٹ، کو 16 اکتوبر 2015 کو متبادل توانائی ترقیاتی بورڈ کی جانب سے لیٹر آف انٹینڈ دیا گیا ہے اور اسے جھمپیر، ضلع ٹھٹھہ میں پروڈیکٹ کے قیام کے لیے باضابطہ طور پر زمین الاٹ کی گئی ہے، کمپنی شروع میں ہے۔ آپ کا مرحلہ ہوا اور ابھی تک اس نے اپنا کام شروع نہیں کیا ہے، UEL کی بنیادی سرگرمی 50 میگا واٹ کے ہوائے بجلی پیدا کرنے والے منصوبے کی تعمیر، اسے چلانے اور اس کے سلسلے میں برقی بجلی کی فراہمی اور فراہمی کے لیے تھی۔ بے وی کے شراکت داروں نے اس منصوبے کے لیے جاری مالی ضروریات کو پورا کرنے کے لیے کمپنی میں ابتدائی ایکویٹی سرمایہ کاری کی ہے۔ FSML نے 19.99 ملین روپے کی ایکویٹی سرمایہ کاری کی ہے۔

**Uni-Food Industries Limited (UFIL)** - جو انٹرنیشنل فوڈ پروڈیکٹ نے مارچ 2018 میں اپنے دستخطی برانڈ "GOOD GOODIES" کی تیاری پیداوار شروع کر دی ہے۔ کمپنی نے 30 جون 2021 کو ختم ہونے والے سال کے مالی سال کے لیے 427 ملین (2019-20: 403 ملین روپے) کا نقصان ظاہر کیا، جس میں سے ہمارے ایڈجسٹ شدہ حصص 148.65 (2018-19: 133.664 ملین روپے) کے نقصان کے ہیں۔ ایکویٹی اکاؤنڈنٹس سٹریٹجی سے منافع کے حصص میں ظاہر ہوا ہے۔ تاہم، ملک میں COVID کو کنٹرول کرنے اور لاک ڈاؤن کو ختم کرنے کے بعد، ہم امید کرتے ہیں کہ UFIL کی فروخت کا حجم بڑھے گا۔ اور نئی مصنوعات/مختلف قسموں کو شامل کرنے سے فروخت کے حجم میں مزید بہتری آئے گی اور لاگت میں کمی آئے گی۔

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۔
- 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۔
- ICAK کاؤنٹنگ پالیسیاں اور انکشافات بین الاقوامی مالیاتی رپورٹنگ معیار (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 جارہی 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 آپریشننگ اور مالی اعداد و شمار کا خلاصہ اور گزشتہ چھ سال سے منسلک اہم اعداد و شمار کی گراؤنگ پیش کش۔
- اکاؤنٹس کو دیئے گئے نوٹ میں بتایا فرائض، محصولات اور چارجز کے خلاف معلومات دی جاتی ہیں
- کمپنی فنڈ ڈپر ویڈنٹ فنڈ اسکیم چلاتی ہے۔ فنڈ کے تازہ ترین غیر آڈٹ شدہ کھاتوں پر مبنی اثاثوں کی مناسب قیمت 59.31 ملین روپے تھی۔



سین کے اختتام کے بعد، حکومت نے تمام لاگت کے اجزاء پر غور کیے بغیر چینی کی قیمت پر کام کیا اور چینی کی قیمت مقرر کی۔ تمام ملوں کے لیے یہ ممکن نہیں ہے کہ وہ ایک ہی قیمت پر چینی پیدا کریں اور یکساں شرح پیش کریں کیونکہ مختلف عوامل کی وجہ سے معیشت، محنت، آلات کی پیداواری صلاحیت اور فصل تک رسائی مختلف ملوں کے درمیان مختلف ہوتی ہے۔ مسابقتی کمیشن آف پاکستان (سی سی پی) نے ایک "پالیسی نوٹ" جاری کرتے ہوئے خردار کیا ہے کہ قیمتوں کے کنٹرول سے غریبوں کو عارضی ریلیف مل سکتا ہے نہ کہ سہائی کرنے والوں کی ذخیرہ اندوزی یا صارفین کی طرف سے زبردستی خریداری کی حوصلہ افزائی ہوتی ہے اور ممکنہ طور پر صنعتی صارفین کو فائدہ ہوتا ہے۔ پالیسی نوٹ نے نتیجہ اخذ کیا کہ چینی کی آزادانہ تجارت مقامی مارکیٹ میں ذخیرہ اندوزی اور زائد قیمتوں کی حوصلہ شکنی کر کے صارفین کو بہتر بنائے گی۔ یہ اقدامات یقینی طور پر پاکستان میں چینی کی مسابقتی صنعت کی ترقی پر اثر انداز ہوں گے، جس سے معاشی کارکردگی میں اضافہ ہوگا۔

لیکویڈیٹی مینجمنٹ اور سرمائے کا ڈھانچہ:

آپ کی کمپنی مالی سال 2004-05 سے اپنی تمام مالی ضروریات کا سہارا صرف مامور اسلامی بینکوں سے شریعہ کیپٹلائٹ پر وڈکس کے ذریعے اور اپنے اسٹیک ہولڈرز کو حلال آمدنی فراہم کر رہی ہے۔ کمپنی کے پاس اسلامی فنانسنگ کی مختلف مصنوعات کے تحت تقریباً 5.2 بلین روپے کی کافی حد تک منظور شدہ مالیاتی سہولیات کی حد ہے تاکہ اس کی بھاری ورکنگ کیپٹل کی ضروریات کو پورا کیا جاسکے۔ 1.1 بلین طویل مدتی فنانسنگ بشمول TERF فنانسنگ، الحمد للہ، ہم راہ انٹرسٹ فری کارپوریشن ادارہ ہیں۔ فروخت میں زیادہ تر چڑھاؤ اور پھنسے ہوئے برآمدی سہڈی کی وجہ سے کاسٹکاروں کو بروقت ادائیگی کے لیے سال کے دوران بھاری مالی اعانت حاصل کی گئی۔ اس کے باوجود، ہم نے تمام دستیاب مالیاتی ذرائع سے اپنی فنانسنگ کی ضروریات کو مؤثر طریقے سے منظم کیا تاکہ تمام ذمہ داریوں کو بروقت ادا کرنا یقینی بنایا جاسکے۔

سال کے دوران، JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے کریڈٹ ریٹنگ جاری کی اور پچھلے سال کی تفویض کردہ درجہ بندی کو برقرار رکھا یعنی -2/A- 'A- /A- 'مانس -A/ کی طویل مدتی درجہ بندی مناسب تحفظ کے عوامل کے ساتھ اچھے کریڈٹ کوالٹی کی نشاندہی کرتی ہے۔ اگر معیشت میں تبدیلیاں آتی ہیں تو خطرے کے عوامل کو متغیر سمجھا جاتا ہے۔ -2/A 'کی مختصر مدت کی درجہ بندی بروقت ادائیگی کے اچھے یقین کو ظاہر کرتی ہے۔ کیپٹل مارکیٹ تک اچھی رسائی کے ساتھ لیکویڈیٹی فیکٹر ز اور کمپنی کے بنیادی اصول درست ہیں، خطرے کے عوامل چھوٹے ہیں اور تفویض کردہ ریٹنگ پراؤٹ لک 'مستقل' ہے۔

توسیع اور جدید کاری کے منصوبے:

کمپنی کو 700 ملین روپے کی طویل مدتی فنانسنگ میں توسیع دی گئی ہے عارضی اقتصادی ریفرنس سہولت (TERF)، اسٹیٹ بینک کی رعایتی فنانسنگ اسکیم، اور اس نے زیادہ تر رقم صرف لاگت بچانے والے مختلف منصوبوں پر خرچ کی ہے جو جاری سین 2021-22 میں کام کریں گے۔

یونیکول لمیٹڈ سٹریٹری پروجیکٹ:

سال کے دوران کمپنی نے 54,888 MT (2020: 41,618 MT) کی ہتھمول کی پیداوار ریکارڈ کی جو پچھلے سال کے مقابلے میں 31.89% زیادہ ہے۔ سال کے دوران ریکارڈ کی گئی پیداواری پیداوار 19.3% فی ٹن مولاسز (2020: 18.3%) ہے۔ آپریشنل دن 335 دن (2020: 261 دن) ریکارڈ کیے گئے۔ کمپنی نے 51,494 MT (2020: 39,306 MT) کی ہتھمول برآمد ریکارڈ کی جو پچھلے سال کے مقابلے میں 31.01% زیادہ ہے۔ پیداوار اور برآمدات میں اضافے کی بنیادی وجہ گزشتہ سال کے مقابلے ملک میں مولاسز کی وافر مقدار میں دستیابی ہے۔

سال کے لیے CO2 سیگنٹ کی پیداوار اور فروخت کا حجم بالترتیب 11,451 MT (2020: 6,931 MT) اور 10,360 MT (2020: 6,438 MT) ریکارڈ کیا گیا جو پچھلے سال کے مقابلے میں 65.22% اور 60.92% زیادہ ہے۔ سال کے لیے CO2 سیگنٹ کے پلانٹ کے آپریشنل دن 292 دن (2020: 195 دن) تھے۔

سال کے دوران ہتھمول سیگنٹ کی سٹوریج 8.19 بلین (2020: 5.70 بلین روپے) روپے ریکارڈ کی گئی جو کہ گزشتہ سال کے مقابلے میں 43.60 فیصد زیادہ ہے۔ اس کی بنیادی وجہ فروخت کی گئی ہتھمول کی مقدار میں پچھلے سال کے مقابلے میں نمایاں اضافہ کے ساتھ ساتھ فروخت کی اوسط قیمت میں اضافہ تھا۔ CO2 سیگنٹ کی سٹوریج 191.38 ملین (2020: 119.30 ملین روپے) روپے ریکارڈ کی گئی جو کہ گزشتہ سال کے مقابلے میں 60.42 فیصد زیادہ ہے۔

مختلف اخراجات اور ٹیکس کو مد نظر رکھتے ہوئے کمپنی روپے کے بعد از ٹیکس منافع پوسٹ کرنے میں کامیاب رہی۔ 502.54 ملین روپے کے مقابلے پچھلے سال 523.76 ملین، جس میں سے ہمارے حصص کا منافع Rs. 167.5 ملین (2019-20: 174.5 ملین روپے) کیونٹی اکاؤنڈ سرمائے کاروں کے منافع کے حصص میں ظاہر ہوا ہے۔



## ڈائریکٹرز کی رپورٹ

30 ستمبر 2021 کو ختم ہونے والے سال کے لیے

معزز شیئر ہولڈرز،

اللہ کے نام سے جو نہایت مہربان اور نہایت رحم کرنے والا ہے، آپ کے ڈائریکٹرز 30 ستمبر 2021 کو ختم ہونے والے سال کے لیے کمپنی کی سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گوشوارے پیش کر رہے ہیں۔

### مالیاتی کارکردگی:

ریٹائنڈ چینی کی فروخت کی قیمت میں زیادہ اتار چڑھاؤ کی وجہ سے یہ سب سے زیادہ دباؤ اور چیلنجنگ سال تھا۔ زمینی حقائق کو سمجھے بغیر چینی کی قیمت کو روکنے کے لیے گئے کی بے تحاشا قیمتوں اور حکومتی انتظامی مداخلت نے شوگر انڈسٹری کے سپلائی چین کے پورے نظام کو درہم برہم کر دیا۔ ہم نے اپنے ابتدائی فروخت کے وعدوں پر بہت زیادہ نقصان برداشت کیا لیکن بلیس شیٹ کی تاریخ کے بعد ہم اپنے نقصانات کا اپنے غیر فروخت شدہ اسٹاک سے ازالہ کرنے میں کامیاب ہو گئے۔

مالیاتی نتائج کا خلاصہ درج ذیل ہے :

| 2021<br>Rs. '000 | 2020<br>Rs. '000 |                                                 |
|------------------|------------------|-------------------------------------------------|
| 5,582,067        | 5,940,734        | مقامی فروخت                                     |
| -                | 622,065          | برآمدات                                         |
| 5,582,067        | 6,562,799        | مجموعی فروخت                                    |
| (409,359)        | (192,959)        | فعلی از نکس نقصان                               |
| 18,947           | 41,160           | ایکویٹی کاؤنٹ سرمایہ کاری - منافع میں حصہ - نیٹ |
| (390,412)        | (151,799)        | کم: بلیس شیٹ                                    |
| (92,730)         | (124,777)        | موجودہ                                          |
| -                | (1,573)          | کمزور                                           |
| 112,483          | 106,832          | موجودہ (نیکس)                                   |
| 19,753           | (19,518)         | نقصان بعد از نیکس                               |
| (370,659)        | (171,317)        | نقصان فی شیئر                                   |
| (14.82)          | (6.85)           |                                                 |

مجموعی فروخت میں 14.8 فیصد کمی واقع ہوئی جس کی بنیادی وجہ قیمت فروخت میں اضافے کے باوجود 33 فیصد فروخت کے حجم میں کمی واقع ہوئی۔ آپریٹنگ اخراجات پچھلے سال کی تقریباً اسی سطح پر رہے۔ تاہم، فروخت اور تقسیم کے اخراجات میں رجسٹرڈ خریداروں کو ڈیلیوری کی بنیاد پر فروخت میں اضافے کی وجہ سے 35 ملین روپے کا اضافہ ہوا۔ مالیاتی لاگت میں بنیادی طور پر فنانسنگ کی شرح میں مستقل ہندسہ میں کمی کی وجہ سے اور غیر فروخت شدہ اسٹاک کو طویل مدت تک رکھنے کے باوجود 301.324 ملین روپے سے 17.65 فیصد کم ہو کر 259.788 ملین روپے ہو گئی۔

# 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         | 18            | 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.                                                                                                                                                                                                            |



RAHMAN SARFARAZ RAHIM IQBAL RAFIQ  
Chartered Accountants

Karachi

Date: January 05, 2021

# STATEMENT OF COMPLIANCE WITH LISTED COMPANIES

(Code of Corporate Governance) Regulations, 2019

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

Year Ending: September 30, 2021

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:

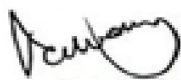
- a) Male: - **8**  
b) Female: - **Nil**

2. The composition of board is as follows:

| Category                      | N a m e                                   |
|-------------------------------|-------------------------------------------|
| <b>Independent Director</b>   | <i>Mr. Irfan Zakaria Bawany</i>           |
|                               | <i>Mr. Ahmed Ghulam Hussain</i>           |
| <b>Non-Executive Director</b> | <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>        |
| <b>Executive Director</b>     | <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               |          |
| Mr. Irfan Zakaria Bawany         | Chairman |
| Mr. Muhammad Omar Amin Bawany    | Member   |
| Mr. Hamza Omar Bawany            | Member   |
| b) HR and Remuneration Committee |          |
| Mr. Irfan Zakaria Bawany         | Chairman |
| Mr. Ahmed Ali Bawany             | Member   |
| Mr. Hamza Omar Bawany            | 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.



**OMAR AMIN BAWANY**  
Chairman

# INDEPENDENT AUDITORS' REPORT

To the members of M/S. 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, 2021**, 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, 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 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, 2021 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 were 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. Following is the key audit matter:



| S. no. | Key audit matter(s)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | How the matter was addressed in our audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 01.    | <p><b>Long term borrowing received under the SBP's Islamic Temporary Economic Refinance Facility (ITERF) for funding the expenditures incurred on various capital projects</b></p> <p>As disclosed in note 4.2 to the financial statements, during the year, the Company made substantial investment in various new capital projects. The aggregate cost incurred on these capital projects was around over Rs. 397 million which was all financed through a long-term facility obtained from a commercial bank under the SBP's Islamic Temporary Economic Refinance Facility (ITERF facility - refer note 14.3 to the financial statements).</p> <p>We considered this matter to be of most significance keeping in view the materiality of the amounts involved as well as the fact that its recognition, measurement, presentation and disclosure in the financial statements required the application of significant management judgment which, in turn, required us to apply significant auditor judgment and, accordingly, devote sufficient time and resources, including the involvement of senior engagement team members, in order to obtain sufficient appropriate audit evidence.</p> | <p>Our audit procedures included, but were not limited to, the following:</p> <ul style="list-style-type: none"> <li>▪ Inspecting necessary documentary evidences to verify the occurrence and accuracy of the expenditures incurred on the said capital projects and the corresponding loan proceeds received from the bank;</li> <li>▪ Recalculating the amount of expenditures incurred on each capital project (as reported in note 4.2 to the financial statements) keeping into consideration the related recognition and measurement requirements of the applicable financial reporting standards;</li> <li>▪ Assessing the reasonableness of the discount rate used by management to determine the present value of each tranche of the loan as on the date of its disbursement by the bank;</li> <li>▪ Recalculating the present value of each tranche of the loan received under ITERF facility, the element of government grant embedded therein, the interest recognized on unwinding thereof, and the current and non-current maturities thereof (as reported in note 14.3 to the financial statements) keeping into consideration the related recognition, measurement and presentation requirements of the various applicable financial reporting standards; and</li> <li>▪ Assessing the accuracy, completeness and understandability of the narrative disclosures made in note 14.3 to the financial statements in relation to the long term borrowing received from the bank under ITERF facility.</li> </ul> |

# INDEPENDENT AUDITORS' REPORT

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

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

Management is responsible for the other information. The other information comprises the information 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 these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism 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.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

- 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.
- 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.

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.

# INDEPENDENT AUDITORS' REPORT

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

## 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;

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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



RAHMAN SARFARAZ RAHIM IQBAL RAFIQ  
Chartered Accountants

Karachi

Date: January 05, 2022

# FINANCIAL STATEMENTS

# STATEMENT OF FINANCIAL POSITION

As at September 30, 2021

|                                                 |      | 2021                 | 2020                 |
|-------------------------------------------------|------|----------------------|----------------------|
|                                                 | Note | ----- Rupees -----   |                      |
| <b>ASSETS</b>                                   |      |                      |                      |
| <b>Non-current assets</b>                       |      |                      |                      |
| Property, plant and equipment                   | 4    | 2,184,228,749        | 1,884,930,704        |
| Long term investments                           | 5    | 1,086,731,311        | 1,141,756,234        |
| Long term deposits                              | 6    | 12,300,394           | 10,103,594           |
|                                                 |      | <b>3,283,260,454</b> | <b>3,036,790,532</b> |
| <b>Current assets</b>                           |      |                      |                      |
| Stores and spares                               | 7    | 89,044,811           | 83,974,351           |
| Stock in trade                                  | 8    | 1,046,274,285        | 384,560,366          |
| Trade debts                                     | 9    | 143,904,042          | 183,347,585          |
| Short term investments                          | 10   | 1,370,259            | 1,515,500            |
| Loans, advances, deposits and other receivables | 11   | 889,303,499          | 676,746,090          |
| Taxation – net                                  |      | 107,298,074          | 35,958,571           |
| Cash and bank balances                          | 12   | 138,827,049          | 160,261,980          |
|                                                 |      | <b>2,416,022,019</b> | <b>1,526,364,443</b> |
| <b>Total Assets</b>                             |      | <b>5,699,282,473</b> | <b>4,563,154,975</b> |
| <b>EQUITY AND LIABILITIES</b>                   |      |                      |                      |
| <b>Share capital and reserves</b>               |      |                      |                      |
| Authorized capital                              | 13   | 400,000,000          | 400,000,000          |
| Issued, subscribed and paid up capital          | 13   | 250,069,550          | 250,069,550          |
| <b>Capital reserve</b>                          |      |                      |                      |
| Share premium                                   |      | 8,472,152            | 8,472,152            |
| Surplus on re-measurement of investment         |      | 2,731,819            | 1,134,849            |
|                                                 |      | <b>11,203,971</b>    | <b>9,607,001</b>     |
| <b>Revenue reserves</b>                         |      |                      |                      |
| General reserve                                 |      | 49,952,868           | 49,952,868           |
| Unappropriated profit                           |      | 1,444,175,319        | 1,814,834,493        |
|                                                 |      | <b>1,494,128,187</b> | <b>1,864,787,361</b> |
|                                                 |      | <b>1,755,401,708</b> | <b>2,124,463,912</b> |
| <b>Non-current liabilities</b>                  |      |                      |                      |
| Long term finance                               | 14   | 807,663,292          | 126,928,993          |
| Deferred liabilities                            | 15   | 369,734,702          | 395,522,111          |
|                                                 |      | <b>1,177,397,993</b> | <b>522,451,104</b>   |
| <b>Current liabilities</b>                      |      |                      |                      |
| Trade and other payables                        | 16   | 248,636,367          | 360,289,683          |
| Accrued mark up                                 |      | 41,019,729           | 30,444,548           |
| Current portion of long term finance            | 17   | 136,002,779          | 120,713,951          |
| Unclaimed dividend                              |      | 10,823,897           | 10,825,556           |
| Short term finance - secured                    | 18   | 2,330,000,000        | 1,393,966,221        |
|                                                 |      | <b>2,766,482,772</b> | <b>1,916,239,959</b> |
| <b>Contingency and commitment</b>               | 19   |                      |                      |
| <b>Total equity and liabilities</b>             |      | <b>5,699,282,473</b> | <b>4,563,154,975</b> |

The annexed notes from 1 to 37 forms an integral part of these condensed interim 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, 2021

|                                                   | Notes | 2021<br>----- Rupees ----- | 2020                 |
|---------------------------------------------------|-------|----------------------------|----------------------|
| Turnover - net                                    | 20    | 4,860,284,706              | 5,751,429,749        |
| Cost of sales                                     | 21    | (4,819,903,446)            | (5,482,886,163)      |
| <b>Gross profit</b>                               |       | <b>40,381,260</b>          | <b>268,543,586</b>   |
| Administrative expenses                           | 22    | (161,231,659)              | (158,665,059)        |
| Selling and distribution costs                    | 23    | (52,697,810)               | (16,986,153)         |
|                                                   |       | (213,929,469)              | (175,651,212)        |
| <b>Operating (loss) / profit</b>                  |       | <b>(173,548,209)</b>       | <b>92,892,374</b>    |
| Other income                                      | 24    | 24,628,777                 | 21,771,141           |
| Other expenses                                    | 25    | (650,926)                  | (6,298,805)          |
|                                                   |       | 23,977,851                 | 15,472,336           |
|                                                   |       | (149,570,358)              | 108,364,710          |
| Finance costs                                     | 26    | (259,788,296)              | (301,324,109)        |
|                                                   |       | (409,358,654)              | (192,959,399)        |
| Share of profit from equity accounted investments | 27    | 18,946,774                 | 41,160,510           |
| <b>(Loss) before taxation</b>                     |       | <b>(390,411,880)</b>       | <b>(151,798,889)</b> |
| Taxation                                          | 28    | 19,752,706                 | (19,518,247)         |
| <b>(Loss) after taxation</b>                      |       | <b>(370,659,174)</b>       | <b>(171,317,136)</b> |
| <b>(Loss) per share - basic and diluted</b>       | 29    | <b>(14.82)</b>             | <b>(6.85)</b>        |

The annexed notes from 1 to 37 forms 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, 2021

|                                                                                  | 2021                        | 2020                        |
|----------------------------------------------------------------------------------|-----------------------------|-----------------------------|
|                                                                                  | ----- Rupees -----          |                             |
| <b>(Loss) after taxation</b>                                                     | <b>(370,659,174)</b>        | (171,317,136)               |
| Other comprehensive loss                                                         |                             |                             |
| Items that will not be reclassified subsequently to profit or loss:              |                             |                             |
| Unrealized loss on re-measurement of investment in certificates of B.F. Modaraba | <b>1,596,970</b>            | 657,576                     |
| <b>Total comprehensive (loss) for the year</b>                                   | <b><u>(369,062,204)</u></b> | <b><u>(170,659,560)</u></b> |

The annexed notes from 1 to 37 forms an integral part of these financial statements.

  
Ahmed Ali Bawany  
Chief Executive Officer

  
Muhammad Omar Bawany  
Chairman

  
Muhammad Ayub  
Chief Financial Officer



For the year ended September 30, 2021

The annexed notes from 1 to 37 forms an integral part of these financial statements.

  
Muhammad Ayub  
Chief Financial Officer

# STATEMENT OF CASH FLOWS

For the year ended September 30, 2021

|                                                                 | Notes | 2021<br>----- Rupees ----- | 2020                 |
|-----------------------------------------------------------------|-------|----------------------------|----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |       |                            |                      |
| Cash generated in operations                                    | 30    | (1,008,220,827)            | 302,268,445          |
| Taxes paid                                                      |       | (164,069,762)              | (103,579,851)        |
| Market Committee fee paid                                       |       | (4,194,441)                | (5,808,805)          |
| Payment to Workers' Profit Participation Fund                   |       | (1,249,937)                | (14,375,610)         |
| Finance cost paid                                               |       | (234,488,234)              | (342,431,035)        |
| <b>Net cash used in operating activities</b>                    |       | <b>(1,412,223,201)</b>     | <b>(163,926,856)</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |       |                            |                      |
| Capital expenditure                                             |       | (404,850,814)              | (117,736,260)        |
| (Purchase) / sale of short term investments - net               |       | -                          | (1,922,957)          |
| Investment in equity accounted investee                         |       | (136,931,320)              | (95,553,800)         |
| Proceeds from sale of property, plant and equipment             |       | 4,066,000                  | 4,166,740            |
| Dividend received                                               |       | 212,551,987                | 276,228,734          |
| Interest received                                               |       | 3,154,692                  | 6,224,494            |
| Long term deposits - net                                        |       | (2,196,800)                | 5,025,100            |
| <b>Net cash generated from / (used in) investing activities</b> |       | <b>(324,206,255)</b>       | <b>76,432,051</b>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                     |       |                            |                      |
| Dividend paid                                                   |       | (1,658)                    | (24,285,823)         |
| Diminishing Musharaka financing obtained                        | 14.1  | 500,000,000                | 15,848,449           |
| Repayments under Diminishing Musharaka financing                | 14.1  | (79,956,633)               | (98,753,604)         |
| Financing obtained for payment of wages and salaries            | 14.2  | 18,739,823                 | 87,825,212           |
| Repayment under financing for salaries and wages                | 14.2  | (37,681,405)               | -                    |
| Financing obtained under ITERF facility                         | 14.3  | 377,860,620                | -                    |
| Short term finance - net                                        |       | 936,033,779                | (128,494,121)        |
| <b>Net cash used in financing activities</b>                    |       | <b>1,714,994,526</b>       | <b>(147,859,887)</b> |
| <b>Net (decrease) / increase in cash and cash equivalents</b>   |       | <b>(21,434,931)</b>        | <b>(235,354,692)</b> |
| <b>Cash and cash equivalents at the beginning of the year</b>   |       | <b>160,261,980</b>         | <b>395,616,672</b>   |
| <b>Cash and cash equivalents at the end of the year</b>         | 12    | <b>138,827,049</b>         | <b>160,261,980</b>   |

The annexed notes from 1 to 37 forms an integral part of these condensed interim 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, 2021

## 1. STATUS AND NATURE OF BUSINESS

### 1.1 Brief profile of the Company

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 crystalline sugar.

1.2 **Head office:** The registered office of the Company is situated at Bungalow No.43-1-E (B), P.E.C.H.S., Block 6, Off Razi Road, Shahrah e Faisal, Karachi.

1.3 **Mill:** The mill of the Company 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 of items in these financial statements

All items in these financial statements have been measured at their historical cost except for:

- (a) Long term investments in unquoted ordinary shares of associates which are carried under the equity method of accounting;
- (b) Long term investment in quoted equity securities of B.F Modarba which is carried at fair value through other comprehensive income; and
- (c) 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 Judgments and sources of estimation uncertainty

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.

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

(a) Judgements

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

| Area of judgement                                   | Brief description of the judgement applied                                                                                                                                                                                                                                                                                                                                                                |
|-----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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.                                                                                                                                                                               |
| Investment in subsidiary                            | Whether the Company has control over M/s. Faran Power Limited.                                                                                                                                                                                                                                                                                                                                            |
| 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.                                                                                                                                                                                                                                                                      |
| Timing of revenue recognition                       | "Local sales revenue:<br>Whether control of the promised goods is transferred to the customer when the goods are dispatched from the Company's premises;<br><br>Export sales revenue:<br>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." |
| 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.                                                                                                                                              |
| Financing for payment of wages and salaries / ITERF | Whether the financing contains an element of government grant that should be recognized separately as deferred income.                                                                                                                                                                                                                                                                                    |

(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:

| Area of estimation uncertainty | Brief description of the assumption or the source of estimation uncertainty                                                                                                                                                          |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Property, plant and equipment  | Estimation of useful lives and residual values of the operating fixed assets                                                                                                                                                         |
| Stores and spares              | Estimation of the net realizable value of stores and spares inventory and recognition of the provision for slow-moving items                                                                                                         |
| 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 utilized" |

2.5 New accounting pronouncements

2.5.1 Amendments to approved accounting standards and interpretations which became effective during the year ended September 30, 2021

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.

2.5.2 New / revised accounting standards, amendments to published accounting standards and interpretations 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:

- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after January 01, 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met. The application of the amendment is not likely to have an impact on the Company's financial statements.
- COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) 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 re-measuring 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 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, 2022; 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.

- Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after January 01, 2022 amends IAS 37 by mainly adding paragraphs which clarifies what comprises 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 annual periods beginning on or after January 01, 2022 clarifies that sales proceeds and costs 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.
- Amendments to IFRS 3 'Business Combinations' - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 01, 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018. The amendments are not likely to affect the financial statements of the Company.
- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current amendments apply retrospectively for the annual periods beginning on or after January 01, 2023. 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 Company is currently in the process of assessing the impact of these amendments on its prospective financial statements.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 includes:
  - (a) requiring companies to disclose their material accounting policies rather than significant accounting policies;
  - (b) clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - (c) clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to an entity's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted.

The Company is currently in the process of assessing the impact of above amendments on its prospective financial statements.

- Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after January 01, 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the entity applies the amendments. The amendments are not likely to affect the financial statements of the Company.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, entities will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted. The amendments are not likely to affect the financial statements of the Company.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.
- The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after January 01, 2022:
  - 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.
  - 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.
  - 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.

### 3 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.

#### 3.1 Property, plant and equipment

##### *Operating fixed assets*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any, except freehold 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 4.1 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 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.

### **3.2 Long term investments**

#### *Investment in subsidiary*

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

#### *Investment in associates*

The Company accounts for its investments in associates using the equity method. Under this method the 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 company'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 equals or exceeds its interest in the associates, the Company discontinues to recognize its share of further losses except to the extent that Company has incurred legal or constructive obligation to make payment on behalf of the associates. If the associate subsequently reports profits, the Company resumes recognizing its share of those profits only after its share of the profit equals the share of losses not recognized.

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

### **3.4 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 company from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

The costs of conversion of inventories include costs directly related to the units of production, such as direct labor. 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.

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 realizable 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 their selling prices have declined. The cost of inventories may also not be recoverable if or the estimated costs to be incurred to make the sale have increased.

The Company estimates the net realizable value of inventories based on the most reliable evidence available, at the reporting date, of the amount the inventories are expected to realize. 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 realizable value, the Company also takes into consideration the purpose for which the inventory is held. For example, the net realizable 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 realizable value of the excess quantity is based on general selling prices.

A new assessment is made of net realizable 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 realizable 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 realizable value.

### **3.5 Trade debts**

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

### **3.6 Financial assets**

#### **3.6.1 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 financial instrument. 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 amortized cost or at fair value through other comprehensive income, as aforesaid. 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.

3.6.2 **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 recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified. When the financial asset is derecognized the cumulative gain or loss previously recognized 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 recognized in profit or loss.

(c) *Financial assets at FVTPL*

These assets are subsequently measured at fair value.

Net gains or losses arising from re-measurement 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 recognized in other comprehensive income is not reclassified from equity to profit or loss.

### 3.6.3 **Impairment**

The Company recognizes a loss allowance for expected credit losses in respect of financial assets measured at amortized 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 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 recognizes 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 amortized cost are deducted from the gross carrying amount of the assets.

### 3.6.4 **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.

## 3.7 **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 and bank balances.

## 3.8 **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 cash flows of the financial liability have been substantially modified.

### 3.9 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 realize the asset and settle liability simultaneously.

### 3.10 Provisions and contingent liabilities

#### *Provisions*

A provision is recognized 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 recognized 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 recognized 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 recognized 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 recognized provision is recognized in the statement of profit or loss unless the provision was originally recognized 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.

### 3.11 Revenue

#### *(a) 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 to 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 goods. This is further analyzed as below:

- (i) "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.

- (ii) Revenue from export sales is recognized 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.

*(b) 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 met and the receipt of the related proceeds from the concerned government authority is probable.

**3.12 Staff retirement benefits - Provident fund (defined contribution plan)**

The Company operates a funded provident scheme for its employees which is classified as a defined contribution plan. Equal monthly contributions are made by the Company and the employees to the plan at the rate equal to 9% of their basic salary.

When an employee has rendered service to the Company during a period, the Company recognizes the contribution payable to a defined contribution plan in exchange for that service as an expense in profit or loss and as a liability in the statement of financial position (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, the Company recognizes that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

When contributions to a defined contribution plan are not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service, they are discounted using the discount rate determined by reference to market yields at the end of the reporting period on high quality corporate bonds (or when there is no deep market in such bonds, the government bonds) having term consistent with the estimated term of the post-employment benefit obligations.

**3.13 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. 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'.

**3.14 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.

**3.15 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 recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized 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 amortization, if no impairment loss had been recognized. 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 is treated as reversals of impairment losses for individual assets and recognized in profit or loss.

### 3.16 **Translation of foreign currency transactions and balances**

On initial recognition, a foreign currency transaction is recognized, in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period, foreign currency monetary items are translated using the closing rate (i.e. the spot exchange rate at the end of the reporting period).

At the end of each reporting period, non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. However, non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognized in profit or loss in the period in which they arise.

### 3.17 **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.

### 3.18 **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 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 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 tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for deductible temporary differences and unused tax losses and credits only if it is probable that future taxable amounts will be available to utilize 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. 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 profits to allow the benefit of part or all of that recognized deferred tax asset to be utilized. Any such reduction is 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 company has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

## 3.19 Dividend distribution

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

| 4 | PROPERTY, PLANT AND EQUIPMENT | Note | 2021                 | 2020                 |
|---|-------------------------------|------|----------------------|----------------------|
|   |                               |      | ————— Rupees —————   |                      |
|   | Operating fixed assets        | 4.1  | 1,836,238,350        | 1,815,891,679        |
|   | Capital work-in-progress      | 4.2  | 347,990,399          | 69,039,025           |
|   |                               |      | <u>2,184,228,749</u> | <u>1,884,930,704</u> |

## Operating fixed assets

As at September 30, 2019

|                          |  |
|--------------------------|--|
| Cost                     |  |
| Accumulated depreciation |  |
| Net book value           |  |

*Movement during the year ended September 30, 2020*

- Opening net book value
- Additions / transfers :
  - Additions
  - Transfer from CWIP

Disposals:

- Cost
- Accumulated depreciation

## Depreciation for the year:

Closing net book value

## As at September 30, 2020

|                          |  |
|--------------------------|--|
| Cost                     |  |
| Accumulated depreciation |  |
| Net book value           |  |

*Movement during the year ended September 30, 2021*

Opening net book value

Additions / transfers:

- Additions
- Transfer from CWIP

## Disposals:

- Cost
- Accumulated depreciation

## Depreciation for the year

Closing net book value

## As at September 30, 2021

|                          |  |
|--------------------------|--|
| Cost                     |  |
| Accumulated depreciation |  |
| Net book value           |  |

## Annual rate of depreciation

| Freehold land | Factory building             | Non-factory building        | drainage systems         | Plant and machinery              | systems                   |                           |                            |                            | Rupees                   |                            |                                  |  | Communication systems | Vehicles | Total |
|---------------|------------------------------|-----------------------------|--------------------------|----------------------------------|---------------------------|---------------------------|----------------------------|----------------------------|--------------------------|----------------------------|----------------------------------|--|-----------------------|----------|-------|
|               |                              |                             |                          |                                  | generation & distribution | Furniture and fixtures    | Office and mill equipment  | Electrical equipment       |                          |                            |                                  |  |                       |          |       |
| 99,690,777    | 231,562,222<br>(131,556,872) | 244,991,803<br>(65,496,511) | 5,738,868<br>(5,242,269) | 2,342,532,867<br>(982,602,105)   | 4,657,905<br>(4,456,984)  | 13,454,165<br>(4,391,866) | 30,845,500<br>(15,337,702) | 40,115,024<br>(16,985,567) | 4,849,761<br>(3,295,138) | 58,384,234<br>(64,039,200) | 3,117,224,226<br>(1,293,804,315) |  |                       |          |       |
| 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                    |  |                       |          |       |
| 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                    |  |                       |          |       |
| -             | -                            | -                           | -                        | 90,531,444                       | -                         | 671,514                   | 298,980                    | 3,868,488                  | -                        | 4,500,400                  | 99,870,826                       |  |                       |          |       |
| -             | -                            | -                           | -                        | 90,531,444                       | -                         | 671,514                   | 298,980                    | 3,868,488                  | -                        | 4,500,400                  | 99,870,826                       |  |                       |          |       |
| -             | -                            | -                           | -                        | -                                | -                         | -                         | -                          | -                          | -                        | -                          | (5,079,500)                      |  |                       |          |       |
| -             | -                            | -                           | -                        | -                                | -                         | -                         | -                          | -                          | -                        | -                          | 1,958,201                        |  |                       |          |       |
| -             | -                            | -                           | -                        | -                                | -                         | -                         | -                          | -                          | -                        | (3,121,239)                | (3,121,239)                      |  |                       |          |       |
| -             | (9,631,726)                  | (15,220,527)                | (47,828)                 | (67,864,837)                     | (19,351)                  | (921,924)                 | (1,553,220)                | (2,389,379)                | (97,582)                 | (6,532,934)                | (104,277,759)                    |  |                       |          |       |
| 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                    |  |                       |          |       |
| 99,690,777    | 231,562,222<br>(141,588,598) | 244,991,803<br>(89,717,038) | 5,738,868<br>(5,290,097) | 2,433,064,311<br>(1,050,465,943) | 4,657,905<br>(4,476,335)  | 14,125,679<br>(5,313,790) | 31,144,580<br>(16,890,922) | 43,984,312<br>(19,375,045) | 4,849,761<br>(3,392,720) | 97,805,134<br>(68,613,384) | 3,212,015,552<br>(1,396,123,873) |  |                       |          |       |
| 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                    |  |                       |          |       |
| 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                    |  |                       |          |       |
| -             | -                            | -                           | -                        | -                                | -                         | -                         | 3,015,258                  | -                          | -                        | 4,262,002                  | 7,277,260                        |  |                       |          |       |
| -             | -                            | -                           | -                        | 117,637,819                      | -                         | -                         | 984,361                    | -                          | -                        | -                          | 118,622,180                      |  |                       |          |       |
| -             | -                            | -                           | -                        | 117,637,819                      | -                         | -                         | 3,999,619                  | -                          | -                        | 4,262,002                  | 125,899,440                      |  |                       |          |       |
| -             | -                            | -                           | -                        | -                                | -                         | -                         | -                          | -                          | -                        | (5,074,310)                | (5,074,310)                      |  |                       |          |       |
| -             | -                            | -                           | -                        | -                                | -                         | -                         | -                          | -                          | -                        | (1,157,203)                | (1,157,203)                      |  |                       |          |       |
| -             | (8,704,074)                  | (15,821,649)                | (43,222)                 | (69,314,973)                     | (17,487)                  | (848,692)                 | (1,608,989)                | (2,370,790)                | (88,184)                 | (5,578,108)                | (104,395,566)                    |  |                       |          |       |
| 99,690,777    | 81,669,549                   | 148,453,116                 | 405,549                  | 1,430,921,214                    | 164,083                   | 7,963,197                 | 16,644,288                 | 22,239,777                 | 1,368,857                | 26,718,442                 | 1,836,238,350                    |  |                       |          |       |
| 99,690,777    | 231,982,222<br>(150,292,673) | 244,991,803<br>(96,538,687) | 5,738,868<br>(5,333,319) | 2,550,702,130<br>(1,119,780,916) | 4,657,905<br>(4,493,822)  | 14,125,679<br>(6,162,482) | 35,144,199<br>(18,499,911) | 43,984,312<br>(21,745,235) | 4,849,761<br>(3,480,904) | 96,997,826<br>(70,274,384) | 3,332,840,682<br>(1,496,602,333) |  |                       |          |       |
| 99,690,777    | 81,669,549                   | 148,453,116                 | 405,549                  | 1,430,921,214                    | 164,083                   | 7,963,197                 | 16,644,288                 | 22,239,777                 | 1,368,857                | 26,718,442                 | 1,836,238,349                    |  |                       |          |       |
| 0%            | 10%                          | 10%                         | 10%                      | 5%                               | 10%                       | 10%                       | 10%                        | 10%                        | 10%                      | 20%                        |                                  |  |                       |          |       |



4.1.1 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.

|       |                                                                 | 2021               | 2020               |
|-------|-----------------------------------------------------------------|--------------------|--------------------|
| 4.1.2 | Depreciation charge for the year has been allocated as follows: | ———— Rupees ————   |                    |
|       | Cost of goods manufactured-conversion cost incurred             | 78,036,534         | 77,514,914         |
|       | Administration expenses                                         | 26,359,032         | 26,762,845         |
|       |                                                                 | <u>104,395,566</u> | <u>104,277,759</u> |

4.2 Capital work-in-progress

|                                    |                    |
|------------------------------------|--------------------|
| Balance as at September 30, 2019   | 51,173,591         |
| Net Additions during the year      | 17,865,434         |
| Balance as at September 30, 2020   | <u>69,039,025</u>  |
| Additions during the year          | 397,573,554        |
| Transfer to operating fixed assets | (118,622,180)      |
| Balance as at September 30, 2021   | <u>347,990,399</u> |

5. LONG TERM INVESTMENTS

|                                             |                  | 2021                 | 2020                 |
|---------------------------------------------|------------------|----------------------|----------------------|
|                                             | ———— Rupees ———— |                      |                      |
| Investment in subsidiary                    | 5.1              | 99,970               | 99,970               |
| Investment in associates                    | 5.2              | 1,080,149,522        | 1,136,771,415        |
| Investment in certificates of B.F. Modaraba | 5.3              | 6,481,819            | 4,884,849            |
|                                             |                  | <u>1,086,731,311</u> | <u>1,141,756,234</u> |

5.1. Investment in subsidiary - at cost

| 2021                 | 2020         |                                  | 2021             | 2020          |
|----------------------|--------------|----------------------------------|------------------|---------------|
| — Number of shares — |              |                                  | ———— Rupees ———— |               |
| <u>9,970</u>         | <u>9,970</u> | Ordinary shares of Rs. 10/- each | <u>99,970</u>    | <u>99,970</u> |

5.1.1 Company has a subsidiary namely 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.

5.1.2 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, 2021. 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.

5.1.3 As per its unaudited financial information for the year ended June 30, 2021, 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.

| 5.2 | Investment in associates    | Note  | 2021                 | 2020                 |
|-----|-----------------------------|-------|----------------------|----------------------|
|     |                             |       | Rupees               |                      |
|     | <b>Unquoted investments</b> |       |                      |                      |
|     | Unicol Limited              | 5.2.1 | 1,031,591,820        | 1,076,576,140        |
|     | Uni Energy Limited          | 5.2.2 | 20,228,698           | 20,147,998           |
|     | UniFood Industries Limited  | 5.2.3 | 28,329,004           | 40,047,277           |
|     |                             |       | <u>1,080,149,522</u> | <u>1,136,771,415</u> |

#### 5.2.1 Investment in Unicol Limited

As at September 30, 2021, the Company held 49,999,998 (2020: 49,999,998) ordinary shares of M/s. Unicol Limited (UL) which gives the Company 33.33% (2020: 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 | 2021                 | 2020                 |
|-----------------------------------------------------------|----------------------|----------------------|
|                                                           | 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                                           | 576,576,160          | 676,987,144          |
| Cash dividend received during the year                    | (212,499,987)        | (274,999,984)        |
| Share of profit for the year                              | 167,515,667          | 174,589,000          |
|                                                           | <u>531,591,840</u>   | <u>576,576,160</u>   |
| <b>Carrying amount as of the reporting date</b>           | <b>1,031,591,820</b> | <b>1,076,576,140</b> |

#### (b) Summarized financial information of the associate

Based on its audited financial statements for the year ended September 30, 2021, the summarized financial information of M/s. Unicol Limited is as under:

|                                         | 2021               | 2020               |
|-----------------------------------------|--------------------|--------------------|
|                                         | Rupees             |                    |
| Current assets                          | 2,777,232,000      | 3,096,379,000      |
| Non-current assets                      | 2,484,416,000      | 2,605,031,000      |
| Current liabilities                     | 2,095,359,000      | 2,343,134,000      |
| Non-current liabilities                 | 71,514,000         | 128,548,000        |
| Revenue                                 | 8,382,169,000      | 5,823,337,000      |
| Profit after tax for the year           | 502,547,000        | 523,767,000        |
| Other comprehensive income for the year | -                  | -                  |
| Total comprehensive income for the year | <u>502,547,000</u> | <u>523,767,000</u> |

#### 5.2.2 Investment in Uni Energy Limited

As at September 30, 2021, the Company held 1,999,998 (2020: 1,999,998) ordinary shares of M/s. Uni Energy Limited (UEL) which gives the Company 20% (2020: 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

|                                                      | 2021       | 2020       |
|------------------------------------------------------|------------|------------|
|                                                      | 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                                      | 148,018    | (88,066)   |
| Share of profit for the year                         | 80,700     | 236,084    |
|                                                      | 228,718    | 148,018    |
| Carrying amount as of the reporting date             | 20,228,698 | 20,147,998 |

- (i) The share of profit for the year has been calculated based on profits as adjusted by its un-audited financial information for the year ended June 30, 2021.

(b) Summarized financial information of the associate

Based on its audited financial statements for the year ended September 30, 2021, the summarized financial information of M/s. Unicol Limited is as under:

|                                         | 2021       | 2020       |
|-----------------------------------------|------------|------------|
|                                         | Rupees     |            |
| Current assets                          | 50,437,818 | 49,469,921 |
| Non-current assets                      | 53,051,901 | 54,138,304 |
| Current liabilities                     | 2,787,800  | 3,309,805  |
| Non-current liabilities                 | -          | -          |
| Revenue                                 | -          | -          |
| Profit after tax for the year           | 403,499    | 1,037,431  |
| Other comprehensive income for the year | -          | -          |
| Total comprehensive income for the year | 403,499    | 1,037,431  |

5.2.3 Investment in UniFood Industries Limited

As at September 30, 2021, the Company held 57,855,736 (2020: 44,162,604) ordinary shares of M/s. UniFood Industries Limited (UFIL) which gives the Company 34.67% (2020: 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 ended September 30, 2021, UFIL issued 13,693,132 right shares to the Company against a cash consideration of Rs. 136.931 million. From this right issue, UFIL will induct new line/expand existing line of production, expand distribution network across Pakistan to enhance market penetration and will initiate extensive marketing campaigns to establish brand image. Such investment approval was renewed by the shareholders in the 39th Annual General Meeting of the Company held on February 24, 2021. Consequent to this investment, there is no change in the percentage shareholding of the Company in UFIL.

(a) Carrying amount of the investment and changes therein

|                                                                                                | 2021          | 2020          |
|------------------------------------------------------------------------------------------------|---------------|---------------|
|                                                                                                | Rupees        |               |
| Cost of investment: 57,855,736 shares of Rs. 10/ each (2020: 44,162,604 shares of Rs. 10 each) | 578,557,360   | 441,626,040   |
| Accumulated share of loss:                                                                     |               |               |
| Opening balance                                                                                | (401,578,763) | (267,914,189) |
| Share of loss for the year                                                                     | (148,649,593) | (133,664,574) |
|                                                                                                | (550,228,356) | (401,578,763) |
| Carrying amount as of the reporting date                                                       | 28,329,004    | 40,047,277    |

- (i) The share of loss of the associate for the year has been calculated based on profits as adjusted by its un-audited financial information for the first quarter ended September 30, 2021.

**(b) Summarized financial information of the associate**

Based on its audited financial statements for the year ended June 30, 2021, the financial information of M/s. UniFood Industries Limited is summarized below:

|                                         | 2021        | 2020        |
|-----------------------------------------|-------------|-------------|
|                                         | Rupees      |             |
| Current assets                          | 177,759,289 | 238,216,833 |
| Non-current assets                      | 869,049,578 | 869,228,041 |
| Current liabilities                     | 387,479,993 | 245,387,832 |
| Non-current liabilities                 | 412,822,852 | 471,712,345 |
| Revenue                                 | 658,615,498 | 901,786,096 |
| Profit after tax for the year           | 427,027,105 | 403,046,688 |
| Other comprehensive income for the year | -           | -           |
| Total comprehensive income for the year | 427,027,105 | 403,046,688 |

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

As at September 30, 2021, the Company held 939,394 (2020: 939,394) certificates of M/s. B.F. Modaraba ('the Modaraba') which gives the Company 12.50% (2020: 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**

|                                                                                     | 2021      | 2020      |
|-------------------------------------------------------------------------------------|-----------|-----------|
|                                                                                     | Rupees    |           |
| Cost of the investment: 939,394 certificates (including 144,980 bonus certificates) | 3,750,000 | 3,750,000 |
| Unrealized gain on re-measurement:                                                  |           |           |
| Opening balance                                                                     | 1,134,849 | 477,273   |
| Increase in fair value during the year                                              | 1,596,970 | 657,576   |
|                                                                                     | 2,731,818 | 1,134,849 |
| Carrying amount as of the reporting date                                            | 6,481,819 | 4,884,849 |

**(b) Other relevant information**

- (i) 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.
- (ii) During the year ended September 30, 2021, the Company did not receive any dividend from M/s. B.F. Modaraba (2020: Nil).

**6. LONG TERM DEPOSITS**

Security deposits in respect of:

|                             | 2021       | 2020       |
|-----------------------------|------------|------------|
|                             | Rupees     |            |
| - Utilities                 | 2,850,894  | 2,754,094  |
| - Ijarah financing facility | 9,429,500  | 7,329,500  |
| - Others                    | 20,000     | 20,000     |
|                             | 12,300,394 | 10,103,594 |

|    |                                                   | 2021                 | 2020               |
|----|---------------------------------------------------|----------------------|--------------------|
|    |                                                   | Rupees               |                    |
| 7. | <b>STORES AND SPARES</b>                          |                      |                    |
|    | Stores inventory                                  | 79,270,303           | 75,035,142         |
|    | Spares inventory                                  | 17,945,535           | 17,777,320         |
|    | Packing materials                                 | 3,618,418            | 2,951,334          |
|    |                                                   | 100,834,256          | 95,763,796         |
|    | Less: Provision for slow moving stores and spares | (11,789,445)         | (11,789,445)       |
|    |                                                   | <b>89,044,811</b>    | <b>83,974,351</b>  |
| 8. | <b>STOCK-IN-TRADE</b>                             |                      |                    |
|    | Finished goods- sugar                             | 1,042,472,302        | 381,647,677        |
|    | Work in process                                   | 3,801,983            | 2,912,689          |
|    |                                                   | <b>1,046,274,285</b> | <b>384,560,366</b> |

8.1 As of the reporting date, the value of stock pledged against bank borrowings amounted to Rs.455.69 million (2020: Rs. 307.98 million).

|    | 2021                                            | 2020               |
|----|-------------------------------------------------|--------------------|
|    | Rupees                                          |                    |
| 9. | <b>TRADE DEBTS - unsecured, considered good</b> |                    |
|    | Local receivables                               | 143,904,042        |
|    |                                                 | <b>183,347,585</b> |

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

| September 30, 2021         |                  |                    |                     |                            |                  |
|----------------------------|------------------|--------------------|---------------------|----------------------------|------------------|
| Party name                 | Not yet due      | 1-30 days past due | 31-60 days past due | More than 60 days past due | Total            |
|                            | Rupees           |                    |                     |                            |                  |
| Unicol Limited             | 694,965          | -                  | -                   | -                          | 694,965          |
|                            | <b>694,965</b>   | <b>-</b>           | <b>-</b>            | <b>-</b>                   | <b>694,965</b>   |
| September 30, 2020         |                  |                    |                     |                            |                  |
| 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 | 4,500,000        | -                  | -                   | -                          | 4,500,000        |
| Unicol Limited             | 153,891          | -                  | -                   | -                          | 153,891          |
|                            | <b>4,500,000</b> | <b>-</b>           | <b>-</b>            | <b>-</b>                   | <b>4,500,000</b> |

|     | 2021                                                         | 2020              |
|-----|--------------------------------------------------------------|-------------------|
|     | Rupees                                                       |                   |
| 9.2 | <b>Maximum aggregate amounts outstanding during the year</b> |                   |
|     | Unicol Limited                                               | 155,406,219       |
|     | UniFood Industries Limited                                   | 7,065,000         |
|     |                                                              | <b>61,900,000</b> |
|     |                                                              | <b>93,000</b>     |

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

*Investment in quoted equity securities*

| 2021             | 2020   |                                    | 2021             | 2020             |
|------------------|--------|------------------------------------|------------------|------------------|
| Number of shares |        | Scrip name                         | Cost             | Fair value       |
|                  |        |                                    | Rupees           |                  |
| 5,000            | 5,000  | Oil and Gas Development Company    | 728,856          | 419,000          |
| 2,500            | 2,500  | Pakistan State Oil Company Limited | 545,925          | 502,475          |
| 25,000           | 25,000 | Fauji Cement Company Limited       | 424,347          | 448,784          |
|                  |        |                                    | <b>1,699,128</b> | <b>1,370,259</b> |
|                  |        |                                    | 728,856          | 518,000          |
|                  |        |                                    | 545,925          | 500,500          |
|                  |        |                                    | 424,237          | 497,000          |
|                  |        |                                    | <b>1,699,018</b> | <b>1,515,500</b> |

|          |                                                                                                                                                           |          |                    |                    |
|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|----------|--------------------|--------------------|
| 10.1     | <b>Unrealized loss on remeasurement of investments as of the reporting date</b>                                                                           |          | <b>2021</b>        | <b>2020</b>        |
|          |                                                                                                                                                           | Note     | Rupees             |                    |
|          | Market value of the investment                                                                                                                            |          | 1,370,259          | 1,515,500          |
|          | Cost of investment                                                                                                                                        |          | (1,699,018)        | (1,699,018)        |
|          |                                                                                                                                                           |          | <u>(328,759)</u>   | <u>(183,518)</u>   |
| 10.2     | <b>Movement in unrealized loss on remeasurement of investments</b>                                                                                        |          |                    |                    |
|          | At the beginning of the year                                                                                                                              |          | (183,518)          | -                  |
|          | Change in fair value of investment during the year                                                                                                        |          | (145,275)          | (407,457)          |
|          | Loss realized during the year on disposal of investment                                                                                                   |          | -                  | 223,939            |
|          | At the end of the year                                                                                                                                    |          | <u>(328,793)</u>   | <u>(183,518)</u>   |
| 11.      | <b>LOANS, ADVANCES, DEPOSITS AND OTHER RECEIVABLES</b>                                                                                                    |          |                    |                    |
|          | Unsecured, considered good                                                                                                                                |          |                    |                    |
|          | Loans (interest-free)                                                                                                                                     | 11.1     | 28,949,747         | 30,958,348         |
|          | Advances (interest-free)                                                                                                                                  | 11.2     | 206,256,623        | 73,267,560         |
|          | Deposits                                                                                                                                                  | 11.3     | 108,259,426        | 23,126,440         |
|          | Other receivables                                                                                                                                         | 11.4     | 545,837,703        | 549,393,742        |
|          |                                                                                                                                                           |          | <u>889,303,499</u> | <u>676,746,090</u> |
| 11.1     | <b>Loans (interest-free)</b>                                                                                                                              |          |                    |                    |
|          | Loan to growers                                                                                                                                           |          | 27,986,673         | 30,234,747         |
|          | Loan to employees                                                                                                                                         | 11.1.1   | 963,074            | 723,601            |
|          |                                                                                                                                                           |          | <u>28,949,747</u>  | <u>30,958,348</u>  |
| 11.1.1   | These loans have been provided to employees in accordance with the terms of employment. These loans are recovered through deduction from monthly payroll. |          |                    |                    |
| 11.2     | <b>Advances (interest-free)</b>                                                                                                                           | note     | <b>2021</b>        | <b>2020</b>        |
|          |                                                                                                                                                           |          | Rupees             |                    |
|          | Advance to suppliers                                                                                                                                      | 11.2.1   | 203,039,436        | 63,149,875         |
|          | Advance to contractors                                                                                                                                    |          | 77,428             | 68,785             |
|          | Advance sales tax                                                                                                                                         |          | 1,276,090          | 4,766,189          |
|          | Other advances                                                                                                                                            |          | 1,863,669          | 5,282,711          |
|          |                                                                                                                                                           |          | <u>206,256,623</u> | <u>73,267,560</u>  |
| 11.2.1   | Advance to suppliers-Goods                                                                                                                                |          | 191,217,514        | 52,670,222         |
|          | Advance to suppliers-Services                                                                                                                             |          | 11,821,922         | 10,479,653         |
|          |                                                                                                                                                           |          | <u>203,039,436</u> | <u>63,149,875</u>  |
| 11.3     | <b>Deposits</b>                                                                                                                                           |          |                    |                    |
|          | Bid Money                                                                                                                                                 | 11.3.1   | 17,006,208         | 20,559,500         |
|          | TERF Deposits                                                                                                                                             | 11.3.1.2 | 90,537,821         | 2,566,940          |
|          | Others                                                                                                                                                    |          | 715,397            |                    |
|          |                                                                                                                                                           |          | <u>108,259,426</u> | <u>23,126,440</u>  |
| 11.3.1   | This represents amount deposited with M/s. Utility Stores Corporation and Pakistan Army against tenders for the supply of sugar.                          |          |                    |                    |
| 11.3.1.2 | This represents amount deposited with suppliers for the purpose of manufacturing assembling and installation of asset to make an asset available for use. |          |                    |                    |

|      |                            | 2021               | 2020               |
|------|----------------------------|--------------------|--------------------|
| 11.4 | <b>Other receivables</b>   |                    |                    |
|      |                            | <b>Rupees</b>      |                    |
|      | Freight subsidy receivable | 457,985,758        | 457,985,758        |
|      | Sales tax receivable       | 56,424,979         | 56,424,979         |
|      | Excise duty receivable     | 7,005,677          | 7,005,677          |
|      | Road cess receivable       | 7,180,538          | 7,180,538          |
|      | Others                     | 17,240,751         | 20,796,790         |
|      |                            | <b>545,837,703</b> | <b>549,393,742</b> |

## 12. CASH AND BANK BALANCES

|                                          |      |                    |                    |
|------------------------------------------|------|--------------------|--------------------|
| Cash at bank                             |      | 86,007,186         | 101,925,441        |
| - In current accounts                    | 12.1 | 14,470,884         | 55,040,757         |
| - In deposit accounts with Islamic banks |      | 100,478,070        | 156,966,198        |
|                                          |      | 38,348,979         | 3,295,782          |
| Cash in hand                             |      | <b>138,827,049</b> | <b>160,261,980</b> |

12.1 These represent balances held in deposit accounts carrying profit at the rates ranging from 3.96% to 6.01% (2020: 2.96% to 6.01%).

## 13. AUTHORIZED, ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

| 2021              | 2020       |                                                 | 2021               | 2020        |
|-------------------|------------|-------------------------------------------------|--------------------|-------------|
| ---               | ---        | Number of shares ---                            | -----              | -----       |
|                   |            |                                                 | <b>Rupees</b>      |             |
| <b>40,000,000</b> | 40,000,000 | <b>Authorized capital</b>                       | <b>400,000,000</b> | 400,000,000 |
|                   |            | Ordinary shares of Rs. 10/- each                |                    |             |
|                   |            | <b>Issued, subscribed and paid up capital</b>   |                    |             |
|                   |            | <b>Ordinary shares of Rs. 10/- each issued:</b> |                    |             |
| <b>18,201,714</b> | 18,201,714 | - for cash                                      | <b>182,017,140</b> | 182,017,140 |
| <b>6,805,241</b>  | 6,805,241  | - as bonus shares                               | <b>68,052,410</b>  | 68,052,410  |
| <b>25,006,955</b> | 25,006,955 |                                                 | <b>250,069,550</b> | 250,069,550 |

13.1 There are no agreements among shareholders in respect of voting rights, board selection, rights of first refusal and block voting.

|     |                                                                       | 2021               | 2020               |
|-----|-----------------------------------------------------------------------|--------------------|--------------------|
| 14. | <b>LONG TERM BORROWINGS FROM BANKING COMPANIES</b>                    |                    |                    |
|     |                                                                       | <b>Rupees</b>      |                    |
|     | Diminishing Musharaka financing                                       | 527,403,628        | 79,919,774         |
|     | Islamic Re-finance scheme for payment of wages and salaries           | 15,937,324         | 47,009,219         |
|     | Financing under Islamic Temporary Economic Refinance Facility (ITERF) | 264,322,339        | -                  |
|     |                                                                       | <b>807,663,292</b> | <b>126,928,993</b> |

14.1 Diminishing Musharaka financing

*Facilities obtained from Islamic banks*

|                                                  | Movement in Diminishing Musharaka facilities during the year ended September 30, 2021 |              |              | Total outstanding balance as at September 30, |              |
|--------------------------------------------------|---------------------------------------------------------------------------------------|--------------|--------------|-----------------------------------------------|--------------|
|                                                  | I                                                                                     | II           | III          | 2021                                          | 2020         |
|                                                  | Rupees                                                                                |              |              |                                               |              |
| Opening balance                                  | 112,164,558                                                                           | 27,440,485   | 20,366,353   | 159,971,396                                   | 242,876,551  |
| Obtained during the year                         | 500,000,000                                                                           | -            | -            | 500,000,000                                   | 15,848,449   |
|                                                  | 612,164,558                                                                           | 27,440,485   | 20,366,353   | 659,971,396                                   | 258,725,000  |
| Payments made during the year                    | (42,332,970)                                                                          | (27,440,485) | (10,183,178) | (79,956,633)                                  | (98,753,604) |
|                                                  | 569,831,588                                                                           | -            | 10,183,175   | 580,014,763                                   | 159,971,396  |
| Current maturity shown under current liabilities | (42,427,960)                                                                          |              | (10,183,175) | (52,611,135)                                  | (80,051,622) |
|                                                  | 527,403,628                                                                           | -            | -            | 527,403,628                                   | 79,919,774   |

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

|                               | Diminishing Musharaka facility                                                                  |                                                                                                                              |                                                                                                                          |
|-------------------------------|-------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
|                               | I                                                                                               | II                                                                                                                           | III                                                                                                                      |
| <b>Purpose:</b>               | For procurement of plant and machinery                                                          |                                                                                                                              |                                                                                                                          |
| <b>Facility amount (Rs.):</b> | 702,582,000                                                                                     | 68,603,000                                                                                                                   | 36,000,000                                                                                                               |
| <b>Installment frequency</b>  | Monthly / Quarterly                                                                             | Quarterly                                                                                                                    | Semi-annually                                                                                                            |
| <b>Markup rate (formula):</b> | 6-Month KIBOR + 0.5% to 1%                                                                      | 3-Month KIBOR + 0.5%                                                                                                         | 6-Month KIBOR + 0.5%                                                                                                     |
| <b>Markup rate (floor):</b>   | 5%                                                                                              | 6%                                                                                                                           | 4%                                                                                                                       |
| <b>Markup rate (cap):</b>     | 18%                                                                                             | 25%                                                                                                                          | 20%                                                                                                                      |
| <b>Security:</b>              | Pari Passu / Ranking Charge over plant and machinery of Rs. 775 million (2020: Rs. 370 million) | First Pari Passu / Joint Pari Passu Hypothecation Charge over plant and machinery of Rs. 200 million (2020: Rs. 200 million) | First Pari Passu Hypothecation Charge over land, buildings, plant and machinery of Rs. 48 million (2020: Rs. 48 million) |

14.2 Islamic Re-finance scheme for payment of wages and salaries

|                                                                 | 2021              | 2020              |
|-----------------------------------------------------------------|-------------------|-------------------|
|                                                                 | Rupees            |                   |
| Opening carrying amount - net of deferred grant                 | 82,724,856        | 87,825,212        |
| Funds borrowed during the year:                                 |                   |                   |
| Loan proceeds received from the bank                            | 18,739,823        | 87,825,212        |
| Less: Element of government grant recognized as deferred income | (1,859,923)       | (6,755,037)       |
|                                                                 | 16,879,900        | 81,070,175        |
| Interest recognized on unwinding of the liability               | 99,604,756        | 81,070,175        |
| Loan installments paid during the year                          | 7,193,248         | 1,654,682         |
|                                                                 | (39,428,887)      | -                 |
| <b>Closing carrying amount - net of deferred grant</b>          | <b>67,369,117</b> | <b>82,724,856</b> |
| Less: Current maturity shown under current liabilities          | (51,431,793)      | (35,715,637)      |
| Non-current maturity shown under non-current liabilities        | 15,937,324        | 47,009,219        |



- 14.2.1 During the year, the Company obtained a long-term facility facility amounting, in aggregate, to Rs. 18.739 million (2020: Rs. 87.825 million) from M/s. Bank Alfalah Limited under the State Bank of Pakistan's (SBP) 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 10, 2020. The principal terms and conditions of the facility are as follows:
- (a) The applicable markup rate ranges between 1.5% to 2.25% per annum;
  - (b) The tenure of each tranche of the facility is 2.5 years (including 6-month grace period commencing from the date of disbursement of the funds); and
  - (c) Each tranche of the loan is to be repaid in 8 equal quarterly instalments.

Since the facilities carry interest rate ranging between 1.5% to 2.25% p.a. which is well below the market interest rate prevailing as on the date of disbursement of funds, therefore, 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 International Accounting Standard (IAS) 20 'Accounting for Government Grants and Disclosure of Government Assistance' (the standard). Accordingly, the Company measured the loan liability at its fair value (determined on a present value basis) and recognized the difference between the disbursement proceeds received from the bank and the said fair value, as deferred income in the statement of financial position. This deferred income is being 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)

| 14.3 | Financing under Islamic Temporary Economic Refinance Facility (ITERF) | 2021          | 2020 |
|------|-----------------------------------------------------------------------|---------------|------|
|      |                                                                       | Rupees        |      |
|      | Total amount borrowed                                                 | 377,860,620   | -    |
|      | Less: Element of government grant recognized as deferred income       | (109,813,317) | -    |
|      |                                                                       | 268,047,303   | -    |
|      | Add: Interest on unwinding of the loan                                | 9,279,546     | -    |
|      |                                                                       | 277,326,850   | -    |
|      | Less: Current maturity shown under current liabilities                | (13,004,510)  | -    |
|      |                                                                       | 264,322,339   | -    |

- 14.3.1 During the year, the Company obtained a long-term financing facility of Rs. 600 million from M/s. Faysal Bank Limited (FBL) under the SBP's Islamic Temporary Economic Refinance Facility (ITERF) notified vide IH & SMEFD Circular No. 2 of 2020 dated March 17, 2020. Up to the reporting date, the amount disbursed by FBL under the said facility amounted to Rs. 377.861 million.

The principal terms and conditions of the facility are as follows:

- (a) The applicable markup rate is 2.75% per annum;
- (b) The tenure of each tranche of the facility is 10 years (including 2-year moratorium period, commencing from the date of disbursement of the funds); and
- (c) Each tranche of the loan is to be repaid in 32 equal quarterly instalments.

Since the facility carries the markup rate of 2.75% which is well below the prevailing market interest rate, in accordance with a technical opinion issued by the Accounting Standards Board of the Institute of Chartered Accountants of Pakistan (ICAP) in November 2020, 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'. Accordingly, at initial recognition, the Company measured the loan liability at its fair value (determined on a present value basis) and recognized the difference between the disbursement proceeds received from the bank and the said fair value as deferred government grant in the statement of financial position. This deferred grant is being recognized as 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).

| 15.    | DEFERRED LIABILITIES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Note      | 2021               | 2020               |
|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|--------------------|--------------------|
|        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |           | Rupees             |                    |
|        | Deferred taxation – net                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 15.1      | 165,961,744        | 278,444,709        |
|        | Sales tax payable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 15.2/11.4 | 109,419,576        | 109,419,576        |
|        | Provision for excise duty                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 11.4      | 7,005,677          | 7,005,677          |
|        | Deferred government grant                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 15.3.1    | 87,347,705         | 652,149            |
|        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |           | <b>369,734,702</b> | <b>395,522,111</b> |
| 15.1   | <b>Deferred taxation - net</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |           |                    |                    |
|        | Deferred tax liability arising in respect of:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |           | 304,239,569        | 296,719,207        |
|        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |           | 79,738,776         | 86,486,424         |
|        | Property, plant and equipment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |           | 29,594,002         | -                  |
|        | Investment in associates                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |           | 413,572,347        | 383,205,632        |
|        | Long-term borrowing from banking companies                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |           |                    |                    |
|        | Deferred tax asset arising in respect of:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |           | (3,418,939)        | (3,418,939)        |
|        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |           | (30,827,998)       | -                  |
|        | Provision for slow moving stores and spares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 15.1.1    | (213,363,665)      | (101,341,984)      |
|        | Deferred government grant                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |           | (247,610,603)      | (104,760,923)      |
|        | Unused tax losses                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |           | 165,961,744        | 278,444,709        |
| 15.1.1 | As of the reporting date, total unused tax losses amounted to Rs. 920.054 million (2020: Rs. 476.626 million). However, in view of uncertainty over the amount of taxable profits that are probable to be generated in future reporting periods, the deferred tax asset has only been recognized to the extent of the amount reported above which has been determined on the basis of the amount of unused tax losses that were expected to be offset against future taxable profits amounting to Rs. 736.044 million (2020: Rs. 349.455 million). |           |                    |                    |
| 15.2   | <b>Sales tax payable</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |           |                    |                    |
|        | 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 11.4 to these financial statements in view of the judgment of the Honorable High Court of Sindh against the said levy. The Collectorate's appeal with the Honorable Supreme Court of Pakistan was remanded back to the Honorable High Court of Sindh where it is currently pending for further adjudication.                                                                            |           |                    |                    |
| 15.3   | <b>Deferred government grant</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |           | 2021               | 2020               |
|        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |           | Rupees             |                    |
|        | Deferred government grant recognized in respect of:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |           |                    |                    |
|        | - Financing for payment of wages and salaries                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |           | -                  | 652,149            |
|        | - Financing under ITERF                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |           | 87,347,705         |                    |
|        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |           | <b>87,347,705</b>  | <b>652,149</b>     |
| 15.3.1 | <b>Deferred government grant recognized in respect of financing for payment of wages and salaries</b>                                                                                                                                                                                                                                                                                                                                                                                                                                              |           |                    |                    |
|        | Opening balance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |           | 5,598,841          | -                  |
|        | Add: Grant recognized in respect of loan proceeds received during the year                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |           | 1,859,923          | 6,755,037          |
|        | Less: Amortization for the year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |           | (5,221,748)        | (1,156,196)        |
|        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |           | 2,237,016          | 5,598,841          |
|        | Less: Current maturity shown under current liabilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |           | (2,237,016)        | (4,946,692)        |
|        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |           | -                  | 652,149            |

|        |                                                                                                                                                                                                                                                                                   | 2021         | 2020         |
|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|
|        |                                                                                                                                                                                                                                                                                   | Rupees       |              |
| 15.3.2 | <b>Deferred government grant recognized in respect of financing under Islamic Temporary Economic Refinance Facility (ITERF)</b>                                                                                                                                                   |              |              |
|        | Opening balance                                                                                                                                                                                                                                                                   |              |              |
|        | Add: Grant recognized in respect of loan proceeds received during the year                                                                                                                                                                                                        | 109,813,317  | -            |
|        | Less: Amortization for the year                                                                                                                                                                                                                                                   | (5,746,890)  | -            |
|        |                                                                                                                                                                                                                                                                                   | 104,066,426  | -            |
|        | Less: Current maturity shown under current liabilities                                                                                                                                                                                                                            | (16,718,722) | -            |
|        |                                                                                                                                                                                                                                                                                   | 87,347,705   | -            |
| 16.    | <b>TRADE AND OTHER PAYABLES</b>                                                                                                                                                                                                                                                   |              |              |
|        | Creditors:                                                                                                                                                                                                                                                                        |              |              |
|        | - Raw materials                                                                                                                                                                                                                                                                   | 14,174,188   | 20,485,901   |
|        | - Stores and spares                                                                                                                                                                                                                                                               | 58,138,257   | 76,558,200   |
|        |                                                                                                                                                                                                                                                                                   | 72,312,445   | 97,044,101   |
|        | Accrued liabilities                                                                                                                                                                                                                                                               | 47,941,244   | 51,945,485   |
|        | Advance and deposit from customers                                                                                                                                                                                                                                                | 10,998,016   | 33,574,461   |
|        | Sales tax payable                                                                                                                                                                                                                                                                 | 40,766,090   | 112,149,641  |
|        | Workers' Profit Participation Fund                                                                                                                                                                                                                                                | 3,189,509    | 4,439,446    |
|        | Workers' Welfare Fund                                                                                                                                                                                                                                                             | 38,641,793   | 38,641,793   |
|        | Provision for market committee                                                                                                                                                                                                                                                    | -            | 2,209,912    |
|        | Special Excise Duty payable                                                                                                                                                                                                                                                       | 13,208,869   | 13,208,869   |
|        | Other liabilities                                                                                                                                                                                                                                                                 | 21,578,401   | 7,075,974    |
|        |                                                                                                                                                                                                                                                                                   | 248,636,367  | 360,289,683  |
| 16.1   | <b>Accrued liabilities</b>                                                                                                                                                                                                                                                        |              |              |
|        | This includes an amount of Rs. 8.25 million (2020: Rs. 8.47 million) due to M/s. Reliance Insurance Limited, a related party, as of the reporting date.                                                                                                                           |              |              |
| 16.2   | <b>Advances and deposits from customers</b>                                                                                                                                                                                                                                       |              |              |
|        | During the year, the performance obligations underlying the opening contract liability of Rs. 33.57 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. 10.998 million is not presented since the expected duration of all the contracts entered into with the customers is less than one year. |              |              |
| 16.3   | <b>Workers' Profit Participation Fund</b>                                                                                                                                                                                                                                         |              |              |
|        | Balance at the beginning of the year                                                                                                                                                                                                                                              | 4,439,446    | 18,815,056   |
|        | Allocation for the year                                                                                                                                                                                                                                                           | -            | -            |
|        |                                                                                                                                                                                                                                                                                   | 4,439,446    | 18,815,056   |
|        | Less: payment during the year                                                                                                                                                                                                                                                     | (1,249,937)  | (14,375,610) |
|        |                                                                                                                                                                                                                                                                                   | 3,189,509    | 4,439,446    |
| 16.4   | <b>Workers' Welfare Fund</b>                                                                                                                                                                                                                                                      |              |              |
|        | Balance at the beginning of the year                                                                                                                                                                                                                                              | 38,641,793   | 38,641,793   |
|        | Allocation for the year                                                                                                                                                                                                                                                           | -            | -            |
|        |                                                                                                                                                                                                                                                                                   | 38,641,793   | 38,641,793   |
|        | Less: payment during the year                                                                                                                                                                                                                                                     | -            | -            |
|        |                                                                                                                                                                                                                                                                                   | 38,641,793   | 38,641,793   |

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.

#### 16.5 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 Honorable High Court of Sindh decided the petition in the favor 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.

|                                                                        |      | 2021                 | 2020                 |
|------------------------------------------------------------------------|------|----------------------|----------------------|
|                                                                        | Note | Rupees               |                      |
| <b>17. CURRENT MATURITY OF LONG-TERM LIABILITIES</b>                   |      |                      |                      |
| Current maturity of:                                                   |      |                      |                      |
| - Diminishing Musharaka financing                                      | 14.1 | 52,611,135           | 80,051,622           |
| -Islamic Re-finance scheme for payment of wages and salaries           | 14.2 | 51,431,793           | 35,715,637           |
| -Financing under Islamic Temporary Economic Refinance Facility (ITERF) | 14.3 | 13,004,510           | -                    |
| -Deferred government grant                                             | 15.3 | 18,955,738           | 4,946,692            |
|                                                                        |      | <b>136,003,176</b>   | <b>120,713,951</b>   |
| <b>18. SHORT TERM BORROWINGS - Secured</b>                             |      |                      |                      |
| Islamic financing arrangements                                         | 18.1 | <b>2,330,000,000</b> | <b>1,393,966,221</b> |

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. 5,200 million (2020: Rs. 4,700 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 (2020: KIBOR + 0.60% to 1% per annum).

#### 19. CONTINGENCIES AND COMMITMENTS

##### 19.1 Contingencies

19.1.1 The Commissioner Inland Revenue Zone II, LTO selected the case of the company for tax years 2015, 2017, 2018 and 2019 for audit under section 177(1) of the Income Tax Ordinance, 2001 (hereinafter referred to as the Ordinance, 2001). The Assistant / Deputy Commissioner (Audit-I) Inland Revenue, after proceedings, passed orders under Section 122(1) of the Ordinance, 2001, of identical nature resulting in demand of Rs.5.007 billion for tax year 2015 against declared profit 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, wherein the impugned orders were confirmed by the forum, thereafter the company filed appeal before the Appellate Tribunal Inland Revenue against the decision of the Commissioner (Appeals) and is pending before the forum. The company meanwhile has obtained stay from recovery of tax demanded in the respective years from the Appellate Tribunal.

"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."

19.1.2 During the year, the Competition Commission of Pakistan - C.C.P issued show cause notice to the company alleging violation of various sections of Competition Act 2010. The show cause was replied by Company's learned legal counsel. However, C.C.P, vide their order dated 12th August 2021, imposed penalties of Rs.230 million for sharing certain information with PSMA to avail sugar export permission and Rs. 50 million for availing Utility Store Corporation tender. The cumulative penalties amounted to Rs. 280 million. The Company filed suit # 2273 of 2021 at Honorable Sindh High Court-SHC against the impugned order and the SHC suspended the operation of impugned order till the next date of hearing.

In the opinion of the legal counsel of the Company, based on merit the final outcome of aforesaid suit is expected to be in favour of the company. The Company, therefore, based on the opinion of its legal counsel, has not made any provision in these financial statements against the above impugned order.

## 19.2 Commitments

Commitments in respect of corporate guarantee provided to Alternate Energy Development Board (AEDB) on behalf of Faran Power Limited amounted to Rs. 11.70 million (2020: Rs. 11.17 million), and capital expenditure contracted for but not yet incurred amounted to Rs. 323 million approximately (2020: Rs. 101.83 million).

|        |                                             |          | 2021                 | 2020                 |
|--------|---------------------------------------------|----------|----------------------|----------------------|
|        |                                             | Note     | Rupees               |                      |
| 20.    | <b>SALES REVENUE – net</b>                  |          |                      |                      |
|        | Revenue from local sales – net              | 20.1     | 4,860,284,706        | 5,129,364,280        |
|        | Revenue from export sales                   |          | -                    | 622,065,469          |
|        |                                             |          | <b>4,860,284,706</b> | <b>5,751,429,749</b> |
| 20.1   | <b>Revenue from local sales - net</b>       |          |                      |                      |
|        | Sales of sugar to local customers - gross   |          | 4,894,119,615        | 5,418,080,747        |
|        | Less: Sales tax                             |          | (717,405,645)        | (804,169,858)        |
|        |                                             |          | <b>4,176,713,970</b> | <b>4,613,910,889</b> |
|        | Sales of molasses to local customers        |          | 648,001,834          | 473,098,600          |
|        | Sales of bagasse to local customers - gross |          | 39,945,583           | 49,555,108           |
|        | Less: Sales tax                             |          | (4,376,681)          | (7,200,317)          |
|        |                                             |          | <b>35,568,902</b>    | <b>42,354,791</b>    |
|        |                                             |          | <b>4,860,284,706</b> | <b>5,129,364,280</b> |
| 21.    | <b>COST OF SALES</b>                        |          |                      |                      |
|        | Opening stock of finished goods             |          | 381,647,677          | 1,062,061,495        |
|        | Add: Cost of finished goods purchased       |          | -                    | 123,652,820          |
|        | Cost of finished goods manufactured         | 21.1     | 5,480,728,071        | 4,678,819,526        |
|        |                                             |          | <b>5,862,375,748</b> | <b>5,864,533,841</b> |
|        | Closing stock of finished goods             |          | (1,042,472,302)      | (381,647,677)        |
|        |                                             |          | <b>4,819,903,446</b> | <b>5,482,886,163</b> |
| 21.1   | <b>Cost of finished goods manufactured</b>  |          |                      |                      |
|        | Raw materials consumed                      |          | 4,845,465,028        | 4,046,982,893        |
|        | Conversion costs incurred                   | 21.1.1   | 636,152,337          | 626,416,605          |
|        |                                             |          | <b>5,481,617,365</b> | <b>4,673,399,498</b> |
|        | Opening stock of work in process            |          | 2,912,689            | 8,332,717            |
|        | Closing stock of work in process            |          | (3,801,983)          | (2,912,689)          |
|        |                                             |          | <b>(889,294)</b>     | <b>5,420,028</b>     |
|        |                                             |          | <b>5,480,728,071</b> | <b>4,678,819,526</b> |
| 21.1.1 | <b>Conversion costs incurred</b>            |          |                      |                      |
|        | Salaries, wages and benefits                | 21.1.1.1 | 295,065,274          | 284,015,676          |
|        | Repairs and maintenance                     |          | 94,816,719           | 103,527,448          |
|        | Stores and spares consumed                  |          | 83,705,352           | 71,921,029           |
|        | Depreciation                                | 4.1.2    | 78,036,534           | 77,514,914           |
|        | Packing materials consumed                  |          | 30,998,322           | 40,164,214           |
|        | Fuel and power                              |          | 24,123,666           | 24,527,946           |
|        | Insurance                                   |          | 18,422,308           | 14,282,509           |
|        | Vehicle running expenses                    |          | 7,713,507            | 5,930,812            |
|        | Others                                      |          | 3,270,655            | 4,532,057            |
|        |                                             |          | <b>636,152,337</b>   | <b>626,416,605</b>   |

21.1.1.1 This includes Rs. 3.52 million (2020: Rs. 3.08 million) in respect of staff retirement benefits.

|     |                                  | 2021               | 2020               |
|-----|----------------------------------|--------------------|--------------------|
|     |                                  | Rupees             |                    |
| 22. | <b>ADMINISTRATIVE EXPENSES</b>   |                    |                    |
|     |                                  |                    |                    |
|     | Salaries and benefits            | 91,891,066         | 88,516,723         |
|     | Depreciation                     | 26,359,032         | 26,762,845         |
|     | Ijarah lease rental              | 10,371,993         | 9,720,216          |
|     | Legal charges                    | 7,642,898          | 2,522,087          |
|     | Vehicle running                  | 5,109,595          | 6,337,744          |
|     | Fees and subscription            | 4,082,094          | 5,285,710          |
|     | Insurance                        | 3,918,460          | 2,932,869          |
|     | Telephone, postage and telegraph | 1,836,967          | 1,958,744          |
|     | General expenses                 | 3,117,229          | 4,450,749          |
|     | Utilities charges                | 1,548,619          | 1,914,810          |
|     | Auditors' remuneration           | 1,175,000          | 1,175,000          |
|     | Printing and stationery          | 894,205            | 1,215,976          |
|     | Rent, rates and taxes            | 803,500            | 703,500            |
|     | Professional services            | 755,000            | 166,950            |
|     | Advertisement expenses           | 197,812            | 258,075            |
|     | Repairs and maintenance          | 684,293            | 1,943,593          |
|     | Traveling and conveyance charges | 533,196            | 1,836,018          |
|     | IT related expenses              | 310,700            | 963,450            |
|     |                                  | <b>161,231,659</b> | <b>158,665,059</b> |

22.1 This includes Rs. 2.368 million (2019: Rs. 2.31 million) in respect of staff retirement benefits.

|      |                                                                                           | 2021              | 2020              |
|------|-------------------------------------------------------------------------------------------|-------------------|-------------------|
|      |                                                                                           | Rupees            |                   |
| 22.2 | <b>Auditors' remuneration</b>                                                             |                   |                   |
|      | Statutory audit fee                                                                       | 825,000           | 825,000           |
|      | Half yearly review                                                                        | 200,000           | 200,000           |
|      | Certification charges                                                                     | 125,000           | 125,000           |
|      | Out of Pocket                                                                             | 25,000            | 25,000            |
|      |                                                                                           | <b>1,372,812</b>  | <b>1,433,075</b>  |
| 23.  | <b>SELLING AND DISTRIBUTION COSTS</b>                                                     |                   |                   |
|      |                                                                                           |                   |                   |
|      | Export expenses                                                                           | -                 | 4,585,270         |
|      | Handling, transportation and storage                                                      | 52,697,810        | 12,400,883        |
|      |                                                                                           | <b>52,697,810</b> | <b>16,986,153</b> |
| 24.  | <b>OTHER INCOME</b>                                                                       |                   |                   |
|      |                                                                                           |                   |                   |
|      | Sale of scrap                                                                             | 6,945,003         | 11,456,687        |
|      | Profit on deposit accounts                                                                | 3,154,692         | 6,224,494         |
|      | Gain on sale of property, plant and equipment                                             | 2,908,797         | 1,045,441         |
|      | Amortization of deferred government grant                                                 | 10,968,638        | 1,156,196         |
|      | Dividend income                                                                           | 52,000            | 1,228,750         |
|      | Exchange gain                                                                             | 162,387           | -                 |
|      | Miscellaneous income                                                                      | 437,260           | 659,573           |
|      |                                                                                           | <b>24,628,777</b> | <b>21,771,141</b> |
| 25.  | <b>OTHER EXPENSES</b>                                                                     |                   |                   |
|      |                                                                                           |                   |                   |
|      | Donation                                                                                  | 505,651           | 3,977,659         |
|      | Exchange loss                                                                             | -                 | 1,913,689         |
|      | Loss realized on sale of investments in quoted equity securities                          | -                 | 223,939           |
|      | Unrealized loss on remeasurement of investments in quoted equity securities to fair value | 145,275           | 183,518           |
|      |                                                                                           | <b>650,926</b>    | <b>6,298,805</b>  |

25.1 In current year none of the directors or their spouses have any interest in the donee institutions, in prior year (2020: Rs. 3.59 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.

There is no single party to whom the donation exceeds the higher of 10% of the Company's total amount of donation expense for the year or Rs. 1 million.

|     |                                                    | 2021                | 2020               |
|-----|----------------------------------------------------|---------------------|--------------------|
|     |                                                    | Rupees              |                    |
| 26. | <b>FINANCE COSTS</b>                               |                     |                    |
|     | Markup on long term finance                        | 25,193,755          | 27,077,329         |
|     | Markup on short term finance                       | 227,261,063         | 270,163,661        |
|     | Bank charges                                       | 7,333,478           | 4,083,119          |
|     |                                                    | <b>259,788,296</b>  | <b>301,324,109</b> |
| 27. | <b>SHARE OF PROFIT OR LOSS OF ASSOCIATES – net</b> |                     |                    |
|     | Unicol Limited                                     | 167,515,667         | 174,589,000        |
|     | Uni Energy Limited                                 | 80,700              | 236,084            |
|     | Uni Food Industries Limited                        | (148,649,593)       | (133,664,574)      |
|     |                                                    | <b>18,946,774</b>   | <b>41,160,510</b>  |
| 28. | <b>TAXATION</b>                                    |                     |                    |
|     | Current                                            | 92,730,259          | 124,777,173        |
|     | Prior                                              | -                   | 1,573,918          |
|     |                                                    | <b>92,730,259</b>   | <b>126,351,091</b> |
|     | Deferred                                           | (112,482,965)       | (106,832,843)      |
|     |                                                    | <b>(19,752,706)</b> | <b>19,518,247</b>  |

#### 28.1 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 2021 (accounting year ended September 30, 2020) 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.

#### 28.2 Relationship between tax expense and accounting losses

The numerical reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate as required by IAS 12 'Income Taxes' has not been presented in these financial statements since the Company has suffered an accounting loss before tax in both reported years and its income subject to taxation under the normal tax regime has attracted the provisions of section 113 (Minimum tax) of the Income Tax Ordinance, 2001.

|      | 2021                                                                   | 2020                        |
|------|------------------------------------------------------------------------|-----------------------------|
|      | Rupees                                                                 |                             |
| 29.  | <b>LOSS PER SHARE</b>                                                  |                             |
| 29.1 | <b>Basic loss per share</b>                                            |                             |
|      | Loss after taxation                                                    | (370,659,174) (171,317,136) |
|      |                                                                        |                             |
|      | Number                                                                 |                             |
|      | Weighted average number of ordinary shares outstanding during the year | 25,006,955 25,006,955       |
|      |                                                                        |                             |
|      | Rupees                                                                 |                             |
|      | Loss per share - basic                                                 | (14.82) (6.85)              |

29.2 **Diluted loss per share**

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

|     |                                                     | 2021              | 2020          |
|-----|-----------------------------------------------------|-------------------|---------------|
|     |                                                     | Rupees            |               |
| 30. | <b>CASH GENERATED FROM OPERATIONS</b>               | Note              |               |
|     | Loss before taxation                                | (390,411,880)     | (151,798,889) |
|     | <b>Adjustment for non-cash and other items:</b>     |                   |               |
|     | - Depreciation                                      | 4.1.2 104,395,566 | 104,277,759   |
|     | - Provision for Market Committee fee                | 1,984,529         | 703,951       |
|     | - Profit on deposit accounts                        | 24 (3,154,692)    | (6,224,494)   |
|     | - Dividend income                                   | 24 (52,000)       | (1,228,750)   |
|     | - Gain on sale of property, plant and equipment     | 24 (2,908,797)    | (1,045,441)   |
|     | - Amortization of deferred government grant         | 24 (10,968,638)   | (1,156,196)   |
|     | - Loss realized on sale of investments              | 25 -              | 223,939       |
|     | - Unrealized loss on remeasurement of investments   | 25 145,275        | 183,518       |
|     | - Finance costs                                     | 26 259,788,296    | 301,324,109   |
|     | - Share of profit of associates - net               | 27 (18,946,774)   | (41,160,510)  |
|     |                                                     | (60,129,115)      | 204,098,995   |
|     | <b>Working capital changes</b>                      |                   |               |
|     | <i>(Increase) / decrease in current assets</i>      |                   |               |
|     | - Stores and spares                                 | (5,070,460)       | (1,053,994)   |
|     | - Stock in trade                                    | (661,713,919)     | 685,833,845   |
|     | - Trade debts                                       | 39,443,543        | (55,282,487)  |
|     | - Loans, advances, deposits and other receivables   | (212,557,409)     | 55,318,814    |
|     | <i>Increase / (decrease) in current liabilities</i> |                   |               |
|     | - Trade and other payables                          | (108,193,467)     | (586,646,728) |
|     |                                                     | (948,091,711)     | 98,169,450    |
|     | <b>Cash generated from operations</b>               | (1,008,220,827)   | 302,268,445   |

31. **TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

Related parties comprise of the Company's subsidiary, associates, key management personnel (including directors) and their close family members and the 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 36.4 to the financial statements. Transactions with related parties during the year, other than those disclosed elsewhere in the financial statements, are given below:



|                                                      | 2021        | 2020        |
|------------------------------------------------------|-------------|-------------|
|                                                      | Rupees      |             |
| <b>Transactions with associates</b>                  |             |             |
| Sale of goods                                        | 686,710,835 | 509,394,655 |
| <b>Balances outstanding with associate</b>           |             |             |
| Due from / (to) Unicol Limited                       | 694,965     | 153,891     |
| Due from UniFood Industries Limited:                 |             |             |
| - trade receivable against sale of sugar             | -           | 4,500,000   |
| <b>Balances outstanding with other related party</b> |             |             |
| Due to Reliance Insurance Limited                    | 11,183,390  | 8,475,640   |
| <b>Transactions with other related parties</b>       |             |             |
| Insurance premium paid                               | 21,600,000  | 23,930,343  |
| Provident fund contribution                          | 6,074,585   | 5,392,400   |
| Donation                                             | -           | 3,596,750   |
| <b>Provident Fund (receivable) / payable</b>         | 776,119     | (2,560,697) |

As disclosed in note 19.2 Company has provided Corporate guarantee to Alternate Energy Development (AEDB) on behalf of Faran Power Limited amounted to Rs 11.70 million (2020, 11.17)

## 32. FINANCIAL INSTRUMENTS

### 32.1 Categories of financial assets and liabilities

|                                                         | 2021          | 2020          |
|---------------------------------------------------------|---------------|---------------|
|                                                         | Rupees        |               |
| <b>32.1.1 Financial assets</b>                          |               |               |
| <i>At amortized cost</i>                                |               |               |
| Long term deposits                                      | 12,300,394    | 10,103,594    |
| Trade debts                                             | 143,904,042   | 183,347,585   |
| Loans, deposits and other receivables                   | 62,233,632    | 71,591,037    |
| Cash and bank balances                                  | 138,827,049   | 160,261,980   |
|                                                         | 357,265,117   | 425,304,196   |
| <i>At fair value through profit or loss</i>             |               |               |
| Short term investments in quoted equity securities      | 1,370,259     | 1,515,500     |
| <i>At fair value through other comprehensive income</i> |               |               |
| Long term investment in B.F. Modaraba                   | 6,481,819     | 4,884,849     |
| <b>32.1.2 Financial liabilities</b>                     |               |               |
| <i>At amortized cost</i>                                |               |               |
| Long term borrowings from banking companies             | 943,666,071   | 247,642,944   |
| Trade and other payables                                | 131,459,223   | 191,849,933   |
| Accrued mark up                                         | 41,019,729    | 30,444,548    |
| Short term borrowings from banking companies            | 2,330,000,000 | 1,393,966,221 |
|                                                         | 3,446,145,023 | 1,863,903,646 |

## 32.2 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

### 32.2.1 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:

|                                       |      | 2021               | 2020               |
|---------------------------------------|------|--------------------|--------------------|
|                                       | note | Rupees             |                    |
| Long term deposits                    |      | 12,300,394         | 10,103,594         |
| Trade debts                           | (a)  | 143,904,042        | 183,347,585        |
| Loans, deposits and other receivables |      | 62,233,632         | 71,591,037         |
| Bank balances                         | (b)  | 100,478,070        | 156,966,198        |
|                                       |      | <b>318,916,138</b> | <b>422,008,414</b> |

#### **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, 2021    |                                      | September 30, 2020    |                                      |
|------------------------|-----------------------|--------------------------------------|-----------------------|--------------------------------------|
|                        | Gross carrying amount | Provision for expected credit losses | Gross carrying amount | Provision for expected credit losses |
|                        | Rupees                |                                      |                       |                                      |
| Not past due           | 143,904,042           | -                                    | 183,347,585           | -                                    |
| Past due 1 to 180 days | -                     | -                                    | -                     | -                                    |
| More than 180 days     | -                     | -                                    | -                     | -                                    |
|                        | <b>143,904,042</b>    | <b>-</b>                             | <b>183,347,585</b>    | <b>-</b>                             |

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 Limited           | PACRA                | A-1+       | AAA       |
| 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+       |
| MCB Bank Limited                | PACRA                | A-1+       | AAA       |
| Bank Al-Barka Islamic Limited   | PACRA                | A-1        | A         |
| Meezan Bank Limited             | JCR-VIS              | A-1+       | AAA       |
| 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        |

### 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.

### 32.2.2 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, 2021 |                        |                       |                    |
|----------------------------------------------|--------------------|------------------------|-----------------------|--------------------|
|                                              | Carrying Amount    | Contractual Cash flows | Twelve months or less | One to five years  |
|                                              | (Rupees)           |                        |                       |                    |
| <b>Non-derivative financial liabilities</b>  | <b>943,666,071</b> | <b>943,666,071</b>     | <b>136,002,779</b>    | <b>807,663,292</b> |
| Long term borrowings from banking companies  | 131,459,223        | 131,459,223            | 131,459,223           | -                  |
| Trade and other payables                     | 41,019,729         | 41,019,729             | 41,019,729            | -                  |
| Accrued markup                               | 2,330,000,000      | 2,330,000,000          | 2,330,000,000         | -                  |
| Short term borrowings from banking companies | 3,446,145,022      | 3,446,145,022          | 2,638,481,731         | 807,663,292        |

|                                              | September 30, 2020 |                        |                       |                   |
|----------------------------------------------|--------------------|------------------------|-----------------------|-------------------|
|                                              | Carrying Amount    | Contractual Cash flows | Twelve months or less | One to five years |
|                                              | (Rupees)           |                        |                       |                   |
| Non-derivative financial liabilities         | 247,642,944        | 247,642,944            | 120,713,951           | 126,928,993       |
| Long term borrowings from banking companies  | 146,676,789        | 146,676,789            | 146,676,789           | -                 |
| Trade and other payables                     | 30,444,548         | 30,444,548             | 30,444,548            | -                 |
| Accrued markup                               | 1,393,966,221      | 1,393,966,221          | 1,393,966,221         | -                 |
| Short term borrowings from banking companies | 1,818,730,502      | 1,818,730,502          | 1,691,801,509         | 126,928,993       |

### 32.2.3 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.) |               |
|-------------------------------|-----------------------------|----------------|-----------------------|---------------|
|                               | 2021                        | 2020           | 2021                  | 2020          |
| <b>Financial liabilities</b>  |                             |                |                       |               |
| - Long term financing         | 7.37% - 8.88%               | 7.37% - 12.40% | 87,671,548            | 247,642,944   |
| - Short term finance          | 7.75% - 8.95%               | 7.44% - 15.02% | 2,080,000,001         | 1,393,966,221 |
| <b>Financial assets</b>       |                             |                |                       |               |
| - Bank deposits - pls account | 4% - 6.01%                  | 2.99% - 6.01%  | 574,639               | 55,040,757    |

*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.

### 33. 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 categorized 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 recognized in the financial statements at fair value on a recurring basis, the management recognizes 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 |
|-------------------------------|--------------------|---------|---------|
|                               | ----- Rupees ----- |         |         |
| <b>September 30, 2021</b>     |                    |         |         |
| - Investment in B.F. Modaraba | 6,481,819          | -       | -       |
| - Short term investments      | 1,370,259          | -       | -       |
|                               | <b>7,852,078</b>   | -       | -       |
|                               | Level 1            | Level 2 | Level 3 |
|                               | ----- Rupees ----- |         |         |
| <b>September 30, 2020</b>     |                    |         |         |
| - Investment in B.F. Modaraba | 4,884,849          | -       | -       |
| - Short term investments      | 1,515,500          | -       | -       |
|                               | <b>6,400,349</b>   | -       | -       |

34.

## 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.

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

|                                            | 2021                 | 2020                 |
|--------------------------------------------|----------------------|----------------------|
|                                            | ----- Rupees -----   |                      |
| <b>Borrowings</b>                          |                      |                      |
| Long term borrowings                       | 943,666,071          | 247,642,944          |
| Short term borrowings                      | 2,330,000,000        | 1,393,966,221        |
| <b>Share capital and reserves</b>          |                      |                      |
| Issued, subscribed and paid-up capital     | 250,069,550          | 250,069,550          |
| Share premium                              | 8,472,152            | 8,472,152            |
| General reserves and unappropriated profit | 1,494,128,187        | 1,864,787,361        |
|                                            | <b>1,752,669,889</b> | <b>2,123,329,063</b> |
|                                            | <b>5,026,335,960</b> | <b>3,764,938,228</b> |

35. **OPERATING SEGMENT**

These financial statements have been prepared on the basis of single reportable segment i.e. sale and manufacturing of sugar. The entity-wide disclosures required by IFRS 8 'Operating Segments' are given below:

- (a) 'Revenue from sale of Sugar represents 87.68% (2020: 92.02%) of the total revenue of the Company.
- (b) 100% (2020: 90.52%) gross sales of the Company were made to customers based in Pakistan.
- (c) As at September 30, 2021 and September 30, 2020 all non-current assets of the Company were located in Pakistan.
- (d) Revenue earned from one major customer, excluding sales tax, of more than 10% of total sales amounted to Rs. 710.40 million (2020: Rs. 822.059 million). The major customer resides in Pakistan.

36. **DISCLOSURES REQUIRED BY THE COMPANIES ACT, 2017**

36.1 **Plant capacity and actual production**

|                             | 2021                        |             | 2020                        |             |
|-----------------------------|-----------------------------|-------------|-----------------------------|-------------|
|                             | "Quantity<br>(metric tons)" | No. of days | "Quantity<br>(metric tons)" | No. of days |
| Sugarcane crushing capacity | 1,620,000                   | 180         | 1,620,000                   | 180         |
| Sugarcane crushed           | 601,717                     | 98          | 601,936                     | 105         |

36.1.1 The main reason for under utilization of the installed capacity is limited availability of sugarcane.

36.2 **Number of employees**

|                                              | 2021   | 2020   |
|----------------------------------------------|--------|--------|
|                                              | Number | Number |
| Total number of employees as at September 30 | 667    | 615    |
| Average number of employees during the year  | 725    | 602    |

36.3 **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.

36.4 **Remuneration of the Chief Executive, Directors and Executives**

|                                |        | 2021              |            |            |            |
|--------------------------------|--------|-------------------|------------|------------|------------|
|                                | Note   | Chief Executive   | Directors  | Executives | Total      |
|                                |        | Rupees            |            |            |            |
| Managerial remuneration        |        | 13,782,000        | 13,572,655 | 25,891,371 | 53,246,026 |
| Contribution to provident fund |        | -                 | -          | 2,348,309  | 2,348,309  |
| Other perquisites and benefits | 36.4.1 | 1,378,200         | 1,357,265  | 21,615,186 | 24,350,651 |
| Bonus                          |        | -                 | -          | 10,291,644 | 10,291,644 |
|                                |        | 15,160,200        | 14,929,920 | 60,146,510 | 90,236,630 |
|                                |        | 1                 | 2          | 13         |            |
|                                |        | Number of persons |            |            |            |
|                                |        | 2020              |            |            |            |
|                                | Note   | Chief Executive   | Directors  | Executives | Total      |
|                                |        | 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 | 36.4.1 | 1,276,364         | 1,256,727  | 20,226,504 | 22,759,595 |
|                                |        | 14,040,000        | 13,824,000 | 41,649,669 | 69,513,669 |
|                                |        | 1                 | 2          | 8          |            |
|                                |        | Number of persons |            |            |            |

- 36.4.1 Other perquisites and benefits mainly include house rent allowance, utilities allowance, medical allowance and bonus.
- 36.4.2 Three non-executive directors were paid fees to attend the board meetings amounting to Rs. 280,000 (2020: Rs. 160,000).
- 36.4.3 The Chief Executive and Directors are also provided with free use of Company-maintained cars in accordance with their terms of service.

37. **GENERAL**

37.1 **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    |
|--------------------------------------------|-----------------------------------------------------------|-----------|
| Freight<br>(Conversion costs incurred)     | Stores and spares consumed<br>(Conversion costs incurred) | 4,649,462 |
| Legal charges<br>(Administrative Expenses) | Auditors' remuneration<br>(Administrative Expenses)       | 147,000   |

37.2 **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 05, 2022.

37.3 **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 40<sup>th</sup> Annual General Meeting of the Company will be held on Thursday, January 27, 2022 at 12:00 Noon 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 February 24, 2021.
2. To receive, consider and approve annual audited financial statement of the Company for the year ended September 30, 2021 together with the reports of the auditors' and directors' thereon.
3. To appoint auditor of the company for the year September 30, 2022, 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, 2022.

## 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 2021
6. To consider and approve renewal of Investment up to un-utilized amount of Rs. 630 million and Corporate Guarantee; if required, in the Uni-Energy Limited.
7. To consider and approve further investment upto Rs. 185 million in Uni-Food industries Limited (UFIL).
8. To transact any other business with permission of the Chair.

## BY ORDER OF THE BOARD

Karachi.

Dated: January 05, 2022



**Muhammad Ayub**  
Company Secretary

## Notes:

1. Share Transfer Books will be closed from January 20, 2022 to January 27, 2022 (both days inclusive) for the purpose of Annual General Meeting.
2. Only those members whose names appear in the register of member of the Company as on January 19, 2022 will be entitled to attend and vote at the meeting.



3. A member entitled to attend, speak and vote may appoint any other person as his / her proxy to attend, speak and vote on his / her behalf. Proxies must be received at the Registered Office of the Company duly signed not later than 48 hours before the time of holding the meeting. Form of proxy is enclosed herewith.
4. Any change of address of Members should be notified immediately to the Company's Share Registrar office.

**A. For Attending the Meeting:**

- i. In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or original Passport along with participant ID number and the Account number at the time of attending the meeting.
- ii. In case of corporate entity, the Boards resolution / power of attorney with specimen signature of the nominee shall be produce [unless it has been provide earlier] at the time of the Meeting.

**B. For Appointing Proxies:**

- i. In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulation, shall submit the proxy form as per above requirements.
- ii. The proxy form shall witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- v. In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished [unless it has been provided earlier] along with proxy form to the Company.

**5. Transmission of the Annual Audited Financial Statements through CD/DVD**

The Company has circulated financial statements to its members through CD at their registered address. Printed copy of above referred statements can be provided to members upon request. Request form is available on the website of the Company i.e. [www.faran.com.pk](http://www.faran.com.pk)

**6. Transmission of Annual Reports through e-mail**

The SECP vide SRO 787 (I)/2014 dated September 08, 2014 has provided an option for shareholders to receive audited financial statements along with notice of annual general meeting electronically through email. Hence, members who are interested in receiving the annual reports and notice of annual general meeting electronically in future are requested to send their email addresses on the consent form placed on the Company's website [www.faran.com.pk](http://www.faran.com.pk). The Company shall, however additionally provide hard copies of the annual report on request, to such members free of cost.

**7. Availability of Audited Financial Statements on Company's Website**

The audited financial statements of the Company for the year ended September 30, 2021, have been made available on the Company's website [www.faran.com.pk](http://www.faran.com.pk)

# NOTICE OF ANNUAL GENERAL MEETING

## 8. Submission of Copies of CNIC and NTN Certificates (Mandatory)

CNIC of the shareholders is mandatory in terms of the directive of the Securities and Exchange Commission of Pakistan contained in S.R.O. 831(I)/2012 dated July 05, 2012 for the issuance of future dividend warrants etc., and in the absence of such information, payment of dividend may be withheld in term of SECP's above mentioned directive. Therefore, the shareholders who have not yet provided their CNICs are once again advised to provide the attested copies of their CNICs directly to our Independent Share Registrar without any further delay.

## 9. Form for Video Conference Facility

In accordance with Section 132 and 134 of the Companies Act, 2017, members can also avail video conference facility.

If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location other than the city of the Meeting, to participate in the meeting through video conference at least 7 days prior to the date of the Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. In this regard, please fill the form and submit the same to the registered address of the Company 7 days before holding of the Annual General Meeting.

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of general meeting along with complete information necessary to enable them to access facility.

## 10. Unclaimed dividend

Shareholders, who by any reason, could not claim their dividend, if any, are advised to contact our Share Registrar M/s. C&K Management Associates (PVT.) Ltd. 404, Trade Tower, Abdullah Haroon Road, Near Metropole Hotel, Karachi, to collect/enquire about their unclaimed dividend, if any.

In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividend outstanding for a period of 3 years or more from the date due and payable shall be deposited to the credit of Federal Government in case of unclaimed dividend.

## 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 January 27, 2022. 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, 2021 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.

# NOTICE OF ANNUAL GENERAL MEETING

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. 31 of the Financial Statements for the year ended September 30, 2021 and further to authorize the Board of Directors to conduct transactions with related parties or associated companies for the year ending September 30, 2021.

Party wise breakup of transactions as disclosed in Note no. 31 of the Financial Statements for the year ended September 30, 2021 is given below

| Name of Related Party                    | Nature of Transaction           | Amount (Rs.) |
|------------------------------------------|---------------------------------|--------------|
| <b>Associates</b>                        |                                 |              |
| Unicol Limited                           | Sales made                      | 665,200,834  |
| Unicol Limited                           | Dividend Income received        | 212,499,987  |
| Uni-Food Industries Limited              | Sales made                      | 6,735,000    |
| Uni-Food Industries Limited              | Investment made                 | 136,931,320  |
| <b>Common Directorship</b>               |                                 |              |
| Begum Aisha Bawany Taleem-ul-Quran Trust | Donation                        | -            |
| Reliance Insurance Company Limited       | Insurance Premium paid          | 21,600,000   |
| Provident Fund Trust                     | Charge for Staff Provident Fund | 5,890,883    |

## Item No. 5 of the Agenda

Chairman, Vice Chairman and Chief Executive Remuneration

The Board of Directors in its meeting held on January 05, 2022 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, 2021 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. 1,364,700/- per month and Mr. Bilal Omar Bawany, Director, a sum of Rs. 358,100/- per month w.e.f. from October 01, 2021, and other benefits as per service rules.”

“Further resolved that the monthly honorarium of Rs. 985,600/- 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 from Alternative Energy Development Board (AEDB) on October 16, 2015 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 was to build, operate and maintain wind power generating project of 50 Mega Watts for the generation and supply of electric power in relation thereof.

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. 595 million in the equity of UniFood Industries Limited (UFIL) and Corporate guarantee and has invested Rs. 588.6 million to date. The company intends to consider and approve further equity investment of Rs. 185 million in the UNI-FOOD INDUSTRIES LIMITED – an associate joint venture unlisted public company (UFIL), 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.

Therefore, it is proposed to consider and, if thought fit, pass, with or without modification, the following special resolution.

Resolved that the Company be and is hereby authorized to make further investments upto Rs. 185 million, as and when required, as mentioned in the annexed statement under section 134(3) of the Companies Act 2017.

Further Resolved that the Chief Executive / Company Secretary of the company be and are hereby authorized to sign all the related documents, and generally do all other acts, deeds and execute all other documents / agreements effectually and completely, by themselves or through any employee authorized by any of them in writing, to carry out the aforesaid purpose, on behalf of the company.

**Statement of Material Facts concerning Special Business pursuant to Section 134(3) of the Companies Act 2017 read with S.R.O 1240(I)/2017 dated December 06, 2017 is being sent to the Members along with the Notice of the Meeting.**

This statement sets out the material facts concerning the Special Business given in Agenda Item No. 7 of the Notice to be transacted in the Annual General Meeting of the shareholders of Faran Sugar Mills Limited (FSML) to be held on January 27, 2022 at 12:00 noon at the Institute of Chartered Accountants of Pakistan, Chartered Accountant Avenue, Clifton, Karachi.

The Directors of the Company have an interest in UFIL as directors / shareholders of the UFIL. Further information is in terms of notification No. S.R.O. 1240(I) /2017 dated December 06, 2017 are as follows:

# NOTICE OF ANNUAL GENERAL MEETING

| Sr. no. | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Information                                                                                                                                                                                                                                                                                                                                                                     |
|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (A)     | Regarding associated company or associated undertaking:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                 |
| (i)     | Name of associated company or associated undertaking;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | UNI-FOODS INDUSTRIES LIMITED                                                                                                                                                                                                                                                                                                                                                    |
| (ii)    | Basis of relationship                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Associate Company                                                                                                                                                                                                                                                                                                                                                               |
| (iii)   | Earnings per share for the last three years                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 2021: Rs. (2.87) per share<br>2020: Rs. (3.25) per share<br>2019: Rs. (4.53) per share                                                                                                                                                                                                                                                                                          |
| (iv)    | Break-up value per share, based on latest audited financial statements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Rs. 1.66 per share                                                                                                                                                                                                                                                                                                                                                              |
| (v)     | Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements; and                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | As on June 30, 2021 Statement of Financial Position<br>Rs. In Million<br>Non-Current Asset 869.05<br>Current Asset 177.76<br>Total Assets 1,046.81<br>Shareholder Equity 246.51<br>Non-Current Liabilities 412.82<br>Current Liabilities 387.48<br>Total 1,046.81<br>Statement of Profit and Loss (Rs. In Million)<br>Revenue 472.66<br>Gross Loss (30.09)<br>Net loss (427.03) |
| (vi)    | In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely,-<br>1. Description of the project and its history since conceptualization;<br>2. Starting date and expected date of completion of work;<br>3. Time by which such project shall become commercially operational;<br>4. Expected time by which the project shall start paying return on investment; and<br>5. Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts; | Unifood has already commenced its operations in March 2018                                                                                                                                                                                                                                                                                                                      |

| <b>(B) General disclosures:</b> |                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (I)                             | Maximum amount of investment to be made                                                                                                                                                                                                                                                           | Rs. 185 Million                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| (II)                            | Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;                                                                                                                                                                        | <p>Purpose: Unifood has recently introduced products in a new category - 'Cake Rusk'. This category has good growth potential as there are very few well-known brands available in the market. Hence with further investment in the enhancement of production capacity of Cake Rusks, the Company will be able to generate a good revenue stream from this category. The spending on distribution network and marketing is in line with growth strategy to penetrate horizontally in the untapped market.</p> <p>Benefit: Dividend/ capital gain.</p> <p>Period: Strategic investment.</p> |
| (III)                           | Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,-<br>Justification for investment through borrowings;<br>Detail of collateral, guarantees provided and assets pledged for obtaining such funds; and<br>Cost benefit analysis; | Investment in UniFood will be made from retained earnings of the company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| (iv)                            | Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;                                                                                                                                                          | N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| (v)                             | Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;                                                                                                | <p>Mr. Muhammad Omar Bawany and Mr. Ahmed Ali Bawany are director and hold 8.66% shares each in the investee company.</p> <p>Mr. Bilal Omar Bawany, Mr. Hamza Omar Bawany and Mr. Mohammad Altamash Ahmed Bawany are nominee directors, however, they have no other direct or indirect interest in the capacity as director/shareholder of UFIL like any other shareholder to the extent of their shareholding in UFIL.</p>                                                                                                                                                                |
| (vi)                            | In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs; and                                                                        | <p>UFIL commenced its commercial operation in March 2018 and is currently in consolidation phase. The brand 'Good Goodies' has already reached major cities of Pakistan and achieved notable market share in such a short span of time.</p> <p>The Company's future prospects are good and once brand recognition is established and new product including 'Cake Rusk' is established, the investment will start yielding positive returns.</p>                                                                                                                                            |

# NOTICE OF ANNUAL GENERAL MEETING

|       |                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-------|--------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (vii) | Any other important details necessary for the members to understand the transaction; | <p>The funds raised will be used for expanding distribution network across Pakistan for inducing new product line/ expanding existing line of production, enhance market penetration and for extensive marketing campaigns in shape of TV advertisements, print media, digital media and other trade and customer related activities.</p> <p>Some business and market risk associated with the proposed investment are as follows:</p> <ol style="list-style-type: none"> <li>1. Acceptance by the targeted customers: Taste, pricing and packaging etc.</li> <li>2. Achievement of sales target.</li> <li>3. Gaining market share from existing big players in industry.</li> <li>4. Law and order situation of the Country.</li> <li>5. Variation in price of raw materials and packing material.</li> </ol> |
|-------|--------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

## Regulation No. 3(1)(b)

| (B)                        | In case of equity investment, following disclosures in addition to those provided under clause (a) of sub-regulation (1) of regulation 3 shall be made,-  |                                                                                                                                                                                                                                       |                        |  |  |                            |            |        |                           |            |        |
|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|--|--|----------------------------|------------|--------|---------------------------|------------|--------|
| (i)                        | Maximum price at which securities will be acquired;                                                                                                       | Rs. 10 per share                                                                                                                                                                                                                      |                        |  |  |                            |            |        |                           |            |        |
| (ii)                       | In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof; | UFIL has started commercial production in March 2018 and extensive investment is required to create distribution network and marketing for brand recognition.                                                                         |                        |  |  |                            |            |        |                           |            |        |
| (iii)                      | Maximum number of securities to be acquired;                                                                                                              | 18,500,000 shares                                                                                                                                                                                                                     |                        |  |  |                            |            |        |                           |            |        |
| (iv)                       | Number of securities and percentage thereof held before and after the proposed investment;                                                                | <table> <tr> <th colspan="3">Number of Securities %</th></tr> <tr> <td>Before proposed investment</td><td>57,855,736</td><td>34.67%</td></tr> <tr> <td>After proposed investment</td><td>76,355,736</td><td>34.67%</td></tr> </table> | Number of Securities % |  |  | Before proposed investment | 57,855,736 | 34.67% | After proposed investment | 76,355,736 | 34.67% |
| Number of Securities %     |                                                                                                                                                           |                                                                                                                                                                                                                                       |                        |  |  |                            |            |        |                           |            |        |
| Before proposed investment | 57,855,736                                                                                                                                                | 34.67%                                                                                                                                                                                                                                |                        |  |  |                            |            |        |                           |            |        |
| After proposed investment  | 76,355,736                                                                                                                                                | 34.67%                                                                                                                                                                                                                                |                        |  |  |                            |            |        |                           |            |        |
| (v)                        | Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities; and                       | N/A                                                                                                                                                                                                                                   |                        |  |  |                            |            |        |                           |            |        |
| (vi)                       | Fair value determined in of sub-regulation (1) of regulation 5 for investment terms in unlisted securities;                                               | 3.69 per share                                                                                                                                                                                                                        |                        |  |  |                            |            |        |                           |            |        |

## Regulation No. 3

|  | Description                                                                                                                                                                                                                                                                                              | Undertaking                                                                                                                                                                                                                                                                 |
|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | The directors of the investing company while presenting the special resolution for making investment in its associated company or associated undertaking shall submit an undertaking to the members of the investing company that they have carried out necessary due diligence for proposed investment. | We, the directors of the Faran Sugar Mills Limited, submit that we have carried out necessary due diligence based on our experience and professional judgment for the proposed transaction particularly the equity investment in the UFIL to the extent as mentioned above. |

# PATTERN OF SHAREHOLDING

For the year ended September 30, 2021

| No. of Shareholders | From    | Shareholding | To      | Total Shares Held |
|---------------------|---------|--------------|---------|-------------------|
| 1144                | 1       | -            | 100     | 20,533            |
| 524                 | 101     | -            | 500     | 126,170           |
| 164                 | 501     | -            | 1000    | 135,791           |
| 215                 | 1001    | -            | 5000    | 530,865           |
| 69                  | 5001    | -            | 10000   | 536,517           |
| 16                  | 10001   | -            | 15000   | 199,084           |
| 14                  | 15001   | -            | 20000   | 257,098           |
| 6                   | 20001   | -            | 25000   | 142,166           |
| 9                   | 25001   | -            | 30000   | 252,620           |
| 1                   | 30001   | -            | 35000   | 34,890            |
| 4                   | 35001   | -            | 40000   | 150,516           |
| 3                   | 45001   | -            | 50000   | 148,500           |
| 5                   | 50001   | -            | 55000   | 263,378           |
| 1                   | 55001   | -            | 60000   | 57,000            |
| 2                   | 65001   | -            | 70000   | 135,000           |
| 2                   | 70001   | -            | 75000   | 145,500           |
| 1                   | 90001   | -            | 95000   | 90,600            |
| 3                   | 95001   | -            | 100000  | 300,000           |
| 1                   | 100001  | -            | 105000  | 102,107           |
| 1                   | 130001  | -            | 135000  | 132,426           |
| 1                   | 150001  | -            | 155000  | 151,395           |
| 1                   | 180001  | -            | 185000  | 182,663           |
| 2                   | 230001  | -            | 235000  | 467,825           |
| 1                   | 250001  | -            | 255000  | 254,722           |
| 1                   | 255001  | -            | 260000  | 256,209           |
| 1                   | 265001  | -            | 270000  | 266,300           |
| 1                   | 285001  | -            | 290000  | 286,500           |
| 1                   | 315001  | -            | 320000  | 318,221           |
| 1                   | 480001  | -            | 485000  | 482,470           |
| 1                   | 495001  | -            | 500000  | 497,585           |
| 1                   | 550001  | -            | 555000  | 551,265           |
| 1                   | 640001  | -            | 645000  | 644,029           |
| 1                   | 1460001 | -            | 1465000 | 1,462,940         |
| 1                   | 2120001 | -            | 2125000 | 2,120,274         |
| 1                   | 2130001 | -            | 2135000 | 2,131,256         |
| 1                   | 2285001 | -            | 2290000 | 2,285,576         |
| 1                   | 2295001 | -            | 2300000 | 2,299,512         |
| 1                   | 2560001 | -            | 2565000 | 2,562,262         |
| 1                   | 4025001 | -            | 4030000 | 4,025,190         |
| <b>2205</b>         |         | <b>Total</b> |         | <b>25,006,955</b> |

| Sr. No. | Categories of Shareholders | Number of Shareholders | Total Shares Hold | Percentage %  |
|---------|----------------------------|------------------------|-------------------|---------------|
| 1       | INDIVIDUALS                | 2136                   | 19,699,514        | 78.78         |
| 2       | INVESTMENT COMPANIES       | 1                      | 5,000             | 0.02          |
| 3       | INSURANCE COMPANIES        | 2                      | 169,724           | 0.68          |
| 4       | JOINT STOCK COMPANIES      | 30                     | 1,417,302         | 5.67          |
| 5       | FINANCIAL INSTITUTIONS     | 4                      | 28,689            | 0.11          |
| 6       | MODARABAS                  | 1                      | 231               | 0.00          |
| 7       | OTHERS                     | 15                     | 443,697           | 1.77          |
| 8       | CHARITABLE TRUSTS          | 2                      | 522,085           | 2.09          |
| 9       | MUTUAL FUND                | 5                      | 2,368,274         | 9.47          |
| 10      | WELFARE SOCIETY            | 1                      | 52,102            | 0.21          |
| 11      | EMPLOYEES PENSION FUND     | 1                      | 256,209           | 1.02          |
| 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               | 0.00          |
| 16      | PRIVATE LIMITED            | 2                      | 14,700            | 0.06          |
| 17      | AUTHORIZED CAR DEALER      | 1                      | 5,000             | 0.02          |
|         |                            | <b>2205</b>            | <b>25,006,955</b> | <b>100.00</b> |



# DETAIL OF SHAREHOLDERS CATAGORIES

As at September 30, 2021

|   |                                                                | No. of Shares  | Percentage  |
|---|----------------------------------------------------------------|----------------|-------------|
| 1 | <b>ASSOCIATED COMPANIES , UNDERTAKINGS AND RELATED PARTIES</b> |                |             |
|   | RELIANCE INSURANCE COMPANY LIMITED                             | 18329          | 0.0733      |
| 2 | <b>MUTUAL FUNDS</b>                                            |                |             |
|   | CDC-TRUSTEE NATIONAL INVESTMENT                                | 2120274        | 8.48        |
|   | CDC-TRUSTEE NBP ISLAMIC STOCK FUND                             | 235000         | 0.94        |
|   | CDC -TRUSTEE NBP Islamic                                       | 7,000          | 0.03        |
|   | CDC TRUSTEE NBP ISLAMIC                                        | 3,000          | 0.01        |
|   | MCBFSL-TRUSTEE ABL ISLAMIC                                     | 3,000          | 0.01        |
|   |                                                                | <b>2368274</b> | <b>9.47</b> |
| 3 | <b>JOINT STOCK COMPANIES</b>                                   |                |             |
|   | INTERACTIVE SECURITIES (PVT) LIMITED                           | 286500         | 1.15        |
|   | FAWAD YUSUF SECURITIES (PVT.) LIMITED                          | 266300         | 1.06        |
|   | AMIN TAI (PVT.) LIMITED                                        | 182663         | 0.73        |
|   | O.A. TRADING CO.(PVT) LTD                                      | 102107         | 0.41        |
|   | HABIB SUGAR MILLS LTD                                          | 90600          | 0.36        |
|   | MRA SECURITIES LIMITED – MF                                    | 75000          | 0.30        |
|   | GROWTH SECURITIES (PVT) LTD.                                   | 69000          | 0.28        |
|   | PREMIER FASHIONS (PVT) LTD                                     | 66000          | 0.26        |
|   | MADINA ESTATES & PROPERTIES (PVT) LT                           | 52501          | 0.21        |
|   | BAWA SECURITIES (PVT) LTD. – MF                                | 50000          | 0.20        |
|   | SUPER PETROCHEMICALS PRIVATE LIMITED                           | 40000          | 0.16        |
|   | YOUSUF YAQOOB KOLIA AND COMPANY (PVT                           | 37500          | 0.15        |
|   | MUHAMMAD SALIM KASMANI SECURITIES (P                           | 30000          | 0.12        |
|   | N. U. A. SECURITIES (PRIVATE) LIMITE                           | 30000          | 0.12        |
|   | GROWTH SECURITIES (PRIVATE) LIMITED                            | 15000          | 0.06        |
|   | SAKARWALA CAPITAL SECURITIES (PRIVAT                           | 5000           | 0.02        |
|   | AL HAYY TRADING (PRIVATE) LIMITED                              | 4500           | 0.02        |
|   | NCC - PRE SETTLEMENT DELIVERY ACCOUN                           | 3500           | 0.01        |
|   | MARINE SERVICES (PVT.) LIMITED                                 | 3000           | 0.01        |
|   | HH MISBAH SECURITIES (PRIVATE) LIMIT                           | 2500           | 0.01        |
|   | FIKREES (PRIVATE) LIMITED                                      | 2310           | 0.01        |
|   | AZEE SECURITIES (PRIVATE) LIMITED                              | 1000           | 0.00        |
|   | MULTILINE SECURITIES LIMITED                                   | 1000           | 0.00        |
|   | STOCK MASTER SECURITES (PVT) LTD                               | 519            | 0.00        |
|   | AKD SECURITIES LIMITED - AKD TRADE                             | 288            | 0.00        |
|   | NAEEM'S SECURITIES (PVT) LTD                                   | 152            | 0.00        |
|   | M/S NAEEM SECURITY LTD.                                        | 150            | 0.00        |
|   | SARFRAZ MAHMOOD (PRIVATE) LTD                                  | 133            | 0.00        |
|   | TAURUS SECURITIES LIMITED                                      | 78             | 0.00        |
|   | MAPLE LEAF CAPITAL LIMITED                                     | 1              | 0.00        |
|   |                                                                | <b>1417302</b> | <b>5.67</b> |
| 4 | <b>FINANCIAL INSTITUTIONS</b>                                  |                |             |
|   | NATIONAL BANK OF PAKISTAN                                      | 26520          | 0.11        |
|   | NATIONAL BANK OF PAKISTAN                                      | 1731           | 0.01        |
|   | NATIONAL BANK OF PAKISTAN                                      | 346            | 0.00        |
|   | MUSLIM COMMERCIAL BANK LTD.                                    | 92             | 0.00        |
|   |                                                                | <b>28689</b>   | <b>0.11</b> |

# DETAIL OF SHAREHOLDERS CATAGORIES

As at September 30, 2021

|   |                                                            | No. of Shares      | Percentage          |
|---|------------------------------------------------------------|--------------------|---------------------|
| 5 | <b>DIRECTORS, CEO AND THEIR SPOUSES AND MINOR CHILDREN</b> |                    |                     |
|   | MR. MUHAMMAD OMAR BAWANY                                   | 254722             | 1.02                |
|   | MR. AHMED ALI BAWANY                                       | 4025190            | 16.10               |
|   | MR. HAMZA OMAR BAWANY                                      | 644029             | 2.58                |
|   | MR. BILAL OMAR BAWANY                                      | 551265             | 2.20                |
|   | MR. IRFAN ZAKARIA                                          | 2625               | 0.01                |
|   | MR. ALTAMASH AHMED ALI                                     | 2500               | 0.01                |
|   | MR. AHMED GHULAM HUSSAIN                                   | 2500               | 0.01                |
|   | MRS. RUKHSANA OMAR BAWANY                                  | 2131256            | 8.52                |
|   | MST. GULSHANARA                                            | 2299512            | 9.20                |
|   | MST. SHAHEDA                                               | 2562262            | 10.25               |
|   | MST. AYSHA                                                 | 2285576            | 9.14                |
|   |                                                            | <b>14761437</b>    | <b>59.03</b>        |
| 6 | <b>EXECUTIVES</b>                                          | NIL                | NIL                 |
| 7 | <b>PUBLIC SECTOR COMPANIES AND CORPORATIONS</b>            | NIL                | NIL                 |
| 8 | <b>NIT</b>                                                 |                    |                     |
|   | CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST             | 2120274            | 8.48                |
|   | <b>DIRECTOR, CEO AND THEIR SPOUSE</b>                      | <b>Shares Held</b> | <b>Percentage %</b> |
|   | 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                |
|   | <b>SHARE HOLDERS HOLDING FIVE PERCENTS OR MORE INTREST</b> | <b>Shares Held</b> | <b>Percentage %</b> |
|   | AHMED ALI BAWANY                                           | 4025190            | 16.1                |
|   | ROSHAN ARA MOHAMMAD AMIN                                   | 1462940            | 5.85                |
|   | RUKSANA OMAR BAWANY                                        | 2131256            | 8.52                |
|   | AYESHA AMIN                                                | 2285576            | 9.14                |
|   | SHAHIDA AMIN                                               | 2562262            | 10.25               |
|   | GULSHANRA AMIN                                             | 2299512            | 9.19                |
|   | NATIONAL INVESTMENT UNIT TRUST                             | 2120274            | 8.48                |

## FARAN SUGAR MILLS LIMITED

### Proxy Form

#### 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., Off Razi Road, Block 6, Main Shahrah-e-Faisal, Karachi not later than 48 hours before the time of holding the meeting.

|                                                                                                |
|------------------------------------------------------------------------------------------------|
| Registered Folio/ Participant's<br>ID No. & A/c No. _____<br>_____<br>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 40<sup>th</sup> Annual General Meeting of the Company to be held on Thursday, January 27, 2022 at 12:00 a.m. and at any adjournment thereof.

#### WITNESSES

11. Signature \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

CNIC or Passport No. \_\_\_\_\_

Signature of  
Shareholder

|                                  |
|----------------------------------|
| Please affix<br>Revenue<br>Stamp |
|----------------------------------|

12. Signature \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

CNIC or Passport No. \_\_\_\_\_

پروکسی فارم

## فارن شوگر ملز لمیٹڈ

40 واں سالانہ اجلاس

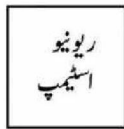


### اہم نوٹ

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

|                                                    |
|----------------------------------------------------|
| رجسٹرڈ فلیو نمبر / پارٹیشن کرنے والے کی شناخت نمبر |
| اکاؤنٹ نمبر                                        |
|                                                    |
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