

FINANCIAL STATEMENTS

(REVIEWED)

FOR THE HALF YEAR ENDED
MARCH 31, 2022



FARAN SUGAR MILLS LTD.

CORPORATE

INFORMATION

Date of Incorporation

November 3, 1981

Date of Commencement of Business

November 25, 1981

Board of Directors

Muhammad Omar Amin Bawany	Chairman
Ahmed Ali Bawany	Chief Executive
Hamza Omar Bawany	
Bilal Omar Bawany	
Mohammad Altamash Bawany	
Ahmed Ghulam Hussain	
Irfan Zakaria Bawany	
Khurram Aftab	NIT
Tasneem Yusuf	

Audit Committee

Ahmed Ghulam Hussain	Chairman
Muhammad Omar Amin Bawany	Member
Irfan Zakaria Bawany	Member

Human Resource & Remuneration Committee

Ahmed Ghulam Hussain	Chairman
Muhammad Omar Amin Bawany	Member
Ahmed Ali 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

**CHIEF EXECUTIVE REVIEW
FOR THE PERIOD ENDED MARCH 31, 2022**

Dear Shareholders,

By the grace of Almighty Allah, on behalf of the Board of Directors, I present a brief review of the performance of your Company for the Half year ended March 31, 2022, which have been reviewed by the External Auditors.

Financial results for the Half year are summarized as follows:

	Mar-2022	Mar-2021
	Rs. '000	Rs. '000
Gross sales	4,317,510	2,622,377
Profit / (Loss) before taxation	288,253	(172,069)
Share of profit from Associate-net	103,408	77,002
Profit / (Loss) before taxation	391,661	(95,067)
Taxation	(143,052)	(55,824)
Profit / (Loss) after Taxation	248,609	(150,891)
Earnings / (Loss) per Share	9.94	(6.03)

Gross sales grew by 64.64% mainly due to higher volume and improved selling price as compared to the same corresponding period of last year. Considering volatility in cane price and anticipation of higher production, the management devised the prudent sale strategy to maintain only reasonable stock after crushing season to mitigate risk of any sudden drop in selling price and to cut financing cost as well as to ensure timely cash inflow for prompt payment to growers and vendors. Alhamdulillah, we assessed market dynamics rather better and managed to sell moderate quantum of sugar even in sluggish market at reasonably higher prices than our counterparts. Resultantly healthy gross profit has been attained in this season as well as good margins on lifting of carry-over stock of previous season.

Working capital finance cost shot up to 123.1 million from Rs. 75.1 million, increased by 64% due to steep rise in KIBOR rate as well as stuck up funds in export subsidy receivable, however, there was no significant change in operating cost. But our finance cost will further push up due to continuously increase in policy rate.

Operational Performance:

As per PSMA, around 8 million tons sugar produced in the country during the season-2021-22 which is more than annual consumption of the country which is estimated by Government to around 6.3 million. By the grace of Almighty Allah, our mills performance was satisfactory in terms of cane crushing and sugar production.

The comparative summarized operating result of your mills for complete season is as follows:

		Season 2021-22	Season 2020-21
Season commenced	Date	19 - November – 2021	23 - November – 2020
Season end	Date	27 – March – 2022	28 – February – 2021
Duration of Operation	Days	129	98
Sugar-cane Crushed	Metric tons	845,437	601,717
Sugar Production	Metric tons	92,862	63,691
Recovery	%	10.984	10.585
Minimum Support Price-Sindh Zone	Per 40 kg	250	202

Considering bumper crop of cane and record production of refined sugar as well as anticipation of another bumper crop in next coming season 2022-23, PSMA approached the Government for immediate disposal of surplus sugar of the country by exporting to Afghanistan and China mainly and also to international markets. These arrangements, if implemented, will enable sugar mills to make timely payment to growers for current and coming crushing season and to meet other financial requirement. As high price of food items in the world, sugar export will fetch precious foreign exchange in tune of around US \$0.7 billion in immediate future which will help to improve balance of payment of the country in this crucial time.

However, reluctances and delay in decision making by the Federal Government will create glut like situation in domestic market, as already experienced couple of years ago, which will be harmful for all stakeholders mainly sugar industry and growers that may ultimately make Pakistan sugar importing country again.

The Company was extended a long term financing of Rs. 700 million under Temporary Economic Refinance Facility (TERF), concessional financing scheme of SBP, for various cost saving projects which have been operational in this season-2021-22 and we will get full benefits from these projects from next season-2022-23 and onward, Insha Allah.



Ahmed Ali Bawany
Chief Executive
Karachi: May 30, 2022

گئے کی بھر فصل اور ریفرنسز چینی کی ریکارڈ پیداوار کے ساتھ ساتھ اگلے آنے والے سیزن 2022-23 میں ایک اور بھر فصل کی توقع کو مد نظر رکھتے ہوئے، PSMA نے افغانستان اور چین کو بنیادی طور پر درآمد کر کے ملک کی فصل چینی کو فوری طور پر ٹھکانے لگانے کے لیے حکومت سے رابطہ کیا۔ بین الاقوامی منڈیوں۔ یہ انتظامات، اگر لاگو ہوتے ہیں، تو شوگر ملوں کو موجودہ اور آنے والے کرشنگ سیزن کے لیے کاشتکاروں کو بروقت ادائیگی کرنے اور دیگر مالی ضروریات کو پورا کرنے کے قابل بنائیں گے۔ دنیا میں اشیائے خورد و نوش کی اونچی قیمتوں کے باعث چینی کی درآمد سے مستقبل قریب میں 0.7 بلین امریکی ڈالر کا قیمتی زرمبادلہ حاصل ہوگا جو اس اہم وقت میں ملک کی ادائیگی کے توازن کو بہتر بنانے میں مددگار ثابت ہوگا۔

تاہم، وفاقی حکومت کی جانب سے فیصلہ کرنے میں ہچکچاہٹ اور تاخیر سے مقامی مارکیٹ میں بد امنی جیسی صورتحال پیدا ہو جائے گی، جیسا کہ چند سال پہلے تجربہ کیا گیا تھا، جو کہ تمام اسٹیک ہولڈرز بالخصوص چینی کی صنعت اور کاشتکاروں کے لیے نقصان دہ ہوگا جو بالآخر پاکستان کو دوبارہ چینی درآمد کرنے والا ملک بنا سکتا ہے۔

کمپنی کو روپے کی طویل مدتی فنانسنگ میں توسیع دی گئی۔ عارضی اقتصادی ری فنانس سہولت (TERF) کے تحت 700 ملین، اسٹیٹ بینک کی رعایتی فنانسنگ اسکیم، لاگت کی بچت کے مختلف منصوبوں کے لیے جو اس سیزن-2021-22 میں کام کر چکے ہیں اور ہم اگلے سیزن-2022-23 سے ان منصوبوں سے مکمل فوائد حاصل کریں گے۔ آگے، انشاء اللہ۔



احمد علی بیدانی

چیف ایگزیکٹو

کراچی: 30 مئی، 2022

چیف ایگزیکٹو کا جائزہ

31 مارچ 2022 کو ختم ہونے والی مدت کے لیے

معزز شیئر ہولڈرز،

اللہ تعالیٰ کے فضل سے، بورڈ آف ڈائریکٹرز کی جانب سے، میں آپ کی کمپنی کی 31 مارچ 2022 کو ختم ہونے والی ششماہی کی کارکردگی کا ایک مختصر جائزہ پیش کرتا ہوں، جس کا بیرونی آڈیٹر نے جائزہ لیا ہے۔ ششماہی کے مالیاتی نتائج کا خلاصہ حسب ذیل ہے۔

مارچ 2021	مارچ 2022	
'000 روپے	'000 روپے	
2,622,377	4,317,510	مقامی فروخت - مجموعی
(172,069)	288,253	قبل از ٹیکس منافع/(نقصان)
77,002	103,408	ایسوسی ایٹ سے (نقصان)/منافع کا حصہ - نیٹ
(95,067)	391,661	قبل از ٹیکس منافع
(55,824)	(143,052)	منفی: ٹیکس
(150,891)	248,609	بعد از ٹیکس منافع
(6.03)	9.94	فی شیئر آمدنی

مجموعی فروخت میں 64.64 فیصد اضافہ ہوا جس کی بنیادی وجہ پچھلے سال کی اسی مدت کے مقابلے میں زیادہ حجم اور فروخت کی قیمت میں بہتری ہے۔ گئے کی قیمت میں اتار چڑھاؤ اور زیادہ پیداوار کی توقع کو مد نظر رکھتے ہوئے، انتظامیہ نے فروخت کی قیمت میں اچانک کمی کے خطرے کو کم کرنے کے لیے کرشنگ سیزن کے بعد صرف معقول سٹاک کو برقرار رکھنے اور فنانسنگ لاگت کو کم کرنے کے ساتھ ساتھ بروقت نقد آمد کو یقینی بنانے کے لیے سمجھداری سے فروخت کی حکمت عملی وضع کی۔ کاشتکاروں اور دکانداروں کو فوری ادائیگی۔ الحمد للہ، ہم نے مارکیٹ کی حرکیات کا اندازہ بہتر طور پر لگایا اور سستی مارکیٹ میں بھی اپنے ہم منصبوں کے مقابلے معقول حد تک زیادہ قیمتوں پر چینی فروخت کرنے میں کامیاب رہے۔ نتیجتاً اس سیزن میں صحت مند مجموعی منافع حاصل ہوا ہے اور ساتھ ہی پچھلے سیزن کے کیری اوور سٹاک کو اٹھانے پر اچھا مارجن بھی حاصل ہوا ہے۔

ورکنگ کیپیٹل فنانس لاگت روپے سے بڑھ کر 123.1 ملین ہو گئی۔ 75.1 ملین، KIBOR کی شرح میں زبردست اضافے کے ساتھ ساتھ برآمدی سبسڈی کی وصولی میں فنڈز کے پھنس جانے کی وجہ سے 64% کا اضافہ ہوا، تاہم، آپریٹنگ لاگت میں کوئی خاص تبدیلی نہیں آئی۔ لیکن پالیسی کی شرح میں مسلسل اضافے کی وجہ سے ہماری مالیاتی لاگت مزید بڑھے گی۔

آپریٹنگ کارکردگی

پی ایس ایم اے کے مطابق، سیزن -2021-22 کے دوران ملک میں تقریباً 8 ملین ٹن چینی کی پیداوار ہوئی جو کہ ملک کی سالانہ کھپت سے زیادہ ہے جس کا تخمینہ 6.3 ملین کے قریب ہے۔ اللہ تعالیٰ کے فضل و کرم سے گئے کی کرشنگ اور چینی کی پیداوار کے حوالے سے ہماری ملز کی کارکردگی تسلی بخش رہی۔

مکمل سیزن کے لیے آپ کی ملوں کا تقابلی خلاصہ آپریٹنگ نتیجہ حسب ذیل ہے۔

سیزن کا آغاز	تاریخ	19 نومبر 2021	سیزن 2021
سیزن کا اختتام	تاریخ	27 مارچ 2022	2020 نومبر 23
آپریٹنگ کا دورانیہ	دن	129	98
گئے کی کرشنگ	میٹرک ٹن	845,437	601,717
شوگر کی پیداوار	میٹرک ٹن	92,862	63,691
رکوری	فیصد	10.984	585.10
کم سے کم سپورٹ قیمت	40 کلو گرام	250	202

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF M/S. FARAN SUGAR MILLS LIMITED**

Report on Review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **M/s. Faran Sugar Mills Limited** ("the Company") as at **March 31, 2022** and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows and notes thereto for the half yearly period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As part of our engagement, we were only required to review the cumulative figures for the six-month period ended March 31, 2022. Accordingly, we have not reviewed the figures in the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the quarter period ended March 31, 2022.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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


RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Karachi

Date: May 30, 2022

UDIN: RR202210213ihMj9f3Ko

Faran Sugar Mills Limited

Condensed Interim Statement of Financial Position

As at March 31, 2022

		(Un-audited) March 31, 2022	(Audited) September 30, 2021
	Note	----- Rupees -----	
ASSETS			
Non-current assets			
Property, plant and equipment	3	2,704,862,538	2,184,228,749
Long term investments	4	1,124,354,461	1,086,731,311
Long term deposits		12,705,442	12,300,394
		<u>3,841,922,441</u>	<u>3,283,260,454</u>
Current assets			
Stores and spares		101,146,928	89,044,811
Stock in trade	5	4,596,638,100	1,046,274,285
Trade debts	6	355,139,570	143,904,042
Short term investments		1,285,372	1,370,259
Loans, advances, deposits, and other receivables		647,146,434	889,303,499
Taxation - net		129,904,934	107,298,074
Cash and bank balances		285,480,064	138,827,049
		<u>6,116,741,402</u>	<u>2,416,022,019</u>
Total assets		<u><u>9,958,663,843</u></u>	<u><u>5,699,282,473</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital		<u>400,000,000</u>	<u>400,000,000</u>
Issued, subscribed and paid up capital		250,069,550	250,069,550
Capital reserves			
Share premium		8,472,152	8,472,152
Surplus on re-measurement of investment		946,970	2,731,819
		9,419,122	11,203,971
Revenue reserves			
General reserve		49,952,868	49,952,868
Unappropriated profit		1,692,784,812	1,444,175,318
		<u>1,742,737,680</u>	<u>1,494,128,186</u>
		2,002,226,352	1,755,401,707
Non-current liabilities			
Long term finance-secured	7	978,361,573	807,663,292
Deferred liabilities	8	540,949,228	369,734,702
		<u>1,519,310,801</u>	<u>1,177,397,994</u>
Current liabilities			
Trade and other payables		1,045,718,933	248,636,367
Accrued mark up		87,528,577	41,019,729
Current portion of long term finance		110,693,329	117,047,041
Current portion of deferred government grant	17.1	32,981,503	18,955,738
Unclaimed dividend		10,694,755	10,823,897
Short term finance-secured	9	5,149,509,593	2,330,000,000
		<u>6,437,126,690</u>	<u>2,766,482,772</u>
Contingency and commitments	10		
Total equity and liabilities		<u><u>9,958,663,843</u></u>	<u><u>5,699,282,473</u></u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

Signature

Ahmed Ali Bawany
Chief Executive Officer

Muhammad Omar Bawany
Chairman

Muhammad Ayub
Chief Financial Officer

Faran Sugar Mills Limited

Condensed Interim Statement of Profit or Loss (Un-audited)

For the half year ended March 31, 2022

		Six-month period ended		Quarter ended	
		Mar. 31, 2022	Mar. 31, 2021	Mar. 31, 2022	Mar. 31, 2021
	Note	Rupees			
Sales revenue - net	11	3,787,796,104	2,333,758,227	1,573,364,963	1,305,960,557
Cost of sales	12	(3,227,681,100)	(2,299,835,439)	(1,295,838,953)	(1,311,800,981)
Gross profit / (loss)		560,115,004	33,922,788	277,526,010	(5,840,424)
Administrative expenses		(83,969,613)	(84,192,273)	(46,655,893)	(44,427,629)
Selling and distribution costs		(33,335,445)	(30,043,962)	(22,961,812)	(26,203,345)
		(117,305,058)	(114,236,235)	(69,617,705)	(70,630,974)
Operating profit / (loss)		442,809,946	(80,313,447)	207,908,305	(76,471,398)
Other income		19,351,664	10,313,170	16,750,265	6,981,192
Other expenses		(21,718,955)	(240,381)	(8,113,476)	(85,092)
		(2,367,291)	10,072,789	8,636,789	6,896,100
		440,442,655	(70,240,658)	216,545,094	(69,575,298)
Finance costs		(152,189,427)	(101,828,353)	(109,770,136)	(74,666,913)
		288,253,228	(172,069,011)	106,774,958	(144,242,211)
Share of profit or loss of associates - net		103,407,994	77,001,814	116,991,374	(17,676,841)
Profit / (loss) before taxation		391,661,222	(95,067,196)	223,766,332	(161,919,052)
Taxation	13	(143,051,728)	(55,824,102)	(115,286,086)	(40,371,257)
Profit / (loss) after taxation		248,609,494	(150,891,299)	108,480,246	(202,290,309)
Earnings / (loss) per share - basic and diluted		9.94	(6.03)	4.34	(8.09)

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

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Ahmed Ali Bawany
Chief Executive Officer

Muhammad Omar Bawany
Chairman

Muhammad Ayub
Chief Financial Officer

Faran Sugar Mills Limited

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the half year ended March 31, 2022

	Six-month period ended		Quarter ended	
	Mar. 31, 2022	Mar. 31, 2021	Mar. 31, 2022	Mar. 31, 2021
	Rupees			
Profit / (loss) after taxation	248,609,494	(150,891,299)	108,480,246	(202,290,309)
Other comprehensive loss				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Decrease in fair value of the investment in certificates of B.F. Modaraba	(1,784,849)	(187,878)	(1,596,970)	(1,221,211)
Total comprehensive income for the period	246,824,645	(151,079,177)	106,883,276	(203,511,520)

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.


Ahmed Ali Bawany
Chief Executive Officer


Muhammad Omar Bawany
Chairman


Muhammad Ayub
Chief Financial Officer

Faran Sugar Mills Limited

Condensed Interim Statement of Cash Flows (Un-audited)

For the half year ended March 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Profit / (loss) before taxation

Adjustments for non-cash and other items:

- Depreciation
- Share of profit or loss of associates - net
- Dividend income
- Provision for Workers' Profit Participation Fund
- Provision for Workers' Welfare Fund
- Gain on sale of property, plant and equipment
- Amortization of deferred government grant
- Finance costs
- Loss / (gain) on re-measurement of investments carried at fair value

Working capital changes

(Increase) / decrease in current assets

- Stores and spares
- Stock in trade
- Trade debts
- Loans, advances, deposits and other receivables

Increase / (decrease) in current liabilities

- Trade and other payables

Cash used in operations

Contribution paid to Workers' Profit Participation Fund

Income tax paid

Finance cost paid

Net cash used in operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Additions to property, plant and equipment

Investment made in associate

Proceeds from sale of property, plant and equipment

Dividend received

Long term deposits - net

Net cash used in investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Dividend paid

Long term loans obtained

Long term loans repaid

Short term finance - net

Net cash generated from financing activities

Net increase in cash and cash equivalents

Cash and cash equivalents at the beginning of the period

Cash and cash equivalents at the end of the period

	March 31, 2022	March 31, 2021
	Rupees	
Profit / (loss) before taxation	391,661,222	(95,067,197)
Adjustments for non-cash and other items:		
- Depreciation	63,843,453	52,309,383
- Share of profit or loss of associates - net	(103,407,994)	(77,001,814)
- Dividend income	(495,945)	(12,500)
- Provision for Workers' Profit Participation Fund	15,480,839	-
- Provision for Workers' Welfare Fund	5,882,719	-
- Gain on sale of property, plant and equipment	(13,551)	(38,277)
- Amortization of deferred government grant	(13,576,063)	(2,618,807)
- Finance costs	152,189,427	101,828,353
- Loss / (gain) on re-measurement of investments carried at fair value	84,887	(139,624)
	119,987,772	74,326,714
Working capital changes	511,648,994	(20,740,483)
(Increase) / decrease in current assets		
- Stores and spares	(12,102,117)	(25,673,282)
- Stock in trade	(3,550,363,815)	(2,884,546,106)
- Trade debts	(211,235,528)	(113,410,979)
- Loans, advances, deposits and other receivables	242,157,065	(40,926,612)
Increase / (decrease) in current liabilities		
- Trade and other payables	775,719,008	830,734,960
	(2,755,825,387)	(2,233,822,019)
Cash used in operations	(2,244,176,393)	(2,254,562,502)
Contribution paid to Workers' Profit Participation Fund	-	(1,218,180)
Income tax paid	(85,060,845)	(72,844,302)
Finance cost paid	(85,745,535)	(71,846,679)
Net cash used in operating activities	(2,414,982,773)	(2,400,471,663)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(584,555,142)	(92,542,354)
Investment made in associate	(36,000,000)	(57,199,160)
Proceeds from sale of property, plant and equipment	91,451	63,500
Dividend received	100,495,940	112,512,493
Long term deposits - net	(405,048)	(2,150,000)
Net cash used in investing activities	(520,372,799)	(39,315,521)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(129,142)	(1,657)
Long term loans obtained	315,344,672	81,473,185
Long term loans repaid	(52,716,536)	(60,275,382)
Short term finance - net	2,819,509,593	2,556,027,779
Net cash generated from financing activities	3,082,008,587	2,577,223,925
Net increase in cash and cash equivalents	146,653,015	137,436,741
Cash and cash equivalents at the beginning of the period	138,827,049	160,261,980
Cash and cash equivalents at the end of the period	285,480,064	297,698,721

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.



Ahmed Ali Bawany
Chief Executive Officer



Muhammad Omar Bawany
Chairman



Muhammad Ayub
Chief Financial Officer

Faran Sugar Mills Limited

Notes to the Condensed Interim Financial Statements (Un-audited)

For the half year ended March 31, 2022

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 repealed Companies Act, 1913 (repealed with the enactment of the Companies Ordinance, 1984 on October 8, 1984 and, subsequently, by 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.

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.

The mill of the Company is located at Sheikh Bhirkio, District Tando Mohammad Khan, Sindh.

1.2 Seasonality of operations

Due to the seasonal availability of sugarcane, operating results are expected to fluctuate in the second half of the year. Each year, the crushing season starts from the month of November and lasts till month of March / April. During the period, the Company has obtained and availed various Islamic financing facilities from different Islamic banks to meet the working capital requirements.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan comprise of:

- International Accounting Standard (IAS) 34, '*Interim Financial Reporting*', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of, and directives issued under, the Companies Act, 2017

Where the provisions of, and directives issued under, the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of, and directives issued under, the Companies Act, 2017 have been followed.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with Company's annual financial statements for the year ended September 30, 2021.

2.2 Basis of measurement of items in these condensed interim financial statements

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

- (a) Long term investments in unquoted ordinary shares of associates which are carried under the equity method of accounting;
- (b) Long term investments in quoted equity securities of M/s. B.F. Modaraba which is carried at fair value through other comprehensive income; and
- (c) Short term investments in ordinary shares of listed companies which are carried at fair value through profit or loss.

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2.3 Functional and presentation currency

Items included in these condensed interim 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 condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied in the Company's annual financial statements as at and for the year ended September 30, 2021.

2.5 Significant accounting policies

The significant accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the Company's annual financial statements for the year ended September 30, 2021.

		(Un-audited) March 31, 2022	(Audited) September 30, 2021
		Rupees	
3. PROPERTY, PLANT AND EQUIPMENT	<i>Note</i>		
Operating fixed assets	3.1	2,704,862,538	1,836,238,350
Capital work in progress	3.2	-	347,990,399
		<u>2,704,862,538</u>	<u>2,184,228,749</u>
3.1 Operating fixed assets			
Opening net book value as at the beginning of the period / year		1,836,238,350	1,815,891,679
Additions during the period / year		932,545,541	125,899,440
		<u>2,768,783,891</u>	<u>1,941,791,119</u>
Disposals during the period / year at NBV		(77,900)	(1,157,203)
Depreciation for the period / year		(63,843,453)	(104,395,566)
		<u>(63,921,353)</u>	<u>(105,552,769)</u>
Closing net book value as at the beginning of the period / year		<u>2,704,862,538</u>	<u>1,836,238,350</u>
3.2 Capital work in progress - Plant and machinery			
			---- (Rupees) ----
Balance as at September 30, 2020			69,039,025
Additions during the year			397,573,554
Transfer to operating fixed assets			(118,622,180)
			<u>347,990,399</u>
Balance as at September 30, 2021			581,077,759
Additions during the period			(929,068,158)
Transfer to operating fixed assets			-
Balance as at March 31, 2022			<u>-</u>
		(Un-audited) March 31, 2022	(Audited) September 30, 2021
4. LONG TERM INVESTMENTS	<i>Note</i>	Rupees	
Investment in subsidiary		99,970	99,970
Investment in associates	4.1	1,119,557,521	1,080,149,522
Investment in certificates of B.F. Modaraba		4,696,970	6,481,819
		<u>1,124,354,461</u>	<u>1,086,731,311</u>

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		(Un-audited) March 31, 2022	(Audited) September 30, 2021
	Note	Rupees	
4.1 Investment in associates			
<i>Unquoted investments</i>			
M/s. Unicol Limited (UL)	4.1.1	1,099,186,493	1,031,591,820
M/s. Uni Energy Limited (UEL)		20,371,028	20,228,698
M/s. Uni Food Industries Limited (UFIL)	4.1.2	-	28,329,004
		<u>1,119,557,521</u>	<u>1,080,149,522</u>

4.1.1 Investment in M/s. Unicol Limited

Cost of investment: 10,499,998 shares of Rs.10/- each		104,999,980	104,999,980
Bonus shares issued: 39,500,000 shares		<u>395,000,000</u>	<u>395,000,000</u>
		499,999,980	499,999,980
<i>Accumulated share of profit:</i>			
Opening balance		531,591,840	576,576,160
Cash dividend received during the period / year		(99,999,994)	(212,499,987)
Share of profit for the period / year	4.1.1.1	167,594,667	167,515,667
		<u>599,186,513</u>	<u>531,591,840</u>
Carrying amount as of the reporting date		<u>1,099,186,493</u>	<u>1,031,591,820</u>

4.1.1.1 The share of profit of the associate for the period presented above is based on its un-audited financial statements for the half year ended March 31, 2022.

4.1.1.2 As of the reporting date, the Company held 33.33% (September 30, 2021: 33.33%) voting shares of UL.

		(Un-audited) March 31, 2022	(Audited) September 30, 2021
	Note	Rupees	
4.1.2 Investment in M/s. Uni Food Industries Limited			
Cost of investment: 61,455,736 shares of Rs. 10/ each (September 30, 2021: 57,855,736 shares of Rs. 10/ each)		614,557,360	578,557,360
<i>Accumulated share of (loss):</i>			
Opening balance		(550,228,356)	(401,578,763)
Share of loss for the period / year	4.1.2.1	(64,329,004)	(148,649,593)
		<u>(614,557,360)</u>	<u>(550,228,356)</u>
		-	28,329,004

4.1.2.1 The share of loss of UFIL is based on its un-audited financial statements for the six-month period from September 01, 2021 to March 31, 2022.

In accordance with the requirements of the International Accounting Standard (IAS) 28 'Investments in Associates and Joint Ventures', the said share of loss has been restricted to the carrying amount of the Company's interest in UFIL (comprising only of its investment in ordinary shares). As per that standard, if UFIL subsequently reports profits, the Company will resume recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

4.1.2.2 As of the reporting date, the Company held 34.67% (September 30, 2021: 34.67%) voting shares of UFIL.

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	(Un-audited) March 31, 2022	(Audited) September 30, 2021
	Rupees	

5. STOCK-IN-TRADE

Finished goods	4,593,262,182	1,042,472,302
Work in process	3,375,918	3,801,983
	<u>4,596,638,100</u>	<u>1,046,274,285</u>

- 5.1 As of the reporting date, the value of stock pledged against bank borrowings amounted to Rs. 3,787 million (September 30, 2021: Rs. 455.69 million).

	(Un-audited) March 31, 2022	(Audited) September 30, 2021
	Rupees	

6. TRADE DEBTS - unsecured, considered good

Local receivables	6.1	<u>355,139,570</u>	<u>143,904,042</u>
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- 6.1 Amount due from related parties are as follows:

M/s. Unicol Limited	38,046,594	693,594
M/s. Uni Food Industries Limited	13,809,000	-
	<u>51,855,594</u>	<u>693,594</u>

7. LONG TERM FINANCE- Secured

Diminishing Musharaka financing	513,690,045	527,403,628
Islamic Re-finance Scheme for Payment of Wages and Salaries	7.1	-
Financing under Islamic Temporary Economic Refinance Facility (ITERF)	7.2	15,937,324
	<u>464,671,528</u>	<u>264,322,339</u>
	<u>978,361,573</u>	<u>807,663,291</u>

7.1 Islamic Re-finance Scheme for Payment of Wages and Salaries

Opening carrying amount - net of deferred grant	67,369,117	82,724,856
Funds borrowed during the year:		
Loan proceeds received from the bank	-	18,739,823
Less: Element of government grant recognized as deferred income	-	(1,859,923)
	-	16,879,900
	<u>67,369,117</u>	<u>99,604,756</u>
Add: Interest on unwinding of the loan	2,171,673	7,193,248
Less: Loan installments paid during the period / year	<u>(26,984,402)</u>	<u>(39,428,887)</u>
	<u>42,556,388</u>	<u>67,369,117</u>
Less: Current maturity shown under current liabilities	<u>(42,556,388)</u>	<u>(51,431,793)</u>
	<u>-</u>	<u>15,937,324</u>

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	(Un-audited) March 31, 2022	(Audited) September 30, 2021
	Rupees	
7.2 Financing under Islamic Temporary Economic Refinance Facility (ITERF)		
Opening carrying amount - net of deferred grant	277,326,849	-
Funds borrowed during the year:		
Loan proceeds received from the bank	315,344,672	377,860,620
Less: Element of government grant recognized as deferred income	(118,218,619)	(109,813,317)
	197,126,053	268,047,303
	474,452,902	268,047,303
Add: Interest on unwinding of the loan	18,336,410	9,279,546
	492,789,312	277,326,849
Less: Current maturity shown under current liabilities	(28,117,784)	(13,004,510)
	464,671,528	264,322,339

- 7.2.1** The Company has obtained long-term financing facilities of Rs. 600 million from M/s. Faysal Bank Limited (FBL) and Rs. 100 million from M/s. Bank Islami Pakistan Limited (BIPL) 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 and BIL under the said facilities amounted to Rs. 595.82 million and Rs. 97.39 million respectively.

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

- The applicable markup rates range from 2.75% - 4% per annum;
- The tenure of the each tranche of the loan is 10 years (including 2-year moratorium period, commencing from the date of disbursement of the funds); and
- Each tranche of the loan is to be repaid in 32 equal quarterly instalments.

Since the facilities carry the markup rates which are 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 banks 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).

		(Un-audited) March 31, 2022	(Audited) September 30, 2021
	Note	Rupees	
8. DEFERRED LIABILITIES			
Deferred taxation - net	8.1	246,559,487	165,961,744
Sales tax payable		109,419,576	109,419,576
Provision for excise duty		7,005,677	7,005,677
Deferred government grant	8.2	177,964,487	87,347,705
		540,949,228	369,734,702

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	(Un-audited) March 31, 2022	(Audited) September 30, 2021
	Rupees	
8.1 Deferred taxation - net		
<i>Deferred tax liability arising in respect of:</i>		
Property, plant and equipment	340,662,794	304,239,569
Investment in associates	89,933,634	79,738,776
Long term finance	58,120,634	29,594,002
	<u>488,717,062</u>	<u>413,572,347</u>
<i>Deferred tax asset arising in respect of:</i>		
Provision of slow moving stock	(3,418,939)	(3,418,939)
Deferred government grant	(61,174,337)	(30,827,998)
Unused tax losses	(177,564,299)	(213,363,665)
	<u>(242,157,575)</u>	<u>(247,610,602)</u>
	<u>246,559,487</u>	<u>165,961,745</u>

- 8.1.1 As of the reporting date, total unused tax losses amounted to Rs. 765.363 million (September 30, 2021: Rs. 920.054 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. 612.291 million (September 30, 2021: Rs. 736.044 million).

	(Un-audited) March 31, 2022	(Audited) September 30, 2021
	Rupees	
8.2 Deferred government grant		
Deferred government grant recognized in respect of financing under ITERF	8.2.1 <u>177,964,487</u>	<u>87,347,705</u>
8.2.1 Deferred government grant recognized in respect of financing under Islamic Temporary Economic Refinance Facility (ITERF)		
Total deferred government grant	228,031,936	109,813,317
Less: Cumulative amount amortized to income up to the reporting date	<u>(17,775,677)</u>	<u>(5,746,890)</u>
	<u>210,256,259</u>	<u>104,066,427</u>
Less: Current maturity shown under current liabilities	<u>(32,291,772)</u>	<u>(16,718,722)</u>
	<u>177,964,487</u>	<u>87,347,705</u>
9. SHORT TERM FINANCE - secured		
Islamic financing arrangements	9.1 <u>5,149,509,593</u>	<u>2,330,000,000</u>
9.1 This represents the availed amount of Islamic finance facilities provided by various Islamic banks. As at the reporting date, the aggregate limit of these available finances amounted to Rs. 5,500 million (September 30, 2021: Rs. 5,200 million). These finances are secured against pledge of refined sugar and first pari passu charge on fixed assets of the Company including land, building and plant & machinery carrying profit at the rate of KIBOR + 0.5% to 1.00% per annum (September 30, 2021: KIBOR + 0.50% to 1% per annum).		

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10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

10.1.1 As of the reporting date, the status of the contingent liabilities as disclosed in Note 19.1 to the financial statements of the Company for the year ended September 30, 2021 remain the same.

10.2 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 (September 30, 2021: Rs. 11.70 million), and capital expenditure contracted for but not yet incurred amounted to Rs. Nil (September 30, 2021: Rs. 323 million).

		For the six-month period ended	
		March 31, 2022 (Un-audited)	March 31, 2021 (Un-audited)
		Rupees	
11. SALES REVENUE - net	<i>Note</i>		
Sale of sugar - Local		3,498,128,169	1,944,253,526
Sale of molasses		694,353,000	648,001,834
Sale of bagasse		125,029,312	30,121,866
		819,382,312	678,123,700
Gross sales		4,317,510,481	2,622,377,226
Less: Sales tax and advance income tax		(529,714,377)	(288,618,999)
		3,787,796,104	2,333,758,227
12. COST OF SALES			
Sugarcane consumed		6,269,284,602	4,808,916,863
Manufacturing expenses	12.1	508,760,313	375,464,682
		6,778,044,915	5,184,381,545
Work in process stock - opening		3,801,983	2,912,689
Work in process stock - closing		(3,375,918)	(3,775,875)
		426,065	(863,186)
Cost of goods manufactured		6,778,470,980	5,183,518,359
Finished goods stock - opening		1,042,472,302	381,647,677
Finished goods stock - closing		(4,593,262,182)	(3,265,330,597)
		(3,550,789,880)	(2,883,682,920)
		3,227,681,100	2,299,835,439
12.1 Manufacturing expenses			
Salaries, wages and other benefits		198,019,407	167,872,855
Stores and spares consumed	17.1	135,899,778	90,080,950
Packing materials consumed		58,459,925	30,834,185
Depreciation		51,203,337	38,820,090
Repair and maintenance		28,019,825	25,726,885
Fuel and power		17,444,207	7,308,423
Insurance		9,964,366	7,651,668
Vehicle running expenses		5,671,327	5,092,683
Others		4,078,141	2,076,943
		508,760,313	375,464,682
13. TAXATION - net			
Current		62,453,985	51,959,933
Deferred		80,597,743	3,864,169
		143,051,728	55,824,102

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14. 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.

	Six-month period ended	
	March 31, 2022 (Un-audited)	March 31, 2021 (Un-audited)
	----- Rupees -----	
<u>Transactions during the period</u>		
<u>ASSOCIATES</u>		
Unicol Limited		
Revenue from sale of goods	749,701,629	665,200,835
Uni-Food Industries Limited		
Revenue from sale of goods	17,229,000	6,735,000
<u>KEY MANAGEMENT PERSONNEL</u>		
Remuneration of the Chief Executive	8,191,200	7,581,600
Remuneration of directors	8,062,200	7,464,960
Directors' meeting fee	80,000	120,000
<u>OTHER RELATED PARTIES</u>		
Reliance Insurance Company		
Insurance premium paid	12,000,000	9,600,000
Employees' Provident Fund Trust		
Contribution to Provident Fund	3,202,048	2,929,534
	As on	
	March 31, 2022 (Un-audited)	September 30, 2021 (Audited)
	----- Rupees -----	
<u>Balances at the end of the reporting period</u>		
<u>ASSOCIATES</u>		
Unicol Limited		
Trade receivable against sale of goods	38,046,594	693,594
Uni Food Industries Limited		
Trade receivable against sale of goods	13,809,000	-
<u>OTHER RELATED PARTIES</u>		
Reliance Insurance Limited		
Insurance premium payable	816,610	11,183,390
Employees' Provident Fund Trust		
Contribution payable	1,462,204	776,119

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As disclosed in note 10.2, Company has provided Corporate guarantee to Alternate Energy Development Board (AEDB) on behalf of Faran Power Limited amounted to Rs. 11.70 million (September 30, 2021: Rs. 11.70 million).

15. 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); and

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

As of the reporting date, the fair value hierarchy of the assets measured at fair value is as follows:

	March 31, 2022 (un-audited)		
	Level 1	Level 2	Level 3
	-----Rupees-----		
Investment in B.F. Modaraba	4,696,970	-	-
Investment in quoted equity securities	1,285,372	-	-
	<u>5,982,342</u>	<u>-</u>	<u>-</u>
	September 30, 2021 (audited)		
	Level 1	Level 2	Level 3
	-----Rupees-----		
Investment in B.F. Modaraba	6,481,819	-	-
Investment in quoted equity securities	1,370,259	-	-
	<u>7,852,078</u>	<u>-</u>	<u>-</u>

16. OPERATING SEGMENT

These condensed interim 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:

- 'Revenue from sale of Sugar represents 79% (March 31, 2021: 71%) of the total revenue of the Company.
- 100% (2021: 100%) gross sales of the Company were made to customers based in Pakistan.
- As at March 31, 2022 and September 30, 2021 all non-current assets of the Company were located in Pakistan.

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17. GENERAL

17.1 Reclassification of corresponding figures

The corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of the Companies Act, 2017 and for the purpose of comparison and better presentation. Following reclassifications have been made in these condensed interim financial statements.

Reclassified from component	Reclassified to component	Amount (Rupees)
Current portion of long term finance (Statement of Financial Position)	Current portion of deferred government grant (Statement of Financial Position)	<u>18,955,738</u>
Freight (Manufacturing expenses)	Stores and spares consumed (Manufacturing expenses)	<u>2,075,050</u>

17.2 Date of authorization of the financial statements for issue

These condensed interim financial statements have been authorized for issue by the Board of Directors of the Company in their meeting held on May 30, 2022 .

17.3 Level of rounding

Unless otherwise indicated, all figures in these condensed interim 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